

Annual Report

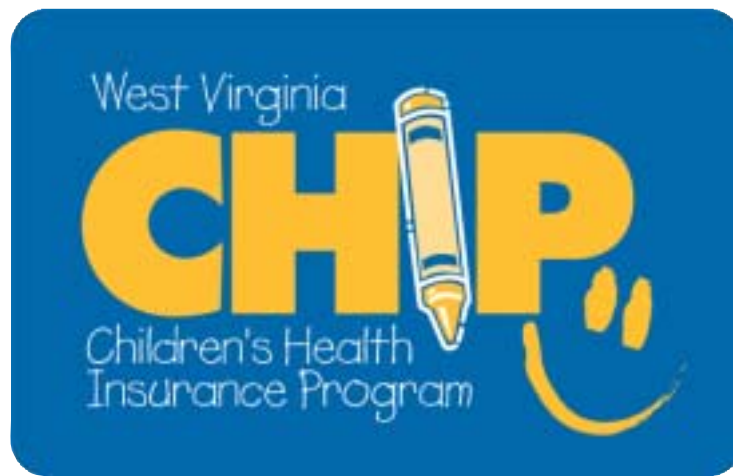
*For the Fiscal Year Ended
June 30, 2003*

West Virginia Children's Health Insurance Program

2003 Annual Report



Bob Wise, Governor



Bob Wise, Governor
State of West Virginia

Tom Susman, Acting Cabinet Secretary
West Virginia Department of Administration

Sharon L. Carte, Executive Director
West Virginia Children's Health Insurance Program

Prepared by:
Terry A. Harless, CPA
Financial Officer
West Virginia Children's Health Insurance Program



*“Investing in the health of our children today means
many brighter tomorrow’s for West Virginia’s future.”*

Governor Bob Wise

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
Letter of Transmittal.....	2
Principal Officials, Board Members, and Staff	6
Organizational Chart	7
FINANCIAL SECTION	
Management’s Discussion and Analysis.....	10
Basic Financial Statements:	
Balance Sheet	12
Statement of Revenues, Expenses, and Changes in Retained Earnings..	13
Notes to Financial Statements	17
Required Supplementary Information:	
Independent Actuary Report	22
Outreach	28
Customer Satisfaction Survey Summary	30
STATISTICAL SECTION	
Enrollment Data	
Tables 1 - 10	34 - 41
Expenditures Data	
Tables 11 - 13	42 - 43
HEDIS-Type Data	
HEDIS-Type Explanation	44
Tables 14 - 18	45 - 47
Health Status Indicators Data	
Health Status Indicators Explanation.....	48
Tables 19 - 23	49 - 51
Top Ten Physician Services and Prescription Drugs	
Tables 24 - 26	52 - 54





INTRODUCTORY SECTION



OUR MISSION

*To provide quality health insurance to eligible children
and to strive for a health care system in which all
West Virginia children have access to health care coverage.*



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Charleston, WV 25305
304-558-2732 voice / 304-558-2741 fax
Helpline 877-982-2447
www.wvchip.org

December 1, 2003

Honorable Bob Wise, Governor
State of West Virginia

Honorable Members of the
West Virginia Legislature

Board Members
West Virginia Children's Health Insurance Program

Tom Susman, Acting Secretary
West Virginia Department of Administration

Sharon L. Carte, Executive Director
West Virginia Children's Health Insurance Program

Ladies and Gentlemen:

It is a privilege to submit to you the Annual Report of the West Virginia Children's Health Insurance Program (WVCHIP) for the fiscal year ended June 30, 2003. This report was prepared by the Office of the Financial Officer of WVCHIP. Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the management of WVCHIP. We believe the data, as presented, is accurate in all material respects and is presented in a manner designed to present fairly the financial position and results of operations of WVCHIP. All disclosures necessary to enable the reader to gain an understanding of WVCHIP's financial activities have been included. It should be noted that these financial reports are unaudited and for management purposes only.

This Annual Report is presented in three sections: introductory, financial and statistical. The introductory section contains this transmittal letter, a list of the principal officers of WVCHIP, and WVCHIP's organizational chart. The financial section includes the basic financial statements and footnotes

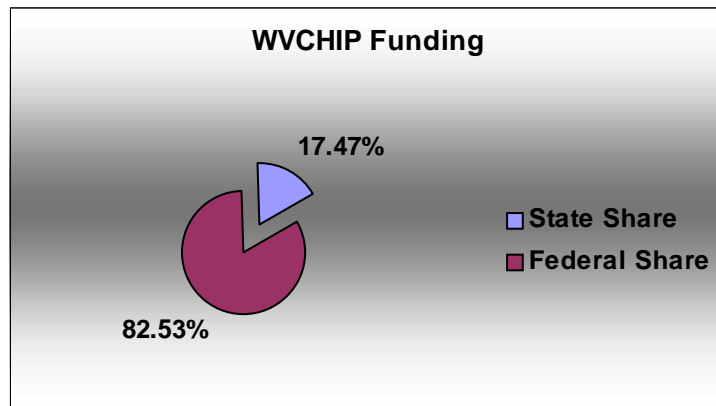
as well as certain supplementary information as required by WV State Code. Also included in the financial section is management’s discussion and analysis (MD&A) which provides the reader a narrative introduction, overview and further analysis of the financial information presented. The statistical section includes selected financial and statistical data.

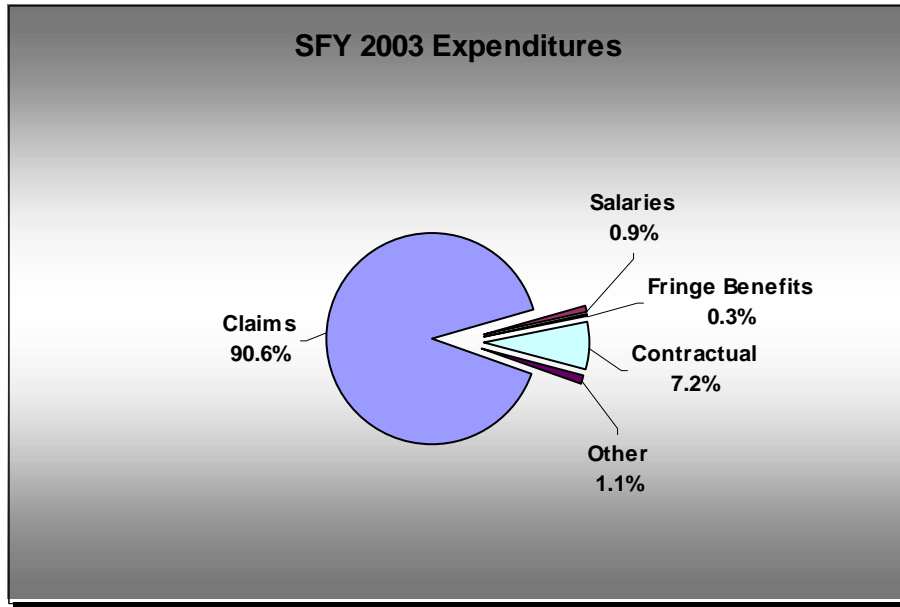
The West Virginia Legislature passed House Bill 4299 on April 19, 1998, to create WVCHIP. Since its inception, it has undergone several changes that include the transfer of the Program from the WV Department of Health and Human Resources to the WV Department of Administration with the passage of Senate Bill 565 in 2000. WVCHIP is governed by a Board of up to eleven members. Day-to-day operations of WVCHIP are managed by the Director who is responsible for the implementation of policies and procedures established by the Board.

FINANCIAL PERFORMANCE AND OUTLOOK

The financial statements of WVCHIP have been prepared on a modified accrual basis of accounting in conformity with generally accepted accounting principles (GAAP) as prescribed or permitted by the Governmental Accounting Standards Board (GASB).

WVCHIP’s funding is a shared federal/state partnership. The match rate at June 30, 2003, was 82.53% and 17.47% respectively. WV State Code provides for an actuarial opinion to ensure that WVCHIP’s estimated program and administrative costs, including incurred but unreported claims, will not exceed 90 percent of the funding available to the Program. The Actuarial Report dated June 30, 2003, confirmed this through SFY 2005. The report, based on projected funding, enrollment and costs, projected federal funding shortfalls of \$1.5 million, \$22.3 million and \$27.2 million in state fiscal years (SFY) 2006, 2007 and 2008 respectively. Subsequent to this report, additional federal funding was made available that has eliminated the federal shortfall in SFY 2006 and reduced it to \$16.3 million in SFY 2007 and \$21.4 million in SFY 2008. This improvement was a result of a redistribution of federal funds totaling \$18.8 million and an announcement of WVCHIP’s federal fiscal year 2004 grant of \$18.7 million. West Virginia was one of 14 states to receive these redistributed funds as a result of spending all of its federal fiscal year (FFY) 2000 funds. Furthermore, WVCHIP spent all of its FFY 2001 funds and expects a comparable redistribution at the beginning of 2004.





CASH MANAGEMENT

Cash and cash equivalents are managed by the West Virginia Investment Management Board. In addition, WVCHIP has funds on deposit with a local financial institution for payment of claims processed by WVCHIP's third-party administrator. Cash in this account remains an asset of WVCHIP until such time as claims are paid.

INITIATIVES

In an effort to reduce costs, WVCHIP has utilized many of the agreements secured through the WV Public Employees Insurance Agency (PEIA). One of these initiatives was to obtain a new pharmacy benefits manager on July 1, 2002. WVCHIP joined PEIA in an innovative multi-state purchasing effort for pharmaceuticals known as RXIS. This effort actually resulted in lower overall prescription drug costs in state fiscal year 2003 than in the previous year.

OTHER

Title XXI of the Social Security Act, enacted in 1997 by the Balanced Budget Act, authorized Federal grants to states for the provision of child health assistance to uninsured, low-income children. The Centers for Medicare and Medicaid Services (CMS) monitors the operation of WVCHIP. Financial statements are presented for the State fiscal year ended June 30, 2003. The federal year ends September 30 and further documentation is submitted to CMS based on that period. Certain statistical information such as HEDIS-type reports, by definition, are presented on a calendar year basis as required.

ACKNOWLEDGMENTS

Special thanks are extended to Governor Bob Wise and to members of the Legislature for their continued support. Gratitude is expressed to the Board members of WVCHIP for their leadership and direction. Finally, this report would not have been possible without the dedication and effort of WVCHIP's Executive Director, Sharon L. Carte. Respectfully, we submit this Annual Report for the West Virginia Children's Health Insurance Program for the year ended June 30, 2003.

Sincerely,

A handwritten signature in blue ink that reads "Terry Harless". The signature is written in a cursive style.

Terry A. Harless, CPA
Financial Officer

PRINCIPAL OFFICIALS

Bob Wise, Governor
State of West Virginia

Tom Susman, Director
West Virginia Insurance and Retirement Services

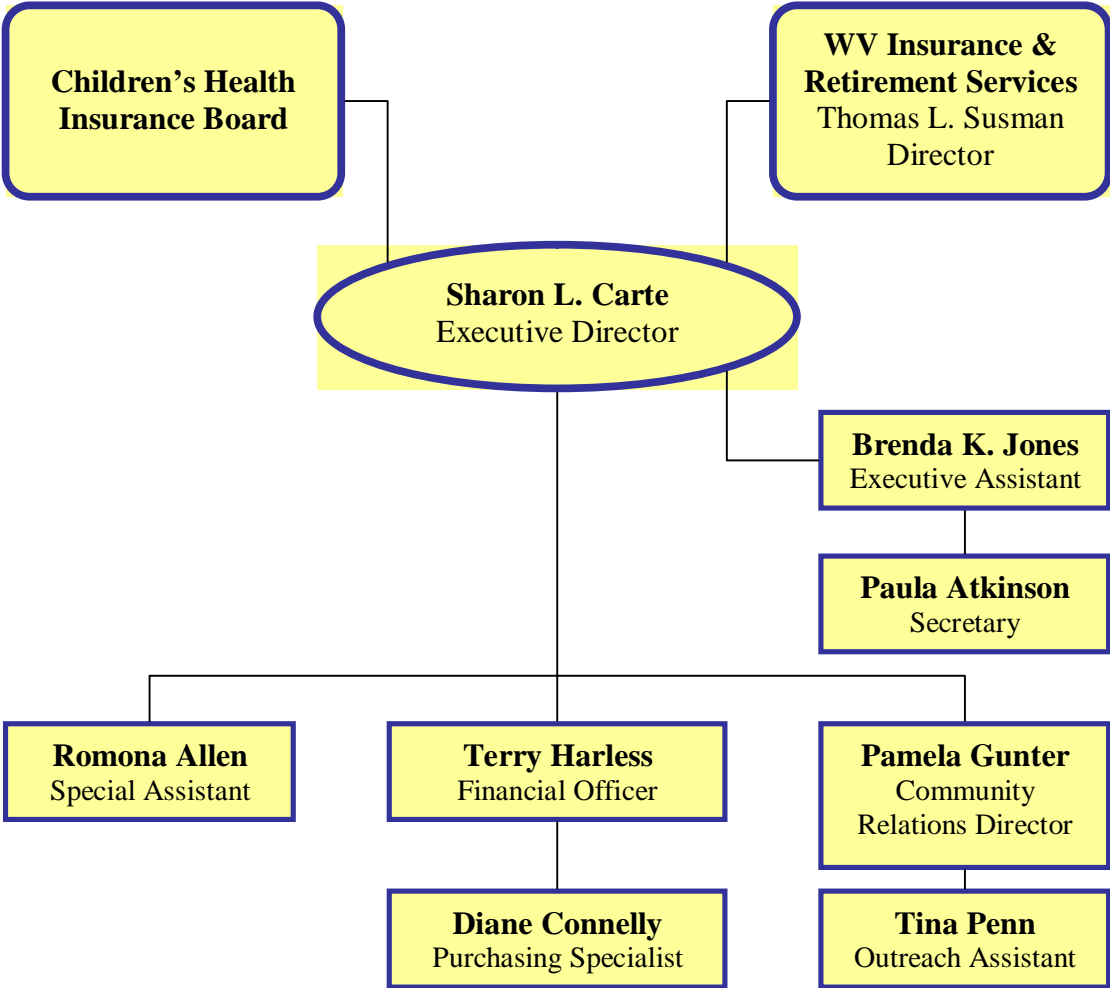
BOARD MEMBERS

Sharon L. Carte, Chair
Tom Susman, Public Employees Insurance Agency, Director
Paul Nusbaum, Department of Health & Human Resources, Cabinet Secretary
The Honorable Roman Prezioso, West Virginia Senate, Ex-Officio
The Honorable Margarett Leach, West Virginia House of Delegates, Ex-Officio
Robert A. Derr, Citizen Member
James E. Foster, Citizen Member
Lynn T. Gunnoe, Citizen Member
Shelia G. Plogger, Citizen Member
Tom Wilkerson, Citizen Member

STAFF

Sharon L. Carte, Executive Director
Romona Allen, Special Assistant
Paula M. Atkinson, Secretary
K. Diane Connelly, Purchasing Specialist
Pamela D. Gunter, Community Relations Director
Terry A. Harless, Financial Officer
Brenda K. Jones, Executive Assistant
Tina Penn, Outreach Assistant

STAFF ORGANIZATIONAL CHART







FINANCIAL SECTION



Lack of insurance has shown to have a negative impact on school performance of children.

*"Sicker and Poorer: The Consequences of Being Uninsured"
Kaiser Commission on Medicaid and the Uninsured*

MANAGEMENT'S DISCUSSION AND ANALYSIS

**WEST VIRGINIA CHILDREN'S HEALTH INSURANCE PROGRAM
For the Year Ended June 30, 2003**

Management of the West Virginia Children's Health Insurance Program (WVCHIP) provides this Management Discussion and Analysis for readers of WVCHIP's financial statements. This narrative overview of the financial statements of WVCHIP is for the year ended June 30, 2003. We encourage readers to consider this information in conjunction with the additional information that is furnished in the footnotes which can be found following the financial statements. It should be noted that these financial statements are unaudited and for management purposes only.

This year's annual report is expanded in comparison to previous annual reports prepared by WVCHIP. This expansion is largely attributed to three considerations: 1) the implementation of new reporting standards in accordance with the Governmental Accounting Standards Board's (GASB) Statement No. 34 "Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments" and GASB Statement No. 38 "Certain Financial Statement Disclosures" which are two of the most significant changes in the history of governmental accounting; 2) assurance given in a West Virginia Legislative Performance Evaluation and Research Division review to present a report which meets the requirements outlined in State Code; and 3) management's continued awareness of the importance of conveying the activities and results of this Program to readers.

HISTORY AND BACKGROUND

WVCHIP's primary purpose is to provide health insurance coverage to uninsured children in families whose income disqualifies them from coverage available through the Medicaid Program, but is less than twice that of the current Federal Poverty Level (FPL). When Congress amended the Social Security Act in 1997 to create Title XXI "State Children's Health Insurance Program," federal funding was authorized to the states for such programs over a ten year period. The West Virginia Legislature established the legal framework for this State's program in legislation enacted in April 1998. Since then, WVCHIP has undergone several changes of its State Plan to reach its current form. These changes included:

- Phase I: In July 1998, the Program began as a Medicaid expansion by covering children from ages 1 to 5 in households with incomes from 131% FPL to 150% FPL.
- Phase II: On April 1, 2000, coverage for children from ages 6 through 18 in households from 100% to 150% FPL was added. WVCHIP also adopted PEIA's Preferred Benefit Plan to serve as the benchmark equivalent coverage program.

- In June 2000, WVCHIP notified the federal government that it was withdrawing the Medicaid expansion program and combining it with Phase II to create a separate state program.
- Phase III: In October 2000, WVCHIP expanded coverage for all children between 151% and 200% FPL.
- In June 2002, WVCHIP modified its co-payment requirements for pharmacy benefits to eliminate co-pays for generic drugs and expand co-pay requirements for brand name drugs. It also adopted an annual benefit limit of \$200,000 and a lifetime benefit limit of \$1,000,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

WVCHIP's financial statements have been prepared on a modified accrual basis of accounting in conformity with generally accepted accounting principles (GAAP) as prescribed or permitted by the Governmental Accounting Standards Board. As a governmental fund, WVCHIP is required to present two basic statements in this section as follows:

Balance Sheet: This statement reflects WVCHIP's assets, liabilities and fund balance. Assets equal liabilities plus fund balances. The major line item asset consists primarily of funds due from the federal government to cover WVCHIP's major liability, incurred claims.

Statement of Revenues, Expenditures and Changes in Fund Balances: This statement reflects WVCHIP's operating revenues and expenditures. The major source of revenue is federal grant awards while the major expenditure areas include medical, dental, and prescription drug claims costs.

FINANCIAL HIGHLIGHTS

The following financial statements summarize the financial position and the results of operations for the years ended June 30, 2003 and 2002. (See Pages 12 and 13.)

**West Virginia Children's Health Insurance Program
Comparative Balance Sheet
June 30, 2003 and 2002
(Accrual Basis)**

	June 30, 2003	June 30, 2002	Variance	
Assets:				
Cash and Cash Equivalents	\$1,317,156	\$1,332,802	(\$15,646)	-1%
Due From Federal Government	3,618,145	3,008,761	609,384	20%
Due From Other Funds	552,900	629,842	(76,942)	-12%
Accrued Interest Receivable	318	2,670	(2,352)	-88%
Fixed Assets, at Historical Cost	<u>40,821</u>	<u>30,080</u>	<u>10,741</u>	<u>36%</u>
Total Assets	<u>\$5,529,340</u>	<u>\$5,004,155</u>	<u>\$525,185</u>	<u>10%</u>
Liabilities:				
Due To Other Funds	\$264,856	\$428,603	(\$163,747)	-38%
Deferred Revenue	1,415,355	423,875	991,480	234%
Unpaid Insurance Claims Liability	<u>2,900,000</u>	<u>3,210,000</u>	<u>(310,000)</u>	<u>-10%</u>
Total Liabilities	<u>\$4,580,211</u>	<u>\$4,062,478</u>	<u>\$517,733</u>	<u>13%</u>
Fund Equity	<u>\$949,129</u>	<u>\$941,677</u>	<u>\$7,452</u>	<u>1%</u>
Total Liabilities and Fund Equity	<u>\$5,529,340</u>	<u>\$5,004,155</u>	<u>\$525,185</u>	<u>10%</u>

Unaudited - For Management Purposes Only - Unaudited

West Virginia Children's Health Insurance Program
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2003 and June 30, 2002
(Accrual Basis)

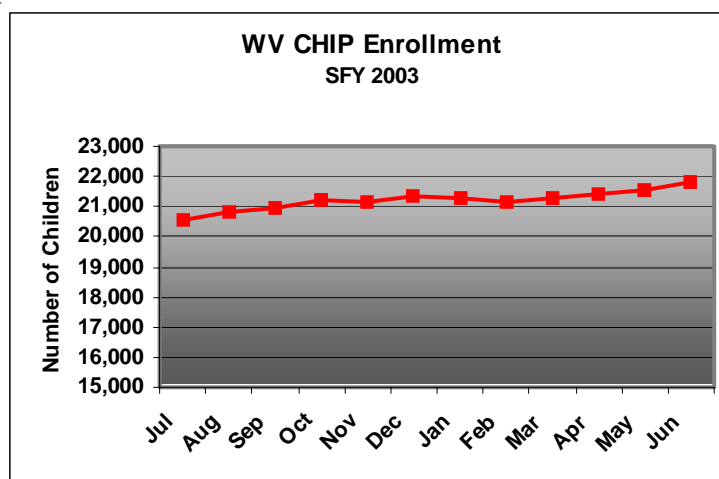
	June 30, 2003	June 30, 2002	Variance	
Revenues:				
Federal Grants	\$27,007,538	\$26,347,109	\$660,429	2.5%
State Appropriations	5,442,435	5,491,155	(48,720)	-0.9%
Investment Earnings	<u>7,452</u>	<u>87,630</u>	<u>(80,178)</u>	<u>-91.5%</u>
Total Operating Revenues	<u>\$32,457,426</u>	<u>\$31,925,894</u>	<u>\$531,532</u>	<u>1.7%</u>
Operating Expenditures:				
Claims:				
Outpatient Services	\$7,986,447	\$7,747,047	\$239,400	3.1%
Prescribed Drugs	4,974,058	4,936,940	37,118	0.8%
Physician and Surgical	6,692,321	5,640,159	1,052,162	18.7%
Dental	3,740,340	3,379,067	361,273	10.7%
Inpatient Hospital	2,328,741	3,519,027	(1,190,286)	-33.8%
Outpatient Mental Health	1,166,056	1,167,851	(1,795)	-0.2%
Vision	976,549	903,254	73,295	8.1%
Other*	<u>1,341,614</u>	<u>1,413,322</u>	<u>(71,708)</u>	<u>-5.1%</u>
Total Claims	<u>29,206,126</u>	<u>28,706,955</u>	<u>499,171</u>	<u>1.7%</u>
General and Admin Expenses:				
Enrollment and Claims Processing	1,982,980	1,978,638	4,342	0.2%
Eligibility	478,755	439,041	39,714	9.0%
Salaries and Benefits	388,096	308,911	79,185	25.6%
Current	<u>394,017</u>	<u>404,719</u>	<u>(10,702)</u>	<u>-2.6%</u>
Total Administrative	<u>3,243,847</u>	<u>3,131,309</u>	<u>112,538</u>	<u>3.6%</u>
Total Expenditures	<u>32,449,973</u>	<u>31,838,264</u>	<u>611,709</u>	<u>1.9%</u>
Excess of Revenues Over (Under) Expenditures	7,452	87,630	(80,178)	-91.5%
Fund Equity, Beginning	<u>941,677</u>	<u>852,451</u>	<u>89,226</u>	<u>10.5%</u>
Fund Equity, Ending	<u>\$949,129</u>	<u>\$940,081</u>	<u>\$9,048</u>	<u>1.0%</u>

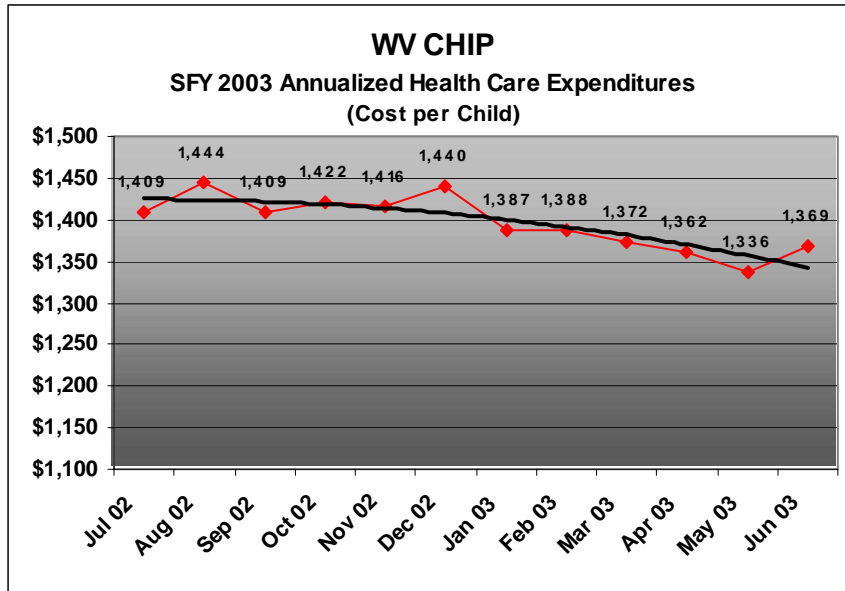
* Other includes therapy, transportation, and durable equip

Unaudited - For Management Purposes Only - Unaudited

- Total assets have increased approximately \$525,000 in comparison to the previous year end amount. This increase resulted primarily from federal funds receivable pertaining to outstanding claims and administrative reimbursements due.
- Total liabilities have increased by approximately \$518,000 during the year.
- Total fund balance increased approximately \$7,500 in comparison to the previous year end amount.
- Total operating revenues increased approximately \$532,000.
- Medical, dental and prescription drug expenditures comprise approximately 90% of WVCHIP's total costs. These expenditures increased approximately \$499,000 over the prior year representing an increase of 1.7%.
- Administrative costs accounted for 10% of overall expenditures. These expenditures increased approximately \$113,000 representing an increase of 1.9%.

A net increase in medical, dental and prescription drug claims costs of 1.7% is particularly encouraging considering the rate of medical care inflation, nationally, continues to run higher than the overall inflation rate. Moreover, WVCHIP's enrollment increased by 6% over the year. This enrollment trend was continual from 20,585 enrollees on July 1 to 21,797 enrollees on June 30 for an increase of 1,212 participants. Phase III participants, that is, enrollees in households with incomes between 151% and 200% FPL are the smaller of the two groups, but constituted the faster growing group. Favorable trends in claims costs are due to efficiencies gained through a new pharmacy benefit manager and through an innovative multi-state effort known as RXIS. WVCHIP has also experienced the passing of "pent up" demands for services. These pent up costs are illustrated in Table 13 on page 43 in the Statistical Section. All told, the combination of the above has resulted in a 3% lower annual cost per child at June 30, 2003, of \$1,369 than in June 30, 2002.





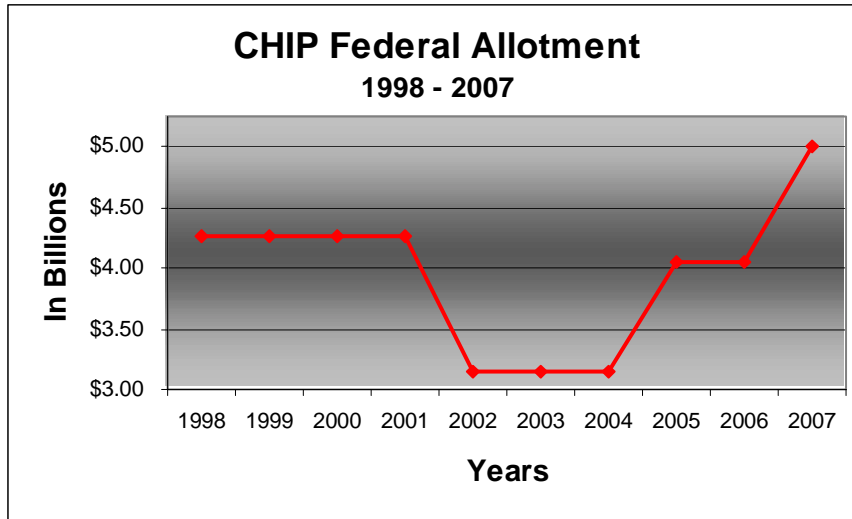
MAJOR INITIATIVES

Title XXI of the Social Security Act allows—even encourages—SCHIP’s flexibility and creativity to formulate certain aspects of individual programs. As noted, WVCHIP obtained a new pharmacy benefit manager on July 1, 2002, as part of a multi-state program effort administered by the PEIA. A new co-payment structure was enacted which favors the use of generic drugs over brand name drugs. Certain brand name drugs listed on a preferred drug list also carry a lower co-pay than non-listed brand name drugs. While federal guidelines limit the co-pay amount that can be charged to families below a certain level of income, this change has resulted in savings to the Program.

A major Program enhancement to access children’s coverage was made available this year through West Virginia’s inROADS Project (www.wvinroads.org). This is an online interactive application process that allows anyone to apply for children’s coverage through WVCHIP or the Medicaid program. Applications are available for processing through the electronic eligibility system operated by the West Virginia Department of Health and Human Resources (WVDHHR). The inROADS Project was a major initiative of WVDHHR, allowing 21st century technology to enhance the ability of the general public and health service partners such as primary care clinics and hospitals to access health care coverage for uninsured children.

WVCHIP remains cognizant of the importance of maximizing federal dollars. This past year, WVCHIP was one of only 14 states to receive a redistribution of federal fiscal year (FFY) 2000 funds from a pool of money that was returned to the federal government by states that otherwise forfeited a portion of their grant awards. These additional funds amounted to \$18.8 million. By utilizing all of its

FFY 2001 original allocation within the allotted time period, WVCHIP was assured that it will again receive redistributed funds in the coming federal fiscal year. Finally, WVCHIP anticipates that its federal allotments will increase in FFY 2005 and beyond as the overall federal SCHIP allotment increases as illustrated below:



The availability of FFY 2000 redistributed funds in the last quarter of SFY 2003 made possible another initiative this year - the Prevention Summer 2003 Campaign - to help families assure that children received preventive medical, dental, and visual check-ups over the summer and as the school year starts. This effort involved publicizing prevention check-ups to the provider community and WVCHIP families. A comparative analysis of the cost and utilization of prevention services for this period will be made with an earlier period in which no campaign measures took place. A report of this analysis at the end of calendar year 2003 will help assess the impact of the campaign.

CONTACTING WVCHIP's MANAGEMENT

This report is designed to provide our enrollees, citizens, governing officials and legislators with a general overview of WVCHIP's finances and accountability. If you have questions about this report or need additional information, contact WVCHIP's Financial Officer at 304-558-1673. General information can also be obtained through our website at <http://www.wvchip.org>.

**West Virginia Children's Health Insurance Program
Notes to Financial Statements
For the Year Ended June 30, 2003**

Note 1**Summary of Significant Accounting Policies****Basis of Presentation**

The accompanying general purpose financial statements of the West Virginia Children's Health Insurance Program (WVCHIP) conform to generally accepted accounting principles (GAAP) for governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting.

Financial Reporting Entity

The West Virginia Children's Health Insurance Program (WVCHIP) expands access to health services for eligible children. Major revenue sources are federal awards and state appropriations. WVCHIP uses third party administrators to process claims, pay providers, and review utilization of health services. A ten-member board develops plans for health insurance specific to the needs of children and to develop annual financial plans which promote fiscal stability.

Basis of Accounting

WVCHIP follows the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available. Significant revenues subject to accrual are federal awards. Expenditures are recognized when a related liability is incurred.

Assets and LiabilitiesCash and Cash Equivalents

Cash equivalents principally consist of amounts on deposit in the State Treasurer's Office (STO) that are pooled funds managed by the West Virginia Investments Management Board (IMB). In addition, WVCHIP makes interest-earning deposits in certain investment pools maintained by IMB that are available to WVCHIP with overnight notice. Interest income from these investments is prorated to WVCHIP at rates specified by IMB based on the balance of WVCHIP's deposits maintained in relation to the total deposits of all state agencies participating in the pool. The carrying value of the deposits reflected in the financial statements approximates fair value. WVCHIP also has an outside bank account which it utilizes to make provider payments. Cash deposits in the outside bank account are considered to be cash and cash equivalents and are generally carried at fair value.

Deferred Revenue

Receipts to reimburse for program expenditures to be incurred in the future periods are classified as deferred revenue.

Insurance Claims Payable

The liability for unpaid claims is based on an estimate of claims incurred but not yet reported as of the balance sheet date. Offsetting amounts receivable for the federal and state share of these expenditures have been recorded.

Note 2

Cash and Investments

At June 30, 2003, information concerning the amount of deposits with financial institutions, including deposits, of the State Treasurer's Office is as follows:

	Carrying Amount	Bank Balance	Collateralized Amount
Deposits with Treasurer	\$ 1,138,399	-----	-----
Deposits with third party administrators	<u>(131,441)</u>	<u>3,079</u>	<u>3,079</u>
Total	<u>\$ 1,006,958</u>	<u>\$ 3,079</u>	<u>\$ 3,079</u>

Investments

	Amount Unrestricted	Fair Value	Investments Pool
Investment with Investment Management Board	\$ 310,198	\$ 310,198	Cash Liquidity

Reconciliation of cash and cash equivalents and investments as reported in the financial statements to the amounts disclosed in the footnote:

Deposits	
Cash and Cash equivalents as reported	\$1,317,156
Less: investments disclosed as cash equivalents	<u>(310,198)</u>
Carrying amount of deposits as disclosed in this footnote	<u>\$ 1,006,958</u>

Investments

Investments as Reported	-----
Add: investments disclosed as cash equivalents	<u>\$ 310,198</u>
Carrying value of investments as disclosed in this footnote	<u>\$ 310,198</u>

Note 3

Due to other funds:

Public Employees Insurance Agency	\$ 25,168
DHHR	33,290
Automated Health Systems	7,942
Other	<u>11,654</u>
Total due to other funds	<u>\$ 78,054</u>

Note 4

Risk Management

Unpaid Claims Liabilities

Claims payable, beginning of year	\$3,210,000
Incurred claims expense	29,206,126
Payments:	
Claim payments for current year	21,713,320
Claim payments for prior year	7,802,806
Claims payable, year to date	<u>\$2,900,000</u>

Note 5**Contingencies**

WVCHIP receives significant financial assistance from the U.S. Government in the form of grants and other federal financial assistance. Entitlement to those resources is generally conditioned upon compliance with the terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of the resources for allowable purposes. Federal financial assistance awards are subject to financial and compliance audits under either the federal Single Audit Act or by grantor agencies of the federal government or their designees. Any obligations that may arise from cost disallowance or sanctions as a result of those audits are not expected to be material to the financial statements of WVCHIP.





REQUIRED SUPPLEMENTARY INFORMATION



- *“Thank you for a great program to help WV’s children.”*
- *“The CHIP Program is an awesome program and I don’t know what I’d do without it.”*
- *“They [the family’s children] never had a dentist until CHIPs.”*
- *“I’m so pleased to have this for my son, because my husband’s work has been cut to four days a week and it would be really hard on us if I had to pay for doctor visits and such. Thank you.”*

Comments from four WVCHIP families from the Customer Satisfaction Survey 2003.

**West Virginia Children's Health Insurance Program
Report of Independent Actuary
June 30, 2003 Quarterly Report**

OVERVIEW

CCRC Actuaries, LLC ("CCRC Actuaries") was engaged by The West Virginia Children's Health Insurance Program ("CHIP Program") to assist the West Virginia CHIP Board in the analysis of actual and projected plan experience in the current state fiscal year 2003 ("FY 2003") through fiscal year 2008 ("FY 2008"). West Virginia legislation requires that an actuary provide a written opinion that all estimated program and administrative costs of the agency under the plan, including incurred but unreported claims, will not exceed 90 percent of the funding available to the Program for the fiscal year for which the plan is proposed. Based on the Baseline Scenario, the Program costs are not expected to exceed 90 percent of the funding available to the Program through State Fiscal Year 2005. Note that we are currently projecting a Federal funding shortfall of \$1,515,000 in Fiscal Year 2006 based on the current assumptions.

This projection reflects the availability of Federal funding from FY 2000 Redistribution amounts as shown in Appendix A. West Virginia was one of 16 states that received this funding. While a total of \$18,804,528 was made available for West Virginia CHIP, conditions set by the federal government will result in a lower amount of the funding being spent. The Redistribution amount must be spent by 9/30/2003 and spent only after the 2001 Federal Funding amount has been spent. As of June 30, 2003, WV CHIP management has started the draws from the redistribution account. WV CHIP management estimates that approximately \$6.5 million of the monies will be spent. Note that the funds are expected to be spent in State Fiscal Year 2004 in the months of July through September based on current projections.

Overall enrollment for the CHIP Program in FY 2003 has increased slightly from FY 2002 levels. The current program enrollment as of June 2003 consists of 14,243 children as part of Phase II that consists of children whose families are below 150% of the federal poverty level and 7,554 children as part of Phase III that consists of children whose families are between 150% and 200% of the federal poverty level. Phase III children are required to make copayments as part of the benefit structure of the program. Since the March 31, 2003 Quarterly Report, overall enrollment has increased by 495 children from March 2003 to June 2003, while Phase II had an increased enrollment of 241 children, and Phase III had an increased enrollment of 254 children.

The monitoring and analysis of claim trends is critical to the accurate forecast of future costs of the Program. The analysis of claims has become more critical with the Phase III expansion beginning in October 2000. Current claim trend experience has been financially favorable. Financial results continue to indicate that this group had, at least initially, significantly higher health care utilization than families under 150%. More recent experience has indicated after the initial enrollment period the two eligibility groups have similar health care statuses. Therefore, we have based our projections on the average projected health care costs of both eligibility groups.

Under the State Fiscal Year basis, we are now projecting that incurred claim costs under the Baseline scenario assumptions for FY 2003 will be \$28,078,910 compared to the previous projection of \$27,908,611 contained in the March 31, 2003 Quarterly Report. The updated projection for FY 2004 claims is \$32,276,248 compared to the prior projection of \$31,492,142. These increased costs are the result of the recent enrollment growth and higher paid claims experience in April 2003 through June 2003 in the CHIP program.

PLAN ENROLLMENT

We have updated our projection based on the actual enrollment through June 2003. Current enrollment has gone up because Phase II and Phase III enrollments continue to increase. The Program had enrollment at the end of Fiscal Year 2002 of 20,585 children, with 14,208 under Phase II and 6,377 under Phase III. Current enrollment as of June 2003 is 21,797 children, with 14,243 under Phase II and 7,554 under Phase III.

The following chart summarizes the enrollment information using end of month enrollment information by Phase II and Phase III and in total:

<u>Date</u>	<u>Phase II</u>	<u>Phase III</u>	<u>Total</u>	<u>Date</u>	<u>Phase II</u>	<u>Phase III</u>	<u>Total</u>
Jul-00	10,349	0	11,839	July-02	14,208	6,377	20,585
Aug-00	10,097	0	11,567	Aug-02	14,316	6,508	20,824
Sept-00	10,542	0	12,023	Sep-02	14,230	6,728	20,958
Oct-00	12,060	540	12,600	Oct-02	14,274	6,942	21,216
Nov-00	12,122	1,189	13,311	Nov-02	14,088	7,092	21,180
Dec-00	14,141	1,512	15,653	Dec-02	14,148	7,199	21,347
Jan-01	14,771	2,218	16,989	Jan-03	14,116	7,166	21,282
Feb-01	15,316	2,757	18,073	Feb-03	14,071	7,097	21,168
Mar-01	15,808	3,353	19,161	Mar-03	14,002	7,300	21,302
Apr-01	15,944	3,839	19,783	Apr-03	14,007	7,429	21,436
May-01	16,241	4,257	20,498	May-03	14,112	7,455	21,567
Jun-01	16,375	4,548	20,923	Jun-03	14,243	7,554	21,797
Jul-01	16,462	4,835	21,297				
Aug-01	16,447	5,053	21,500				
Sep-01	16,145	5,290	21,435				
Oct-01	15,895	5,588	21,483				
Nov-01	15,373	5,473	20,846				
Dec-01	14,968	5,625	20,593				
Jan-02	14,565	5,606	20,171				
Feb-02	14,551	5,777	20,328				
Mar-02	14,297	5,926	20,223				
Apr-02	14,287	5,994	20,281				
May-02	14,173	6,036	20,209				
June-02	14,030	6,013	20,043				

2003 Annual Report

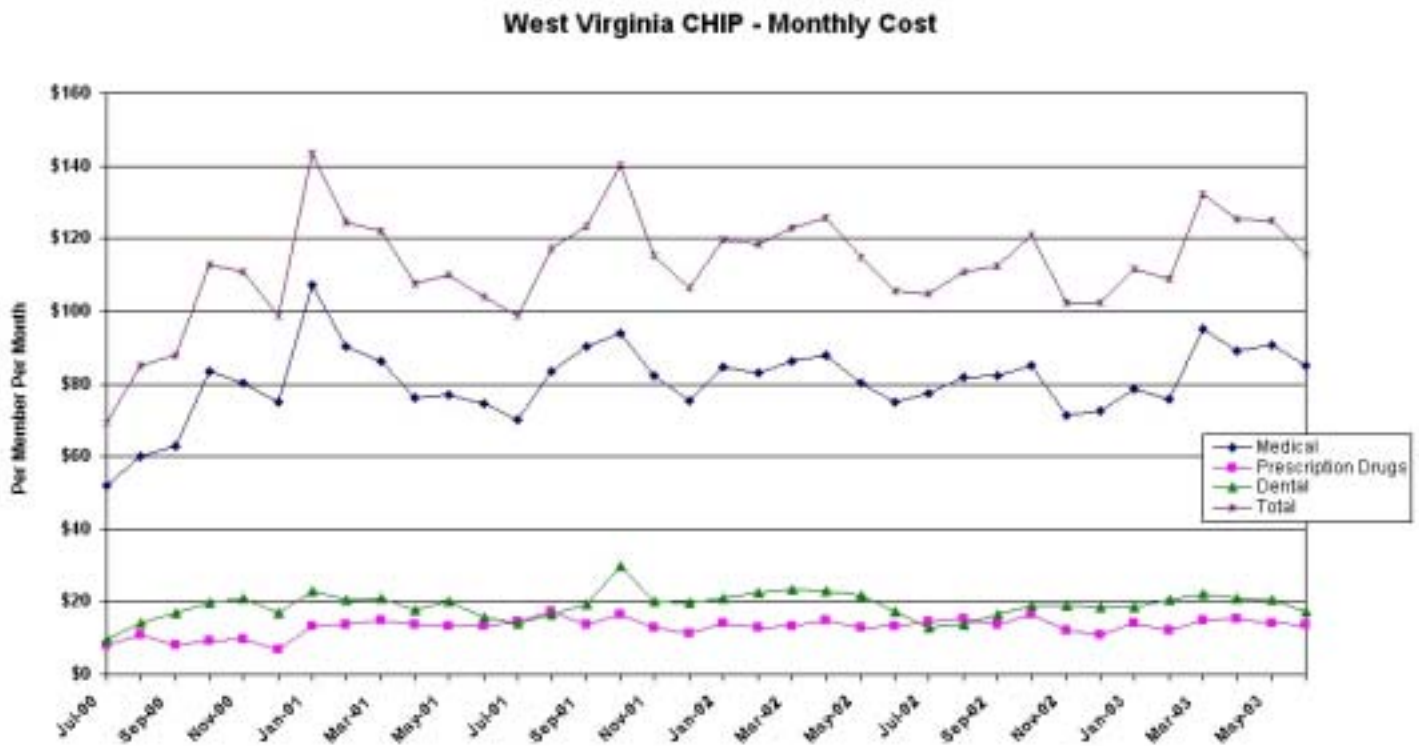
The Baseline program enrollment assumptions are summarized in the following chart. Note that the long-term enrollment has increased by 75 additional children from March 2003 to June 2003.

Scenario	FY2003	FY2004
State - Baseline	21,222	21,797

CLAIM COST AND TREND ANALYSIS

We have continued to utilize the trend assumptions from the March 31, 2003 Quarterly Report. These trends are 10% for Medical and Dental Claims and 21% for Prescription Drug Claims. Note that the 2003 Prescription Drug trend was reduced by approximately 7% based on expected savings from RXIS. The WV CHIP program has actually experienced negative trends because of a variety of reasons including the RXIS initiative, reductions in Hospital reimbursement, and lower ultimate cost of care once initial enrollment periods have elapsed. Comparing the FY 2003 period of July through June to FY 2002, Medical trends have been -1%, Dental trends have been 0%, and Prescription Drug trends have been -12% on a per member per month basis. While most recent experience continues to be favorable, we have maintained the current trend assumptions in this report.

The following chart summarizes incurred claims on a per member per month (“PMPM”) basis for the major categories of medical, dental and prescription drugs based on information received through June 2003.



FINANCIAL PROJECTION – STATE FISCAL YEARS 2003-2008

The updated incurred claims for FY 2003 is projected to be \$28,353,910 based on expected enrollment of 21,222 children and projected incurred claim per member per month cost data assumption of \$111.34, as summarized in the following chart. In the March 31, 2003 Quarterly Report, the incurred claims for FY 2003 were projected to be \$28,183,611 based on expected enrollment of 21,147 children and projected incurred claim per member per month cost data assumption of \$111.06.

Category	Incurred Claims	Per Member Per Month	Prior Report Projection Per Member Per Month
Medical	\$20,131,828	\$79.05	\$78.32
Prescription Drugs	4,670,112	18.34	19.54
<u>Dental</u>	<u>3,551,970</u>	<u>13.95</u>	<u>13.20</u>
Total	\$28,353,910	\$111.34	\$111.06

The financial forecast for the State Fiscal Years 2003 through 2008 can be found in Appendix A. We are forecasting adequacy in aggregate through FY 2005 and projecting that under either scenario, the Program will need additional Federal funding beginning in FY 2006.

Appendix A contains a five-year projection period as requested by CHIP management similar to the previous report. The first section of the report is the beginning balances of both Federal and State funding sources. The middle section of the report projects and reports on incurred claim, paid claim and administrative expenses, as well as expected Interest earnings and accrued prescription drug rebates. This section also projects federal and state shares of paid expenses, as well as incurred but not received (“IBNR”) claim liabilities. The last section of the report projects the ending balances of both Federal and State funding sources.

Based on the assumptions developed, we are projecting a shortfall in Federal Funding of \$1,515,000 in SFY 2006, \$22,334,000 in SFY 2007, and \$27,209,000 in SFY 2008, compared to the previous projection of Federal funding deficits of \$20,957,000 in SFY 2007. We are not projecting a shortfall in State funding based on funding levels provided by CHIP management. It should be noted that the Federal Government has not provided projections of expected federal funding in the final years of the projection and these estimates are subject to change.

It should be noted that we included \$6,514,637 Federal Funding in FY 2003 and \$6,500,000 Federal Funding in FY 2004 to reflect limited redistribution for Federal FY 2000 Funds. Additionally, we are currently projecting FY 2003 drug rebates will be \$275,000. Through June 30, 2003, \$125,571 has been received. We continue to anticipate that the reconciliation of the drug rebate will result in the full \$275,000 being realized.

STATEMENT OF ACTUARIAL OPINION

I, Dave Bond, Managing Partner of CCRC Actuaries, LLC hereby certify that I am a Fellow of the Society of Actuaries and a Member of the American Academy of Actuaries. I meet the actuarial qualification standards to render Statements of Actuarial Opinion for Children Health Insurance Programs and other self-insured entities. I have been retained by CHIP to render a Statement of Actuarial Opinion regarding the methods and underlying assumptions developed and used in this analysis.

This Statement of Actuarial Opinion was prepared in a manner consistent with the Code of Professional Conduct and Qualification Standards of the American Academy of Actuaries, and the Standards of Practice of the Actuarial Standards Board.

In my opinion, all estimated program and administrative costs of the agency under the plan, including incurred but unreported claims, will not exceed 90 percent of the funding available to the Program for the fiscal year for which the plan is proposed through State Fiscal Year 2005.

It should be noted that this opinion is based on State Funding levels as illustrated in Appendix A and FY 2005 through FY 2008 have not been appropriated by the Legislators.



Dave Bond
Fellow of the Society of Actuaries
Member of the American Academy of Actuaries
Managing Partner
CCRC Actuaries, LLC
Finksburg, Maryland
July 22, 2003



Brad Paulis
Reviewing Partner
CCRC Actuaries, LLC
Finksburg, Maryland
July 22, 2003

APPENDIX A

West Virginia Children's Health Insurance Program Fiscal Year 2003

June 30, 2003 Quarterly Report

Available Funding - Beginning of the Year	2003	2004	2005	2006	2007	2008
Federal 1999	\$0	\$0	\$0	\$0	\$0	\$0
Federal 2000	6,465,294	0	0	0	0	0
Federal 2001	21,144,989	0	0	0	0	0
Federal 2000 Limited Redistribution	6,514,637	6,500,000	0	0	0	0
Federal 2002	16,650,270	16,650,270	0	0	0	0
Federal 2003	18,550,788	18,550,788	12,237,384	0	0	0
Federal 2004	0	18,550,788	18,550,788	0	0	0
Federal 2005	0	0	18,550,788	16,529,156	0	0
Federal 2006	0	0	0	18,550,788	0	0
Federal 2007	0	0	0	0	18,550,788	0
Federal 2008	0	0	0	0	0	18,550,788
State Original Funding	\$2,089,324	\$0	\$0	\$0	\$0	\$0
State Funding 2002	0	0	0	0	0	0
State Funding 2003	4,843,475	1,474,384	0	0	0	0
State Funding 2004	0	7,122,654	2,360,150	0	0	0
State Funding 2005	0	0	7,200,000	2,614,951	0	0
State Funding 2006	0	0	0	8,600,000	3,468,564	0
State Funding 2007	0	0	0	0	9,700,000	4,513,974
State Funding 2008	0	0	0	0	0	10,000,000
Program Costs	2003	2004	2005	2006	2007	2008
Medical Expenses	\$20,131,828	\$22,745,199	\$25,019,718	\$27,521,690	\$30,273,859	\$33,301,245
Prescription Drug Expenses	4,670,112	5,803,988	7,022,825	8,497,618	10,282,118	12,441,363
Dental Expenses	3,551,970	4,013,061	4,414,368	4,855,804	5,341,385	5,875,523
Administrative Expenses	3,165,593	3,424,315	3,595,531	3,775,308	3,964,073	4,162,277
Program Revenues - Interest	\$0	\$0	\$0	\$0	\$0	\$0
Program Revenues - Drug Rebates	275,000	286,000	297,440	309,338	321,712	334,580
Net Incurred Program Costs	\$31,244,503	\$35,700,563	\$39,755,002	\$44,341,083	\$49,539,723	\$55,445,828
Net Paid Program Costs	31,544,503	35,270,563	39,357,002	43,889,083	49,025,723	54,860,828
Federal Share	\$25,786,089	\$29,463,674	\$32,809,803	\$36,594,696	\$40,885,134	\$45,759,442
State Share of Expenses	5,458,415	6,236,888	6,945,199	7,746,387	8,654,590	9,686,386
Beginning IBNR	\$3,200,000	\$2,900,000	\$3,330,000	\$3,728,000	\$4,180,000	\$4,694,000
Ending IBNR	2,900,000	3,330,000	3,728,000	4,180,000	4,694,000	5,279,000
Funding Sources - End of the Year	2003	2004	2005	2006	2007	2008
Federal 1999	\$0	\$0	\$0	\$0	\$0	\$0
Federal 2000	0	0	0	0	0	0
Federal 2001	0	0	0	0	0	0
Federal 2000 Limited Redistribution	6,500,000	0	0	0	0	0
Federal 2002	16,650,270	0	0	0	0	0
Federal 2003	18,550,788	12,237,384	0	0	0	0
Federal 2004	0	18,550,788	0	0	0	0
Federal 2005	0	0	16,529,156	0	0	0
Federal 2006	0	0	0	0	0	0
Federal 2007	0	0	0	0	0	0
Federal 2008	0	0	0	0	0	0
Federal Shortfall	\$0	\$0	\$0	\$1,514,751	\$22,334,346	\$27,208,654
State Original Funding	\$0	\$0	\$0	\$0	\$0	\$0
State Funding 2002	0	0	0	0	0	0
State Funding 2003	1,474,384	0	0	0	0	0
State Funding 2004	0	2,360,150	0	0	0	0
State Funding 2005	0	0	2,614,951	0	0	0
State Funding 2006	0	0	0	3,468,564	0	0
State Funding 2007	0	0	0	0	4,513,974	0
State Funding 2008	0	0	0	0	0	4,827,588
State Shortfall	\$0	\$0	\$0	\$0	\$0	\$0

OUTREACH

A Continuing Community Partnership

WVCHIP has worked closely with all partners and entities identified in its State Plan, however, the West Virginia Healthy Kids and Families Coalition has played a pivotal role in working with community based partners to reach uninsured children across the State of West Virginia. The Coalition is a key participant in the Robert Wood Johnson Foundation's "Covering Kids Project." This year's collaborations included media campaigns and community outreach grants in targeted counties. During the summer months alone, over 100 community events were held featuring WVCHIP promotion or outreach in some form throughout West Virginia in an effort to increase enrollment and awareness of the program.

A Targeted Approach

Based on survey data from "Health Insurance in West Virginia," WVCHIP was able to prioritize outreach efforts to fifteen (15) counties (shown on page 29) of the State with either higher numbers or percentages of uninsured children. The impact of these efforts can be seen in the Statistical Section in Tables 9 and 10 (shown on pages 40 - 41).

A School-Based Emphasis

Studies prove that children without health insurance tend to be ill more often and, subsequently, are absent from school more often than their peers that do have health insurance. For this reason, WVCHIP finds it essential to collaborate with school nurses and the county school districts in an effort to educate and support families in obtaining health care coverage.

In 2002-2003, WVCHIP scheduled meetings with school nurses in the targeted fifteen counties that had higher numbers of uninsured children. WVCHIP used these meetings to discuss program eligibility and solicit ideas from school nurses in reaching uninsured children in their respective counties.

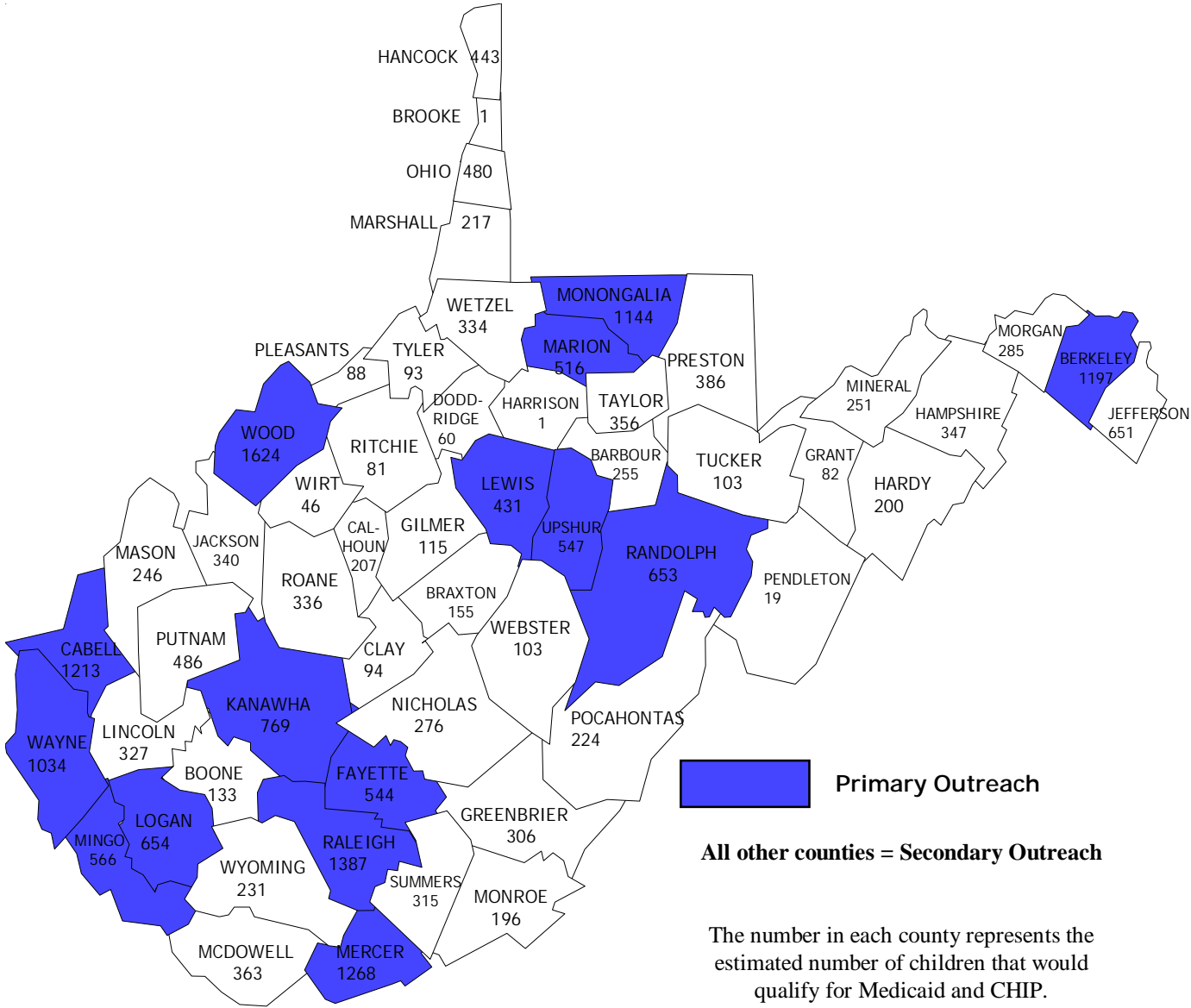
The following recommendations from school nurses were implemented in fiscal year 2002:

- Letters were sent to school principals identifying "Simple Ways Schools Can Help Enroll Children in WVCHIP" and offering outreach assistance.
- A WVCHIP flyer was sent home to students through report card mailings.
- The WVCHIP toll-free helpline number was printed in several parent handbooks.
- Information about WVCHIP was included in Back-to-School packets.

Prevention Summer 2003 Campaign

WVCHIP implemented a prevention campaign targeting providers and current plan members in June 2003. The campaign's goal was to educate members about the importance of utilizing prevention services, such as well-child visits, immunizations, vision and dental care. With additional federal funding available during this quarter, WVCHIP was able to offer higher reimbursement rates to providers temporarily for the period of the prevention campaign to encourage provider participation and to increase prevention check-ups. An analysis of the cost and utilization of these prevention services during this quarter will be compared to those in a previous quarter when no campaign measures were in effect. This comparative analysis is expected to be completed at the end of calendar year 2003.

TARGETED OUTREACH FOR UNINSURED CHILDREN



(Chart developed by the WVCHIP for outreach purposes based on data from "Health Insurance in West Virginia: The Children's Report" - a survey by The Institute for Health Policy Research at the West Virginia University Robert C. Byrd Science Center)

CUSTOMER SATISFACTION SURVEY 2003 SUMMARY

METHODOLOGY

There were 910 questionnaires, accompanied by a letter from the Executive Director, mailed in October 2003. This first mailing was followed by a “reminder” postcard mailed two weeks later. A second copy of the survey was mailed to non-respondents approximately three weeks following the postcard mailing.

Survey Response Rate

The survey response rate was 62.5% with a total of 569 surveys returned.

Time Enrolled

The greatest number, 38.3%, responded their children had been on the Program for 1 to 2 years, 27.2% for less than one year, and 34.1% for more than 2 years.

Health Status

Over three quarters, 78.8%, of survey respondents rated their child’s health as “Very Good” or “Excellent,” 17.4% as “Good,” and 3.7% as only “Fair” or “Poor.”

MEDICAL HOME

Regular Family Doctor Upon Enrollment

73.1% of children did have a regular family doctor prior to enrolling in the Program, and 26.2% of children did not have a regular family doctor before they enrolled in the Program.

Family Doctor Change After Enrollment

Of those children who did have a family doctor prior to their enrollment in the Program, only 3.3% had to change physicians once they had enrolled.

Changed Doctor

About 10% of respondents changed doctors because they were dissatisfied with care since they enrolled in the Program.

Harder Or Easier To See Doctor

Only one respondent, .2%, reported that it was harder to see a doctor since enrolling their child in the Program, 23.7% reported that it was easier, and 75.6% said it was about the same.

Travel Time To Doctor

50% of respondents travel less than 10 miles to see a doctor, over 20% of respondents travel more than 20 miles to see a doctor, and approximately the same percent (over 20%) travel less than 5 miles to see a doctor.

CUSTOMER SATISFACTION SURVEY 2003 SUMMARY

(CONTINUED)

MEDICAL HOME

Respect Shown By Doctor And Staff

80% of respondents reported they are always treated with respect by their child's doctor and his/her staff, and another 19% report that this is usually the case.

Specialist Referral

61.6% of the respondents felt their child should see a specialist, 52.8% (of the 61.6%) received a referral "Every Time," and 8% (of the 61.6%) received a referral "Sometimes."

Rating Quality of Doctor Care

Almost 90% (89.6%) of respondents rated the care their child received from the doctor as "Very Good" or "Excellent."

PREVENTIVE CARE

Preventive Care Doctor Visits

80% of respondents reported making one or more visits to the doctor's office for preventive care.

Dental Care Visits

A little over two-thirds, 67.5%, of respondents reported using the WVCHIP insurance card for dental services, and 63.1% (of the 67.5%) were for check-ups and cleaning only.

SATISFACTION WITH WVCHIP

Quality Of Care Change

57.1% of respondents felt the quality of care their child received improved after enrolling in the Program.

46% reported they were "Much Better Off Now"

10.6% reported they were "Somewhat Better Off"

41.1% reported they were "About The Same"

1.4% reported they were "Somewhat Worse Off"

Overall Satisfaction

75% reported they were "Very Satisfied" overall with WVCHIP

24% reported they were "Satisfied" overall with WVCHIP





STATISTICAL SECTION



*“School nurses are thrilled with the Program.
It’s very frustrating to be in a helping profession and
have nowhere to refer children with health problems.
Since WVCHIP, all that has changed.”*

*Brenda Isaac, RN
Head School Nurse, Kanawha County*

All statistics are for the fiscal year ended June 30, 2003, unless noted otherwise.

TABLE 1: ENROLLMENT

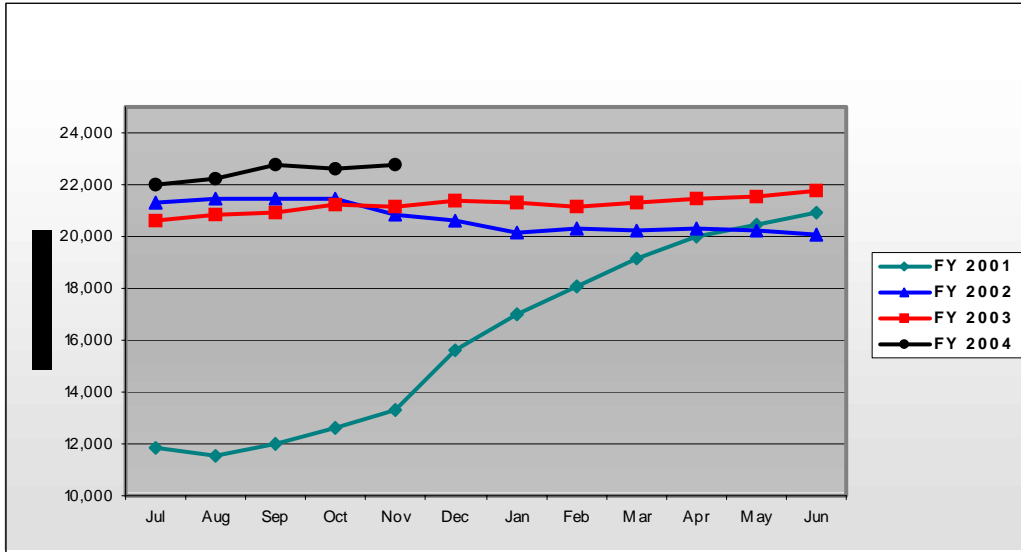
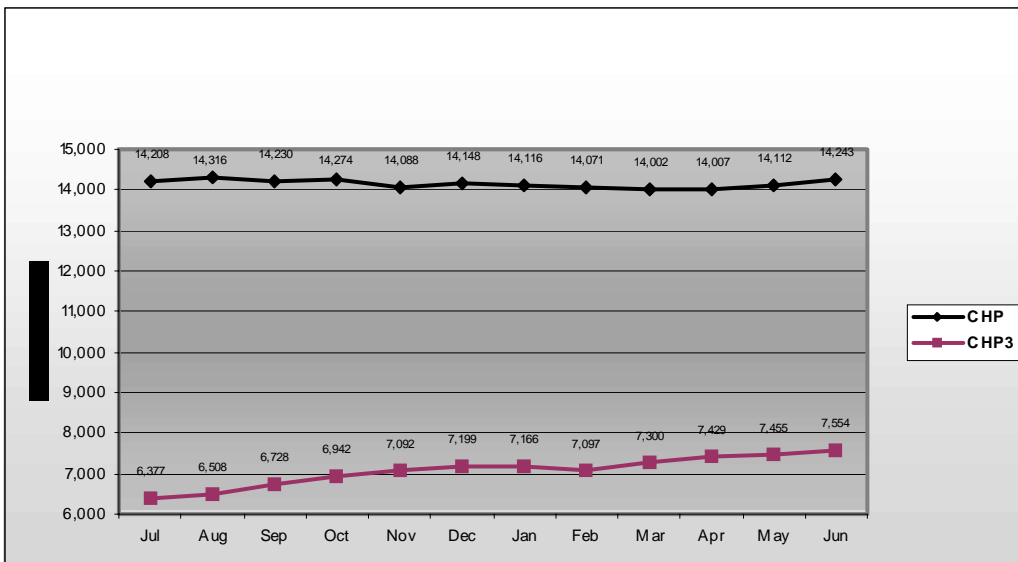
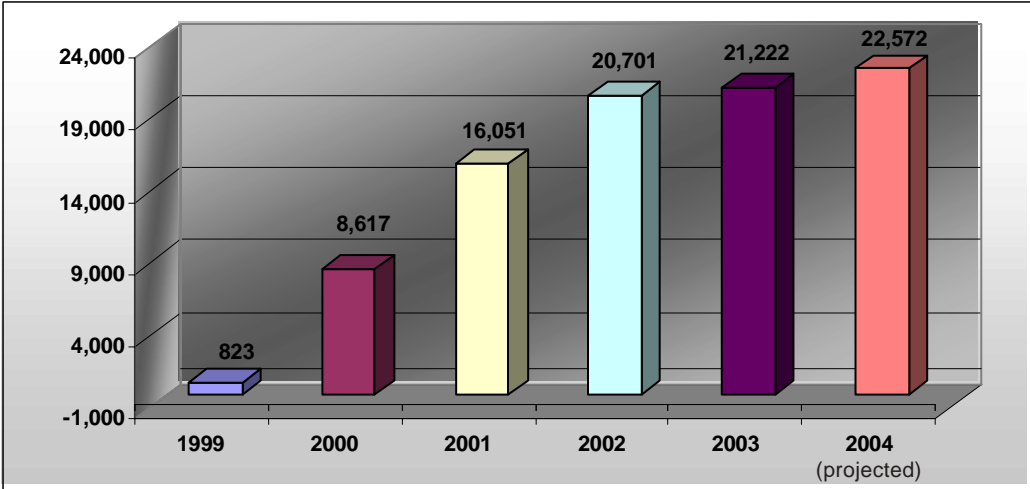


TABLE 2: ENROLLMENT DETAIL



**TABLE 3: AVERAGE ENROLLMENT
SFY 1999 - 2004**



**UNDUPLICATED COUNT OF CHILDREN SERVED
IN WVCHIP EACH YEAR ON SEPTEMBER 30**

<u>Year</u>	<u>Number</u>	<u>% Change</u>
1999	6,656	
2000	18,416	+177%
2001	33,144	+80%
2002	35,949	+8.5%
2003	35,320	-1.7%

**Total unduplicated number of children enrolled as of
September 30, 2003 in WVCHIP since it began:**

61,241

TABLE 4: ENROLLMENT BY GENDER

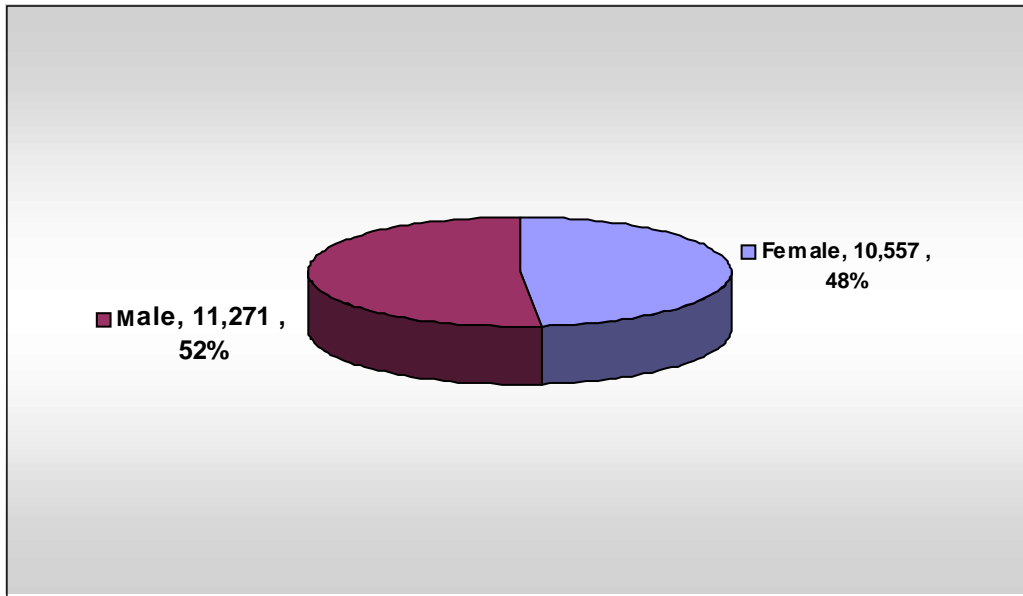


TABLE 5: ENROLLMENT BY AGE

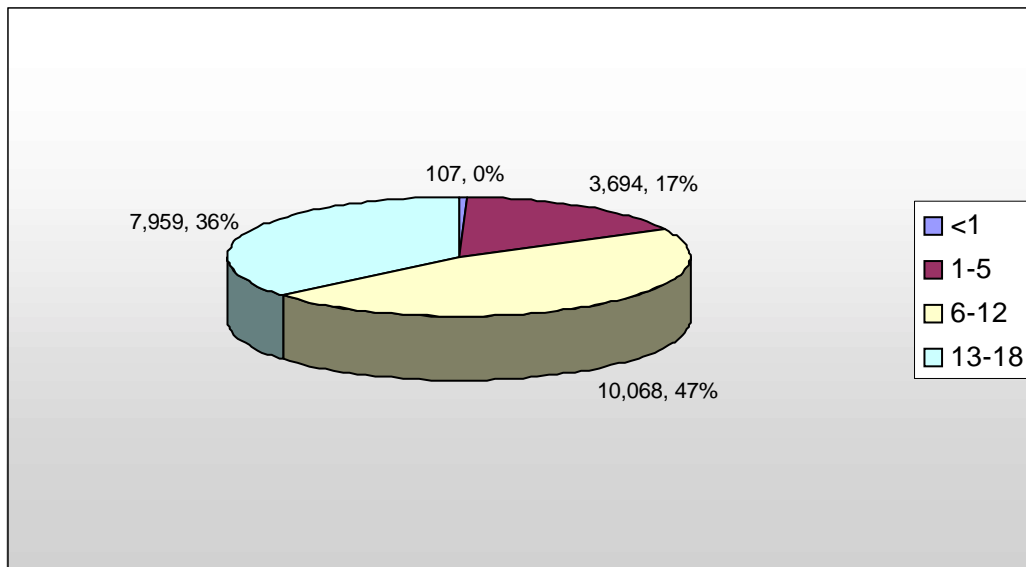
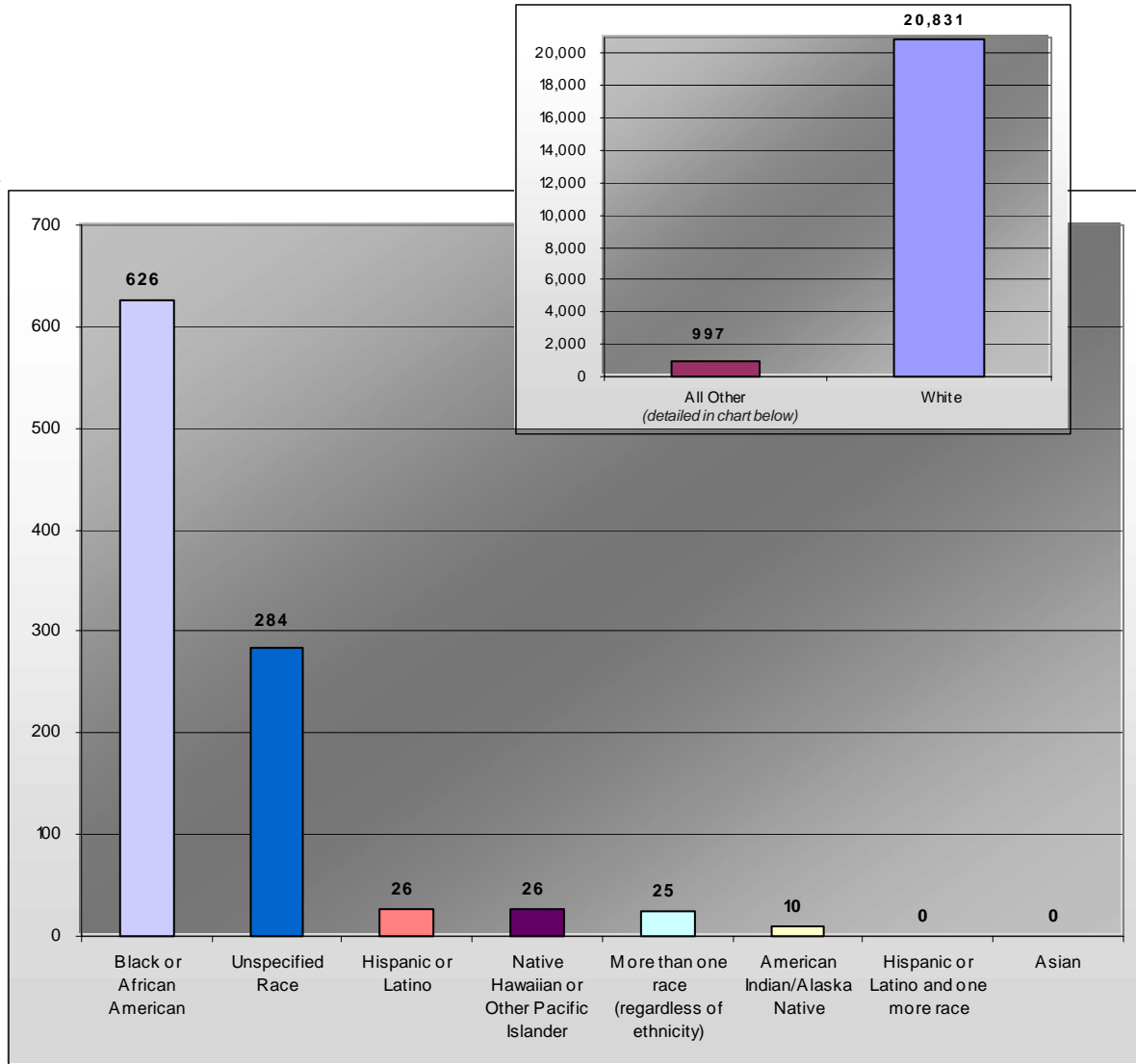
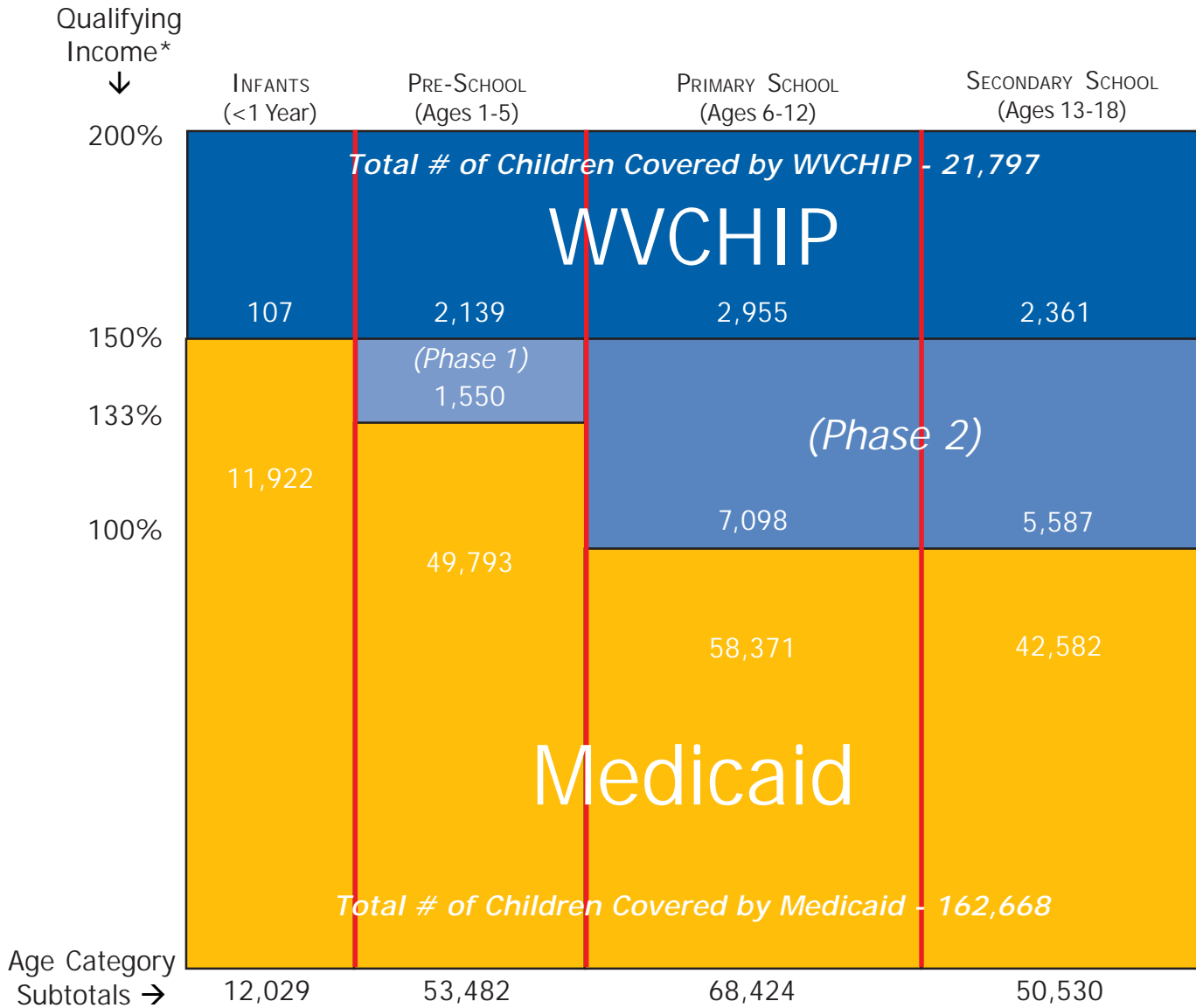


TABLE 6: ENROLLMENT BY RACE/ETHNICITY



<u>Race/Ethnicity</u>	<u>WVCHIP Population</u>	<u>% of WVCHIP Population</u>	<u>WV Population 0-17 Years</u>	<u>% of WV Population 0-17 Years</u>
White	20,831	95.4%	374,097	93.0%
Black or African American	626	2.9%	14,665	3.6%
Unspecified Race	284	1.3%	708	0.2%
Hispanic or Latino	26	0.1%	3,879	1.0%
Native Hawaiian or Other Pacific Islander	26	0.1%	92	0.0%
More than 1 race	25	0.1%	6,204	1.5%
American Indian/Alaska Native	10	0.0%	712	0.2%
Hispanic or Latino and 1 more race	-	0.0%	-	0.0%
Asian	-	0.0%	2,036	0.5%
	21,828	100.0%	402,393	100.0%

**TABLE 7: HEALTH COVERAGE OF WEST VIRGINIA CHILDREN
BY WVCHIP AND MEDICAID
- JUNE 30, 2003 -**



*Household incomes through 200% of the Federal Poverty Level (FPL)

Total # of Children Covered by WVCHIP and Medicaid - 184,465

**TABLE 8: ANNUAL RE-ENROLLMENT
AND NON-RESPONSES UPON RENEWAL
JULY 2002 THROUGH JUNE 2003**

Closure Range by County *

Lowest % of AG's Closed - 9.4%

Highest % of AG's Closed - 42.1%

Average % of AG's Closed - 25.9%

County	# of Renewal Forms Mailed Monthly To CHIP Households	# of Closure Notices Mailed For Non-Returned Forms	# of Households Re-Opened (as either CHIP Or Medicaid)	# of Households Re-Opened After Closure	# of Households Closed With No Response	% of Households Closed
Tucker	138	38	25	65.8%	13	9.4%
Pocahontas	152	39	49	125.6%	17	11.2%
Gilmer	79	19	10	52.6%	9	11.4%
Summers	184	52	23	44.2%	29	15.8%
Lewis	250	85	35	41.2%	41	16.4%
Braxton	214	99	62	62.6%	37	17.3%
Mason	162	59	30	50.8%	33	20.4%
Randolph	399	144	62	43.1%	82	20.6%
McDowell	398	143	57	39.9%	86	21.6%
Doddridge	111	35	11	31.4%	24	21.6%
Preston	423	132	38	28.8%	92	21.7%
Wyoming	394	115	29	25.2%	86	21.8%
Marion	529	200	79	39.5%	121	22.9%
Tyler	96	42	20	47.6%	22	22.9%
Jackson	257	108	48	44.4%	60	23.3%
Pendleton	55	19	10	52.6%	13	23.6%
Lincoln	338	122	40	32.8%	82	24.3%
Calhoun	98	37	13	35.1%	24	24.5%
Clay	196	72	24	33.3%	48	24.5%
Putnam	429	174	68	39.1%	106	24.7%
Mineral	218	107	53	49.5%	54	24.8%
Marshall	246	85	24	28.2%	61	24.8%
Greenbrier	426	185	78	42.2%	107	25.1%
Upshur	336	141	56	39.7%	85	25.3%
Nicholas	416	180	68	37.8%	108	26.0%
Wood	731	295	104	35.3%	191	26.1%
Mingo	359	133	38	28.6%	95	26.5%
Roane	241	92	37	40.2%	64	26.6%
Mercer	778	320	105	32.8%	207	26.6%
Logan	507	212	77	36.3%	135	26.6%
Hampshire	229	94	36	38.3%	61	26.6%
Harrison	666	285	107	37.5%	178	26.7%
Raleigh	918	372	126	33.9%	246	26.8%
Webster	145	60	21	35.0%	39	26.9%
Wetzel	163	66	23	34.8%	45	27.6%
Taylor	233	89	24	27.0%	65	27.9%
Ohio	299	105	21	20.0%	84	28.1%
Boone	252	109	35	32.1%	71	28.2%
Monroe	156	68	23	33.8%	45	28.8%
Hancock	222	86	22	25.6%	65	29.3%
Barbour	327	145	42	29.0%	96	29.4%
Pleasants	109	45	13	28.9%	32	29.4%
Brooke	150	60	15	25.0%	45	30.0%
Monongalia	497	220	69	31.4%	151	30.4%
Fayette	635	269	75	27.9%	194	30.6%
Wirt	85	36	10	27.8%	26	30.6%
Grant	111	54	20	37.0%	34	30.6%
Hardy	110	60	25	41.7%	35	31.8%
Wayne	423	192	55	28.6%	137	32.4%
Ritchie	125	66	25	37.9%	41	32.8%
Morgan	116	59	12	20.3%	39	33.6%
Kanawha	1,489	681	183	26.9%	513	34.5%
Cabell	695	335	85	25.4%	243	35.0%
Berkeley	721	387	101	26.1%	275	38.1%
Jefferson	271	156	44	28.2%	114	42.1%
Totals	18,307	7,583	2,585	34.1%	5,006	27.3%
12-Mo. Ave.	1,526	632	215	34.1%	417	27.3%

TABLE 9: ENROLLMENT CHANGES BY COUNTY
AS % DIFFERENCE FROM JULY 2002 THROUGH JUNE 2003

County	Total Enrollees July 2002	Total Enrollees June 2003	Difference	% Change
Morgan	136	182	46	25%
Brooke	167	213	46	22%
Tucker	148	184	36	20%
Pendleton	75	91	16	18%
Summers	202	245	43	18%
Gilmer	89	107	18	17%
Mason	194	229	35	15%
Lewis★	272	321	49	15%
Lincoln	388	450	62	14%
Berkeley★	782	905	123	14%
Raleigh★	1,000	1,153	153	13%
Hampshire	250	281	31	11%
Mingo★	416	461	45	10%
Wood★	805	890	85	10%
Monongalia★	552	604	52	9%
Logan★	533	581	48	8%
Hancock	246	268	22	8%
Upshur★	371	403	32	8%
Ohio	340	369	29	8%
Wyoming	457	494	37	7%
Putnam	494	532	38	7%
Mercer★	866	929	63	7%
Mineral	250	267	17	6%
Marshall	274	290	16	6%
Jefferson	298	314	16	5%
Wayne★	488	511	23	5%
<i>MEDIAN</i>				
Wetzel	193	202	9	4%
Cabell★	777	813	36	4%
Fayette★	735	768	33	4%
Kanawha★	1,691	1,766	75	4%
Jackson	291	300	9	3%
Harrison	776	798	22	3%
Greenbrier	472	485	13	3%
Randolph★	447	457	10	2%
Braxton	230	235	5	2%
Marion★	588	600	12	2%
Webster	171	172	1	1%
Boone	308	308	0	0%
Monroe	186	186	0	0%
McDowell	466	465	-1	0%
Wirt	101	100	-1	-1%
Nicholas	460	454	-6	-1%
Calhoun	116	114	-2	-2%
Pocahontas	158	154	-4	-3%
Preston	474	458	-16	-3%
Hardy	134	129	-5	-4%
Taylor	256	245	-11	-4%
Tyler	109	104	-5	-5%
Barbour	333	311	-22	-7%
Doddridge	119	110	-9	-8%
Clay	229	208	-21	-10%
Roane	279	251	-28	-11%
Ritchie	143	124	-19	-15%
Grant	131	109	-22	-20%
Pleasants	119	97	-22	-23%
Totals	20,585	21,797	1,212	
12-Mo. Ave.	1,715	1,816	101	4%

★ Denotes targeted counties as shown on the map on page 29.

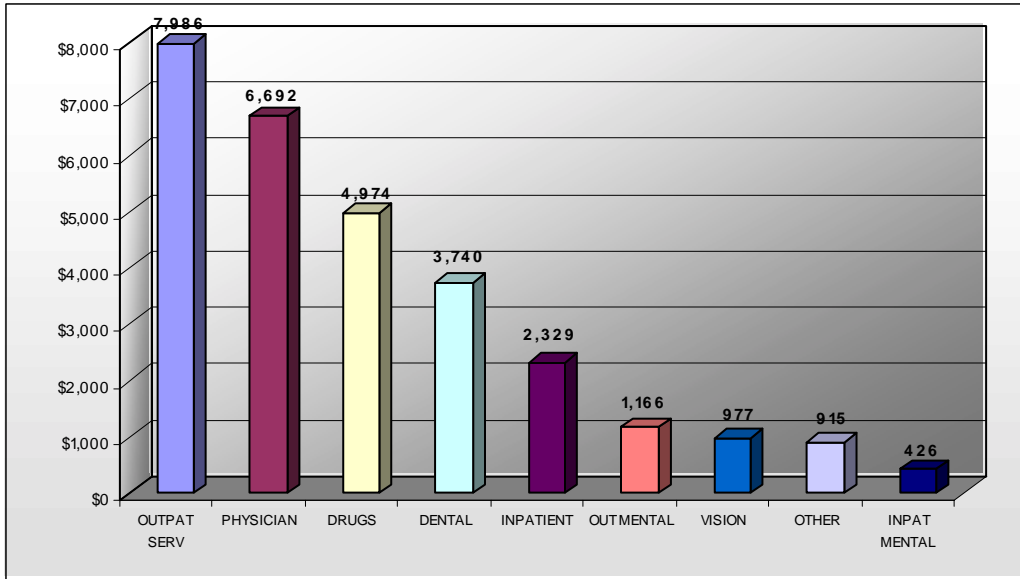
TABLE 10: ENROLLMENT CHANGES BY COUNTY
AS % OF CHILDREN NEVER BEFORE ENROLLED

County	Total Enrollees July 2002	Total Enrollees June 2003	New Enrollees Never in Program	New Enrollees As % of June 2003
Mineral	250	267	339	127%
Monroe	186	186	226	122%
Jefferson	298	314	209	67%
Tyler	109	104	69	66%
Berkeley★	782	905	577	64%
Pendleton	75	91	57	63%
Morgan	136	182	112	62%
Hardy	134	129	79	61%
Brooke	167	213	130	61%
Wirt	101	100	61	61%
Mason	194	229	136	59%
Calhoun	116	114	66	58%
Hancock	246	268	155	58%
Marshall	274	290	162	56%
Wood★	805	890	496	56%
Kanawha★	1,691	1,766	981	56%
Cabell★	777	813	451	55%
Wayne★	488	511	282	55%
Jackson	291	300	164	55%
Fayette★	735	768	418	54%
Ohio	340	369	200	54%
Boone	308	308	163	53%
Wetzel	193	202	106	52%
Lincoln	388	450	236	52%
Marion★	588	600	308	51%
Putnam	494	532	271	51%
Harrison	776	798	406	51%
Hampshire	250	281	142	51%
Greenbrier	472	485	241	50%
Raleigh★	1,000	1,153	572	50%
Taylor	256	245	121	49%
Wyoming	457	494	243	49%
Grant	131	109	53	49%
Logan★	533	581	278	48%
Lewis★	272	321	152	47%
Braxton	230	235	107	46%
Webster	171	172	78	45%
Preston	474	458	207	45%
Clay	229	208	94	45%
Upshur★	371	403	177	44%
Roane	279	251	110	44%
Randolph★	447	457	197	43%
Summers	202	245	104	42%
Barbour	333	311	128	41%
Gilmer	89	107	44	41%
Nicholas	460	454	183	40%
Monongalia★	552	604	233	39%
Doddridge	119	110	41	37%
Ritchie	143	124	44	35%
Mingo★	416	461	158	34%
McDowell	466	465	155	33%
Pleasants	119	97	31	32%
Mercer★	866	929	295	32%
Tucker	148	184	58	32%
Pocahontas	158	154	46	30%
Totals	20,585	21,797	11,152	51%
12-Mo. Ave.	1,715	1,816	929	51%

★ Denotes targeted counties as shown on the map on page 29.

MEDIAN

TABLE 11: EXPENDITURES BY PROVIDER TYPES
ACCRUAL BASIS



EXPENDITURES BY PROVIDER TYPES
ACCRUAL BASIS

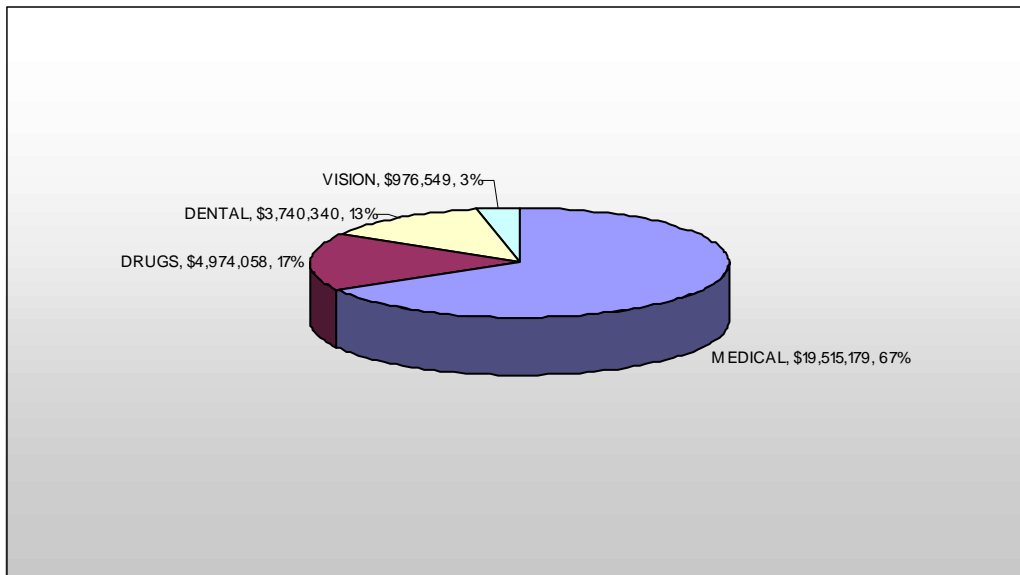


TABLE 12: TOTAL PROGRAM EXPENDITURES

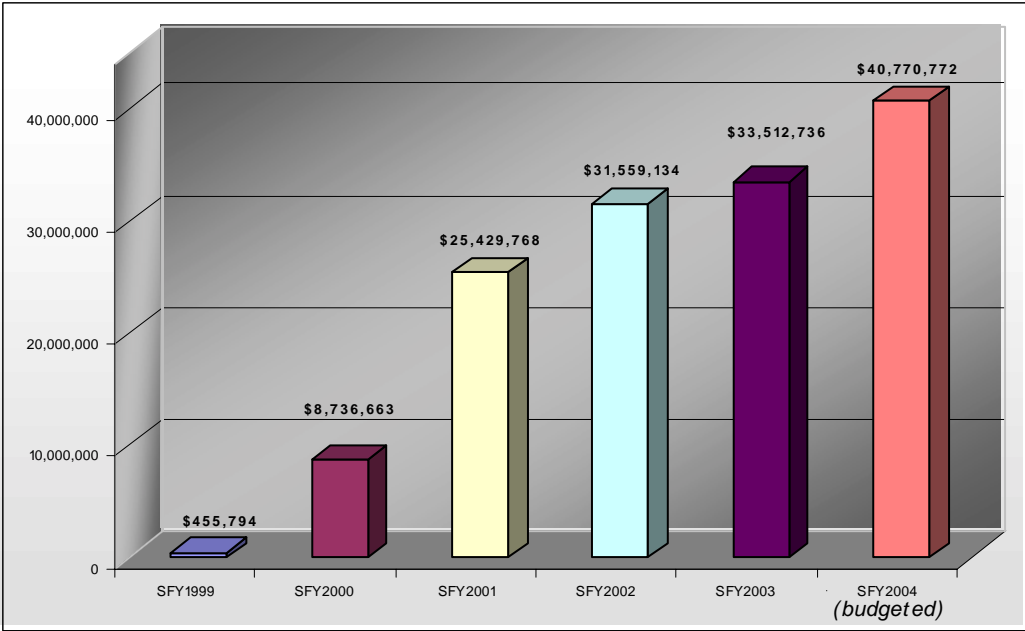
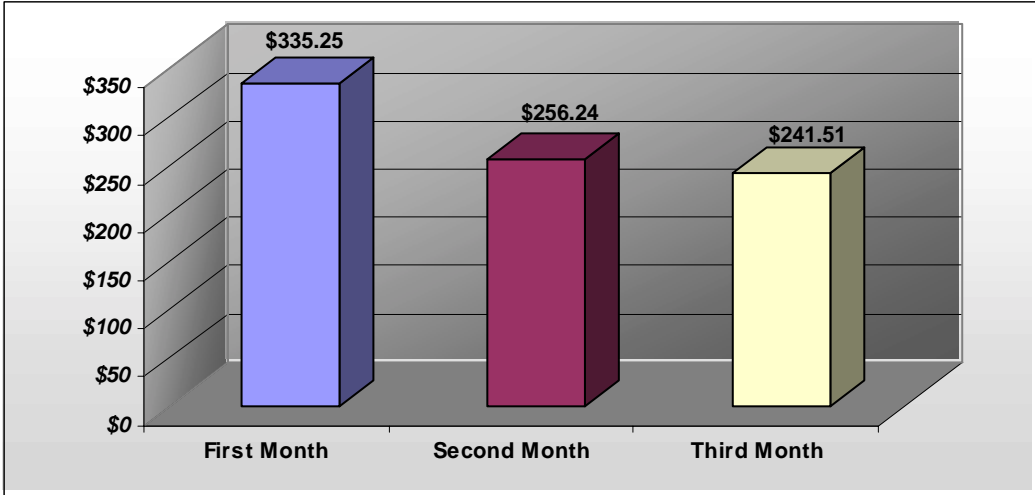


TABLE 13: AVERAGE CLAIMANT COSTS IN FIRST THREE MONTHS SHOWING PENT UP DEMAND FOR SERVICES UPON ENROLLMENT



THE HEALTH PLAN EMPLOYER DATA AND INFORMATION SET (HEDIS®) - Type Data as Utilized By WVCHIP

HEDIS® is a set of standardized performance measures designed to ensure that purchasers and consumers have the information they need to reliably compare the performance of managed health care plans. However, many states are using HEDIS to assess services delivered to both Medicaid and State Children's Health Insurance Program (SCHIP) beneficiaries to monitor program performance. Typically, the performance measures in HEDIS are related to many significant public health issues for adults such as cancer, heart disease, smoking, asthma and diabetes. Child health measures may include preventive and well child visits, immunization status, access to primary care practitioners, dental visits and can include selected chronic conditions.

WVCHIP is utilizing HEDIS-type measures that identify only those individuals with 12 months of enrollment whose treatment information can be included in calculations of measures assessing the level of services extracted from claims payment in a fee-for-service environment. For HEDIS measures involving services or treatments delivered in set time frames (e.g., preventive services, screenings, well-care visits), managed care plan members must be enrolled for a minimum of 12 months, with no more than one break of 45 days, to be included in the calculation of the HEDIS rate. For other measures, the required period of continuous enrollment varies. HEDIS is sponsored, supported and maintained by the National Committee for Quality Assurance.

The following tables present HEDIS results for WVCHIP enrollees during calendar year 2002 (*See Tables 14-18*):

HEDIS-TYPE DATA
 JANUARY 1, 2002 TO DECEMBER 31, 2002

TABLE 14: DENTAL VISITS

Age Group	Exposure	Number of Enrollees	Rate
4 To 6 Years	611	595	97.38%
7 To 10 Years	2,083	2,025	97.22%
11 To 14 Years	2,346	2,237	95.35%
15 To 18 Years	1,564	1,463	93.54%
Total	6,604	6,320	95.70%

TABLE 15: VISION VISITS

Age Group	Exposure	Number of Enrollees	Rate
Under 1 Year	2	0	0.00%
1 To 5 Years	815	94	11.53%
6 To 11 Years	2,900	929	32.03%
12 To 18 Years	3,322	1,079	32.48%
Total	7,039	2,102	29.86%

HEDIS-TYPE DATA
 JANUARY 1, 2002 TO DECEMBER 31, 2002

TABLE 16: WELL CHILD VISITS

Age Group	Exposure	Number of Enrollees	Rate
Less Than Or Equal To 15 Months	18	18	100.00%
Third Year Of Life	201	124	61.69%
Fourth Year Of Life	189	113	59.79%
Fifth Year Of Life	183	113	61.75%
Sixth Year Of Life	239	103	43.10%
Total	830	471	56.75%

TABLE 17: ACCESS TO PRIMARY CARE

Age Group	Exposure	Number of Enrollees	Rate
12 To 24 Months	70	68	97.14%
25 Months To Six Years	757	713	94.19%
7 To 11 Years	2,117	1,855	87.62%
Total	2,944	2,636	89.54%

HEDIS-TYPE DATA
 JANUARY 1, 2002 TO DECEMBER 31, 2002

TABLE 18: IMMUNIZATIONS

Age Group	Exposure	Number of Enrollees Completing Combination 1	Number of Enrollees Completing Combination 2	Combination Rate 1	Combination Rate 2
Children at Two Years	70	0	0	0.00%	0.00%

Note: Combination 1 = 4 DTaP/DT, 3IPV/OPV, 1 MMR, 3HiB, and 3 HEPb
 Combination 2 = Combination 1 plus 1 VZV
 Because of the low likelihood of a child being enrolled in WVCHIP from birth on, it is highly unlikely that a child will have the entire course of immunizations while enrolled in WVCHIP.

Key

- DTaP/DT = Diphtheria, Tetanus, Pertussis
- IPV/OPV = Inactivated/Oral Polio Vaccine
- MMR = Measles, Mumps, Rubella
- HiB = Haemophilus influenzae Type b
- HEPb = Hepatitis B
- VZV = Varicella-Zoster Virus

SELECTED UTILIZATION DATA AS HEALTH STATUS INDICATORS

WVCHIP currently operates exclusively in a fee-for-service payment structure. The data in Tables 14 - 18 reflect preventive services as extracted from claims payments. The selected preventive services are:

- Vision
- Dental
- Well Child Visits
- Access to Primary Care
- Immunizations

Unlike the HEDIS®-type preceding data in Tables 14 - 18, the health status indicator data reflects services for all WVCHIP enrollees whether they are enrolled for one month or twelve months in the annual measurement period. Also, it captures more specific data for the entire population, which may not be captured in a HEDIS measure. (e.g. the HEDIS child immunization measure is specific to a required combined set of several immunizations over a two year period for two year-olds resulting in a “0” measure, whereas the selected immunization data reflects more detail.)

The advantage of having separate HEDIS-type measures is to allow comparison among managed health care plans, and with other states’ CHIP or Medicaid programs.

TABLE 19:
HEALTH STATUS INDICATORS
JANUARY 1, 2002 TO DECEMBER 31, 2002

VISION SERVICES

Population	Age Group	Exposure	Encounters	Utilization Rate	Claims Expense	Per Capita Expense
Total Group	00 : 0 to 364 Days	98	2	0.0204	160.00	1.63
	01 : 1 to 5 Years	3,719	328	0.0882	22,201.78	5.97
	02 : 6 to 11 Years	8,506	2,777	0.3265	179,463.55	21.10
	03 : 12 to 18 Years	8,954	2,871	0.3206	188,418.88	21.04
	Overall	21,277	5,978	0.2810	390,244.21	18.34

TABLE 20:
HEALTH STATUS INDICATORS
JANUARY 1, 2002 TO DECEMBER 31, 2002

DENTAL SERVICES

Population	Age Group	Exposure	Encounters	Utilization Rate	Claims Expense	Per Capita Expense
Total Group	00 : 0 to 364 Days	98	1	0.01020	94.00	0.96
	01 : 1 to 5 Years	3,719	2,116	0.56897	255,404.76	68.68
	02 : 6 to 11 Years	8,506	9,349	1.09911	1,029,060.36	120.98
	03 : 12 to 18 Years	8,954	7,966	0.88966	1,022,234.24	114.17
	Overall	21,277	19,432	0.91329	2,306,793.36	108.42

TABLE 21:
HEALTH STATUS INDICATORS
JANUARY 1, 2002 TO DECEMBER 31, 2002

WELL CHILD VISITS

Population	Age Group	Exposure	Encounters	Utilization Rate	Claims Expense	Per Capita Expense
Total Group	00 : 0 to 364 Days	98	484	4.9388	55,250.62	563.78
	01 : 1 to 5 Years	3,719	3,809	1.0242	412,729.88	110.98
	02 : 6 to 11 Years	8,506	2,736	0.3217	241,471.40	28.39
	03 : 12 to 18 Years	8,954	2,357	0.2632	188,197.52	21.02
	Overall	21,277	9,386	0.4411	897,649.42	42.19

TABLE 22:
HEALTH STATUS INDICATORS
JANUARY 1, 2002 TO DECEMBER 31, 2002

ACCESS TO PRIMARY CARE SERVICES

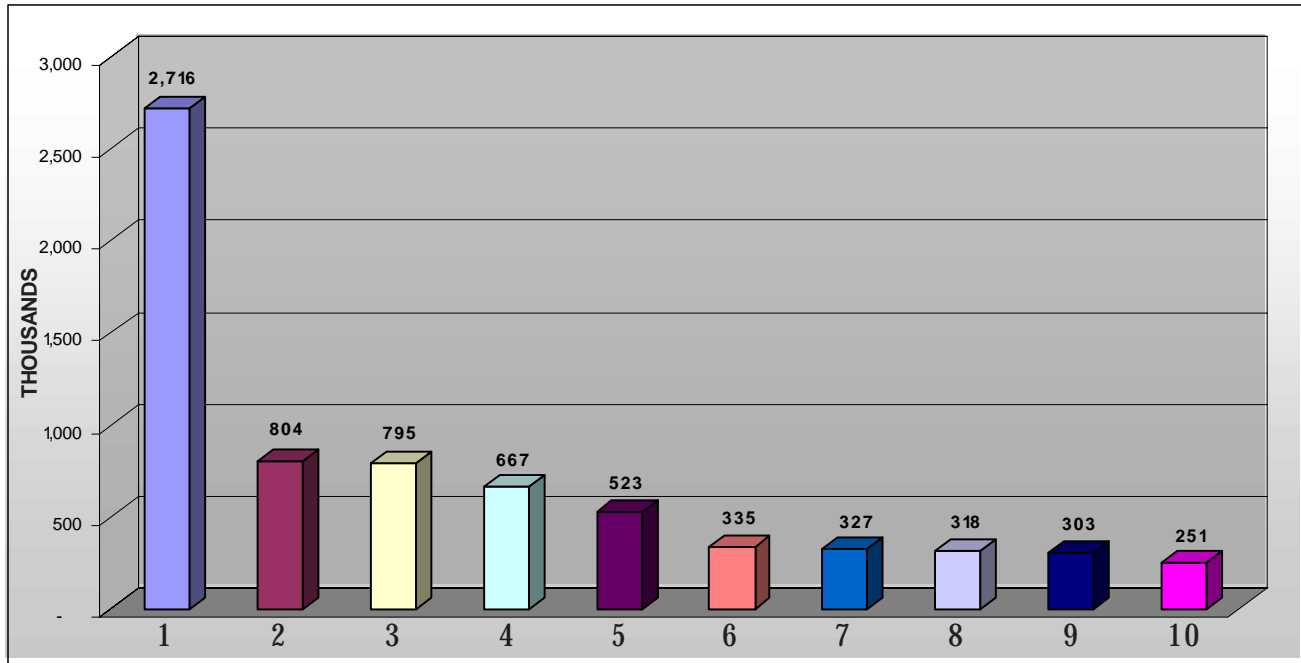
Population	Age Group	Exposure	Encounters	Utilization Rate	Claims Expense	Per Capita Expense
Total Group	00 : 0 to 364 Days	98	1,102	11.24	81,020	826.74
	01 : 1 to 5 Years	3,719	19,890	5.35	1,136,267	305.53
	02 : 6 to 11 Years	8,506	30,292	3.56	1,580,315	185.79
	03 : 12 to 18 Years	8,954	28,332	3.16	1,454,871	162.48
	Overall	21,277	79,616	3.74	4,252,473	199.86

TABLE 23:
HEALTH STATUS INDICATORS
JANUARY 1, 2002 TO DECEMBER 31, 2002

IMMUNIZATIONS SERVICES

Population	Age Group	Immunization Type	Enrollment	Encounters	Utilization Rate	Claims Expense	Per Capita Expense	
Overall	00 : 0 to 364 Days	DTaP	98	226	2.3061	4,835.17	49.34	
	00 : 0 to 364 Days	Diphtheria and Tetanus	95	9	0.0947	125.28	1.32	
	00 : 0 to 364 Days	Hepatitis B	98	132	1.3469	3,367.90	34.37	
	00 : 0 to 364 Days	Hib	98	210	2.1429	6,375.40	65.06	
	00 : 0 to 364 Days	IPV / OPV	98	180	1.8367	4,152.95	42.38	
	00 : 0 to 364 Days	MMR	95	5	0.0526	276.30	2.91	
	00 : 0 to 364 Days	VZV	95	7	0.0737	442.60	4.66	
	01 : 1 to 5 Years							
	01 : 1 to 5 Years	DTaP	3,719	1,222	0.3286	25,276.29	6.80	
	01 : 1 to 5 Years	Diphtheria and Tetanus	3,719	24	0.0065	195.16	0.05	
	01 : 1 to 5 Years	Hepatitis B	3,719	160	0.0430	4,183.15	1.12	
	01 : 1 to 5 Years	Hib	3,719	520	0.1398	15,094.25	4.06	
	01 : 1 to 5 Years	IPV / OPV	3,719	829	0.2229	17,615.26	4.74	
	01 : 1 to 5 Years	MMR	3,719	971	0.2611	31,665.58	8.51	
	01 : 1 to 5 Years	Measles	1,614	3	0.0019	13.34	0.01	
	01 : 1 to 5 Years	VZV	3,719	411	0.1105	21,019.64	5.65	
	02 : 6 to 11 Years							
	02 : 6 to 11 Years	DTaP	8,506	18	0.0021	244.99	0.03	
	02 : 6 to 11 Years	Diphtheria	2,340	1	0.0004	-	-	
	02 : 6 to 11 Years	Diphtheria and Tetanus	8,506	15	0.0018	112.60	0.01	
	02 : 6 to 11 Years	Hepatitis B	8,506	250	0.0294	5,578.91	0.66	
	02 : 6 to 11 Years	Hib	8,506	7	0.0008	96.09	0.01	
	02 : 6 to 11 Years	IPV / OPV	8,506	18	0.0021	307.04	0.04	
	02 : 6 to 11 Years	MMR	8,506	25	0.0029	708.92	0.08	
	02 : 6 to 11 Years	Tetanus	8,506	3	0.0004	31.02	0.00	
	02 : 6 to 11 Years	VZV	8,506	48	0.0056	2,323.79	0.27	
	03 : 12 to 18 Years							
	03 : 12 to 18 Years	DTaP	8,954	18	0.0020	159.37	0.02	
	03 : 12 to 18 Years	Diphtheria	6,341	3	0.0005	-	-	
	03 : 12 to 18 Years	Diphtheria and Tetanus	8,954	23	0.0026	113.92	0.01	
	03 : 12 to 18 Years	Hepatitis B	8,954	561	0.0627	11,531.43	1.29	
	03 : 12 to 18 Years	Hib	8,954	5	0.0006	71.00	0.01	
	03 : 12 to 18 Years	IPV / OPV	8,954	11	0.0012	139.06	0.02	
	03 : 12 to 18 Years	MMR	8,954	33	0.0037	817.43	0.09	
	03 : 12 to 18 Years	Tetanus	8,954	50	0.0056	341.67	0.04	
	03 : 12 to 18 Years	VZV	8,954	26	0.0029	907.98	0.10	
Overall			6,024	0.2831	158,123.49	7.43		

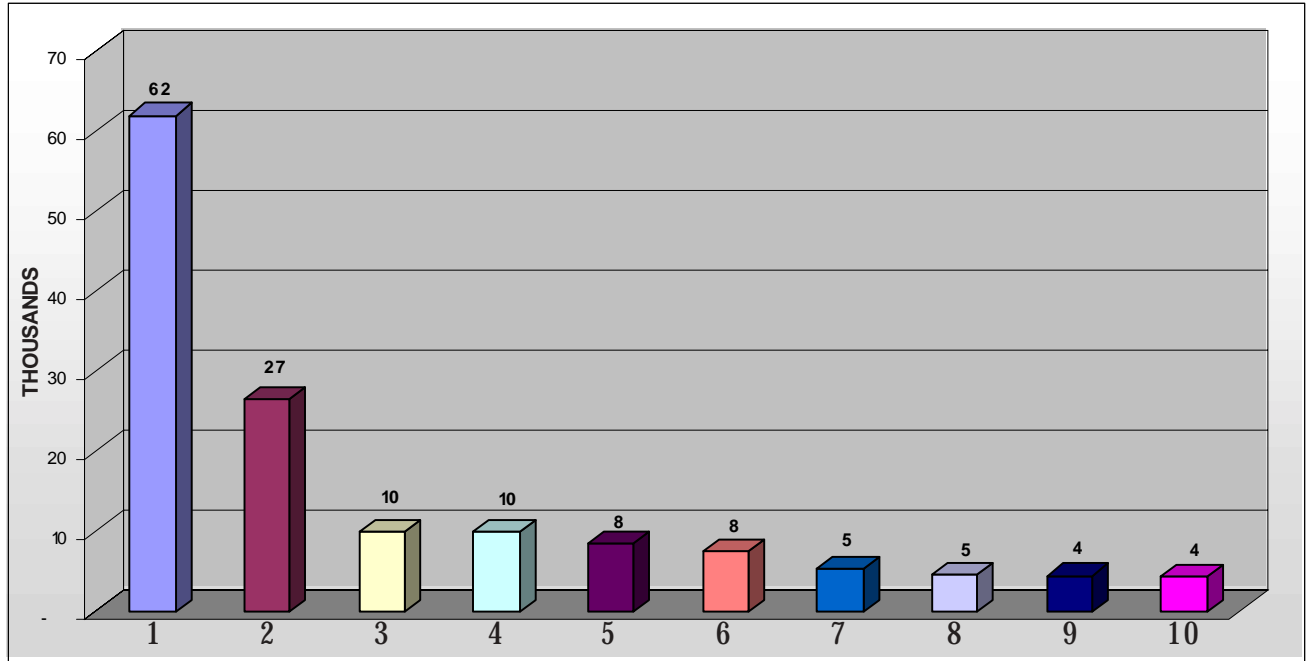
**TABLE 24: TOP TEN PHYSICIAN SERVICES
BY AMOUNTS PAID**



Key

- 1 Office Visit Limited
- 2 Psychotherapy
- 3 Office Visits Brief
- 4 ER Exam Intermediate
- 5 Office Visits Intermediate
- 6 Preventive Age 5-11
- 7 Preventive Age 1-4
- 8 ER Exam Extended
- 9 Psychiatric Diagnostic
- 10 Office Visits Intermediate

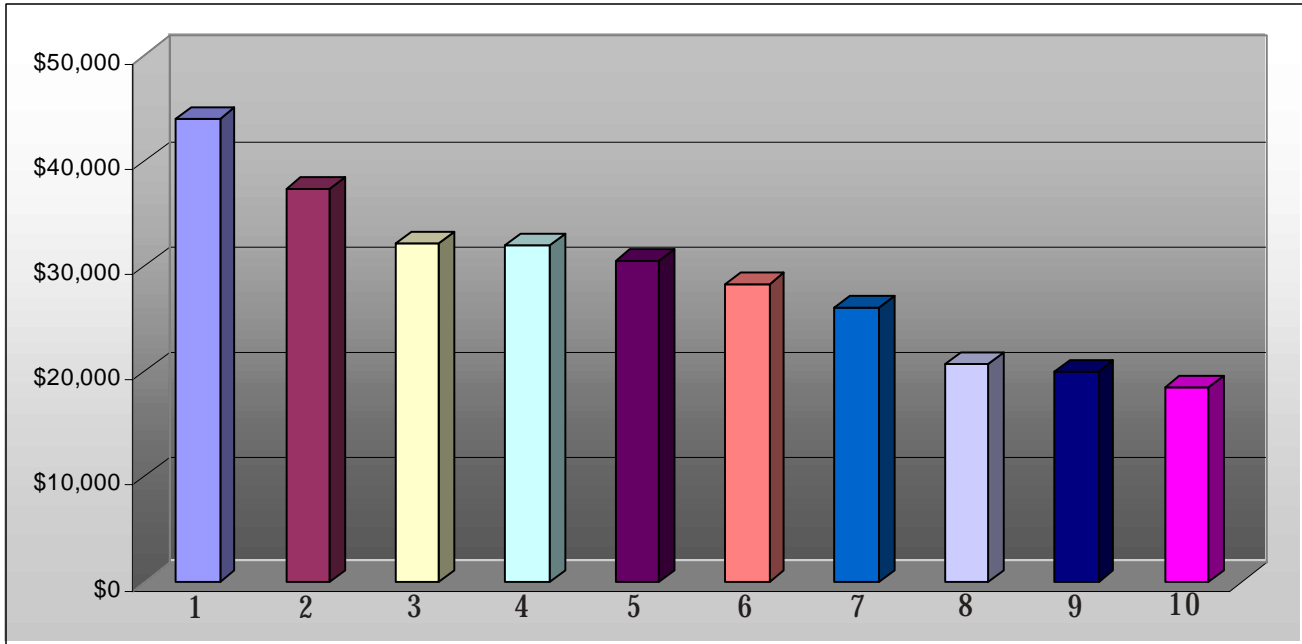
**TABLE 25: TOP TEN PHYSICIAN SERVICES
BY NUMBER OF TRANSACTIONS**



Key

- 1 Office Visit Limited
- 2 Office Visits Brief
- 3 Psychotherapy
- 4 ER Exam Intermediate
- 5 Blood Count
- 6 Office Visits Intermediate
- 7 Streptococcus
- 8 Preventive Age 1-4
- 9 Rx Management
- 10 Preventive Age 5-11

**TABLE 26: TOP TEN PRESCRIPTION DRUGS
BY INGREDIENT COST**



Key

- 1 Singulair 5MG
- 2 Zyrtec 10MG
- 3 Zithromax 250MG
- 4 Concerta 36MG
- 5 Clarinet 5MG
- 6 Omnicef 125MG
- 7 Zyrtec 1MG
- 8 Augmentin
- 9 Claritin 10MG
- 10 Adderall XR