West Virginia
Children's Health Insurance Program

Annual Report
2007

Because Healthy Children Can Grow To Full Potential

West Virginia
Children's Health Insurance Program

2007 Annual Report

Joe Manchin III, Governor

Joe Manchin III, Governor
State of West Virginia

Robert W. Ferguson, Jr., Cabinet Secretary
West Virginia Department of Administration

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

Prepared by:
Stacey L. Shamblin, MHA
Financial Officer
West Virginia Children's Health Insurance Program

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.

Our Vision

All of West Virginia's children have access to health care coverage.

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JUNE
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MONTANI SEMPER LIBERI

Introductory Section

"We cherish belief in the children and hope through them for the future."

-Lillian Wald, Founder
Henry Street Settlement

West Virginia Children's Health Insurance Program
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Building 3, Room 554
Charleston, WV 25305
304-558-2732 voice / 304-558-2741 fax
Helpline 877-982-2447
www.wvchip.org

December 14, 2007

Honorable Joe Manchin III, Governor
State of West Virginia

Honorable Members of the
West Virginia Legislature

Board of Directors
West Virginia Children's Health Insurance Program

Robert W. Ferguson, Jr., Cabinet Secretary
West Virginia Department of Administration

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

Ladies and Gentlemen:

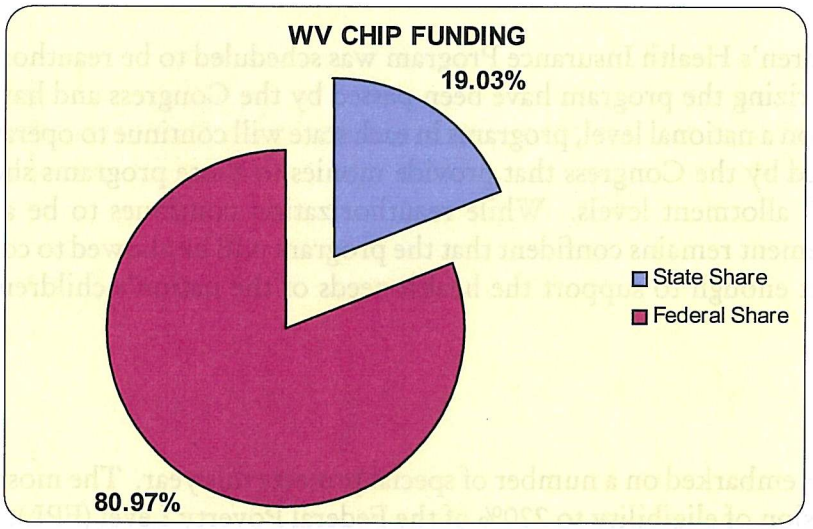
It is a privilege to submit to you the Annual Report of the West Virginia Children's Health Insurance Program (WVCHIP) for the fiscal year ended June 30, 2007. This report was prepared by the Financial Officer of WVCHIP. Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the management of WVCHIP. We believe the data, as presented, are accurate in all material respects and presented in a manner that fairly reports 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 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, Children's Health Insurance Agency with the passage of Senate Bill 565 in 2000. WVCHIP is governed by a Board of Directors of up to eleven members, through approval of an annual financial plan and modifications to benefits. Day-to-day operations of WVCHIP are managed by the Executive Director who is responsible for the implementation of policies and procedures established by the Board of Directors. The WV Children's Health Insurance Agency is responsible for the administration of the WVCHIP.

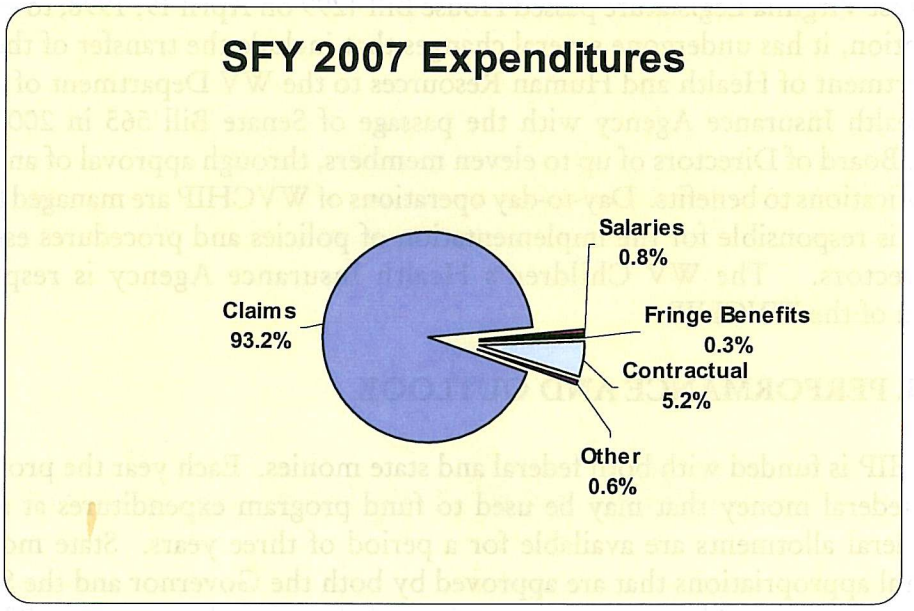
FINANCIAL PERFORMANCE AND OUTLOOK

WVCHIP is funded with both federal and state monies. Each year the program receives an allotment of federal money that may be used to fund program expenditures at a set percentage. Currently, federal allotments are available for a period of three years. State money is provided through general appropriations that are approved by both the Governor and the State Legislature. State money that is not used in the current year is carried-over to the next year. The match rates at June 30, 2007 were 80.97% federal share and 19.03% state share.



WV State Code requires that estimated program claims and administrative costs, including incurred but not reported claims, not exceed 90 percent of the total funding available to the program, and provides for an actuarial opinion to ensure that this requirement will be met. The Actuarial Report dated June 30, 2007, confirmed this requirement will be met through SFY 2013, assuming that state appropriations remain at the current level as SFY 2008, $10,968,995, and considering projected enrollment and costs.

Based on estimated funding, enrollment, and costs, the June 30, 2007 Actuarial report projected federal funding shortfalls of $781,000, $22.1 million, $26.4 million and $31.0 million in state fiscal years (SFY) 2009, 2010, 2011 and 2012 respectively. No federal funding shortfalls are projected for SFY 2008. All projections assume federal allotments will remain at the same level as the 2007 allotment and that sufficient federal funding will be made available to the program under Continuing Resolutions of the Congress until the program is reauthorized at the federal level sometime within the next year.



REAUTHORIZATION

The Children's Health Insurance Program was scheduled to be reauthorized in 2007. While two bills reauthorizing the program have been passed by the Congress and have twice been vetoed by the President, on a national level, programs in each state will continue to operate under Continuing Resolutions passed by the Congress that provide monies to those programs showing deficits based on prorated 2007 allotment levels. While reauthorization continues to be an unknown for the program, management remains confident that the program will be allowed to continue with funding at levels sufficient enough to support the health needs of the nation's children, and those of West Virginia also.

INITIATIVES

WVCHIP embarked on a number of special projects this year. The most important included a program expansion of eligibility to 220% of the Federal Poverty Level (FPL), the establishment of medical homes for children, and a collaborative project with the Departments of Education and Health and Human Resources under an initiative referred to as ***Kids First***. All initiatives are discussed in more detail in the Major Initiatives section of the Management's Discussion and Analysis found on page 21 of this report.

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, 2007. The federal fiscal year ends September 30 and further documentation is submitted to CMS based on that period. Certain statistical information such as HEDIS-type reports, by nature, is presented on a calendar year basis as required.

ACKNOWLEDGMENTS

Special thanks are extended to Governor Joe Manchin III and to members of the Legislature for their continued support. Gratitude is expressed to the members of WVCHIP's Board of Directors for their leadership and direction. Our most sincere appreciation is extended to Secretary Robert W. Ferguson, Jr., whose leadership and support has helped the Agency embrace new challenges this year. 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, 2007.

Sincerely,

Stacey L. Shamblin, MHA
Financial Officer

Principal Officials

Joe Manchin III, Governor
State of West Virginia

Robert W. Ferguson, Jr., Cabinet Secretary
West Virginia Department of Administration

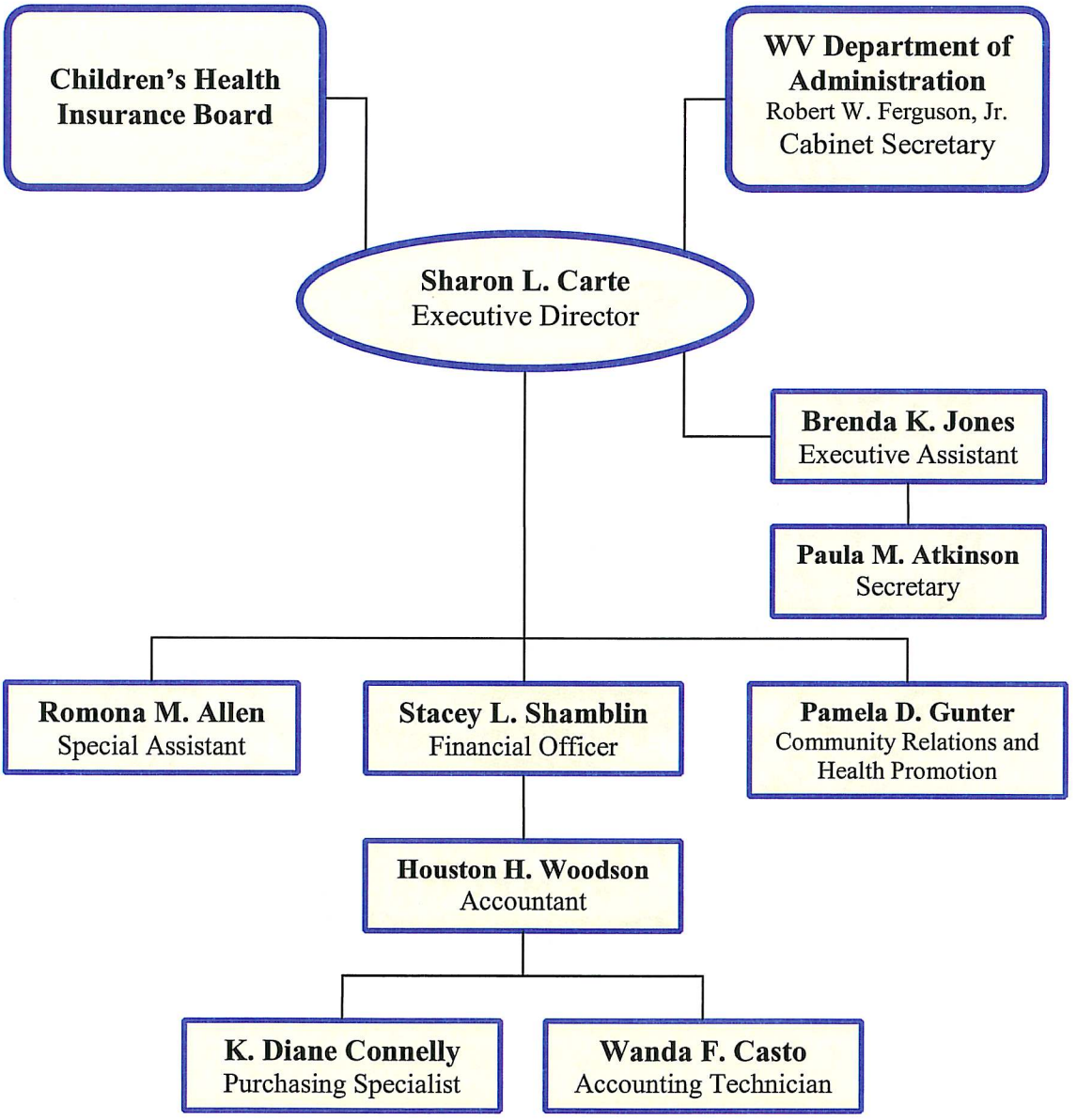
Board Members

Sharon L. Carte, Chair
Ted Cheatham, Public Employees Insurance Agency, Director
Martha Yeager Walker, Department of Health & Human Resources, Cabinet Secretary
The Honorable Roman Prezioso, West Virginia Senate, Ex-Officio
The Honorable Don Perdue, West Virginia House of Delegates, Ex-Officio
Lynn T. Gunnoe, Citizen Member
Margie Hale, Citizen Member
Travis Hill, Citizen Member
Larry Hudson, Citizen Member
Judith Radcliff, Citizen Member
Debra Sullivan, Citizen Member

Staff

Sharon L. Carte, Executive Director
Romona M. Allen, Special Assistant
Paula M. Atkinson, Secretary
Wanda F. Casto, Accounting Technician
K. Diane Connelly, Purchasing Specialist
Pamela D. Gunter, Community Relations and Health Promotion
Brenda K. Jones, Executive Assistant
Stacey L. Shamblin, Financial Officer
Houston H. Woodson, Accountant

Staff Organizational Chart



STATE OF WEST VIRGINIA
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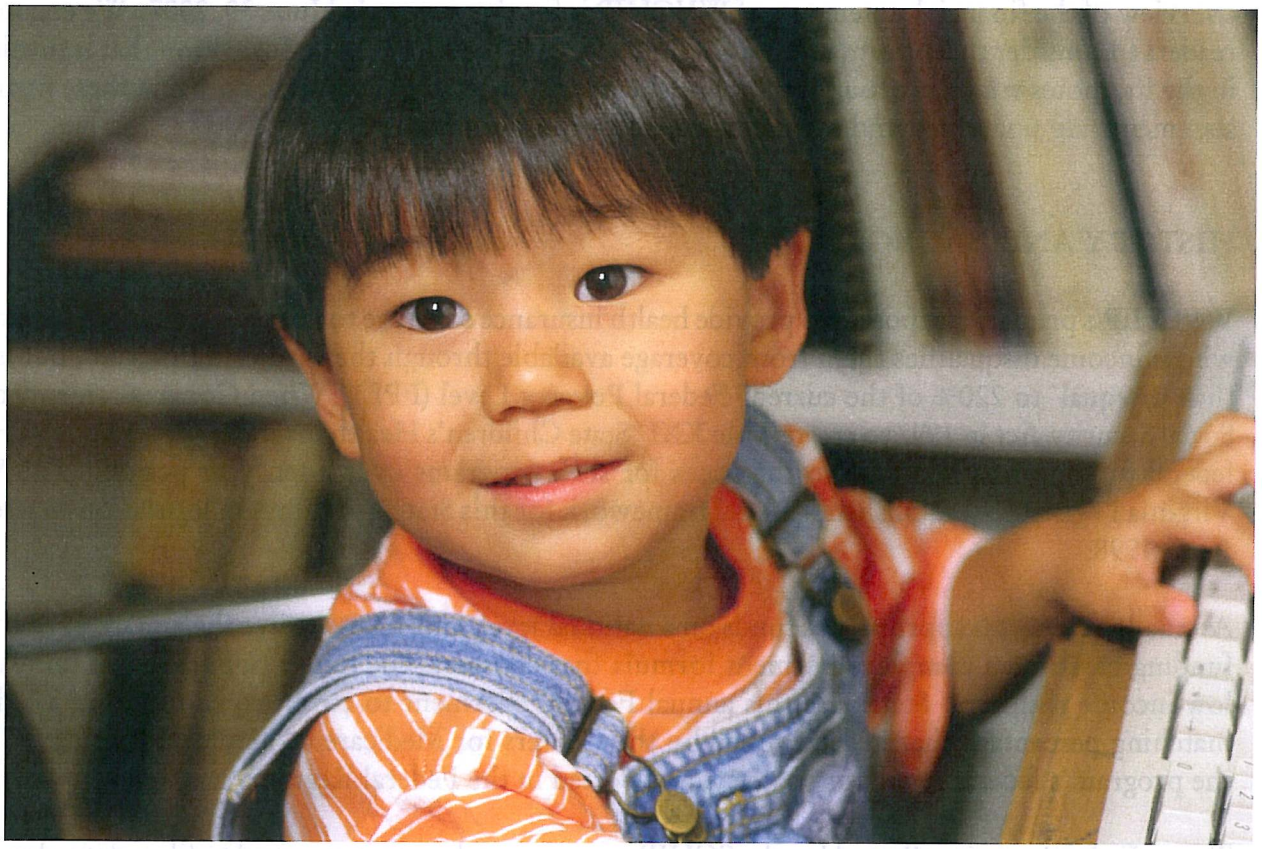
Financial Section



"We have the ability to prevent or control many of the health care problems associated with common childhood conditions that can have a long term detrimental impact on children's development and opportunities in life. This argues for access to well-child care for all children to identify problems early and manage chronic conditions effectively."

Committee on the Consequences of Uninsurance
Institute of Medicine of the National Academies
2002

MANAGEMENT'S DISCUSSION AND ANALYSIS

WEST VIRGINIA CHILDREN'S HEALTH INSURANCE PROGRAM
For the Year Ended June 30, 2007

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, 2007. We encourage readers to consider this information in conjunction with the additional information that is furnished in the footnotes which are found following the financial statements. Please note that these financial statements are unaudited and for management purposes only.

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 or equal to 220% 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" (SCHIP), federal funding was allocated 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.

Annually, Congress appropriates funds on a national level, and states receive their share of this total funding based on a complex allotment formula that considers the state's population of uninsured, low-income children. States use this annual Federal allotment to cover expenditures at a federal-matching percentage that is determined by the Centers for Medicare & Medicaid Services (CMS), the program's federal regulatory agency, and posted in the Federal Register.

To use Federal monies allotted for the SCHIP program, each state is required to file a state plan with CMS that outlines the individuals responsible for program administration, where the program is housed within State government, the program's enrollment policies, how it proposes to use the federal monies, as well as other policies and processes used by the state to administer the program. Once the state plan is approved, the state may use its federal allotment, at the federal matching percentage, to finance program expenditures according to the plan.

Since inception in 1998, 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 for the 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 to all children through age 18 in families with incomes between 151% and 200% FPL.

- In June 2002, WVCHIP modified its co-payment requirements for pharmacy benefits to eliminate or reduce co-payments for generic drugs and expand co-payment requirements for brand name drugs. It also adopted an annual benefit limit of $200,000 and a lifetime benefit limit of $1,000,000.

- In January 2006, WVCHIP modified its pharmacy benefit by implementing a Preferred Drug List which encouraged utilization of generic drugs and increased the amount of drug rebates received from drug manufacturers.

- In January 2007, WVCHIP expanded its upper income limit for program eligibility to 220%FPL. This expanded program from 201-220%FPL is called WVCHIP Premium. Families enrolled in this group are required to make monthly premium payments based on the number of children in the family enrolled in the program. Children in this group receive full medical and drug benefits, limited dental, and no vision coverage.

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.

In addition to these two basic statements and the accompanying notes; required supplementary information is presented in the Management Discussion and Analysis section and the Budget-to-Actual Statement presented for the year. The Budget-to-Actual Statement compares the program's actual expenditures to amounts budgeted for the state fiscal year and is located after the notes to the financial statements.

FINANCIAL HIGHLIGHTS

The following financial statements summarize the financial position and the results of operations for the years ended June 30, 2007 and 2006. (See pages 15 and 16.)

- Total assets increased approximately $3,762,751, or 82% in comparison to the previous year-end amount. This increase is primarily a result of higher ending cash balances and reflects the Program's increased carry-over funding for the next year. Also, the Program was more aggressive with investments, and thus received higher interest payments in State Fiscal Year 2007.

- Total liabilities increased by approximately $3,594,184 during the year. The majority of the increase is attributable to an increase in deferred revenues.

- Total fund balance increased approximately $168,566 in comparison to the previous year end amount.

- Total operating revenues increased approximately $4,210,123. The increase is attributable mainly to an increase in Federal Revenues. Federal Revenues are recognized when a related expense is paid based on the federal share of the expense. Also contributing to the increase was the addition of premium income (from the expansion to 220%FPL) and higher investment earnings.

- Medical, dental and prescription drug expenditures comprise approximately 93% of WVCHIP's total costs. These expenditures increased by approximately 10%, or $3,956,938 over the prior year.

- Administrative costs accounted for 7% of overall expenditures. These expenditures increased approximately $137,655, representing an increase of 5%. This increase reflects the Program's adoption of medical homes (see Major Initiatives on page 21), as well as other higher administrative costs.

FINANCIAL ANALYSIS

Costs

A total increase in medical, dental, and prescription drug claims payments of 10% is higher than the 8% increases in spending experienced by plans nationally. After adjusting for increased enrollment, a net increase of around 8% appears to be in line with national experience. Three factors affect total claims expenditures; enrollment, utilization of services, and fees paid to providers for services they render to WVCHIP members. Each of these factors contributed to the following increases in WVCHIP's claims costs:

- Enrollment: 1.9%
- Service Utilizaton: 5.3%
- Price/Fee Increases 3.1%

Note: These percentages are composites and not further broken down by service line item.

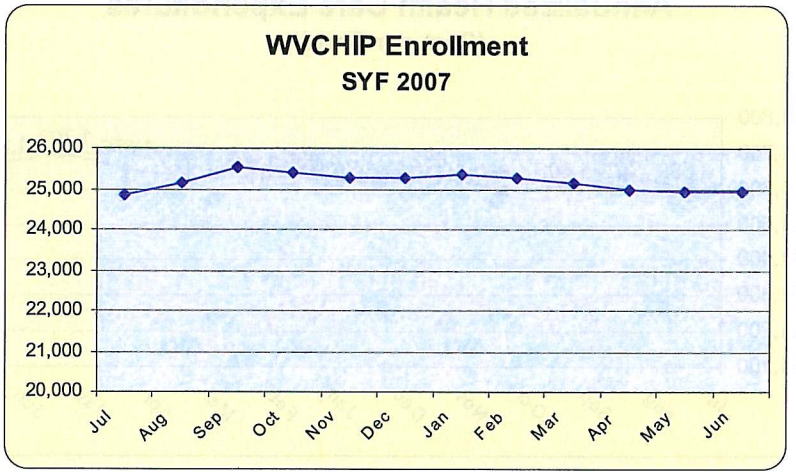
Enrollment

While monthly enrollment increased approximately 1.2% over the first nine months of the year, there was a slight decrease of 0.3% at year end. Overall, enrollment for the year increased 1.9% over that of last year.

WVCHIP has three enrollment groups, categorized by the differing levels of family financial participation (i.e. copayments and/or monthly premiums) based on family income levels as compared to the Federal Poverty Level (FPL). The following chart identifies these three groups, as well as enrollment increases in each:

GROUP	FPL	AVG MONTHLY ENROLLMENT	PERCENT INCREASE
CHIP (Phases I&II)	100% - 150%	15,966	1.3%
CHP3 (Phase III)	151% - 200%	9,193	2.9%
WVCHIP Premium	201% - 220%	49	* new group this year

WVCHIP Premium is a new enrollment group that is explained in detail under the Major Initiatives section on page 13. Initially, 12 children were enrolled in this group when it was "rolled-out" in February 2007. By June 2007, enrollment increased by 733% to 100 members. Enrollment in this group continues to grow and by the end of September 2007, 166 children were enrolled.



Utilization

It is easy to understand why a health plan would incur higher costs with increased enrollment: more members = payments for more services = increased costs. Increased payments due to service utilization changes, however, are caused by factors more dynamic than simply the number of members covered by the plan. Not only do changes in plan membership cause the plan to pay for more or less services, but other factors including provider practices and service guidelines; services mandated or recommended by either law or professional organizations; the benefit package and utilization management strategies adopted by the plan; as well as many more factors. A combination of these many factors contributed an additional 5.3% in claims expenditures for the year.

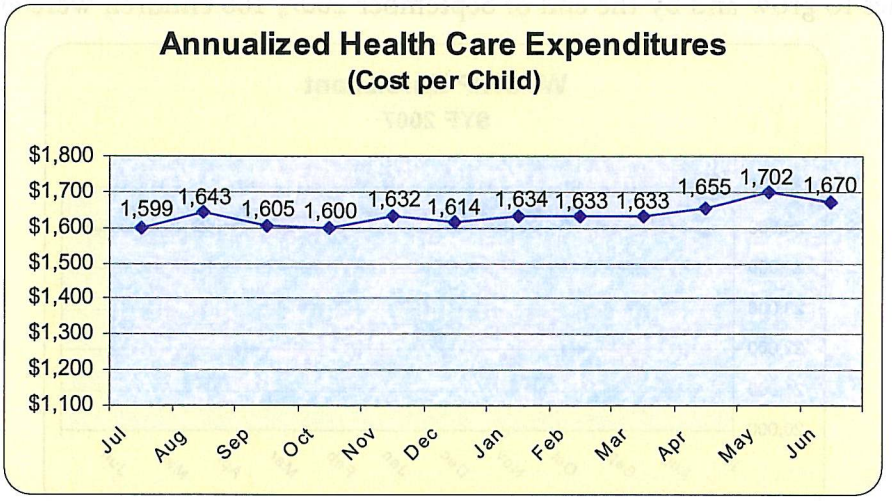
One factor contributing to increased service utilization is the amount of services utilized by new plan members, referred to as "pent-up" demand. Children new to the program may require more medical, dental, or prescription drug services within the first three-months of enrollment due to the fact they may have not been able to access these services prior to enrollment in the plan. This "pent-up" demand is illustrated in Table 13 on page 53.

Prices/Fees

The amount WVCHIP pays providers for particular services is also determined by a number of factors; fee schedules adopted by the plan or rates negotiated with providers, whether the service is provided in West Virginia or outside the state; and service availability, among others. A combination of all these factors contributed to price inflation. During State Fiscal Year 2007, price increases resulted in an additional 3.1% in total claims payments.

Average Cost Per Child

WVCHIP's average cost per child for State Fiscal Year 2007 was $1,670. This amount represents the average cost per child based on a "rolling enrollment" calculation and is not adjusted for the total unduplicated enrollment in the program for the year. This average increased 4.3% over the prior year and resulted from all factors discussed above. The fluctuation in the average cost per child is illustrated in the following table.



Administrative Costs

In addition to employee salaries, the plan pays a number of other costs to administer the plan. One of the largest areas of administrative costs are payments made to outside contractors for claims payments and benefits management services. The two largest contractors are Wells Fargo, Third-Party Administrators and Express Scripts, Incorporated. Wells Fargo processes medical and dental claims for the plan, as well as provides pre-certification and case management services. Express Scripts is the plan's Pharmacy Benefits Manager. Also, administrative payments are made to the West Virginia Department of Health and Human Resources for eligibility determinations, West Virginia University's Rational Drug Therapy Program that reviews prior authorization requests for drugs, and the program's HelpLine established to assist families with questions and problems, among other payments necessary to administer the program. Administrative costs increased slightly by 5% over the prior year.

West Virginia Children's Health Insurance Program
Comparative Balance Sheet
June 30, 2007 and 2006
(Accrual Basis)

	June 30, 2007	June 30, 2006	Variance	
Assets:				
Cash and Cash Equivalents	$4,977,366	$ 876,406	$4,100,960	468%
Due From Federal Government	2,650,397	3,082,902	(432,505)	-14%
Due From Other Funds	622,910	535,419	87,491	16%
Accrued Interest Receivable	20,640	3,640	17,000	467%
Fixed Assets, at Historical Cost	64,933	75,128	(10,195)	-14%
Total Assets	$8,336,246	$4,573,495	$3,762,751	82%
Liabilities:				
Due To Other Funds	$ 149,947	$ 77,919	$ 72,028	92%
Deferred Revenue	3,866,996	714,710	3,152,286	441%
Unpaid Insurance Claims Liability	3,123,360	2,753,490	369,870	13%
Total Liabilities	$7,140,303	$3,546,119	$3,594,184	101%
Fund Equity	$1,195,943	$1,027,377	$ 168,566	16%
Total Liabilities and Fund Equity	$8,336,246	$4,573,496	$3,762,750	82%

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 Twelve Months Ended June 30, 2007 and June 30, 2006
(Modified Accrual Basis)

	June 30, 2007	June 30, 2006	Variance	
Revenues:				
Federal Grants	$35,758,528	$31,878,421	$3,880,107	12%
State Appropriations	9,273,848	9,070,795	203,053	2%
Premium Revenues	11,433	0	11,433	
Investment Earnings	168,566	53,036	115,530	218%
Total Operating Revenues	$45,212,375	$41,002,252	$4,210,123	10%
Operating Expenditures:				
Claims:				
Outpatient Services	$10,446,632	$ 9,986,991	$ 459,641	5%
Physician and Surgical	9,403,916	8,722,688	681,228	8%
Prescribed Drugs	8,521,422	7,849,298	672,124	9%
Dental	4,987,934	4,787,135	200,799	4%
Inpatient Hospital	4,491,611	2,757,505	1,734,106	63%
Outpatient Mental Health	1,545,992	1,572,472	(26,480)	-2%
Vision	1,250,098	1,229,655	20,443	2%
Inpatient Mental Hospital	883,943	659,722	224,221	34%
Durable & Disposable Equipment	484,416	352,985	131,431	37%
Medical Transportation	359,938	225,684	134,254	59%
Therapy	348,681	307,361	41,320	13%
Other	131,155	102,292	28,863	28%
Less Collections*	(786,868)	(441,856)	(345,012)	78%
Total Claims	42,068,870	38,111,932	3,956,938	10%
General and Admin Expenses:				
Salaries and Benefits	462,360	455,119	7,241	2%
Program Administration	1,925,168	1,883,219	41,949	2%
Eligibility	304,118	296,682	7,436	3%
Outreach & Health Promotion	174,161	94,183	79,978	85%
Current	109,132	108,081	1,051	1%
Total Administrative	2,974,939	2,837,284	137,655	5%
Total Expenditures	45,043,809	40,949,216	4,094,593	10%
Excess of Revenues Over (Under) Expenditures	168,566	53,036	115,530	218%
Fund Equity, Beginning	1,027,377	974,341	53,036	5%
Fund Equity, Ending	$ 1,195,943	$ 1,027,377	$ 168,566	16%

* Collections are primarily drug rebates and subrogation

Unaudited - For Management Purposes Only - Unaudited

West Virginia Children's Health Insurance Program
Notes to Financial Statements
For the Twelve Months Ended June 30, 2007

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. An eleven-member board develops plans for health insurance specific to the needs of children and 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 Liabilities

Cash 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 Board of Treasury Investments (BTI). In addition, WVCHIP makes interest-earning deposits in certain investment pools maintained by BTI that are available to WVCHIP with overnight notice. Interest income from these investments is prorated to WVCHIP at rates specified by BTI 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 had an outside bank account which it utilized 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. Use of the outside bank account to process provider payments was discontinued in March 2005 and the account closed in October 2005. All cash is now on deposit in the State Treasury.

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, 2007, 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
Cash			
Deposits with Treasurer	$ 1,061,706	——	——
Investments			
	Amount Unrestricted	Fair Value	Investments Pool
Investment with Investment Management Board	$3,915,660	$3,915,660	Cash Liquidity
Total	$4,977,366		

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	$4,977,366
Less: investments disclosed as cash equivalents	(3,915,660)
Carrying amount of deposits as disclosed in this footnote	$1,061,706
Investments	
Investments as Reported	---------
Add: investments disclosed as cash equivalents	$3,915,660
Carrying value of investments as disclosed in this footnote	$4,977,366

Note 3

Due to other funds:

Public Employees Insurance Agency Piggyback Contracts	$ 95,899
DHHR & WVOT (Eligibility)	39,098
Helpline	6,935
Other	8,015
Total due to other funds	$149,947

Note 4

Risk Management
Unpaid Claims Liabilities

Claims payable, beginning of year	$ 2,753,490
Incurred claims expense	42,073,849
Payments:	
Claim payments for current year	34,170,010
Claim payments for prior year	6,581,324
Claims payable, year to date	$ 3,123,360

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 contingent 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.

West Virginia Children's Health Insurance Program
Budget to Actual Statement
State Fiscal Year 2007
For the Twelve Months Ended June 30, 2007

	Budgeted for Year	Year to Date Budgeted Amt	Year to Date Actual Amt	Year to Date Variance*		Monthly Budgeted Amt	Jun-07	May-07	Apr-07
Projected Cost	$44,518,706	$44,518,706	$41,601,386	$2,917,320	7%	$3,709,892	$3,429,914	$4,373,597	$3,513,199
Premiums	$0	$0	$11,433	$0	n/a	$0	$3,977	$2,949	$2,184
Unclaimed Property Returned		$0	$13,039	$0		$0	$5,727	$2,427	$0
Subrogation & Rebates	$300,000	$300,000	$786,868	($453,385)	151%	$25,000	$60,891	$120,967	$42,641
Net Benefit Cost	$43,183,706	$43,183,706	$40,709,142	$2,347,138	5%	$3,598,642	$3,359,318	$4,247,255	$3,468,374
Salaries & Benefits	$600,000	$600,000	$462,361	$137,639	23%	$50,000	$39,293	$39,908	$39,339
Program Administration	$1,951,762	$1,951,762	$1,927,831	$23,931	1%	$162,647	$166,666	$257,212	$177,960
Eligibility	$324,000	$324,000	$302,552	$21,448	7%	$27,000	$76,485	$3,160	$5,160
Outreach	$100,000	$100,000	$24,162	$75,838	76%	$8,333	$4,437	$4,565	$1,381
Current Expense	$169,480	$169,480	$256,007	($86,527)	-51%	$14,123	$159,681	$11,475	$11,511
Total Admin Cost	$3,145,242	$3,145,242	$2,972,913	$172,329	5%	$262,104	$446,562	$316,320	$235,351
Total Program Cost	$46,328,948	$46,328,948	$43,809,481	$2,519,467	5%	$3,860,746	$3,815,584	$4,645,777	$3,705,909
Federal Share 80.97%	$37,526,448	$37,526,448	$35,484,556	$2,041,891	5%	$3,127,204	$3,089,478	$3,761,686	$3,000,674
State Share 19.03%	$8,802,500	$8,802,500	$8,324,925	$477,575	5%	$733,542	$726,106	$884,091	$705,234
Total Program Cost **	$46,328,948	$46,328,948	$43,809,481	$2,519,467	5%	$3,860,746	$3,815,584	$4,645,777	$3,705,909

* Positive percentages indicate favorable variances
** Budgeted Year Based on CCRC Actuary 6/30/2006 Report.
Please note: Medical and Drug Co-pay figures are incomplete.

Unaudited - Cash Basis For Management Purposes Only - Unaudited

MAJOR INITIATIVES.

WVCHIP Premium

During the 2006 Legislative session, House Bill 4021 passed authorizing WVCHIP to adopt a higher income limit of 300% for program eligibility. In implementing this legislation, the Board adopted premium payments for those children with family incomes above 200%FPL. The Bill also extended the "waiting period" for children to be uninsured, from the six-month requirement for the regular WVCHIP program, to twelve months for children eligible under the expanded program. After much deliberation, the Board, at the request of the Governor, adopted a higher income limit of 220%, with planned annual expansions in 20% increments, until the full 300% limit is adopted. On January 1, 2007, WVCHIP implemented the higher income limit for program eligibility of 220%FPL. This expanded program was named WVCHIP Premium. In addition, the Board approved a full medical and drug benefit package, with higher co-payments, a limited dental package, and no vision coverage.

In order to implement this expansion, WVCHIP had to revise the enrollment process that is used for the regular program. Under the regular program, eligibility and enrollment are determined by the Department of Health and Human Resources' county offices. This was changed under the expanded program slightly. Under WVCHIP Premium, eligibility for the expanded program is determined in the DHHR county offices, but enrollment is implemented and approved by WVCHIP. This change was made to accommodate limitations within the DHHR eligibility and enrollment systems.

Upon notification from DHHR that a family is eligible for WVCHIP Premium, a letter from WVCHIP is sent to the family outlining program requirements. The letter is addressed to the guardian and lists the children that are eligible for enrollment, along with the required monthly premium payment. In order to enroll, the first month's premium must be received, as well as a signed self-declaration statement that the children have not had health insurance for the previous twelve months. Enrollment begins on the first of the month after the premium is received.

Under the expansion, WVCHIP had to establish a premium collection and reporting process, along with the enrollment policies and procedures. It also had to assure that its Third-Party Administrators (TPAs), Wells Fargo, Third-Party Administrators and Express-Scripts, Inc., had claims processing systems ready to account for the different benefits package under the expanded program. Also, new enrollment cards were designed for members of WVCHIP Premium.

Medical Homes

Following the Public Employees' Insurance Agency's lead, WVCHIP adopted a voluntary medical home program for its members on March 1, 2007. Under this program, members agree to utilize one physician for all their primary care needs selected from a directory of qualified physicians specializing mostly in pediatric or family medicine. In exchange, co-payments for all visits to a member's designated medical home are waived. Providers receive full payment for services from WVCHIP. No formal referral process to specialists or other care outside the medical home is required by providers.

Kids First

Governor Manchin charged an interdepartmental team with working on a goal of assuring that every child starts school healthy and ready to learn. In an initiative called ***Kids First***, the strategy to reach this goal is to assure that every child has had an opportunity for a comprehensive wellness exam by a physician prior to entering Kindergarten. WVCHIP played a key part in this strategy this year by seeking approval of a State Plan change that would permit the program to reimburse providers rendering wellness exams to uninsured children as a special public health or preventive measure. Since West Virginia now has health coverage in a public or private form for 95% of its children, federal approval would mean that the remaining 5% with no insurance (or about 1,100 children of Kindergarten age) could also receive such a wellness exam. This project will go forward in 2008 pending federal approval.

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 operations. If you have questions about this report or need additional information, please contact WVCHIP's Financial Officer at 304-558-2732. General information can also be obtained through our website at http://www.wvchip.org. Electronic application to the program is available on the web at www.wvinroads.org.

Required Supplementary Information

"The Chamber recognizes that oral health is an integral part of personal health and effective prevention solutions are a good investment in the health of West Virginia, particularly for the children of the state."

"Policy Solutions for Positive Growth in West Virginia"
2008 Policy Recommendations
West Virginia Chamber of Commerce

West Virginia Children's Health Insurance Program
Report of Independent Actuary
June 30, 2007 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 2007 ("FY 2007") through Fiscal Year 2014 ("FY 2014"). West Virginia enabling legislation of the CHIP Program 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.

CHIP Program management requested CCRC Actuaries to produce the Baseline Scenario which includes the CHIP Premium expansion to 220% of the Federal Poverty Level ("FPL") and West Virginia Governor's recommended FY 2007 State funding of $10,968,995. In addition, CHIP Program management requested two Alternative Scenarios: A proposed expansion schedule to 250% FPL and a proposed expansion schedule to 300% FPL, with assumed monthly enrollment eligibility starts in January 2008. Under all scenarios, family premiums are assumed to cover 20% of the policy cost for the 200% to 250% FPL group and 25% of the policy cost for the 250% to 300% FPL group.

Under the submitted West Virginia CHIP Premium expansion plan ("CHIP Premium"), the CHIP expansion began enrollment effective in January 2007. Under this Baseline Scenario, family premiums are assumed to cover 20% of the policy cost for the 220% FPL. The initial monthly premiums will be $35 for families with one child in the program and $71 for families with more than one child in the program. For the purposes of this Baseline Scenario, we have assumed that the initial premium will be unchanged through June 2008.

The assumed benefit structure for CHIP Premium enrollees includes the following major components:

- Medical Copayments: $20 Office Visits
  $25 Inpatient & Outpatient Visits
  $35 Emergency Room Visits
- Prescription Drugs Copayments: $0 Generic
  $15 Brand
- Dental Benefits are limited to $150 Preventative services only
- No Vision services are covered

Under the Baseline Scenario, the projected cost of the CHIP Program in FY 2007 met the 90% funding requirement and we have assumed the same State funding in FY 2007 for the projected future years as shown in Appendix A.

Based on the Baseline Scenario and the 90% expenditure limitation on State funding of the program, we are not projecting a shortfall in State funding based on funding levels provided by CHIP management through FY 2012. We have assumed the same State funding of $10,968,995 in FY 2007 in future years. Note that we are currently projecting the Federal funding shortfall of approximately $781,000 in FY 2009, $22,089,000 in FY 2010, $26,375,000 in FY 2011, $31,037,000 in FY 2012, $36,112,000 in FY 2013 and $41,631,000 in FY 2014 in the Baseline Scenario. Federal reauthorization of the CHIP Program could significantly change future funding.

It should be noted that this projection reflects the current information on the availability of Federal funding. We have not assumed the FY 2003 Redistribution in this projection. West Virginia was one of 28 states that received the FY 2002 Redistribution funding. West Virginia CHIP utilized the FY 2002 Redistribution total of $3,895,443 in Federal funding in the fiscal year 2006. The Federal share of program expenditure is currently 80.97% for Federal Fiscal Year 2007. The Federal share of program expenditure is assumed to be 81.98% for Federal Fiscal Year 2008 and future years.

Enrollment for the program as of June 2007 has slightly decreased in recent months. The current program enrollment as of June 2007 consists of 24,939 children total: 15,658 children as part of Phase I and Phase II that consists of children whose families are below 150% of the federal poverty level, 9,181 children as part of Phase III that consists of children whose families are between 150% and 200% of the federal poverty level, and 100 children as part of CHIP Premium. Phase III children are required to make co-payments as part of the benefit structure of the program. Since the March 31, 2007 Quarterly Report, overall enrollment has decreased by 219 children, while Phase I and Phase II had decreased enrollment of 317 children, Phase III had increased enrollment of 19 children and CHIP Premium had increased enrollment of 79 children.

The monitoring and analysis of claim trends is critical to the accurate forecast of future costs of the program. While the program's enrollment continues to escalate, there has been some moderation of cost trends. Current claim trend experience has been financially favorable over the past several years and we have reduced the FY 2007 Prescription Drugs claim trend to 12%. We have maintained the Medical claim trend to 8% and Dental claim trend to 7% assumed in the March 31, 2007 Quarterly Report, based on trend experience consistent with the assumption.

Administrative expenses were $2,965,912 in FY 2007. West Virginia CHIP management team assumes a 5% administrative expense trend will be appropriate for FY 2008 and subsequent years. It should be noted that West Virginia CHIP management project to spend an additional $147,000 in FY 2008 on a health initiative for kindergarten screenings.

Drug Rebates were $621,756 in FY 2007. West Virginia CHIP management team assumes a 4% increase in drug rebates will be appropriate for FY 2008 and subsequent years.

Under the State fiscal year basis, we are now projecting that incurred claim costs under the Baseline Scenario assumptions for FY 2007 will be $42,298,220. The updated projection for FY 2008 claims is $47,699,524.

PLAN ENROLLMENT

We have updated our projection based on the enrollment through June 2007. Phase II enrollment has been decreasing in recent months. The program had enrollment at the end of FY 2006 of 24,835 children, with 15,907 under Phase II and 8,928 under Phase III. Current enrollment as of June 2007 is 24,939 children, with 15,658 under Phase II, 9,181 under Phase III, and 100 under CHIP Premium.

The following table summarizes the FY 2005 to FY 2007 enrollment information using end of month enrollment information by Phase II, Phase III, CHIP Premium and in total:

Date	Phase II	Phase III	CHIP Premium	Total	Annual % Growth
Jul-04	15,149	8,479	----	23,628	7.5%
Aug-04	15,290	8,550	----	23,840	7.2%
Sep-04	15,437	8,598	----	24,035	5.5%
Oct-04	15,371	8,615	----	23,986	5.9%
Nov-04	15,433	8,666	----	24,099	5.9%
Dec-04	15,582	8,701	----	24,283	6.4%
Jan-05	15,547	8,682	----	24,229	6.3%
Feb-05	15,585	8,719	----	24,304	6.5%
Mar-05	15,526	8,941	----	24,467	5.7%
Apr-05	15,493	8,907	----	24,400	4.6%
May-05	15,575	8,965	----	24,540	5.3%
Jun-05	15,571	8,944	----	24,515	4.6%
July-05	15,612	8,961	----	24,573	4.0%
Aug-05	15,793	8,898	----	24,691	3.6%
Sep-05	15,792	8,857	----	24,649	2.6%
Oct-05	15,831	8,917	----	24,748	3.2%
Nov-05	15,624	8,983	----	24,607	2.1%
Dec-05	15,656	9,000	----	24,656	1.5%
Jan-06	15,509	9,109	----	24,618	1.6%
Feb-06	15,755	8,899	----	24,654	1.4%
Mar-06	15,916	8,905	----	24,821	1.4%
Apr-06	15,813	8,830	----	24,643	1.0%
May-06	15,934	8,933	----	24,867	1.3%
Jun-06	15,907	8,928	----	24,835	1.3%
July-06	15,867	8,993	----	24,860	1.2%
Aug-06	16,006	9,163	----	25,169	1.9%
Sep-06	16,207	9,312	----	25,519	3.5%
Oct-06	16,083	9,300	----	25,383	2.6%
Nov-06	15,986	9,284	----	25,270	2.7%
Dec-06	16,027	9,246	----	25,273	2.5%
Jan-07	16,153	9,205	----	25,358	3.0%
Feb-07	16,075	9,195	12	25,282	2.5%
Mar-07	15,975	9,162	21	25,158	1.4%
Apr-07	15,829	9,120	42	24,991	1.4%
May-07	15,728	9,155	68	24,951	0.3%
Jun-07	15,658	9,181	100	24,939	0.4%

The tables below summarize the current enrollment projection assumptions for Baseline Scenario and two Alternative Scenarios, by Phase II & III, and CHIP Premium.

Baseline Scenario (220% FPL)

Ending Enrollment	FY2007	FY2008	FY2009	FY2010	FY2011
Phase II & III	24,839	24,839	24,839	24,839	24,839
CHIP Premium	100	549	796	885	900
Total	24,939	25,388	25,635	25,724	25,739

Alternative Scenario 1 (250% FPL)

Ending Enrollment	FY2007	FY2008	FY2009	FY2010	FY2011
Phase II & III	24,839	24,839	24,839	24,839	24,839
CHIP Premium	100	902	1,651	1,967	2,072
Total	24,939	25,741	26,490	26,806	26,911

Alternative Scenario 1 (300% FPL)

Ending Enrollment	FY2007	FY2008	FY2009	FY2010	FY2011
Phase II & III	24,839	24,839	24,839	24,839	24,839
CHIP Premium	100	1,406	2,870	3,510	3,745
Total	24,939	26,245	27,709	28,349	28,584

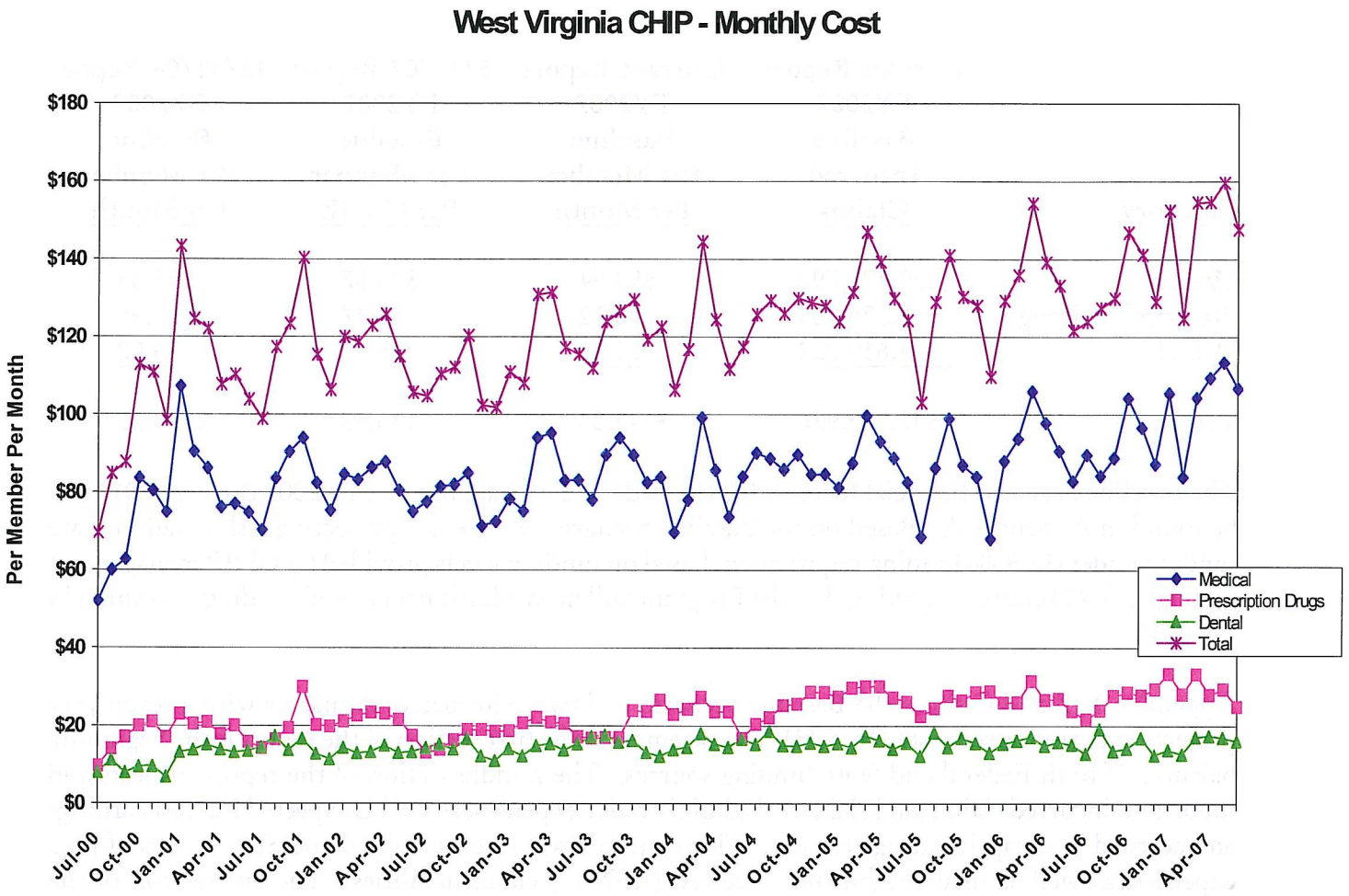
CLAIM COST AND TREND ANALYSIS

We have continued to utilize the trend assumptions from the March 31, 2007 Quarterly Report. These trends are 8% for Medical claims, 7% for Dental claims, and 12% for Prescription Drugs claims. Historical claim trend analysis for Medical, Dental and Prescription Drugs are summarized in the Attachment found at the end of the report as requested at our last Board Meeting.

Overall, the most recent experience remains favorable compared to our trend assumptions. It is noteworthy to comment that most recently, Medical trend rates have exceeded the 8% trend assumption due to higher than expected hospitalizations. As we review trends over different time periods, the 12 months analysis reflects lower overall trend than the 6 months and 9 months analysis. The table below summarizes WV CHIP experience over the last 6 months, 9 months and 12 months as of June 30, 2007. Overall trend experience has been favorable, with a composite trend of 8.8% over the last 12 months. Note that Prescription Drugs trends are before consideration of drugs rebates.

Trend Period	6 Months	9 Months	12 Months
Medical	11.5%	14.2%	11.6%
Dental	-0.5%	-1.7%	-1.1%
Prescription Drugs	10.1%	7.4%	5.3%
Composite	9.9%	10.9%	8.8%

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 2007. The attachment at the end of this report shows the trends for Phase II and Phase III and an average for the same three categories.



Detailed claim trends for Medical, Dental and Prescription Drugs are summarized in the Attachment found at the end of the report. The trends for each of the three categories are relatively flat over the seven years period.

FINANCIAL PROJECTION – STATE FISCAL YEARS 2007-2014

Under the Baseline Scenario with the prescription drugs formulary changes effective beginning January 2006 and West Virginia Governor's recommended FY 2007 State funding of $10,968,995, the updated incurred claims for FY 2007 is projected to be $42,919,976 based on expected enrollment of 25,179 children and projected incurred claim per member per month cost data assumption of $142.05, as summarized in the following table.

Category	Current Report FY2007 Baseline Incurred Claims	Current Report FY2007 Baseline Per Member Per Month	3/31/07 Report FY2007 Baseline Per Member Per Month	12/31/06 Report FY2007 Baseline Per Member Per Month
Medical	$29,773,790	$98.54	$93.57	$95.31
Prescription Drugs	8,526,264	28.22	27.47	27.99
Dental	4,619,922	15.29	15.53	16.02
Total	$42,919,976	$142.05	$136.58	$139.32

The Baseline Scenario financial forecast for the Federal and State fiscal years 2007 through 2014 can be found in Appendix A. Based on the Baseline Scenario, we are not projecting a shortfall in State funding under the 90% funding requirement based on funding levels provided by CHIP management through FY 2012; and projecting that the Program will need additional Federal funding beginning in FY 2010.

Appendix A, B and C show the Baseline Scenario and two Alternative Scenarios with a seven-year projection period as requested by CHIP management. 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 drugs 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 under Baseline Scenario, we are not projecting a shortfall in State funding under the 90% funding requirement based on funding levels provided by CHIP management through FY 2012; and projecting a shortfall in Federal funding of approximately $781,000 in FY 2009, $22,089,000 in FY 2010, $26,375,000 in FY 2011, $31,037,000 in FY 2012, $36,112,000 in FY 2013 and $41,631,000 in FY 2014.

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. We have not assumed the FY 2003 Redistribution in this projection. West Virginia was one of 28 states that received the FY 2002 Redistribution funding. West Virginia CHIP utilized the FY 2002 Redistribution total of $3,895,443 in Federal funding in fiscal year 2006.

Appendix D summarizes the original and restated IBNR claim liabilities for the CHIP Program in Fiscal Year 2005 to 2007. IBNR projections have been recently higher to reflect current claim experience as illustrated.

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 Program 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. Concerning the projection of health care expenses, I am of the opinion that the data and assumptions used are appropriate.

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 future fiscal years 2007 through 2012 based on current enrollment under the Baseline Scenario.

It should be noted that this opinion is based on State funding levels as illustrated in Appendix A and FY 2007 through FY 2014 have not been appropriated by the West Virginia Legislature.

Dave Bond

Dave Bond
Fellow of the Society of Actuaries
Member of the American Academy of Actuaries
Managing Partner
CCRC Actuaries, LLC
Reisterstown, Maryland
July 25, 2007

Brad Paulis

Brad Paulis
Reviewing Partner
CCRC Actuaries, LLC
Reisterstown, Maryland
July 25, 2007

APPENDIX A *(Baseline Scenario - 220% FPL)*

West Virginia Children's Health Insurance Program

June 30, 2007 Quarterly Report

Available Funding - Beginning of the Year	2007	2008	2009	2010	2011	2012	2013	2014
Federal 2005	$17,171,386	$0	$0	$0	$0	$0	$0	$0
Federal 2006	23,349,395	3,870,413	0	0	0	0	0	0
Federal 2007	27,516,914	27,516,914	0	0	0	0	0	0
Federal 2008	0	27,516,914	17,216,121	0	0	0	0	0
Federal 2009	0	0	27,516,914	0	0	0	0	0
Federal 2010	0	0	0	27,516,914	0	0	0	0
Federal 2011	0	0	0	0	27,516,914	0	0	0
Federal 2012	0	0	0	0	0	27,516,914	0	0
Federal 2013	0	0	0	0	0	0	27,516,914	0
Federal 2014	0	0	0	0	0	0	0	27,516,914
State Funding 2005	$0	$0	$0	$0	$0	$0	$0	$0
State Funding 2006	876,406	0	0	0	0	0	0	0
State Funding 2007	10,968,995	3,231,637	0	0	0	0	0	0
State Funding 2008	0	10,968,995	5,037,178	0	0	0	0	0
State Funding 2009	0	0	10,968,995	6,001,667	0	0	0	0
State Funding 2010	0	0	0	10,968,995	6,066,808	0	0	0
State Funding 2011	0	0	0	0	10,968,995	5,189,891	0	0
State Funding 2012	0	0	0	0	0	10,968,995	3,288,129	0
State Funding 2013	0	0	0	0	0	0	10,968,995	270,855
State Funding 2014	0	0	0	0	0	0	0	10,968,995
Program Costs	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Medical Expenses	$29,773,790	$33,289,982	$35,953,181	$38,829,435	$41,935,790	$45,290,653	$48,913,905	$52,827,018
Prescription Drug Expenses	8,526,264	9,458,236	10,593,225	11,864,411	13,288,141	14,882,718	16,668,644	18,668,881
Dental Expenses	4,619,922	4,896,118	5,238,846	5,605,565	5,997,955	6,417,811	6,867,058	7,347,752
Administrative Expenses	2,965,912	3,268,558	3,277,636	3,441,518	3,613,594	3,794,274	3,983,988	4,183,187
Expansion Scenarios								
Medical Expenses	$0	$476,694	$933,053	$1,206,403	$1,340,096	$1,459,264	$1,585,934	$1,712,809
Prescription Drugs Expenses	0	142,998	290,261	389,195	448,338	506,290	570,615	639,089
Dental Expenses	0	82,122	159,252	203,999	224,512	242,210	260,798	279,054
Administrative Expenses	0	72,864	142,432	185,197	207,223	227,409	249,147	261,604
Premiums (Expansion)	$0	$189,372	$396,492	$516,600	$590,700	$639,324	$698,112	$753,961
Program Revenues - Interest	$0	$0	$0	$0	$0	$0	$0	$0
Program Revenues - Drug Rebates	621,756	646,626	672,491	699,391	727,367	756,462	786,720	818,189
Net Incurred Program Costs	$45,264,132	$50,851,574	$55,518,902	$60,509,733	$65,737,581	$71,424,843	$77,615,258	$84,347,244
Net Paid Program Costs	43,802,481	50,399,574	55,122,902	60,077,733	65,266,581	70,910,843	77,054,258	83,735,244
Federal Share	$36,650,368	$41,688,120	$45,514,396	$49,605,879	$53,891,669	$58,554,087	$63,628,988	$69,147,871
State Share of Expenses	8,613,764	9,163,454	10,004,506	10,903,854	11,845,912	12,870,757	13,986,269	15,199,373
Beginning IBNR	$2,648,349	$4,110,000	$4,562,000	$4,958,000	$5,390,000	$5,861,000	$6,375,000	$6,936,000
Ending IBNR	4,110,000	4,562,000	4,958,000	5,390,000	5,861,000	6,375,000	6,936,000	7,548,000

APPENDIX A *(Baseline Scenario - 220% FPL)*

West Virginia Children's Health Insurance Program

June 30, 2006 Quarterly Report

Funding Sources - End of the Year	2007	2008	2009	2010	2011	2012	2013	2014
Federal 2005	$0	$0	$0	$0	$0	$0	$0	$0
Federal 2006	3,870,413	0	0	0	0	0	0	0
Federal 2007	27,516,914	0	0	0	0	0	0	0
Federal 2008	0	17,216,121	0	0	0	0	0	0
Federal 2009	0	0	0	0	0	0	0	0
Federal 2010	0	0	0	0	0	0	0	0
Federal 2011	0	0	0	0	0	0	0	0
Federal 2012	0	0	0	0	0	0	0	0
Federal 2013	0	0	0	0	0	0	0	0
Federal 2014	0	0	0	0	0	0	0	0
Federal Shortfall	***$0***	***$0***	***$781,361***	***$22,088,965***	***$26,374,755***	***$31,037,173***	***$36,112,074***	***$41,630,957***
State Funding 2005	$0	$0	$0	$0	$0	$0	$0	$0
State Funding 2006	0	0	0	0	0	0	0	0
State Funding 2007	3,231,637	0	0	0	0	0	0	0
State Funding 2008	0	5,037,178	0	0	0	0	0	0
State Funding 2009	0	0	6,001,667	0	0	0	0	0
State Funding 2010	0	0	0	6,066,808	0	0	0	0
State Funding 2011	0	0	0	0	5,189,891	0	0	0
State Funding 2012	0	0	0	0	0	3,288,129	0	0
State Funding 2013	0	0	0	0	0	0	270,855	0
State Funding 2014	0	0	0	0	0	0	0	0
State Shortfall	***$0***	***$0***	***$0***	***$0***	***$0***	***$0***	***$0***	***$3,959,523***
State Shortfall - 90% Funding Requirement	***$0***	***$0***	***$0***	***$0***	***$0***	***$0***	***$1,283,175***	***$6,931,518***

415 Main Street
Reisterstown, MD 21136

Email: info@ccrcactuaries.com

Phone: 410-833-4220
Fax: 410-833-4229

December 14, 2007

Ms. Sharon Carte
Director
West Virginia Children's Health Insurance Program
State Capitol Complex, Building 3, Room 554
Charleston, WV 25305

Subject: West Virginia Children's Health Insurance Program – Review of Experience

Dear Sharon:

CCRC Actuaries, LLC was engaged by the management of 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 and review the claim experience through November 2007. We conclude that the plan will continue to meet the statutory requirement of 10% reserve in FY 2008 based on the updated information.

It is noteworthy that we are not projecting a shortfall in State funding based on funding levels provided by CHIP management. After the September 30, 2007 Quarterly Report was issued in October 2007, several changes have occurred in the program:

- The status of future Federal funding of the CHIP Program remains uncertain;
- Enrollment for the CHIP Program as of November 2007 was at one of the highest levels since its inception. Overall enrollment for the CHIP Program as of November 2007 was 25,021;
- November 2007 claim experience showed the projected incurred FY 2008 expenditure to be $46,180,305, a slight decrease of $210,633 from $ 46,390,938 in the September 30, 2007 Quarterly Report.

- The categories of FY 2008 medical, dental and prescription drug expenses in the current claim experience through November 2007 showed slight improvement over the September 30, 2007 Quarterly Report.

- Overall current PMPM cost for Fiscal Year 2008 is now projected to be $152.72, down from the projected $153.94 PMPM cost in the September 30, 2007 Quarterly Report. Medical PMPM for Fiscal Year 2008 is now projected to be $105.90, slightly up from the projected $105.55 PMPM cost in the September 30, 2007 Quarterly Report. Dental PMPM for Fiscal Year 2008 is now projected to be $15.75, down from the projected $17.60 PMPM cost in the September 30, 2007 Quarterly Report. Prescription Drugs PMPM for Fiscal Year 2008 is now projected to be $31.07, slightly up from the projected $30.78 PMPM cost in the September 30, 2007 Quarterly Report.

The management of the CHIP Program provided the medical, dental and prescription drugs claim lag data, along with the program enrollment. I had reviewed the recent projections based on the gradually increasing enrollment and utilized our trend assumptions with the claim lag data. Actuarial methods, considerations and analyses relied on in forming my opinion conforms to the appropriate standard of practice as promulgated by the Actuarial Standards Board.

Please review this information and if you have any questions or comments about this letter, please feel free to call me at (410) 833-4220.

Sincerely,

Dave Bond

Dave Bond, F.S.A., M.A.A.A.
Managing Partner

Program Outreach and Health Awareness

A Continuing Community Partnership

This year WVCHIP has worked with many types of community partners and entities as identified in its State Plan, however, as enrollment has stabilized the focus has evolved toward health awareness and prevention campaigns, such as childhood health screening, immunizations, and the importance of a medical home.

A Targeted Approach

Based on survey data from "Health Insurance in West Virginia," WVCHIP continues to prioritize outreach efforts to fifteen (15) counties (shown on page 40) 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 Page 50 and 51).

Public Information via the Call Center, Website, and WVInRoads

WVCHIP continues to make application and program information available through its toll-free Call Center, which averages about 2,000 calls a month, and through its website at www.wvchip.org. An online electronic application process that allows people to apply from the convenience of home and print out their own applications continues to be made available by the WVDHHR Rapids Project at www.wvinroads.org. The WVCHIP website provides a wealth of information to the public about the agency, its governance, applying and enrolling, benefits, major annual reports, program statistics, and much more.

Child Development Education Projects

"Brain Under Construction" Zone

WVCHIP initiated a partnership with the United Way of the River Cities to replicate Cabell County's Brain Under Construction Zone program in the Mid-Ohio Valley Region. In 2007, a steering committee began working on a systematic approach to implement the project in 2008. The intervention program promotes the belief that parents' behavior toward their child makes a difference in short and long term developmental outcomes, thus taking advantage of everyday moments as teachable learning opportunities. The importance of the *Brain Under Construction Zone* project will help foster a child's readiness for school and improve parent and child interaction.

Linking Child Development with Primary Care

WVCHIP worked as part of a statewide advisory team on the West Virginia Primary Care Association's *Linking Child Development in Primary Care and Community Health Project.* Strategies for child development education and standardized development screenings in primary care were identified for a three county pilot project. Goals of the project include:

- Educate health care providers and ancillary staff on child development.
- Review and improve developmental screening to identify children at risk for behavioral, social, emotional, and developmental problems.
- Educate parents of young children on their developmental needs – physical, social, emotional, behavioral, and cognitive.
- Identify and organize resources in the community to support parents of young children.

A Faith-Based Emphasis

The faith community plays a vital role in supporting families and nurturing the development of children, by integrating faith, access to care, and health of the whole person. Health ministries, parish nurse programs, congregations, and other faith-based organizations are getting actively involved in tending directly to the health concerns of their members and the large community. Faith organizations that sponsor community-based programs such as child care centers, food pantries, and summer camps are becoming more attentive to the insistent problems children face.

For this reason, WVCHIP supports the faith community in its efforts to educate and support families in obtaining health care coverage and promoting healthy lifestyles. WVCHIP does this by making its program and application information available to the West Virginia Council of Churches, a major partner in the West Virginia Healthy Kids and Families Coalition. WVCHIP revises its church bulletin flyer annually and makes it available to all congregations in West Virginia.

Health Intervention and Prevention Initiative

In 2004, WVCHIP began working with several State agencies and community health programs as a way to refocus WVCHIP's outreach efforts as a leader in health prevention and promoting a healthy lifestyle. Collaborations are important to allow multiple agencies and entities inside and outside state government to integrate efforts related to a statewide mission for the health of West Virginia's children. WVCHIP prioritizes prevention efforts to support our State's Healthy People 2010 objectives for children.

Health Intervention and Prevention Initiative (continued)

The following projects were implemented in fiscal year 2007:

- WVCHIP continued partnership efforts to promote healthy lifestyles with the West Virginia Immunization Network, Action for Healthy Kids Coalition, West Virginia Asthma Coalition, and the Medical Advisory Council.

- In 2006-07, WVCHIP continued partnership with DHHR's Office of Infant, Child and Adolescent Health to promote full periodic and comprehensive well child visits recommended by pediatricians in a "HealthCheck" Campaign. Health messages focusing on vision, dental, development, and hearing screenings appeared in *Child Care Provider Quarterly* Magazine. Through this partnership, WVCHIP identified the "HealthCheck" form as the standard form providers use in all well-child exam visits.

- The West Virginia Immunization Network and the State's Immunization Program and WVCHIP continue working on strategies to implement an immunization campaign targeting adolescents. WVCHIP provided matching funds to Raleigh County to implement the "Take Your Best Shot" adolescent campaign, which began in October 2007.

- WVCHIP provided flyers and ABC's of Baby Care to include in Day One Packets for distribution to all new mothers at participating West Virginia hospitals.

- WVCHIP materials were included in the State's Immunization Program packets to new mothers through the Right from the Start Coordinators.

Games For Health

The West Virginia Games for Health project is a broad based collaborative project, which utilizes the interactive video game Dance Dance Revolution (DDR) as a physical activity intervention with children and youth. In 2007, WVCHIP financially contributed $150,000 to the project to complete implementation of DDR in all high schools and a portion of the elementary schools in West Virginia. This contribution added on to a program already underway through contributions from the Public Employees Insurance Agency. All participating schools are provided a full set of equipment, lesson plan strategies, and extracurricular models with a full day's training. DDR is used with Physical Education curriculum, in before school and after school activities, and in DDR clubs. WVCHIP participates in a state-wide advisory team for establishing goals and monitoring progress of the project.

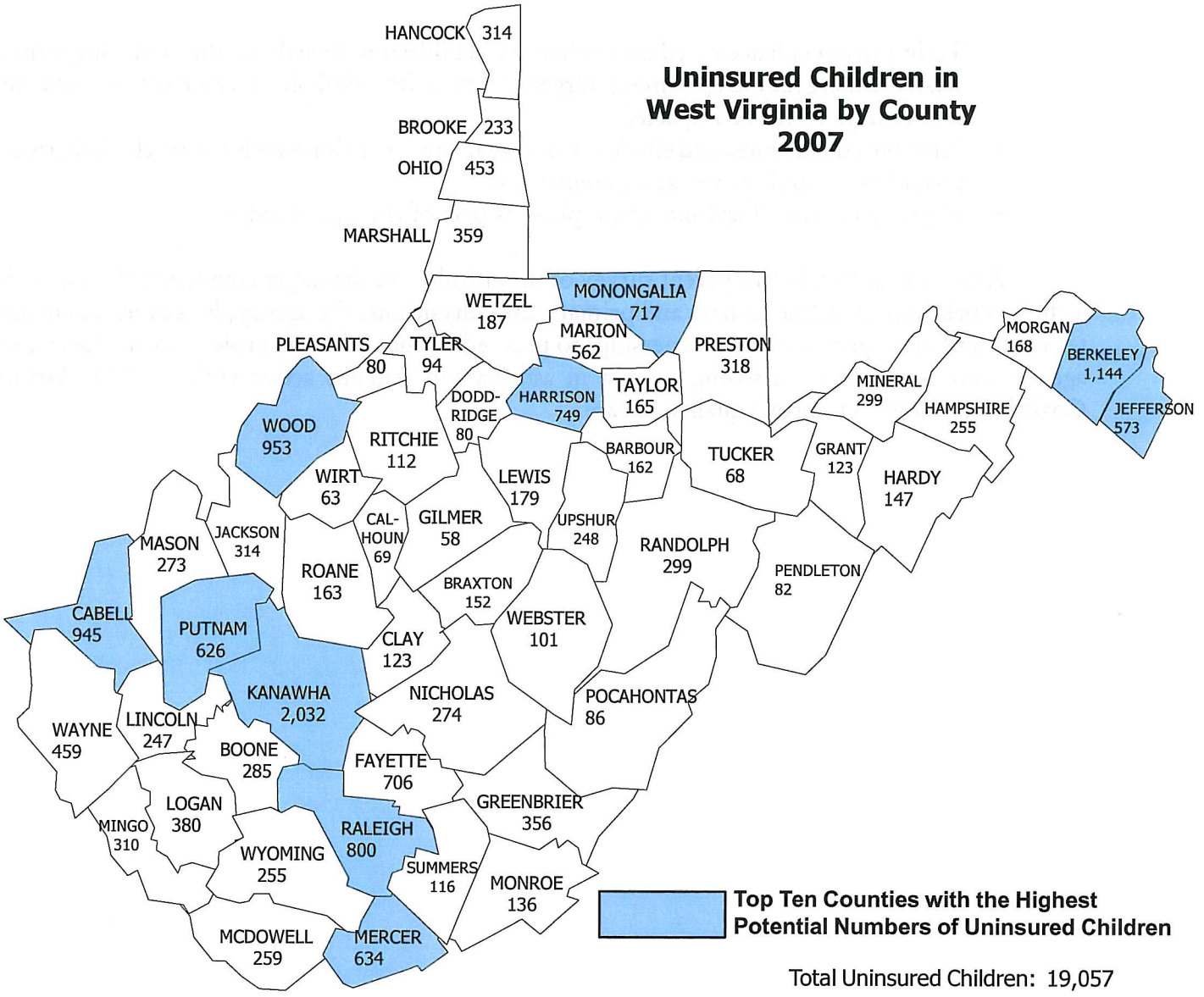
Asthma Management

In 2006, WVCHIP analyzed the number of enrollees in the program with asthma by county. This allowed the agency to identify six counties for a pilot project: Cabell, Wayne, Lincoln, Kanawha, Fayette, and Raleigh, in which there were 125 members ages 5 - 18. Components of the program were:

- To improve evidence based care delivery to children with asthma, thus reducing asthma related Emergency Department/Urgent Care visits, admissions, acute office visits, and school days could be impacted;
- Improve effectiveness and efficiency of care related to asthma with a partnership between providers, school nurses, and parents; and
- Improve the use of asthma action plans as part of the care standard.

After conducting both a parent survey of the enrollees in the target counties and a successful asthma workshop for school nurses and primary care physicians, the agency, however, was unable to secure sufficient primary care partnerships to proceed further with the project. Nonetheless, the agency continues to have a strong interest in asthma and remains active with the WV Asthma Coalition on how to improve quality of care.

Targeted Outreach For Uninsured Children



The five percent uninsured total number is an estimate from the US Census Current Population Survey. This data is based on three year rolling averages. While it is a valid estimate for statewide purposes, the five percent extrapolation to the county level could vary significantly from county to county depending on the availability of employee sponsored insurance. However, it remains our best gross estimate of the remaining uninsured children.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STATISTICAL SECTION

".....all our nation's children, deserve the attention, the encouragement, and the intervention of health professionals from many disciplines to ensure that they develop the healthy bodies, minds, emotions, and attitudes to prepare them to be competent and contributing adults."

-Morris Green, MD
Bright Futures Guidelines, 1994
American Academy of Pediatrics

All statistics are for the fiscal year ended June 30, 2007, unless noted otherwise.

Table 1: Enrollment

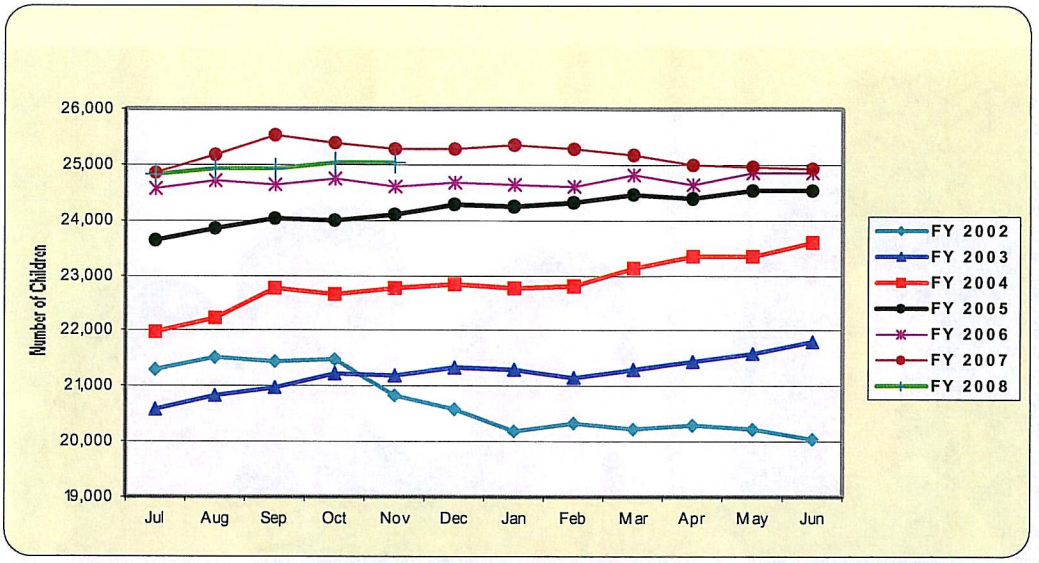
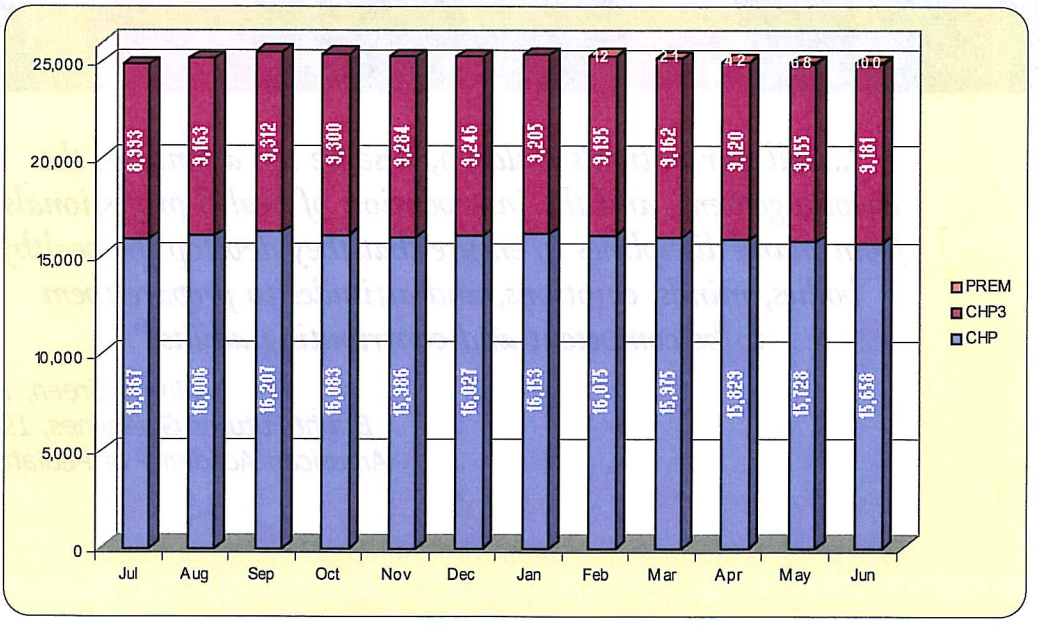
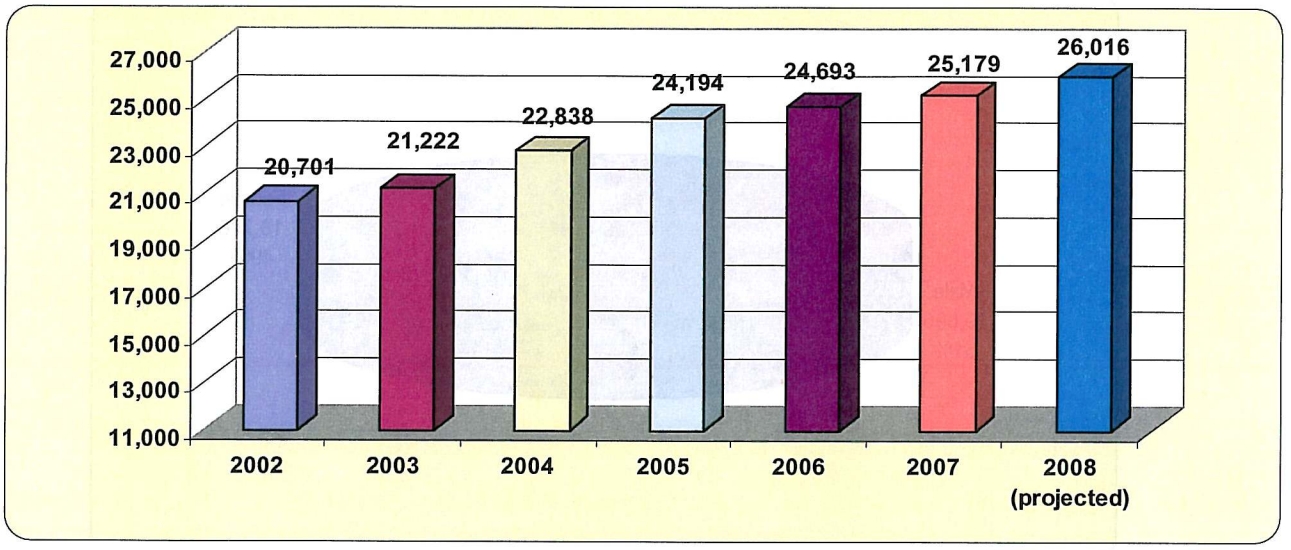


Table 2: Enrollment Detail



Note: Phase III Effective October 2000 PREMIUM effective January 1, 2007

TABLE 3: AVERAGE ENROLLMENT
SFY 2001 - 2007



UNDUPLICATED COUNT OF CHILDREN SERVED IN WVCHIP EACH YEAR ON JUNE 30

Year	Number	% Change
2001	30,006	
2002	33,569	+11.9%
2003	33,709	+0.4%
2004	35,495	+5.3%
2005	36,978	+4.2%
2006	38,064	+2.9%
2007	38,471	+1.1%

Total unduplicated number of children ever enrolled as of June 30, 2007 in WVCHIP since inception:
100,742

Table 4: Enrollment By Gender

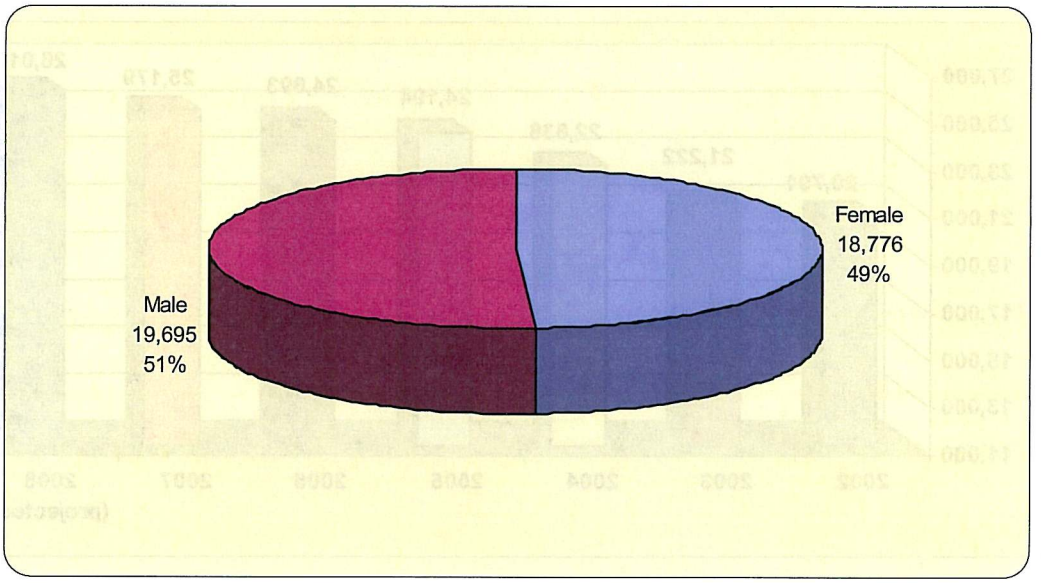


Table 5: Enrollment By Age

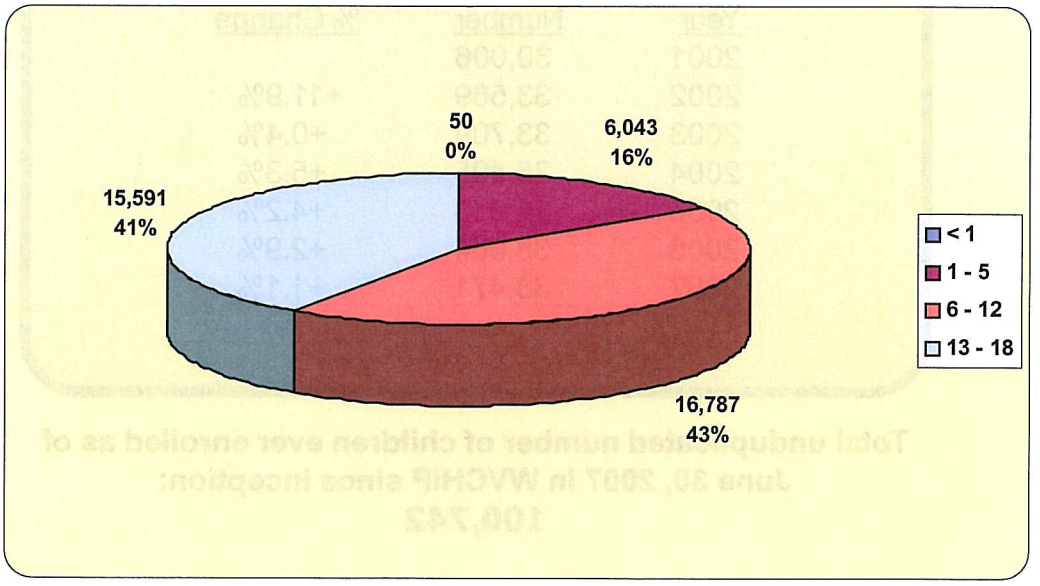
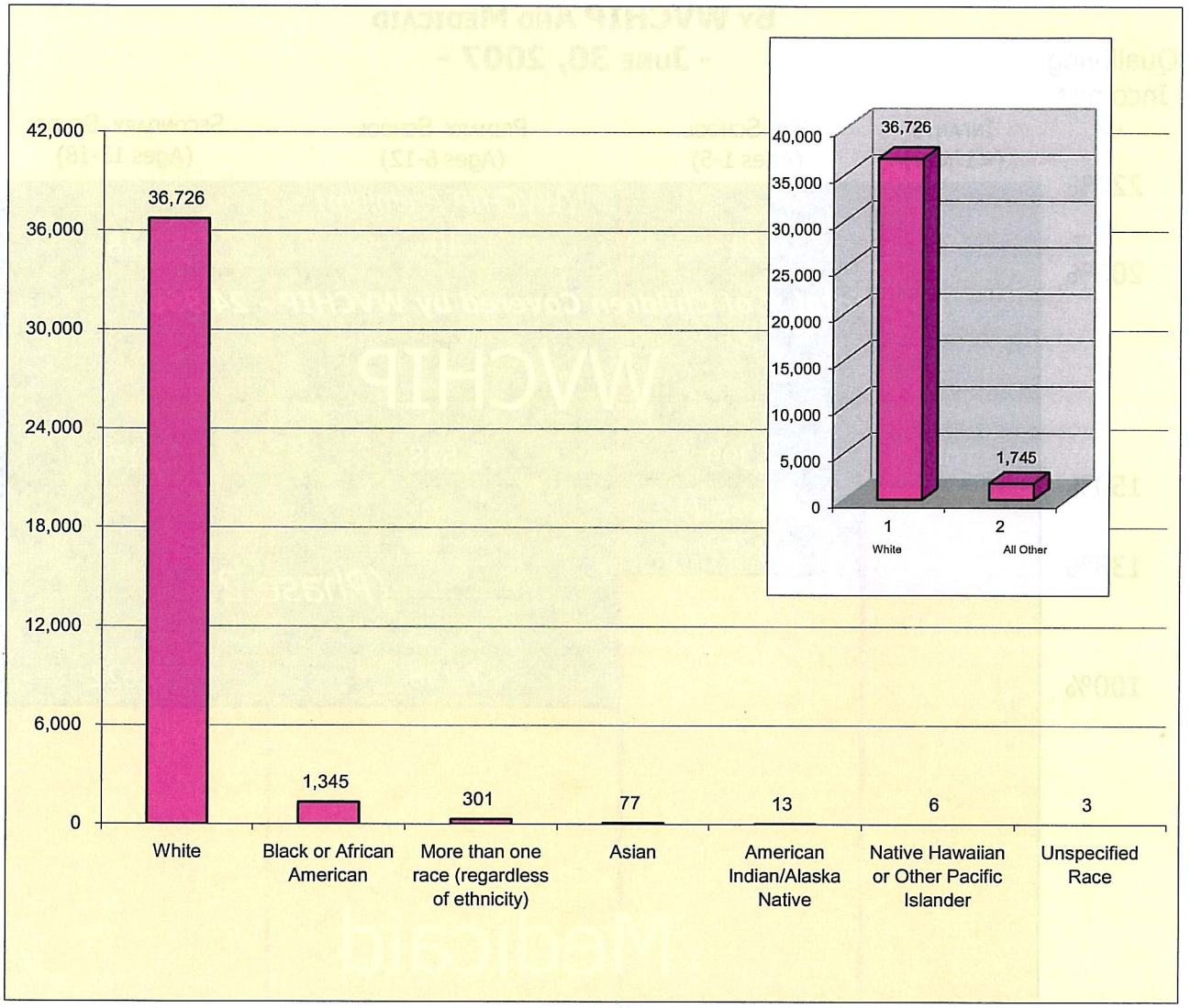
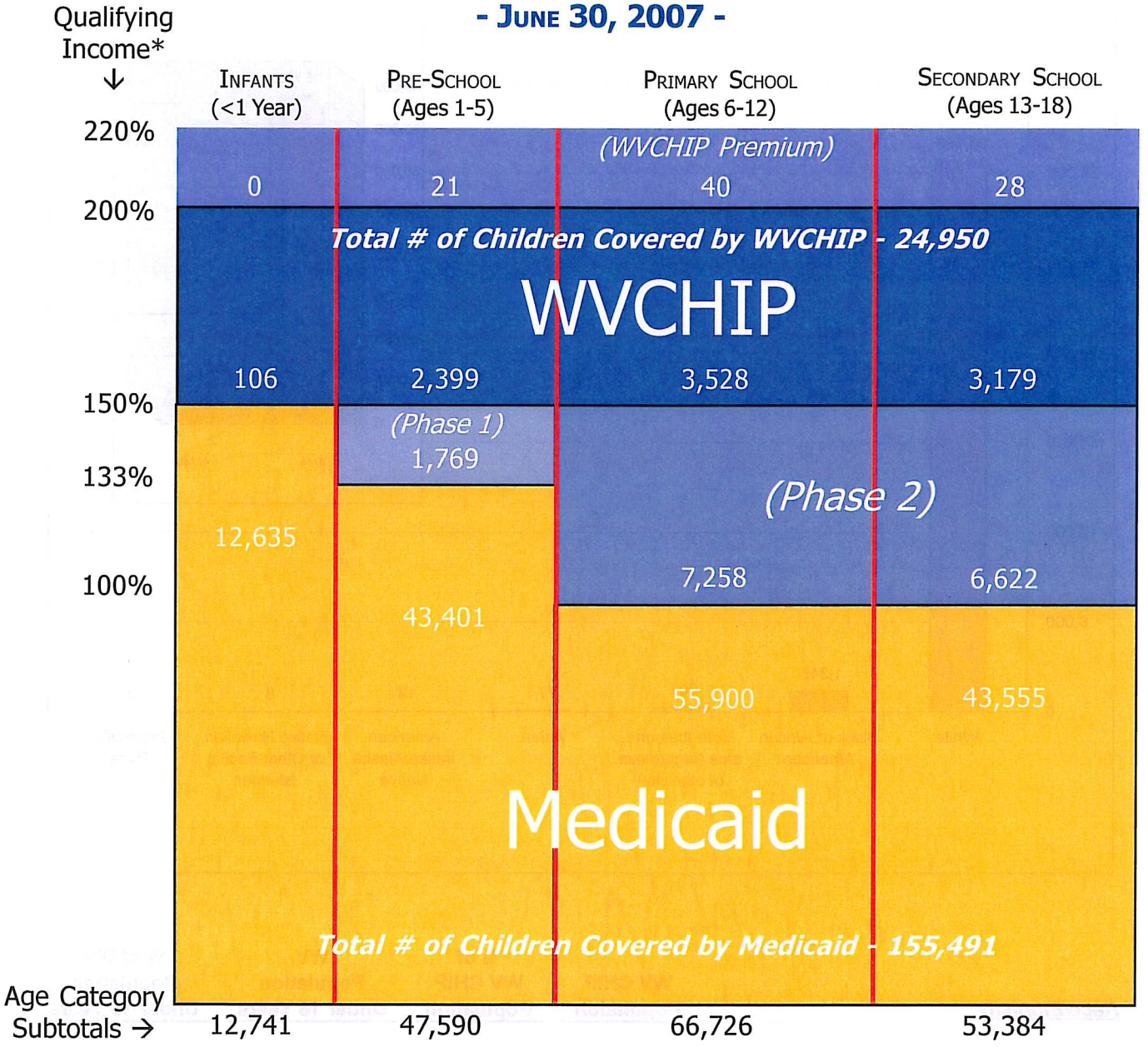


Table 6: Enrollment By Race/Ethnicity



Race/Ethnicity	WV CHIP Population	% of WV CHIP Population	WV Population Under 18 Years	% of WV Population Under 18 Years
White	36,726	95.5%	383,524	94.3%
Black or African American	1,345	3.5%	12,954	3.2%
More than one race (regardless of ethnicity)	301	0.8%	3,643	0.9%
Asian	77	0.2%	0	0.5%
American Indian/Alaska Native	13	0.0%	0	0.2%
Native Hawaiian or Other Pacific Islander	6	0.0%	81	0.0%
Unspecified Race	3	0.0%	0	0.2%
Total	**38,471**	**100.0%**	**400,202**	**99.3%**

Table 7: Health Coverage Of West Virginia Children By WVCHIP And Medicaid - June 30, 2007 -



*Household incomes through 220% of the Federal Poverty Level (FPL)

Total WVCHIP Enrollment **24,950** **Total WV Medicaid Enrollment** **155,491**

Total # of Children Covered by WVCHIP and Medicaid - 180,441

Table 8: Annual Re-Enrollment and Non-Responses Upon Renewal
July 2006 through June 2007

Closure Range by County

Lowest% of AG's Closed - 17.0%

Highest % of AG's Closed - 40.4%

Average % of AG's Closed - 30.0%

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	159	49	22	44.9%	27	17.0%
Gilmer	106	34	11	32.4%	23	21.7%
Clay	167	52	15	28.8%	37	22.2%
Grant	153	53	19	35.8%	34	22.2%
Randolph	389	137	44	32.1%	93	23.9%
Braxton	209	73	22	30.1%	51	24.4%
Preston	551	219	84	38.4%	135	24.5%
Wirt	161	64	23	35.9%	41	25.5%
Summers	195	63	13	20.6%	50	25.6%
Pocahontas	182	62	15	24.2%	47	25.8%
Calhoun	119	41	10	24.4%	31	26.1%
Marion	671	250	73	29.2%	177	26.4%
Nicholas	397	155	50	32.3%	105	26.4%
Pleasants	92	28	3	10.7%	25	27.2%
Ohio	412	159	47	29.6%	112	27.2%
Roane	295	110	29	26.4%	81	27.5%
Mingo	586	217	56	25.8%	161	27.5%
Mason	301	110	26	23.6%	84	27.9%
Taylor	209	85	26	30.6%	59	28.2%
Lewis	297	115	31	27.0%	84	28.3%
Pendleton	127	54	18	33.3%	36	28.3%
Doddridge	148	56	14	25.0%	42	28.4%
Wood	906	386	128	33.2%	258	28.5%
Morgan	377	143	35	24.5%	108	28.6%
Boone	345	121	22	18.2%	99	28.7%
Greenbrier	498	195	52	26.7%	143	28.7%
Wyoming	2,109	830	201	24.2%	629	29.8%
Monongalia	238	93	22	23.7%	71	29.8%
Hampshire	278	115	32	27.8%	83	29.9%
Mineral	420	170	43	25.3%	127	30.2%
Harrison	835	358	104	29.1%	254	30.4%
Lincoln	403	164	40	24.4%	124	30.8%
McDowell	930	380	92	24.2%	288	31.0%
Raleigh	1,114	475	128	26.9%	347	31.1%
Mercer	278	130	43	33.1%	87	31.3%
Marshall	359	138	25	18.1%	113	31.5%
Hancock	330	142	38	26.8%	104	31.5%
Webster	160	66	15	22.7%	51	31.9%
Putnam	598	242	50	20.7%	192	32.1%
Barbour	357	152	36	23.7%	116	32.5%
Fayette	798	343	82	23.9%	261	32.7%
Wayne	518	226	56	24.8%	170	32.8%
Tyler	159	73	20	27.4%	53	33.3%
Brooke	297	130	30	23.1%	100	33.7%
Jackson	335	153	39	25.5%	114	34.0%
Kanawha	1,799	780	163	20.9%	617	34.3%
Cabell	801	367	92	25.1%	275	34.3%
Monroe	234	112	31	27.7%	81	34.6%
Upshur	366	174	43	24.7%	131	35.8%
Jefferson	450	252	82	32.5%	170	37.8%
Ritchie	165	81	18	22.2%	63	38.2%
Logan	489	239	51	21.3%	188	38.4%
Hardy	169	78	12	15.4%	66	39.1%
Berkeley	1,009	553	146	26.4%	407	40.3%
Wetzel	223	112	22	19.6%	90	40.4%
Totals	**24,273**	**10,159**	**2,644**	**26.0%**	**7,515**	**31.0%**
12-Mo. Ave.		***847***	***220***	***26.0%***	***626***	***31.0%***

Table 9: Enrollment Changes By County
As % Difference from July 2006 through June 2007

County	Total Enrollees July 2006	Total Enrollees June 2007	Difference	% Change
Grant	140	179	39	22%
Wirt	111	130	19	15%
Mason	288	326	38	12%
Jefferson ★	381	425	44	10%
Brooke	272	303	31	10%
Monroe	237	258	21	8%
Webster	188	204	16	8%
Hancock	381	412	31	8%
Pleasants	95	102	7	7%
Calhoun	131	139	8	6%
Fayette	949	1,000	51	5%
Summers	212	222	10	5%
Raleigh ★	1,240	1,295	55	4%
Hampshire	285	297	12	4%
Randolph	468	487	19	4%
Marion	757	784	27	3%
Ohio	469	482	13	3%
Berkeley ★	1,137	1,164	27	2%
Gilmer	103	105	2	2%
Hardy	134	136	2	1%
Harrison ★	955	968	13	1%
Nicholas	451	456	5	1%
Greenbrier	571	577	6	1%
Jackson	380	383	3	1%
Cabell ★	951	958	7	1%
Pocahontas	150	151	1	1%
Wood ★	1,074	1,081	7	1%
Marshall	412	413	1	0%
Doddridge	127	127	0	0%
Monongalia ★	674	673	-1	0%
Kanawha ★	2,086	2,082	-4	0%
McDowell	432	429	-3	-1%
Pendleton	131	130	-1	-1%
Putnam ★	626	620	-6	-1%
Clay	197	194	-3	-2%
Wyoming	451	444	-7	-2%
Mercer ★	1,092	1,075	-17	-2%
Barbour	310	304	-6	-2%
Tucker	179	175	-4	-2%
Logan	531	518	-13	-3%
Wayne	578	563	-15	-3%
Mineral	304	295	-9	-3%
Mingo	441	427	-14	-3%
Morgan	229	220	-9	-4%
Upshur	421	402	-19	-5%
Preston	586	558	-28	-5%
Lewis	333	313	-20	-6%
Wetzel	256	240	-16	-7%
Taylor	230	215	-15	-7%
Lincoln	438	405	-33	-8%
Roane	334	306	-28	-9%
Boone	367	326	-41	-13%
Ritchie	163	141	-22	-16%
Tyler	131	109	-22	-20%
Braxton	259	211	-48	-23%
Totals	**24,828**	**24,939**	**111**	**0%**
12-Mo. Ave.			***9***	***0%***

MEDIAN

★ Denotes targeted counties as shown on the map on page 40.

Table 10: Enrollment Changes By County

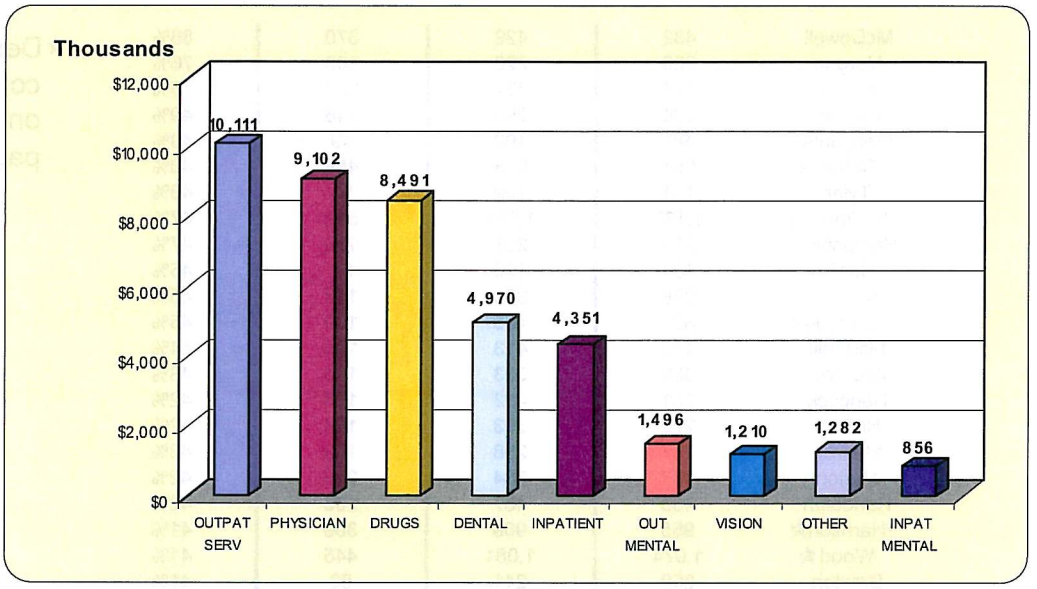
As % of Children Never Before Enrolled from July 2006 through June 2007

County	Total Enrollees July 2006	Total Enrollees June 2007	New Enrollees Never in Program	New Enrollees As % of Jun-07
McDowell	432	429	370	86%
Morgan	229	220	168	76%
Mingo	441	427	323	76%
Mineral	304	295	146	49%
Pleasants	95	102	49	48%
Cabell ★	951	958	458	48%
Tyler	131	109	52	48%
Berkeley ★	1,137	1,164	546	47%
Hampshire	285	297	139	47%
Hardy	134	136	61	45%
Mason	288	326	146	45%
Jefferson ★	381	425	190	45%
Marshall	412	413	182	44%
Jackson	380	383	163	43%
Hancock	381	412	175	42%
Brooke	272	303	128	42%
Monroe	237	258	108	42%
Marion	757	784	328	42%
Randolph	468	487	203	42%
Harrison ★	955	968	399	41%
Wood ★	1,074	1,081	445	41%
Braxton	259	211	86	41%
Lincoln	438	405	165	41%
Kanawha ★	2,086	2,082	844	41%
Putnam ★	626	620	250	40%
Clay	197	194	77	40%
Calhoun	131	139	55	40%
Wetzel	256	240	94	39%
Roane	334	306	119	39%
Grant	140	179	68	38%
Ohio	469	482	182	38%
Lewis	333	313	118	38%
Ritchie	163	141	53	38%
Raleigh ★	1,240	1,295	484	37%
Logan	531	518	192	37%
Boone	367	326	119	37%
Fayette	949	1,000	365	37%
Doddridge	127	127	46	36%
Summers	212	222	79	36%
Wayne	578	563	200	36%
Greenbrier	571	577	199	34%
Webster	188	204	69	34%
Wyoming	451	444	148	33%
Wirt	111	130	43	33%
Barbour	310	304	95	31%
Upshur	421	402	124	31%
Nicholas	451	456	137	30%
Taylor	230	215	64	30%
Preston	586	558	162	29%
Pendleton	131	130	35	27%
Gilmer	103	105	25	24%
Pocahontas	150	151	34	23%
Tucker	179	175	38	22%
Monongalia ★	674	673	80	12%
Mercer ★	1,092	1,075	126	12%
Totals	**24,828**	**24,939**	**9,754**	**39%**
12-Mo. Ave.			**813**	***39%***

★ Denotes targeted counties as shown on the map on page 40.

Median

Table 11: Expenditures by Provider Type
Accrual Basis



Expenditures by Provider Type
Accrual Basis

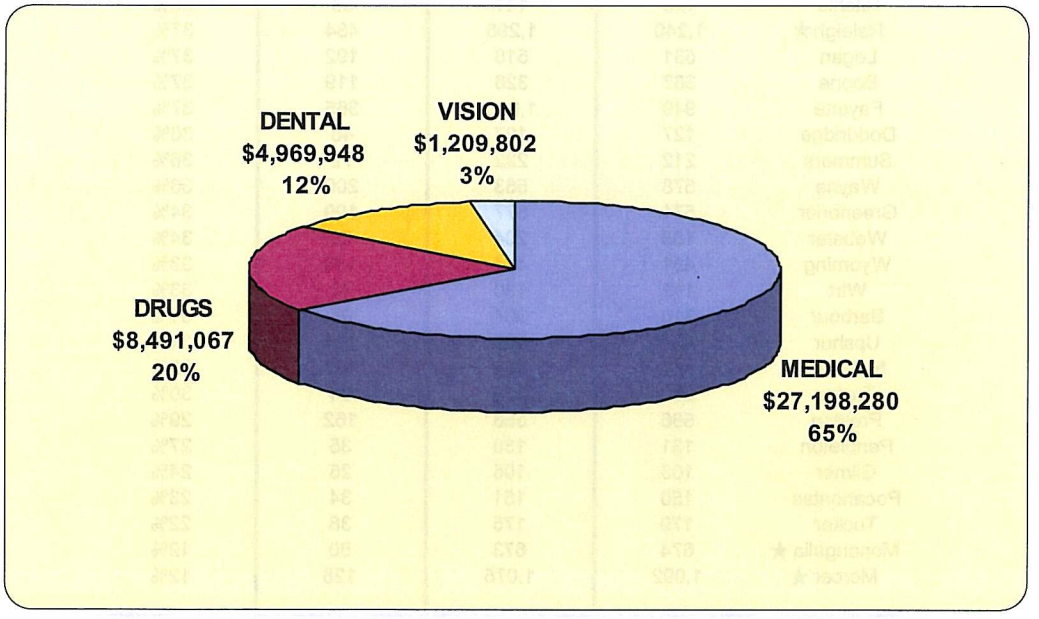


Table 12: Total Program Expenditures

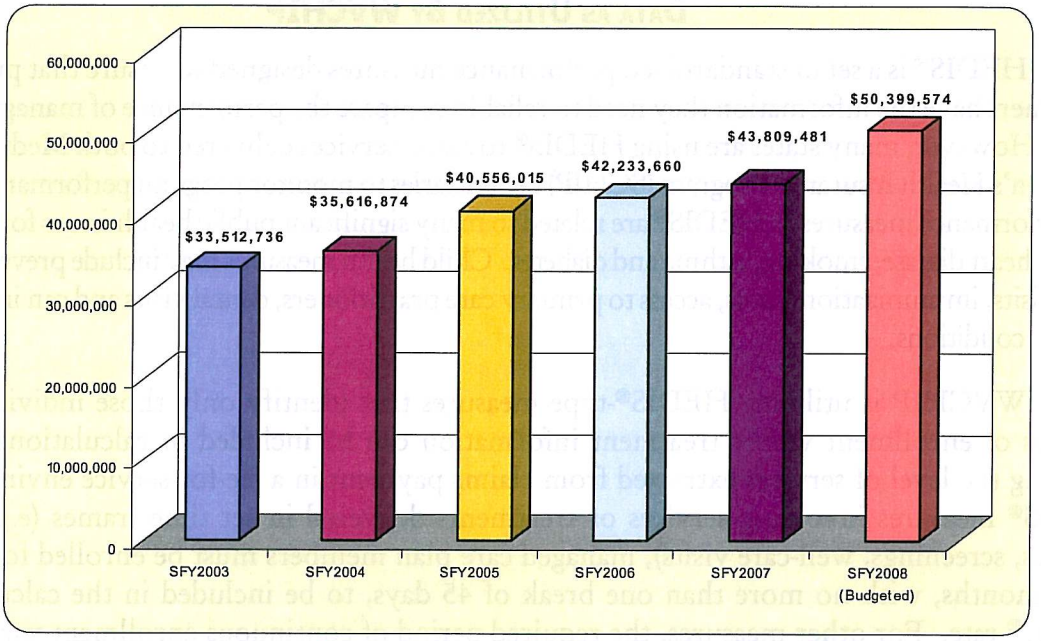
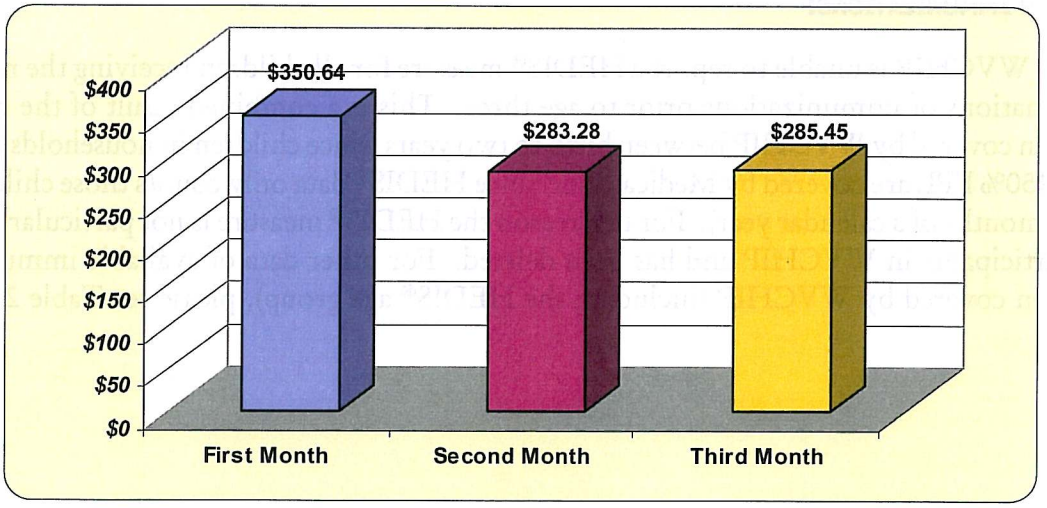


Table 13: Average Claimant Costs in First Three Months
Showing Pent Up Demand For Services Upon Enrollment



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 2006 *(See Tables 14 - 20)*.

Note on Immunizations:

WVCHIP is unable to report a HEDIS® measure for all children receiving the recommended combinations of immunizations prior to age three. This is a combined result of the relatively few children covered by WVCHIP between birth to two years (since children in households with incomes up to 150% FPL are covered by Medicaid and since HEDIS® data only counts those children enrolled for 12 months of a calendar year). For this reason the HEDIS® measure is not particularly meaningful for participants in WVCHIP and has been deleted. For other data of available immunizations for children covered by WVCHIP (including the HEDIS® age group), please see Table 25.

HEDIS-Type Data
January 1, 2006 to December 31, 2006

Table 14: Dental Visits

This measure estimates the number of children enrolled for the entire 2006 calendar year, ages 4 through 18, that had a dental visit during the year.

Age Group	Number of Continuously Enrolled Children	Number Having Dental Checkup Visit	% Having Dental Checkup Visit	% Prior Year 05	% Prior Year 04
4 to 6 Years	884	862	97.51%	97.09%	97.02%
7 to 10 Years	2,544	2,460	96.70%	97.20%	96.71%
11 to 14 Years	3,014	2,879	95.52%	95.28%	95.21%
15 to 18 Years	2,388	2,262	94.72%	94.39%	94.68%
Total	**8,830**	**8,463**	**95.84%**	**95.81%**	**95.69%**

Table 15: Vision Visits

This measure estimates the number of children enrolled for the entire 2006 calendar year who received a vision visit.

Age Group	Number of Continuously Enrolled Children	Number Having Vision Checkup Visit	% Having Vision Checkup Visit	% Prior Year 05	% Prior Year 04
Under 1 Year	3	-	0.00%	0.00%	33.33%
1 to 5 Years	1,103	135	12.24%	15.24%	15.17%
6 to 11 Years	3,619	1,109	30.64%	31.09%	30.45%
12 to 18 Years	4,650	1,661	35.72%	33.77%	33.47%
Total	**9,375**	**2,905**	**30.99%**	**30.43%**	**30.00%**

HEDIS-Type Data
January 1, 2006 to December 31, 2006

Tables 16 & 17: Well Child and Adolescent Well Visits

These measures estimate the number of children enrolled for the entire 2006 calendar year from ages birth through six years and from 12 to 21 years of age who have had a well child visit with a physician coded as preventive office visits only.

Age Group	Number of Continuously Enrolled Children	Number Having Well Visit	% Having Well Visit	% Prior Year 05	% Prior Year 04
Less Than Or Equal To 15 Months	16	16	100.00%	100.00%	94.44%
Third Year Of Life	276	262	94.93%	93.89%	94.72%
Fourth Year Of Life	266	247	92.86%	94.51%	93.58%
Fifth Year Of Life	301	289	96.01%	94.76%	93.77%
Sixth Year Of Life	317	300	94.64%	94.65%	92.76%
Total	**1,176**	**1,114**	**94.73%**	**94.53%**	**93.70%**

Age Group	Number of Continuously Enrolled Children	Number Having Well Visit	% Having Well Visit	% Prior Year 05	% Prior Year 04
12 To 21 Years of Age	4,650	3,862	83.05%	82.85%	NA
Total	**4,650**	**3,862**	**83.05%**	**82.85%**	**NA**

Table 18: Access To Primary Care

This measure estimates the number of children enrolled for the entire 2006 calendar year from ages 1 to 11 who received office visits/outpatient services for procedures coded to primary care services only.

Age Group	Number of Continuously Enrolled Children	Number Having Primary Care Visit	% Having Primary Care Visit	% Prior Year 05	% Prior Year 04
12 to 24 Months	63	58	92.06%	97.10%	98.44%
25 Months to 6 Years	1,357	1,290	95.06%	95.29%	94.73%
7 to 11 Years	3,296	2,869	87.04%	87.79%	89.99%
Total	**4,716**	**4,217**	**89.42%**	**90.05%**	**91.38%**

HEDIS-Type Data
January 1, 2006 to December 31, 2006

Table 19: Proper Use of Asthma Medications

This measure estimates the number of children enrolled for the entire 2006 calendar year as well as the complete year prior with persistent asthma who were prescribed appropriate medication.

Age Group	Asthma Patients	Number with Proper Use of Medications	Medications Rate	% Prior Year 05	% Prior Year 04
5 to 9 Years	287	272	92.76%	92.76%	92.55%
10 to 18 Years	474	430	89.16%	89.16%	85.40%
Total	**761**	**702**	**92.25%**	**90.48%**	**87.78%**

Table 20: Diabetic Care

This measure estimates the number of children enrolled for the entire 2006 calendar year with type 1 and type 2 diabetes who were shown to have had a hemoglobin A1c (HbA1c) test; a serum cholesterol level (LDL-C) screening; and an eye exam and a screen for kidney disease.

Age Group	Diabetic Patients	HB1C Test	Rate of HB1C Test	Eye Examinations	Rate of Eye Examinations	LDLC Test	Rate of LDLC Test
6 to 11 Years	18	15	68.75%	17	87.50%	1	0.00%
12 to 18 Years	41	39	87.10%	40	96.77%	12	35.48%
Total	**59**	**54**	**91.53%**	**57**	**96.61%**	**13**	**22.03%**
Total % Prior Year 05			**80.85%**		**93.62%**		**23.40%**
Total % Prior Year 04			**77.27%**		**90.91%**		**29.55%**

Selected Utilization Data as Health Status Indicators

WVCHIP currently operates exclusively in a fee-for-service payment structure. The data in Tables 21 - 25 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 data in the preceding Tables 14 - 20, 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 reflect 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 21:
Health Status Indicators
January 1, 2006 to December 31, 2006

Vision Services

Age Group	Enrollment	Services	Utilization Rate	CHIP Expenditures	Per Member Per Year
0 to 364 Days	110	8	0.07	405.84	3.69
1 to 2 Years	1,622	44	0.03	3,763.64	2.32
3 Years	884	70	0.08	5,566.23	6.30
4 to 5 Years	1,824	276	0.15	20,374.56	11.17
6 to 11 Years	9,518	2,935	0.31	228,471.84	24.00
12 to 18 Years	11,439	3,721	0.33	287,887.03	25.17
Overall	**25,397**	**7,054**	**0.28**	**546,469.14**	**21.52**

Table 22:
Health Status Indicators
January 1, 2006 to December 31, 2006

Dental Services

Age Group	Enrollment	Services	Utilization Rate	CHIP Expenditures	Per Member Per Year
0 to 364 Days	110	-	-	-	-
1 to 2 Years	1,622	414	0.26	45,901	28.30
3 Years	884	865	0.98	126,810	143.45
4 to 5 Years	1,824	2,505	1.37	326,379	178.94
6 to 11 Years	9,518	14,860	1.56	1,666,643	175.10
12 to 18 Years	11,439	15,991	1.40	2,026,793	177.18
Overall	**25,397**	**34,635**	**1.36**	**4,192,525**	**165.08**

Table 23:
Health Status Indicators
January 1, 2006 to December 31, 2006

Well Child Visits

Age Group	Enrollment	Services	Utilization Rate	CHIP Expenditures	Per Member Per Year
0 to 364 Days	110	409	3.72	35,505.65	322.78
1 to 2 Years	1,622	2,347	1.45	231,587.05	142.78
3 Years	884	569	0.64	47,775.84	54.05
4 to 5 Years	1,824	1,315	0.72	137,941.85	75.63
6 to 11 Years	9,518	3,190	0.34	314,405.99	33.03
12 to 18 Years	11,439	3,431	0.30	333,259.32	29.13
	-	-		-	
Overall	**25,397**	**11,261**	**0.44**	**1,100,475.70**	**43.33**

Table 24:
Health Status Indicators
January 1, 2006 to December 31, 2006

Access to Primary Care Services

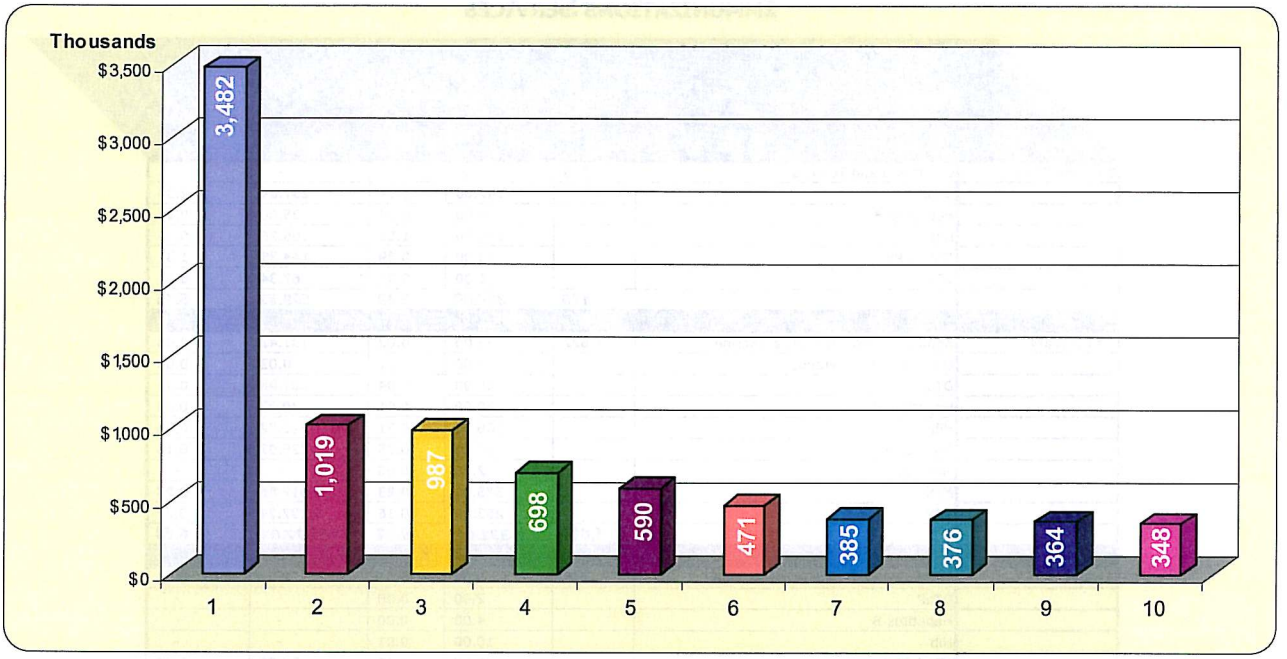
Age Group	Enrollment	Services	Utilization Rate	CHIP Expenditures	Per Member Per Year
0 to 364 Days	110	924	8.40	58,949.66	535.91
1 to 2 Years	1,622	9,910	6.11	638,333.75	393.55
3 Years	884	3,832	4.33	218,876.37	247.60
4 to 5 Years	1,824	8,104	4.44	499,032.80	273.59
6 to 11 Years	9,518	32,272	3.39	2,005,902.56	210.75
12 to 18 Years	11,439	36,254	3.17	2,219,548.25	194.03
	-	-			
Overall	**25,397**	**91,296**	**3.59**	**5,640,643.39**	**222.10**

Table 25:
Health Status Indicators
January 1, 2006 to December 31, 2006

Immunizations Services

Age Group	Immunization Ty	Enrollment	Services	Utilization Rate	CHIP Expenditu	Per Member Per Year
0 to 364 Days	Diphtheria and Tetanus	110	1.00	0.01	-	-
	DTaP		147.00	1.34	257.84	2.34
	Hepatitus B		18.00	0.16	25.00	0.23
	Hib		174.00	1.58	105.26	0.96
	IPV / OPV		43.00	0.39	144.39	1.31
	VZV		1.00	0.01	67.34	0.61
		110	***384.00***	***3.49***	***599.83***	***5.45***
1 to 2 Years	Administration - Influenza Vaccine	1,622	25.00	0.02	131.42	0.08
	Diphtheria and Tetanus		11.00	0.01	0.02	0.00
	DTaP		65.00	0.04	662.98	0.41
	Hepatitus B		20.00	0.01	30.32	0.02
	Hib		506.00	0.31	711.52	0.44
	IPV / OPV		74.00	0.05	225.97	0.14
	Measles		2.00	0.00	-	-
	MMR		375.00	0.23	3,617.86	2.23
	VZV		253.00	0.16	5,297.74	3.27
		1,622	***1,331.00***	***0.82***	***10,677.83***	***6.58***
3 Years	Administration - Influenza Vaccine	884	5.00	0.01	36.05	0.04
	DTaP		2.00	0.00	-	-
	Hepatitus B		4.00	0.00	-	-
	Hib		10.00	0.01	-	-
	IPV / OPV		8.00	0.01	36.00	0.04
	MMR		10.00	0.01	108.50	0.12
	VZV		9.00	0.01	336.70	0.38
		884	***48.00***	***0.05***	***517.25***	***0.59***
4 to 5 Years	Administration - Influenza Vaccine	1,824	13.00	0.01	77.86	0.04
	Diphtheria and Tetanus		10.00	0.01	-	-
	DTaP		21.00	0.01	-	-
	Hepatitus B		7.00	0.00	65.00	0.04
	Hib		14.00	0.01	26.52	0.01
	IPV / OPV		660.00	0.36	517.69	0.28
	Measles		4.00	0.00	-	-
	MMR		668.00	0.37	3,187.85	1.75
	VZV		88.00	0.05	2,031.97	1.11
		1,824	***1,485.00***	***0.81***	***5,906.89***	***3.24***
6 to 11 Years	Administration - Influenza Vaccine	9,518	58.00	0.01	334.01	0.04
	Administration - Pneumococcal Vaccine		1.00	0.00	7.21	0.00
	Diphtheria and Tetanus		6.00	0.00	-	-
	DTaP		3.00	0.00	33.59	0.00
	Hepatitus B		16.00	0.00	125.00	0.01
	Hib		2.00	0.00	-	-
	IPV / OPV		15.00	0.00	-	-
	MMR		22.00	0.00	-	-
	Tetanus		15.00	0.00	136.52	0.01
	VZV		244.00	0.03	5,685.48	0.60
		9,518	***382.00***	***0.04***	***6,321.81***	***0.66***
12 to 18 Years	Administration - Hepatitus B	11,439	4.00	0.00	21.63	0.00
	Administration - Influenza Vaccine		71.00	0.01	450.63	0.04
	Administration - Pneumococcal Vaccine		5.00	0.00	28.84	0.00
	Diphtheria and Tetanus		21.00	0.00	-	-
	DTaP		12.00	0.00	28.00	0.00
	Hepatitus B		180.00	0.02	404.76	0.04
	Hib		1.00	0.00	-	-
	IPV / OPV		2.00	0.00	20.45	0.00
	MMR		12.00	0.00	65.00	0.01
	Tetanus		65.00	0.01	769.72	0.07
	VZV		86.00	0.01	2,394.89	0.21
		11,439	***459.00***	***0.04***	***4,183.92***	***0.37***
	Overall	**25,397**	**4,089.00**	**0.16**	**28,207.53**	**1.11**

Table 26: Top Ten Physician Services
By Amounts Paid



Key

		CPT Code*
1	Office Visit Limited - Est. Patient	(99213)
2	Office Visit Intermediate - Est. Patient	(99214)
3	Individual Psychotherapy	(90806)
4	ER Exam - Intermediate - New Patient	(99283)
5	Office Visit Brief - Est. Patient	(99212)
6	ER Exam - Extended - New Patient	(99284)
7	Ophthalmological Exam - Comprehensive - Est. Patient	(92014)
8	Periodic Comprehensive Wellness Exam Age 5-11 - Est. Patient	(99393)
9	Psychiatric Diagnostic Interview/Exam	(90801)
10	Periodic Comprehensive Wellness Exam Age 1-4 - Est. Patient	(99392)

**As described in Current Procedure Terminology 2006 by the American Medical Association.*

Table 26: Top Ten Physician Services
By Amounts Paid

CPT Code Description

1 Office Visit Limited - Est. Patient: for an established patient taking about 15 minutes or less of face-to-face time with patient and/or family for problems with low to moderate severity; requires 2 of 3 key components: an expanded problem focused history and examination and medical decision making of low complexity *(CPT 99213)*

2 Office Visit Intermediate - Est. Patient: for an established patient taking about 25 minutes of face-to-face time with the patient and/or family for problem(s) of moderate to high severity; 2 of 3 required visit components are a detailed history and examination and medical decision making of moderate complexity *(CPT 99214)*

3 Individual Psychotherapy: requiring a face-to-face visit with a therapist for insight oriented, behavior modifying and/or supportive therapy for 45 to 50 minutes *(CPT 90806)*

4 ER Exam - Intermediate - New Patient: requiring 1) an expanded problem-focused history; 2) an expanded problem focused examination; and 3) medical decision making of moderate complexity - usually for a problem of moderate severity *(CPT 99283)*

5 Office Visit Brief - Est. Patient: for an established patient taking about ten minutes or less of face-to-face time with patient and/or family for self limiting or minor problems; 2 of 3 required visit components are a problem focused history and examination and straightforward medical decision making *(CPT 99212)*

6 ER Exam - Extended - New Patient: requiring 1) a detailed history; 2) a detailed examination; and 3) medical decision making of moderate coplexity - usually when urgent evaluation is needed for a problem of high severity *(CPT 99284)*

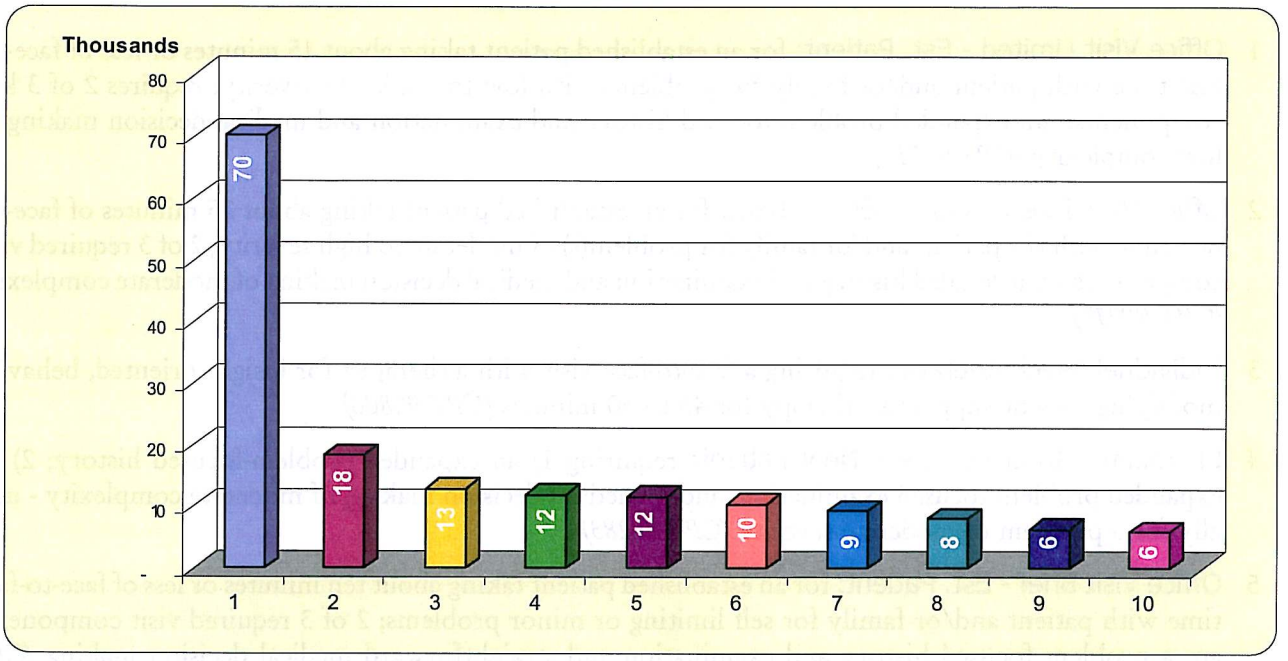
7 Ophthalmological Exam - Comprehensive - Est. Patient: for an established patient at an intermediate level in a face-to-face encounter by the physician for a general evaluation of the complete visual system including history, general medical observation, external and ophthalmological examinations, gross visual fields and basic sensorimotor examination. It need not be performed all in one session *(CPT 92014)*

8 Periodic Comprehensive Wellness Exam Age 5-11 - Est. Patient: An age and gender specific preventive medical exam that includes appropriate history, exam, any needed counseling/anticipatory guidance/risk factor reduction interventions as well as ordering of appropriate immunizations and laboratory tests for an established patient. These exams are coded to the correct age/stage period and are guided by criteria established by the American Academy of Pediatrics *(CPT 99393)*

9 Psychiatric Diagnostic Interview/Exam: an examination which includes a history, mental status, and a disposition; may include communication with family or other sources, ordering and interpreting other medical or diagostic studies *(CPT 90801)*

10 Periodic Comprehensive Wellness Exam Age 1-4 - Est. Patient: An age and gender specific preventive medical exam that includes appropriate history, exam, any needed counseling/anticipatory guidance/risk factor reduction interventions as well as ordering of appropriate immunizations and laboratory tests for an established patient. These exams are coded to the correct age/stage period and are guided by criteria established by the American Academy of Pediatrics *(CPT 99392)*

Table 27: Top Ten Physician Services
By Number of Transactions



Key

		CPT Code*
1	Office Visit Limited - Est. Patient	(99213)
2	Office Visit Brief - Est. Patient	(99212)
3	Office Visit Intermediate - Est. Patient	(99214)
4	Individual Psychotherapy	(90806)
5	Immunization Administration	(90471)
6	Blood Count	(85025)
7	ER Exam - Intermediate - New Patient	(99283)
8	Test for Streptococcus	(87880)
9	Therapeutic Procedures, One or More Areas, Each 15 Minutes	(97110)
10	Pharmacologic Management	(90862)

**As described in Current Procedure Terminology 2006 by the American Medical Association.*

Table 27: Top Ten Physician Services

By Number of Transactions

CPT Code Description

1 Office Visit Limited - Est. Patient: for an established patient taking about 15 minutes or less of face-to-face time with patient and/or family for problems with low to moderate severity; requires 2 of 3 key components: an expanded problem focused history and examination and medical decision making of low complexity *(CPT 99213)*

2 Office Visit Brief - Est. Patient: for an established patient taking about ten minutes or less of face-to-face time with patient and/or family for self limiting or minor problems; 2 of 3 required visit components are a problem focused history and examination and straightforward medical decision making *(CPT 99212)*

3 Office Visit Intermediate - Est. Patient: for an established patient taking about 25 minutes of face-to-face time with the patient and/or family for problem(s) of moderate to high severity; 2 of 3 required visit components are a detailed history and examination and medical decision making of moderate complexity *(CPT 99214)*

4 Individual Psychotherapy: requiring a face-to-face visit with a therapist for insight oriented, behavior modifying and/or supportive therapy for 45 to 50 minutes *(CPT 90806)*

5 Immunization Administration: injection of a vaccine (single or combination toxoid) whether percutaneous, intradermal, subcutaneous, or intramuscular *(CPT 90471)*

6 Blood Count: automated (Hgb, Hct, RBC, WBC and platelet count) and automated differential WBC count *(CPT 85025)*

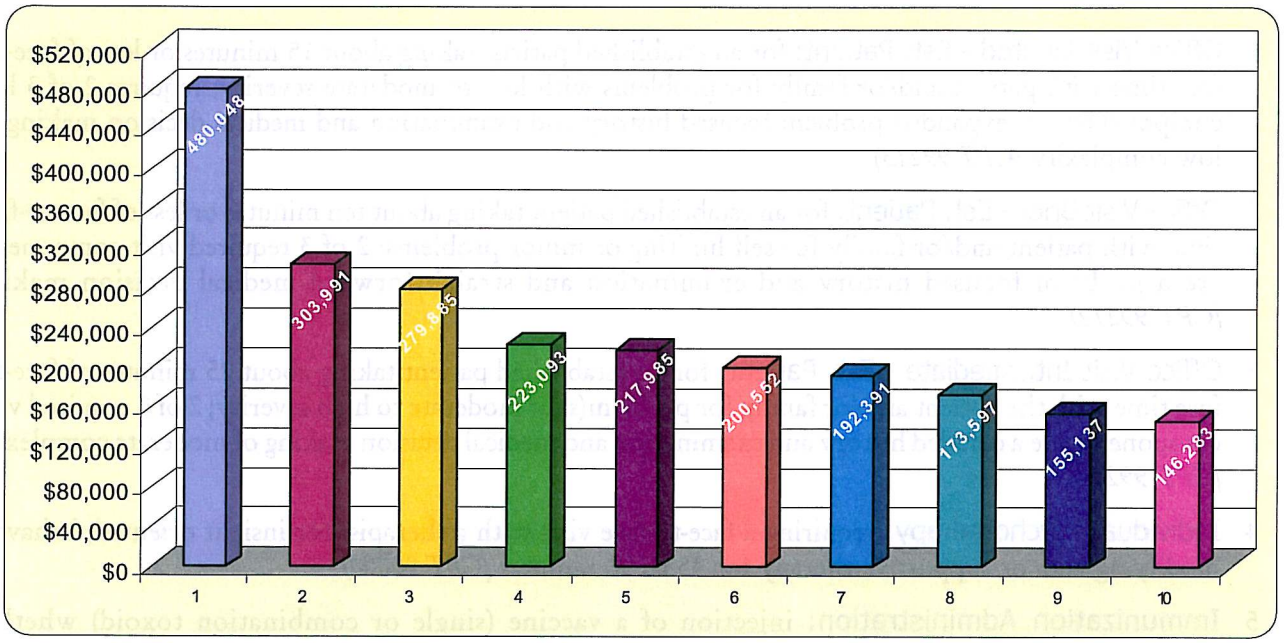
7 ER Exam - Intermediate - New Patient: requiring 1) an expanded problem-focused history; 2) an expanded problem focused examination; and 3) medical decision making of moderate complexity - usually for a problem of moderate severity *(CPT 99283)*

8 Test for Streptococcus: laboratory testing for Streptococcus bacteria group A as identified by colony morphology, growth on selective media *(CPT 87880)*

9 Therapeutic Procedures, One or More Areas, Each 15 Minutes: the application of a therapeutic exercise to develop strength and endurance, range of motion and flexibility; requires direct patient contact by a physician or therapist *(CPT 97110)*

10 Pharmacologic Management: a psychiatric review of prescription and use with no more than minimal psychotherapy required *(CPT 90862)*

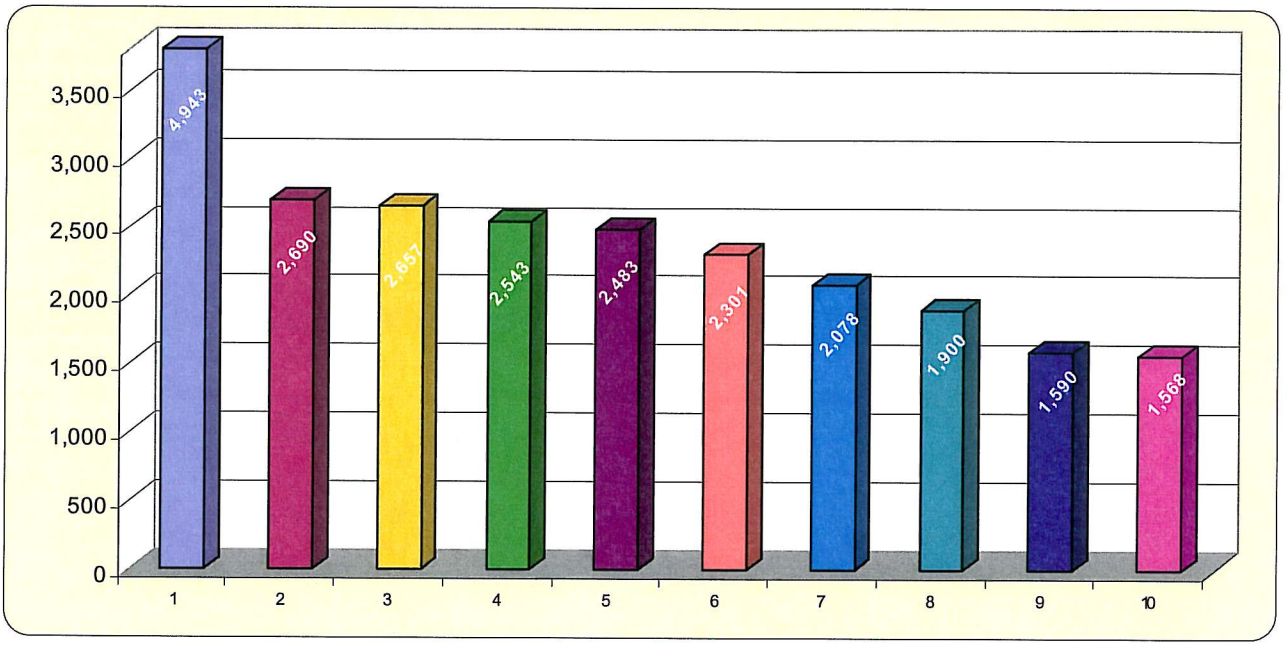
Table 28: Top Ten Prescription Drugs
By Ingredient Cost



Key

	Drug Brand Name		Major Use Indication
1	Singulair 5MG	-	Asthma
2	Omnicef 250MG/5ML	-	Antibiotic
3	Humatrope 24MG	-	Growth Hormone
4	Singulair 10MG	-	Asthma
5	Adderall XR 20MG	-	Attention Deficit Hyperactivity Disorder (ADHD)
6	Concerta 36MG	-	Attention Deficit Hyperactivity Disorder (ADHD)
7	Nasonex 50 MCG	-	Allergies
8	Concerta 54MG	-	Attention Deficit Hyperactivity Disorder (ADHD)
9	Adderall XR 30MG	-	Attention Deficit Hyperactivity Disorder (ADHD)
10	Singulair 4MG	-	Asthma

Table 29: Top Ten Prescription Drugs
By Number of Rx



Key

	Drug Brand Name	Major Use Indication
1	Singulair 5MG	- Asthma
2	Azithromycin 250MG	- Antibiotic
3	Loratadine 10MG	- Allergies
4	Nasonex 50MCG	- Allergies
5	Omnicef 250MG/5ML	- Antibiotic
6	Singulair 10MG	- Asthma
7	Albuterol 90 MCG	- Asthma
8	Amoxicillin 250MG/5ML	- Antibiotic
9	Adderall XR 20MG	- Attention Deficit Hyperactivity Disorder (ADHD)
10	Concerta 36MG Tablet	- Attention Deficit Hyperactivity Disorder (ADHD)