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November 7, 2022

West Virginia Department of Economic Development Office of Broadband Report to the Joint Committee on Government and Finance

Prepared by the West Virginia Office of Broadband November 7, 2022

The West Virginia Broadband Investment Plan (WVBIP)

To carry out the Governor's Billion Dollar Broadband Strategy, the West Virginia Department of Economic Development (WVDED), Office of Broadband, in coordination with the West Virginia Broadband Enhancement Council, developed and launched the West Virginia Broadband Investment Plan (WVBIP). The WVBIP is designed to:

- Leverage Private Investment
- Involve Local Governments
- Encourage Public-Private Partnerships
- Connect the Unconnected

The WVBIP includes four separate programs, each designed to meet West Virginia's broadband development needs through efficient utilization of state and federal funding streams. Briefly, the WVBIP programs include:

- a. Line Extension, Advancement and Development (LEAD): Expansions of existing fiber and cable networks,
- b. GigReady: A state incentive for local governments and organizations to pool local ARPA allocations or other local funding.
- c. Major Broadband Project Strategies (MPBS): Significant new networks or major expansions of existing networks, and
- d. Wireless Internet Networks (WIN): Expansions or upgrades of existing fixed wireless networks.

American Rescue Plan Act (ARPA) Funding

The West Virginia Legislature's allocation of SLFRF and General Revenue funding provided a historic \$100 million investment. This funding will complement West Virginia's allocation of funds through the Capital Projects Funds (CPF), also part of the ARPA. West Virginia was among the first four states in the nation to receive approval from the U.S. Treasury for funding under the ARPA CPF program in June 2022. West Virginia will receive \$136 million to support broadband development.

The ARPA SLFRF and CPF broadband funding allocations represent a major transition to state-led broadband development through which states will oversee the investment of broadband funding. CPF funding, combined with the Legislature's allocation of SLFRF funding in the amount of \$90 million and General Revenue Funding in the amount of \$10 million, provides a combined total of \$236 million for broadband development in West Virginia under ARPA.

2022 ARPA Broadband Project Approvals

Governor Justice has issued preliminary project approvals on a rolling basis throughout 2022, as detailed below:

a. **LEAD Approvals:** Governor Justice has announced the approval of 12 applications under the Line Extension, Advancement and Development (LEAD) Program in three separate announcements on January 19, March 18, and August 9, 2022.

The 12 LEAD awards to date represent an allocation of \$27,194,177, through which companies will construct 1,189 miles of fiber, serving 14,936 targeted locations in West Virginia. These

projects will leverage an additional \$14,308,671 in match contributions for a total infrastructure investment of \$43,502,848.

LEAD Applicant	LEAD Project Name	Amount	Matching Funds	Targeted Addresses	Fiber Miles
1. Citynet	Green Valley Line Extension	1,191,535	188,500	265	26
2. Citynet	Shavers Fork, Helvetia, Crestview Line Extension	713,560	162,500	96	10
3. Comcast	Brooke, Hancock, Ohio, Marshall Line Extensions	4,721,590	2,064,978	1,462	59
4. Comcast	Cabell, Kanawha, Morgan, Putnam Line Extensions	2,885,246	1,111,628	716	119
5. Hardynet	East Hardy Line Extension	183,241	64,800	58	10
6. Hardynet	South Mill Creek Line Extension	416,984	140,000	117	5
7. Lingo	East Pendleton Phase I South Mill Creek	2,257,834	297,000	86	31
8. Prodigi	Northcentral Preston	4,592,645	870,500	1,203	93
9. Prodigi	West Preston-Valley District	3,840,913	803,500	1,455	60
10. Shentel	North Fork, Sunset Drive	420,630	238,500	141	9.5
11. Altice	Greater Sissonville	4,000,000	6,062,482	5,895	538
12. Altice	North Lincoln-Alum Creek	2,000,000	2,304,283	3,442	230
LEAD TOTALS		27,194,177	14,308,671	14,936	1,191

*Table 1: Preliminary LEAD Announcements 2022

b. **MBPS Approvals:** Governor Justice has announced the preliminary approval of over \$34.8 million in grant funding for seven broadband infrastructure projects across the state through the Major Broadband Project Strategies (MBPS) program.

The approved projects will result in more than 910 miles of new fiber infrastructure, providing broadband connectivity to 9,840 homes and businesses in West Virginia. These projects will leverage an additional \$16.3 in match contributions for a total infrastructure investment of \$51 million.

The Governor issued the most recent MBPS Preliminary Approval on September 16, 2022. This announcement included the Micrologic Randolph County MBPS project listed below in Table 2, and the GigReady projects listed in Table 3. Final project determinations for projects that received Preliminary Approval on September 16, 2022, will be completed following the WVDED Public Notification Period, which closed on October 5, 2022.

MBPS Applicant	MBPS Project Name	Amount	Matching Funds	Targeted Addresses	Fiber Miles
1. Citynet	Thornton, Gladesville, Morgantown South	2,200,635	733,545	376	86
2. Comcast	Northern Panhandle Broadband Expansion	14,726,012	6,265,607	1,402	304
3. DQE	Greater Hepzibah Area FTTH	1,088,276	373,000	650	15
4. Frontier	Boone County-Turtle Creek	671,385	1,993,688	1,566	83
5. Frontier	West Mason	1,039,734	3,447,586	1,398	113
6. Shentel	Lewis County Broadband Expansion	1,119,113	466,500	457	27
7. Micrologic	Randolph County MBPS	13,977,410	2,979,000	3,991	282
MBPS TOTALS		\$34,822,567	\$16,258,926	9,840	910

*Table 2: Preliminary MBPS Announcements 2022

Table 3: GigReady Preliminary Announcements 2022

GIGREADY Applicant	MBPS Project Name	Amount	Matching Funds	Targeted Addresses	Fiber Miles
1. Greenbrier Co. Comm.	Greenbrier Co. Broadband Expansion	12,940,988	4,313,663	5,316	177
2. Monroe Co. Commission	Seneca Trail-Green Valley Road	1,797,904	599,301	633	30
3. Raleigh Co. Commission	Ghent Fiber Expansion	5,889,198	1,963,066	1,677	106
4. Roane EDA	Multi-County Broadband	17,057,869	5,685,956	4,878	287
5. Summers Co. Commission	Mountview to Bellepoint	3,703,147	1,234,382	1,036	65
GIGREADY TOTAL	S	\$41,389,106	\$13,796,368	13,540	665

West Virginia has awarded \$103 million in ARPA funding to date:

- \$70 million in Capital Projects Funds, and
- \$33 million in SLFRF funds

Notably, Internet Service Providers in West Virginia have dedicated matching funds in the amount of \$44 million for a total investment of more than \$147 million in 24 broadband infrastructure projects throughout West Virginia across all projects announced to date.

These projects will result in nearly 3,000 miles of new fiber infrastructure, providing high-speed broadband access to more than 38,000 targeted homes and businesses.

Infrastructure Investment and Jobs Act (IIJA) Broadband Programs

On May 13, 2022, the National Telecommunications and Information Administration (NTIA) released a Notice of Funding Opportunity (NOFO) for three national broadband programs under the Infrastructure Investment and Jobs Act (IIJA). The IIJA includes three major programs:

- 1. Broadband Equity, Access, and Deployment (BEAD) Program (\$42.5 billion)
- 2. Enabling Middle Mile Broadband Infrastructure Program (\$1 billion)
- 3. State Digital Equity Act programs (\$1.5 billion)

The NTIA Grants Portal is available at: https://grants.ntia.gov/grantsPortal/s/. This portal features information related to IIJA broadband funding programs. Each program is briefly detailed below:

1. Broadband, Equity, Access, and Deployment (BEAD)

- a. The BEAD program provides funding for broadband planning, deployment, mapping, equity, and adoption activities. Each State is eligible to receive a minimum of \$100 million, of which \$5 million can be allocated as Planning Funds.
- b. West Virginia was among the 34 initial states that submitted a Letter of Intent (LOI) to participate in BEAD funding. As of July 15, all 50 states had submitted an LOI to participate in the \$42.5 billion the BEAD Program.
- c. West Virginia's BEAD application was submitted to NTIA on August 11, 2022, in advance of the August 15, 2022, application deadline.
- d. The State's Five-Year Action Plan must be submitted with 270 days of receiving BEAD Planning Funds.
- e. States that do not complete the BEAD Planning process will not be eligible for BEAD Implementation funds.
- f. The Office is conducting an official challenge to submit to the Broadband Data Collection program under the FCC that identifies missing address locations from the BDC map. This demonstration is to ensure the FCC has the most accurate maps to ensure all broadband serviceable locations are included.

2. State Digital Equity Planning Grant Program

- a. The State Digital Equity Planning Grant (https://broadbandusa.ntia.doc.gov/resources/grant-programs/digital-equity-programs) will be awarded to States and territories to develop State Digital Equity Plans designed to identify barriers to digital equity and implement strategies to overcome these barriers.
- b. Digital Equity Plans must be included in the BEAD Five-Year Plan.
- c. West Virginia's application was submitted on July 1, 2022, in advance of the July 12, 2022, Digital Equity Planning Grant application deadline. West Virginia's Digital Equity Planning Grant was approved by NTIA on September 30, 2022.

- d. Digital Equity Plans must be submitted with 270 days of receiving Digital Equity Planning Grant funds.
- e. States that to do not complete the Digital Equity planning process will not be eligible for Digital Equity Implementation funds.

3. NTIA Middle Mile Broadband Infrastructure Grant

- a. The Middle Mile Broadband Infrastructure Grant Program (https://broadbandusa.ntia.doc.gov/enabling-middle-mile-broadband-infrastructure-program) provides funding for the construction, improvement, or acquisition of middle-mile infrastructure. Grant funds will be used to expand middle mile infrastructure to reduce the cost of unserved last-mile networks to connect to the internet backbone.
- b. NTIA will prioritize projects that meet at least two of the following five criteria, as outlined in Section 60401(d)(2) of the Infrastructure Act. Preferred projects will:
 - Adopt "fiscally sustainable middle mile strategies"
 - Commit to offering non-discriminatory interconnect
 - Identify specific, documented and sustainable demand for middle mile interconnections
 - Identify conditions/resources to speed up project
 - Demonstrate benefits to national security interests
- c. The Middle Mile Program's Notice of Funding Opportunity states that applicants must coordinate with the Office of Broadband prior to submitting an application "to ensure that the proposal is consistent with the State's broadband plan and priorities." 1
- d. Middle Mile Program grant applications will be submitted directly to NTIA. NTIA expects to make available awards for grantees ranging from \$5 million to \$100 million. Applications are due September 30, 2022, and awards are expected to begin in March 2023.
- e. The Office of Broadband issued Request for Information (RFI) to gauge interest in potential middle mile grant applications from West Virginia on June 24, 2022. The RFI closed on July 20, 2022. The RFI was later extended, to close on August 31, 2022.
- f. Eligible applicants are defined as: "(A) a State, political subdivision of a State, Tribal government, technology company, electric utility, utility cooperative, public utility district, telecommunications company, telecommunications cooperative, nonprofit foundation, nonprofit corporation, nonprofit institution, nonprofit association, regional planning council, Native entity, or economic development authority; or (B) a partnership of two (2) or more entities described in (A)."²

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¹ https://broadbandusa.ntia.doc.gov/sites/default/files/2022-05/MIDDLE%20MILE%20NOFO.pdf, page 22-23

² page 5

g. The intent of the NTIA Middle Mile Program is to complement other programs focused on internet connectivity and digital equity. Eligible projects funded by this program must be middle mile networks capable of providing backhaul connectivity to facilities such as last mile network networks, community anchor institutions, towers and other facilities.³

Wireless Internet Networks (WIN) Program

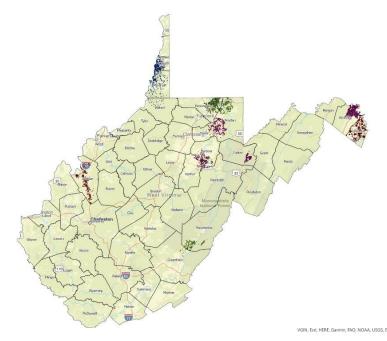
The West Virginia Department of Economic Development, Office of Broadband, launched the Wireless Internet Networks (WIN) Program on May 20, 2022. Funded through a \$10 million allocation from the West Virginia Legislature, the Program is designed to fund full extensions or upgrades of existing last-

mile wireless broadband networks that can be constructed quickly.

This program is designed to connect unserved locations across West Virginia while also bringing connectivity to the State's parks and surrounding communities.

An interactive map featuring program priority locations is published at https://broadband.wv.gov/.

The Office of Broadband conducted a webinar to review the WIN program in May 2022. Applications were accepted through June 30, 2022. Five



applications from four companies, representing a combined request of \$9.9 million, were received. The applications included 16 counties with proposed service to an estimated 5,800 locations.

WIN APPLICATION SUMMARY				
Targeted Addresses	County	Park Location		
257	Ohio, Marshall, Wetzel	None		
45	Barbour	Audra		

³ Ibid, page 4

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1,562	Monongalia, Preston, Greenbrier, Pocahontas	Watoga, Cooper's Rock
1,846	Barbour, Berkeley, Jefferson, Preston, Taylor, Tucker, Upshur, Marion	Audra
2,151	Jefferson, Jackson	None

Appalachian Regional Commission

The Appalachian Regional Commission (ARC) announced ARC POWER awards for two broadband projects in West Virginia in October 2022, including:

- a. Summers County Commission: Summers County Broadband Expansion Project; \$2,400,000
- b. **Boone County Community & Economic Development Corporation:** Rock Creek Development Park Broadband Project; \$1,692,507

FCC Affordable Connectivity Program (ACP)

The West Virginia Broadband Enhancement Council and West Virginia Office of Broadband website prominently features the Affordable Connectivity Program at https://broadband.wv.gov/.

In addition, the FCC has launched a new ACP pre-qualification widget to help streamline the application process. We are determining whether this can be added to the Council website. **As of October 31, 2022, approximately 82,000 West Virginians have registered for this benefit.**

The ACP helps ensure that households can afford the broadband they need for work, school, healthcare, and more by providing a discount of up to \$30 per month. The Federal Communications Commission (FCC) estimates that about 48 million families are eligible for the program—nearly 40 percent of households in the United States.

A Look Ahead

The WVDED, Office of Broadband will continue to execute West Virginia's Billion Dollar Broadband Strategy to ensure that all West Virginians gain access to this vital infrastructure.

The Office of Broadband will continue to coordinate ARPA and IIJA funding with other federal funding opportunities, including the Federal Communications Commission's (FCC's) Rural Digital Opportunity Fund (RDOF), the U.S. Department of Agriculture (USDA) ReConnect Program, the Appalachian Regional Commission (ARC), West Virginia's investor-owned utilities, and other federal partners to ensure that grant funds are dedicated to locations with the greatest need.

Major initiatives in 2022 and 2023 include:

- a. GigReady Technical Assistance and Implementation Additional Project Announcements
- b. IIJA Digital Equity Planning
- c. IIJA BEAD Five-Year Plan Development
- d. Mapping and Data Enhancements to align with the FCC's Broadband DATA Act

JOINT COMMITTEE ON GOVERNMENT AND FINANCE

(President Blair)

November 13, 2022

2:30 p.m. - 3:30 p.m.

Senate	House
Blair, Chair	Hanshaw, Chair
Baldwin (absent)	Boggs
Plymale (absent)	Capito (absent)
Takubo (absent)	Householder
Tarr	Howell
Trump	Skaff (absent)
Weld (absent)	Summers

President Blair: "All right, the committee will come to order. First item on the agenda is the approval of the minutes from July the 26th. Recognize The Speaker."

Speaker Hanshaw: "Yes sir, Mr. President. I move that the committee approve the draft minutes from the July 26th, 2022, meeting of the committee."

President Blair: "We've got a quorum, don't we? Looks like it...yeah."

Speaker Hanshaw: "We do."

President Blair: "Looks like we got a quorum. So, The Speaker moves the minutes be approved, is there discussion? All those in favor say aye, those opposed no. The ayes appear to have it, the ayes do have it, the minutes are approved. We're going to forgo the committee reports/requests I think, right? And so, the next item on the agenda is the committee...before this committee are the monthly and quarterly reports. Members will find in their packets the reports for each agency, is there discussion? If not, then we'll have a presentation by the McChrystal Group concerning their study on the West Virginia Department of Health and Human Resources. I think we've got Christopher Fussell and Meghan Bourne from the McChrystal Group. Please take the podium and give us your presentation and welcome!"

Christopher Fussell: "Thanks. Thank you for giving us the floor. Thanks for letting us join your session here. Very brief personal note, thanks to any members here who were involved in the firefighting last several days down in Fayette County. The residents of Fayette County, everyone down there sends their appreciation for what you did on their behalf.

Pleasure to be here today. We'll spend about twenty minutes running through high level results from the analysis we did over the last several months. That will be led by Meghan Bourne, Senior Partner at McChrystal Group. I am Chris Fussell, The President of McChrystal Group. What you'll find, at the highest level, is a recommendation to remain as one organization but putting a deputy secretary structure underneath that with cross functional teams that support those deputy secretaries. The entire intent here being, getting to the outcomes that you all rightfully were seeking in last session with 4020 of delivering faster, more effective services to the population inside of West Virginia. We're

joined by two other teammates; I'll call them up to introduce themselves briefly so you know who else we're joined by...also McChrystal Group members. Ryan?"

Ryan Arzamarski: "Hello everyone, thanks for having us today. Ryan Arzamarski, been at McChrystal Group running these types of analyses on large organizations for about six years. Happy to field any technical questions...if you can hear me? Sorry. Ryan Arzamarksi, been at McChrystal Group running these types of analyses on large organizations for about six years and I'm happy to field any technical questions of clarification as they might pop up throughout. So, thanks again for having us."

Ann Bailey: "Good afternoon, I'm Ann, Ann Bailey. I'm a Senior Principal with the McChrystal Group. My primary role on this engagement was around the organization assessment, particularly the qualitative data analysis, interviews, focus groups, and so forth. My background is in health and healthcare delivery and organizational transformation. Pleasure to be here."

Meghan Bourne: "And my name is Meghan Bourne. I'd like to echo my team's thanks for having us, giving us this time to present to all of you today. I am going to give us a quick overview of the approach but before I jump into the approach, I wanted to just set some broader context here. Specifically, what we have found in all of our interviews, in all of our work, there is a consistent theme of a desire to help improve health and human service outcomes for the state of West Virginia and that may seem like something that is incredibly obvious but I want to point out that in our work with other for...large for-profit organizations, that is not always the assumed starting point. There are different definitions of success and so you have to come to some agreement there first and so this starting point of everyone wanting the improvement of outcome...of the health and human service

outcomes is definitely an advantage. Where it becomes a challenge, from what we've learned over these last few months, is that there are many different stakeholders with differing perspectives who...everyone has a role in potential change but no one group can drive the change through to existence by themselves and so when there are disagreements about how, that's where we need to...that's where our team comes in cause what we specialize in is, how do you take the fundamental concepts of leadership and the fundamental concepts of team dynamics and scale them to an organization so that you have a more high performing organization?

And so with that in mind, I'll briefly share our approach and then get a little bit into the findings and insights but where I want to try to focus the most...the majority of this time...is on the recommendations and the how, so that you understand why it is that we are recommending the department remain as a single department and yet, we're not saying that the status quo is the appropriate next step. There is significant change that's required.

So, for our approach we had multiple concurrent efforts. The first of which was a survey. That survey was sent to all permanent DHHR employees at all levels, across all bureaus and offices...and of that survey we received a 71% response rate, which is important because 60% response rate is the minimum that we shoot for because that then allows us to have confidence that we have statistically relevant data. So, we exceeded that by 11% and that tells us that people wanted to be heard. People at all levels of DHHR wanted to weigh in and express how they're experiencing the current situation. We also then paired that with interviews, as well as the review of documentation. The interviews, there was both internal interviews of senior leaders across again all

bureaus and all offices, as well as a selection of mid-level leaders at more of that director level and we asked them...we did ask them consistent questions throughout. The documents that I mentioned, they varied from strategic plans, to budget documents, to former audit reports...a variety of reports. So, again...we used all of this to improve our team's contextual situational awareness around the department and that supplemented the data...the quantitative data...that we received in the survey. You'll also see the note around the working sessions...the strategy working sessions...we were executing those in addition to doing the assessment.

So, before I share more about the findings and insights, I just want to point out two key points here. You see at the...the graphic at the bottom outlines three primary categories for improvement. Structure, strategic focus, and operational processes. These will seem pretty obvious. There were challenges in each of these areas that were known long before we got here and that's why we specifically say, these are confirmed findings. This information was known, our data simply confirms the findings and what's important is the insights below the findings. The insights are what the data told us is the root cause of what is causing those findings. So, any solution should be focused on really remedying those...the areas that are addressed in those insights. I'll briefly go through these all, I'm happy to take questions about them. Again, I want to make sure we get to a little bit of orienting you around the data and then the recommendations.

So, first is structure, the insight here...the first insight around the executive leadership team...what we're saying there is that you have existing positions but they are not...they're focused more on the structure, the historical structure of the organization. Changing those positions, as well as supplementing them with some other executive

leaders who are focused on strategy will allow you to have more of a strategic focus...and the impacts of not having that team currently are the siloed communications, as well as then more of a reactive nature where the central office is perceived as not being as responsive and proactive in their communications with the people on the frontlines.

That relates directly to the second area which is strategic focus. Again, this is one that was known before we got here, it was even specifically in the RFP to which our team responded. So, it was not surprising to learn that there are bureau centric priorities. The good news is there are multiple strategic plans throughout the department. Many of the commissioners and office directors have detailed plans with initiatives and metrics and milestones, that are documented. It's simply how do those then guide...that paired with the challenges around communication and collaboration, just further reinforce those silos. And then you see in the second finding, we have a lot of data supporting the overreliance on key leaders in the center. So, it is just...that kind of causes what you all experience as potentially a slow responsiveness which isn't an intentional decision. It is simply the nature of all of these challenges coming together.

The third finding and its insights really are what we started calling just kind of the long list of process improvement needs. There are many of them. The insights are each around the three...categorically three areas of HR, IT, and finance...and the important point to remember here is that improving the processes, while necessary, is not necessarily the best starting point...and I'll get into this in the recommendations...but there are multiple opportunities but there needs to be more strategic intent and focus before process improvement efforts are actually really invested in.

So, now I'm going to take you through just a quick selection of the data. This is more to orient you; this is by no means the extent of the data we have. It's to orient you with how to understand it so that as you and your teams have time to review the report, it just...it helps sink in a little more.

First, what you're going to see is a chart that will have circles and lines. The circles are individuals and the lines are...represent the response to the question you see there at the bottom of...list up to eight people to whom you go to as a good source of information. When people referenced someone there's then a line drawn between them that shows the point of communication. The more people that reference any one individual, the larger that individual's circle becomes and what we see here is the entire network...the entire communications network within DHHR. This is important because this shows you how information is flowing through the department regardless of what the organizational structure actually looks like and what we see relates again to that finding...finding one back here...around structure and how it relates to communication. Specifically, we see the pink circles as the current senior leaders, the direct reports to Secretary Crouch, and that they are all very connected with their networks but as far as like coming together as a team in the core and driving the connection, that's what we're not seeing right now. That's highlighted here in this circle and then as a result we see when we filter the data then by bureau and office, we see that there is a quite a bit of siloed communications as well as just, you know, not enough connection to help drive services in a way that is more collaborative.

Two other types of data you'll see are these next two charts that I'll go through.

The question is where you see data input and then the results here...I'm just going to

click through these...the results here show us that when it comes to decision making, the result of, you know, those individuals having siloed communications, there's a lot of collaboration and communication going on at the senior most levels. It starts to drop off when you get to that director level and by the time you're at what was referred to in the data as layer five...those frontline leaders...there's just not that perception that their input is able to...that they're able to get their insights and their input up to leadership fast enough for it to actually have a meaningful impact on decision making. And so, then we see the result of that in the circle on the right, which is the decisions being made in time for effective execution and an agreement rate of 25% there. Again, I'm not going to...I'm going to keep going quickly, I apologize this is a lot of data but I want to more orient us with...orient us around this so that then we can get to questions.

When we think about finding two, the strategic focus, a most important point to call out here is that we asked the question, both bureau specific strategies and how actionable they are as well as DHHR's strategies and you see the drop from 57% agreement to 37% agreement. Again, that confirms what we found to be true contextually, there are some great plans there. The kind of connectivity of them, as well as the more strategic department wide focus of how they all come together, is where there is a breakdown. And the impact of this is then again on collaboration, we talked about communication in the first finding, there's also this impact of collaboration. When we asked the question around do organizations...sorry...do teams collaborate in a way that drives success? You see again a kind of similar frontline drop off as you get towards frontline leaders. I can come back...some of this, some of this I'm going through more quickly...again, I apologize. We can come back to it if anyone has questions.

On this slide, I want to point out...this is the comparative review that we did with our subject matter experts from the human...Human Services Research Institute, HSRI...and they helped us look at health and human resources, health and human services structures across the country...and what we found was that there is no single best practice for a department structure. There are...some of them have two departments, others have upwards of five and six departments. There are recent examples where other states have suggested...Alaska specifically, has also made a decision to split...and then there are multiple examples where states have the decision to consolidate coming out of the COVID pandemic and seeing how collaboration improved there.

So, I'm happy to share about any of these but the other point I would make here is that regardless of what the change is, everyone is in agreement that DHHR can improve how it delivers services. The team members, again, the team members are working hard. They are trying but they are just not able to deliver in the way that people want to see to see the improved health outcomes. So, any change, whether it is the split or what we're proposing, the restructuring internally...that's going to require time and money. So, with all of this in mind, our team shifted the question that we are asking ourselves of just whether to split or not...to the question you see at the bottom. Really just with the assumption that change is necessary, how are we going to minimize disruption and enable the highest likelihood of success...and I would add the fastest.

And so, that brought us to our recommendations, which is keeping it as a single department...and I'm going to click through all of these very quickly because I want to focus on the first three first and then mention the importance of four and five. So, the strategic plan...what you see here was what was created via those seven working

sessions and there was a significant amount of alignment for the first three...vision, mission, and values. Once we got to objectives, again, with all the different bureau and office specific plans, it wasn't surprising to learn that there was a bunch of different perspectives about what the objectives should be. So, that's where our team looked at more environmentally what is going on across West Virginia...and so we recommend the focus on the child welfare crisis, the substance use disorders crisis, and then access to care. Essentially, you'll see we call it access and eligibility, having a deputy secretary focused around access and eligibility. And then the other two on the right are the enabling areas, how does DHHR look to make improvements, how to plan strategically. Again, this is what I mentioned before making improvements, process wise, so that when there have to be trade off decisions made around all the different processes that can be improved...it's not just who happens to have the funds or who has the loudest voice but it is based on a strategy that's going to help the entire department move forward.

This organizational chart is our recommended approach to how the organization can restructure. I'll call out just a few quick points, the deputy secretary positions...as you can see...align back to these first three objectives here and then the COO would be responsible for the other two. That's important because on pages...I think it's twenty and twenty-one, or sorry no twenty-two...we start with the recommendations, we explain in detail each of these orange boxes and their responsibilities. Essentially, what it comes down to is a more strategic focus on how to meet the needs of West Virginia, as well as then the relationships with the external organizations. Whether that's associations or all of yourselves as legislators and being more accountable to driving progress while still

allowing the commissioners to be focused on the day-to-day operations of running their bureaus...and we can come back to that one if anyone has more questions on that.

Recommendation three is really around communications, we call it an operating rhythm. This is how do you intentionally create a flow of information so that those on the frontlines are getting the information they need quickly while...and feeding it upwards via established processes and not just information flowing down from the top down and so that you can connect the tactical day to day delivery with more of the operational leadership decisions in the bureaus and offices with that strategic layer...and ideally you would set these processes up while also building out those strategic action plans in recommendation one so that once those strategies are ready to be communicated, you use these methods to push them out to get feedback, to allow people to weigh in on what they're seeing and hearing...and again, I'm going to keep moving just to make sure I don't go into too many of the details and we see what questions you have.

Recommendation four, what I just mentioned is a lot of process, it is very important to have established processes for communication but those processes can be perceived as bureaucratic, or just another meeting, or just another process flow if it's not paired with the right leadership behaviors and so that's why what we had looked at it is really building upon the leadership development opportunities that the state and DHHR already have. Again, there are some really strong leaders, this is simply to reinforce the learning and the behaviors that would be needed to help lead the department through the change.

And recommendation five, I've already mentioned it's that concept of having the strategic plans in place...action plans...before really diving into the process improvement needs. So, with that I will stop and see what questions anyone has."

President Blair: "All right, before we get to questions, would you raise your right

hand because I'm going to swear you in...you tell the whole truth, nothing but the truth,

so help you God?"

Meghan Bourne: "Yes, I do."

President Blair: "Thank you. Questions of the committee? Senator Trump."

Senator Trump: "Thank you, Mr. President. Miss Bourne, thank you for your

presentation and your work...your team's work. Among the materials that were passed

out at the Oversight Committee on Health and Human Resources...where you made your

presentation about an hour ago...was a letter. I have a copy of it, a letter from Disability

Rights West Virginia dated November 11th to the co-chairs of that committee...to Senator

Grady and Delegate Rohrbach, have you seen that letter?"

Meghan Bourne: "Yes sir, I have."

Senator Trump: "So, Disability Rights as you probably know, has an important

role. They are the patient protection and advocacy arm in West Virginia and have been

so since...gosh, I guess 45 years now. Part of their letter laments...I guess is the way to

say it...that nobody from McChrystal talked to them in terms of doing the work that you

did for preparation of this report. Is that right?"

Meghan Bourne: "Yes, that's correct."

Senator Trump: "Their letter also talks about and this is kind of extraordinary but

it addresses leadership team efforts to impair, impede, or frustrate Disability Rights of

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West Virginia's independent and federal statutory authority to monitor facilities, etc. So,

let me just ask you, in doing the work that your team did...did you see evidence of that?"

Meghan Bourne: "No, we did not."

Senator Trump: "Okay."

Meghan Bourne: "And sir, if I may add one point, when this advocacy group

reached out, it was September 29th and at that point our report had been briefed. The

final report that is in front of all of you was not yet done but the findings and results and

our recommendation had been briefed and so...on the 28th, the day prior...and so our

assessment essentially was in the final stages of completion at that point. And to the point

of external groups that were included in the assessment, we worked with...we chose to

interview associations and other external organizations that work consistently with the

bureaus and we understand there are incredibly important advocacy groups like Disability

Rights, along with many others, and with 120 day time limit we did have to draw the line

somewhere on how many interviews we could complete and I stand by the decision that

I made to say that we were not going to be able to interview any advocacy groups."

Senator Trump: "And I guess if I hear what you're saying...it was you were

contacted but your field work was sort of complete at that point."

Meghan Bourne: "Yes, sir."

Senator Trump: "Okay. All right, thank you."

President Blair: "Further questions of the committee? Delegate Summers."

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Delegate Summers: "Thank you, Mr. Chairman. As I continued to look through the report and I was looking at that final organizational chart that you put together, I kept thinking I'd seen it somewhere before and it had been proposed to us in the past but I know that that structure's been used several times and has never worked. Why do you think now it'll work?

Meghan Bourne: "When you say...do you mean the three deputies?"

Delegate Summers: "The three deputies, the COO, the state health officer has been the commissioner, not been the commissioner...I mean all this has been done before over...in fact several times. So, I'm trying to see...did you evaluate when that system was in place, was it effective or did you not consider that even though this has been done before that you still think it's the best way to go?"

Meghan Bourne: "We wouldn't necessarily have the same data that we have today about at any point in the past when there were three deputy secretaries. What I would say is, there is a reason this is one of five recommendations. The org chart by itself will not solve the challenges. The org chart is meant to actually enable the strategic focus... core to the McChrystal Group's beliefs are that the needs of the environment need to be strategically focused on and then with that strategic focus, you then create the organization in a way that you can achieve, you can keep making progress towards that definition of success. So, I guess that's what I would say would be different would be the more clear strategic plan with these three critical areas, and then coupled with recommendations three, four, and five.

Delegate Summers: "Another question, in your statement of work on page eleven, it says that you're going to catalogue current priorities and initiatives, performance improvement opportunities, processes...which in the previous committee you told me you didn't do much process analysis...capabilities and gaps, risk redundancies, and cost efficiency opportunities. Where do I find that information in your report?"

Meghan Bourne: "Sorry, I'm sorry can you....so, which page—"

Delegate Summers: "Yeah, so page eleven of your statement at work, it says you will catalogue current priorities and initiatives, performance improvement opportunities, processes, capabilities and gaps, risk redundancies, and cost efficiency opportunities. Where can I find that information?"

Meghan Bourne: "That's where I would say that our approach, as we proposed it, we had very specific response to the how we would do...what you're referring to is in the RFP in the statement of work like you said. Our proposal in response conveyed the how and the how is exactly what we've executed. So, we did not say that we would do process...we would actually document every process and improve processes, that is just not possible or feasible within 120 days."

Delegate Summers: "So, the statement of work is wrong...or it's misleading I guess."

Meghan Bourne: "Well, the statement of work is what it is. Our proposal is the response...is where I would recommend reading the proposal to see how we said we would do that and that's what was selected as the winning proposal."

Delegate Summers: "Okay my last question is when we proposed House Bill 4020, one of the concerns of the legislature and actually the public has is, how do we hold an agency this large accountable? What is your thoughts on that?"

Meghan Bourne: "An agency this large cannot...the accountability for all of it rolling up to one person is unrealistic. That's why the deputy secretaries would be so critical and accountability towards solving the greatest needs of the state is where...if you focus accountability there, then you could say the deputy secretary for child welfare will have a routine method of meeting with all of you, as well as any other critical external organizations so that they can be accountable towards...here's what the milestones in this action plan say, are we making progress? If not, why not? And it would be the same for each of the other deputy secretaries."

Delegate Summers: "So, if you think it's not possible to have accountability with one secretary, why would it be worse to do it with two?"

Meghan Bourne: "For the sheer...like you said, the size of this organization...for one person to know all of it is where...and be fully accountable for all of it, that's where the deputy secretaries would help so that they can understand the complexity of each of these really critical crisis areas for the state. So, it's not to say that they can't be accountable, it's that there needs to be a more clear process and kind of boundaries around where accountability lies."

Delegate Summers: "But that's not my question. My question is, your recommendation is to keep this as one department, so I'm saying how is it less

accountable to us, the legislature and the public, if we have two secretaries over two different agencies with multiple deputy secretaries, if we so choose?"

Meghan Bourne: "I apologize ma'am, I misunderstood your question. We're not saying that it's less accountable. What we're saying about the two departments, the split in to two departments, is that it would distract...that would disrupt services. That would take the teams that are trying...you see in the data those charts where the frontline leaders are already telling us that they don't have the support they need, information, money, whatever it might be, to effectively execute their responsibilities and so now if you take those teams and ask them to...the teams in the central office...ask them to also focus on what it's going to take to conduct the split, that will further disrupt the support that the team members on the frontlines receive which then in turn disrupts their ability to serve."

Delegate Summers: "Thank you."

President Blair: "Further questions of the committee? Senator Tarr."

Senator Tarr: "Thank you, Mr. President. That's louder than I was expecting. Thank you, Mrs. Bourne. On Chairman Trump's question, you said somebody was briefed on September 29th. Can you explain what that statement...who did you brief, what did you mean when you said it was briefed on September 29th?"

Meghan Bourne: "Yes. So, I apologize I just realized you're not seeing the slides up here but the executive summary, the findings and insights, and our recommendations, we shared with Secretary Crouch and Deputy Secretary Russ Crane on the...and it was actually the 28th, it was Wednesday, the 28th."

Senator Tarr: "So, you shared that briefing before the legislature saw a plan, saw your...any of this documentation, is that correct? Before it was emailed out to us?"

Meghan Bourne: "I believe so."

Senator Tarr: "So, the...was the plan edited at any time between then and now?"

Meghan Bourne: "No, our recommendation did not change."

Senator Tarr: "Did you also brief The Governor?"

Meghan Bourne: "I have not briefed The Governor, no."

Senator Tarr: "Okay, I'll have a question for Mr. Secretary here in a little bit when we come to it. So, you briefed it on September 29th and you took it to the Secretary of DHHR, and who else?"

Meghan Bourne: "The Deputy Secretary, Russ Crane."

Senator Tarr: "Okay and then when did you send it out to the legislature?"

Meghan Bourne: "I did not send it...we sent it, the official report that you see in front of you was emailed on the 17th, October 17th...and then I believe it was just the 10th, I think it was the 10th, November 10th when the report was released to the public."

Senator Tarr: "So, what happened between...I'm really curious about, I guess and I'll get to it with the secretary here in a little bit but I'm really curious about the secretary's input between then and now the report getting out to us. Not just today but also the report being sent to us and if...what was the purpose if there was not going to be an edit, what was the purpose of the briefing to the secretary?"

Meghan Bourne: "The purpose of the briefing on the 28th was to share our initial findings and insights, as well as our recommendation."

Senator Tarr: "So, why would that go to them before you bring it to the legislature is what I'm asking?"

Meghan Bourne: "Because—"

Senator Tarr: "Why ...(inaudible)... timeframe as well—"

Meghan Bourne: "—contractually...contractually the Department of Health and Human Resources are our client. So, like we would with any client, we would brief them first before any external organizations are shown—"

Senator Tarr: So-"

Meghan Bourne: "—the report."

Senator Tarr: "—if the DHHR is your client, is the secretary your client?"

Meghan Bourne: "Well...one thing I will make very clear, is he my client on contract, like legally contractually yes, the Department of Health and Human Resources is the...contractually the client. The very first week of our assessment, Secretary Crouch introduced us to his leadership team and asked us...basically said, please share whatever they ask and then he stepped back. He did...he told us he would be stepping back from the assessment and would not be involved in the details and I can say that that was our experience throughout the whole thing."

Senator Tarr: "With him as the client, are you here in representation of DHHR? Is this DHHR's product? Since this is, since you're.... they're your client."

Meghan Bourne: "Yeah, I believe...we provided the final report to DHHR, so the report is DHHR's report, yes."

Senator Tarr: "Okay. The other question I have has to do with the thirty-six states. I think it was thirty-four or thirty-six states. You had a breakdown of states that had multiple departments and the states that had one department, states that had changed from two to one, one to two, correct?

Meghan Bourne: "Yes, sir."

Senator Tarr: "You still have that slide where you can show that?"

Meghan Bourne: "I do, if we can...thank you."

Senator Tarr: "Thirty-four states. So, did you delve into that at all? I mean I wanted to kind of...you kind of breezed past that a little bit there. I want to know, I guess, of the thirty-four states, do you have a regional map of that? Are they more populated states? Less populated states? Was there any correlation to the thirty-four that would have two departments as opposed to sixteen that would have a combined department?"

Meghan Bourne: "We did not...I would have to get you the exact details on that but we did not see a correlation. If we...that's why essentially our two take aways are what you see on the left here...is that we did not see a correlation about the states that chose to take one approach over another."

Senator Tarr: "Okay. The...on the first page of your report, you mention I think on there that West Virginia has the worst outcomes in the country. Did I read that correctly as far as health outcomes?"

Meghan Bourne: "I wouldn't say worst across the board. I think we tried to clarify that they are...we would have to go through each one but we listed multiple examples where either...the state is either ranked 50th or 49th in some cases but in other cases may be ranked 35th I believe in terms of access to care."

Senator Tarr: "Okay. So, I guess the correlation I would like to see is the rankings for some of those that actually have those similar rankings amongst those states that are divided one way or the other. Do you have that information?"

Meghan Bourne: "I do not have that with me but we could certainly go back and pull that up."

Senator Tarr: "And then I have the same concern that the House Majority Leader has with regards to seeing a plan that has been proposed to us before, been tried before, in fact I think even the current secretary has recommend that plan before. That's the reason I'm so poignant about the secretary being a client and sharing it with him before it come back to us and I'm glad to hear there's not edits. I'm going to ask him the same thing here in a second. The...and it's disappointing that that's the case because our health outcomes I don't believe were any better when those were tried before. So...and its incumbent upon the legislature here that...and the reason we passed this was to put it out to where it would be smaller so it was more manageable. This doesn't make it smaller, it grows it and growing it in the past didn't help either."

Meghan Bourne: "And Senator I think my one...one response there would be that I have seen those org charts that you're referencing with three deputy secretaires and the difference is that the titles and focus of those deputy secretaries...we disagreed with

those org charts and that's why we said that the deputy secretaries would have...thank you...a more strategic focus that aligns to the first three critical objectives focused on West Virginia's greatest needs. So, the fact that it's three is certainly not anything that was influenced in any way other than the needs of the environment."

Senator Tarr: "Okay. That's all for now, Mr. President. Thank you."

President Blair: "Further questions of the committee? I've got just a couple before we go the Cabinet Secretary. The reports were titled top to bottom review and I sat in the other committee almost to the end, then this one. Top to bottom to me means you know, all encompassing, this does not all encompass it. Your own responses over and over to the questions that I've heard does not reach the goal of the title on this. Would you agree?"

Meghan Bourne: "Can I ask what your definition of top to bottom would be then?"

President Blair: "Yeah, I just gave it to you. All encompassing, okay—"

Meghan Bourne: "So, but—"

President Blair: "—an in-depth review on whatever the issue is or the project is and this seems like it's not."

Meghan Bourne: "I would have to say then that I disagree. We did not do a deep dive into every single process area, I agree with that, that we did not because we were not able to in 120 days do a deep dive on every process area. We did provide an opportunity for every person in the organization, as well as association...numerous associations and agencies that have a broader impact on...I'm sorry sir can..."

President Blair: "What you testified to Senator Trump here...that you didn't contact this group, now if I'm hearing you right—"

Meghan Bourne: "-No."

President Blair: "—you're saying that you contacted everyone."

Meghan Bourne: "No-"

President Blair: "—get closer to the microphone, I'm a little hard of hearing, I'm sorry."

Meghan Bourne: "No sir, what I was saying is that we did provide every employee within DHHR the opportunity to provide a perspective because what we're doing is conducting an organizational assessment. So, we made sure that we heard...gave the opportunity for everyone to respond and then we also think about the broader environment in which that organization has to operate and that's where we made the decisions for the external organizations that we asked to have interviews with. And the Disability Rights group, I applaud what they and numerous other advocacy groups are doing. We simply had to draw the line somewhere and so we spoke to multiple associations, multiple local entities, as well as other state agency partners who work with DHHR on a regular basis...and I made the decision that that's where we had to draw the line but we acknowledge what we are focusing on is organization wide performance for DHHR and what those advocacy groups are focusing on is individuals needs...and all of it is critically important. It's not their work or our work, all of this work is necessary if we're going to help the state move forward."

President Blair: "Well forgive me but I've been around since 2002 and I've watched this go over and over and over. The concerns, regardless of party or who was running the administration, and we've gotten the same results over and over by doing exactly the same thing and from what I can interpret here...you're saying throw more money and throw more time but keep doing the same thing. This is what I've read into your report or gotten from it so far and I don't...frankly, it looks like this is a million dollar waste of our tax payer dollars on what we've got sitting in front of us because it gives very little of a guideline or a path of what other states have done...and maybe there is a follow up report coming that's going to be a lot more in-depth. Am I correct?"

Meghan Bourne: "No sir, this is the final report."

President Blair: "That's the final report. I'm done, thank you. Another question, Delegate?"

Delegate Summers: "Thank you, Mr. President. I could probably ask questions all day but you mentioned numerous associations and you spoke about those in the other meetings. Could you give some ideas what they were? I remember you said hospitals but you know, I've been told by foster related families, nursing homes, different groups, that DHHR interacts with a lot of groups that weren't contacted. So, who are those numerous associations?"

Meghan Bourne: "We could certainly provide that list. I know HCA and behavioral health...The Behavioral Health Association were on there. We could provide the list, the entire list if you would like that."

Delegate Summers: "Do you guys have it handy? I mean we're here 'til...we've got an hour and a half."

Meghan Bourne: "I don't think I have it with me. The entire list of them...no."

Delegate Summers: "Okay, thanks."

President Blair: "Were you finished Delegate?"

Delegate Summers: "Yeah."

President Blair: "Senator Tarr."

Senator Tarr: "Secretary Crouch, please."

President Blair: "Cabinet Secretary, welcome. I'm going to swear you in. Will you tell the whole truth and nothing but the truth so help you God?"

Secretary Crouch: "I do."

President Blair: "Thank you. Senator Tarr."

Senator Tarr: "Thank you, Mr. President. Secretary Crouch, did you have any involvement in the process from the time this study started or communication with the McChrystal Group during this process?"

Secretary Crouch: "Communications...on the first day of this engagement, I explained very clearly that I would be stepping back and that I would accept any recommendation they made as they worked forward through this. The summary that we talked about was the first time I heard any information about this on the final draft. The

staff met on many occasions. I think I attended two summary sessions which just included

a summary of whiteboards. So, my involvement was very very minimal."

Senator Tarr: "With the staff's communication with McChrystal Group, did you

have any direct communications with that staff that was having questions with them? Did

you give them any directions as far as how to respond or their involvement and what it

should be?"

Secretary Crouch: "Their involvement? I'm sorry."

Senator Tarr: "Did you give any of your staff any direction on what their interaction

should or should not be with McChrystal Group?"

Secretary Crouch: "I'm sorry, I have a hearing problem too Senator.

Which...which entity?"

Senator Tarr: "I'm asking, did you give any of your staff within DHHR any direction

on how or how they shouldn't interact with McChrystal Group?"

Secretary Crouch: "Yes."

Senator Tarr: "What direction did you give them?"

Secretary Crouch: "To be completely honest, whether it was good or bad to

provide that information. I told all the commissioners that, I told everyone in DHHR. I'm

the one who said interview everybody in DHHR. I also gave the names of these other

groups which included the FQHC group, the nursing home group, the hospital

association, every group I could think of that interacted with us. In terms of the legislature,

I gave leadership...names of leadership for both houses including The President, Mr.

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Speaker, Finance, Health. I think, my understanding is one legislator called in and took advantage of that. My position on this was that they should talk to everyone. Everyone in DHHR and everyone who had any interaction."

Senator Tarr: "When you got the report, there's some things in here that were pretty poignant relative to your position specifically and I'll read something here on page twelve. It says the Office of the Cabinet Secretary, including all administrative offices, rarely seek proactive input from the bureaus, which impacts decision making and service delivery...and then it goes on to say that 27% of the respondents agreed or strongly agreed that leadership of DHHR is receptive to new ways of doing business. It also says on page thirteen that 25% of all respondents agree that decisions are made in time for effective execution...and then it went on to say that, there are many of them, I think it was on page twenty, it says 27% of respondents strongly agree that DHHR cares about its employees and then on also page twenty, 41% agree or strongly agree that they will be working at DHHR in five years. What's your takeaway on those points, Mr. Secretary?"

Secretary Crouch: "Well, there's a lot of points there. First of all, in terms of communication with commissioners, I have a weekly meeting with all of the commissioners and office directors. I do seek input, you can ask McChrystal what that interpretation is with regard to the 27%. I have a bi-weekly meeting with every commissioner and the deputies so that we can talk...get down in the weeds and talk about what's going on in their particular bureaus. So, there is communication, there is—"

Senator Tarr: "—So, do you disagree with the report?"

Secretary Crouch: "I disagree with the ... your interpretation of that report and—"

Senator Tarr: "—I'm reading (...inaudible...)—"

Secretary Crouch: "—I would suggest that you ask McChrystal what that 27% is...what—"

Senator Tarr: "—I'm reading the report—"

Secretary Crouch: "—that means."

Senator Tarr: "—when I make those statements. So, do you disagree with the statements I made?"

Secretary Crouch: "I disagree with the interpretation of that and maybe I disagree with McChrystal's interpretation...that if their interpretation is that there's no communication or very little communication with regard to input from the bureaus. That's not—"

Senator Tarr: "—So, you disagree with this report. How much...how much did the state pay for this report?"

Secretary Crouch: "A little over one million dollars."

Senator Tarr: "That's what I thought, a little over one million dollars...and so, we're disappointed with it and apparently you are as well. So, I guess the next thing I would say is that if you don't have communication now...according to the McChrystal report, if we're going to give it merit...why should we expect the same secretary to have any communication with deputy secretaires?"

Secretary Crouch: "You have to have the right deputy secretaries and right now we need additional individuals in the deputy secretary positions and we need that to

improve communications. Now, I said I was meeting with all those folks, I'm meeting with everyone weekly, I'm having bi-weekly meetings, I'm having a ton of other meetings with the (...inaudible...) committee. That needs to be spread out, that needs to be done in a different way, and that's what McChrystal's saying. We need more leadership folks at that level, at that upper level."

Senator Tarr: "...(inaudible)...on time, Mr. President if anybody else has questions."

President Blair: "While you're up there I've got one for you and first of all what you just brought up where there was input from the legislature. Well, I found out who the one was...The Speaker here...because the rest of us, at least my office, is unaware of ever being contacted and if we were attempted to be contacted, you'd think there would have been a follow up and a different direction to be able to reach out to get our perspective. There apparently was not. So, how do you think that this is thorough. That's a statement from me, not a question.

My question for you is, is that this report was given out on October the 17th...you had it in your possession and it was not shared with us 'til Thursday eve...Thursday sometime...Thursday afternoon...thank you, counsel. And that meant that on Veteran's Day, it's a state holiday, Saturday, and here we are today. How are we supposed to be able to put that into the legislator's hands until basically we get into this meeting? Right now! So that we don't even have time enough to review. How can that happen? What happened from October the 17th to November the 10th that made it so it was impossible to share this information with the legislature?"

Secretary Crouch: "It wasn't shared with anyone, Senator."

President Blair: "Speak up."

Secretary Crouch: "I work with the executive branch, Senator. This was an executive branch requirement in terms of DHHR following up on the Governor's direction to have a top to bottom review. This is an executive branch contract, it's not a legislative branch contract. So, we didn't release it to anyone until we had time for the Governor's Office to review it, the Governor to review it. It would have been inappropriate to give it out to the public or anyone else. We are the client, DHHR's the client as Meghan said. When a contract...when a consulting company has a contract with a client, they don't give the results to other people prior to giving it to the client."

President Blair: "And we represent the taxpayer's dollar...and the legislature has the power of the purse and we're the ones that authorize the funding to be able to be done for this. Okay? And so, that in itself makes it so that you should have been sharing it if we're working together as quote a team to be able to get things done. This information should have been shared somewhere between October the 17th and November the 10th. Further questions? Senator Trump."

Senator Trump: "Thank you, Mr. President. Secretary Crouch, thank you for your appearance and presentation and I will say to you, welcome to Morgan County."

Secretary Crouch: "Thank you, Senator. I think I'm happy to be here."

Senator Trump: "So, I have a question about this letter. I asked Miss Bourne about it, she had seen it. I got today...I'm seeing this for the first time today...a letter dated for

November 11th, 2022, from the group Disability Rights of West Virginia. Have you seen that letter?"

Secretary Crouch: "I have...I think I have. I just...I will say this, I was only aware of that letter...yesterday I believe it was, sir."

Senator Trump: "I guess it was authored on Friday so...but there's some really extraordinary things in it and there's at least one thing I want to ask you about. It's on page two of this letter. It says that on September 7th, 2022, while McChrystal Group was doing its review, a person...DHHR...DHHR's OHF's COO...which I guess that's the chief operating officer of...OHF stands for what?"

Secretary Crouch: "That's Office of Health Facilities, yes sir."

Senator Trump: "Okay...sent a written directive to DHHR state healthcare facility administrators and chief executive officers to withhold information from Disability Rights of West Virginia and this paragraph contains a quote, I'll read you what it says. Quote 'If you receive a request from Disability Rights, do not provide information' period close quote. Have you been able to investigate and determine whether or not such an email was sent by the chief operating officer of the Office of Health Facilities of the DHHR to administrators and chief executive officers?"

Secretary Crouch: "Yes, Senator Trump I have. We've had that issue come up several times. It is false. It is incorrect. And we've had some instances where that's been put in quotes. It is not true. What the chief operating officer said...and let me give you a little background on this...Mr. Mike Folio, who has sent twenty-five to thirty letters now in the last two months, he was our general counsel for the Office of Health Facilities, he was

in that job...he resigned and took the job as chief legal counsel for Disability Rights of West Virginia. We immediately, one day after he left and took the job with Disability Rights, began getting letters. That has been in two or three letters, we've responded to...we're still trying to respond to letters, I got one yesterday. We can't quite keep up with it because our new general counsel is still functioning in another job so he's conducting hearings for Healthcare Authority and some hearings for the Office of Health Facilities trying to transition and do the job of the general counsel for the Office of Health Facilities. So, we're trying to get to those. There is no attempt to delay here in any way, that is false. What the chief operating officer sent out...because we didn't have a general counsel...was if you get a request...and we're getting them daily, we've had almost fifty pieces of correspondence to our facilities, primarily Sharpe Hospital, in that six weeks, two months...so she said, if you get a request for information please provide that to herself, the interim...and the interim general counsel, who's Allen Campbell...and myself, so that we could coordinate those responses because they were being sent everywhere...Bateman, Sharpe, again we probably have twenty-five letters now. The information provided...and I am under oath and I want everybody to make sure that I am, knows that I am under oath...that information is incorrect."

Senator Trump: "So, let me ask you this. You would acknowledge that Disability Rights of West Virginia has a legal role that's authorized by federal law to do patient protection and advocacy for people who are institutionalized in our state's hospitals and facilities, right?"

Secretary Crouch: "Absolutely and they have some staff that are terrific. They work with our folks at Sharpe all the time. We have bi-weekly meetings where we talk

about every incident at Sharpe Hospital that happens. We're mandatory reporters, they're

all mandatory reporters. They cannot fail to report. In one incidence...we got an incident

here related to this...we got a seven-page letter from Mr. Folio complaining that we

weren't communicating, we were trying to hide information. We had five people from

talking Disability Rights in the meeting about those same issues.

not...something's...this is a little, it's almost bordering on harassment. Mr. Folio and the

Board of Disability Rights needs to look at what Mr. Folio's doing. This is close to

harassment."

Senator Trump: "Well, you would agree and acknowledge that by virtue of its

position as a patient protection and advocacy organization, recognized in West Virginia

for a very long time, they do have authority to receive confidential information and

reports..."

Secretary Crouch: "Absolutely. We send it all the time. Again, we've worked with

Disability Rights for years and years and years, we've never had a problem until recently.

Never."

Senator Trump: "So this language that—"

Secretary Crouch: "—This kind of problem."

Senator Trump: "—This language that's quoted in that paragraph, you're saying

that...and I'll read it again quote 'If you receive a request from Disability Rights, do not

provide information' close quote...you're saying that is not an accurate quotation from

any email, from any high ranking DHHR official?"

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Secretary Crouch: "Well let me say, not that I've ever seen. The email that went

out, I reviewed. When we got that first complaint, I asked for it. I'm happy to make it

available to folks. That's not what was said in the email. That is not what was said in the

email"

Senator Trump: "Okay. You agree that such an email would be inconsistent with

the proper relationship between DHHR and Disability Rights of West Virginia."

Secretary Crouch: "Absolutely."

Senator Trump: "Okay."

Secretary Crouch: "To tell them they can't talk to our folks is wrong. That's not

what we've said. We have...we have a good relationship down at the hospital level and

again, until this started with letter after letter after letter of complaints that are not founded.

Going to a reporter? How many agencies like this send their letters to reporters? And set

up interviews with reporters? Do you know of any advocacy group that does that? They

use the press to try to influence public behavior, legislative behaviors...sent to all the

legislators. They need to go...if they have any specific information, anything, any

evidence that Sharpe or Batemen or DHHR has done something wrong, is inconsistent

with state or federal statute...go straight to CMS and do it now."

Senator Trump: "To your knowledge—"

Secretary Crouch: "—I'm not worried about that."

Senator Trump: "—To your knowledge, has this letter been covered in the press?

I never saw it before today. Has there been press coverage of this November 11th letter

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which is addressed to Chairman Rohrbach and Chairman Amy Grady of the LOCHHRA committee?"

Secretary Crouch: "If it's the letter regarding not being heard, is that the one—"

Senator Trump: "—It addresses that as well."

Secretary Crouch: "To McChrystal?"

Senator Trump: "The letter is addressed to the co-chairs of the LOCHHRA committee but it does...it does address—"

Secretary Crouch: "—Oh."

Senator Trump: "—the issue of not having input as McChrystal was doing its work."

Secretary Crouch: "I believe we responded to that and copied everybody that was on the letter, Senator."

Senator Trump: "So..."

Secretary Crouch: "We've responded to so many letters (...inaudible...) I'm not sure which one that is but we've responded to every one at this point that we can get to. There's still a couple I think out there...but we're happy to respond. We'll give you information, we'll give you anything you want, this is not a secret agency. Whoever's out there is trying to say we won't work with folks or we're trying to hide stuff, that's totally erroneous. It's false."

Senator Trump: "Mr. Secretary, thank you. Those are my questions."

President Blair: "I know a letter that you didn't respond to and that was the one

from the Senate requesting the report somewhere, a couple times, between October the

17th and today. Delegate Summers."

Delegate Summers: "Mr. President, I just want to let you know and the committee

know that I was one of the people that was interviewed by McChrystal. I think I spent

about 45 minutes on a Zoom with them and let them know my concerns. Mr. Secretary,

what did you learn from this report that you weren't already aware of before we the people

spent one million dollars?"

Secretary Crouch: "I've dealt with organizational charts my whole life and you all

have too...and you all have too. In terms of how DHHR's been organized over the years,

we all know about the super secretaries and that being changed and changing the

organization can help but you got to have the right people to do that. Right now, the issue

and what McChrystal has done as I said earlier, is look at that problems in West Virginia.

They've looked at what we need to focus on, SUD, child welfare, and I also add Workforce

in there which we're going to continue to work on. And the integration teams in there are

to give...if you look at that...give the legislature more information from those teams and

the deputy secretaries quicker. So, instead of having one legislative liaison...sometimes

we've-"

Delegate Summers: "So, so you—"

Secretary Crouch: "—had two."

Delegate Summers: "—you didn't...you didn't know that before?"

Secretary Crouch: "Know what, Delegate?"

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Delegate Summers: "I'm trying to figure out what you learned from this report that you didn't already know before it came out."

Secretary Crouch: "Well again, the change—"

Delegate Summers: "—I mean that we need to focus on child welfare and SUD, like we all know that."

Secretary Crouch: "Well, the...and as I was saying we've all dealt with organizational charts, they're...they are all functional if you have the right people in place and—"

Delegate Summers: "—But you're the one that...you're the one that hires people."

Secretary Crouch: "That is correct and the—"

Delegate Summers: "—So, if they're not the right people—"

Secretary Crouch: "—the integration teams are different. That is a way to provide better communication with the legislature in terms of what's going on with those different bureaus underneath those...those deputy secretaries."

Delegate Summers: "We've had those teams before they just are called something different."

Secretary Crouch: "Yes and if the department is split, what are you going to have? Two secretaries, a deputy or two deputies, and the same organization only split. So, my point is the organizational chart doesn't always make the difference. This one's different because it adds integration teams and changes the way we would function with regard to our relationship with the legislature. We want a good relationship; we should be working

together on these things. Instead, I feel like it's a...it's not working...I feel like it's somewhere we're missing here. Now..."

Delegate Summers: "Well, I think what...I think what's happened is we...we are just disappointed in the meat of the report and I'm trying to figure out how I've benefited. I spent all day Friday, all day Saturday, reading and analyzing this, the public's report of 2013...like, I'm gaining nothing from this and I'm just trying to figure out how to move forward and I'm asking you, what did you learn that cost a million dollars? What did you learn that you didn't already know?"

Secretary Crouch: "Well, we probably have to go point by point. The communication piece, you're correct. We've known communication down below the commissioners was not great and we need to work on that. I also mentioned earlier, I'm now requiring every manager that manages more than two people, three people...whatever the definition is under DOP...to go through management training because we've got to get better communication with those folks down there. This refers to that...so, I was aware of it. So, I've got to go through here and keep in mind I haven't really spent a lot of time either, it was just finalized...I'm not sure the exact date of the finalization."

Delegate Summers: "October 17th they said."

Secretary Crouch: "October 17th. So, I'm going to go through this as well and look at how to implement this."

Delegate Summers: "It just seems like they stated that we needed bold change and I'm just trying to figure out what those bold changes are and I think they would've

popped out right at you, right away. I'm sorry I'm sharing my frustration. Thank you, Mr. President."

President Blair: "Further questions? If not, we're finished with that million dollar nothing burger. Let's move on to other business. We got the West Liberty University Notice of Intent to sell the property. Members will also find in their packets, it's in the back of the large book here, a letter notifying the committee of West Liberty University's intent to sell approximately one and a half acres of property, as well as a copy of the approved resolution by the West Virginia...or West Liberty University's Board of Governors. Is there discussion on that? I didn't think so. Mr. Speaker, a motion to adjourn."

Speaker Hanshaw: "Mr. President, I move that this committee meeting be adjourned."

President Blair: "All those in favor say aye, those opposed no. Ayes appear to have it, the ayes do have it, committee's adjourned."

WEST VIRGINIA LEGISLATURE

Office of the Legislative Auditor



Budget Division Building 1, Room 314-West Wing 1900 Kanawha Blvd. East Charleston, WV 25301

304-347-4870

December 02, 2022

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

- West Virginia Lottery as of October 31, 2022
 Gross profit as of October 31, 2022 was \$195.5 million. Gross profit as of October 31, 2021 was \$190.2 million.
- West Virginia Unemployment Compensation Fund as of August 31, 2022 Total disbursements were \$382 million lower than in fiscal year 2022. Overall ending trust fund balance was \$288.5 million higher on August 31, 2022 than on August 31, 2021.
- General Revenue Fund as of November 30, 2022
 The general revenue collections ended the fifth month of fiscal year 2023 at 138% of the estimate for the year. Total collections were \$687.8 million above the estimate for the fiscal year.
- State Road Fund as of November 30, 2022
 The road revenue collections ended the fifth month of fiscal year 2023 at 95% of the estimate for the year. Total collections were \$30.6 million below the estimate for the fiscal 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: William Spencer, CPA

Director Budget Division Legislative Auditor's Office

Date: November 25, 2022

Re: Review of West Virginia Lottery Financial Information

As of October 31, 2022

We performed an analysis of the Statement of Revenues, Expenses and Changes in Fund Net Position for October 31, 2022, 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 \$436.7 million for July-October of fiscal year 2022-2023. Table games accounted for \$11.6 million of this total. Historic Resort Hotel video lottery accounted for \$2.1 million of total gross receipts. Gross lottery revenue has increased by \$8.8 million or 2% when compared with July-October of fiscal year 2021-2022. This number does not include commission and prize deductions. Gross profit (gross revenues minus commissions and prize costs) for July-October was \$195.5 million; for July-October of last fiscal year it was \$190 million. Expressed as a percentage, gross profit is 3% higher for fiscal year 2023 than for fiscal year

2022.

Operating Transfers to the State of West Virginia:

A total of \$186,219,000.00 has been accrued to the state of West Virginia for fiscal year 2022-2023. 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:

State Lottery Fund

Bureau of Senior Services	\$58,865,000.00
Community and Technical College	\$1,996,000.00
Department of Education	\$11,377,000.00
Library Commission	\$9,114,000.00
Higher Education-Policy Commission	\$5,820,000.00
Tourism	\$5,418,000.00
Department of Natural Resources	\$2,843,000.00
Division of Culture and History	\$6,482,000.00
General Revenue Fund	\$000.00
Economic Development Authority	\$4,000,000.00
School Building Authority	\$7,200,000.00
SUBTOTAL BUDGETARY TRANSFERS	\$113,115,000.00

Excess Lottery Fund

Economic Development Fund	\$8,406,000.00
Higher Education Improvement Fund	\$6,000,000.00
General Purpose Fund	\$18,990,000.00
Higher Education Improvement Fund	\$8,473,000.00
State Park Improvement Fund	\$440,000.00
School Building Authority	\$7,585,000.00
Refundable Credit	\$1,390,000.00
WV Racing Commission	\$1,384,000.00
WV DHHR	\$000.00
Teacher's Retirement Savings	\$000.00
Division of Human Services	\$16,200,000.00
WV Lottery Statutory Transfers	\$17,827,000.00
Economic Development Authority	\$1,756,000.00
General Revenue Fund	\$000.00
Office of Technology	\$000.00
Excess Lottery Surplus	\$000.00
WV Infrastructure Council Fund	\$14,087,000.00
Total State Excess Lottery Revenue Fund	\$102,538,000.00
Total Budgetary Distributions:	\$215,653,000.00
Veterans Instant Ticket Fund	\$188,000.00

Pension Plan

TOTAL TRANSFERS

\$00.00

*\$215,841,000.00

^{*} CASH BASIS

Lottery continued

Total Accrued last FY 2022:	\$240,181,000.00
Total Cash Distributions FY 2023:	\$215,841,000.00
Applied to FY 2022:	\$215,841,000.00
Applied to FY 2023:	\$0.00
Accrued for FY 2022 as of October 31:	\$24,339,000.00
Accrued for FY 2023 as of October 31:	\$210,559,000.00



P.O. BOX 2067 CHARLESTON, WV 25327

JOHN A. MYERS DIRECTOR

PHONE: 304.558.0500 wvlottery.com

MEMORANDUM

TO: Joint Committee on Government and Finance

FROM: John A. Myers, Director

RE: Monthly Report on Lottery Operations

Month Ending October 31, 2022

DATE: November 17, 2022

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

Financial statements of the Lottery for the month ending October 31, 2022 are attached. Lottery revenue, which includes on-line, instant, video lottery sales, table games, and historic resort, sports wagering, and interactive gaming was \$109,360,600 for the month of October.

Transfers of lottery revenue totaling \$42,942,069 made for the month of October 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 12 on pages 20 and 21 of the attached financial statements.

The number of traditional and limited retailers active as of October 31, 2022 was 1,521 and 1,196 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.

JAM Attachment

pc: Honorable Jim Justice, Governor
 Dave Hardy, Cabinet Secretary – Dept. of Revenue
 Riley Moore, Treasurer
 J. B. McCuskey, Auditor
 Members of the West Virginia Lottery Commission

WEST VIRGINIA LOTTERY

STATE OF WEST VIRGINIA

FINANCIAL STATEMENTS -UNAUDITED-

October 31, 2022

WEST VIRGINIA LOTTERY

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WEST VIRGINIA LOTTERY STATEMENT OF NET POSITION

(In Thousands) -Unaudited-

ASSETS		October 31, 2022		June 30, 2022
Current Assets:				
Cash and cash equivalents	\$	234,344	\$	281,709
Accounts receivable		42,615		32,032
Inventory		1,430		1,436
Other assets	-	5,919	_	5,989
Total Current Assets	2	284,308	8=	321,166
Capital assets		62,944		62,487
Less accumulated depreciation and amortization	_	(20,717)	1,4	(20,161)
Net Capital Assets	_	42,227	2	42,326
Total Noncurrent Assets		42,227	: -	42,326
Total Assets	\$ _	326,535	\$ _	363,492
Deferred outflows of resources	\$	2,436	\$_	2,436
Total assets and deferred outflows	\$ ₌	328,971	\$ =	365,928
Current Liabilities:				
Accrued nonoperating distributions to the				
State of West Virginia	\$	210,559	\$	240,181
Estimated prize claims		18,131		16,152
Accounts payable		1,871		4,212
Other accrued liabilities		30,023		36,996
Total Current Liabilities	_	260,584		297,541
Deferred inflows	\$_	7,491	-	7,491
Net Position:				
Net Investment in capital assets		42,227		42,326
Unrestricted		18,669		18,570
Total Net Position	-	60,896	:=	60,896
Total net position, liabilities, and deferred inflows	\$	328,971	\$ _	365,928

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 FOUR MONTH PERIOD ENDED OCTOBER 31, 2022

(In Thousands)

-Unaudited-

	CURRENT MONTH			YEAR TO DAT		DATE	
	FY 2023		FY 2022		FY 2023		FY 2022
Lottery revenues							
On-line games	\$ 9,769	\$	6,533	\$	32,308	\$	25,633
Instant games	12,851		12,787		55,411		55,823
Racetrack video lottery	40,425		41,641		166,634		163,086
Limited video lottery	40,699		41,234		160,933		163,497
Table games	2,923		3,023		11,601		11,990
Historic resort	617		704		2,055		3,097
Sports Wagering	498		394		1,801		1,415
Interactive Wagering	1,579		1,084	- 2	5,952	-	3,386
	109,361	10	107,400	-	436,695	- 2	427,927
Less commissions On-line games	685		449		2,264		1,798
Instant games	900		895		3,879		3,908
Racetrack video lottery	22,179		22,846		91,422		89,475
Limited video lottery	19,942		20,205		78,857		80,113
Table games	1,242		1,281		4,926		5,081
Historic resort	314		385		1,020		1,540
111300110 103011	45,262		46,061	-	182,368	-	181,915
Less on-line prizes	5,976		3,107		16,765		13,611
Less instant prizes	8,794		8,709		37,765		38,013
Less ticket costs	68		110		505		550
Less vendor fees and costs	853		981		3,806		3,597
	15,691	-	12,907	_	58,841		55,771
Gross profit	48,408		48,432		195,486		190,241
Administrative expenses		-					
Advertising and promotions	677		655		2,351		2,307
Wages and related benefits	917		838		3,675		3,480
Telecommunications	62		107		253		281
Contractual and professional	442		(210)		2,294		637
Rental	26		29		101		87
Depreciation and amortization	141		138		556		552
Other administrative expenses	216_		101		922		792
	2,481	100	1,658	- 2	10,152		8,136
Other Operating Income	224	-	333	-	2,256	_	1,999
Operating Income	46,151		47,107		187,590		184,104
Nonoperating income (expense)		-		-		-	
Investment income	586		(87)		1,896		(19)
Distributions to municipalities and counties	(798)		(808)		(3,154)		(3,205)
Distributions -capital reinvestment	(32)		(35)		(113)		(123)
Distributions to the State of West Virginia	(45,907)		(46,177)	130	(186,219)		(180,757)
	(46,151)	12	(47,107)		(187,590)	20	(184,104)
Net income		100	_	e a		-	
Net position, beginning of period	60,896		57,032		60,896		57,032
Net position, end of period	\$	\$	57,032	\$	60,896	\$_	57,032
		-		-		177	

WEST VIRGINIA LOTTERY STATEMENTS OF CASH FLOWS FOR THE FOUR MONTH PERIOD ENDED OCTOBER 31, 2022

(In Thousands) -Unaudited-

		2023		2022
Cash flows from operating activities:				45.5.5.5
Cash received from customers and other sources	\$	428,368	\$	425,059
Cash payments for:		(2 (22)		(2.400)
Personnel costs		(3,675)		(3,480)
Suppliers		(8,154)		(4,169)
Other operating costs	_	(239,783)	7	(239,648)
Cash provided by operating activities		176,756	-	177,762
Cash flows from noncapital financing activities:				
Nonoperating distributions to the State of West Virginia		(215,841)		(207,206)
Distributions to municipalities and counties		(3,118)		(3,191)
Distributions to manierparates and countries Distributions to racetrack from racetrack cap. reinv. fund		(6,601)		(4,293)
Cash used in noncapital financing activities	-	(225,560)	100	(214,690)
Cush doed in noneuptain manifesting accounts		(===,===)		(== :,== =)
Cash flows from capital and related financing acitivities:				
Purchases of capital assets		(457)		_
1			_	
Cash flows from investing activities:				
Investment earnings received	_	1,896		242
Increase (decrease) in cash and cash equivalents		(47,365)		(36,686)
1		, ,		() /
Cash and cash equivalents - beginning of period		281,709		198,583
Cash and cash equivalents - end of period	\$	234,344	\$	161,897
	_		_	
Reconciliation of operating income to net cash provided by operating			•	101101
Operating income	\$	187,590	\$	184,104
Adjustments to reconcile operating income to				
cash provided by operating activities:				
Depreciation and amortization		556		552
Changes in operating assets and liabilities:		(40 800)		(4.04=)
(Increase) decrease in accounts receivable		(10,583)		(4,867)
(Increase) decrease in inventory		6		(203)
(Increase) decrease in other assets		70		20
Increase (decrease) in estimated prize claims		2,044		(920)
Increase (decrease) in accounts payable		(2,341)		260
Increase (decrease) in other accrued liabilities	_	(586)	_	(1,184)
Cash provided by operating activities	\$_	176,756	\$ _	177,762

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

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.

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; 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.

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 \$755,071 and \$835,830 at June 30, 2022 and 2021, 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.

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 October 31, 2022 the carrying amounts of deposits (overdraft) with financial institutions were \$1,366 thousand with a bank balance (overdraft) of \$1,431 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):

		October 31, 2022		June 30, 2022	
Deposits with financial institutions	\$	1,366	\$	459	
Cash on hand at the Treasurer's Office		25,539		24,722	
Investments with BTI reported as cash equivalents		207,439		256,528	
	\$	234,344	\$	281,709	
			_		

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.

NOTE 4 – CAPITAL ASSETS

A summary of capital asset activity for the month ended October 31, 2022 is as follows (in thousands):

Car	ital	Assets	::

	Historical Cost			Historical Cost
	At June 30, 2022	Additions	Deletions	At October 31, 2022
Construction in				
Progress	1,564	276	-	1,840
Buildings	48,243	-	-	48,243
Land	1,681	-	-	1,681
Equipment	10,999	181	-	11,180
	\$ 62,487	\$ 457	\$ -	\$ 62,944
Accumulated			<u> </u>	
Depreciation:				
	Historical Cost			Historical Cost
	At June 30, 2022	Additions	Deletions	At October 31, 2022
		7		
Buildings	\$ 11,398	\$ 411	\$ -	\$ 11,809
Equipment	8,763	145	-	8,908
	\$ 20,161	\$ 556	\$ -	\$ 20,717

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 LOTTO AMERICA® 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, Lotto America, 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®, LOTTO AMERICA®, 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 October 31, 2022 and fiscal year-to-date is as follows:

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

Revenues	 Month	_	Y-T-D
Powerball	\$ 5,856,288	\$	11,785,039
Lotto America	700,765		2,472,234
Mega Millions	 1,247,606		10,267,714
Total	\$ 7,804,659	\$	24,524,987
Expenses (Prizes)	 Month	n 2_	Y-T-D
Powerball	\$ 2,906,183	\$	5,882,520
Lotta America	350,382		1,228,730
Mega Millions	588,636		5,098,987
Total	\$ 3,845,201	\$	12,210,237

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:

	PowerBall	Lotto America	Mega Millions
Required Contribution (% of sales)	2%	3%	1%
Reserve Fund Cap	\$132,000,000	\$12,000,000	\$110,000,000

At October 31, 2022, the Lotteries share of the prize reserve fund balances were as follows:

Game	Total Prize Reserve	Lottery Share
Powerball	\$ 125,516,620	\$ 1,306,448
Lotto America	7,032,448	534,972
Mega Millions	92,159,642	809,902
Total	\$ 224,708,710	\$ 2,651,322

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

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

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 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 \$18,190,096 at October 31, 2022, of which the Lottery's share was \$1,406,516.

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 and has been amended again by HB 101 as passed during the first extraordinary session of 2014. For a complete summary of the impacts of HB 101, see Note 11 titled "Summary Impact of Recent Legislation." 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 (46.5%); other private entities associated with the racing industry (8.7%); and the local county and municipal governments (2%). The remaining revenues (42.8%) 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 11 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, 49% of net terminal revenue is allocated in lieu of commissions to: the racetracks (42%); other private entities associated with the racing industry (5%); and the local county and incorporated municipality governments (2%).

NOTE 6 - RACETRACK VIDEO LOTTERY (continued)

The remaining net terminal revenue (51%) is allocated for distribution to the State as specified in the Racetrack Video Lottery Act or subsequent State budget, as described in Note 12.

Amounts from the capital reinvestment fund may be distributed to each racetrack if qualifying expenditures are made within the statutory timeframe; otherwise, amounts accumulated in the fund revert to the state excess lottery revenue fund.

A summary of racetrack video lottery revenues for the month ended October 31, 2022 and fiscal year-to-date follows (in thousands):

	Current Month					Year-to-Date					
	2023			2022		2023		2022			
Total credits played	\$	472,654	\$	473,672	\$	1,922,885	\$	1,861,671			
Credits (prizes) won		(425,102)		(425,092)		(1,728,743)		(1,670,541)			
Promotional credits played		(7,127)		(6,939)		(27,508)		(28,044)			
Gross terminal income		40,425		41,641	-	166,634		163,086			
Administrative costs		(1,617)		(1,666)		(6,665)		(6,523)			
Net Terminal Income		38,808		39,975	:	159,969		156,563			
Less distribution to agents		(22,179)		(22,846)		(91,422)		(89,475)			
Racetrack video lottery revenues	\$	16,629	\$	17,129	\$	68,547	\$	67,088			

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

	Octo	ber 31, 2022	Ye	ear-to-Date
State Lottery Fund	\$	11,642	\$	47,991
State Excess Lottery Revenue Fund		4,987		20,556
Capital Reinvestment Fund	<u></u>			ten
Total nonoperating distributions	\$	16,629	\$	68,547

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

NOTE 7 - LIMITED VIDEO LOTTERY (continued)

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. This percentage is 50 percent. Two percent is distributed to counties and incorporated municipalities in the manner prescribed by the statute. The remaining amount of gross profit is paid to retailers and/or operators as prescribed in the Act, and is recorded as limited video lottery commissions in the financial statements. Municipal and county distributions are accounted for as nonoperating expenses.

A summary of limited video lottery revenues for the month ended October 31, 2022 and fiscal year-to-date follows (in thousands):

	Current Month					Year-to-Date					
		2023		2022		2023		2022			
Total credits played	\$	534,661	\$	536,914	\$	2,119,421	\$	2,117,221			
Credits (prizes) won		(493,962)		(495,680)		(1,958,488)		(1,953,724)			
Gross terminal income	\$	40,699	\$	41,234	\$	160,933	\$	163,497			
Administrative costs		(814)		(824)		(3,219)		(3,270)			
Gross Profit		39,885		40,410		157,714		160,227			
Commissions		(19,942)		(20,205)		(78,857)		(80,113)			
Municipalities and Counties		(798)		(808)		(3,154)		(3,205)			
Limited video lottery revenues	\$	19,145	\$	19,397	\$	75,703	\$	76,909			

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 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. Transfer three 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:

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 Excess Lottery Revenue Fund.

The cash transferred to the State Excess Lottery Revenue Fund in the current month is included in Note 12-Nonoperating Distributions to the State of West Virginia. The table games adjusted gross receipts for the month and year ended October 31, 2022 were \$8,352,562 and \$33,146,710, 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				
		2023	2022		2023		2022
Table Games Privilege Tax	\$	2,923	\$ 3,023	\$	11,601	\$	11,990
Interest on Table Games Fund		14	-		44		1
Administrative costs		(251)	(259)		(994)		(1,028)
Total Available for Distribution		2,686	2,764	0 11	10,651	25 50-	10,963
Less Distributions:							
Racetrack Purse Funds		188	194		746		771
Thoroughbred & Greyhound Development Funds		150	155		597		617
Racing Association Pension Plan		74	76		293		301
Municipalities/ Counties		830	 856	s > <u> </u>	3,290		3,392
Total Distributions		1,242	1,281		4,926		5,081
Excess Lottery Fund	\$	1,444	\$ 1,483	\$	5,725	\$	5,882

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.

A summary of historic resort hotel video lottery revenues for the month ended October 31, 2022 and fiscal year-to-date follows (in thousands):

	 2023	2022		2023		2022
Total credits played	\$ 5,775	\$	8,928	\$ 21,428	\$	30,687
Credits (prizes) won	(5,242)		(8,302)	(19,729)		(28,367)
Promotional credits played	(115)		(82)	(378)		(316)
Gross terminal income	 418		544	 1,321		2,004
Capital reinvestment	(19)		(26)	(62)		(94)
Excess Lottery Fund	(4)		(5)	(12)		(18)
Administrative costs	(23)		(29)	(71)		(108)
Hotel commissions	(177)		(230)	(559)		(848)
Net terminal income	195		254	617		936
Historic Resort Hotel Fund	124		161	392		595
Human Resource Benefit Fund	71		93	225		341

NOTE 9 – HISTORIC RESORT HOTEL (continued)

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 and year ended October 31, 2022 were \$568,309 and \$2,096,700 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:

	2023		2022	2023		2022	
Table games privilege tax	\$ 199	\$	160	\$	734	\$ 1,093	
Administrative Costs	(26)	_,	(20)	a v.	(94)	(140)	
Total Available for Distribution	173		140	3 3	640	953	
Historic Resort Hotel Fund	145		117		535	797	
Human Resource Benefit Fund	28		23		105	156	

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) Eighty-six percent (86%) is paid to the State Excess Lottery Revenue Fund;
- 2) Four percent (4%) is paid to the county where the gaming facility is located;
- 3) Two and one-half percent (2.5%) is paid to the municipality where the gaming facility is located as prescribed by statute;
- 4) 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;
- 5) 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;
- 6) 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):

	Cur	Year-to-Date		
Historic Resort Hotel Video Lottery	\$	124	\$	392
Historic Resort Table Games		145		535
Interest on Historic Resort Hotel Fund		3		11
Historic Resort Hotel Fund Net Income	-	272		938
Municipalities/ Counties		38		131
Excess Lottery Fund		234		807
Total Distributions	\$	272	\$	938

NOTE 10– SPORTS WAGERING

Sports Wagering legislation passed in 2018 per Senate Bill 415. Each racetrack and historic resort hotel licensee is subject to a privilege tax of ten percent (10%) of adjusted gross wagering receipts which will be deposited weekly into the Sports Wagering Fund.

From the privilege tax deposited into the Sports Wagering Fund, the Commission, on a monthly basis shall:

Retain 15% for administrative expenses of which any surplus in excess of \$250,000 shall be reported to the Joint Committee on Government and Finance and remitted to the State Treasurer.

After the reduction for administrative expenses, the net profit shall be deposited into the State Lottery Fund until a total of \$15 million is deposited. The remainder of net profit shall be deposited into the Public Employees Insurance Agency Financial Stability Fund.

The Sports Wagering adjusted gross wagering receipts for the month and year-to-date periods ended October 31, 2022 were \$4,978,698 and \$18,014,840, respectively. The following table shows the month and year-to-date totals of the privilege tax and the accrued distributions (in thousands) to be transferred in the subsequent month:

	Current Month					Year-to-Date					
	2023		2023 2022		2023		_	2022			
Sports Wagering Privilege Tax	\$	498	\$	394	\$	1,801	\$	1,415			
Interest on Sports Waging Fund		-		-		-		-			
Administrative Costs		(75)		(59)		(270)		(212)			
Total Available for Distribution		423		335	×	1,531	-	1,203			

NOTE 11- INTERACTIVE WAGERING

Interactive Wagering legislation passed in 2019 per House Bill 2934. Each racetrack and historic resort hotel licensee is subject to a privilege tax of fifteen percent (15%) of adjusted gross interactive gaming receipts which will be deposited weekly into the Interactive Wagering Fund.

From the privilege tax deposited into the Interactive Wagering Fund, the Commission, on a monthly basis shall:

Retain 15% for administrative expenses of which any surplus in excess of \$250,000 shall be reported to the Joint Committee on Government and Finance and remitted to the State Treasurer.

In each fiscal year, the Lottery Commission shall deposit one-quarter of a percent of the net profit into each of the four special funds established by the Racing Commission, pursuant to §29-22A-10 and §29-22C-27 to be used for payment into the pension plan for the employees of the licensed racing associations in this state.

After the reduction for administrative expenses and the pension plans for the racing associations, the net profit shall be deposited into the State Lottery Fund.

The Interactive Wagering adjusted gross interactive gaming receipts for the month and year-to-date periods ended October 31, 2022 were \$10,524,170 and \$39,681,350 respectively. The following table shows the month and year-to-date totals of the privilege tax and the accrued distributions (in thousands) to be transferred in the subsequent month:

	Current Month					Year	Year-to-Date			
	2023		2022		_	2023		2022		
Interactive Wagering Privilege Tax	\$	1,579	\$	1,084	\$	5,952	\$	3,386		
Interest on Interactive Wagering Fund		12		-		40		-		
Administrative Costs		(237)		(163)		(892)		(509)		
Total Available for Distribution	33	1,354	-	921	-	5,100		2,877		

A summary of Interactive Gaming Fund related distributions is as follows (in thousands):

	Current Month	Year-to-Date			
Pensions	13	51			
Lottery Fund	1,341	5,049			
Total Distributions	\$ 1,354	\$ 5,100			

NOTE 12- 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, 2023 the State Legislature budgeted \$134,132,030 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 \$6,536,696 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 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 October 31, 2022 the Lottery has accrued additional distributions of \$210,558,641. The Lottery is a non-appropriated state agency and therefore does not have a legally adopted annual budget.

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

BUDGETARY DISTRIBUTIONS	October 31, 2022			Year-to-Date
State Lottery Fund:				
Community and Technical College	\$	499	\$	1,996
Bureau of Senior Services		7,227		58,865
Department of Education		1,952		11,377
Library Commission		1,564		9,114
Higher Education-Policy Commission		999		5,820
Tourism		930		5,418
General Revenue		-		-
Natural Resources		488		2,843
Division of Culture & History		581		6,482
Economic Development Authority		1,000		4,000
School Building Authority		1,800		7,200
Total State Lottery Fund	\$	17,040	\$	113,115

Economic Development Fund	\$ 2,102	\$ 8,406
Higher Education Improvement Fund	1,500	6,000
General Purpose Account	6,143	18,990
Higher Education Improvement Fund	2,741	8,473
State Park Improvement Fund	142	44(
School Building Authority	1,896	7,585
Refundable Credit	563	1,390
WV Racing Commission	189	1,384
WV Department of Health and Human Resources		
Teacher's Retirement Savings		
Division of Human Services		16,200
WV Lottery Statutory Transfers	5,767	17,82
Economic Development Authority	439	1,750
General Revenue Fund		
Office of Technology		
Excess Lottery Surplus		
West Va. Infrastructure Council	4,380	14,087
Total State Excess Lottery Revenue Fund	\$ 25,862	\$ 102,538
Total Budgetary distributions:	\$ 42,902	\$ 215,653
Veterans Instant Ticket Fund	\$ 40	\$ 188
Total nonoperating distributions to the		
State of West Virginia (cash basis)	\$ 42,942	\$ 215,841
Accrued nonoperating distributions, beginning	(207,594)	(240,181)
A	210,559	210,559
Accrued nonoperating distributions, end		

NOTE 13 – 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 cancellable operating leases. Rental expense for the fiscal year-to-date ended October 31, 2022 and October 31, 2021 approximated \$101,172 and \$87,101 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 October 31, 2022 and October 31, 2021 approximated \$371,482 and \$354,190 respectively.

NOTE 14 - COMMITMENTS

For the year ended June 30, 2022 the Lottery Commission has designated \$4,512,722 of unexpended administrative funds for the acquisition of capital assets. As of June 30, 2022 and 2021, \$7,151,954 and \$7,612,621, respectively, are included in unrestricted net position and net investment in capital assets for this purpose.

NOTE 15 - 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 hired prior to July 1, 2015 are required to contribute 4.5% of their salary to the PERS. Covered employees hired on or after July 1, 2015 will contribute 6.0% of their salary to the PERS Tier II. The Lottery is required to contribute 10% 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 October 31, 2022 and fiscal year-to-date are as follows (in thousands):

	Octo	ber 31, 2022	Year-to-Da			
Employee contributions	\$	33	\$	151		
Lottery contributions		61		282		
Total contributions	\$	94	\$	433		

NOTE 16 - 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.

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.

SCHEDULE OF REVENUES AND NET REVENUES OF THE LOTTERY FUND AND EXCESS LOTTERY FUND FOR THE FOUR MONTH PERIOD ENDED OCTOBER 31, 2022 (In Thousands)

	Current	Month FISCA		AL YEAR	
	Actual	Projected	Actual	Projected	
Gross Revenues			:	:	
Instant games	12,851	9,583	55,411	38,333	
On-line games	9,769	5,834	32,308	23,333	
Racetrack video lottery	40,425	36,490	166,634	154,163	
Limited video lottery	40,699	30,504	160,933	121,901	
Racetrack table games	2,923	2,000	11,601	8,404	
Historic resort	617	690	2,055	2,487	
Sports wagering	498	208	1,801	834	
Interactive wagering	1,579	292	5,952	1,167	
Total gross revenues	109,361	85,601	436,695	350,622	
Net Revenues - Lottery Fund and Excess Lottery Fund Lottery Fund					
Instant games	1,346	1,122	5,962	4,486	
On-line games	1,775	1,674	8,886	6,697	
Racetrack Video Lottery	11,808	10,509	48,524	44,399	
Sports wagering	425	177	1,537	708	
Interactive wagering	1,341	245	5,048	982	
Total Lottery Fund net nevenues	16,695	13,727	69,957	57,272	
Excess Lottery Fund					
Racetrack Video Lottery	5,051	4,500	20,762	19,015	
Limited Video Lottery	19,410	14,349	76,527	57,342	
Limited Video Lottery Fees	20	-	1,069	-	
Racetrack table games	1,444	981	5,725	4,123	
Historic resort	238	258	818	930	
Total Excess Lottery Fund Net Revenues	26,163	20,088	104,901	81,410	
Total Net Revenues	42,858	33,815	174,858	138,682	

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: William Spencer, C.P.A., Director, Budget Division

Legislative Auditor's Office

Date: December 02, 2022

Re: Status of General Revenue Fund and State Road Fund as of

November 30, 2022 (FY 23)

We have read the cash flow of the West Virginia general revenue fund as of November 30, 2022 which is the fifth month of the fiscal year. The status of the fund collections for the month is as follows:

The net collections were 138% of the estimate for the fiscal year. Total collections were \$687.8 million above the estimate for the fiscal year.

Personal Income Tax collections were \$109.7 million above the estimate for the fiscal year.

Consumer sales and use tax collections were \$85.8 million above the estimate for the year.

Severance Tax was \$370.2 million above the estimate for the fiscal year.

Corporate Income and Business Franchise Tax collections were \$80.9 million above the estimate for the fiscal year.

State Road Fund

The state road fund collections were 95% of the estimate for the fiscal year. Total collections were \$30.6 million below 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 \$416,035,623.34 as of November 30, 2022.

*Balance July 1, 2022	\$369,264,049.99
**Fiscal year 22 Surplus	00.00
Earnings/(Loss)	\$ 46,771,573.35
Balance November 30, 2022	\$416,035,623.34

^{*\$69.5} million loan to state General Revenue Fund 6/30/2022 for beginning of the year cash flow, to be repaid within 90 days. Loan paid 9/16/2022.

Revenue Shortfall Reserve **Fund B** (Tobacco Settlement Monies) had a cash balance of \$479,398,656.18 as of November 30, 2022.

Balance July 1, 2022	\$553,481,351.13
Earnings	(74,082,694.95)
Balance November 30, 2022	\$479,398,656.18

The **Personal Income Tax Reserve** Fund had a \$11,000,000.00 cash balance as of November 30, 2022.

Balance July 1, 2022	\$11,000,000.00
Balance November 30, 2022	\$11,000,000.00

^{**}There was no transfer made to the Rainy Day Fund per the change in the statute, and the year-end balance was above the 20% threshold.

REVENUE COLLECTIONS FISCAL YEAR 2023 as of November 30, 2022

GENERAL REVENUE FUND

GENERAL REVENUE FUND						MONTHLY					YTD	
				A CTIIAI	,	MONTHLY COLLECTIONS			ACTUAL	_	COLLECTIONS	YTD
		MONTH		ACTUAL MONTH	(OVER		YTD	YTD	(OVER	PERCENT
	r	MONTH ESTIMATES	C	DLLECTIONS		ESTIMATES		ESTIMATES	OLLECTIONS		ESTIMATES	COLLECTED
Personal Income Tax	\$			158,917,781	\$		φ		982,205,970	\$	109,715,970	113%
Consumer Sales Tax & Use Tax	Ф	169,340,000	\$		Ф	(10,422,219)	\$	872,490,000	\$ 	Ф		115%
		138,100,000		153,201,328		15,101,328		585,739,000	671,542,964		85,803,964	
Severance Tax		24,000,000		112,366,220		88,366,220		83,400,000	453,596,241		370,196,241	544%
Corporate Net Income Tax		2,000,000		11,829,633		9,829,633		53,000,000	133,894,959		80,894,959	253%
Insurance Tax		200,000		584,807		384,807		35,400,000	50,844,597		15,444,597	144%
Tobacco Products Tax		12,900,000		14,403,838		1,503,838		70,600,000	69,874,630		(725,370)	
Business and Occupation		7,000,000		6,847,777		(152,223)		40,600,000	42,660,889		2,060,889	105%
Liquor Profit Transfers		2,000,000		2,018,133		18,133		12,000,000	13,035,733		1,035,733	109%
Departmental Collections		1,600,000		1,405,623		(194,377)		7,800,000	7,111,669		(688,331)	
Property Transfer Tax		1,100,000		1,123,243		23,243		5,800,000	6,827,841		1,027,841	118%
Property Tax		450,000		378,498		(71,502)		4,950,000	4,798,747		(151,253)	
Beer Tax and Licenses		550,000		574,360		24,360		3,150,000	2,901,868		(248,132)	
Miscellaneous Transfers		20,000		-		(20,000)		1,260,000	262,230		(997,771)	
Interest Income		520,000		8,835,286		8,315,286		2,360,000	25,779,242		23,419,242	1092%
Refundable Credit Reimb Liability		-		-		-		500,000	1,390,470		890,470	0%
HB 102 - Lottery Transfers		6,450,000		6,339,739		(110,262)		25,700,000	25,329,968		(370,032)	
Miscellaneous		120,000		225,741		105,741		600,000	960,922		360,922	160%
Business Franchise Fees		60,000		29,546		(30,454)		320,000	279,077		(40,923)	
Estate & Inheritance Tax		-				-		-			-	0%
Liquor License Renewal		45,000		42,642		(2,358)		337,000	484,711		147,711	144%
Special Revenue Transfers		-				-		-			-	0%
Charter Tax		-		116		116		-	1,756		1,756	0%
Telecommunications Tax		-				-		-			-	0%
Video Lottery Transfers		-		7,259		7,259		-	70,114		70,114	0%
July-Dec Retro Rev Adj		-				-		-			-	0%
Cash Flow Transfer		-		-		-		-	-		-	0%
Soft Drink Excise Tax		1,100,000		1,092,392				6,200,000	 5,821,686			_
SUBTOTALS	\$	367,555,000	\$	480,223,960	\$	112,676,568	\$	1,812,206,000	\$ 2,499,676,282	\$	687,848,597	_
Less: Cash Flow Transfer		-		-		-		-	-		-	
Less: Special Revenue Transfer		<u>-</u>		-		-	_	-	-	_	-	
TOTALS	\$	367,555,000	\$	480,223,960	\$	112,676,568	\$	1,812,206,000	\$ 2,499,676,282	\$	687,848,597	_

Percent of Estimates 131% 138%

Collections past two days \$ 39,283,510

Source: WV OASIS

Prepared by: Legislative Auditor's Office, Budget Division

December 01, 2022

STATE OF WEST VIRGINIA COMPARISON OF REVENUE NOVEMBER 2021 vs NOVEMBER 2022

GENERAL REVENUE FUND

			Actual	Actual		YTD	YTD
	Actual	Actual	Collections	Collections		\$ Increase	% Increase
	Collections	Collections	5 Months	5 Months		(Decrease)	(Decrease)
	Nov 2021	Nov 2022	Jul-Nov 2021	Jul-Nov 2022	0	ver prior period	over prior period
Personal Income Tax	\$ 169,796,890	\$ 158,917,781	\$ 854,871,016	\$ 982,205,970	\$	127,334,954	15%
Consumer Sales Tax & Use Tax	149,223,423	153,201,328	633,349,462	671,542,964		38,193,502	6%
Severance Tax	75,353,154	112,366,220	191,617,796	453,596,241		261,978,446	137%
Corporate Net Income Tax	6,838,109	11,829,633	93,707,842	133,894,959		40,187,117	43%
Insurance Tax	360,309	584,807	60,346,969	50,844,597		(9,502,372)	-16%
Tobacco Products Tax	13,050,951	14,403,838	71,267,918	69,874,630		(1,393,287)	-2%
Business and Occupation	8,775,621	6,847,777	41,620,034	42,660,889		1,040,855	3%
Liquor Profit Transfers	2,007,758	2,018,133	11,709,870	13,035,733		1,325,863	11%
Departmental Collections	1,403,224	1,405,623	7,465,865	7,111,669		(354,196)	-5%
Property Transfer Tax	1,402,649	1,123,243	8,058,070	6,827,841		(1,230,229)	-15%
Property Tax	446,949	378,498	4,700,848	4,798,747		97,899	2%
Beer Tax and Licenses	609,717	574,360	3,126,391	2,901,868		(224,523)	-7%
Miscellaneous Transfers	268,655	-	997,125	262,230		(734,896)	-74%
Interest Income	(711,950)	8,835,286	197,056	25,779,242		25,582,186	12982%
Refundable Credit Reimb Liability	-	-	557,719	1,390,470		832,751.00	0%
HB 102 - Lottery Transfers	6,432,250	6,339,739	25,684,268	25,329,968		(354,300.21)	0%
Miscellaneous	232,529	225,741	973,548	960,922		(12,627)	-1%
Business Franchise Fees	35,425	29,546	422,296	279,077		(143,219)	-34%
Estate & Inheritance Tax	-		-			-	0%
Liquor License Renewal	45,151	42,642	337,986	484,711		146,724	0%
Special Revenue Transfers	-		-			-	0%
Charter Tax	812	116	(197)	1,756		1,953	-991%
Video Lottery Transfers	-	7,259	112,986	70,114		(42,873)	-
July-Dec Retro Rev Adj	-					-	0%
Cash Flow Transfer			-			-	0%
Soft Drink Excise Tax		1,092,392	-	5,821,686		5,821,686	
SUBTOTALS	\$ 435,571,626	\$ 480,223,960	\$ 2,011,124,868	\$ 2,499,676,283	\$	488,551,415	
Less: Cash Flow Transfer	-	-	-	-		-	
Less: Special Revenue Transfer	-	-	-	-		-	
TOTALS	\$ 435,571,626	\$ 480,223,960	\$ 2,011,124,868	\$ 2,499,676,283	\$	488,551,415	
Increase/Decrease over Prior Period		\$ 44,652,335		\$ 488,551,415			
% Increase/Decrease over Prior Period		10%		24%			

Source: WV OASIS

Prepared by: Legislative Auditor's Office, Budget Division

December 02, 2022

REVENUE COLLECTIONS FISCAL YEAR 2023 as of November 30, 2022

STATE ROAD FUND

					FINAL				YEARLY	
			NET	(COLLECTIONS			NET	COLLECTIONS	YTD
	MONTH		MONTH		OVER	YTD		YTD	OVER	PERCENT
	ESTIMATES	CC	LLECTIONS		ESTIMATES	ESTIMATES	CC	DLLECTIONS	ESTIMATES	COLLECTED
Motor Fuel Tax	\$ 36,100,000	\$	34,940,184	\$	(1,159,816)	\$ 188,400,000	\$	180,323,447	\$ (8,076,553)	96%
Sales/Privilege Tax	24,500,000		23,592,924		(907,076)	134,000,000		135,834,652	1,834,652	101%
Licenses & Registration	11,000,000		11,471,066		471,066	69,000,000		56,515,440	(12,484,560)	82%
Miscellaneous	5,000,000		1,521,954		(3,478,046)	172,000,000		160,181,980	(11,818,020)	93%
Highway Litter Control	152,000		124,202		(27,798)	794,000		708,752	(85,248)	89%
Federal Reimbursement	39,500,000		46,308,589		6,808,589	208,500,000		261,482,914	52,982,914	125%
SUBTOTALS	\$ 116,252,000	\$	117,958,919	\$	1,706,919	\$ 772,694,000	\$	795,047,186	\$ 22,353,186	
Less: Federal Reimbursement	39,500,000		46,308,589		6,808,589	208,500,000		261,482,914	52,982,914	
TOTALS	\$ 76,752,000	\$	71,650,330	\$	(5,101,670)	\$ 564,194,000	\$	533,564,271	\$ (30,629,729)	

Percent of Estimates 93% 95%

Collections past two days \$ 19,361,458

REVENUE SHORTFALL RESERVE FUND 7005, Part A as of November 30, 2022: \$416,035,623.34

\$69.5 million loan to General Revenue fund 7/1/22 for beginning of the year cash flow, to be repaid within 90 days. Loan paid 9/16/22.

REVENUE SHORTFALL RESERVE FUND 7006, Part B as of November 30, 2022: \$479,398,656.18

SPECIAL INCOME TAX REFUND RESERVE FUND as of November 30, 2022: \$11,000,000.00

Source: WV OASIS

Prepared by: Legislative Auditor's Office, Budget Division

December 01, 2022

STATE OF WEST VIRGINIA COMPARISON OF REVENUE NOVEMBER 2021 vs NOVEMBER 2022

STATE ROAD FUND

				Actual	Actual		YTD	YTD
		Actual	Actual	Collections	Collections		Increase	% Increase
		Collections	Collections	5 Months	5 months		(Decrease)	(Decrease)
	Nc	vember 2021	November 2022	Jul-Nov 2021	Jul-Nov 2022	C	over prior period	over prior period
Gasoline & Motor Carrier Rd Tax	\$	39,629,795	\$ 34,940,184	\$ 183,014,497	\$ 180,323,447	\$	(2,691,050)	-1%
Privilege Tax		24,010,785	23,592,924	132,723,417	135,834,652		3,111,235	2%
Licenses & Registration		8,112,124	11,471,066	56,525,951	56,515,440		(10,511)	0%
Miscellaneous		174,735	1,521,954	4,895,400	160,181,980		155,286,580	3172%
Highway Litter Control		105,900	124,202	718,163	708,752		(9,411)	-1%
Federal Reimbursement		36,905,343	46,308,589	 213,870,452	261,482,914		47,612,462	22%
SUBTOTALS	\$	108,938,683	\$ 117,958,919	\$ 591,747,880	\$ 795,047,186	\$	203,299,305	
Less: Federal Reimbursement		36,905,343	46,308,589	213,870,452	261,482,914		47,612,462	
TOTALS	\$	72,033,339	\$ 71,650,330	\$ 377,877,428	\$ 533,564,271	\$	155,686,843	
Increase/Decrease over Prior Period			\$ (383,010)		\$ 155,686,843			
% Increase/Decrease over Prior Period			-1%		41%			

Source: WV OASIS

Prepared by: Legislative Auditor's Office, Budget Division

December 01, 2022

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: William Spencer, C.P.A.

Director Budget Division

Legislative Auditor's Office

Date: September 21, 2022

Re: West Virginia Unemployment Compensation Trust Fund

We have reviewed the August 31, 2022 monthly report of the Unemployment Compensation Trust Fund we received from WorkForce West Virginia.

As of August 31, 2022 of fiscal year 2022-2023, the trust fund cash flow was as follows:

Trust Fund Beginning Cash Balance 7-1-2022	\$ 377,973,650.98
Receipts July 1,2022 thru June 30, 2023	\$ 68,196,677.76
Disbursements July 1,2022 thru June 30, 2023	\$ 55,869,402.10
Balance August 31, 2022	\$ 390,300,926.64

ITEMS OF NOTE:

Regular benefits paid for July-August 2022 were \$ 2.7 million less than July-August 2021.

Federal emergency benefits totaled \$0 for July-August 2022. For July-August 2021, federal emergency benefits totaled -\$25.00

Total disbursements were \$382 million less in July-August 2022 than the preceding July-August 2021.

Receipts as of August 2022, were \$409.2 million less than in August 2021. Overall ending trust fund balance was \$288.5 million higher on August 31, 2022 than on August 31, 2021.

Seasonally adjusted unemployment rates for August 2022 were 3.9 percent for West Virginia and 3.7 percent nationally.

Since August 2021, employment has increased by 20,000. Employment increases included 6,500 in leisure and hospitality, 3,500 in construction, 3,200 in professional and business services, 2,500 in mining and logging, 1,400 in trade, transportation and utilities, 1,400 in manufacturing, 1,000 in financial activities, 300 in other services, 300 in education and health services, and 300 in information. Employment in government declined 400 over the year.



September 20, 2022

William Spencer Budget Division Office of the Legislative Auditor Building 1, Room 332-West Wing 1900 Kanawha Boulevard East Charleston, WV 25305-0590

RE: Monthly Status Report

Dear Mr. Spencer:

Please find attached the Monthly Status Report for the Joint Committee on Government and Finance, Unemployment Compensation Trust Fund for August 2022. If you have any questions or need any additional information, please feel free to contact Jane Shinn at 304-352-3845 or Jane.Shinn@wv.gov.

Sincerely,

Scott Adkins

Acting Commissioner

SSA/smd

Enclosure

pc: Jim Justice

1900 Kanawha Blvd. East * Building 3 Suite 300 * Charleston, WV 25305

MONTHLY STATUS REPORT FOR THE JOINT COMMITTEE ON GOVERNMENT AND FINANCE FOR THREE MONTHS STARTING JUNE 2021 AND JUNE 2022

		JUNE 2021		JULY 2021		AUGUST 2021		JUNE 2022		JULY 2022		AUGUST 2022		THREE MONTH DTAL VARIANCE *	
Balance Forward	\$	81,002,956.97	\$	79,377,584.30	\$	88,647,973.81	\$	382,227,662.46	\$	377,973,650.98	\$	380,185,088.84	\$	891,357,887.20	
Add Receipts: 1. Bond Assessment 2. Regular Contributions:	\$	2,554,225.68	\$	14,687,138.52	\$	208,051,492,59	\$	1,285,271.70	\$	9,904,869.53		17,308,661.77	\$	- 1. Bond Assessment (196,794,053,79) 2. Regular Contributions:	
Federal Emergency Benefits (PEUC) Federal Share Extended Benefits (EB)		15,217,079.51 34,718.00		818,411.01 19,505.96		322,607.49 1.123.00		22,322.07		18,584.00		51,924.98		(16,265,266.96) 3. Federal Emergency Benefits (PEUC) (55,346.96) 4. Federal Share Extended Benefits (EB)	
Federal Additional Compensation - FPUC Pandemic Unemployment Assistance PUA		39,326,626.53 3,712,629.43		3,823,584.98 380,597.50		1,903,099.75 213,659.00		204,486.89 25,322.00		138,892.06 128.00		187,690.81		(44,522,241.50) 5. Federal Additional Compensation - FF (4,281,435.93) 6. Pandemic Unemployment Assistance	
7. UCFE (Federal Agencies)		147,513.37		115,175.24		103,756.35		43,005.21		49,202.62		76,680.94		(197,556.19) 7. UCFE (Federal Agencies)	PUA
TSFR From Non-Invstd FUA EUISAA - EMER US RELIEF		(245,792.02)		4,592,248.85		360,042.36								- 8. TSFR From Non-Invstd FUA (4,706,499.19) 9. EUISAA - EMER US RELIEF	
10. Treasury Interest Credits11. UCX (Military Agencies)		376,790.10 35,297.83		(376,790.10) 27,883.22		42,051.61		1,446,864.09 41,278.34		29,133.64		41,101.14		1,446,864.09 10. Treasury Interest Credits 6,280.46 11. UCX (Military Agencies)	
12. Temporary Compensation13. BT to State UI Account														 12. Temporary Compensation 13. BT to State UI Account 	
14. UI Modernization15. Loan Advance		:		:		:		:						14. UI Modernization15. Loan Advance	
16. Return of Overpayments FPUC/PUA/EU0	_	-	_	<u> </u>	-	-	-	· ·	_	· ·	_	•	_	- 16. Return of Overpayments FPUC/PUA/	EU0
Total Monthly Receipts	\$	96,103,930.65	\$	47,555,707.57	\$	429,831,829.61	\$	10,606,226.12	\$	23,347,631.45	\$	44,849,046.31	\$	(494,688,563.95) Total Monthly Receipts	
Less Disbursements: Debt Bond Repayment		(Retired)		(Retired)		(Retired)		(Retired)		(Retired)		(Retired)		Less Disbursements: (Retired) Debt Bond Repayment	
Regular Benefits: Federal Emergency Compensation - PEUC	\$	13,352,598.98 12,123,301.01	\$	9,884,075.15 765,337.01	\$	195,397,989.46 303,375.37	\$	7,085,896.23 17,499.07	\$	7,692,361.72 20,401.99	\$	7,208,296.56 50,128.99		(196,648,109.08) Regular Benefits: (13,103,983.34) PEUC	
Federal Additional Compensation - FPUC Pandemic Unemployment Assistance PUA		33,393,658.61 3,716,689.43		3,626,482.24 379,480.50		1,844,125.83 176,974.00		179,305.91 (45,729.37)		131,128.04		182,917.95		(38,370,914.78) FPUC (4,318,873.30) PUA	
Federal Extended - 2112		(30.00) 33,022.00		19,505.96		(25.00) 1,633.00								55.00 Federal Emergency Benefits (EUC08) (54,160.96) Federal Extended - 2112	
Emergency Benefits (TEUC) UCFE (Federal Workers) Benefits		132,158.27		112,169.77		105,795.86		46,351.52		52,351.43		68,120.10		- Emergency Benefits (TEUC) (183,300.85) UCFE (Federal Workers) Benefits	
UCX (Military Workers) Benefits Reed Act Funds		33,062.81		30,315.04		43,305.64		39,238.42		33,128.81		40,758.24		6,441.98 UCX (Military Workers) Benefits - Reed Act Funds	
EUISAA Title IX	_	-	-	<u> </u>	_	·	-	•	_	·	_	<u> </u>	_	- EUISAA Title IX	
Total Monthly Disbursements		\$97,729,303.33		\$38,285,318.06		<u>\$416,707,171.62</u>		\$14,860,237.60		\$21,136,193.59		\$34,733,208.51	\$	(481,992,153.31) Total Monthly Disbursements	
Trust Fund Balance	\$	79,377,584.30	\$	88,647,973.81	\$	101,772,631,79		\$377,973,650,98	\$	380,185,088.84	\$	390,300,926.64	\$	878.661.476.56 Trust Fund Balance	

^{*} 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.

Borrowed on 3/11/2016

Repaid on 5/17/2016

Borrowed on 12/5/2016

Repaid on 5/4/2017

Outstanding Loan from Revenue Shortfall Reserve Fund

^{**}Note: UI Trust Fund Balance includes Trust Fund Loan from the Revenue Shortfall Reserve Fund per Senate Bill 558 passed March 9, 2016:

^{**}Note: Reed Act funds of \$549,468,24 previously drawn down were unexpended and returned to Trust Fund on deposit with the U.S. Treasury.



UC TRUST FUND ACTUAL - 2022

Month		Receipts		Disbursements	Trust Fund Balance				
2021									
Balance 1/1/2021					\$	23,544,337			
January	\$	95,188,576	\$	108,717,538	\$	10,015,373			
February	\$	133,688,137	\$	138,034,358	\$	5,649,152			
March	\$	115,410,886	\$	104,337,623	\$	16,722,416			
April	\$	218,662,207	\$	168,209,884	\$	67,174,738			
May	\$	158,261,915	\$	149,664,548	\$	79,937,020			
June	\$	97,054,348	\$	98,146,445	\$	78,844,923			
July	\$	47,555,707	\$	38,271,882	\$	88,128,748			
August	\$	429,831,829	\$	416,716,670	\$	102,018,654			
September	\$	236,522,852	\$	21,517,392	\$	317,033,613			
October	\$	23,642,722	\$	18,867,073	\$	321,809,262			
November	\$	57,549,198	\$	50,911,517	\$	328,446,942			
December	\$	11,256,246	\$	18,891,866	\$	320,721,323			
Totals - 2021	\$	1,624,624,623	\$	1,332,286,796	\$	320,721,323			
2022									
January	\$	37,538,718	\$	36,452,450	\$	321,552,258			
February	\$	28,916,869	\$	31,697,188	\$	318,771,939			
March	\$	12,011,605	\$	19,158,780	\$	311,624,765			
April	\$	58,377,090	\$	38,864,190	\$	331,141,453			
May	\$	119,518,142	\$	68,430,700	\$	382,227,590			
June	\$	10,606,226	\$	14,860,237	\$	377,973,650			
July	\$	23,347,631	\$	21,136,193	\$	380,185,088			
August	\$	44,849,046	\$	34,688,784	\$	390,353,159			
September	\$	9,274,519	\$	15,524,407	\$	384,103,271			
October	\$	29,373,905	\$	23,297,050	\$	390,180,126			
November					0				
November	\$		\$		\$				
December	\$ \$		\$ \$		\$				

Benefits and Technical Support Section ● Unemployment Compensation Division 1900 Kanawha Blvd., East ● Building 3, Room 300 ● Charleston, West Virginia 25305 Telephone: (304) 558-3309 ● Fax: (304) 558-3252

An agency of the Department of Commerce

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

MONTHLY STATUS REPORT FOR THE JOINT COMMITTEE ON GOVERNMENT AND FINANCE FOR THREE MONTHS STARTING AUGUST 2021 AND AUGUST 2022

	AUGUST 2021	SEPTEMBER 2021	OCTOBER 2021	AUGUST 2022	SEPTEMBER 2022	OCTOBER 2022	THREE MONTH TOTAL VARIANCE *
Balance Forward	\$ 88,647,973.81	\$ 101,772,631.79	<u>\$ 316,778,091.59</u> <u>\$</u>	380,192,897.83	\$ 390,353,159.63	\$ 384,103,271.29	<u>\$ 647,450,631.56</u>
Add Receipts: 1. Bond Assessment	\$ -	\$ -	\$ - \$		\$ -	40 000 074 00	\$ - 1. Bond Assessment
Regular Contributions: Federal Emergency Benefits (PEUC)	208,051,492.59 322.607.49	, ,	8,487,147.80 130,319.55	17,308,661.77 51.924.98	910,266.89 28.907.98	12,863,071.20 (70.175.67)	(187,455,523.12) 2. Regular Contributions: (764,047.98) 3. Federal Emergency Benefits (PEUC)
Federal Energency Benefits (FEOC) Federal Share Extended Benefits (EB)	1,123.00	. ,	218.00	31,324.30	42.00	(10,460.57)	(53,796.28) 4. Federal Share Extended Benefits (EB)
Federal Additional Compensation - FPUC	1,903,099.75		652,424.75	187,690.81	89,378.65	(151,948.17)	(4,148,505.85) 5. Federal Additional Compensation - FPUC
6. Pandemic Unemployment Assistance PUA	213,659.00			-	(95,477.32)	(27,323.20)	(593,960.52) 6. Pandemic Unemployment Assistance PUA
UCFE (Federal Agencies)	103,756.35	92,270.78	47,241.20	76,680.94	68,109.56	44,853.58	(53,624.25) 7. UCFE (Federal Agencies)
8. TSFR From Non-Invstd FUA	-	-	-	-	-	-	- 8. TSFR From Non-Invstd FUA
9. EUISAA - EMER US RELIEF 10. Treasury Interest Credits	360,042.36	473,469.00 583,614.11	460,844.00 (227,160.07)	-	- 1,586,713.14	•	(1,294,355.36) 9. EUISAA - EMER US RELIEF 1,230,259.10 10. Treasury Interest Credits
Treasury interest credits UCX (Military Agencies)	- 42.051.61	,	, , ,	41,101.14	28,970.75	30,556.08	(6,889.41) 11. UCX (Military Agencies)
12. Temporary Compensation	-2,001.01	-	-		-	-	- 12. Temporary Compensation
13. BT to State UI Account	-	220,559,606.30		-	586.00	(3,537.29)	(220,562,557.59) 13. BT to State UI Account
14. UI Modernization	-	-	-	-	-	•	- 14. UI Modernization
15. Loan Advance	-	-	-	-	-	-	 15. Loan Advance
16. Return of Overpayments FPUC/PUA/EU0				•			16. Return of Overpayments FPUC/PUA/EU0
Total Monthly Receipts	\$ 429,831,829.61	\$ 236,522,852.00	\$ 23.642,721.99 \$	44,849,046.31	\$ 9,274,519.47	<u>\$ 29,373,905.47</u>	<u>\$ (606,499,932.35)</u> Total Monthly Receipts
Less Disbursements:							Less Disbursements:
Debt Bond Repayment	(Retired		, , ,	(Retired)	(Retired)	(Retired)	(Retired) Debt Bond Repayment
Regular Benefits:	\$ 10,487,953.50	. , ,	. , ,	7,187,409.85 50,128.99			(6,538,250.40) Regular Benefits:
Federal Emergency Compensation - PEUC Federal Additional Compensation - FPUC	303,375.37 1,844,125.83			159,907.95	36,411.98 59,240.35	(79,766.77) (264,311.23)	(598,620.02) PEUC (1,346,123.92) FPUC
Pandemic Unemployment Assistance PUA	176,974.00	, ,	()	-	-	(33,778.33)	214,834.80 PUA
Federal Emergency Benefits (EUC08)	(25.00			-	-	46,674.95	46,924.95 Federal Emergency Benefits (EUC08)
Federal Extended - 2112	1,633.00	(20,341.00)	218.00	-	424.00	(2,371.65)	16,542.35 Federal Extended - 2112
Emergency Benefits (TEUC)		·	·-				- Emergency Benefits (TEUC)
UCFE (Federal Workers) Benefits	105,795.86	. ,	. ,	67,682.81	72,679.60	04 000 00	(111,630.43) UCFE (Federal Workers) Benefits
UCX (Military Workers) Benefits Reed Act Funds	43,305.64	39,270.27 287,387.96	28,333.34	40,668.24	25,318.45 2,740,000.00	34,290.92	(10,631.64) UCX (Military Workers) Benefits 2,452,612.04 Reed Act Funds
EUISAA Title IX	-	201,301.90	-	-	2,740,000.00	_	- EUISAA Title IX
20.0.0.1180 17							Editor (Title IX
Total Monthly Disbursements	\$416,707,171.62	\$ 21,517,392.20	\$18,866,988.34	<u>\$34,688,784.51</u>	<u>\$15,524,407.81</u>	\$23,297,050.52	\$ (383,581,309.32) Total Monthly Disbursements
Trust Fund Balance	<u>\$101,772,631.79</u>	<u>\$ 316,778,091.59</u>	<u>\$ 321,553,825.24</u>	<u>\$390,353,159.63</u>	\$ 384,103,271.29	<u>\$390,180,126.24</u>	<u>\$ 424,532,008.53</u> Trust Fund Balance

^{*} 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.

Borrowed on 3/11/2016

Repaid on 5/17/2016

Borrowed on 12/5/2016

Repaid on 5/4/2017

Outstanding Loan from Revenue Shortfall Reserve Fund

Indicates prior month values that have been updated

THREE MONTH

^{**}Note: UI Trust Fund Balance Includes Trust Fund Loan from the Revenue Shortfall Reserve Fund per Senate Bill 558 passed March 9, 2016:

^{**}Note: Reed Act funds of \$549,468.24 previously drawn down were unexpended and returned to Trust Fund on deposit with the U.S. Treasury.



FOR RELEASE: November 16, 2022

Contact: Andy Malinoski <u>Andy.E.Malinoski@wv.gov</u> 304-957-9318

State Unemployment Rate Unchanged in October

West Virginia's seasonally adjusted unemployment rate remained at 4.0 percent in October 2022. The number of unemployed state residents climbed 700 to 32,200. Total employment declined 2,000 over the month. The national seasonally adjusted unemployment rate climbed two-tenths of a percentage point to 3.7 percent.

Total nonfarm payroll employment rose 700 in October, the gain solely in the service-providing sector. Within the goods-producing sector, a decline of 500 in construction offset gains of 300 in manufacturing and 200 in mining and logging.

Within the service-providing sector, employment gains included 700 in professional and business services, 400 in other services, 300 in leisure and hospitality, and 200 in financial activities. Employment declines included 300 in trade, transportation, and utilities, 300 in government, 200 in education and health services, and 100 in information.

Since October 2021, total nonfarm payroll employment has increased by 22,300. Employment gains included 5,300 in leisure and hospitality, 4,500 in professional and business services, 4,000 in education and health services, 2,900 in mining and logging, 2,100 in manufacturing, 1,600 in construction, 1,400 in financial activities, 500 in government, 300 in other services, and 100 in information. Employment in trade, transportation, and utilities declined 400 over the year.

West Virginia's not seasonally adjusted unemployment rate inched upward one-tenth of a percentage point to 3.3 percent.

The state's seasonally adjusted labor force participation rate slipped slightly to 55.0 percent in October 2022.

Research, Information and Analysis, P.O. Box 428, Charleston, WV 25322-0428 Telephone (304) 558-2660 ~ Fax (304) 558-1343

WEST VIRGINIA

(In Thousands - Seasonally Adjusted) October 2022

	Prelim.	Revised	Revised	Change	e from:
	Oct	Sep	Oct	Sep	Oct
	2022	2022	2021	2022	2021
Civilian Labor Force	794.5	795.8	791.9	-1.3	2.6
Total Employment	762.3	764.3	757.4	-2.0	4.9
Total Unemployment	32.2	31.5	34.4	0.7	-2.2
Unemployment Rate	4.0	4.0	4.3	XX	XX
Labor Force Participation Rate	55.0	55.1	54.9	XX	XX
NONFARM PAYR	OLL EMPLOYMENT	BY INDUST	ΓRY		
Total Nonfarm	711.3	710.6	689.0	0.7	22.3
Total Private	563.9	562.9	542.1	1.0	21.8
Goods Producing	101.2	101.2	94.6	0.0	6.6
Mining and Logging	20.6	20.4	17.7	0.2	2.9
Construction	33.0	33.5	31.4	-0.5	1.6
Manufacturing	47.6	47.3	45.5	0.3	2.1
Durable Goods	28.1	27.8	26.4	0.3	1.7
Non-Durable Goods	19.5	19.5	19.1	0.0	0.4
Service-Providing	610.1	609.4	594.4	0.7	15.7
Private Service-Providing	462.7	461.7	447.5	1.0	15.2
Trade, Transportation, and Utilities	124.3	124.6	124.7	-0.3	-0.4
Wholesale Trade	20.0	20.1	19.0	-0.1	1.0
Retail Trade	78.2	78.1	78.5	0.1	-0.3
Transportation, Warehousing, and Utilities	26.1	26.4	27.2	-0.3	-1.1
Information	7.4	7.5	7.3	-0.1	0.1
Financial Activities	31.1	30.9	29.7	0.2	1.4
Finance and Insurance	24.3	24.1	23.1	0.2	1.2
Real Estate and Rental and Leasing	6.8	6.8	6.6	0.0	0.2
Professional and Business Services	72.3	71.6	67.8	0.7	4.5
Professional, Scientific & Techical Services	27.1	27.1	27.0	0.0	0.1
Administrative and Support and Waste Mgmt	37.5	36.7	33.3	8.0	4.2
Education and Health Services	129.7	129.9	125.7	-0.2	4.0
Educational Services	8.2	8.2	7.7	0.0	0.5
Health Care and Social Assistance	121.5	121.7	118.0	-0.2	3.5
Leisure and Hospitality	73.9	73.6	68.6	0.3	5.3
Arts, Entertainment, and Recreation	9.7	9.6	8.3	0.1	1.4
Accommodation and Food Service	64.2	64.0	60.3	0.2	3.9
Other Services	24.0	23.6	23.7	0.4	0.3
Government	147.4	147.7	146.9	-0.3	0.5
Federal Government	25.2	25.3	25.4	-0.1	-0.2
State Government	45.6	45.7	45.6	-0.1	0.0
Local Government	76.6	76.7	75.9	-0.1	0.7

West Virginia Labor Force Statistics by Calendar Year Not Seasonally Adjusted

2022	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	787,600	791,900	785,700	791,300	797,600	811,100	803,400	797,100	793,300	795,300			
Employment	752,800	756,100	754,000	762,600	770,200	776,400	762,700	762,700	768,000	768,800			
Unemployment	34,800	35,800	31,700	28,700	27,400	34,600	33,600	24,400	25,400	26,500			
Rate Participation Rate	4.4 54.6	4.5 54.9	4.0 54.4	3.6 54.8	3.4 55.3	4.3 56.2	4.2 55.6	4.3 55.2	3.2 54.9	3.3 55.1			
r articipation reace	34.0	34.3	54.4	34.0	33.3	30.2	33.0	33.2	34.3	33.1			
2021	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	771,900	780,100	777,500	786,600	787,100	801,100	798,500	794,400	793,200	795,100	790,900	789,700	788,800
Employment	719,500 52.400	727,200	728,900	742,000	746,300 40.800	756,100 45.000	758,600	755,900	762,800 30.400	766,700	764,000	761,800	749,100
Unemployment Rate	6.8	53,000 6.8	48,500 6.2	44,600 5.7	5.2	5.6	39,900 5.0	38,500 4.8	30,400	28,500 3.6	26,900 3.4	27,900 3.5	39,700 5.0
Participation Rate	53.5	54.1	53.9	54.5	54.6	55.5	55.4	55.1	55.0	55.1	54.8	54.7	54.7
·													
2020	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	794,900	800,100	788,800	758,700	775,400	786,200	785,000	785,300	783,800	786,500	777,300	774,200	792,200
Employment Unemployment	749,400 45,500	753,700 46,400	738,100 50,800	642,200 116,600	679,200 96,100	707,600 78,600	709,800 75,300	722,100 63,100	728,600 55,300	739,700 46,800	732,500 44,800	727,100 47,100	726,000 66,100
Rate	5.7	5.8	6.4	15.4	12.4	10.0	9.6	8.0	7.1	5.9	5.8	6.1	8.3
Participation Rate	54.8	55.2	54.4	52.4	53.6	54.4	54.3	54.3	54.2	54.4	53.8	53.6	54.1
				_				_				_	
2019 Labor Force	Jan 788,800	Feb 792,500	Mar 785,200	Apr 788,900	May 792,500	Jun 808,100	Jul 805,700	Aug 802,500	Sep 801,700	Oct 804,800	Nov 796,500	Dec 794,100	AVG 798,300
Employment	740,500	744,700	742,400	753,700	757,200	767,400	766,300	763,100	768,500	769,300	760,300	756,300	759,000
Unemployment	48,300	47,800	42,900	35,100	35,300	40,600	39,400	39,300	33,200	35,500	36,200	37,800	39,300
Rate	6.1	6.0	5.5	4.5	4.5	5.0	4.9	4.9	4.1	4.4	4.5	4.8	4.9
Participation Rate	54.2	54.5	54.0	54.3	54.5	55.6	55.5	55.3	55.2	55.4	54.9	54.7	54.8
2018	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	779,200	789,300	783,900	791,200	795,000	808,400	804,800	795,200	796,200	800,000	791,500	789,700	793,400
Employment	731,500	737,800	736,300	749,500	756,900	764,700	763,500	756,300	762,500	765,200	757,100	751,300	752,200
Unemployment	47,700	51,500	47,700	41,700	38,100	43,700	41,400	38,900	33,700	34,700	34,400	38,400	41,200
Rate	6.1 53.3	6.5 54.0	6.1 53.7	5.3 54.2	4.8 54.5	5.4 55.4	5.1 55.2	4.9 54.5	4.2 54.6	4.3 54.9	4.3 54.3	4.9 54.2	5.2 54.4
Participation Rate	55.5	54.0	55.7	54.2	54.5	55.4	55.2	34.5	34.0	54.9	34.3	54.2	54.4
2017	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	775,600	779,900	775,100	781,500	780,000	795,200	792,500	790,400	792,900	789,400	784,100	780,400	783,800
Employment	726,200 49,300	730,700 49,200	731,100 44,000	743,000 38,500	744,500 35,500	753,600 41,600	751,500 41,100	747,700 42,700	757,600 35,300	754,300 35,100	745,400 38,700	739,900 40,400	742,700 41,000
Unemployment Rate	49,300	49,200	5.7	4.9	4.6	5.2	5.2	5.4	4.5	4.4	4.9	40,400 5.2	5.2
Participation Rate	52.7	53.0	52.7	53.2	53.1	54.2	54.0	53.9	54.1	53.9	53.5	53.3	53.5
2016	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	782,600	787,400	782.200	786,200	788,300	796,900	789,000	785,800	784,800	786,700	778,300	773,100	785,100
Employment	726,500	728,800	727,800	737,800	742,300	746,200	741,700	737,600	741,600	744,500	739,100	732,500	737,200
Unemployment	56,100	58,500	54,400	48,400	45,900	50,700	47,300	48,300	43,200	42,200	39,300	40,600	47,900
Rate	7.2	7.4	7.0	6.2	5.8	6.4	6.0	6.1	5.5	5.4	5.0	5.2	6.1
Participation Rate	53.0	53.3	53.0	53.3	53.4	54.0	53.5	53.3	53.3	53.4	52.9	52.6	53.3
2015	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	787,000	789,700	784,900	793,800	797,700	806,900	799,800	793,900	788,100	790,200	783,900	782,400	791,500
Employment Unemployment	730,400 56,600	730,400 59,300	727,800 57,100	741,200 52,600	744,400 53,300	750,700 56,200	744,400 55,400	741,500 52,400	743,100 45,000	745,900 44,400	738,400 45,500	735,300 47,100	739,500 52,100
Rate	7.2	7.5	7.3	6.6	6.7	7.0	6.9	6.6	5.7	5.6	5.8	6.0	6.6
Participation Rate	53.1	53.3	53.0	53.6	53.9	54.5	54.0	53.6	53.3	53.4	53.0	52.9	53.5
2014	Jan	Feb	Mar	Anr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	789,400	795,700	792,000	Apr 795,300	May 800.800	805,300	800,900	796,900	795,800	799,900	791,000	785,700	795,700
Employment	730,800	732,700	733,300	745,400	750,400	753,500	748,000	744,200	749,900	754,700	745,000	739,600	744,000
Unemployment	58,700	63,100	58,700	49,900	50,400	51,800	52,900	52,700	45,900	45,200	46,000	46,100	51,800
Rate	7.4	7.9	7.4	6.3	6.3	6.4	6.6	6.6	5.8	5.7	5.8	5.9	6.5
Participation Rate	53.1	53.6	53.3	53.5	53.9	54.2	53.9	53.7	53.6	53.9	53.3	53.0	53.6
2013	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	798,800	798,000	790,900	799,200	802,400	814,200	807,700	802,100	800,700	798,100	792,900	788,800	799,500
Employment Unemployment	734,500 64,300	734,900 63,100	733,800 57,100	747,400 51,800	752,100 50,300	758,400 55,800	754,200 53,500	749,400 52,700	752,500 48,100	749,100 49,000	744,500 48,400	739,200 49,600	745,800 53,600
Rate	8.0	7.9	7.2	6.5	6.3	6.9	6.6	6.6	6.0	6.1	6.1	6.3	6.7
Participation Rate	53.7	53.6	53.2	53.7	54.0	54.8	54.3	53.9	53.8	53.7	53.3	53.1	53.8
2012	lan	Eah	Mar	Ann	May	lun	led	A~	Can	Oct	Nov	Doo	V/C
Labor Force	Jan 797,500	Feb 802,500	Mar 799,100	Apr 806,600	May 815,200	Jun 822,700	Jul 815,800	Aug 809,500	Sep 811,600	Oct 813,000	802,600	Dec 800,200	AVG 808,000
Employment	736,100	738,000	738,900	750,500	757,200	760,400	754,300	749,300	757,500	759,400	749,400	744,000	749,600
Unemployment	61,400	64,500	60,200	56,100	58,000	62,300	61,500	60,200	54,100	53,600	53,200	56,100	58,400
Rate	7.7	8.0	7.5	7.0	7.1	7.6	7.5	7.4	6.7	6.6	6.6	7.0	7.2
Participation Rate	53.6	53.9	53.7	54.2	54.8	55.3	54.8	54.4	54.5	54.6	53.9	53.8	54.3

West Virginia Labor Force Statistics by Calendar Year Seasonally Adjusted

2022	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	793,300	793,800	794,200	794,600	795,800	797,000	797,400	796,900	795,800	794,500			
Employment	761,100	763,000	765,200	766,200	767,900	768,400	767,800	765,900	764,300	762,300			
Unemployment	32,200	30,800	29,100	28,400	27,900	28,700	29,600	31,000	31,500	32,200			
Rate	4.1	3.9	3.7	3.6	3.5	3.6	3.7 55.2	3.9	4.0	4.0 55.0			
Particpation Rate	55.0	55.0	55.0	55.1	55.1	55.2	55.2	55.2	55.1	55.0			
2021	Jan 704 400	Feb 700 700	Mar	Apr 707 200	May	Jun 700 200	Jul	Aug	Sep 704,000	Oct 704,000	Nov	Dec 200	AVG
Labor Force Employment	781,400 734,900	782,700 737,700	785,000 740,700	787,200 743,600	789,000 746,300	790,200 748,300	790,600 750,400	790,800 752,600	791,200 755,200	791,900 757,400	792,200 758,300	792,300 758,400	788,800 749,100
Unemployment	46,400	45,100	44,300	43,600	42,700	41,900	40,200	38,200	36,000	34,400	33,900	33,900	39,700
Rate	5.9	5.8	5.6	5.5	5.4	5.3	5.1	4.8	4.6	4.3	4.3	4.3	5
Particpation Rate	54.1	54.2	54.4	54.6	54.7	54.8	54.8	54.8	54.8	54.9	54.9	54.9	55
2020	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	800,300	798,800	796,500	763,900	777,500	775,800	779,600	779,100	780,700	779,800	780,100	781,000	792,200
Employment	759,600	757,800	755,400	645,700	682,900	694,900	706,000	714,600	721,400	726,000	729,500	732,300	726,000
Unemployment Rate	40,800 5.1	41,000 5.1	41,100 5.2	118,200 15.5	94,600 12.2	80,900 10.4	73,600 9.4	64,500 8.3	59,300 7.6	53,800 6.9	50,600 6.5	48,700 6.2	66,100 8.3
Particpation Rate	55.2	55.1	55.0	52.7	53.7	53.6	53.9	53.9	54.0	54.0	54.0	54.1	0.5
2019	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	794,600	794,000	793,600	793,800	794,600	795,800	797,200	798,400	799,300	800,100	800,700	800,900	798,300
Employment	754,700	754,800	755,200	755,900	756,900	757,900	758,500	758,900	759,300	759,900	760,500	760,400	759,000
Unemployment	39,900	39,200	38,400	37,900	37,700	37,900	38,700	39,500	40,000	40,200	40,200	40,400	39,300
Rate	5.0	4.9	4.8	4.8	4.7	4.8	4.9	4.9	5.0	5.0	5.0	5.0	4.9
Particpation Rate	54.6	54.6	54.6	54.6	54.7	54.8	54.9	55.0	55.1	55.1	55.2	55.2	
2018	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	788,300	789,800	791,900	793,700	795,000	795,500	795,300	795,000	794,800	794,800	795,000	794,900	793,400
Employment	745,600	747,100	749,300	751,600	753,300	754,400	755,000	755,100	755,000	754,800	754,700	754,600	752,200
Unemployment Rate	42,700 5.4	42,700 5.4	42,600 5.4	42,200 5.3	41,600 5.2	41,000 5.2	40,400 5.1	39,900 5.0	39,800 5.0	40,100 5.0	40,300 5.1	40,300 5.1	41,200 5.2
Particpation Rate	53.9	54.0	54.2	54.4	54.5	54.5	54.5	54.5	54.5	54.5	54.6	54.6	5.2
2017	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	782,300	781,900	781,700	781,900	782,800	783,900	785,300	786,400	787,200	787,400	787,400	787,500	783,800
Employment	739,900	741,000	741,800	742,500	743,400	744,300	745,000	745,500	745,700	745,500	745,100	745,000	742,700
Unemployment	42,300	40,900	39,900	39,400	39,400	39,700	40,200	40,900	41,500	41,900	42,300	42,500	41,000
Rate Particpation Rate	5.4 53.2	5.2 53.2	5.1 53.2	5.0 53.2	5.0 53.3	5.1 53.4	5.1 53.5	5.2 53.6	5.3 53.7	5.3 53.7	5.4 53.8	5.4 53.8	5.2
•	1	F-1-		A		I	11		0	0-4	N	D	41/0
2016 Labor Force	Jan 789,400	Feb 789,400	Mar 788.800	Apr 787,500	May 785,900	Jun 784,600	Jul 783,600	Aug 783,000	Sep 782,600	Oct 782,300	Nov 782,000	Dec 781.700	AVG 785,100
Employment	739,200	739,300	739,000	738.300	737,300	736,300	735,600	735,300	735,400	735,800	736,700	737,800	737,200
Unemployment	50,200	50,100	49,700	49,200	48,700	48,300	48,000	47,700	47,200	46,400	45,300	44,000	47,900
Rate	6.4	6.3	6.3	6.2	6.2	6.2	6.1	6.1	6.0	5.9	5.8	5.6	6.1
Particpation Rate	53.4	53.5	53.4	53.4	53.3	53.2	53.2	53.1	53.1	53.1	53.2	53.2	
2015	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	793,800	793,600	793,800	794,000 740,200	794,000	793,300	792,000	790,400	789,000	788,300	788,300	788,800	791,500
Employment Unemployment	742,900 50,900	741,800 51,800	740,900 52,900	53,800	739,800 54,200	739,300 54,000	738,700 53,200	738,200 52,200	737,900 51,200	737,900 50,500	738,200 50,200	738,700 50,100	739,500 52,100
Rate	6.4	6.5	6.7	6.8	6.8	6.8	6.7	6.6	6.5	6.4	6.4	6.4	6.6
Particpation Rate	53.5	53.5	53.6	53.6	53.6	53.6	53.5	53.4	53.3	53.3	53.3	53.4	
2014	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	797,600	797,900	797,800	797,100	796,000	795,000	794,400	794,300	794,500	794,700	794,600	794,200	795,700
Employment	743,700	744,300	744,600	744,400	743,900	743,400	743,200	743,300	743,700	744,100	744,200	743,800	744,000
Unemployment	53,800	53,700	53,200	52,700	52,100	51,500	51,100	50,900	50,800	50,600	50,400	50,500	51,800
Rate Particpation Rate	6.7 53.7	6.7 53.7	6.7 53.7	6.6 53.7	6.5 53.6	6.5 53.5	6.4 53.5	6.4 53.5	6.4 53.5	6.4 53.5	6.3 53.5	6.4 53.5	6.5
2042	lan	Eob	Mar	Anz	May	Jun	led	Δuα	Son	Oct	Nov	Dec	AVG
2013 Labor Force	Jan 804,800	Feb 802,800	801,200	Apr 800,300	May 799,900	799,700	Jul 799,500	Aug 798,900	Sep 798,000	Oct 797,100	796,800	797,000	799,500
Employment	747,900	747,100	746,600	746,800	747,100	747,200	746,900	746,200	745,100	744,100	743,400	743,300	745,800
Unemployment	56,900	55,700	54,600	53,500	52,800	52,500	52,600	52,700	52,800	53,000	53,300	53,700	53,600
Rate	7.1	6.9	6.8	6.7	6.6	6.6	6.6	6.6	6.6	6.7	6.7	6.7	6.7
Particpation Rate	54.1	54.0	53.9	53.8	53.8	53.8	53.8	53.7	53.7	53.6	53.6	53.6	
2012	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	808,100	807,800 751,000	807,900	808,200	808,600	808,900	808,900	808,800	808,700	808,400	807,800	806,600	808,000
Employment Unemployment	750,900	751,000	750,900	750,300	749,700	749,300	749,000	749,000	749,100	749,200	749,100	748,700	749,600
p.ojo.ik	57.200	56.800	57,000	57.900	58.900	59,600	59.900	59.800	59.600	59.200	58.700	57.900	58.400
Rate	57,200 7.1	56,800 7.0	57,000 7.1	57,900 7.2	58,900 7.3	59,600 7.4	59,900 7.4	59,800 7.4	59,600 7.4	59,200 7.3	58,700 7.3	57,900 7.2	58,400 7.2
Rate Particpation Rate													

BRIM December 2022 Interim Packet

West Virginia Board of Risk and Insurance Management UNAUDITED BALANCE SHEET AND INCOME STATEMENT For the Four Months Ending October 31, 2022

Talking Points for Joint Committee on Government and Finance Meeting December 2022

- Premium Revenue for October reflects the premiums earned for the first four months of the current fiscal year. BRIM premiums in FY'23 reflect an increase in premium revenue including an increase in premium to fund the higher actuarially estimated losses for the current year.
- 2. Claims Expense reflects net claims payments made through October, plus estimated accruals for the first four months of the fiscal year and the September quarterly adjustment to agree our reserves to the actuarial report for the first quarter. Claim payments through October were slightly lower than through October of last year. The September adjustment of our claims reserves to the actuarial report was significantly lower than in the previous quarter.
- 3. Investments for October reflect a loss of nearly 12 million dollars for the four months ended October 31st. While we had slightly under \$1 million in investment income through August, in September we had significant losses in both fixed income and equity investments. In October we had loses in our fixed income investments, but positive returns in our equity investments. Interest rates continue to rise, and the volatility of the equities markets make for an uncertain outlook for investment income for FY'23. These factors contributed to greater investment losses through October than the prior year.
- 4. BRIM continues to pursue pro-active loss control initiatives.
- 5. Premium rates The Boards of Education (BOE) rating group will see liability premium increases for FY'23, which begins July 1, 2022, and for future fiscal years. The increase is the reflection of abuse claim development that has been reported in FY'22 and is driving increases in claim expense payments and in the actuarially estimated IBNR.

West Virginia Board of Risk and Insurance Management

Statements of Net Position

For the Four Months Ended October 31st

	1	2022		2021
	-	(In Thous	ands	?)
Assets				
Current assets:	r.	44.704	•	44.400
Cash and cash equivalents	\$	11,784	\$	14,129
Advance deposits with insurance company and trustee		242,021		249,267
Receivabales		2,872		6,131
Prepaid insurance		5,629		3,134 12,196
Restricted cash and cash equivalents		14,772		1,184
Premiums due from other entities		1,222 278,299	_	286,041
Total current assets		270,299		200,041
Noncurrent assets:		400.040		405 070
Equity position in internal investments pools		108,012		125,372
Restricted investments		63,441	_	72,402 197,775
Total noncurrent assets		171,453		483,816
Total assets		449,753		403,010
Deferred Outflows of Resources		4 34		438
Deferred Outflows of Resources - OPEB		61		115
Liabilities				
Current liabilities:				
Estimated unpaid claims and claims adjustment expense		103,306		61,326
Unearned premiums		17,602		16,360
Agent commissions payable		795		991
Claims Payable		100		45
Accrued expenses and other liabilities		1,904		1,576
Total current liabilities		123,707		80,298
		407.405		400 070
Estimated unpaid claims and claims adjustment expense net of current portion		187,105		130,270 172
Compensated absences		167		533
Net pension liability		(894) 186,378		130,974
Total noncurrent liabilities		310,085	_	211,272
Total liabilities		310,003		211,272
Deferred Inflows of Resources		1,156		35
Deferred Inflows of Resources - OPEB		280		351
Net position:				
Restricted by State code for mine subsidence coverage		75,988		80,155
Unrestricted		75,415		196,713
Net Assets (Deficiency)	,	-12,677		(4,158)
Net position	\$	138,726	\$	272,710

Unaudited

West Virginia Board of Risk and Insurance Management

Statements of Revenues, Expenses, and Changes in Net Position

For the Four Months Ended October 31st

	2022		2021
	(In Thouse	ınd	s)
Operating revenues			
Premiums	\$ 32,214	\$	27,051
Less coverage/reinsurance programs	 (3,340)		(1,622)
Net operating revenues	28,874		25,430
Operating expenses			
Claims and claims adjustment expense	27,837		29,361
General and administrative	 1,895		1,555
Total operating expenses	 29,732		30,916
Operating income (loss)	(858)		(5,487)
Nonoperating revenues			
Investment income	(11,819)		1,328
Legislative Appropriation	0		0
OPEB Non Operating Income	 0		0
Net nonoperating revenues	 (11,819)		1,328
Changes in net position	(12,677)		(4,158)
Total net position, beginning of year	151,403		276,868
Total net position, end of period	\$ 138,726	\$	272,710

Unaudited

PEIA December 2022 Interim Packet

PEIA December Interim Talking Points

- > PEIA and RHBT year to date interim financial statements for September 30, 2022 are available for your review.
- > PEIA statements indicate PEIA is currently behind plan by \$10 million. This is primarily due to lower than forecast investment income.
- > RHBT statements indicate RHBT is currently behind plan by \$86 million. This is primarily due to lower than forecast investment income.
- > The 2023 year-end reserve for the State Fund, non-State Fund and RHBT is projected to be \$81, \$20 and \$264 million respectively.
- > These reserve levels represent 12%, 13% and 163% of the respective funds' expenses. The required reserve for the State Fund is 12% of expenses.

West Virginia Retiree Health Benefit Trust Fund STATEMENT OF CHANGES IN PLAN NET POSITION For Three Months Ending September 30, 2022 In Thousands

				BUDGET VAR	IANCE	PRIOR YR VAI	RIANCE
ACTUAL	BUDGET	PRIOR YR	-	\$	%	\$	<u>%</u>
			ADDITIONS Employer Premiums:				
\$511	\$516	\$535	Health premiums - Non Par	(\$5)	(1%)	(\$24)	(4%)
2,380	2,373	2,886	Health Premiums - RLC Health, Life	7	0%	(506)	(18%)
14,808	15,000	24,730	Pay Go Premiums	(192)	(1%)	(9,922)	(40%)
7,500	7,500	7,500	State appropriation - OPEB	-	0%	-	0%
25,199	25,389	35,651	Total Employer Premiums	(190)	(1%)	(10,452)	(29%)
			Other Additions:				
200	249	200	Retiree Drug Subsidy	(49)	(20%)	-	0%
(55,722)	33,990	(10,792)	Investment Income	(89,712)	(264%)	(44,930)	416%
(30,323)	59,628	25,059	TOTAL ADDITIONS	(89,951)	(151%)	(55,382)	(221%)
			DEDUCTIONS				
10,896	11,700	23,979	Payments to Managed Care Org.	804	7%	13,083	55%
6,560	7,044	6,678	Life Insurance Expense	484	7%	118	2%
12,590	13,550	11,649	Medical Claims Expense	960	7%	(941)	(8%)
5,454	7,082	6,282	Pharmacy Claims Expense	1,628	23%	`82 8	13%
352	411	415	Administrative Service Fees (External)	59	14%	63	15%
(14,728)	(14,931)	(16,847)	Member Health premiums	(203)	1%	(2,119)	13%
(6,598)	(7,035)	(6,699)	Member Life Insurance Premiums	(437)	6%	(101)	2%
413	747	`´ 58Ó	Other Operating Expenses	`33 4	45%	` 167	29%
14,939	18,568	26,037	TOTAL DEDUCTIONS	3,629	20%	11,098	43%
(45,262)	41,060	(978)	NET POSITION INCREASE (DECREASE)	(86,322)	(210%)	(44,284)	4,528%
			Net Position Restricted for Post Employment Benefits				
1,624,972	1,624,972	1,673,024	Beginning of Period Total Net Position	_	0%	(48,052)	(3%)
1,297,603	1,383,925	1,403,939	End of Period Net Position - Restricted	(86,322)	(6%)	(106,336)	(8%)
282,107	282,107	268,107	End of Period Net Position - PSR		0%	14,000	5%
\$1,579,710	\$1,666,032	\$1,672,046	End of Period Total Net Position	(\$86,322)	(5%)	(\$92,336)	(6%)

West Virginia Public Employees Insurance Agency Statement of Changes in Plan Net Position For the Three Months Ending Friday, September 30, 2022

(Dollars in Thousands)

(Unaudited-For Internal Use Only)

			•	BUDGET VARIANCE		PRIOR YR VARIANCE	
ACTUAL	BUDGET	PRIOR YR		\$	%	\$	%
			OPERATING REVENUE				
			Premium Revenue				
\$109,234	\$110,346	\$102,495	Health Insurance - State Gov Employers	(\$1,112)	(1%)	\$6,739	7%
29,766	30,153	30,120	Health Insurance - State Gov Employees	(387)	(1%)	(354)	(1%
35,299	35,978	31,556	Health Insurance - Local Gov All	(679)	(2%)	3,743	129
1,149	1,165	1,238	Administrative Fees, Net of Refunds	(16)	(1%)	(89)	(7%
518	476	475	Other Premium Revenue	42	9%	43	99
175,966	178,118	165,884	Total Operating Revenue	(2,152)	(1%)	10,082	6%
			NON-OPERATING REVENUE				
528	607	594	Life Insurance	(79)	(13%)	(66)	(11%
13,000	13,000	5,250	Direct Transfer	Ò	0%	7,750	1489
(4,896)	2,823	1,173	Interest and Investment Income	(7,719)	(273%)	(6,069)	(517%
14,808	15,000	24,730	WV RHBT Pay Go Premiums	(192)	(1%)	(9,922)	(40%
23,440	31,430	31,747	Total Non-Operating Revenue	(7,990)	(25%)	(8,307)	(26%
199,406	209,548	197,631	TOTAL REVENUE	(10,142)	189%	1,775	19
			EXPENSES				
125,618	116,816	87,499	Claims Expense - Medical	(8,802)	(8%)	(38,119)	(44%
43,847	49,004	40,740	Claims Expense - Drugs	5,157	11%	(3,107)	(8%
13,570	14,493	13,635	Payments to Managed Care Org.	923	6%	65	00
4,630	5,513	5,819	Administrative Service Fees	883	16%	1,189	209
2	514	143	Wellness and Disease Management	512	100%	141	999
1,113	1,322	1,118	Other Operating Expenses	209	16%	5	09
455	554	527	Life Insurance Expense	99	18%	72	149
120	179	136	ACA Comparative Effectiveness Fee	59	33%	16	129
14,808	15,000	24,730	WV RHBT Pay Go Premiums	192	1%	9,922	409
204,163	203,395	174,347	TOTAL EXPENSES	(768)	(0%)	(29,816)	(17%
(4,757)	6,153	23,284	YTD Surplus (Deficit)	(10,910)	(177%)	(28,041)	(120%
93,425	93,425	162,360	Total Net Position, Beginning of Period		0%	(68,935)	(42%
\$88,668	\$99,578	\$185,644	Total Net Position, End of Period	(\$10,910)	(166%)	(\$96,976)	(52%
						11/1/2022	

Real Estate Division December 2022 Interim Packet

Department of Administration Real Estate Division Leasing Report For the period of November 1 - 30, 2022

There are 5 leasing changes for this period, and they are as follows:

- 1 New Contract of Lease
- 1 Straight Renewal
- 1 Renewal with Increase in Rent DOA Owned
- 1 Renewal with Increase in Rent
- 1 Cancellation

Department of Administration Real Estate Division Leasing Report For the period of November 1, 2022 through November 30, 2022

NEW CONTRACT OF LEASE

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

HHR-265 New Contract of Lease for 5 years consisting of 1,400 square feet of office space at the annual per square foot rate of \$11.00, annual cost \$15,399.96, Utilities minus janitorial, 1824 Murdoch Avenue, in the City of Parkersburg, Wood County, West Virginia.

STRAIGHT RENEWAL

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

HHR-174 Renewal for 1 year consisting of 3,022 square feet of office space at the current annual per square foot rate of \$9.80, annual cost \$29,615.64, full service, 100 Prince Street, in the City of Beckley, Raleigh County, West Virginia.

RENEWAL WITH INCREASE IN RENT - DOA Owned

DIVISION OF MINERS' HEALTH, SAFETY AND TRAINING

MHS-035 Lease Renewal for 2 years consisting of 9,427 square feet of office space with an increase in the annual per square foot rate from \$7.00 to \$7.70, annual cost \$72,587.90 for year 1, with an increase in the annual per square foot rate to \$8.47, annual cost \$79,846.69 for year 2, full service, Building #88, 7 Players Club Drive, in the City of Charleston, Kanawha County, West Virginia.

RENEWAL WITH INCREASE IN RENT

WEST VIRGINIA BOARD OF LICENSED DIETITIANS

BLD-002 Renewal for 5 years consisting of 224 square feet of office space with an increase in the monthly rate from \$275.00 to \$285.00, annual cost \$3,420.00, full service, 101 Dee Drive, Suite D, in the City of Charleston, Kanawha County, West Virginia.

CANCELLATION

WORKFORCE WEST VIRGINIA

wwv-009 Lease cancellation consisting of 31,209 square feet of office space, at the annual per square foot rate of \$13.99 annual cost \$436,613.91, full service, 1321 Plaza East, in the City of Charleston, Kanawha County, West Virginia.

Real Estate Division

Monthly Summary of Lease Activity

November 1 - 30, 2022

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent	Term in years	Total Aggregate
1	Department of Health and Human Resources	HHR-265	Wood	1,400	11.00	15,400	5.00	77,000
	Department of Health and Human Resources	HHR-174	Raleigh	3,022	9.80	29,616	1.00	29,616
	Division of Miners' Health, Safety, and Training	MHS-035	Kanawha	9,427	7.70	72,588	1.00	72,588
	Division of Miners' Health, Safety, and Training	MHS-035	Kanawha	9,427	8.47	79,847	1.00	79,847
	WV Board of Licensed Dietitians	BLD-002	Kanawha	224	15.27	3,420	5.00	17,100

52.24

Total Rentable Square Feet 23,500

Average Annual Rental Rate

10.45

Total Annual Rent

200,870

TERMINATIONS

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent
1	Workforce West Virginia	WWV-009	Kanawha	31,209	13.99	436,614

Total Rentable Square Feet 31,209



Department of Health and Human Resources Bureau for Medical Services

Medicaid Report SEPTEMBER 2022

Submitted to

Joint Committee on Government and Finance and Legislative Oversight Commission on Health and Human Resources Accountability

NOVEMBER 2022

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES BUREAU FOR MEDICAL SERVICES EXPENDITURES BY PROVIDER TYPE SFY2022

MONTH OF SEPTEMBER 2022	ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
			Current	Current	Year To-Date	10/01/22
	SFY2022	SFY2023	Month Ended	Month Ended	Thru	Thru
			09/30/22	09/30/22	09/30/22	06/30/23
EXPENDITURES:						
Inpatient Hospital - Reg. Payments	73.343.477	92.540.273	2,683,236	7,403,222	9,718,308	82,821,965
Inpatient Hospital - DSH	68,763,919	53,500,000	2,000,200	4,280,000	13,290,817	40,209,183
Inpatient Hospital - Supplemental Payments	808,013	-		1,200,000	10,200,017	10,200,100
Inpatient Hospital - GME Payments	13,553,905	14,786,078	_	1,182,886	3,456,509	11,329,569
Mental Health Facilities	9,025,749	8,892,278	382,997	711,382	1,355,359	7,536,919
Mental Health Facilities - DSH Adjustment Payments	20,710,419	18,887,045	-	1,510,964	4,721,761	14,165,284
Nursing Facility Services - Regular Payments (3)	829,272,856	844,281,073	68,473,690	67,542,486	204,903,073	639,378,000
Nursing Facility Services - Supplemental Payments	020,272,000	011,201,010		07,012,100	201,000,010	-
Intermediate Care Facilities - Public Providers	_	_	_	_	_	_
Intermediate Care Facilities - Private Providers	63,783,478	61,466,617	5,958,566	4,917,329	17,364,092	44,102,525
Intermediate Care Facilities - Supplemental Payments	55,755,175	01,100,011	0,000,000	1,017,020	17,001,002	11,102,020
Physicians Services - Regular Payments	27,358,244	27,442,773	1,977,349	2,195,422	6,296,222	21,146,551
Physicians Services - Supplemental Payments	27,000,211	21,112,110	1,077,010	2,100,122	0,200,222	21,110,001
Physician and Surgical Services - Evaluation and Management	_	_	_	_	_	_
Physician and Surgical Services - Vaccine Codes	_	_		_	_	_
Outpatient Hospital Services - Regular Payments	36,113,574	36,323,042	2,600,789	2,905,843	9,228,715	27,094,327
Outpatient Hospital Services - Supplemental Payments	50,115,574	30,323,042	2,000,703	2,300,043	3,220,713	21,004,021
Prescribed Drugs	863,893,847	887,195,598	55,536,300	70,975,648	208,899,490	678,296,108
Drug Rebate Offset - National Agreement	(492,992,320)	(466,000,000)	(80,030,016)	(37,280,000)	(151,025,018)	(314,974,982)
Drug Rebate Offset - State Sidebar Agreement	(69,893,026)	(48,000,000)	(292,437)	(3,840,000)	(21,608,601)	(26,391,399)
Drug Rebate Offset - MCO National	(14,142,519)	(12,600,000)	(1,461,734)	(1,008,000)	(3,232,309)	(9,367,691)
Drug Rebate Offset - MCO State Sidebar Agreement	(11,112,010)	(12,000,000)	(1,101,701)	(1,000,000)	(0,202,000)	(0,007,007)
OUD Medication Assisted Treatment–Drugs	33,307,091	_	5,696,399		20,712,994	(20,712,994)
Dental Services	4,519,576	4,388,445	380,679	351,076	1,172,602	3,215,843
Other Practitioners Services - Regular Payments	25,859,285	17,866,132	1,512,854	1,429,291	5,303,887	12,562,245
Other Practitioners Services - Supplemental Payments	20,000,200	17,000,102	1,512,054	1,420,201	5,505,507	12,002,240
Clinic Services	1,896,883	1,912,397	31,430	152,992	238,792	1,673,605
Lab & Radiological Services	5,537,165	6,026,059	370.780	482,085	1,360,863	4,665,196
Home Health Services	21,680,938	31,592,194	1,719,708	2,527,375	5,529,250	26,062,944
Hysterectomies/Sterilizations	25,446	(7,200)	467	785	3,351	(10,551)
Pregnancy Terminations (2)	7,039	14,326		1,146	0,001	14,326
EPSDT Services	972,247	966,443	104,909	77,315	314,325	652,118
Rural Health Clinic Services	2,194,582	2,226,407	132,344	178,113	494.091	1,732,316
Medicare Health Insurance Payments - Part A Premiums	26,474,671	29,277,144	2,282,110	2,342,172	6,904,926	22,372,218
Medicare Health Insurance Payments - Part B Premiums	143,032,832	161,917,620	12,723,503	12,953,410	38,218,870	123,698,750
120% - 134% Of Poverty	13,677,719	13,803,220	1,333,754	1,104,258	3,971,494	9,831,726
135% - 175% Of Poverty	15,577,719	13,003,220	1,555,754	1,104,230	5,371,434	3,051,720
Coinsurance And Deductibles	12,754,173	12,333,082	982,256	986,647	3,265,198	9,067,884
Comparation And Deductibles	12,754,175	12,000,002	302,230	300,047	3,203,190	3,007,004

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WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES BUREAU FOR MEDICAL SERVICES EXPENDITURES BY PROVIDER TYPE SFY2022

MONTH OF SEPTEMBER 2022	ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
			Current	Current	Year To-Date	10/01/22
	SFY2022	SFY2023	Month Ended	Month Ended	Thru	Thru
			09/30/22	09/30/22	09/30/22	06/30/23
Medicaid Health Insurance Payments: Managed Care Organizations (MCO)	2,557,486,965	2,516,888,533	289,150,446	201,351,083	687,084,333	1,829,804,200
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	1,806,080	2,102,489	209,357	168,199	774,814	1,327,675
Medicaid Health Insurance Payments: Coinsurance	-	-	-	-	-	-
Medicaid Health Insurance Payments: Other	-	-	-	-	-	-
Home & Community-Based Services (IDD)	399,132,220	423,654,313	27,226,592	33,892,345	83,461,175	340,193,138
Home & Community-Based Services (Aged/Disabled)	168,890,148	157,496,579	9,927,666	12,599,726	34,181,703	123,314,876
Home & Community-Based Services (Traumatic Brain Injury)	2,439,619	2,374,251	166,864	189,940	523,202	1,851,049
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	94,539,187	86,313,057	5,306,324	6,905,045	17,396,800	68,916,257
Personal Care Services - SDS 1915(j)	-	-	-	-	-	-
Targeted Case Management Services - Com. Case Management	-	-	-	-	-	-
Targeted Case Management Services - State Wide	2,705,088	2,114,330	274,530	169,146	786,176	1,328,154
Primary Care Case Management Services	-	-	-	-	-	-
Hospice Benefits	26,947,181	27,674,479	1,761,024	2,213,958	7,109,232	20,565,247
Emergency Services Undocumented Aliens	1,007,796	600,000	60,363	48,000	715,907	(115,907)
Federally Qualified Health Center	6,788,867	6,480,457	957,876	518,437	4,851,617	1,628,840
Non-Emergency Medical Transportation	37,138,633	44,435,613	3,570,015	3,554,849	10,663,516	33,772,097
Physical Therapy	936,459	979,776	70,587	78,382	242,214	737,562
Occupational Therapy	433,066	431,700	27,905	34,536	104,115	327,585
Services for Speech, Hearing & Language	267,992	267,448	24,882	21,396	71,748	195,700
Prosthetic Devices, Dentures, Eyeglasses	656,807	632,759	77,531	50,621	231,635	401,124
Diagnostic Screening & Preventive Services	59,427	62,899	5,711	5,032	16,189	46,710
Nurse Mid-Wife	108,545	100,733	6,601	8,059	19,771	80,962
Emergency Hospital Services	-	-	-	-	-	-
Critical Access Hospitals	24,146,104	24,081,090	2,004,719	1,926,487	6,871,850	17,209,240
Nurse Practitioner Services	4,052,010	3,834,296	330,440	306,744	1,047,161	2,787,135
School Based Services	34,336,767	29,998,075	253,852	2,399,846	1,120,707	28,877,368
Rehabilitative Services (Non-School Based)	32,559,913	26,684,942	2,512,828	2,223,745	8,290,264	18,394,678
2a) Opioid Treatment Program (OTP) - Methadone services	9,314,229	-	158,575	_	23,563	(23,563)
2a) Opioid Treatment Program (OTP) - Peer Recovery Support Services	2,359,158	-	258,876	-	981,845	(981,845)
2a) Opioid Treatment Program (OTP) - Residential Adult Services	3,437,675	-	338,550	-	1,468,500	(1,468,500)
2a) OUD Medicaid Assisted Treatment Services	6,551,909	_	1,091,789	_	3,900,918	(3,900,918)
2a) Opioid Treatment Program (OTP) - Other	433,875	_	36,149	-	126,653	(126,653)
Private Duty Nursing	7,276,356	4,783,407	234,445	382,673	1,158,358	3,625,049
Freestanding Birth Centers		-,,,,,,,,			-,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	
Health Home for Enrollees w Chronic Conditions	2,496,573	2,494,799	135,686	199,584	564,244	1,930,555
Other Care Services	23,477,740	24,909,913	1,746,239	1,991,432	6,063,035	18,846,878
Less: Recoupments		= :,:::,:::	(5,644,250)	- ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	(5,997,182)	5,997,182
NET MEDICAID EXPENDITURES:	5,173,325,653	5,190,426,986	425,382,105	415,323,109	1,264,713,124	3,925,713,862
	3,3,020,000	3,.53,120,000	,,002,100	,020,100	.,201,710,127	5,525,7 15,502

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WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES BUREAU FOR MEDICAL SERVICES EXPENDITURES BY PROVIDER TYPE SFY2022

MONTH OF SEPTEMBER 2022	ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2022	SFY2023	Current Month Ended 09/30/22	Current Month Ended 09/30/22	Year To-Date Thru 09/30/22	10/01/22 Thru 06/30/23
Collections: Third Party Liability (line 9A on CMS-64)	(10,061,843)	-	-	-	-	-
Collections: Probate (line 9B on CMS-64)	(576,955)	-	-	-	-	-
Collections: Identified through Fraud & Abuse Effort (line 9C on CMS-64)	(79,688)	-	-	-	-	-
Collections: Other (line 9D on CMS-64)	(16,141,663)	-	-	-	-	-
NET EXPENDITURES and CMS-64 ADJUSTMENTS:	5,146,465,505	5,190,426,986	425,382,105	415,323,109	1,264,713,124	3,925,713,862
Plus: Medicaid Part D Expenditures	36,875,489	52,225,540	3,913,979	4,178,043	10,657,116	41,568,425
Plus: State Only Medicaid Expenditures	215,799	296,842	10,709	23,747	35,649	261,193
Plus: Money Follow the Person Expenditures	1,046,209	1,056,776	81,394	84,542	219,022	837,754
TOTAL MEDICAID EXPENDITURES	\$5,184,603,001	\$5,244,006,144	\$429,388,188	\$419,609,441	\$1,275,624,909	\$3,968,381,234
Plus: Reimbursables (1)	4,348,531	-	274,837	-	990,949	(990,949)
Plus: NATCEP/PASARR/Eligibility Exams	288,102	58,550	7,125	4,684	10,635	47,915
Plus: HIT Incentive Payments	-	-	-	-	-	-
TOTAL EXPENDITURES	\$5,189,239,635	\$5,244,064,693	\$429,670,150	\$419,614,125	\$1,276,626,494	\$3,967,438,199

- (1) This amount will revert to State Only if not reimbursed.
- (2) Pregnancy Terminations are State Only expenditures and are not currently claimed.
- (3) Of the amount in the 'Nursing Facility Services Regular Payments' line \$5,776,885.30 is the amount paid to State Facilities year to date.

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES BUREAU FOR MEDICAL SERVICES MEDICAID CASH REPORT SFY2023

Note: FMAP (80.88% applicable Jun 2022 - Sep 2022)

MONTH OF SEPTEMBER 2022	ACTUA	_S	ACTUALS		ACTUALS		PROJECTED		TOTAL
			Current		Year-To-Date		10/01/22		
	SFY202	2	Month Ended		Thru		Thru		SFY2023
REVENUE SOURCES			09/30/22	↓ 	09/30/22		06/30/23		
Beg. Bal. (5084/1020 prior mth)	139,4	36,683	56,710,649		81,507,579		-		81,507,579
MATCHING FUNDS									
General Revenue (0403/189)	307,7	63,411	19,621,147		58,863,442		235,453,771		294,317,213
IDD Waiver (0403/466)	108,5	41,736	7,236,115		21,708,347		86,833,389		108,541,736
Rural Hospitals Under 150 Beds (0403/940)	2,5	96,000	216,334		649,000		1,947,000		2,596,000
Tertiary Funding (0403/547)	6,3	56,000	529,666		1,589,000		4,767,000		6,356,000
Traumatic Brain Injury (0403/835)	8	00,000	53,333		160,000		640,000		800,000
Title XIX Waiver for Seniors (0403-533)	13,5	93,620	906,242		2,718,724		10,874,896		13,593,620
Medical Services Surplus (0403/633)		-	7,920,000		8,800,000		-		8,800,000
Waiver for Senior Citizens Surplus (0403/526)		-	-		-		-		-
Lottery Waiver (Less 550,000) (5405/539)	4,0	15,503	-		3,400,876		10,202,625		13,603,501
Lottery Waiver (0420/539)	29,9	50,955	-		4,903,239		14,709,718		19,612,957
Lottery Transfer (5405/871)	16,4	00,070	-		4,100,017		12,300,053		16,400,070
Excess Lottery (5365/189)	16,3	02,960	-		-		26,697,960		26,697,960
Lottery Surplus (5405/68199)	16,0	00,000	-		-		14,750,000		14,750,000
Lottery Surplus (5365/68100)	17,0	00,000	-		-		16,200,000		16,200,000
Trust Fund Appropriation (5185/189)	24,5	35,507	-		-		54,764,957		54,764,957
Provider Tax (5090/189)	257,4	37,072	26,992,673		63,202,673		503,220,245		566,422,918
NSGO UPL (5084/6717)		-	-		-		-		-
Expirations (5084)		-	-		-		-		-
Certified Match	12,9	31,908	466,863		1,586,446		10,054,304		11,640,750
Reimbursables - Amount Reimbursed	2,2	40,609	500,763		608,258		(608,258)		-
Other Revenue (MWIN, Escheated Warrants, etc.) 5084/4010 & 4015		1,017	-		-		-		-
CHIP State Share		-	-		-		-		-
CMS - 64 Adjustments	(2,2	19,739)	-		-		-		-
TOTAL MATCHING FUNDS	\$ 973,6	83,311 \$	121,153,786	\$	253,797,601	\$	1,002,807,660	\$	1,256,605,261
EEDEDAL EUNDO	4 004 5	40,000			4 000 707 000				
FEDERAL FUNDS	4,294,5	42,939	384,206,039	1 L	1,098,737,383		3,170,535,201		4,269,272,584
TOTAL REVENUE SOURCES	\$ 5,268,2	26,250 \$	505,359,825	\$	1,352,534,984	\$	4,173,342,861	\$	5,525,877,846
					<u>'</u>			· •	
TOTAL EXPENDITURES:									
Provider Payments	\$ 5,189,2	39,635 \$	429,670,150	\$	1,276,626,494	\$	3,967,438,199	\$	5,244,064,693
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TOTAL	\$ 78,9	86,616 \$	75,689,675	\$	75,908,491	\$	205,904,662	\$	281,813,152

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Department of Health and Human Resources Bureau for Medical Services

Medicaid Waiver Report SEPTEMBER 2022

Submitted to

Joint Committee on Government and Finance and Legislative Oversight Commission on Health and Human Resources Accountability

NOVEMBER 2022

WV Department of Health and Human Resources Bureau for Medical Services A&D Waiver Program Report

Aged & Disabled Waiver Reported September 30, 2022	FY2022	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	FY2023 YTD
Slots Approved By CMS	7,500	7,500	7,500	7,500										7,500
-Slots Available for Traditional (ADW-WV) enrollees	7,424	7,424	7,424	7,424										7,424
-Slots reserved for Take Me Home-WV (TMH-WV) enrollees	76	76	76	76										76
-Slots reserved for Money Follows the Person (MFP-WV) enrollees	76	76	76	76										76
Total number of members served YTD (unduplicated slots used) (1) YTD Column reflects most recent month's count	8,418	7,386	7,555	7,786										7,786
Applicants determined eligible this month and added to MEL (2)	2,871	246	268	197										711
Applicants determined ineligible	113	8	15	10										33
ACTIVE MEMBERS														
Active Traditional Members at the end of the month	7,236	7,259	7,384	7,382										7,382
Active Take Me Home Members at the end of the month	52	50	54	55										55
Active Money Follows the Person Members at the end of the month	52	50	54	55										55
Total Active members at the end of the month (unduplicated slots active) YTD Column reflects most recent month's count	7,288	7,309	7,438	7,566										7,566
Active members enrolled during the calendar month	1,793	127	252	230										609
-Total Active Traditional members enrolled during the calendar month	1,737	123	247	224										594
-Total Active TMH-WV members enrolled during the calendar month	50		-											45
-Total Active MFP-WV members enrolled during the calendar month	56	4	5	6										15
Members discharged during the calendar month	1,480	106	122	101										329
ADW Members Member is deceased	1,036	76	68	65										209
whose case was closed by reason Other (3)	444	30	54	36										120
MANAGED ENROLLMENT LIST (MEL)														
# Eligible applicants closed during the calendar month (removed from MEL)	3,668	371	234	150										755
ADW Applicants Applicant offered a slot (Traditional + MFP)	1,737	255	140	71										466
removed from Applicant became deceased	241	19	10	22										51
the MEL Other (4)	2,200	97	84	57										238
Applicants on the MEL who are in a nursing facility YTD Column reflects # members in setting during reporting month	4	0	1	5										2
Applicants on the MEL receiving Personal Care YTD Column reflects # members receiving service during reporting month	3	4	4	5										4
Applicants at some stage in the application process - not released at end of month	525	20	37	12										69
Days -Average time spent on the MEL to date Minus MFP Applicants	43	75	88	105										89

- (1) Unduplicated slots used refers to the total number of members who accessed services during the fiscal year.
- (2) Monthly number added to MEL 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.
- (3) Other reasons for closing a case may include, but is not limited to: No services for 180 days, unsafe environment, member non-compliance with program, member no longer desires services, member no longer a WV resident, member no longer medically or financially eligible.
- (4) "Other" includes those who are no longer a WV resident, voluntarily decline the program, etc.

NOTE: July data updated subsequent to September report submission. Original data will not match subsequent reports.

WV Department of Health and Human Resources Bureau for Medical Services I/DD Waiver Program Report

Intellectual/E	Developmental Disabilities Waiver Reported September 30, 2022	FY2022	July-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	YTD2023
Slots approved by C	MS	6,115	6,115	6,115	6,115										6,115
Total number of men	nbers served YTD (unduplicated slots used) (1)	6,079	5,989	6,002	6,025										6,025
Total number of men	nbers served YTD in Traditional Slots	6,078	5,989	6,002	6,025										6,025
Total number of men	nbers served YTD in Adult Ben H. slots (Active)	1	0	0	0										0
Total number of men	nbers served YTD in Children Ben H. slots (Active)	0	0	0	0										0
Applicants determine	ed eligible (2)	43	28	42	45										115
Applicants determine	ed ineligible (3)	55	23	54	51										128
	ACTIVE MEMBERS														
# of active members	at the end of the month (unduplicated slots active) (1)	5,880	5,978	5,972	5,977										5,972
Discharged member	s at the end of the calendar month	216	12	19	20										51
	Deceased	106	3	6	10										19
	Left program to enter a facility	65	5	7	2										14
	a. Hospital	0	0	0	0										0
Discharged	b. ICF/IID	29	3	2	2										7
members who were discharged by	c. Nursing Facility	35	2	5	0										7
reason	d. Psychiatric Facility	0	0	0	0										0
	e. Rehabilitation Facility	0	0	0	0										0
	f. Other Facility	0	0	0	0										0
	Other (6)	48	4	6	8										18
	MANAGED ENROLLMENT LIST (MEL)														
Total number of appl	icants on the MEL at the end of the month	271	187	213	232										232
Number of applicants	s added to the MEL (4)	421	28	42	45										115
Applicants enrolled (removed from the MEL)	337	110	13	25										148
Applicants removed	from the MEL due to Death (5)	3	1	0	0										1
Applicants removed	oplicants removed from the MEL due to Other (6)		2	3	1										6
	EL who are in a Nursing Facility	0	0	0	0										0
Applicants on the ME	EL who are in an ICF/IID Group Home	8	6	7	7										0
Applicants on the ME	EL receiving Personal Care Services each month	8	4	4	4										0
Longest on the MEL	to date (7)	839	870	901	931										931

⁽¹⁾ Unduplicated slots used refers to the total number of members who accessed services during the fiscal year.

⁽²⁾ and (3) Numbers determined medically eligible and ineligible reflect the activity for the month reported. Financial eligibility is not determined until after slot release.

⁽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 the date the Medical Eligibility Contract Agent (MECA) determines medical eligibility.

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

⁽⁶⁾ Other reason for program discharge may include, but is not limited to, member is no longer financial or medically eligible, moved out of state, no longer wants the service, etc.

⁽⁷⁾ Longest number of days an applicant has been on the MEL.

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

Traumatic Brai	n Injury Waiver Reported September 30, 2022	FY2022	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	FY2023 YTD
Slots Approved By	CMS (1)	96	96	96	96										96
-Slots Available for	Traditional (non TMH-WV) enrollees	96	92	92	92										92
-Slots reserved for	Take Me Home-WV (TMH-WV) enrollees	0	4	4	4										4
	Total number of members served YTD (unduplicated slots used) (2) YTD Column reflects most recent month's count		85	85	86										86
Applicants determi	ned eligible this month and added to MEL (3)*	8	0	1	1										2
Applicants determi	ned ineligible	0	0	0	0										0
	ACTIVE MEMBERS		•		•										
	the end of the month (unduplicated slots active) ets most recent month's count	84	84	84	85										85
Active members e	Active members enrolled during the calendar month		1	0	1										2
-Total Active Tradi	-Total Active Traditional members enrolled during the calendar month		1	0	1										2
-Total Active TMH-	WV members enrolled during the calendar month	0	0	0	0										0
Members discharg	ed during the calendar month	11	1	0	0										1
TBIW Members whose case was	Member is deceased	5	0	0	0										0
	Other (4)	6	1	0	0										1
MAI	NAGED ENROLLMENT LIST (MEL)														
# Eligible applicant MEL)	s closed during the calendar month (removed from	8	0	0	0										0
TBIW Applicants	Applicant offered a slot	8	0	0	0										0
	Applicant became deceased	0	0	0	0										0
MEL			0	0	0										0
Applicants on the I	MEL who are in a nursing facility	1	0	0	0										0
Applicants on the I	MEL receiving Personal Care	1	0	0	0										0
Applicants on the	MEL at the end of the month	0	0	0	0										
	e spent on the MEL to date (6) tts average # of days	52	0	0	0										0

- (1) CMS Approved 96 slots. Of the 96 slots approved by CMS, four (4) are reserved for the Money Follows the Person and Rebalancing Demonstration Grant for SFY 2023.
- (2) Unduplicated slots used refers to the total number of members who accessed services during the fiscal year.
- (3) Monthly number added to MEL 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.* NO MEL
- (4) Other reason for closing a case may include, but is not limited to: No services for 180 days, unsafe environment, member non-compliance with program, member no longer desires services, member no longer a WV resident, member no longer medically or financially eligible.
- (5) "Other" includes those who are no longer a WV resident, voluntarily decline the program, etc.
- (6) Reported in actual number of days on the MEL.

NOTE: All data as reported by the Utilization Management Contractor is point-in-time



West Virginia Department of Health and Human Resources

Children's Health Insurance Program

NOVEMBER 2022 Quarterly Report

to

Legislative Oversight Commission on Health and Human Resources Accountability



CHILDREN UNDER AGE 19 SEPTEMBER 30, 2022

COUNTY	BLUE	GOLD	PREMIUM	GRAND TOTAL
BARBOUR	103	22	82	207
BERKELEY	969	291	590	1,850
BOONE	81	47	50	178
BRAXTON	71	14	40	125
BROOKE	0	0	0	0
CABELL	395	163	214	772
CALHOUN	38	18	9	65
CLAY	57	13	28	98
DODDRIDGE	35	11	16	62
FAYETTE	230	65	173	468
GILMER	38	3	19	60
GRANT	60	11	37	108
GREENBRIER	250	71	135	456
HAMPSHIRE	107	49	69	225
HANCOCK	225	85	115	425
	84	38	43	165
HARDY				
HARRISON	363	147	268	778
JACKSON	130	44	81	255
JEFFERSON	352	80	185	617
KANAWHA	820	294	623	1,737
LEWIS	86	28	55	169
LINCOLN	95	22	50	167
LOGAN	132	60	87	279
MARION	299	84	205	588
MARSHALL	104	47	62	213
MASON	114	36	61	211
MERCER	342	124	233	699
MINERAL	155	41	59	255
MINGO	91	48	49	188
MONONGALIA	451	125	224	800
MONROE	73	30	81	184
MORGAN	96	29	77	202
MCDOWELL	76	42	27	145
NICHOLAS	181	77	119	377
OHIO	207	69	131	407
PENDLETON	36	13	26	75
PLEASANTS	25	9	11	45
POCAHONTAS	45	16	30	91
PRESTON	222	69	163	454
PUTNAM	358	117	234	709
RALEIGH	392	105	295	792
RANDOLPH	153	53	132	338
RITCHIE	33	4	20	57
ROANE	92	46	101	239
SUMMERS	62	14	33	109
TAYLOR	71	33	56	160
TUCKER	42	22	33	97
TYLER	30	4	22	56
UPSHUR	143	44	89	276
WAYNE	173	74	92	339
WEBSTER	44	12	32	88
WETZEL	47	18	28	93
WIRT	29	4	18	51
WOOD	445	100	212	757
WYOMING	107	37	76	220
GRAND TOTAL	9,459	3,122	6,000	18,581



PREGNANT WOMEN OVER 19 SEPTEMBER 30, 2022

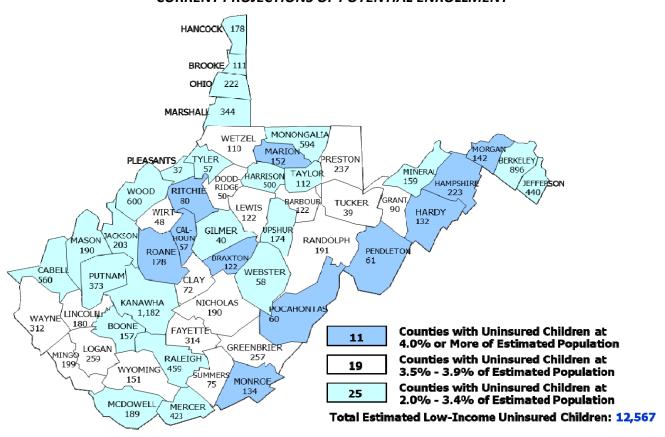
COUNTY	BLUE	PREMIUM	GRAND TOTAL
BARBOUR	2	0	2
BERKELEY	13	17	30
BOONE	1	1	2
BRAXTON	1	1	2
BROOKE	0	0	0
CABELL	9	9	18
CALHOUN	1	1	2
CLAY	1	1	2
DODDRIDGE	0	1	1
FAYETTE	4	8	12
GILMER	0	0	0
GRANT	1	0	1
GREENBRIER	4	3	7
HAMPSHIRE	1	1	2
HANCOCK	0	1	1
HARDY	3	1	4
HARRISON	6	3	9
JACKSON	1	1	2
JEFFERSON	2	4	6
			+
KANAWHA	15	14	29
LEWIS	2	3	5
LINCOLN	2	1	3
LOGAN	1	4	5
MARION	6	6	12
MARSHALL	0	5	5
MASON	1	2	3
MERCER	0	6	6
MINERAL	3	1	4
MINGO	1	1	2
MONONGALIA	1	6	7
MONROE	1	2	3
MORGAN	1	0	1
MCDOWELL	1	0	1
NICHOLAS	2	2	4
OHIO	1	1	2
PENDLETON	0	1	1
PLEASANTS	0	1	1
POCAHONTAS	0	0	0
PRESTON	2	2	4
PUTNAM	2	3	5
RALEIGH	4	4	8
RANDOLPH	0	3	3
RITCHIE	1	0	1
ROANE	0	2	2
SUMMERS	2	0	2
TAYLOR	2	0	2
TUCKER	1	4	5
TYLER	0	0	0
UPSHUR	0	1	1
WAYNE	3	3	6
WEBSTER	0	2	2
WETZEL	0	0	0
WIRT	0	0	0
WOOD	3	11	14
WYOMING			
	1	3	4
GRAND TOTAL	109	147	256



CURRENT PROJECTIONS OF POTENTIAL ENROLLMENT

	COUNTY POP.	2018	2018
	2018 EST.	SAHIE*	SAHIE*
COUNTY	(0-18 YRS)	UNINSURED EST.	% UNINSURED
BARBOUR	3,332	122	3.7%
BERKELEY	27,917	896	3.2%
BOONE	4,775	157	3.3%
BRAXTON	2,784	122	4.4%
BROOKE	4,065	111	2.7%
CABELL	18,770	560	3.0%
CALHOUN	1,393	57	4.1%
CLAY	1,961	72	3.7%
DODDRIDGE	1,308	50	3.8%
FAYETTE	9,011	314	3.5%
GILMER	1,184	40	3.4%
GRANT	2,331	90	3.9%
GREENBRIER	6,860	257	3.7%
HAMPSHIRE	4,388	223	5.1%
HANCOCK	5,674	178	3.1%
HARDY	2,862	132	4.6%
HARRISON	14,835	500	3.4%
JACKSON	6,264	203	3.2%
JEFFERSON	13,200	440	3.3%
KANAWHA	36,965	1182	3.2%
LEWIS	3,480	122	3.5%
LINCOLN	4,638	180	3.9%
LOGAN	6,835	259	3.8%
MARION	3,764	152	4.0%
MARSHALL	11,544	344	3.0%
MASON	6,140	190	3.1%
MCDOWELL	5,708	189	3.3%
MERCER	12,368	423	3.4%
MINERAL	5,476	159	2.9%
MINGO	5,369	199	3.7%
MONONGALIA	17,965	594	3.3%
MONROE	2,687	134	5.0%
MORGAN	3,320	142	4.3%
NICHOLAS	5,199	190	3.7%
OHIO	8,098	222	2.7%
PENDLETON	1,304	61	4.7%
PLEASANTS	1,457	37	2.5%
POCAHONTAS	1,495	60	4.0%
PRESTON	6,586	237	3.6%
PUTNAM	13,145	373	2.8%
RALEIGH	15,751	459	2.9%
RANDOLPH	5,474	191	3.5%
RITCHIE	1,972	80	4.1%
ROANE	2,970	128	4.3%
SUMMERS	2,160	75	3.5%
TAYLOR	3,493	112	3.2%
TUCKER	1,063	39	3.7%
TYLER	1,792	57	3.2%
UPSHUR	5,076	174	3.4%
WAYNE	8,373	312	3.7%
WEBSTER	1,690	58	3.4%
WETZEL	3,126	110	3.5%
WIRT	1,269	48	3.8%
WOOD	18,016	600	3.3%
WYOMING	4,317	151	3.5%
GRAND TOTAL	372,999	12,567	3.4%

CURRENT PROJECTIONS OF POTENTIAL ENROLLMENT



^{*}The above map shows the most recent 2018 county level data provided by the U.S. Census Bureau Small Area Health Insurance Estimates (SAHIE) for children under 19 years.



OUTREACH AND PROGRAM UPDATES

On July 1, 2022, WVCHIP was incorporated into the Bureau for Medical Services and Express Scripts, Inc. became the Pharmacy Benefit Manager (PBM) for WVCHIP.

HEALTH STATUS INDICATORS

Health status indicators are not available because the term is not sufficiently defined to allow WVCHIP to accurately develop and format the information sought.

UNCOMPENSATED CARE

There is no known source that provides reliable and complete information showing WVCHIP's impact on uncompensated care.

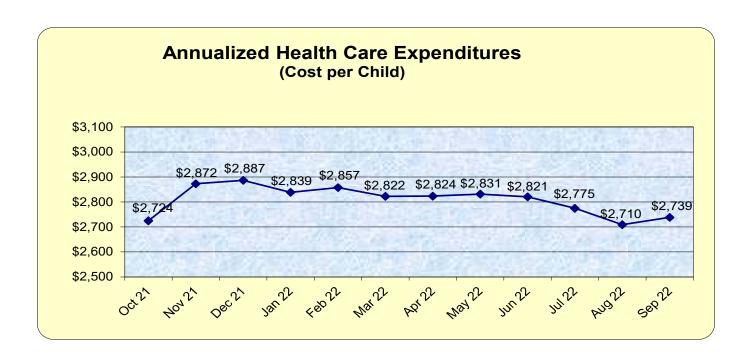


STATISTICAL PROFILES OF FAMILIES SERVED

	Monthly Income			Number of Children
FPL* Level	Limit**	Coverage Group	Number of Families	per Family
<=150%FPL	\$3,313	Gold	2,491	1.5
>150% - 211% FPL	\$4,660	Blue	6,182	1.6
>211%FPL	\$6,625	Premium	4,126	1.5
GRAND TOTAL			12,799	1.5

^{*}FPL is Federal Poverty Level

^{**}Monthly Income Limit is based on a family of four





CLAIMS, MEMBERS SERVED, AND EXPENDITURES BY PROVIDER TYPE AND SPECIALTY SFY 2023 (through August 31, 2022)

Provider Type	Provider Specialty	Claims Paid	Members	Paid
Managed Care	C1 MANAGED CARE	1,015	869	\$353,151.54
		1,015	869	\$353,151.54
Inpatient Hospital	A0 ACUTE CARE	1,992	1,392	\$1,413,463.22
	A1 ADULTS (PSY) MEDICARE	1	1	\$2,866.50
	A5 CRITICAL ACCESS HOSPITAL	498	381	\$191,343.17
	S2 ASC	6	6	\$14,042.15
		2,497	1,727	\$1,621,715.04
Group Provider	A8 MULTI-SPECIALTY GROUP	70	51	\$10,151.10
	E1 PHYSICIAN GROUP	702	485	\$81,733.55
	E2 CAH GROUP	6	6	\$515.99
	EC MULTI-SPECIALTY GROUP	11	2	\$972.48
	ED THERAPY GROUP	399	54	\$49,104.03
	EK OPTOMETRY GROUP	0	0	\$0.00
	EL SPEECH THERAPY GROUP	28	3	\$2,079.12
	S3 RURAL HEALTH CLINIC	1	1	\$92.59
		1,231	581	\$148,685.96
Psychiatric Hospital	B0 PSYCH < 21	8	5	\$120,377.50
		8	5	\$120,377.50
Hospice	B9 HOSPICE NURSING HOME SERVICES	3	1	\$777.51
		3	1	\$777.51
Federally Qualified Health Center	F2 FQHC	1,396		\$195,389.02
		1,396	1,033	\$195,389.02
Physician	IC INTERVENTIONAL CARDIOLOGY	1	1	\$9.08
	K5 GENERAL PRACTICE	165	142	\$18,106.14
	K7 FAMILY PRACTICE	589	502	\$57,662.91
	K9 GENETICS	1	1	\$77.76
	LO ANESTHESIOLOGY	66		\$14,472.00
	L3 NEONATALOGY	6		\$1,754.22
	L8 SPORTS MEDICINE	10		\$1,234.19
	L9 ONCOLOGY	3	2	\$298.22
	M0 DERMATOLOGY	94		\$11,691.57
	M1 ALLERGY	79	56	\$11,144.98
	M2 PEDIATRIC CARDIOLOGY	64	47	\$5,590.47
	M3 EMERGENCY MEDICINE	127	114	\$18,330.56
	M4 INTERNAL MEDICINE	154		
	M6 CARDIOLOGY	17	13 1	\$2,994.34 \$229.80
	M7 ENDOCRINOLOGY M8 NEPHROLOGY	8		\$1,185.41
	M9 GASTROENTEROLOGY	13		\$1,637.42
	NO NEUROSURGERY	10		\$5,890.07
	N1 NEUROLOGY	38		\$5,970.43
	N5 OBGYN	242	120	\$44,785.90
	N6 IMMUNOLOGY	7	2	\$77.49
	PO OPHTHALMOLOGY	37		\$6,323.55
	P5 ORTHOPEDICS	117	93	\$27,138.19
	PR RESIDENT	139		\$19,176.50
	Q0 OTOLARYNGOLOGY	159		\$24,123.12
	Q1 OTORHINOLARYNGOLOGY	5		\$644.92
	Q5 PATHOLOGY	34		



CLAIMS, MEMBERS SERVED, AND EXPENDITURES BY PROVIDER TYPE AND SPECIALTY SFY 2023 (through August 31, 2022)

	RO PEDIATRICS	1,922	1,540	\$340,581.37
	R1 PHYSIATRY	8	1	\$513.81
	R2 PLASTIC SURGERY	14	10	\$4,124.04
	R4 PULMONARY	1	1	\$226.96
	R5 PSYCHIATRY	134	89	\$15,793.16
	R6 RADIOLOGY	343	279	\$10,689.68
	R7 GENERAL SURGERY	31	28	\$8,187.71
	SO UROLOGY	5	5	\$1,575.03
		4,644	2,996	\$679,605.45
Podiatrist	P2 PODIATRIC SURGERY	14	9	\$1,665.68
	P6 PODIATRY	27	21	\$4,009.34
		41	30	\$5,675.02
Chiropractor	S1 CHIROPRACTIC	86		\$6,143.18
c opracto.	of dimensione	86		\$6,143.18
Certified Registered Nurse Anesthetist	LO ANESTHESIOLOGY	42	41	\$7,698.15
certified Registered Naise Affestifetist	EU ANESTTIESIOEOGT	42		\$7,698.1
Optometerist	H9 OPTOMETRY	335		\$46,825.43
Optometerist	113 OF TOWILTRY	335		\$46,825.4
Onticion	V4 VICIONI CENTED	13		
Optician	V1 VISION CENTER			\$1,698.95
Andialaciet	WE ALIDIOLOGY	13 15		\$1,698.95
Audiologist	W5 AUDIOLOGY			\$888.02
Donatel	DD DECIDENT	15		\$888.02
Dental	PR RESIDENT	8		\$1,392.60
	S5 DENTIST	955		\$166,682.30
	S7 ORTHODONTIST	94		\$84,256.05
	TO ORAL SURGERY	29		\$19,867.55
	T2 PEDIATRIC DENTIST	240		\$45,659.20
		1,326		\$317,857.70
Birth To Three	H3 BIRTH TO THREE	1,214		\$145,050.63
		1,214		\$145,050.6
Local Health Departments	H8 HEALTH DEPARTMENT	128		\$3,433.63
		128		\$3,433.63
Mental Health Clinic	C6 BEHAVIORAL HEALTH MANAGED CARE	55		\$8,254.53
		55	35	\$8,254.53
Rural Health Clinic	E3 NURSE PRACTITIONER	9	8	\$833.30
	S3 RHC	547	429	\$72,714.19
		556	435	\$73,547.49
Home Health Agency	F7 HOME HEALTH AGENCY	3	1	\$5,100.00
		3	1	\$5,100.0
Equipment	G1 DME	137	74	\$74,265.50
	RE RESPIRATORY/OXYGEN	1	1	\$55.19
	T5 RETAIL PHARMACY	10	6	\$2,496.2
	T6 HOME IV THERAPY	4	4	\$2,324.17
	X0 MEDICARE ONLY	12		\$1,354.82
		164		\$80,495.89
Independent Lab	K1 LABORATORY	317	271	\$17,718.23
		317	271	\$17,718.23
Independent Radiology	EH IDTF GROUP	1		\$79.59
macpendent nadiology	R6 RADIOLOGY	3		\$52.38
	NO NADIOLOGI			
		4	4	\$131.97



CLAIMS, MEMBERS SERVED, AND EXPENDITURES BY PROVIDER TYPE AND SPECIALTY SFY 2023 (through August 31, 2022)

Nurse Practitioner	AD ADULT NP	5	4	\$345.34
	GE GERONTOLOGY	1	1	\$40.84
	K7 FAMILY PRACTICE	712	599	\$77,448.90
	RO PEDIATRICS	186	162	\$22,678.29
	R5 PSYCHIATRY	11	11	\$1,227.77
	W4 NURSE MIDWIFE	21	13	\$4,200.10
	WO WOMENS HEALTH	12	10	\$892.44
		947	788	\$106,833.68
Physical Therapist	RO PEDIATRICS	6	5	\$403.61
	WA PHYSICAL THERAPY	202	53	\$22,897.84
		208	58	\$23,301.45
Speech Therapist	V5 SPEECH THERAPY	100	40	\$9,237.95
	V6 SCHOOL SPEECH THERAPY	10	2	\$612.21
		110	42	\$9,850.16
Occupational Therapist	W3 OCCUPATIONAL THERAPY	65	27	\$8,695.60
		65	27	\$8,695.60
Behavioral Health and Social Services	CH BOARD CERT BEHAVIOR ANALYST	19	5	\$9,118.72
	CR REG BEHAVIOR TECHNICIAN	2	1	\$1,223.88
		21	6	\$10,342.60
Transportation	U0 AMBULANCE	39	37	\$26,806.43
	U1 AIR AMBULANCE	1	1	\$10,039.53
		40	38	\$36,845.96
Managed Care Other Provider	MC MCO OTHER	2	2	\$174.96
		2	2	\$174.96
Managed Care HMO	C1 MANAGED CARE	28	26	\$166,470.50
		28	26	\$166,470.50
Psychologist	W8 PSYCHOLOGIST	178	103	\$27,481.08
	W9 SCHOOL PSYCHOLOGIST	3	2	\$464.07
		181	105	\$27,945.15
Mental Health Rehabilitation	WO MENTAL HEALTH REHABILIATION	271	135	\$42,759.74
		271	135	\$42,759.74
Private Duty Nurse Agency	W7 PRIVATE DUTY NURSE, SCHOOL	1	1	\$100.00
		1	1	\$100.00
Non-Phyician Practitioner	HO PHYSICIAN ASSISTANT	310	277	\$36,437.92
	LC LICENSED CERTIFIED SOCIAL WORKER	20	13	\$2,198.46
	LG LICENSED GRAD SOCIAL WORKER	32	13	\$4,611.42
	LP LICENSED PROFESSIONAL COUNSELOR	245	110	\$38,103.14
	LS LICENSED IND CLINICAL SOCIAL WORKER	88	44	\$12,141.83
		695	447	\$93,492.77
		17,545	7,417	\$4,363,820.85



CLAIMS, MEMBERS SERVED, & EXPENDITURES BY CONTRACT TYPE SFY 2023 (through August 31, 2022)

Provider State Code	Claim Type	Claims	Members	1679866.4
West Virginia Providers	Institutional Services	5,413	2,819	\$1,679,866.40
	Professional Services	11,642	4,299	\$1,481,806.63
	Other Services	1,424	1,055	\$290,051.58
	Pharmacy	0	0	\$0.00
	Aggregate (Claim Type Values)	18,481	6,444	\$3,451,724.61
ut-of-State Providers	Institutional Services	378	161	\$455,742.64
	Professional Services	2,374	1,060	\$217,943.10
	Other Services	1,004	794	\$238,410.50
	Pharmacy	0	0	\$0.00
	Aggregate (Claim Type Values)	3,756	1,880	\$912,096.24
Total	Institutional Services	5,791	2,939	\$2,135,609.04
	Professional Services	14,016	4,925	\$1,699,749.73
	Other Services	2,428	1,831	\$528,462.08
	Pharmacy	0	0	\$0.00
	Aggregate (Claim Type Values)	22,237	7,417	\$4,363,820.85



CLAIMS, MEMBERS SERVED, AND EXPENDITURES BY SERVICE TYPE SFY 2023 (through August 31, 2022)

Place of Service Code	Place of Service	Claims	Members	Paid
2	Telehealth Provided Other than in Patients Home	387	220	\$36,134.80
10	Telehealth Provided in Patients Home	50	24	\$5,713.47
11	Office	9,833	4,791	\$1,233,320.28
12	Patient Home	1,654	245	\$327,207.68
17	Walk-in Retail Health Clinic	18	12	\$1,522.00
19	Outpatient Hospital-Off Campus	32	17	\$1,757.79
20	Urgent Care Facility	712	546	\$70,031.51
21	Inpatient Hospital	487	123	\$731,609.05
22	Outpatient Hospital-On Campus	3,634	1,539	\$1,051,762.66
23	Emergency Room - Hospital	1,685	777	\$492,133.63
24	Ambulatory Surgical Center	14	10	\$17,561.65
25	Birthing Center	7	7	\$46,605.16
41	Ambulance (land)	76	35	\$26,726.43
42	Ambulance (air or water)	4	1	\$10,039.53
49	Independent Clinic	5	4	\$233.24
50	Federally Qualified Health Ctr	1,894	1,038	\$196,697.20
51	Inpatient Psychiatric Facility	41	8	\$1,891.32
53	Community Mental Health Center	232	90	\$20,083.42
60	Mass Immunization Center	9	2	\$80.00
71	Public Health Clinic	18	9	\$265.05
72	Rural Health Clinic	731	436	\$73,659.81
81	Independent Laboratory	678	271	\$17,761.70
99	~Missing/Other	3	1	\$23.50
Aggregate (Place of Service Cod	de Medstat)	22,237	7,417	\$4,363,820.85



	Measure	Numerator	Denominator	Rate
WCC-CH	Weight Assessment & Counseling for Nutrition and Physical Activity for Children/Adolescents - Body Mass Index Assessment for Children/Adolescents	2,466	9,299	26.5%
CHL-CH	Chlamydia Screening in Women Ages 16-20	155	659	23.5%
CIS-CH	Childhood Immunization Status	410	461	88.9%
W15-CH	Well-Child Visits in the First 15 Months of Life	189	276	68.5%
IMA-CH	Immunizations for Adolescents	537	764	70.3%
DEV-CH	Developmental Screening in the First Three Years of Life	695	1,136	61.2%
W34-CH	Well-Child Visits in the Third, Fourth, Fifth, and Sixth Years of Life	1,519	2,419	62.8%
AWC-CH	Adolescent Well-Child Visits	3,073	5,883	52.2%
CCW-CH	Contraceptive Care - All Effective Methods	669	1,627	41.1%
APM-CH	Antipsychotic Metabolic Monitoring	35	82	42.7%
AMB-CH	Ambulatory Care: Emergency Department (ED) Visits	4,930	163,985	30.1
ADD-CH	Follow-up Care for Children Prescribed Attention-Deficit/Hyperactivity Disorder (ADHD) Medication	136	342	39.8%
FUH-CH	Follow-up After Hospitalization for Mental Illness: Ages 6-20	7	42	16.7%
APP-CH	Use of First-Line Psychosocial Care for Children and Adolescents on Antipsychotics	14	23	60.9%
CDF-CH	Depression Screening and Follow-up Plan	92	4665	2.0%
SEAL-CH	Dental Sealants for 6-9 Year-Old Children at Elevated Caries Risk	287	1,332	21.5%
PDENT-CH	Percentage of Eligibles Who Received Preventive Dental Services	15,084	27,257	55.3%



	Measure	Description
WCC-CH	Weight Assessment & Counseling for Nutrition and Physical Activity for Children/Adolescents - Body Mass Index Assessment for Children/Adolescents	Percentage of children continuously enrolled throughout the year ages 3 to 17 who had an outpatient visit with a primary care practitioner (PCP) or obstetrical/gynecological (OB/GYN) practitioner and who had evidence of body mass index (BMI) precentile documentation during the measurement year.
СНL-СН	Chlamydia Screening in Women Ages 16-20	Percentage of women ages 16 to 20 who were identified as sexually active and who had at least one test for chlamydia during the measurement year. WVCHIP covers children through age 19.
CIS-CH	Childhood Immunization Status	Percentage of children age 2 who had four diphtheria, tetanus and acellular pertussis (DTaP); three polio (IPV); one measles, mumps and rubella (MMR); three haemophilus influenza type B (HiB); three hepatitis B (Hep B), one chicken pox (VZV); four pneumococcal conjugate (PCV); one hepatitis A (HepA); two or three rotavirus (RV); and two influenza (flu) vaccines by their second birthday. The measure calculates a rate for each vaccine and nine separate combination rates. WVCHIP publishes one rate in its Annual Report and results of other rates are available upon request.
W15-CH	Well-Child Visits in the First 15 Months of Life	Percentage of children who turned 15 months old during the measurement year and who had the following number of well-child visits with a primary care practitioner (PCP) during their 15 months of life: 0, 1, 2, 3, 4, 5, 6 or more well-child visits.WVCHIP publishes one combined rate in its Annual Report and results of other rates are available upon request.
IMA-CH	Immunizations for Adolescents	Percentage of adolescents age 13 who had one dose of meningococcal vaccine, one tetanus, diphtheria toxoids and acellular pertussis (Tdap) vaccine, and have completed the human papillomavirus (HPV) vaccine series by their 13th birthday. The measure calculates a rate for each vaccine and two combinations rates. WVCHIP publishes one rate in its Annual Report and other rates are available upon request.
DEV-CH	Developmental Screening in the First Three Years of Life	Percentage of children screened for risk of developmental, behavioral, and social delays using a standardized screening tool in the 12 months preceding or on their first, second, or third birthday. WVCHIP publishes an overall rate in its Annual Report and other rates are available upon request.



	Measure	Description
W34-CH	Well-Child Visits in the Third, Fourth, Fifth and Sixth Years of Life	Percentage of children ages 3 to 6 who had one or more well-child visits with a primary care practitioner (PCP) during the measurement year.
AWC-CH	Adolescent Well-Child Visits	Percentage of adolescents ages 12 to 21 who had at least one comprehensive well-care visit with a primary care practitioner (PCP) or an obstetric/gynecologic (OB/GYN) practitioner during the measurement year. WVCHIP covers children through age 19.
CCW-CH	Contraceptive Care All Effective Method	The percentage of women, aged 15-20 years, who are at risk of unintended pregnancy and were provided a "most effective" or a "moderately effective" method of contraception during the measurement year. Excludes women who are infecund due to non-contraceptive reasons (e.g., hysterectomy, oophorectomy, menopause), those who had a live birth during the last two months of the measurement year, and those who were still pregnant at the end of the measurement year.
АРМ-СН	Antipsychotic Metabolic Monitoring	The percentage of children and adolescents 1–17 years of age who had two or more anti-psychotic prescriptions and had metabolic testing.
АМВ-СН	Ambulatory Care: Emergency Department (ED) Visits	Rate of ED visits per 1,000 beneficiary months among children up to age 19.
ADD-CH	Follow-up Care for Children Prescribed Attention-Deficit/Hyperactivity Disorder (ADHD) Medication	Percentage of children newly prescribed ADHD medication who had at least three follow-up care visits within a 10-month period, one of which was within 30 days of when the first ADHD medication was dispensed. Two rates are reported: Initiation Phase and Continuation and Maintenance (C&M) Phase.



	Measure	Description
FUH-CH	Follow-Up After Hospitalization for Mental Illness: Ages 6-20	Percentage of discharges for children ages 6 to 17 who were hospitalized for treatment of selected mental illness or intentional self-harm and who had a follow-up visit with a mental health practitioner. Two rates are reported: 1) percentage of discharges for which children received follow-up within 30 days after discharge; and 2) percentage of discharges for which children received follow-up within 7 days after discharge.
APP-CH	Use of First-Line Psychosocial Care for Children and Adolescents on Antipsychotics	Percentage of children and adolescents ages 1 to 17 who had a new prescription for an antipsychotic medication and had documentation of psychosocial care as first-line treatment.
CDF-CH	Depression Screening and Follow-up Plan	The percentage of patients aged 12 to 17 years screened for depression on the date of the encounter using an age appropriate standardized depression screening tool, and if positive, a follow-up plan is documented on the date of the positive screen. Exclude patients who have a active diagnosis of depression, bipolar disorder or who used hospice services anytime during the measurement year.
SEAL-CH	Dental Sealants for 6-9 Year-Old Children at Elevated Caries Risk	Percentage of enrolled children ages 6 to 9 at elevated risk of dental caries (i.e., "moderate" or "high" risk) who received a sealant on a permanent first molar tooth within the measurement year.
PDENT-CH	Percentage of Eligibles Who Received Preventive Dental Services	Percentage of individuals ages 1 to 20 who are enrolled in Medicaid or CHIP Medicaid Expansion programs for at least 90 continuous days, are eligible for Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) services, and who received at least one preventive dental service during the reporting period. WVCHIP covers children through age 19.

West Virginia Children's Health Insurance Program Comparative Statement of Revenues, Expenditures, Changes in Fund Balance, and Budget-to-Actual For the Three Months Ending September 30, 2022 and September 30, 2021

	Annual	Budget	Actual	Actual	Actual		Budget	
	Budget 2023	Year-to-Date	September 30, 2022	September 30, 2021	Variance	0/	Variance	0/
					\$	%	\$	%
Beginning Operating Fund Balance			\$6,699,256	\$7,418,708	(\$719,452)	-10%		
Revenues								
Federal Grants	\$53,211,908	\$13,302,977	\$8,692,939	\$12,210,758	(\$3,517,819)	-29%	(\$4,610,038)	-35%
State Appropriations	\$7,090,665	\$1,772,666	\$1,405,854	\$1,418,899	\$0	0%	(\$366,812)	-21%
Premium Revenues	\$82,500	\$20,625	\$8,377	\$13,511	(\$5,135)	-38%	(\$12,249)	-59%
Investment Earnings (Interest)	<u>\$100,000</u>	<u>\$25,000</u>	<u>(\$24,647)</u>	<u>\$3,878</u>	(\$28,525)	<u>-736%</u>	(\$49,647)	-199%
Total Operating Fund Revenues	<u>\$60,485,073</u>	<u>\$15,121,268</u>	<u>\$10,082,523</u>	<u>\$13,647,046</u>	<u>(\$3,564,523)</u>	-26%	(\$5,038,745)	-33%
Expenditures:								
Claims Expenses:								
Managed Care Organizations			\$8,741,345	\$9,906,415	(\$1,165,070)	-12%		
Prescribed Drugs			\$2,335,071	\$2,681,829	(\$346,758)	-13%		
Physicians & Surgical			\$487,012	\$581,191	(\$94,179)	-16%		
Inpatient Hospital Services			\$73,906	\$202,026	(\$128,120)	-63%		
Dental			\$19,029	\$38,628	(\$19,599)	-51%		
Outpatient Services			\$86,871	\$91,036	(\$4,165)	-5%		
Therapy			\$15,782	\$25,066	(\$9,284)	-37%		
Other Services			\$12,079	\$19,457	(\$7,378)	-38%		
Inpatient Mental Health			\$6,500	\$9,195	(\$2,695)	-29%		
Vision			\$1,776	\$7,688	(\$5,912)	-77%		
Durable & Disposable Med. Equip.			\$1,230	\$3,407	(\$2,177)	-64%		
Outpatient Mental Health Medical Transportation			\$898 \$3,543	\$892 \$23,623	\$6 (\$20,080)	1% -85%		
Less: Other Collections**			(\$9,486)	(\$5,795)	(\$3,691)	64%		
Drug Rebates	(\$2,517,954)	(\$629,489)	(\$295.973)	(\$5,795) \$0	(\$295,973)	04 %	(\$324,029)	51%
Total Claims Expenses	\$60,430,294	\$15,107,574	\$11,479,584	\$13,584,658	(\$2,105,074)	-15%	(\$3,627,990)	-24%
Administrative Expenses:	400 , 100, 20 1	V 10,101,011	<u> </u>	<u> </u>	10=(1.00(01.1)	.0,0	(\$0,021,000)	2170
Salaries and Benefits	\$669,704	\$167,426	\$88,498	\$119,891	(\$31,393)	-26%	(\$78,928)	-47%
Program Administration	\$4,393,877	\$1,098,469	\$1,181,951	\$316,160	\$865,791	274%	\$83,481	8%
Outreach & Health Promotion			\$0	\$0	\$0	0%	\$0	0%
Health Service Initiative	\$225,000	\$56,250	\$0	\$0	\$0	0%	(\$56,250)	-100%
Current	<u>\$175,000</u>	\$43,750	\$7,226	<u>\$11,625</u>	(\$4,399)	<u>-38%</u>	(\$36,524)	-83%
Total Administrative Expenses in Operating Fund	<u>\$5,463,581</u>	<u>\$1,365,895</u>	<u>\$1,277,675</u>	<u>\$447,676</u>	\$829,999	185%	(\$88,220)	-6%
Total Operating Fund Expenditures	<u>\$65,893,875</u>	<u>\$16,473,469</u>	<u>\$12,757,259</u>	<u>\$14,032,334</u>	(\$1,275,075)	-9%	(\$3,716,210)	-23%
Adjustments			<u>\$289,614</u>	<u>\$55,502</u>				
			*****	Am ann				
					<u>(\$2,774,788)</u>	-39%		
,								
			· ·					
Cash on Deposit			\$639,696	\$3,263,620				
Revenues Outside of Operating Funds:								
Federal Grants			\$853,520	<u>\$0</u>	\$853,520	0%		
Total WVCHIP Revenues			\$10,936,043	<u>\$13,647,046</u>	(\$2,711,003)	-20%		
Program Expenses outside of Operating Funds:								
Eligibility	\$500,000	\$125,000	\$853,520	\$103,710	\$749,810	723%	\$728,520	583%
Total Administrative Expenses	\$5,963,581	\$1,490,895	\$2,131,195	\$551,386	\$1,579,809	287%	\$640,300	43%
Total WVCHIP Expenditures	\$66,393,875	\$16,598,469	\$13.610.77 9	\$14.136.04 4	(\$525.265)	-4%	(\$2,987,690)	-18%
Adjustments Ending Operating Fund Balance Money Market Bond Pool Cash on Deposit Revenues Outside of Operating Funds: Federal Grants Total WVCHIP Revenues Program Expenses outside of Operating Funds: Eligibility Total Administrative Expenses	\$500,000 \$5,963,581	\$125,000 \$1,490,895	\$289.614 \$4,314.134 \$3,674,236 \$0 \$639,898 \$853,520 \$10,936,043 \$853,520 \$2,131,195	\$55.502 \$7.088.922 \$13,071 \$3,790,031 \$3,285,820 \$13,647.046 \$103,710 \$551,386	\$853,520 (\$2,711,003) \$749,810 \$1,579,809	-39% 0% -20% 723% 287%	\$728,520 \$640,300	583% 43%

Footnotes:

- 1) Statement is on cash basis.

- 1) Statement is on cash basis.
 2) Estimate of Incurred but Not Reported (IBNR) claims on September 30, 2022 is \$360,000. The September 30, 2021 estimate was \$740,000.
 3) Administrative Accounts Payable balance on September 30, 2022 was \$358,984. The September 30, 2021 balance was \$792,741.
 4) 2023 and 2022 adjustments to fund balance represent timing issues between the payment of expense and the draw-down of federal revenues.
 5) Revenues are primarily federal funds. WVCHIP's Federal Matching Assistance Percentage (FMAP) during SFY23 is 85.0% through 9/30/2022 and 81.81% starting 4/1/2023. SFY22 was 85.0%.
- 6) Other Collections are primarily provider refunds and subrogation (amounts received from other insurers responsible for bills WVCHIP paid primarily auto).

- Other Collections are primary provider returns and subrogation (announce received from their installers responsible for bills WVCHP paid 17). Physician & Surgical services include physicians, clinics, lab, Federally Qualified Health Centers (FQHC), and vaccine payments.

 Other Services include home health, chiropractors, psychologists, podiatrists, and nurse practitioners.

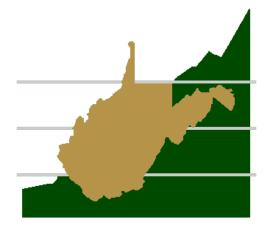
 Eligibility costs outside the fund represent the costs allocated to the WVCHIP for eligibility and enrollment processing (RAPIDS/WVPATH).

 Unaudited For Management Purposes Only PRELIMINARY STATEMENT.

WEST VIRGINIA INVESTMENT MANAGEMENT BOARD

Participant Plan Performance Report

October 31, 2022



	6/30/2022		10/31/2022	·	Performance %							
	Asset (\$000)	%	Asset (\$000)	%	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year	20 Year
WVIMB Fund Assets	22,991,842	100.0	22,482,810	100.0								
Pension Assets	18,829,116	81.9	18,447,766	82.0								
Public Employees' Retirement System	8,004,835	34.8	7,826,954	34.8	2.8	(4.2)	(1.0)	(9.2)	7.4	6.9	8.4	8.2
Teachers' Retirement System	8,980,424	39.1	8,703,818	38.7	2.8	(4.2)	(1.0)	(9.1)	7.4	6.9	8.4	8.0
EMS Retirement System	112,407	0.5	111,356	0.5	2.8	(4.2)	(1.0)	(9.2)	7.4	6.9	8.4	
Public Safety Retirement System	767,508	3.3	742,393	3.3	2.8	(4.2)	(1.0)	(9.1)	7.4	6.9	8.4	8.2
Judges' Retirement System	259,323	1.1	256,164	1.1	2.8	(4.2)	(1.0)	(9.2)	7.4	6.9	8.4	8.2
State Police Retirement System	289,417	1.3	287,471	1.3	2.8	(4.2)	(1.0)	(9.2)	7.4	6.9	8.4	8.2
Deputy Sheriffs' Retirement System	293,315	1.3	289,406	1.3	2.8	(4.2)	(1.0)	(9.2)	7.4	6.9	8.4	8.2
Municipal Police & Firefighter Retirement System	26,796	0.1	27,874	0.1	2.7	(4.2)	(1.0)	(9.1)	7.4	6.9	8.2	
Natural Resources Police Office Retirement System	24,467	0.1	24,402	0.1	2.8	(4.2)	(1.0)	(9.2)				
Municipal Model A (I)	68,337	0.3	175,675	0.8	2.8	(3.4)	(0.1)	(8.0)	8.0	7.3		
Municipal Model B (I)	2,287	0.0	2,253	0.0	2.7	(6.7)	(3.0)	(16.9)	1.9			
Insurance Assets	3,007,901	13.1	2,917,674	13.0								
Workers' Compensation Old Fund	881,990	3.8	825,882	3.7	1.4	(5.4)	(2.6)	(13.2)	1.8	2.7	3.8	
Workers' Comp. Self-Insured Guaranty Risk Pool	35,691	0.1	34,641	0.1	1.4	(5.0)	(2.3)	(12.3)	2.3	3.0	4.2	
Workers' Comp. Self-Insured Security Risk Pool	48,590	0.2	46,549	0.2	1.4	(5.0)	(2.3)	(12.3)	2.3	2.9		
Workers' Comp. Uninsured Employers' Fund	15,559	0.1	15,352	0.1	1.4	(5.0)	(2.3)	(12.3)	2.2	2.8	4.0	
Pneumoconiosis	207,487	0.9	197,162	0.9	1.5	(5.0)	(2.3)	(12.4)	2.3	2.9	4.2	5.2
Board of Risk & Insurance Management	175,463	8.0	170,453	0.8	1.4	(5.0)	(2.3)	(12.4)	2.3	3.0	4.2	
Public Employees' Insurance Agency	134,812	0.6	134,742	0.6	1.1	(5.4)	(2.6)	(12.7)	1.6	2.6	4.0	
WV Retiree Health Benefit Trust Fund	1,508,309	6.6	1,492,893	6.6	2.8	(4.2)	(1.0)	(9.2)	7.4	6.9	8.4	
Endowment Assets	1,154,825	5.0	1,117,370	5.0								
Berkeley County Development Authority	7,886	0.0	7,806	0.0	2.8	(4.2)	(1.0)	(9.2)	7.4	6.9		
Wildlife Fund	73,641	0.3	68,966	0.3	2.8	(4.2)	(1.0)	(9.2)	7.3	6.9	8.4	8.2
WV State Parks and Recreation Endowment Fund	14,770	0.1	20,742	0.1	2.7	(3.6)	(0.5)	(8.5)		0.0	5.1	J
Revenue Shortfall Reserve Fund	329,802	1.4	315.632	1.4	0.0	(7.2)	(4.4)	(13.2)	(2.3)	0.2	0.8	
Revenue Shortfall Reserve Fund - Part B	498,719	2.2	479,399	2.1	1.0	(6.9)	(3.9)	(15.1)	0.2	1.8	3.3	
WV DEP Trust	10,357	0.0	10,213	0.1	3.7	(5.4)	(1.4)	(15.1)	4.4	4.2	6.8	
WV DEP Agency	219,650	1.0	214,612	1.0	1.8	(5.2)	(2.3)	(13.9)	2.5	3.1	0.0	
TT DEL rigoloy	210,000	1.0	217,012	1.0	1.0	(0.2)	(2.0)	(10.0)	2.0	0.1		



		_				Performa	ance %		Performance %							
	Asset (\$000)	%	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year	20 Year						
Investment Pools Composite	22,494,666	100.00														
Portable Alpha Composite +/- S&P 500 Index	4,915,657	21.85	7.37 (0.73)	(5.94) (0.08)	2.89 0.07	(14.32) 0.29										
Large Cap Domestic Equity Composite +/- S&P 500 Index	313,443	1.39	7.92 (0.18)	(5.95) (0.09)	2.76 (0.06)	(14.75) <i>(0.14)</i>	10.23 <i>0.02</i>	10.00 <i>(0.44)</i>	12.70 <i>(</i> 0.09)	9.78 (0.03)						
Non-Large Cap Domestic Equity Composite +/- Russell 2500 Index	1,006,268	4.47	13.11 <i>3.5</i> 2	1.04 <i>4.52</i>	12.17 <i>5</i> .66	(14.48) 3.10	8.92 <i>0.</i> 98	7.71 <i>0.64</i>	10.79 <i>0.0</i> 9	10.77 <i>0</i> .23						
International Equity Composite +/- MSCI AC World ex US IMI Index (b)	3,918,952	17.42	2.79 (0.25)	(10.16) 0.08	(8.58) <i>(1.75)</i>	(25.10) (0.30)	(0.52) 0.48	(0.50) (0.40)	4.69 <i>0.80</i>	7.43 0.63						
Fixed Income Composite +/- Bloomberg Universal (c)	3,197,970	14.22	(1.18) <i>(0.08)</i>	(6.45) 1.37	(4.85) 0.65	(14.90) <i>0.89</i>	(2.57) 1.00	0.23 <i>0.65</i>	1.74 0.72	3.85 <i>0.5</i> 9						
Core Fixed Income Composite +/- Bloomberg US Aggregate	951,313	4.23	(1.47) (0.17)	(7.49) 0.74	(5.67) 0.32	(14.56) 1.12	(2.77) 1.00	0.25 <i>0.79</i>	1.37 <i>0.63</i>							
Total Return Fixed Income Composite (j) +/- Bloomberg Universal	2,246,657	9.99	(1.06) <i>0.04</i>	(6.01) 1.81	(4.50) 1.00	(15.06) 0.73	(2.51) 1.06	0.20 <i>0.62</i>	1.90 <i>0.88</i>	4.22 0.83						
TIPS Composite +/- Bloomberg US TIPS	414,888	1.85	1.28 <i>0.04</i>	(7.93) 0.04	(3.92) 0.05	(11.43) 0.04	1.22 0.10	2.24 0.08	1.05 <i>0.03</i>							
Cash Composite +/- FTSE 3 Month US T-Bill (d)	96,515	0.43	0.23 (0.02)	0.60 0.01	0.72 0.02	0.84 <i>(</i> 0.04)	0.51 <i>(</i> 0.09)	1.08 <i>(0.08)</i>	0.68 (0.02)	1.31 (0.02)						
Private Equity Composite +/- Russell 3000 + 3% (e, f)	2,715,345	12.07	0.03 (8.42)	(0.11) 4.64	(0.11) <i>(4.47)</i>	7.55 21.07	26.19 13.41	23.90 11.03	18.48 2.94							
Real Estate Composite +/- NCREIF + 1% (e)	2,481,977	11.03	0.29 <i>0.02</i>	(1.08) <i>(</i> 3.67)	(0.59) (4.35)	12.05 <i>(</i> 8.59)	8.53 (2.59)	8.42 <i>(1.36)</i>	9.25 <i>(1.36)</i>							
Hedge Fund Composite +/- HFRI FOF + 1% (g)	2,549,833	11.34	(0.32) (1.27)	0.47 0.28	0.60 <i>(</i> 0.43)	0.58 6.57	6.44 1.10	5.15 1.09	5.13 1.20							
Private Credit & Income Composite +/- CS Leveraged Loan + 2% (e, k)	883,818	3.93	2.69 1.68	(1.19) <i>(1.87)</i>	0.15 (2.56)	6.82 6.85	7.08 2.51	6.74 1.70								



	Equity Actual % Stra	itegy% A		Income Strategy %	Private Actual %	. ,		Estate Strategy %	Private Cred		Hedge Actual %		Cas Actual % S	
Pension Assets														
Public Employees' Retirement System	47.5	50.0	10.8	15.0	13.5	10.0	12.4	10.0	4.4	5.0	11.1	10.0	0.3	0.0
Teachers' Retirement System	47.6	50.0	10.7	15.0	13.6	10.0	12.4	10.0	4.4	5.0	11.1	10.0	0.2	0.0
EMS Retirement System	47.3	50.0	11.1	15.0	13.5	10.0	12.3	10.0	4.4	5.0	11.0	10.0	0.4	0.0
Public Safety Retirement System	47.6	50.0	10.6	15.0	13.6	10.0	12.5	10.0	4.4	5.0	11.2	10.0	0.1	0.0
Judges' Retirement System	47.3	50.0	11.0	15.0	13.5	10.0	12.3	10.0	4.4	5.0	11.0	10.0	0.5	0.0
State Police Retirement System	47.3	50.0	11.2	15.0	13.5	10.0	12.3	10.0	4.4	5.0	11.0	10.0	0.3	0.0
Deputy Sheriffs' Retirement System	47.4	50.0	11.1	15.0	13.5	10.0	12.4	10.0	4.4	5.0	11.1	10.0	0.1	0.0
Municipal Police & Firefighter Retirement System	47.2	50.0	11.2	15.0	13.3	10.0	12.2	10.0	4.3	5.0	10.9	10.0	0.9	0.0
Natural Resources Police Office Retirement System	47.3	50.0	11.1	15.0	13.5	10.0	12.3	10.0	4.4	5.0	11.0	10.0	0.4	0.0
Municipal Model A	47.9	50.0	10.6	15.0	13.4	10.0	12.3	10.0	4.4	5.0	11.0	10.0	0.4	0.0
Municipal Model B	52.9	55.0	41.5	45.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.6	0.0
Insurance Assets														
Workers' Compensation Old Fund	30.1	30.0	48.6	50.0	0.0	0.0	0.0	0.0	0.0		17.1	15.0	4.2	5.0
Workers' Comp. Self-Insured Guaranty Risk Pool	29.7	30.0	42.7	45.0	0.0	0.0	0.0	0.0	0.0		22.6	20.0	5.0	5.0
Workers' Comp. Self-Insured Security Risk Pool	29.8	30.0	42.8	45.0	0.0	0.0	0.0	0.0	0.0		22.7	20.0	4.7	5.0
Workers' Comp. Uninsured Employers Fund	29.4	30.0	42.6	45.0	0.0	0.0	0.0	0.0	0.0		22.5	20.0	5.5	5.0
Pneumoconiosis	29.9	30.0	42.9	45.0	0.0	0.0	0.0	0.0	0.0		22.7	20.0	4.5	5.0
Board of Risk & Insurance Mgmt.	29.7	30.0	42.6	45.0	0.0	0.0	0.0	0.0	0.0		22.6	20.0	5.1	5.0
Public Employees' Insurance Agency	24.5	25.0	52.9	55.0	0.0	0.0	0.0	0.0	0.0		22.6	20.0	0.0	0.0
WV Retiree Health Benefit Trust Fund	47.3	50.0	11.3	15.0	13.5	10.0	12.4	10.0	4.4	5.0	11.1	10.0	0.0	0.0
Endowment Assets														
Berkeley County Development Authority	47.3	50.0	11.3	15.0	13.5	10.0	12.4	10.0	4.4	5.0	11.1	10.0	0.0	0.0
Wildlife Fund	47.5	50.0	10.7	15.0	13.6	10.0	12.4	10.0	4.4	5.0	11.1	10.0	0.3	0.0
WV State Parks and Recreation Endowment Fund	46.6	50.0	10.5	15.0	12.4	10.0	11.4	10.0	4.0	5.0	10.2	10.0	4.9	0.0
Revenue Shortfall Reserve Fund	0.0	0.0	100.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Revenue Shortfall Reserve Fund - Part B	22.6	22.5	77.4	77.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WV DEP Trust	64.2	65.0	13.3	15.0	0.0	0.0	0.0	0.0	0.0	0.0	22.5	20.0	0.0	0.0
WV DEP Agency	39.7	40.0	37.7	40.0	0.0	0.0	0.0	0.0	0.0	0.0	22.6	20.0	0.0	0.0



- (a) As of January 2019, the PERS Base is 60% MSCI ACWI Gross and 40% Bloomberg Universal. From January 2014 to December 2018, the PERS Base was 30% Russell 3000, 30% MSCI ACWI ex USA (IMI), and 40% Bloomberg Universal. From April 2008 to December 2013, the PERS Base was 30% Russell 3000, 30% MSCI ACWI ex USA (Standard), and 40% Bloomberg Universal. Prior periods were 42% Russell 3000, 18% MSCI ACWI ex USA, and 40% Bloomberg US Aggregate.
- (b) Prior to January 2014, the index was the MSCI ACW ex USA (Standard).
- (c) Prior to April 2008, the index was Bloomberg US Aggregate.
- (d) Prior to January 2014, the index was FTSE 3 Month US T-Bill plus 15 basis points.
- (e) Private Equity, Real Estate, and Private Credit & Income consist primarily of private market investments. The time lag in determining the fair value of these investments makes the comparison to their public market benchmarks less meaningful over shorter time periods.
- (f) Prior to January 2014, the index was S&P 500 plus 500 basis points.
- (g) Prior to January 2014, the index was Libor plus 400 basis points.
- (h) As of July 2019, the Franklin Benchmark is 50% JPM EMBI Global Diversified ex GCC and 50% JPM GBI EM Diversified. Prior periods were 50% JPM EMBI Global Diversified and 50% JPM GBI EM Diversified.
- (i) Prior to April 2008, the index was a custom index.
- (j) From October 2015 to March 2017, performance returns from the Opportunistic Income Pool were included in the Total Return Fixed Income Composite.
- (k) Prior to April 2017, the index was CS Leveraged Loan plus 250 basis points.
- (I) In July 2020 the municipal plan potential investment models were condensed to Model A and Model B. The June 30, 2020 asset values for Model C and Model D are included in Model A. Model B was formerly Model F.
- (m) From September 2021 to September 2022, the index was S&P 500 Index 2.5x minus 3 Month Libor minus 15 basis points. From January 2021 to August 2021, the index was S&P 500 Index 2.2x minus 3 Month Libor minus 15 basis points. Prior to January 2021, the index was S&P 500 Index 2.5x minus 3 Month Libor minus 15 basis points.

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



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WEST VIRGINIA OFFICES OF THE INSURANCE COMMISSIONER

Allan L. McVey Insurance Commissioner

Status Report:

Workers' Compensation

Joint Committee on Government & Finance

November 2022

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Introduction

The passage of S.B. 1004 in January 2005 brought significant changes to workers' compensation insurance in West Virginia. The State-administered monopolistic system effectively ended when a new, legislatively created domestic mutual insurance company, "BrickStreet", was formed to thereafter issue workers' compensation insurance. BrickStreet began writing new workers' compensation insurance policies in January 2006 (Brickstreet also retained the workers' compensation insurance premium and incurred liability starting in July 2005). The West Virginia workers' compensation insurance market was further privatized and opened to full competition beginning in July 2008.

When Brickstreet was formed 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. This legacy liability was retained by the State of West Virginia in what is known as the "Old Fund." The Old Fund consists of all historical claims with dates of injuries or last exposure through June 30, 2005. In addition to the following sections that specifically reference other "funds," the "private market," or the "self-insured" community (which began in July 2004), this report to the Joint Committee on Government & Finance concerns the workers' compensation legacy liability of the State of West Virginia, i.e., the Old Fund.

As of January 2008, there were 47,961 active Old Fund workers' compensation insurance claims. In December 2020, the number of active claims fell to less than 10,000 for the first time and, as of October 2022, there were 7,645 active 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 Insurance Commissioner by the Legislature.

¹ As a result of their merger, Motorists Insurance Group and BrickStreet Mutual Insurance Co. are now the **Encova Mutual Insurance Group**.

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.

<u>Claim Reserve:</u> 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.

<u>Coal Workers' Pneumoconiosis Fund (CWP):</u> State managed fund into which FBL premiums previously 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.

FBL Awarded Claim: an FBL claim that has been awarded but has not yet been accepted by the responsible operator/insurer

FBL Claim Notice: an FBL claim for which not initial decision has yet been made, but evidence in the claims indicates the potential for an award

<u>FBL Non-active Claim:</u> an FBL claim for which an award had been sought but was not afforded. Federal statues permit an appeal process which lasts for 1 year, so the claim would be reopened for consideration upon appeal. Denied FBL claims are closed administratively after 6 months, as the TPA's bill for claims management services monthly on an open claims basis.

FBL Paying Claim: an FBL claim for which an award has been made and the responsible operator/insurer has accepted liability. Payments are being made to the claimant or dependents.

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

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

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.)

Old Fund: The residual assets and liabilities of the former Worker's Compensation Fund are now reported in a fund known as the Workers' Compensation Old Fund. Disbursements from the Old Fund are related to the liabilities and appropriate administrative expenses necessary for the administration of all claims, actual and incurred but not reported, for any claims with a date of injury on or before June 30, 2005.

<u>OP/OD</u>: 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.

<u>Protest (OOJ)</u>: 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.

<u>PPD</u>: (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.

<u>PTD:</u> (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.

<u>Self-Insured:</u> 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.

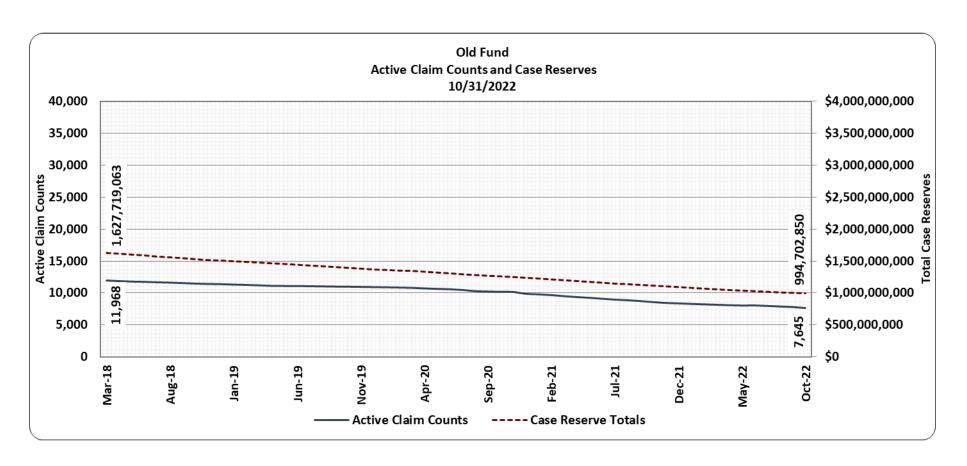
<u>Self-Insured Guaranty Fund:</u> State managed fund consisting of those funds transferred to it from the guaranty pool created pursuant to 85 CSR §19 (2004) and any future funds collected through continued administration of that exempt legislative rule as administered by the WVOIC and out of which workers' compensation benefits may be paid. Covers claims liabilities of bankrupt or defaulted self-insured employers with dates of injury or last exposure <u>after</u> 07/01/2004.

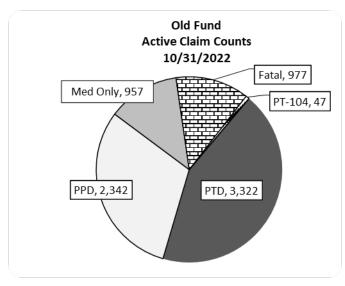
<u>Self-Insured Security Fund:</u> State managed fund consisting of those funds paid into it thru the WVOIC's administration of 85 CSR §19 (2004), and out of which workers' compensation benefits may be paid. Covers claims liabilities of bankrupt or defaulted self-insured employers with dates of injury or last exposure <u>before</u> 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.

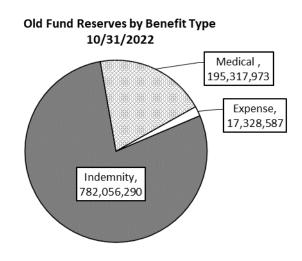
<u>TPD:</u> (Temporary Partial Disability) also referred to as TPR, is paid when an injured worker is released to return to work with restrictions or modifications that restrict, he/she from obtaining their pre-injury wages. The TPD benefit is paid at seventy percent of the difference between the average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

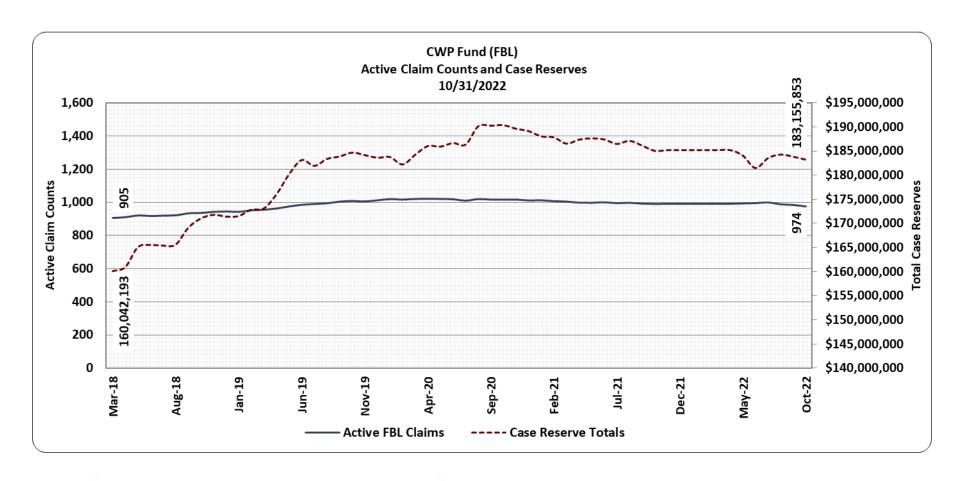
<u>TTD:</u> (Temporary Total Disability) an inability to return to substantial gainful employment requiring skills or activities comparable to those of one's previous gainful employment during the healing or recovery period after the injury. In order to receive TTD benefits, the injured worker must be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

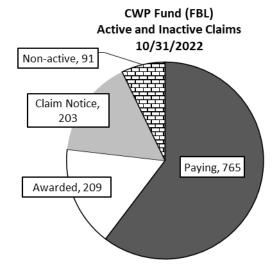
<u>Uninsured Fund:</u> State managed fund into which assessments to carriers or employers received are held, and out of which workers' compensation benefits may be paid to claimant employees of employers who were uninsured if the date of injury or date of last exposure is January 1, 2006 or later.

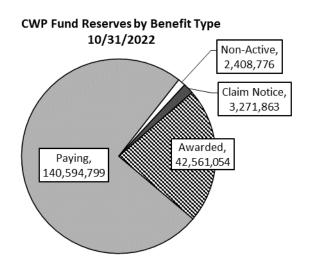


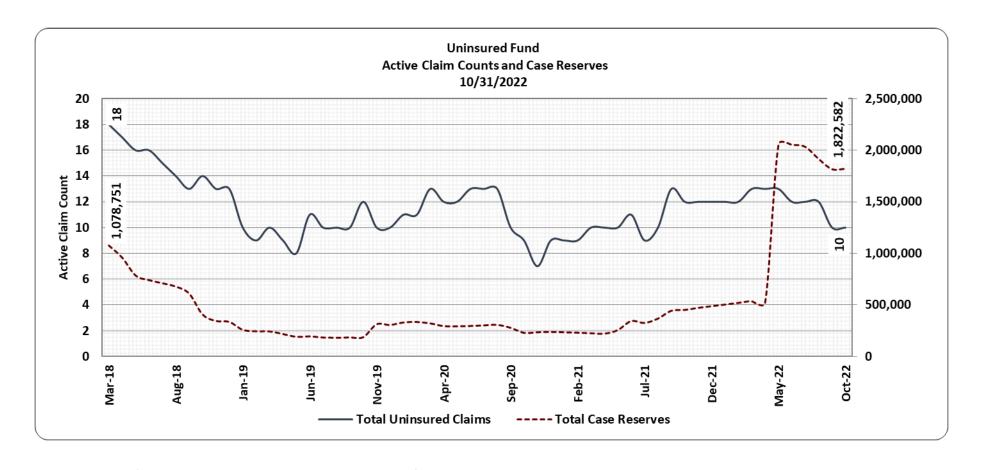


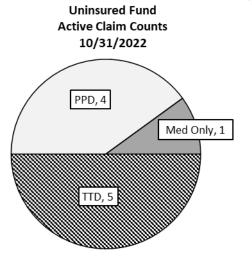


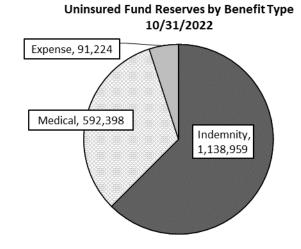


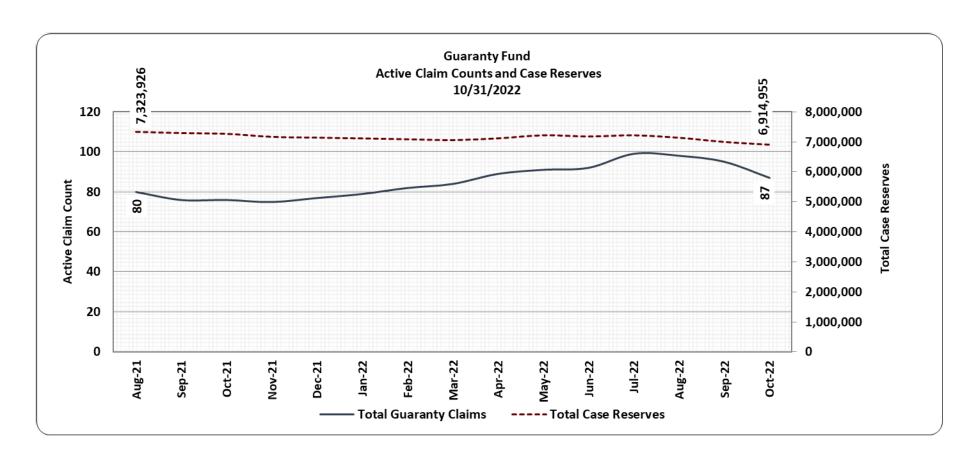


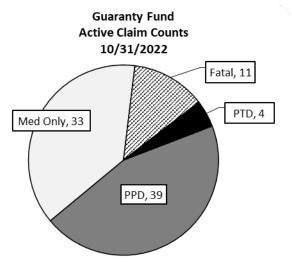


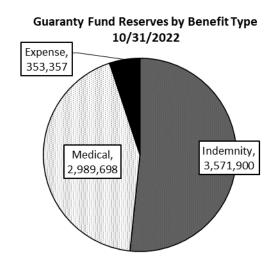


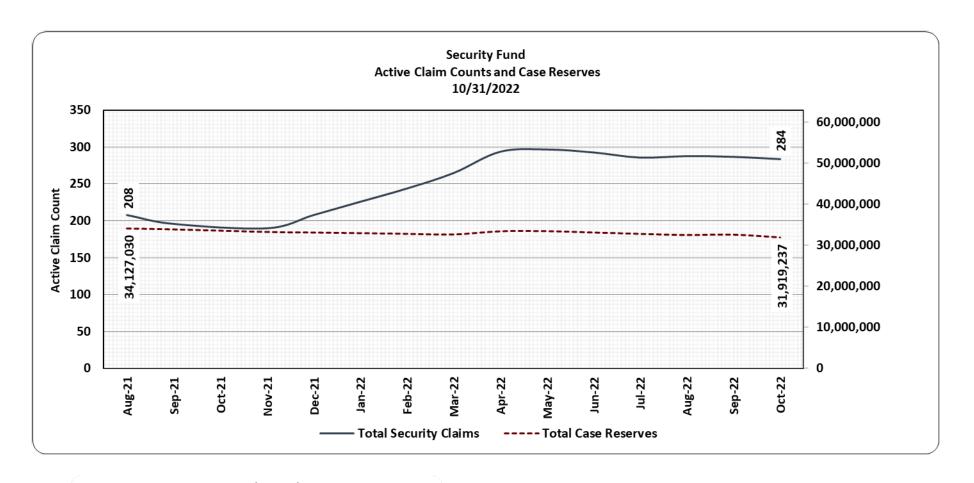


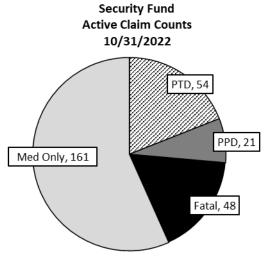


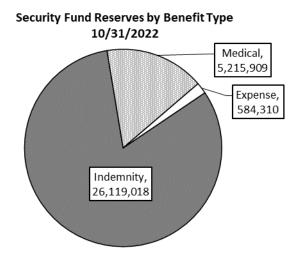












OLD FUND CASH STATEMENT OCTOBER 31, 2022

Three Year History for years ended:

Cash Beginning Balances	YTD FY2023 919,242,416	YTD FY2022 1,080,592,100	Change (161,349,685)	FY2022 1,080,592,100	FY2021 993,229,138	FY2020 1,077,104,966
Revenues	919,242,410	1,000,592,100	(101,349,005)	1,000,592,100	993,229,130	1,077,104,900
Personal Income Tax	_	_	_	_	_	_
Severance Tax	_	_	_	_	_	_
Debt Reduction Surcharge	_	-	-	-	_	-
Self-Insured Debt Reduction Surcharge	_	-	-	-	_	-
Video Lottery	-	-	-	-	-	-
Employer Premium	11,386	202,700	(191,315)	238,786	189,298	138,119
Other Income - Return of Unclaimed Property	-	-	-	-	-	-
Operating Revenues	11,386	202,700	(191,315)	238,786	189,298	138,119
Investment / Interest Earnings (Losses)	(70,029,787)	6,250,011	(76,279,797)	(52,668,067)	187,370,470	48,614,936
Total Revenues	(70,018,401)	6,452,711	(76,471,112)	(52,429,280)	187,559,768	48,753,055
·	(70,010,401)	0,452,711	(10,411,112)	(52,429,200)	101,555,100	40,755,055
Expenditures						
Claims Benefits Paid:	E 204 274	E 404 400	40 404	44 500 440	40 500 077	04 444 007
Medical	5,204,371	5,164,190	40,181	14,588,442	16,509,277	21,141,087
Permanent Total Disability Permanent Partial Disability	19,566,350 27,691	21,808,465 91,243	(2,242,115)	63,031,618 163,078	69,561,392 112,956	75,310,561 70,989
Temporary Disability	27,091	51,243	(63,551)	103,076	112,950	70,969 (486)
Fatals	5,396,863	5,832,271	(435,408)	17,124,757	18,386,146	19,297,908
104 weeks death benefit	1,644,770	1,806,446	(161,676)	6,011,709	6,353,928	5,474,959
Settlements	954,651	717,741	236,910	2,382,067	2,708,581	4,452,419
Loss Adjustment Expenses	463,164	637,346	(174,182)	1,284,295	1,095,241	1,603,551
Total	33,257,860	36,057,701	(2,799,841)	104,585,967	114,727,520	127,350,987
Less: Claims credits and overpayments	140,444	90,646	49,798	454,800	334,334	982,782
Total Benefits Paid	33,117,416	35,967,055	(2,849,639)	104,131,167	114,393,187	126,368,205
Administrative Expenses	871,388	937,526	(66,138)	4,789,237	5,803,619	6,260,679
Total Expenditures	33,988,805	36,904,581	(2,915,776)	108,920,405	120,196,805	132,628,883
Excess (Deficiency) of Revenues over Expenditures	(104,007,206)	(30,451,870)	(73,555,335)	(161,349,685)	67,362,963	(83,875,828)
Transfer from Operating Fund	-	-			20,000,000	
Cash Ending Balances	815,235,210	1,050,140,230	(234,905,020)	919,242,416	1,080,592,100	993,229,138

Note: The purpose of this report is to enhance the user's ability to monitor the cash activities of the Old Fund. The Old Fund assets consist of cash and investments with the WV Investment Management Board. Investment earnings are presented in the month in which the State Treasurer records the earnings in the statewide accounting system, wvOASIS. 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, 2022

Three Year History for years ended:

	Cash Beginning Balances	YTD FY2023 215,931,727	YTD FY2022 246,613,162	Change (30,681,436)	FY2022 246,613,162	FY2021 220,914,521	FY2020 232,485,887
Revenues Investment Earnings (Losses)	I.D.	(15,649,840)	1,411,219	(17,061,059)	(11,131,323)	43,567,242	9,366,126
Other Income - Return of Unclaime	а Ргорегту	-	-	-	-	-	-
	Total Revenues	(15,649,840)	1,411,219	(17,061,059)	(11,131,323)	43,567,242	9,366,126
Expenditures							
Claims Benefits Paid:		000 400	0.007.407	(4.047.000)	0.000.050	5 407 450	7.544.000
Medical		989,409	2,237,107	(1,247,699)	6,033,252	5,107,159	7,541,269
PTD and Fatal Indemnity		3,009,593	2,919,183	90,410	9,518,418	8,726,207	8,899,722
Settlements		4 500 000	4 000 074	(50.400)	1,837	-	-
Loss Adjustment Expenses		1,568,929	1,628,054	(59,126)	3,513,844	3,343,071	3,933,266
Total		5,567,931	6,784,345	(1,216,414)	19,067,350	17,176,438	20,374,258
Less: Claims Credits and Overpayn	nents	40,724	48,324	(7,600)	387,376	94,896	360,474
Total Benefits Paid		5,527,207	6,736,021	(1,208,814)	18,679,974	17,081,541	20,013,784
Administrative Expenses		103,268	276,231	(172,963)	870,138	787,060	923,707
	Total Expenditures	5,630,475	7,012,252	(1,381,776)	19,550,112	17,868,601	20,937,491
Excess (Deficiency) of F	Revenues over Expenditures	(21,280,315)	(5,601,032)	(15,679,283)	(30,681,436)	25,698,641	(11,571,365)
	Cash Ending Balances	194,651,412	241,012,130	(46,360,717)	215,931,727	246,613,162	220,914,521

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. Assets of the CWP Fund are invested with the WV Investment Management Board. The investment earnings are presented in the month in which the State Treasurer records the earnings. 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, 2022

Three Year History for years ended:

Cash Beginning Balances	YTD FY2023 37,187,942	YTD FY2022 39,659,496	Change (2,471,554)	FY2022 39,659,496	FY2021 33,724,356	FY2020 33,373,873
Revenues Cash Beginning Balances	37,107,942	39,039,490	(2,471,554)	39,039,490	33,724,356	33,373,073
Guaranty Risk Pool Assessments	5,000	_	5,000	10,000	_	_
Collateral Proceeds	-	-	-	-	_	-
Investment Earnings (Losses)	(2,702,974)	220,128	(2,923,102)	(1,884,585)	6,763,880	1,367,274
Total Revenues	(2,697,974)	220,128	(2,918,102)	(1,874,585)	6,763,880	1,367,274
Expenditures Claims Benefits Paid: Medical Permanent Total Disability	67,051 18,299	71,106 21,239	(4,055) (2,940)	178,127 63,717	280,185 89,242	346,473 102,389
Permanent Partial Disability	21,090	48,881	(27,791)	83,562	91,922	225,842
Temporary Disability Fatals 104 Weeks Death Benefit	- 68,999 2,940	- 68,999 -	- - 2,940	206,996 -	206,996 -	223,506 -
Settlement Agreements	18,000	62,000	(44,000)	62,000	39,699	10,000
Non Awarded Partial Disability Loss Adjustment Expenses	- 44,762	9,858	34,904	31,743	52,455	76,110
Total Less: Claims Credits and Overpayments	241,141 9	282,083 25,544	(40,942) (25,535)	626,144 53,649	760,498 150	984,319 45,480
Total Benefits Paid	241,132	256,538	(15,407)	572,495	760,348	938,840
Administrative Expenses	(2,112)	12,129	(14,241)	24,473	68,392	77,951
Total Expenditures	239,020	268,667	(29,648)	596,968	828,740	1,016,791
Excess (Deficiency) of Revenues over Expenditures	(2,936,994)	(48,540)	(2,888,454)	(2,471,554)	5,935,140	350,483
Cash Ending Balances	34,250,949	39,610,956	(5,360,008)	37,187,942	39,659,496	33,724,356

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 assets of the Self-insured Guaranty Risk Pool are invested with the WV Investment Management Board. Investment earnings are presented in the month in which the State Treasurer records the earnings in the statewide accounting system, wvOASIS. The Self Insured Guaranty Cash Statement is unaudited information.

SELF-INSURED SECURITY RISK POOL OCTOBER 31, 2022

Three Year History for years ended:

		YTD FY2023	YTD FY2022	Change	FY2022	FY2021	FY2020
Cash Beginning Baland	ces	50,605,643	55,995,948	(5,390,305)	55,995,948	49,568,499	50,905,481
Revenues							
Security Risk Pool Assessments		-	-	-	-	-	-
Collateral Proceeds		(0.000.400)	-	(0.004.070)	- (0.700.004)	-	-
Investment Earnings (Losses)		(3,668,139)	313,114	(3,981,253)	(2,592,281)	9,805,453	2,087,341
	Total Revenues _	(3,668,139)	313,114	(3,981,253)	(2,592,281)	9,805,453	2,087,341
Expenditures							
Claims Benefits Paid:							
Medical		288,450	159,427	129,023	585,099	531,814	549,908
Permanent Total Disability		370,547	402,466	(31,919)	1,177,138	1,250,688	1,379,159
Permanent Partial Disability		8,906	-	8,906	11,540	4,243	(60)
Temporary Disability		-	-	-	-	-	-
Fatals		302,012	280,121	21,891	838,483	918,152	979,631
104 Weeks Death Benefit		8,738	29,630	(20,892)	50,458	171,468	78,073
Settlement Agreements		-	30,750	(30,750)	61,325	315,463	162,665
Loss Adjustment Expenses		21,340	17,853	3,486	36,980	73,223	118,818
Total		999,993	920,248	79,745	2,761,024	3,265,052	3,268,194
Less: Claims Credits and Overpayment	S	38,580	1,105	37,475	31,348	84,004	102,299
Total Benefits Paid	_	961,412	919,143	42,270	2,729,676	3,181,048	3,165,895
Administrative Expenses		(9,730)	35,332	(45,062)	68,348	196,956	258,428
То	tal Expenditures _	951,682	954,475	(2,792)	2,798,024	3,378,004	3,424,323
Excess (Deficiency) of Revenues ov	ver Expenditures	(4,619,821)	(641,360)	(3,978,461)	(5,390,305)	6,427,449	(1,336,982)
Cash I	Ending Balances _	45,985,822	55,354,588	(9,368,766)	50,605,643	55,995,948	49,568,499

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 assets of the Self-insured Security Risk Pool are invested with the WV Investment Management Board. Investment earnings are presented in the month in which the State Treasurer records the earnings in the statewide accounting system, wvOASIS. The Self Insured Security Cash Statement is unaudited information.

UNINSURED EMPLOYERS FUND OCTOBER 31, 2022

Three Year History for years ended:

	Cash Beginning Balances	YTD FY2023 16,195,294	YTD FY2022 16,844,759	Change (649,465)	FY2022 16,844,759	FY2021 13,817,714	FY2020 13,211,915
Revenues Fines and Penalties		163,986	118,349	45,637	341,220	322,680	385,577
Investment Earnings (Losses)		(1,181,258)	84,714	(1,265,971)	(828,855)	2,767,995	517,439
	Total Revenues _	(1,017,272)	203,063	(1,220,334)	(487,635)	3,090,675	903,016
Expenditures							
Claims Benefits Paid:							
Medical		17,871	2,468	15,403	118,279	2,096	7,169
Permanent Total Disability		-	-	-	-	-	-
Permanent Partial Disability		4,845	533	4,311	6,929	-	15,617
Temporary Disability		-	38,065	(38,065)	64,151	3,048	22,059
Fatals		-	8,534	(8,534)	19,201	25,601	37,816
104 Weeks Death Benefit		-	-	-	-	-	-
Settlement Agreements		17,000	-	17,000	22,000	44,276	82,000
Loss Adjustment Expenses		14,292	10,244	4,048	39,974	26,492	46,867
Total		54,007	59,843	(5,836)	270,534	101,513	211,528
Less: Employer Reimburseme		33,997	-	33,997	-	-	<u>-</u>
Less: Claims Credits and Over	payments	-	6,230	(6,230)	116,115	42,742	7,535
Total Benefits Paid		20,010	53,614	(33,604)	154,419	58,770	203,993
Administrative Expenses		477	2,100	(1,623)	7,410	4,860	93,224
	Total Expenditures _	20,487	55,714	(35,227)	161,829	63,630	297,217
Excess (Deficiency) of F	Revenues over Expenditures _	(1,037,758)	147,349	(1,185,107)	(649,465)	3,027,045	605,799
	Cash Ending Balances	15,157,536	16,992,108	(1,834,572)	16,195,294	16,844,759	13,817,714

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 assets of the UEF are invested with the WV Investment Management Board. Investment earnings are presented in the month in which the State Treasurer records the earnings in the statewide accounting system, wvOASIS. 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

BOARD OF TREASURY INVESTMENTS

CALENDAR NOTE

Board Meeting January 26, 2023

OPERATING REPORT OCTOBER 2022

Board of Treasury Investments

315 70th Street, SE Charleston WV 25304 (304) 340-1564 www.wvbti.com

Board of Directors

Riley M. Moore, State Treasurer, Chairman

James C. Justice II, Governor

John B. McCuskey, State Auditor

Patrick M. Smith, CPA Appointed by the Governor

Mark A. Mangano, Esq. Attorney Appointed by the Governor

Executive Staff

Executive
Director
Kara K. Hughes,
CPA, MBA, CFE,
CGIP

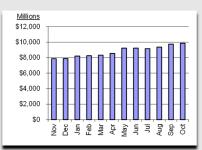
Chief Financial Officer Karl Shanholtzer, CFA, CPA, CIA

Total Net Assets Under Management

\$9,855,079,000

Last Month \$9,749,112,000

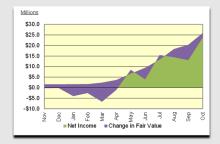
Beginning of Fiscal Year \$9,234,695,000



Net Assets for the Past 12 Months

Total Net Income & Changes in Fair Value

Fiscal Year \$66,752,000



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

Money Market Pools

As of October 31, 2022

<u>Pool</u>	30-Day Avg. Yield *	<u>W.A.M.</u> **	Net Assets
WV Money Market	3.2379%	14 Days	\$8.8 Billion
WV Gov't Money Market	3.0282%	19 Days	\$276.3 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 OCTOBER 2022

Stock Market Improves Performance

Mixed Signals

The stock market pendulum swung back in October with the S&P 500 Index returning a strong +8.1% on the heels of a very negative September. More notably, the technology-light Dow Jones Industrial Average (+14.1%) had its best month since 1976 as energy, industrial and financial stocks materially outperformed. While stock investors looked optimistically ahead to a time of softer inflation and less severe interest rate hikes, bond investors were left bracing for the impact of the Fed's two remaining meetings this year. Higher yields across the curve resulted in more pain for most bond sectors, with the major bond indices pushing further into the red year to date.

Stocks

The divergence between growth stocks (+5.8%) and value stocks (+10.3%) in October was again notable. A number of the mega-cap tech behemoths (Alphabet, Amazon, Meta and Microsoft) delivered disappointing third quarter earnings and offered gloomier earnings outlooks. Meanwhile, much focus remains on the transition of market leadership to major energy conglomerates, including ExxonMobil and its recordbreaking quarterly profit in Q3. Higher interest rates and oil prices continue to fuel the outperformance of energy stocks, which have bested the returns of the communications services sector by over 100% year-to-date, on pace for widest sector performance spread in the history of the S&P 500 Index.

Meanwhile, despite the combination of political and economic turmoil abroad, developed non-U.S. markets were positive in the month (+5.4%). Emerging markets (-3.1%) again lagged the U.S. markets by a wide margin as Chinese equities continue to suffer and pulled down the index.

Bonds

With another 75-basis point Fed rate hike posted in after the close of the month; bond markets continued to reel. The U.S. Aggregate (-1.3%) is now down over 15% year-to-date. TIPS (+1.2%) had a better month but are still down double-digits for the year. And, as yet another testament to the confounding year that has been 2022, the high yield index (-12.5%) is outperforming the Treasury index (-14.3%) year-to-date. From a glass half full perspective, while meaningful cracks in the credit markets have not yet appeared, markets seem to feel comfortable with the higher yields available in credit, despite recessionary fears. In addition, the higher yield available in the market is also a long term positive, but the pain of getting there has been real.

Looking Ahead

Despite a consensus that the Fed would (and did) hike rates by 0.75% for a fourth consecutive meeting in November, there remains little consensus on what will happen next and where the terminal interest rate will land. The notion of a lagged effect on the economy from rate hikes, while difficult to measure or time, is generally accepted. The futures market repriced a higher terminal rate after Chairman Powell's press conference, where he said it was premature to talk about pausing or pivoting rate increases. As mentioned, it is reasonable to conclude that much of the improved stock market performance in October was attributable to the prospect of less aggressive monetary policy and/or the possibility that we will finally get better news on inflation. Like the Fed, investors continue to pour over the incoming data and wait for proof that hope is becoming fact.

West Virginia Board of Treasury Investments Financial Highlights as of October 31, 2022

WV Short Term Bond Pool

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

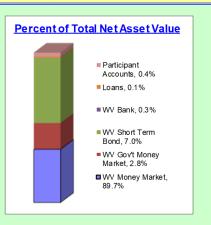
	Net Assets At Oct 31
<u>Return</u>	(In Millions)
(4.2%)	\$ 685.2
0.5%	\$ 829.1
3.9%	\$ 815.3
5.2%	\$ 821.0
1.3%	\$ 714.2
	(4.2%) 0.5% 3.9% 5.2%

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



Summary of Value and Earnings (In Thousands)

Pool	Net Asset Value	Oct Net Income (Loss)	Ne	scal YTD t Income (Loss)
WV Money Market	\$ 8,837,803	\$ 24,067	\$	71,483
WV Gov't Money Market	276,316	697		1,956
WV Short Term Bond	685,237	(970)		(7,060)
WV Bank	65	0		9
Loans	13,362	9		265
Reserve	0	0		73
Participant Accounts	42,296	8		25
	\$ 9,855,079	\$23,811	\$	66,751



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



WEST VIRGINIA BOARD OF TREASURY INVESTMENTS SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION – UNAUDITED OCTOBER 31, 2022

(In Thousands)

	(IN THOUSANDS)											
	WV Money		Government ney Market	WV Short Term Bond	wv	Bank				cipant cted		
	Market Pool		Pool	Pool	P	ool	Oth	er Pools	Acc	ounts	Tot	al
Assets Investments:												
At amortized cost	\$ 8,838,419	\$	276,224	\$ -	\$	66	\$	13,356	\$	-	\$ 9,128	3,065
At fair value	-		-	681,917		-		-	4	2,244		1,161
Other assets	10,226		148	3,885		-		9		53	_	1,321
Total assets	8,848,645		276,372	685,802		66		13,365	4	2,297	9,866	5,547
Liabilities												
Accrued expenses, dividends payable &												
payables for investments purchased Total liabilities	10,842		56 56	565		1	_	3		1	_	1,468 1,468
Total nabilities	10,842		30	303				3	-			,408
Net Position												
Held in trust for investment pool participants	8,837,803		276,316	685,237		-		-		-	9,799	9,356
Held in trust for individual investment account holders						65		12 262	4	2,296	5.4	722
Total net position	\$ 8,837,803	\$	276,316	\$ 685,237	\$	65	\$	13,362 13,362	_	2,296	\$ 9,855	5,723
	, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		_,,,,,,,,	7 000,201			-	,	-	,,,,,,	4 7 ,000	,
Additions												
Investment income:	. 12.242		205	Ф. 1250	Φ.		Ф	0	Φ.		. 1.	
Interest and dividends Net (amortization) accretion	\$ 12,343 12,065	\$	295 414	\$ 1,358 (192)	\$	-	\$	9	\$	17 (2)		1,022 2,285
Provision for uncollectible loans	12,003		-	(192)		-		-		- (2)	12	-
Total investment income	24,408		709	1,166		_		9		15	26	5,307
Investment expenses: Investment advisor, custodian bank &												
administrative fees	341		12	46		_		_		1		400
Total investment expenses	341		12	46		-	_	-		1	-	400
Net investment income	24,067		697	1,120		-		9		14	25	5,907
Net realized gain (loss) from investments Net increase (decrease) in fair value of	-		-	(737)		-		-		-		(737)
investments	_		_	(1,353)		_		_		(6)	(1	1,359)
		-										
Net increase (decrease) in net position				(0.50)								
from operations	24,067		697	(970)		-		9		8	23	3,811
Participant transaction additions:												
Purchase of pool units by participants	1,089,446		23,941	-		-		-		-	1,113	3,387
Reinvestment of pool distributions	24,067		696	974		-		-		-	25	5,737
Contributions to individual investment accounts								1,709			1	1,709
Total participant transaction additions	1,113,513		24,637	974		-		1,709		-	1,140	
1 1			,,,,,,				-					
Total additions	1,137,580		25,334	4		-		1,718		8	1,164	1,644
Deductions												
Distributions to pool participants:												
Net investment income	24,067		697	1,120		-		-		-	25	5,884
Net realized gain (loss) from investments				(737)		-		-				(737)
Total distributions to pool participants	24,067		697	383		-		-		-	25	5,147
Participant transaction deductions:												
Redemption of pool units by participants	1,025,018		7,694	812		-		-		-	1,033	3,524
Withdrawals from individual investment												
accounts	- 1 025 010		7.604					6			1.022	6
Total participant transaction deductions	1,025,018		7,694	812				6	-		1,033	3,530
Total deductions	1,049,085		8,391	1,195		_		6		-	1,058	3,677
		-										
Net increase (decrease) in net position from	00.40.5		4.5.040	(4.404)								
operations	88,495		16,943	(1,191)		-		1,712		8	105	5,967
Inter-pool transfers in	-		-	-		_		-		_		-
Inter-pool transfers out						-				-		-
Net inter-pool transfers in (out)			-	-				-		-		
Change in net position	88,495		16,943	(1,191)		_		1,712		8	104	5,967
Net position at beginning of period	88,495 8,749,308		259,373	686,428		65		1,/12	4	8 2,288		9,112
Net position at end of period	\$ 8,837,803	\$	276,316	\$ 685,237	\$	65	\$	13,362		2,296	\$ 9,855	
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JUNE - OCTOBER 2022

West Virginia Department of Health and Human Resources (DHHR) Organization Assessment & Strategic Plan

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EXECUTIVE SUMMARY

Context and Approach

In response to the veto of House Bill 4020 (HB4020), which mandated the split of West Virginia's Department of Health and Human Resources (DHHR or "Department") into two departments, the McChrystal Team conducted a 17-week top-to-bottom assessment of the Department. The assessment consisted of 65 interviews, the collection of more than 3,400 survey responses, and extensive document review, in addition to comparative analysis of health and human services outcomes and structures in other states. While conducting this organization assessment, the McChrystal Team also facilitated strategy alignment working sessions with DHHR senior leaders to develop a department-wide strategic plan.

Findings and Insights

The organization assessment shows a compassionate and committed workforce forms the cornerstone of DHHR. At the same time, current Department operations are not driving long-term improvements in state-wide health and human services outcomes. As such, indicators and outcomes in West Virginia continue to rank among the lowest in the country.

Through the analysis of the organization assessment data and the completion of the department-wide strategic plan, three primary findings and multiple insights emerged. The quantitative and qualitative data directly informed the recommended way forward in support of DHHR employees and in service to West Virginians.



- Structure: DHHR's organizational structure needs improvements so its hard-working teams are better able to adapt to the rapidly changing environment of health and human service needs in West Virginia.
 - O Insight 1.1: Without a formal executive leadership team guiding the strategic direction of the Department, communication with senior leaders and coordination across bureaus and offices are limited.
 - O Insight 1.2: The absence of a core group of cross-bureau and cross-office connectors leads to siloed communication.
 - O Insight 1.3: The Office of the Cabinet Secretary including all administrative offices rarely seeks proactive input from the bureaus, which impacts decision-making and service delivery.
- Strategic Focus: Bureaus and offices demonstrate a commitment to driving progress, but concurrent enduring crises in West Virginia's health and human services environment increase the importance of DHHR operating from a department-wide strategic plan.
 - O Insight 2.1: The lack of a department-wide strategy results in bureau-centric priorities.
 - O Insight 2.2: The lack of a department-wide strategy also results in over-reliance on key leaders, further limiting collaboration and hindering teams' abilities to effectively deliver services.

- Operational Processes: Process inefficiencies, combined with inter-agency dependencies, create barriers to teams receiving necessary resources and lead the workforce to operate reactively.
 - O Insight 3.1: DHHR's complicated funding environment is challenged by inconsistent processes and unclear roles, creating obstacles to service delivery.
 - O Insight 3.2: Insufficient technology resources impede the processing of internal work and external service delivery.
 - O Insight 3.3: A range of pervasive workforce challenges limits the Department's ability to effectively deliver services.

To improve West Virginia's health and human services outcomes, the status quo is not an option; DHHR requires bold organizational change. Successfully executing an organizational change of this scope requires significant investment in change management. However, creating two separate departments is not the change required, as doing so would divert time, funding, and leadership's focus away from serving West Virginians. Rather than addressing the root causes of DHHR's challenges, a split would exacerbate them by shifting the focus of central office teams and bureau leaders away from improving their support to teams in the field and toward the administrative requirements of the split. This shift in focus would disrupt DHHR's ability to provide care and services to West Virginians.

Recommendations

While these challenges seem substantial, they are not insurmountable, and DHHR employees want to help the Department improve. To provide the highest likelihood of improved operations within DHHR and, ultimately, improved health and human services outcomes for West Virginians, DHHR should remain a single department and focus all improvement efforts – to both structure and process – around the strategic plan designed to address the highest priorities within West Virginia's environment. Therefore, in the following recommendations, strategic focus precedes structure.

Strategic Focus

Develop and then communicate detailed action plans to enable execution of each department-wide objective in the strategic plan.

Structure

- Establish an Executive Leadership Team (ELT) and align DHHR's organizational structure to enable the execution of the objectives identified in the strategic plan.
- Deepen investment in leadership development throughout the Department, starting with the executive level and cascading throughout the organization.

Operational Processes

- Design and implement an operating rhythm for each department-wide objective in the strategic plan to improve communication and collaboration so DHHR can better understand and respond to the dynamic needs of West Virginians.
- Prioritize administrative process improvements after the detailed action plans for the administrative objectives are developed.

INTRODUCTION

Background and Context

The complex nature of the health and human services landscape in West Virginia has resulted in the state consistently measuring at or near the bottom nationally in several health and human services outcome rankings. West Virginia faces a series of intersecting challenges, ranging from an opioid epidemic and broader substance use disorders to a child welfare crisis, chronic physical and mental health challenges, and multiple barriers to accessing care and support services. These previously existing challenges were intensified by the COVID-19 pandemic and continue to severely impact the health and well-being of West Virginians today.

A selection of West Virginia's health and human services outcome rankings among states include:

- Lowest for life expectancy¹
- Highest rate of drug-related deaths²
- Highest for percentage of minors in foster care³
- Second highest for food insecurity⁴
- 35th for access to care⁵

Many of these challenges have persisted for decades. Notably, poor health and social outcomes are often associated with a high incidence of poverty⁶. Therefore, it is not surprising that West Virginia, as one of the poorest states per capita in the nation, would rate low on these measures. The larger question is whether the State's limited resources are being used as effectively and efficiently as possible to address these challenges.

Despite the efforts of committed and well-intentioned leaders and staff, funding increases, and proactive policy changes, the Department of Health and Human Resources (DHHR or "Department"), has struggled to this point to stabilize the delivery of programs and services while also adapting to a constantly evolving environment.

¹ United Health Foundation. (2021, December 8). America's Health Rankings Annual Report 2021. Retrieved from https://assets.americashealthrankings.org/app/uploads/americashealthrankings-2021annualreport.pdf

² U.S. Department of Health and Human Services – Substance Abuse and Mental Health Services Administration. (2020). National Survey on Drug Use and Health - 2019 and Quarters 1 and 4, 2020. Retrieved from https://www.samhsa.gov/data/data-we-collect/nsduhnational-survey-drug-use-and-health

³ Annie E. Casey Foundation. (2021). 2020 Kids Count Data Center. Retrieved, July 2022, from https://datacenter.kidscount.org/

⁴ United Health Foundation. (2021, December 8). America's Health Rankings Annual Report 2021. Retrieved from https://assets.americashealthrankings.org/app/uploads/americashealthrankings-2021annualreport.pdf

⁵ United Health Foundation. (2021, December 8). America's Health Rankings Annual Report 2021. Retrieved from https://assets.americashealthrankings.org/app/uploads/americashealthrankings-2021annualreport.pdf

⁶ Price, J. H., Khubchandani, J., & Doverty and health disparities: What can public health professionals do? Health Promotion Practice, 19(2), 170-174. https://doi.org/10.1177/1524839918755143

Examples include:

Funding increases

- O DHHR's state fiscal year (SFY) 2023 total budget is approximately \$7.5 billion, which includes both federal and state funding sources. From constituting 21.6% of West Virginia's General Revenue Fund appropriations in SFY 2010⁷, appropriations to the Department increased by \$449 million to 27.3% of the State's general fund by SFY2020.8
- O In 2020, the U.S. Department of Health and Human Services, Substance Abuse, and Mental Health Services Administration (SAMHSA) awarded a \$43 million State Opioid Response (SOR) Grant to DHHR's Bureau for Behavioral Health's SOR Team.⁹
- O In April of 2021, The West Virginia DHHR, Bureau for Children and Families was granted approval by the federal government to issue emergency supplemental allotments to households currently receiving Supplemental Nutrition Assistance Program (SNAP) as part of the ongoing response to COVID-19.¹⁰

Policy changes

- O In 2013, Governor Tomblin approved the expansion of Medicaid under the Affordable Care Act to cover low-income adults.¹¹
- O In 2017, the legislature passed HB2620 requiring the creation of the West Virginia Office of Drug Control Policy (ODCP).¹²
- O In 2019, the legislature passed SB564, which led to the expansion of the Children's Health Insurance Program (CHIP) to cover pregnant women.¹³

⁷ West Virginia State Budget Office. (undated). Current and Past Appropriations – Appropriations for FY 2010 – General Revenue Fund Appropriations. Retrieved from https://budget.wv.gov/reportsandcharts/appropriations/Documents/GRAPP10.pdf

⁸ West Virginia State Budget Office. (undated). Current and Past Appropriations - Appropriations for FY 2020 - General Revenue Fund Appropriations. Retrieved from https://budget.wv.gov/reportsandcharts/appropriations/Documents/gr21app.pdf

⁹ West Virginia DHHR. (2020, August 28). DHHR Awarded \$43.7 Million to Combat Opioids. Retrieved from https://dhhr.wv.gov/News/2020/Pages/DHHR-Awarded-\$43.7-Million-to-Combat-Opioids.aspx#:~:text=DHHR%20Awarded%20%2443.7%20Million%20to%20Combat%20Opioids%208%2F28%2F2020,continue%20 its%20efforts%20in%20combatting%20the%20opioid%20crisis.

¹⁰ West Virginia DHHR. (2021, July 4). DHHR Receives Federal Approval for SNAP Emergency Supplemental Allotments. Retrieved from https://dhhr.wv.gov/News/2021/Pages/DHHR-Receives-Federal-Approval-for-SNAP-Emergency-Supplemental-Allotments.aspx

¹¹ Bureau of Medical Services. (2013, May 2). Medicaid expansion. WVDHHR. Retrieved from https://dhhr.wv.gov/bms/Medicaid%20Expansion/Pages/default.aspx

¹² West Virginia Legislature. (2017, July 7). House Bill 2620. HB 2620 text. Retrieved from https://www.wvlegislature.gov/bill status/bills text.cfm?billdoc=HB2620+SUB.htm&yr=2017&sesstype=RS&i=2620

¹³ West Virginia Legislature. (2019, June 7). Senate Bill 564. SB 564 text. Retrieved from http://www.wvlegislature.gov/Bill Status/Bills history.cfm?input=564&year=2019&sessiontype=RS&btype=bill

As DHHR employees and West Virginia legislators know, it is important to not simply view these statistics as numbers in a report or policies on a page. They represent the lives of West Virginians, many of whom have complicated needs that require support from multiple programs and services. Figure 1 depicts one fictional example of the evolving needs of a single-family household.

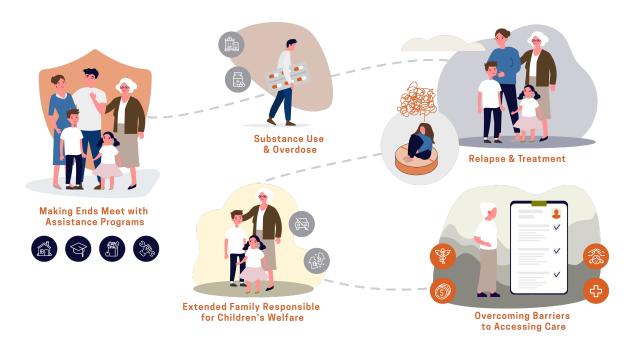


Figure 1

As this report proceeds through the organizational data in the *Findings and Insights*, this graphic will return the focus to the experience of this notional family representing many others throughout West Virginia.

With a focus on serving the needs of their constituents, legislators want to improve performance within DHHR. This led to the introduction of HB4020 during the state legislature's 2022 regular session. HB4020 mandated a split of DHHR into two separate entities by July 1, 2022: a Department of Health and a Department of Human Resources. After the bill passed in the House and Senate, Governor Jim Justice vetoed the legislation because it did "not provide adequate direction on the many questions that must be addressed in this massive endeavor." Governor Justice also acknowledged the challenges within DHHR and said he is committed to identifying the Department's "issues, bottlenecks, and inefficiencies," but emphasized "there should be no lapse in any vital support or services for the West Virginians who rely on DHHR."14

In response to the Governor's instructions to conduct a "top-to-bottom review of the Department," DHHR leadership issued Solicitation HHR2200000002 to identify and partner with an outside vendor to complete a

¹⁴ Office of the Governor. (2022, March 30). Governor Justice vetoes bill splitting DHHR, additional bills. Retrieved from https://governor.wv.gov/News/press-releases/2022/Pages/Governor-Justice-vetoes-bill-splitting-DHHR-and-vetoes-additional-bills.aspx

comprehensive organization assessment and to develop a strategic plan that informs the Department's decisions regarding "organization, structure, and strategic priorities." The McChrystal Team was selected as that partner.

Approach

Over the course of 17 weeks, the McChrystal Team — comprised of the McChrystal Group and subject matter experts from the Human Services Research Institute (HSRI) — executed an integrated approach to deliver analytical insights into how DHHR operates based on a proprietary organization assessment along with a proven strategy alignment process. The integrated approach is shown in Figure 2, and additional details are described below.

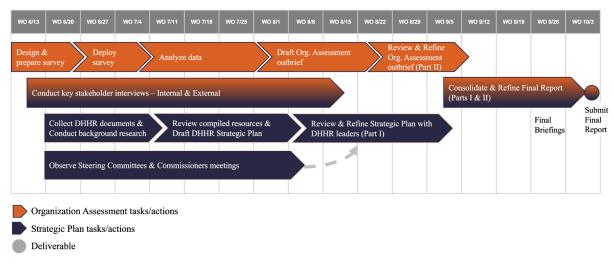


Figure 2

Organization Assessment

Utilizing McChrystal Group's methodology refined over more than 10 years of performing organization assessments within complex federal, state, and local organizations, as well as with Fortune 500 companies, the McChrystal Team conducted a multi-faceted organization assessment. This assessment consisted of analyses of the qualitative and quantitative data that resulted from key stakeholder interviews, reviews of DHHR documentation, and deployment and use of proprietary organizational performance and network analysis tools. The McChrystal Team's subject matter experts complemented this data with a comparative review of health and human services outcomes and structures in other states. The organization assessment approach is described below.

¹⁵ West Virginia DHHR. (2022, April 25). RFP Released to Review DHHR from Top-to-Bottom. Retrieved from https://dhhr.wv.gov/News/2022/Pages/RFP-Released-to-Review-DHHR-from-Top-to-Bottom.aspx

- Design, deployment, and analysis of a web-based survey to provide all permanent DHHR employees the opportunity to share their perspectives.
 - The survey was distributed to 4,856 DHHR staff across all bureaus, offices, and hierarchical levels to capture a statistically representative sample, with an overall response rate of 71%. When excluding Office of Health Facilities respondents (many of whom are without daily access to a laptop/computer workstation), the response rate achieved for all other bureaus and offices was 81%.
 - O Quantitative data analysis included an organizational performance assessment (OPA) of DHHR from the lens of its employees, as well as an organizational network analysis (ONA) that details information flow among bureaus and across DHHR.
 - Qualitative data from open-ended survey questions were coded by themes and analyzed to support the quantitative analysis.
- 65 interviews conducted to add contextual understanding to the web-based survey data.
 - Interviews included DHHR leaders from the Secretary to mid-level leaders, spanning all bureaus and offices.
 - O External stakeholders, such as associations, local organizations, and state agencies, that partner with DHHR to serve West Virginians were also interviewed.
- Review of more than 150 documents provided by DHHR to inform interviews and add contextual understanding to the web-based survey data. Documents included bureaus' operational plans, financial reports, program information, performance measures, policies, and legislative briefings.
- Comparative review conducted by subject matter experts assessed health and human services outcomes for behavioral health, public health, child welfare, and substance use disorders, as well as organizational structures across all 50 states.

Strategic Plan

The Strategic Plan efforts led by the McChrystal Team spanned 12 weeks and entailed significant effort. A summary of the approach is provided here, and the full detail of those efforts is outlined in *Annex A*.

To efficiently align DHHR leaders around the department-wide strategic plan, the McChrystal Team complemented the interviews and document reviews noted in the organization assessment approach above with the observation and eventual facilitation of discussions during existing DHHR senior leadership meetings. During the review of documents provided by DHHR, the McChrystal Team recognized there are multiple, detailed, operational-level plans across the bureaus. Many of those plans identify targeted priorities and initiatives along with measurable targets. Therefore, the McChrystal Team focused the facilitated working sessions on obtaining the perspectives of DHHR senior leaders and gauging their level of alignment around the department-wide vision, mission, values, and objectives. This will enable DHHR to establish a common definition of success, and help all bureaus and offices understand how to collaborate in a manner that drives progress in the complex health and human services environment throughout West Virginia.

The insights resulting from the organization assessment and strategic plan provide the foundation for this report and its recommendations. Those inputs led to the creation of this report.

FINDINGS AND INSIGHTS

Three key findings emerged from the organization assessment data (*Figure 3*).

- Structure: DHHR's organizational structure needs improvements, so its hard-working teams are better able to adapt to the rapidly changing environment of health and human service needs in West Virginia.
- Strategic Focus: Bureaus and offices demonstrate a commitment to driving progress, but concurrent enduring crises in West Virginia's health and human services environment increase the importance of DHHR operating from a department-wide strategic plan.
- Operational Processes: Process inefficiencies, combined with inter-agency dependencies, create barriers to teams receiving necessary resources and lead the workforce to operate reactively.



Figure 3

Although these high-level challenges were known before the review, the data collected along with the newly created department-wide strategic plan provided key additional insights. The following sections align and build off these three findings. For each finding, there are multiple insights supported by quantitative data from the survey analysis and qualitative data from open-ended questions and interviews. Any quotes shared are representative of broader themes the McChrystal Team found in the qualitative data analysis.

The findings and insights focus on constructive feedback for DHHR. Before sharing those details, the McChrystal Team acknowledges the commitment and dedication shown by the DHHR staff in support of West Virginians. Notably, when asked to identify DHHR's biggest strength, 27% of respondents mention the hardworking and compassionate workforce, and 21% of respondents mention the people within DHHR who care deeply for the residents of West Virginia. These numbers are among the strongest the McChrystal Team has seen when compared to other organizations' responses. When an entire organization is asked an openended question on the survey, it is significant to see such a high percentage of write-in responses for a single theme.



The quantitative survey data also showed respondents believe their work matters, with 62% agreeing their daily actions directly impact the success or failure of DHHR. However, only 27% of respondents feel supported by DHHR. Respondents noting they are not receiving the resources they need to do their jobs was a driver behind this low rate of agreement, which could include any combination of a broad range of resources, such as a competitive salary, technical tools, clarity of strategy, and timely information.

Finding 1 – DHHR's organizational structure needs improvements so its hard-working teams are better able to adapt to the rapidly changing environment of health and human service needs in West Virginia.

Restructuring DHHR is not a new concept. The current iteration of DHHR was formed in 1989 by merging two departments and throughout DHHR's history, multiple well-intentioned structural changes have been proposed —and some implemented — to improve service to West Virginians. HB4020 proposed the most recent of these structural changes. These efforts focused on structure as the solution to many of the Department's longstanding challenges. While an organization's structure is important and certainly impacts how the organization operates,



significant changes should not start with structure; they should be informed by a strategic plan designed to drive success. The importance of this approach is heightened in an environment with concurrent enduring crises, such as West Virginia's opioid epidemic, child welfare crisis, and the COVID-19 pandemic.

Insight 1.1: Without a formal executive leadership team guiding the strategic direction of the Department, communication with senior leaders and coordination across bureaus and offices are limited.

DHHR's current organization chart (Figure 4) shows multiple leadership positions, including two Deputy Secretaries, reporting to the Cabinet Secretary. These leaders and their teams are all important to guiding the

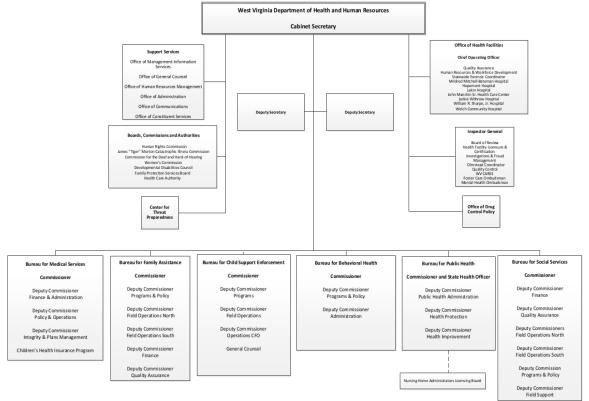
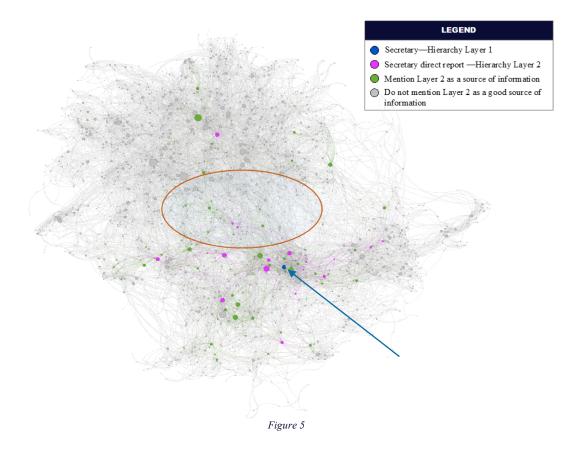


Figure 4

daily operations of the DHHR. The Cabinet Secretary meets weekly with the leaders for Support Services, and that group also meets weekly with the Bureau Commissioners and leaders from the Office of Health Facilities (OHF) and the Director of the Office of Drug Control Policy (ODCP). Although these groups meet regularly, they do not constitute a formal executive leadership team. Lacking a primary set of team goals determined by an overarching strategy, these leaders understandably focus on their own priorities. As such, their ability to coordinate cross-bureau services to address the complex needs of the state's population is limited, since no formal executive team is leading the Department from a unified strategic plan. Consequently, communication with senior leaders and coordination across bureaus and offices is significantly constrained. The McChrystal Team observed this by attending the meetings noted above, with observations then corroborated by data from survey responses used to create the Organizational Network Analysis (ONA) (Figure 5), which visualizes how the individual members of the organization are connected and how the organization shares information as its currently constructed.

Before reviewing Figure 5 below, it is important to understand the components of an ONA. Each circle represents a person who was mentioned by someone else responding to the survey prompt: please list up to 8 people to whom you go to as a good source of information. The size of a circle increases as the number of mentions increases, and the lines on the map show who communicates with whom. Different colors can be applied to represent any subsets, such as a team, hierarchical layer, or location.

In Figure 5, the blue circle represents the Cabinet Secretary. The pink circles represent the Cabinet Secretary's direct reports mentioned in the different groups above. The green circles represent DHHR employees who mentioned a "pink circle" leader as a good source of information. The gray circles represent the remaining DHHR employees who did not mention one of these senior leaders as a good source of information.

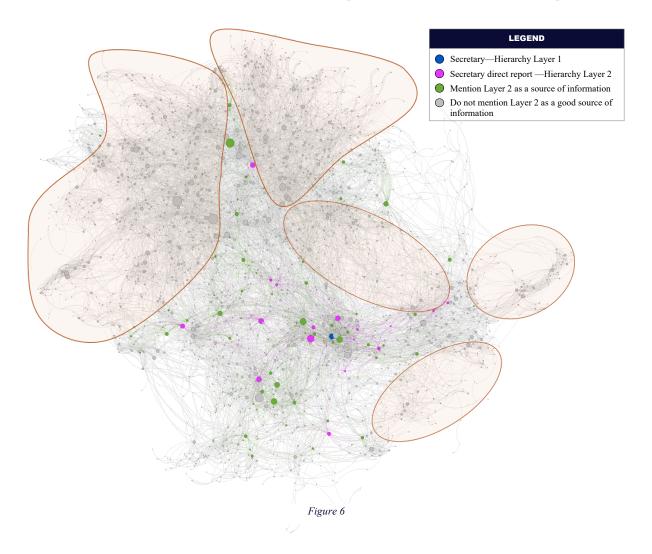


The McChrystal Team's interpretation of this version of the ONA results in the following observations:

- DHHR's employees are committed to serving and are "running to the problems," but with concurrent enduring crises across the state, the workforce is focused on a variety of challenges, and senior leaders are being pulled reactively to address immediate needs.
- Although there is no single "correct" network map, high-performing organizations operate with a core group of leaders who serve as cross-unit connectors. Based on McChrystal Group's database of more than 100 organizational assessments, a greater concentration of senior leaders in the centre of the network would be expected.

Senior leaders in the Office of the Cabinet Secretary are primarily communicating within their own group. That is, these individuals name very few sources of good information outside of their own office. While the senior leaders and Cabinet Secretary are referenced in some instances as good information sources, many others do not reference them, indicating that they are disconnected from the center of the network. This dynamic is illustrated in Figure 6. The light orange areas highlighted in Figure 6 show where hundreds of individuals are not directly naming a senior leader as a good source of information.

While the McChrystal Team does not expect all sections of the DHHR network to directly mention senior leaders, this level of disconnect raises concern. Paired with qualitative data from interviews and open-ended



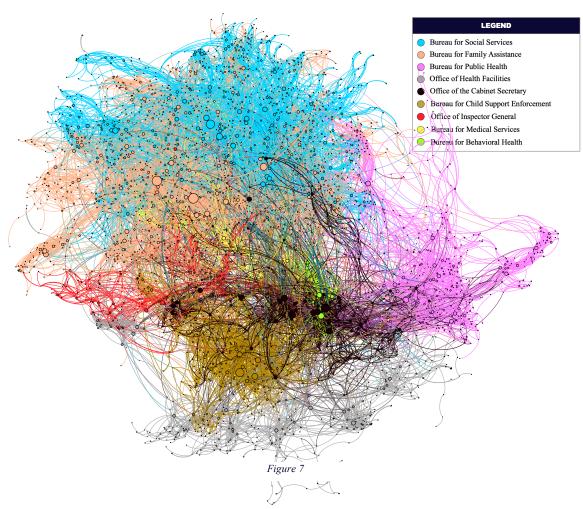
survey questions, DHHR employees conveyed that many individuals rarely hear about department-wide strategy and related messaging outside of their bureau or office. In other words, DHHR is operating in silos, which limits teams' abilities to operate cross-functionally and address the complex needs of West Virginians.

Insight 1.2: The absence of a core group of cross-bureau and cross-office connectors leads to siloed communication.

Functional silos operating inside of the Department are further evident when looking at the ONA map categorized by bureau and office (Figure 7). However, some of these silos are not surprising when considered in context, which is explained in further detail below.



- At the top of the map, the light blue circles represent the Bureau for Social Services (BSS) and orange circles represent the Bureau for Family Assistance (BFA). These bureaus overlap and are connected due to legacy communication patterns from when they were one bureau.
- On the right side of the map, the pink circles represent the Bureau for Public Health (BPH), which is siloed from the rest of the organization. This is not surprising as the BPH has been focused on the COVID-19 pandemic response and connected to outside entities, including the National Guard and other external stakeholders.
- At the bottom of the map, the OHF is shown in gray. These health facilities operate independently from the rest of DHHR, and individuals within these facilities are primarily only connected within their facility. It is important to note that OHF had a 35% survey response rate in part due to many of the *OHF workers who are without daily access to a laptop / PC workstation.*
- Above OHF sits the Bureau for Child Support Enforcement (BCSE), shown in gold. Individuals within BCSE are largely siloed, but some of their field operations team members communicate with other bureaus in the field, such as BFA. BCSE's field operations team members also communicate well with their central office influencers, who are the larger gold circles.
- The Office of the Cabinet Secretary, shown in black, is split between Constituent Services on the left, who are named by individuals of the Office of the Inspector General (OIG) shown in red, and the more administrative functions like the Office of Management Information Services (OMIS), the Office of Human Resource Management (OHRM), and Finance on the right. The impacts of this will be shared in more detail in *Finding 3*.



- The Bureau for Behavioral Health (BBH) shown in bright green exchanges information relatively well with individuals within the Office of the Cabinet Secretary, as evidenced by the tight clustering between those two groups.
- Finally, the Bureau for Medical Services (BMS) shown in yellow contains few network influencers relative to the rest of the organization, but that is not surprising due to the small size of the bureau. Their centrality on the map indicates that although they have a smaller team, they do communicate with multiple offices and bureaus.

See <u>Annex B</u> for another way of examining the overall lack of cross-bureau collaboration.

Organizational silos in and of themselves are not always a problem. However, for teams across the Department to best serve the complex needs of West Virginians, they need established processes and leadership behaviors that enable them to collaborate more easily. These teams recognize the importance of working together and they are attempting to communicate and share information, as evidenced in their responses to the two survey questions shown in Figure 8. Two survey questions require respondents to use a Likert scale to gauge their level of agreement with the following statements:

- My team articulates how our actions impact other teams
- Other teams articulate how their actions impact my team

Figure 8 shows the number of respondents who agree or strongly agree, because all other responses show a clear opportunity for improvement. When comparing the responses from the first question (blue bars) to the responses from the second question (orange bars), a clear difference is evident. The McChrystal Team often observes this result in large organizations. Although teams are trying to communicate with each other, they do not have common priorities or language, so information is perceived as "noise" by the team receiving it and filtered out. This heightens the impact of silos and further limits effective collaboration that could improve overall service delivery and outcomes for West Virginians.

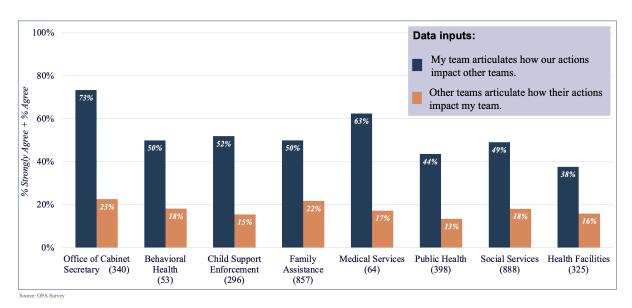


Figure 8

Insight 1.3: The Office of the Cabinet Secretary – including all administrative offices – rarely seeks proactive input from the bureaus, which impacts decision-making and service delivery.

In many organizations, cross-unit communication and connection challenges can be overcome by leadership, shared services, and central administration. A leadership team and central functions can help mitigate silos between bureaus by proactively engaging others outside of their own team. The OPA and ONA did not find evidence that the Office of the Cabinet Secretary is serving that key connective function.

Insight 1.1 noted that because individuals in the Office of the Cabinet Secretary name few sources of good information outside of their own office, they are primarily communicating within their own group. This is more evident when viewing the organizational information flow data that comprises the high-level network maps. Detailed tables can be found in Annex B. The data indicates these offices responsible for creating the policies and procedures that enable the bureaus to deliver services do not value and seek out the perspectives of other teams. This dynamic can also be observed when examining the data by reporting layer (Figure 9). The majority of leaders at the director level and below do not perceive that their input shapes decision-making at higher levels. Furthermore, only 27% of all respondents agree or strongly agree that leadership at DHHR is receptive to new ways of doing business. This perceived divide was supported by numerous open-ended comments in the survey.

Whether driven by perception or intention, it represents an opportunity to improve proactive communication between the central office and the frontline leaders and teams. Improvements to communications processes and behaviors are needed to address these issues. As noted in *Insights 1.1* and 1.2, while referring to organizational silos can seem less important, one additional survey question clearly shows the impact on DHHR's ability to deliver services. That question shows only 25% of all respondents agree decisions are made in time for effective execution.

Finding 2 – Bureaus and offices demonstrate a commitment to driving progress, but concurrent enduring crises in West Virginia's health and human services environment increase the importance of DHHR operating from a department-wide strategic plan.

DHHR's structure and strategy are both essential to improving health and human services outcomes in West Virginia. The Governor's office and DHHR recognized as much and requested assistance creating a department-wide strategic plan. While the need for the strategic plan was known, the organization assessment reveals a deeper understanding of the impacts of the absence of a department-wide strategic plan.

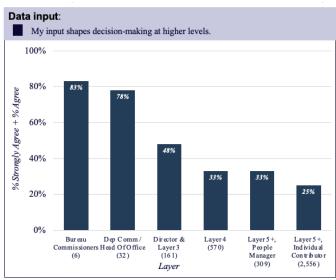


Figure 9



Insight 2.1: The lack of a department-wide strategy results in bureau-centric priorities.

As part of the organization assessment's documentation review, the McChrystal Team noted that some, but not all, bureaus have a bureau-level strategic plan. Seven (7) total plans were provided. Most are required by state law or federal regulation, and they all vary in level of detail. Certain plans, such as the West Virginian Substance Use Response Plan, were developed in collaboration with multiple bureaus, offices, and external stakeholders.

While these plans provide focus for the teams within bureaus, the efforts to create them were not informed by a broader department-wide plan for improving health and human services outcomes across the state. This is evident in the survey data. When asked to think about strategy within their own bureau or office, a majority of respondents (57%) agree or strongly agree that their bureau/office-level objectives are actionable. When asked to think about strategy at the department-level, only 37% of respondents agree or strongly agree that DHHR's

strategies are actionable. When the data is organized by bureau and office, the differing levels of agreement between these two questions are consistent across all bureaus and offices (Figure 10).

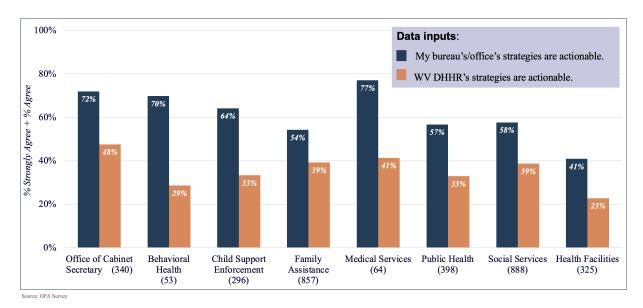
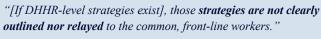


Figure 10

The higher agreement regarding the actionability of strategies at the individual bureau or office level is positive. However, the low agreement around the actionability of department-wide strategies further indicates siloed operations. This impacts teams' abilities to collaborate in a manner that allows them to work crossfunctionally to identify and address the complex needs of West Virginians (Figure 10).

The qualitative data from open-ended questions and interviews further supports this by conveying that many respondents recognize they are part of a bigger organization and, in many cases, serve the same population.

Employees indicate they are trying to share impactful information outside of their own team. However, teams do not feel they are sufficiently provided information that is meaningful to their work. This is not surprising given the lack of a department-wide aligning narrative, which would serve as a common definition of success. This results in much of the workforce operating "heads down" within their own teams to avoid the "noise." When strategies are bureau/office-centric, teams and communication also become bureau/office-centric.



- Frontline leader



Insight 2.2: The lack of a department-wide strategy also results in over-reliance on key leaders, further limiting collaboration and hindering teams' abilities to effectively deliver services.

Another challenge resulting from bureau- and office-centrism is an over-reliance on director-level leaders to connect to the department-level leaders. As described, survey respondents were asked to list up to eight people they go to as a good source of information. The McChrystal Team uses those responses to look at the total number of mentions for a single person in descending order. When viewed that way, the data shows that most of the top good sources of information are at the Director level. Nine of the top 14 network influencers are directors with more than 10 years of tenure at DHHR (Figure 11).

Data inpu	Data input: Please list up to 8 people to whom you go as a good source of information. Source: ONA Survey										
D	Louis	Good	Tenure (years)	For what type of information do you go to the individual?							
Bureau/Office	Level	Info Tally		Informal Mentorship	Institution Knowledge	Subject Matter Expert	Problem Solving	Decisions / Approvals	Policy / Process Expert	Strategy	
Family Assistance	Layer 3 Director	71	17+	19	52	55	46	27	59	34	
Family Assistance	Layer 3 Director	69	17+	15	49	54	37	20	55	26	
Social Services	Layer 3 Director	61	10-17	21	48	52	37	32	50	32	
Office of the Cabinet Secretary	Finance Office Director	60	17+	20	45	48	39	44	43	36	
Child Support Enforcement	Layer 3 Director	60	17+	21	45	46	38	32	56	25	
Family Assistance	Layer 4 Program Manager	50	17+	4	34	32	20	15	41	12	
Office of the Cabinet Secretary	HR Office Director	50	10-17	18	30	31	34	34	35	27	
Office of the Cabinet Secretary	Purchasing Office Director	45	17+	15	32	39	30	32	37	24	
Social Services	Dep Comm Social Services	45	17+	19	38	36	33	25	31	25	
Office of the Cabinet Secretary	Layer 3 Director	45	10-17	13	32	39	30	20	37	23	
Office of the Cabinet Secretary	Layer 4 Finance Manager	43	17+	14	37	37	29	26	33	19	
Behavioral Health	Dep Comm Behavioral Health	43	17+	22	35	33	32	31	35	30	
Child Support Enforcement	Dep Comm Child Support	43	17+	11	30	26	24	17	29	20	
Public Health	Layer 3 Director	41	5-9	14	29	31	27	25	29	21	

Figure 11

In addition to indicating who they go to as a good source of information, respondents indicate why they go to each individual. This allows the McChrystal Team to see what type of information is sought. It is common to see high-level leaders sought for their institutional knowledge and subject matter expertise (green highlights). That was the case with these DHHR Directors. However, relying on high-level leaders as process experts (orange highlights) is not sustainable, scalable, or efficient.

This is especially true in an organization as large as DHHR where there are roughly 200 directors among approximately 5,000 employees. This over-reliance on a small group of leaders for process expertise limits the time and effort directors can spend on more strategic leadership endeavors. It also impedes DHHR's ability to effectively collaborate to deliver services, because questions and decisions need to be "run up the chain." This dynamic is further supported by data indicating nearly 30% of frontline leaders agree or strongly agree that teams within DHHR collaborate in a way that contributes to the organization's overall success. A thorough understanding of process expertise, institutional knowledge, and strategic understanding must be pushed toward the frontline leaders, so they are better able to collaborate and make decisions faster.

If respondents disagreed with this question to any degree, they were asked a follow-up question to provide additional context behind their response. The McChrystal Team's analysis of that qualitative data identified three clear reasons employees disagreed that teams within DHHR collaborate in a way that contributes to the organization's overall success:

- Teams do not use the same processes, so the exchange of information is ineffective and timeconsuming.
- When processes do exist, there is insufficient training, especially around tracking outcomes for offices serving the same populations.
- The information necessary to enable collaboration between teams is not available, so the same work is duplicated in different bureaus.

Based on the McChrystal Team's interviews with external stakeholders, many of these frustrations and negative impacts are experienced by organizations working with DHHR. While DHHR maintains primary responsibility for the strategic direction of health and human services for West Virginians, partnerships with other agencies, associations, and local entities are necessary to deliver programs and services. In the more than 15 interviews and numerous focus groups conducted with external stakeholders and partners, most interviewees spoke to the Department's reactionary "fire-fighting" approach and commented on the lack of a guiding strategy, unclear communications, limited responsiveness, and slow decision-making. These challenges contribute to the perception that the DHHR is not able to act as a collaborative partner to serve the needs of West Virginians.

The Department-wide Strategic Plan is the first step to address these identified challenges

Demonstrating a commitment to improvement, DHHR has taken an important first step to address identified challenges. While conducting the organization assessment, the McChrystal Team also led DHHR's senior leaders through facilitated working sessions to discuss their perspectives on the greatest needs of West Virginians and how their teams work to support those needs. The resulting department-wide strategic plan includes the proposed vision, mission, values, and objectives (Figure 12).

Vision	Improve the health, well-being, and quality of life for West Virginians									
Mission	Empower West Virginians through access to quality care and essential human services									
Values	Collaboration Accountability Respect Excellence • Build trusted relationships • Act with integrity • Show compassion to those we serve • Make evidence-based decisions • Share information and seek input • Own your actions and outcomes • Consider others' perspectives • Find the best solution • Practice fiscal responsibility external teams • Practice fiscal responsibility • Seek to understand improvement									
Objectives	Improve all statewide safety and permanency indicators for child welfare	Reduce fatal and non-fatal overdoses by treating and preventing substance use disorders	Increase access to care and support services for all individuals by increasing enrollments and overcoming access barriers	Attract, acquire, develop, and retain a competent and valued workforce	Enhance delivery of DHHR administrative services to support program execution					

Figure 12

It is important to note that during the final working session with senior leaders, the list of department-wide objectives expanded from six to eight objectives, prompting a concern. Based on the McChrystal Team's experience, creating objectives that simply align with the needs of an organization's work units will reinforce silos rather than promote collaboration to address the critical needs of the environment. After reviewing the language in those objectives, the notes from the working sessions, the state's health and human services outcomes, and the comparative analysis of outcomes from other states, the McChrystal Team adapted the eight proposed objectives into the five seen in Figure 12. The full detail of those efforts is outlined in Annex A.

Leveraging existing bureau-level plans to develop detailed action plans will enable execution of each department-wide objective. This is addressed in further detail in the *Recommendations*. The completed department-wide strategic plan will enable DHHR to establish a common definition of success, and help all bureaus and offices understand how to collaborate in a manner that drives progress in the complex health and human services environment throughout West Virginia.

Finding 3 - Process inefficiencies, combined with inter-agency dependencies, create barriers to teams receiving necessary resources and lead the workforce to operate reactively.

Analysis of the qualitative data from open-ended survey questions and interviews clearly indicates DHHR has multiple operational process improvement needs. This is further supported by the McChrystal Team's review of historical reports, including a report submitted by Public Works LLC in 2013 and multiple OIG reports since. The list of process challenges can seem difficult to address, especially when considering inter-dependencies



with other state agencies, such as Department of Personnel, West Virginia Office of Technology, and the Department of Administration. The three most consistently referenced areas of responsibility where process improvement needs were noted include Human Resources, Finance, and Information Technology.

The survey data shows that insufficient communication processes are compounding these administrative process issues. Specifically, only 30% of respondents agree or strongly agree DHHR has established processes to disseminate lessons learned or best practices throughout the organization. And 42% of respondents agree or strongly agree there are processes in place to disseminate new information throughout the organization (Figure 13).



Figure 13

Insight 3.1: DHHR's complicated funding environment is challenged by inconsistent processes and unclear roles, creating obstacles to service delivery.

As part of the organization assessment, the McChrystal Team reviewed DHHR financial documents and legislative budget briefings and met with multiple DHHR financial stakeholders, including the Chief Financial Officer (CFO) for the Department and the CFO for each bureau. The complicated nature of the DHHR funding environment became apparent and is detailed below (Figure 14).

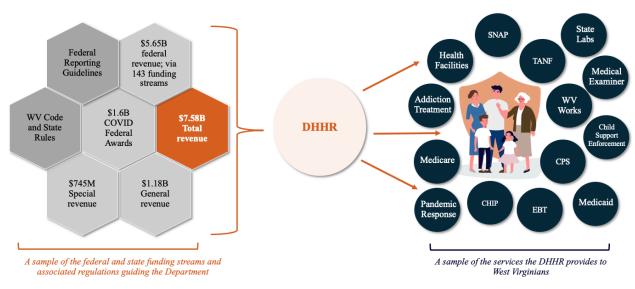


Figure 14

DHHR oversees more than \$7.5 billion across more than 200 funding streams while needing to maintain compliance with federal regulations, state laws, and numerous reporting requirements. Additionally, the process includes multiple organizations throughout the State, including the Department's Office of the Cabinet Secretary, DHHR bureaus, the State Auditor, sub-grant recipients, and more. This is a complex system with funds flowing in and out every day. Creating a single standard financial process is not realistic, but differing processes, systems, and tools often require high-level approvals and slow down the process.

The quantitative survey data indicates the lack of sufficient financial processes has led to an overreliance on DHHR's CFO and other senior finance leaders for clarity of funding. In a related manner, the qualitative data showed clear frustration related to inefficient processes and inconsistent roles and responsibilities from internal stakeholders. This appears to relate to the trends from external stakeholders who perceive these inefficiencies and inconsistencies as a lack of transparency. However, the McChrystal Team saw no indication of a lack of willingness to be transparent. All DHHR leaders provided requested documentation and met with the team some multiple times – to answer questions and help understand the situation.

Insight 3.2: Insufficient technology resources impede the processing of internal work and external service delivery.

Communication and barriers to effective collaboration were highlighted in *Insight 1.2*. Some of those barriers to enabling easier communication and collaboration are due to the current technological tools and systems within DHHR.

Only 27% of respondents agree or strongly agree that when it is necessary to use more than one technology platform to achieve a task, the platforms complement one another. And only 38% of respondents agree that DHHR has the organization-wide technical tools to enable effective operations (Figure 15). These low scores are further reinforced in the open-ended survey responses and interviews. Another clear theme from the open-ended survey question responses is a lack of properly functioning technology. For example:

- Phones for workers in the field that are not working and go un-serviced with long wait times
- Slow internet speeds and wireless access in multiple offices
- Inconsistent or impossible access to DHHR systems in rural parts of the state
- Inconsistent or impossible access to the necessary software for the job at hand
- Workflows not being repeatable because of occasional system malfunctions

To achieve the full extent of its mission, DHHR's workforce must have the tools necessary to perform their jobs. Technology should drive ease and efficiency of the workforce, so services are delivered to the West Virginians most in need when they need them. The McChrystal Team recognizes that some IT decisions are made outside of DHHR. Without adequate solutions to IT issues, improvements in service delivery will be unattainable, causing frustration on the part of both employees and adversely impacting residents.

Insight 3.3: A range of pervasive workforce challenges limits the Department's ability to effectively deliver services.

The first question on the Organization Assessment survey asks: what is the biggest challenge facing your team? Respondents have unlimited space to provide an open-ended response. The top three most frequent responses submitted by the thousands of DHHR employees all relate to the workforce: limited staffing and workload; compensation and benefits; and attrition, retention, and hiring.

At the most fundamental level, DHHR needs employees to deliver its services to West Virginians. Yet, through the open-ended question responses and interviews, DHHR employees conveyed they struggle to obtain new employees and keep existing employees motivated. Leaders are frustrated with the cumbersome processes, including both DHHR Human Resources and the state Department of Personnel. Some bureaus and offices have

"We struggle to provide the type of service the community deserves because we are so short staffed."

— Layer 4

identified ways to reclassify positions to meet staffing needs and other creative solutions, but these "workarounds" are not standard and are unsustainable. Staffing challenges are compounded because employees are asked to address very complex and intense situations in crisis environments, while also handling the organizational challenges detailed in this report.

In other organizations that demonstrate similar staffing trends, where compensation and retention are identified as the primary challenges, the organization generally has a low agreement regarding some of the standard

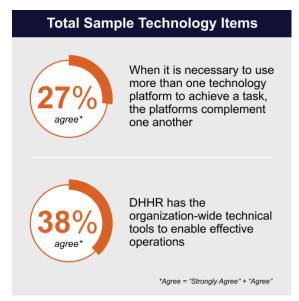


Figure 15

cultural questions. A similar pattern is documented at DHHR. Only 27% of respondents agree or strongly agree that DHHR cares about its employees and their well-being. And 41% agree or strongly agree that when I think about where DHHR will be in 5 years, I feel motivated to excel at my job.

When considering these data points, the growing vacancies are unsurprising, but they do further burden the already fatigued workforce. According to the June 2022 DHHR Budget Presentation, there are currently 1,432 vacancies, which amounts to approximately 20% of the DHHR workforce.

Impact: Communication silos within the structure, poor strategic planning, and inefficient processes lead to reactive operations and limit leaders' ability to prioritize

Given these operational process challenges, coupled with the ineffective organization structure and the lack of a departmentwide strategy, it is unsurprising that the majority of the organization spends its time in a reactive mode. When asked to rank five statements by what most significantly impacts how they spend their time, respondents overwhelmingly ranked "immediate needs that arise" as the primary determinant (Figure 16).

When everyone in the organization spends most of their time responding to immediate needs that arise, the implications are significant. Teams at DHHR won't get ahead of the overwhelming number of immediate challenges unless significant changes are implemented. And, if no improvements are made, the state's health and human services outcomes will remain poor. That may seem overly negative, but with concurrent enduring crises throughout West Virginia – the opioid epidemic, the child welfare crisis – and individuals and families facing complex, constantly evolving challenges, the DHHR must become a more responsive and adaptable organization, so it can better meet the needs of West Virginians (Figure 17).

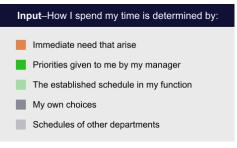


Figure 16



Figure 17

Improving West Virginia's health and human services outcomes will require investment

To improve West Virginia's health and human services outcomes, the status quo is not an option; DHHR requires bold organizational change. Successfully executing an organizational change this size requires significant investment in change management.

The McChrystal Team conducted a comparative review of state organizations responsible for setting policies, overseeing programs, and delivering services intended to improve health and human services outcomes. While this comparative review showed no primary best practice for organizational structure (i.e., consolidation or separation), it did identify two consistencies when organizational changes occur: improving health and human services outcomes is always a primary driver, and the state must invest time and money to execute the change.

The following selection of examples demonstrates there is no consistent approach for consolidation or separation of departments but does show more consolidation in recent years.

Alaska's Governor issued an Executive Order in January 2022 to separate its Department of Health and Human Services into two departments by July 2022. This was following a similar attempt in 2021 that was rescinded, because additional coordination and planning were needed.

Iowa, North Dakota, and Utah each consolidated two departments into one Department of Health and Human Services in summer 2022. Iowa's consolidation followed a two-year transition plan, while North Dakota's and Utah's consolidations were in accordance with bills that were each passed during their respective 2021 general assembly session.

Unsurprisingly, all re-organization efforts reviewed by the McChrystal Team – regardless of whether they were a consolidation or separation – reference the intent to improve health outcomes and services to residents. Other intended outcomes include one or more of the following: increase transparency; become proactive instead of reactive; improve collaboration; and improve service delivery. This desire for improved health and human services outcomes and organizational improvements has also been communicated in West Virginia. After reviewing the *Findings and Insights* above, it is clear change is needed within West Virginia DHHR. The question becomes where and how to invest in that change to provide the highest likelihood of a positive return on the investment.

Investment of Time for Organizational Change. In 2015, the Michigan legislature passed a bill requiring the consolidation of two departments into a single Department of Health and Human Services (MDHHS). Sections in the bill required MDHHS to report to the legislature on the status of the merger in 2017. The report indicates that two years into this transition MDHHS was still "examining every program to determine how we can deliver services that better achieve positive health and self-sufficiency outcomes for our customers." The report concludes by stating, "overall it is too soon to report specific costs or savings associated with the merger," indicating changes were still ongoing.

More directly relevant to West Virginia, the DHHR has recently experienced firsthand the challenges of separating two entities by splitting the Bureau for Children and Families into the Bureau for Family Assistance and the Bureau for Social Services. DHHR implemented that organizational change in July 2021. Through the survey and interviews, the McChrystal Team consistently received feedback that legacy processes, challenges with role clarity, and staffing challenges continue to impact both internal operations and delivery of services within those bureaus.

Investment of Funds for Organizational Change. Successfully executing an organizational change of the magnitude proposed in HB4020 – splitting approximately 6,000 positions with nearly 4,800 current employees and \$7.5 billion across 200 funding streams - would require a significant investment of funding for change management. For comparison, Alaska's decision to split its department will impact approximately 3,500 employees and \$3.5 billion, which includes 119 Federal funding sources; and the state's initial estimates for change management costs are \$2 million. Similar to the fiscal note for HB4020, Alaska's estimated costs only focus on changed or new workforce positions.

There is no single authoritative source on the cost of organizational change management, but multiple sources, including the Project Management Institute, Harvard Business Review, and private sector consulting companies, indicate there are fundamental concepts that should be considered when planning any large organizational change. These concepts can be summarized as intentional focus and planning around: leadership's time and effort; the broader workforce's time and focus; internal and external communications; impact on internal processes; and impact on technology and systems. As indicated in the Findings and *Insights*, all these areas already require improvement within DHHR. Splitting the organization without first making improvements and without a more holistic change management plan would negatively impact DHHR's organizational performance and would increase the risk of disrupting services provided to West Virginians.

RECOMMENDATIONS

To improve West Virginia's health and human services outcomes, the status quo is not an option; DHHR requires bold organizational change. After completing this organization assessment and strategic plan the McChrystal Team disagrees that splitting DHHR into two departments is the option that will provide the desired results.

To provide the highest likelihood of improved operations within DHHR and, ultimately, improved health and human services outcomes for West Virginians, DHHR should remain a single department and focus all improvement efforts - to both structure and process - around the strategic plan designed to address the highest priorities throughout West Virginia's environment. To illustrate the importance of starting this organizational change with the focus on the strategic plan, the McChrystal Team intentionally switched the order of these categories for improvement, so strategic focus now precedes structure.



STRATEGIC FOCUS

 Develop and then communicate detailed action plans to enable execution of each department-wide objective in the strategic plan, once Executive leaders confirm their support for the plan.



STRUCTURE

- Establish an Executive Leadership Team (ELT) and align DHHR's organizational structure to enable the execution of the objectives identified in the strategic plan.
- Deepen investment in leadership development throughout DHHR, starting with the executive level cascading throughout the organization.



OPERATIONAL PROCESSES

- 3 Design and implement an operating rhythm for each department-wide objective to improve communication and collaboration so DHHR can better understand and respond to the dynamic needs of West Virginians.
- 5 Prioritize administrative process improvement after the detailed action plans for the administrative objectives are developed.

Strategic Focus: Develop and then communicate detailed action plans to enable execution of each objective in the department-wide strategic plan.

To address the organization's challenges outlined in *Finding 2* and provide focused prioritization for the operational process improvements mentioned in *Finding 3*, DHHR needs to further develop and then broadly communicate its department-wide strategic plan. The department-wide strategic plan will establish an aligning narrative and help all bureaus and offices understand how their teams' programs, processes, and services contribute to the department-wide objectives.

The objectives in this plan are large, challenging issues that will not be simple to address. Achieving them will require consistent focus and support from teams across the Department. Therefore, detailed action plans are needed to identify key strategies, initiatives, performance measures, and milestones.

Before recommending how DHHR should begin to approach the creation of these action plans, there are a few important details to clarify.

This does not mean bureau- and office-level plans cannot still exist. Where state laws and federal regulations require distinct plans, those plans should still exist. There needs to be a concerted effort to

- align the strategies, initiatives, performance measurements, and milestones within each of those plans to the relevant sections of the department-wide plan.
- This does not mean teams without an immediately obvious alignment to one of the objectives are less important; neither are the populations those teams serve. Creating department-wide objectives to address complex needs in crisis environments is intended to encourage collaboration and enable prioritization, so the Department is better able to take a holistic approach to address these challenges. For example:
 - O BBH, BPH, and the ODCP teams will all play critical roles in achieving the objective focused on addressing substance use disorders.
 - Examples of a few teams playing a critical role in achieving the child welfare-focused objective include:
 - the team leading the Women, Infants, and Children (WIC) program within BPH;
 - the teams leading the Supplemental Nutrition Assistance Program (SNAP) and Low-Income Energy Assistance Program (LIEAP) within BFA;
 - the Regional Family Coordinators within BBH; and
 - the Child Protective Services (CPS) teams within BSS.
- This does not mean a given team will only support one department-wide objective. Many teams deliver programs, processes, and services that can impact multiple objectives. Also, many teams must meet additional state and federal requirements. Individual program/team goals and objectives will still be important, but they will likely not require regular support from senior leaders at the department-level.

To begin creating the action plans, each leader who owns an existing bureau-level plan should meet with their team to determine how their plan should be used to create the department-wide plan. If there are no plans for a given objective, relevant teams should compile prior plans or unofficial planning documents that can be used as a starting point. Once documentation has been compiled for a given objective, working sessions with leaders from a variety of levels and perspectives should be held for that objective. The working sessions will likely need to be held over a series of meetings and should consist of facilitated discussions focused on

Vision	Improve the health, well-being, and quality of life for West Virginians							
Mission	Empower West Virginians through access to quality care and essential human services							
Values	Collaboration Accountability Respect Excellence • Build trusted relationships • Act with integrity • Show compassion to those we serve • Make evidence-based we serve • Partner with internal and external teams • Own your actions and outcomes Practice fiscal responsibility • Consider others' perspectives • Commit to continuous improvement							
Objectives	Improve all statewide safety and permanency indicators for child welfare	Reduce fatal and non-fatal overdoses by treating and preventing substance use disorders	Increase access to care and support services for all individuals by increasing enrollments and overcoming access barriers	Attract, acquire, develop, and retain a competent and valued workforce	Enhance delivery of DHHR administrative services to support program execution			
Leverage existing plans to create action plans	Description of the Control of the Co	The state of the s	Treasmont Strategic For	Control of the Contro	The state of the s			

understanding existing documents, identifying gaps, and then defining strategies, initiatives, performance measurements, and milestones. This process should be repeated for each of the five objectives.

Once the action plans are developed, a formal recurring process for reviewing progress and making leadership decisions about resources and interdependencies should be implemented. This process would then become a part of the operating rhythm that is further outlined in <u>Recommendation 3</u>.

Structure: Establish an Executive Leadership Team (ELT) and align DHHR's organizational structure to enable execution of the objectives in the strategic plan.

To drive the execution of and accountability for the department-wide strategic plan, as well as to address the challenges noted in *Finding 1*, DHHR should establish a formal ELT. This team would consist of seven executive level leaders responsible for leading the department from a unified strategic vantage point. The recommended positions for this ELT, in addition to the Cabinet Secretary, include:

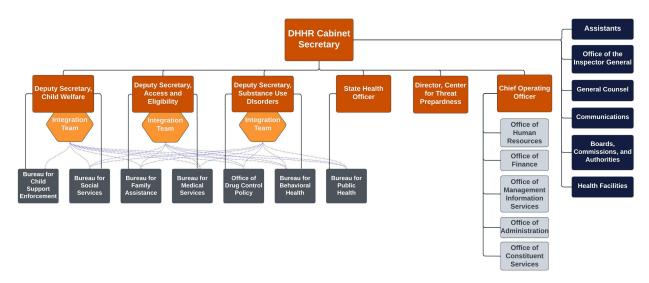
- Deputy Secretary for Child Welfare
- Deputy Secretary for Substance Use Disorders
- Deputy Secretary for Access and Eligibility
- State Health Officer (SHO)
- Director, Center for Threat Preparedness (CTP)
- Chief Operating Officer (COO)

Figure 18 shows the full recommended updates to the DHHR organization chart. The roles and responsibilities of key leadership positions for each section are addressed in further detail below. Assigning each Deputy Secretary and the COO to lead objectives in the strategic plan will enable DHHR to achieve these stated

The three (3) Deputy Secretaries each align to – and have full accountability internally and externally for driving progress against one corresponding objective in the department-wide strategic plan.

The COO will align to and be accountable for both administrative focused objectives in the departmentwide strategic plan.

objectives. As these objectives are achieved and the environment changes, DHHR would update the strategic plan and the Deputy Secretaries' strategic focus could change.



Focusing on the left side of Figure 18, the following explains more about the roles and responsibilities of the recommended Deputy Secretary positions and how they work with the integration teams and Bureau Commissioners.

- **Deputy Secretaries**: Each Deputy Secretary will be responsible for overseeing the cross-department collaboration to achieve their assigned objective in the strategic plan, as well as the overall strategic direction of the Department as it relates to that objective. While there will be direct lines of reporting from certain Commissioners to each Deputy Secretary, this does not mean the Deputy Secretary will hold decision authority over the daily operations of the relevant bureaus. Additionally, each Deputy Secretary will be responsible for maintaining a productive working relationship with the West Virginia legislature and responding to legislative requests related to the areas in which they are aligned. Each Deputy Secretary will rely directly on the Office of General Counsel for assistance, as well as a legislative liaison if one is appointed to their integration team.
- Integration Teams: an integration team will support each Deputy Secretary to drive cross-department collaboration, promote accountability, and provide oversight and transparency. Examples of roles that could be included in these teams include a chief of staff, legislative liaison, and a small team of crossdepartment connectors.
 - This is consistent with the model created for the current Office of Drug Control Policy (ODCP). Those team members consistently connect with bureaus and offices across the Department, as well as with external partners to ensure everyone working on efforts related to Drug Control Policy can drive progress together. Similar to how the ODCP team is additive to existing program teams within BBH and BPH, these integration teams would drive strategic collaboration. Another example would include:
 - O The team supporting the Deputy Secretary for Access and Eligibility working with BMS and all provider associations to focus on capacity building of the physical and mental health care provider systems, as a means of reducing barriers to access.
- Commissioners: The Bureau Commissioners' roles will remain largely unchanged. The only exception is they will now have executive leadership support from the Deputy Secretary for responsibilities related to strategic direction and communications with certain external stakeholders, including legislators. They will continue to have full operational responsibilities of the divisions and programs within their bureau. Commissioners will also continue to lead communications with certain external stakeholders, such as leaders from relevant Federal agencies.

Now, focus on the role of the COO and the senior leaders who report to that role. The following explains more about these roles and responsibilities.

COO: unifying department-wide shared services under the direction of the COO presents an opportunity to focus holistically on enhancing the quality, consistency, and reliability of shared services delivery to the bureaus, offices, and the workforce. The COO, as leader of the shared services organization, is responsible for ensuring DHHR's internal operations and business processes support and enable the programmatic functions conducted by the bureaus and constituent-facing offices. By establishing a direct line of accountability from the CHRO, CFO, CIO, Operations, and Constituent Services, the COO is positioned to identify cross-functional dependencies, enhance administrative services to the department, and drive collaboration on cross-functional outcomes in support of the relevant department-wide objections.

Support Service leaders: Similar to the Bureau Commissioners, the leaders for the Office of Human Resources Management (OHRM), Office of Finance, Office of Management Information Systems (OMIS), Office of Administration, and Constituent Services will remain largely unchanged. They will now have executive leadership support from the COO for responsibilities related to strategic direction and communications with certain external stakeholders, including legislators. They will continue to lead all operational responsibilities of the Divisions within their office.

Next, focus on the remaining members of the ELT and teams that report directly to them. The following explains more about these roles and responsibilities.

- State Health Officer (SHO) The McChrystal Team recommends separating the role of the SHO and the BPH Commissioner, and updating the Code of West Virginia, accordingly. The SHO would serve as the Chief Medical Advisor to the Cabinet Secretary and the Governor. The SHO will also be accountable for the strategic direction of BPH and will partner with the Deputy Secretaries to improve strategic partnerships between the DHHR and external stakeholders, such as health care networks, social service organizations, local health offices, public safety departments, and other public or privatesector partners to achieve progress in the state's health outcomes.
- Director, Center for Threat Preparedness (CTP) The enduring crisis conditions around health and human services in the state require the DHHR to prioritize immediate needs. In addition to the ongoing COVID-19 pandemic, the state is also facing new public health risks ranging from the emergence of the Monkeypox virus and a resurgence in HIV-AIDS incidents. By including this role in the DHHR ELT, the Department will have an emergency planning and collaboration office that will be empowered to lead coordinated efforts with other state agencies, as well as federal and state emergency response structures. This executive level leader will also drive collaboration across the department as it pertains to emergency response and operational continuity, as new issues or crises emerge.
- Finally, focus on the right side of Figure 18 (dark blue boxes). The roles and responsibilities of the remaining critical offices and senior leadership roles that support the Cabinet Secretary will also remain largely unchanged. They will now have executive leadership support from the entire ELT, so they can focus on leading the daily operations of their offices.

Operational Processes: Design and implement an operating rhythm for each departmentwide objective to improve communications and collaboration, so DHHR can better understand and respond to the complex needs of West Virginians.

To further enable the successful execution of the department-wide objectives, DHHR must improve communication both internally and externally, as noted in *Finding 1* and *Finding 3*. To improve communications, DHHR should first review the current cadence of recurring meetings and emails – or other communications - related to each department-wide objective. This will better position them to decide which meetings and communication methods are strategic, which are operational, and which are tactical.

Consistent with creating the action plans, the relevant leader for a given objective should hold working sessions with other relevant leaders from a variety of levels and perspectives to determine the appropriate details and establish a more intentionally designed operating rhythm. This means applying focused thought and facilitating discussions that consider the target audience, meeting objectives, frequency, duration, and method for each meeting or other communication tool. This level of focus will enable the DHHR to share information both horizontally and vertically throughout the department in a more timely manner, as well as with key external stakeholders.

Also critical to the success of these newly created or updated meetings will be the clarity of roles and responsibilities, as well as a demonstration of key leadership behaviors. If meetings involve status updates or one-directional communication from the top-down, they will not have the intended impact. Agendas should be intentionally designed, and a moderator should be assigned to encourage participation, drive action, and hold participants accountable.

Figure 19 provides notional examples of a few meetings that could begin to comprise an operating rhythm.

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6
Objectives				Exam	pple: Quarterly Stra	ntegic Plan Review
Strategies	*	♦	♦	Example:	Monthly Inter-ager	ncy Partner Forum
Initiatives		• • • •	amples: Bi-weekl	0 0 0	0 0 0	onal Coordination

Figure 19

Structure: Deepen investment in leadership throughout DHHR, starting at the executive level.

To accelerate the impact of the department-wide strategy and its accompanying structure, the McChrystal Team recommends a three-level approach to leadership development for the Department. While critical to success, leadership development for the Department cannot occur in a vacuum, as DHHR will need to maintain continuity of services through the transition to the new Department strategy and structure. As such, the McChrystal Team recommends a comprehensive and targeted leadership development program to integrate key leadership skills and behaviors at the strategic, operational, and tactical levels.

Program	Purpose	Target Audience
Phase 1: Executive Leadership Program	Strengthen relationships among team members, clarify roles, responsibilities, and accountabilities, and conduct recurring coaching sessions on how to develop individually	New ELT
Phase 2: Senior Leadership Development Program	Develop a collective understanding of strategic plan and how to lead the organizational changes underway, and refine leadership capabilities and behaviors	Senior Leaders partnering with ELT
Phase 3: Mid-level Leaders Development Program	Focus on how to lead the strategic plan's execution across all levels; build a leadership pipeline across DHHR	Mid-level Leaders selected to participate in the program
Phase 4: Leadership Foundation Program	Develop foundation of expected leadership skills and foster effective leader behaviors across all new DHHR leaders	Newly hired leaders or recent promotions to supervisor positions

Operational Processes: Prioritize administrative process improvement after the detailed action plans for the administrative objectives are developed.

In recent years, DHHR has undertaken multiple efforts to improve certain operational process areas noted in Finding 3. While noteworthy and necessary, focusing organizational change efforts on process improvements will not sufficiently empower frontline leaders given the combination of DHHR's current challenges. The COO should first complete the actions in <u>Recommendation 1</u>, and then use the action plans to prioritize and guide operational process improvement efforts. For example, if strategies pertaining to the department-wide objective focused on enhancing the workforce indicate DHHR needs to partner more closely with DOP, improvement efforts will look very different compared to a strategy to garner an exemption from DOP policies and processes. As noted above, all improvement efforts should be centered around creating and executing the DHHR strategic plan.

CONCLUSION

In consideration of HB4020, and in response to the Governor's request to conduct a "top-to-bottom" review of the Department, the McChrystal Team completed this report to summarize the organization assessment *Findings and Insights*, the strategic plan, and the *recommended* way forward.

To improve West Virginia's health and human services outcomes, the status quo is not an option; DHHR requires bold organizational change. After completing this organization assessment and strategic plan, the McChrystal Team disagrees that splitting DHHR into two separate departments is the option that will provide the desired results. Instead, the McChrystal Team recommends that **DHHR remain a single department and** focus all improvement efforts – to both structure and process – around the strategic plan designed to address the highest priorities within West Virginia's environment.

Key findings and insights previously explained include:

- Structure: DHHR's organizational structure needs improvements so its hard-working teams are better able to adapt to the rapidly changing environment of health and human service needs in West Virginia.
- Strategic Focus: Bureaus and offices demonstrate a commitment to driving progress, but concurrent enduring crises in West Virginia's health and human services environment increase the importance of DHHR operating from a department-wide strategic plan.
- Operational Processes: Process inefficiencies, combined with inter-agency dependencies, create barriers to teams receiving necessary resources and lead the workforce to operate reactively.

The McChrystal Team recommends DHHR take these actions in support of its employees and in service to West Virginians:10/11/2022

- Strategic focus
 - O Develop and then communicate detailed action plans to enable execution of each objective in the department-wide strategic plan.

Structure

- O Establish an Executive Leadership Team (ELT) and align DHHR's organizational structure to enable the execution of the objectives in the strategic plan.
- O Deepen investment in leadership throughout DHHR, starting at the executive level.

Operational processes

- O Design and implement an operating rhythm for each department-wide objective to improve communications and collaboration so DHHR can better understand and respond to the complex needs of West Virginians.
- Prioritize administrative process improvements after the detailed action plans for the administrative objectives are developed.

The McChrystal Team appreciates the trust the state of West Virginia placed in our firm to undertake this critical effort. We look forward to seeing DHHR make the necessary improvements to address the concurrent enduring health and human services crises facing West Virginians.



ANNEX A: STRATEGY ALIGNMENT APPROACH TO STRATEGIC PLANNING

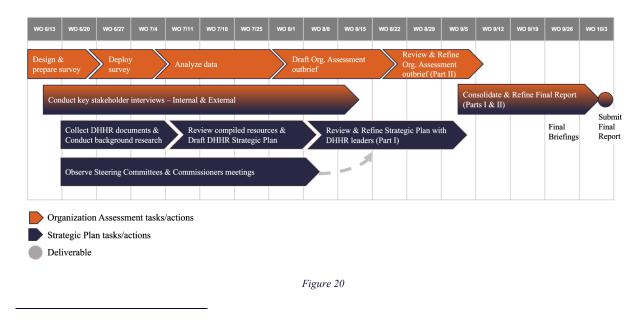
Background

As noted in the *Introduction*, HB4020 mandated a split of the DHHR into a separate Department of Health and a Department of Human Resources by July 1, 2022. After the bill passed in the House and Senate, Governor Jim Justice vetoed the legislation because it did "not provide adequate direction on the many questions that must be addressed in this massive endeavor." In response to the Governor's instructions to conduct a "top-tobottom review of the Department," DHHR leadership issued Solicitation HHR2200000002 to identify and partner with an outside vendor to complete a comprehensive organization assessment and to develop a strategic plan that informs the Department's decisions regarding "organization, structure, and strategic **priorities**"¹⁶. The McChrystal Team was selected as that partner.

Approach

Over the course of 17 weeks, the McChrystal Team executed an integrated approach to deliver analytical insights into how the DHHR operates, based on a proprietary organization assessment and a proven strategy alignment process. As shown in the dark blue sections of Figure 20, the strategy alignment efforts spanned 12 of the 17 weeks and the developed strategic plan was then integrated into this final report in the last four (4) weeks of this engagement.

The McChrystal Group approach is based on the concept that the power of a strategic plan comes from executive leaders' alignment around its content, as well as their commitment to it and communication of it



¹⁶ West Virginia DHHR. (2022, April 25). RFP Released to Review DHHR from Top-to-Bottom. Retrieved from https://dhhr.wv.gov/News/2022/Pages/RFP-Released-to-Review-DHHR-from-Top-to-Bottom.aspx

throughout the organization. To efficiently align DHHR leaders around the department-wide strategic plan, the McChrystal Team conducted interviews, reviewed documents, observed meetings, and facilitated discussions among DHHR senior leaders.

Additional details for each step of the strategy alignment process (shown in dark blue in Figure 20) are explained below.

- Conduct key stakeholder interviews internal and external
 - O Through this engagement, the McChrystal Team interviewed 65 individuals. Those interviews included the Secretary and Deputy Secretary, all Commissioners and most Deputy Commissioners, and leaders from all Offices reporting directly to the Secretary. Once the quantitative data from the survey was available, the McChrystal Team also interviewed select mid-level and frontline managers identified through the organization assessment as influential in the organization.
 - O In addition to internal leaders and employees, the McChrystal Team interviewed a series of external stakeholders, including legislators, legislative staff, other state agency leaders, and leaders from a variety of associations; all of whom collaborate with and/or are served by the DHHR. Focus groups were held with local organizations and additional associations. These interviews and focus groups provided the context needed to gain perspective on strengths, opportunities, and challenges facing the department and the state.
- Observe Steering Committee and Commissioners' meetings
 - Members of the McChrystal Team attended weekly DHHR Steering Committee and Commissioners/ Office Directors' meetings to observe the current approach to those meetings and the interactions among leaders. The Team also attended semi-monthly meetings between the Secretary and Commissioners. The aggregate goal of the meeting observation was to assess strategic focus, alignment, and tone to inform aligned strategy and downstream recommendations related to meeting structure, cadence, and execution.
- Collect DHHR documents; Conduct background research; Review compiled resources and draft DHHR Strategic Plan materials
 - The McChrystal Team issued a data request to DHHR Bureaus and Offices, requesting a variety of recent and historical documents to gain a foundational understanding of them, including the breadth of their services, strategic plans, and recent priorities. The team reviewed all received documents in preparation for the strategic plan working session.
 - The McChrystal Team also conducted a comparative analysis of strategic plans from departments of health and human services in other states to assess their elements and applicability to West Virginia.
 - O After reviewing all documentation, the McChrystal Team drafted materials to facilitate the working sessions described below.
- Review and refine Strategic Plan with DHHR leaders
 - O Reviewing and refining the DHHR department-wide strategic plan consisted of six (6) steps. The Cabinet Secretary and all direct reports were invited to participate in all sessions and overall attendance and participation were high. Each session employed different techniques to

gain collective input from leaders, create conditions for collaborative work, and surface input and perspective from all participants.

- 1. One (1) hour virtual working session focused on drafting the vision statement
- 2. Two and a half (2.5) hour in-person working session to confirm the vision, then draft the mission, values, and corresponding behaviors
- 3. Three separate one (1) hour virtual meetings, so leaders could provide feedback; this resulted in the confirmation of vision, mission, values, and behaviors
- 4. Shared six (6) drafted department-wide objectives during a weekly leadership meeting 10 days before the final working session, so leaders had time to reflect, discuss with teams, and prepare for the upcoming facilitated discussions.
- 5. Two and a half (2.5) hour in-person working session to review and update the proposed objectives.
- 6. After completing all working sessions, the McChrystal Team reviewed and analyzed the drafted language in the strategic plan, the notes from the working sessions, the state's health and human service outcomes, and the comparative analysis of outcomes from other states. Based on this analysis and experience conducting strategy alignment work with numerous other large organizations, the McChrystal Team developed the final draft of the DHHR strategic plan in Figure 21.

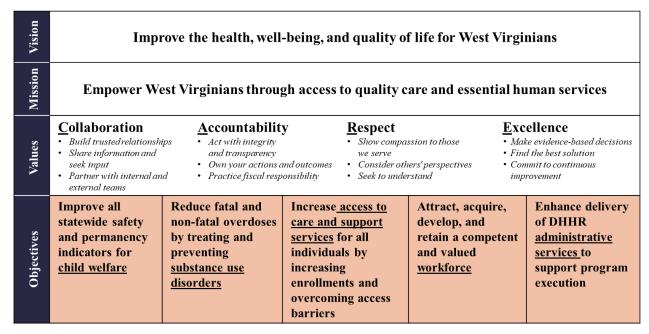


Figure 21

Observations of DHHR leadership alignment for vision, mission, values, and objectives

In addition to facilitating the working sessions, the McChrystal Team observed the DHHR leaders' interactions to gauge their level of alignment. The evolution of this group's strategic alignment is best summarized as: varying perspectives reaching fairly strong alignment on the vision, mission, and values with a divergence of alignment on non-administrative objectives. Additional details of the McChrystal Team's observations and evolving assessment of alignment throughout this process are provided below.

- During the vision working session, the McChrystal Team facilitated four (4) virtual breakout group discussions to review examples of other organizations' vision statements, then asked leaders to share ideas and brainstorm the DHHR vision statement. The group of leaders did not reach a final vision statement that day, but there was a high level of alignment among all breakout groups. Specifically, each group shared similar reactions to and feedback for the example vision statements, and more importantly, showed consistency with key phrases and concepts to include in the DHHR vision statement.
- During the mission and values working session, The McChrystal Team used a variety of group facilitation activities. The leaders drafted options for a mission statement, prioritized value statements, and discussed corresponding behaviors.
- A mission statement was defined as an action-oriented statement declaring the purpose an organization serves to those it serves. Leaders were also prompted that the mission statement should answer the questions: what do we do? and what does success look like? Leaders were split into four (4) groups to draft mission statements that complemented the proposed vision statement. Those groups were then combined into two (2) groups to discuss similarities and differences between their ideas and produce a combined version. The differences in the drafted mission statements sparked good conversations, and each combined group put forth a single option for a combined mission statement. The entire group reviewed and discussed the final two (2) mission statement options.
- To establish a set of DHHR values, McChrystal Team provided a list of more than 25 general values to prompt leaders' thinking and then asked them to consider: to which values were they committed to consistently demonstrating through their own behavior and expecting of others on their teams? The list was narrowed down to the top eight (8) to ten (10) values and similar suggestions were combined. Smaller groups then discussed each value to clarify the expected behaviors. With a large number of leaders in the room and a large number of values to consider, the group did not reach a final agreement on the highest priority values, but there was clear alignment around the primary concepts.
- The McChrystal Team took all outputs from these first two (2) working sessions and drafted the consolidated vision statement, mission statement, and list of values with supporting behaviors. To allow for efficiency and to accommodate the leaders' schedules, the McChrystal Team held three (3) virtual sessions so they could share feedback on the final drafts of these statements before the working session focused on objectives. Participation was again high for these optional sessions, and leaders shared different insights based on their perspectives, but nothing caused concern for misalignment, so the vision, mission, and values were considered a final draft.
- Prior to the working session focused on objectives; the McChrystal Team provided six (6) examples of potential department-wide objectives for these leaders to consider. This list was created after the thorough review of all documentation shared by DHHR and the comparative review of similar states' strategic plans for health and human services. This provided the McChrystal Team with a strong foundational understanding of West Virginia's environment on which to base the potential objectives. The leaders were asked to use the following 10 days to review, discuss with their teams, and come to the next working session prepared to discuss DHHR's objectives.
- During the final working session, the McChrystal Team used group facilitation activities to "pressure test" the achievement of the drafted mission statement against the six (6) potential objectives. The leaders were asked to look to the future and consider the most likely causes for failure to achieve

DHHR's mission. We asked them to consider this and then discussed how the objectives do or do not align with managing those risks. There was significant discussion around internal process improvement needs, so the workforce and administrative objectives were confirmed quickly with strong alignment. There was also conversation around whether the remaining objectives should focus on target audience groups and the groups that serve them or whether they should be focused on challenges in the environment.

By the completion of this session, the list of department-wide objectives expanded from six (6) to eight (8) objectives. This prompted a concern because the updated objectives leaned towards noting all target audiences and the specific bureaus that support each audience. Based on the McChrystal Team's experience, creating objectives that simply align with the needs of an organization's work units will reinforce silos rather than enable the fundamental collaboration to address the critical needs of the environment. After reviewing the language in those objectives, the notes from all working sessions, the state's health and human service outcomes, and the comparative analysis of outcomes from other states, the McChrystal Team adapted those eight (8) objectives into the five (5) seen in Figure 21 above.

Recommended Next steps

As noted in *Recommendations*, in order to address DHHR's challenges outlined in *Finding 2* and provide focused prioritization for the operational process improvements mentioned in *Finding 3*, the DHHR needs to convene the Executive Leadership Team to align on the strategic plan, then further develop and broadly communicate the plan. The department-wide strategic plan will establish an aligning narrative and help all Bureaus and Offices understand how their teams' programs, processes, and services contribute to the department-wide objectives. The objectives in this plan are large challenging issues that will not be simple to address. Achieving them will require consistent focus and support from teams across the department. Therefore, detailed action plans are needed to identify key strategies, initiatives, performance measures, and milestones.

ANNEX B: CROSS-BUREAU COMMUNICATION

Background

A significant amount of data was shared in the *Findings and Insights*, but it was only a portion of the data compiled through the organization assessment. Additional data is provided here, because while viewing silos on the network maps is informative, it is difficult to parse exactly where and how much cross-team information exchange is occurring. Information flow tables delineate this information.

How to Read Information Flow Tables

The percentages shown in gray in Figure 22 represent the % of respondents from each bureau/office (blue vertical column) who mentioned a source of good information in a corresponding bureau/office (orange horizontal row). For example, 100% of Bureau of Behavioral Health respondents cite a person in Behavioral Health as a source of good information, while only 2% of Behavioral Health respondents cite a person in the Bureau for Child Support Enforcement as a source of good information.

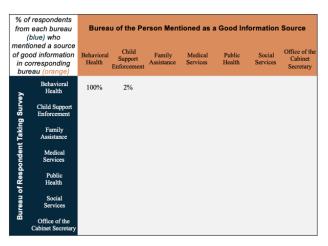
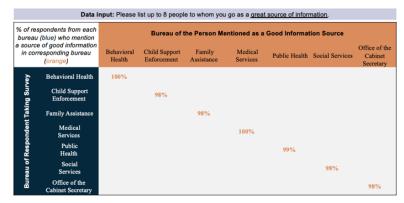


Figure 22

DHHR Information Flow Tables

The information flow tables offer an alternative view of examining silos. In Figure 23, intra-bureau/office communication is shown. Not surprisingly, 98% of respondents or more named someone within their own bureau/office as a good source of information.

100% of respondents within the



- Figure 23
- Bureau for Behavioral Health (BBH) cite at least one other BBH member as a good source of information
- 98% of respondents within the Bureau for Child Support Enforcement (BCSE) cite at least one other BCSE member as a good source of information
- 98% of respondents within the Bureau for Family Assistance (BFA) cite at least one other BFA member as a good source of information
- 100% of respondents within the Bureau for Medical Services (BMS) cite at least one other BMS member as a good source of information

- 99% of respondents within the Bureau for Public Health (BPH) cite at least one other BPH member as a good source of information
- 98% of respondents within the Bureau for Social Services (BSS) cite at least one other BSS member as a good source of information
- 98% of respondents within the Office of the Cabinet Secretary (OCS) cite at least one other OCS member as a good source of information

Most good information sources are within the respondents' respective bureaus, which indicates siloed communications persist. This finding reinforces the network map shown in Figure 7.

	Data input: Please list up to 8 people to whom you go as a good source of information.								
% of respondents from each bureau (blue) who mention		Bureau of the Person Mentioned as a Good Information Source							
	ee of good information rresponding bureau (orange)	Behavioral Health	Child Support Enforcement	Family Assistance	Medical Services	Public Health	Social Services	Office of the Cabinet Secretary	
/ey	Behavioral Health		2%	0%	17%	8%	10%		
Bureau of Respondent Taking Survey	Child Support Enforcement	0%		19%	0%	3%	8%		
Taki	Family Assistance	1%	6%		1%	1%	27%		
ondent	Medical Services	9%	3%	5%		5%	19%		
Resp	Public Health	3%	5%	3%	0%		5%		
вап оf	Social Services	1%	4%	42%	2%	1%			
Bur	Office of the Cabinet Secretary								

Figure 24

When looking at the off-diagonals, which show cross-bureau or inter-bureau communication, there is more variance. (Figure 24) Cross-bureau mentions of good information are rare. Overall, some of the existing silos are evident given the overall low proportions of cross-bureau connectivity. For example:

- 0% of respondents within the BCSE cite a member of the BBH Health as a good source of information
- 1% of respondents within the BFA cite a member of the BBH as a good source of information
- 5% of respondents within the BMS cite a member of the BFA as a good source of information

There are some higher levels of cross-bureau communication, which indicate certain bureaus or teams within bureaus are leveraging the expertise of DHHR team members who work on different teams. For example:

- 17% of respondents within BBH cite someone in BMS as a good source of information
- 19% of respondents within BCSE cite someone in BFA as a good source of information
- 19% of respondents within BMS cite someone in BSS as a good source of information
- The two highest instances of collaboration are between the BSS and BFA, which is unsurprising because it indicates legacy communication patterns between the teams that were a single bureau until July 2021.

- O 42% of respondents within BSS cite someone in BFA as a good source of information
- O 27% of respondents in BFA cite someone in BSS as a good source of information

Deep Dive: Office of the Cabinet Secretary

A leadership team and central functions can help mitigate silos between bureaus by actively connecting with others outside of their own team. The McChrystal Team did not find that connective function in the Office of the Cabinet Secretary within the DHHR.

Insight 1.1 noted that because individuals in the Office of the Cabinet Secretary name few sources of good information outside of their own office, they are primarily communicating within their own group. This is more evident when viewing the organizational information flow data that comprises the high-level network maps (Figure 25). As shown on the bottom row, individuals in the Office of the Cabinet Secretary rarely go to people outside of their own office for information. Specifically:

Data input: Please list up to 8 people to whom you go as a great source of information.									
% of respondents from each bureau (blue) who mentioned a source of good information in corresponding bureau (orange)		Bureau of the Person Mentioned as a Good Information Source							
		Behavioral Health	Child Support Enforcement	Family Assistance	Medical Services	Public Health	Social Services	Office of the Cabinet Secretary	
vey	Behavioral Health							46%	
Bureau of Respondent Taking Survey	Child Support Enforcement							21%	
	Family Assistance							8%	
	Medical Services							36%	
	Public Health							23%	
	Social Services							7%	
Bur	Office of the Cabinet Secretary	7%	7%	9%	8%	9%	8%	98%	

Figure 25

- 7% of respondents within the Office of the Cabinet Secretary cite a member of BBH as a good source of information
- 7% of respondents within the Office of the Cabinet Secretary cite a member of the BCSE as a good source of information
- 9% of respondents within the Office of the Cabinet Secretary cite a member of the BFA as a good source of information
- 8% of respondents within the Office of the Cabinet Secretary cite a member of the BMS as a good source of information
- 9% of respondents within the Office of the Cabinet Secretary cite a member of the BPH as a good source of information

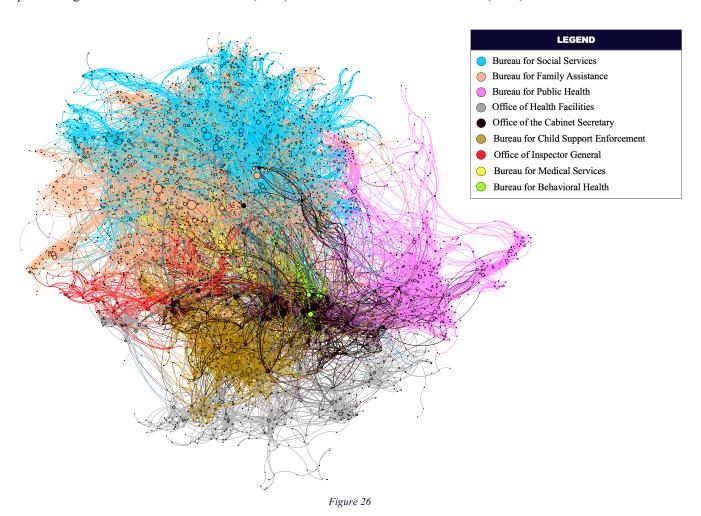
8% of respondents within the Office of the Cabinet Secretary cite a member of the BSS as a good source of information

In a high-performing organization, central leaders, administration, and shared services can compensate for siloed networks by actively connecting stakeholders and creating systematic processes that save time and prompt the intra-organizational information sharing. In DHHR, the offices responsible for creating policies and procedures that enable the bureaus to deliver services rarely seek input from those teams. This limits the offices' general understanding of service delivery, thereby impacting decision-making and effective service delivery, as noted in *Insight 1.3*.

ANNEX C: SPECIFIC BUREAU AND OFFICE **SILOS**

Background

The McChrystal Team Organizational Network Analysis (ONA) included in the Findings & Insights section described siloed operations that limit teams' abilities to cross-collaborate and address the complex needs of West Virginians. Figure 26 shows the DHHR network by Bureau and Office. This ONA map is presented again below. As mentioned earlier, organizational silos themselves are not always a problem. However, for teams across the DHHR to best serve the complex needs of West Virginians, they need established processes and leadership behaviors that enable them to collaborate more easily. In addition to McChrystal Team's five (5) overall Recommendations, one bureau and one office are worthy of further comment regarding their siloed positioning: the Bureau for Public Health (BPH) and the Office of Health Facilities (OHF).



Bureau and Office Specific Recommendations

Bureau for Public Health

On the right side of the map, the pink circles represent the BPH, which is siloed from the rest of the organization. This is not surprising as BPH has been focused on the COVID-19 pandemic response and connected to outside entities, including the National Guard, and other external stakeholders.

The effective operations of BPH require both an internal and an external focus. In order to address the complex and enduring needs of West Virginia, the bureau must maintain a connection with external stakeholders, e.g., Local Health Departments. But BPH must also solidify its connections to other bureaus and offices within the DHHR. The implementation of *Recommendations* 1-5 in this report will facilitate addressing BPH as a silo while still enabling partnerships with external parties. Recommendation 1 (Strategy) and Recommendation 2 (Structure) will assist in breaking down the current BPH silo. Aligning a BPH strategy with a higher level DHHR strategy will help the team prioritize how and with whom to collaborate to address the most pressing needs of West Virginians including substance use disorder, child welfare, and access to care and services. The recommended structural change to separate the State Health Officer (SHO) from the Commissioner of BPH will empower the two important functions of a state chief medical advisor and a senior leader focused on BPH operations and internal accountabilities.

Office of Health Facilities

At the bottom of the map, OHF is shown in gray. These health facilities operate independently from the rest of DHHR, and individuals within these facilities are primarily only connected within their facility and essentially do not communicate outside of their own office. As noted earlier, because many OHF members are without daily access to a laptop / PC workstation, the response rate achieved for OHF was 35%. Though this response rate was considerably lower than that of the other bureaus and offices, the results are corroborated by qualitative data gleaned in interviews with internal and external stakeholders.

The "silo" position of the OHF is not surprising as the facilities operate for the most part individually and have little connection to each other or to the DHHR, except for the Office of the Cabinet Secretary. The organization assessment revealed that the OHF demands a significant amount of attention from the Secretary and others in the Office of the Cabinet Secretary, as well as financial and other resources to address many obstacles including, but not limited to, clinical workforce challenges and outdated facilities. During the organization assessment, the McChrystal Team learned that multiple discussions to privatize some of the health facilities have occurred, and in some cases, plans were proposed, but no action has been taken to date. Each facility is unique in that each serves a specific community and population. West Virginia's health challenges demand health facilities that deliver relevant services in an environment that provides an effective patient and staff experience. The appropriate use and management of the health facilities require significant investment of time and financial resources by executive level leaders. Given the network analysis results in addition to other assessment findings coupled with the need for DHHR leadership to address other multiple concurrent crises in the environment, the McChrystal Team supports the consideration to privatize the facilities. The McChrystal Team recommends that the DHHR leaders convene meetings with appropriate external organizations to discuss options and create facility-specific plans as quickly as possible to determine an appropriate way forward that best serves the relevant populations' needs as well as the communities in which the facilities operate.

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