West Virginia
Children's Health Insurance Program

2005 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.

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Introductory Section

"My children and I are blessed to have this program. Before we got on CHIP, any medical necessity caused additional hardships on our family. Now we don't have to worry about unexpected illnesses and we can afford healthcare. Thank you!"

Comment from a WVCHIP family from the Customer Satisfaction Survey 2005

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December 1, 2005

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, 2005. This report was prepared by the Office of the Financial Officer of WVCHIP. Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the management of WVCHIP. We believe the data, as presented, is accurate in all material respects and is presented in a manner designed to present fairly the financial position and results of operations of WVCHIP. All disclosures necessary to enable the reader to gain an understanding of WVCHIP's financial activities have been included. It should be noted that these financial reports are unaudited and for management purposes only.

This Annual Report is presented in three sections: introductory, financial and statistical. The introductory section contains this transmittal letter, a list of the principal officers of WVCHIP, and WVCHIP's organizational chart. The financial section includes the basic financial statements and footnotes as well as certain supplementary information as required by State Code. Also included in the financial section is

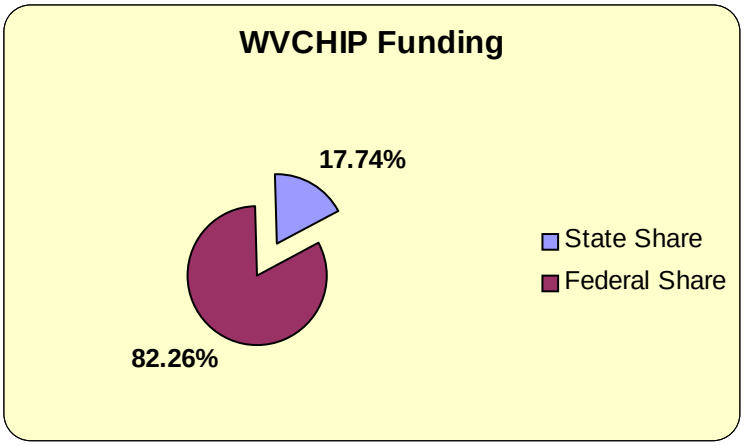
management's discussion and analysis (MD&A) which provides the reader a narrative introduction, overview and further analysis of the financial information presented. The statistical section includes selected financial and statistical data.

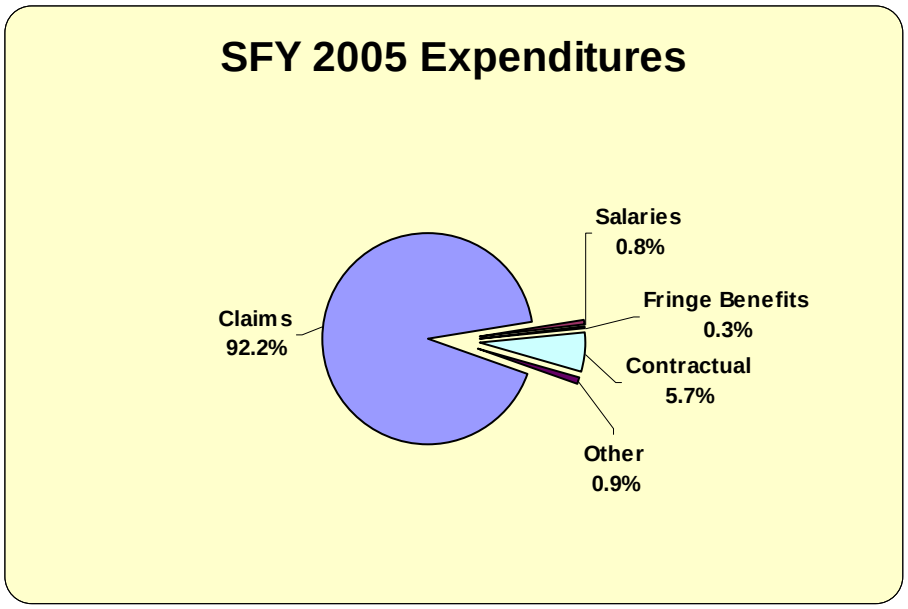
The West Virginia Legislature passed House Bill 4299 on April 19, 1998 to create WVCHIP. Since its inception, it has undergone several changes that include the transfer of the Program from the West Virginia Department of Health and Human Resources to the West Virginia Department of Administration with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

FINANCIAL PERFORMANCE AND OUTLOOK

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

WVCHIP's funding is a shared federal/state partnership. The match rate at June 30, 2005 was 82.26% and 17.74% respectively. WV State Code provides for an actuarial opinion to ensure that WVCHIP's estimated program and administrative costs, including incurred but unreported claims, will not exceed 90 percent of the funding available to the Program. The Actuarial Report dated June 30, 2005 did not confirm this level of funding through SFY 2006, but instead projected shortfalls in state funding requirements for SFY 2006 and beyond. In order to bring the financial plan into compliance, management has undertaken actions to modify its benefit plan that subsequently allowed the actuary to confirm projected expenditures within the 90% available funding limit for SFY 2006 in the September 30, 2005 report. The September 30, 2005 report still projects state funding shortfalls for SFY 2007 and beyond. The June 30, 2005 report, based on projected funding, enrollment and costs, projected federal funding shortfalls of $10.1 million, $28.0 million and $34.0 million in state fiscal years (SFY) 2008, 2009 and 2010 respectively. No federal funding shortfalls are projected for SFYs 2006 and 2007.





CASH MANAGEMENT

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

On March 16, 2005, WVCHIP discontinued use of its outside bank account at the behest of the State Treasurer's Office. The account was closed at the end of October 2005. The outside bank account was part of an efficient payment process for providers with medical claims and also provided additional interest income to the Agency, as well as kept payment processing costs to a minimum. This change also affected the medical payment process of the Public Employees Insurance Agency (PEIA), and WVCHIP is hopeful that through their cooperation with the State Treasurer's Office a process just as efficient for the provider community can be established.

INITIATIVES

WVCHIP embarked on a number of special projects this year. These included supporting local level pilot projects on reducing the number of unnecessary ER visits by providing a textbook "What to Do When Your Child Is Sick" and training to parents of young children. WVCHIP also completed its first year of partnering with the State's Immunization Program in order to improve immunization data, and encourage use of the State's Immunization Registry, as well as provide a modest savings to the program. The program also completed participation in the Payment Accuracy Measurement (PAM) project, which was continued as the Payment Error Rate Measurement (PERM) project. Both projects were federally funded to help WVCHIP identify areas that could leave the Agency vulnerable to making improper payments. All initiatives are discussed in more detail in the Major Initiatives section of the Management's Discussion and Analysis found on page 15 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. CMS monitors the operation of WVCHIP. Financial statements are presented for the state fiscal year ended June 30, 2005. 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 sincere appreciation is extended to Secretary Robert W. Ferguson, whose leadership will assist us as we face new challenges as a more "tried and true" Agency. 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, 2005.

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

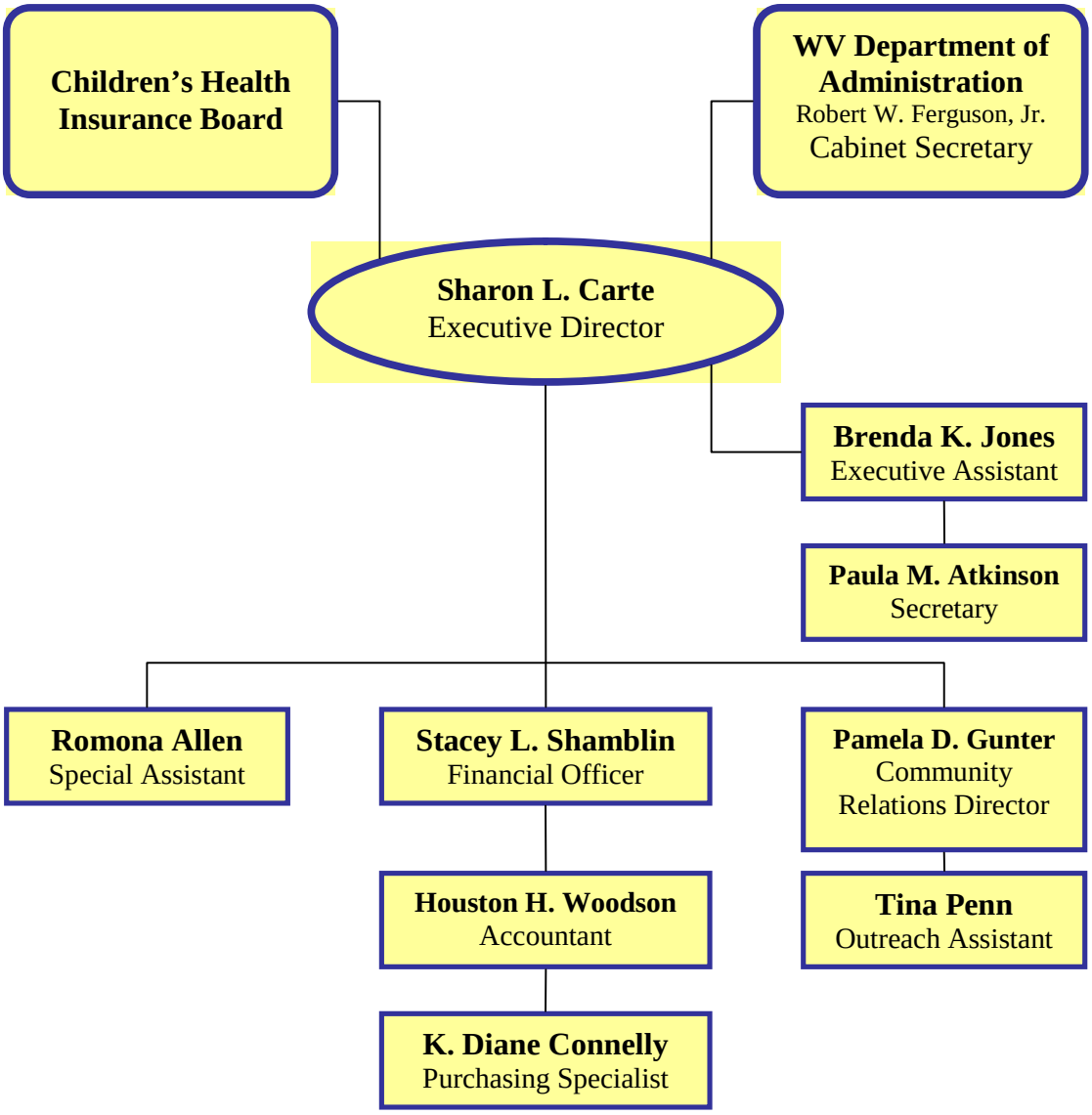
Board Members

Sharon L. Carte, Chair
Jason Haught, Public Employees Insurance Agency, Acting Director
Martha Yeager Walker, Department of Health & Human Resources, Cabinet Secretary
The Honorable Roman Prezioso, West Virginia Senate, Ex-Officio
The Honorable Margarette Leach, West Virginia House of Delegates, Ex-Officio
James E. Foster, Citizen Member
Lynn T. Gunnoe, Citizen Member
Tom Wilkerson, Citizen Member

Staff

Sharon L. Carte, Executive Director
Romona Allen, Special Assistant
Paula M. Atkinson, Secretary
K. Diane Connelly, Purchasing Specialist
Pamela D. Gunter, Community Relations Director
Stacey L. Shamblin, Financial Officer
Brenda K. Jones, Executive Assistant
Tina Penn, Outreach Assistant
Houston H. Woodson, Accountant

Staff Organizational Chart



STATE OF WEST VIRGINIA
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Financial Section

"Fellow citizens, why do you turn and scrape every stone to gather wealth, and take so little care of your children, to whom one day you must reliquish it all?"

-Socrates

MANAGEMENT'S DISCUSSION AND ANALYSIS

WEST VIRGINIA CHILDREN'S HEALTH INSURANCE PROGRAM
For the Year Ended June 30, 2005

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, 2005. We encourage readers to consider this information in conjunction with the additional information that is furnished in the footnotes which can be found following the financial statements. It should be noted that these financial statements are unaudited and for management purposes only.

This year=s annual report complies with the new reporting standards set forth in the Governmental Accounting Standards Board=s (GASB) Statement No. 34 "Basic Financial Statements—and Management=s Discussion and Analysis—for State and Local Governments" and GASB Statement No. 38 "Certain Financial Statement Disclosures" which are two of the most significant changes in the history of governmental accounting. We also hope this report will help illustrate management's continued awareness of the importance conveying the activities and results of this Program to readers.

HISTORY AND BACKGROUND

WVCHIP's primary purpose is to provide health insurance coverage to uninsured children in families whose income disqualifies them from coverage available through the Medicaid Program, but is less than twice that of the current Federal Poverty Level (FPL). When Congress amended the Social Security Act in 1997 to create Title XXI "State Children's Health Insurance Program", federal funding was authorized to the states for such programs over a ten year period. (See chart on page 16.) The West Virginia Legislature established the legal framework for this State's program in legislation enacted in April 1998. Since then, WVCHIP has undergone several changes of its State Plan to reach its current form. These changes included:

- Phase I: In July 1998, the Program began as a Medicaid expansion by covering children from ages 1 to 5 in households with incomes from 131% FPL to 150% FPL.

- Phase II: On April 1, 2000, coverage for children from ages 6 through 18 in households from 100% to 150% FPL was added. WVCHIP also adopted PEIA=s Preferred Benefit Plan to serve as the benchmark equivalent coverage program.

- In June 2000, WVCHIP notified the federal government that it was withdrawing the Medicaid expansion program and combining it with Phase II to create a separate state program.

- Phase III: In October 2000, WVCHIP expanded coverage for all children between 151% and 200% FPL.

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

FINANCIAL HIGHLIGHTS

The following financial statements summarize the financial position and the results of operations for the years ended June 30, 2005 and 2004. (See Pages 12 and 13.)

- Total assets have increased approximately $114,893 in comparison to the previous year end amount. This increase resulted primarily from increases in fixed assets and amounts due from the federal government for incurred claims expenses.

- Total liabilities have increased by approximately $93,200 during the year.

- Total fund balance increased approximately $21,693 in comparison to the previous year end amount.

- Total operating revenues increased approximately $5,437,476.

- Medical, dental and prescription drug expenditures comprise approximately 92% of WVCHIP's total costs. These expenditures increased approximately $5,195,197 over the prior year representing an increase of 16%. Increases in enrollment caused expenditures to climb approximately 6%, while utilization and price increases accounted for 10% of the total increase.

- Administrative costs accounted for 8% of overall expenditures. These expenditures increased approximately $224,104 representing an increase of 8%.

West Virginia Children's Health Insurance Program
Comparative Balance Sheet
June 30, 2005 and 2004
(Accrual Basis)

	June 30, 2005	June 30, 2004	Variance	
Assets:				
Cash and Cash Equivalents	$1,881,159	$1,961,218	$ (80,059)	-4%
Due From Federal Government	3,261,843	3,128,249	133,594	4%
Due From Other Funds	550,485	528,929	21,556	4%
Accrued Interest Receivable	3,803	276	3,527	1278%
Fixed Assets, at Historical Cost	79,512	43,237	36,275	84%
Total Assets	$5,776,803	$5,661,910	$ 114,893	2%
Liabilities:				
Due To Other Funds	$ 229,695	$ 204,176	$ 25,519	12%
Deferred Revenue	1,699,389	1,664,188	35,201	2%
Unpaid Insurance Claims Liability	2,873,378	2,840,899	32,479	1%
Total Liabilities	$4,802,462	$4,709,262	$ 93,200	2%
Fund Equity	$ 974,341	$ 952,648	$ 21,693	2%
Total Liabilities and Fund Equity	$5,776,803	$5,661,910	$ 114,893	2%

Unaudited - For Management Purposes Only - Unaudited

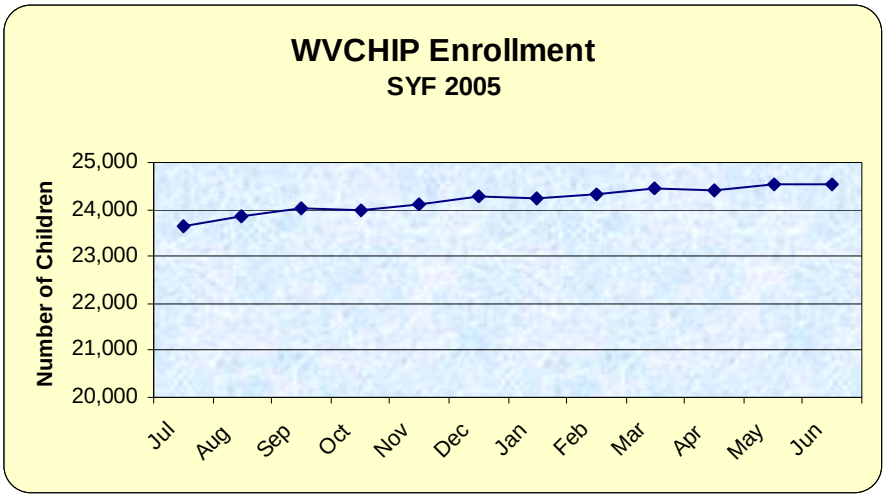
West Virginia Children's Health Insurance Program
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2005 and June 30, 2004
(Accrual Basis)

	June 30, 2005	June 30, 2004	Variance	
Revenues:				
Federal Grants	$31,990,098	$27,758,838	$4,231,260	15%
State Appropriations	9,092,134	7,904,092	1,188,042	15%
Investment Earnings	21,693	3,519	18,174	516%
Total Operating Revenues	$41,103,925	$35,666,449	$5,437,476	15%
Operating Expenditures:				
Claims:				
Outpatient Services	$ 9,962,785	$ 8,275,220	$1,687,565	20%
Physician and Surgical	8,535,124	7,400,959	1,134,165	15%
Prescribed Drugs	7,879,463	5,940,697	1,938,766	33%
Dental	4,768,613	4,384,130	384,483	9%
Inpatient Hospital	2,819,911	2,686,903	133,008	5%
Outpatient Mental Health	1,292,699	1,325,522	(32,823)	-2%
Vision	1,149,972	1,137,066	12,906	1%
Inpatient Mental Hospital	783,710	596,589	187,121	31%
Durable & Disposable Equipment	447,655	465,772	(18,117)	-4%
Therapy	282,021	438,736	(156,715)	-36%
Medical Transportation	234,195	226,700	7,495	3%
Other	96,308	90,807	5,501	6%
Less Collections*	(351,832)	(263,675)	(88,158)	33%
Total Claims	37,900,624	32,705,426	5,195,197	16%
General and Admin Expenses:				
Enrollment and Claims Processing	1,969,347	1,943,064	26,283	1%
Eligibility	309,473	261,111	48,362	19%
Salaries and Benefits	448,218	413,446	34,772	8%
Current	454,570	339,883	114,687	34%
Total Administrative	3,181,608	2,957,504	224,104	8%
Total Expenditures	41,082,232	35,662,930	5,419,301	15%
Excess of Revenues Over (Under) Expenditures	21,693	3,519	18,174	516%
Fund Equity, Beginning	952,648	949,129	3,519	0%
Fund Equity, Ending	$ 974,341	$ 952,648	$ 21,693	2%

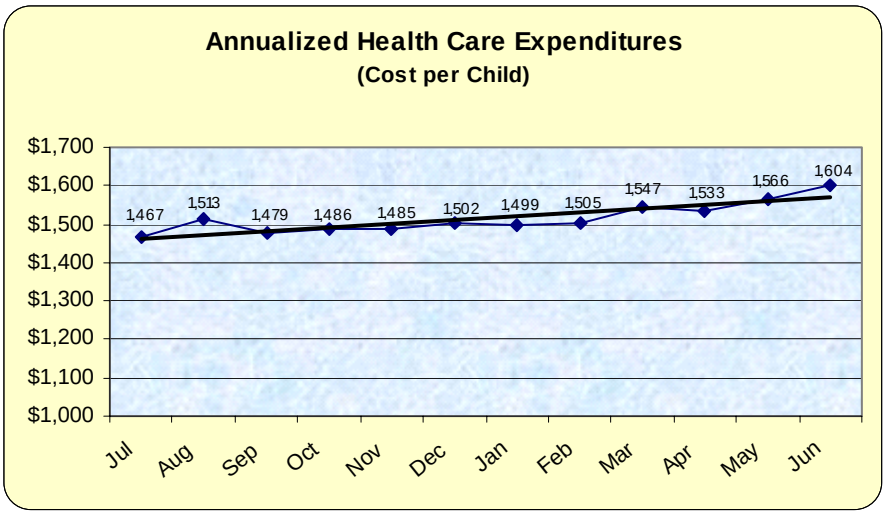
* Collections are primarily drug rebates and subrogation

Unaudited - For Management Purposes Only - Unaudited

An increase in medical, dental, and prescription drug claims costs of 16% is higher than the current rate of medical inflation experienced by health plans nationally, which averaged 9.2% in 2005. After adjusting the increase for higher enrollment during the year of 6%, the net increase of 10% appears to be in line with national experience. The upward enrollment trend was steady throughout the year, from 23,001 enrollees on July 1 to 24,815 enrollees on June 30 for an increase of 1,514 participants. Phase III participants, that is, enrollees in households with incomes between 151% and 200% FPL are the smaller of the two groups, but constituted the faster growing group. Enrollment of Phase III participants increased 5.4% over the course of SFY 2005 versus a 2.3% increase in enrollment for Phase I kids. WVCHIP also continues to experience "pent up" demands for services. These pent up costs are illustrated in Table 13 on page 49 in the Statistical Section. All told, the combination enrollment, utilization, and price increases resulted in a higher annual cost per child at June 30, 2005, of $1,607 than in June 30, 2004, of $1,447.



WVCHIP had projected to spend $40.9 million in State Fiscal Year 2005. The Program was able to end the year slightly under budget by $384,285. The Program is able to capitalize on operating efficiencies by partnering with WV DHHR for eligibility processing and PEIA for claims processing and program administration. We believe these partnerships will continue to allow the Program to operate in the most cost efficient manner possible.



MAJOR INITIATIVES

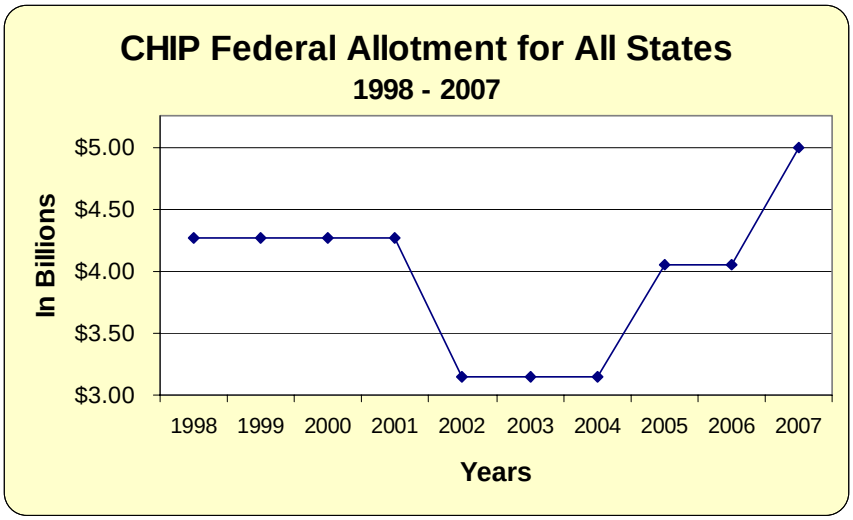
WVCHIP participated in the Centers for Medicare and Medicaid Services' (CMS) Year 3 Payment Accuracy Measurement (PAM) and Year 4 Payment Error Rate Measurement (PERM) pilot projects. Both projects required medical, processing, and eligibility audits on sampled claims and were 100% federally funded. Year 3 PAM had an overall payment accuracy rate of 99.52% and an eligibility accuracy rate of 99.29%. The overall payment error rate under Year 4 PERM was 1.72% with an eligibility error rate of 0%. Both projects helped the Program identify areas that leave the Agency vulnerable to making improper payments. Starting in FFY 2007, CMS, the federal oversight agency, will conduct these audits for both Medicaid and SCHIP. The final project report was submitted to CMS at the end of September 2005.

Early in SFY 2005, WVCHIP began operating under an agreement with the state's Immunization Program to purchase vaccines administered to WVCHIP enrolled children in bulk at federally contracted rates through the Vaccines for Children (VFC) program (in lieu of reimbursing vaccines purchased through individual physicians or group practices). WVCHIP undertook this change for a number of reasons. The VFC program provides free vaccines to children who have no insurance or whose coverage may not include vaccine or immunization services. WVCHIP's management also believes in the importance of this partnership to support the use and accuracy of the state's Immunization Registry (Registry). The Registry in turn maintains a central database in which it retains an immunization record for each individual. This record can then be made available to any provider to whom the child may go for health services througout his childhood, so that a complete and updated record is always maintained. Lastly, this initiative provides the Program an opportunity for a modest savings.

The reimbursement change to providers of immunization services began August 2004 and was in effect for eleven months of this past fiscal year. A review shows WVCHIP's total immunization expenditures (including administration costs) in SFY 2004 were $273,329 compared to $142,275 in SFY 2005. While not all the difference may be attributed to this change (last year having experienced a milder flu season, for instance), it is in line with the estimated savings of approximately $100,000 made prior to the implementation of the change.

Previous interest and study in helping families avoid unnecessary use of hospital emergency rooms led WVCHIP to support community projects that gave parents training and support in use of an acclaimed textbook "What to Do When Your Child Is Sick." This text, written by nurses at a health literacy level to promote use and clarity, has been evaluated in pre and post test situations with parents and shown to be effective in reducing the need for ER care that can be avoided. The state of California now provides the text to all new mothers covered by Medicaid. WVCHIP supplied copies of the textbook for use in three community projects which demonstrated similarly successful results to the UCLA test model. Having and using the book has been welcomed by parents in these projects. More detail on the efforts of the community partners who implemented the training projects at the local level is available on page 33.

West Virginia was one of 28 states to receive a redistribution of federal fiscal year (FFY) 2002 funds from a pool of money that was returned to the federal government by states that forfeited a portion of their grant awards due to non-use after a three year period as specified by law. These additional funds amounted to $3.9 million. As the 2005 federal fiscal year drew to a close the Congressional Research Service (CRS) identified 5 states with federal shortfalls and estimated that 7 to 14 states will exhaust their available federal funds in FFY 2006. This makes the availability of future redistributed funds highly questionable and will necessitate changes to the SCHIP federal funding formula. (The CRS report can be seen in its entirety at http://www.ahipresearch.org/pdfs/RL32807.pdf.) Finally, total federal allotments to all states remained steady, around $4.0 billion in 2005 and 2006, however, under the federal funding formula WVCHIP's 2006 allotment decreased to $23.3 million from $24.4 million in the prior year.



CONTACTING WVCHIP's MANAGEMENT

This report is designed to provide our enrollees, citizens, governing officials and legislators with a general overview of WVCHIP's finances and accountability. If you have questions about this report or need additional information, contact WVCHIP's Financial Officer at 304-558-2732. General information can also be obtained through our website at http://www.wvchip.org.

West Virginia Children's Health Insurance Program
Notes to Financial Statements
For the Year Ended June 30, 2005

Note 1

Summary of Significant Accounting Policies

Basis of Presentation

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

Financial Reporting Entity

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

Basis of Accounting

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

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

Deferred Revenue

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

Insurance Claims Payable

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

Note 2

Cash and Investments

At June 30, 2005, information concerning the amount of deposits with financial institutions, including deposits, of the State Treasurer's Office is as follows:

	Carrying Amount	Bank Balance	Collateralized Amount
Deposits with Treasurer	$ 945,793	———	———
Deposits with third party administrators	150,733	1,085	1,085
Total	$ 1,096,525	$ 1,085	$ 1,085

Investments

	Amount Unrestricted	Fair Value	Investments Pool
Investment with Investment Management Board	$ 784,634	$784,634	Cash Liquidity

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

Deposits	
Cash and Cash equivalents as reported	$ 1,881,159
Less: investments disclosed as cash equivalents	(784,634)
Carrying amount of deposits as disclosed in this footnote	$ 1,096,525
Investments	
Investments as Reported	---------
Add: investments disclosed as cash equivalents	$ 784,634
Carrying value of investments as disclosed in this footnote	$ 784,634

Note 3

Due to other funds:

Public Employees Insurance Agency	$153,431
DHHR	23,185
Automated Health Systems	16,584
Other	36,495
Total due to other funds	$229,695

Note 4

Risk Management
Unpaid Claims Liabilities

Claims payable, beginning of year	$ 2,840,899
Incurred claims expense	37,900,624
Payments:	
Claim payments for current year	30,755,222
Claim payments for prior year	7,112,923
Claims payable, year to date	$ 2,873,378

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.

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Required Supplementary Information

"The CHIP program is great! As working parents we were not eligible for Medicaid and insurance premiums were too high for us to afford. If it weren't for CHIP, I feel my child would be unable to receive medical care."

Comment from a WVCHIP family from the Customer Satisfaction Survey 2005

West Virginia Children's Health Insurance Program
Report of Independent Actuary
June 30, 2005 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 2005 ("FY 2005") through fiscal year 2010 ("FY 2010"). West Virginia legislation requires that an actuary provide a written opinion that all estimated program and administrative costs of the agency under the plan, including incurred but unreported claims, will not exceed 90 percent of the funding available to the program for the fiscal year for which the plan is proposed.

Based on the Baseline Scenario and the 90% expenditure limitation on State funding of the program, we are currently projecting that FY 2006 will have a shortfall of approximately $302,000 in the ending reserve of State funding to reach the 90% funding requirement. We have assumed the same State funding of $7,128,019 in FY 2006 for the projected future years and have not increased the State funding requirements for FY 2007 and beyond to meet the 90% expenditure limitation in subsequent years. As a result, State funding does not meet the 90% requirement in any future years. Note that we are currently projecting a Federal funding shortfall of approximately $10,073,000 in FY 2008 based on the current assumptions.

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 16 states that received the FY 2001 Redistribution funding and the FY 2002 Redistribution funding. The FY 2001 Redistribution of $12,081,320 and the FY 2002 Redistribution of $4,065,869 were made available for West Virginia CHIP that will expire in September 2005. Based on our analysis, we believe the program will utilize the redistributions in State fiscal years 2005 and 2006. As of June 30, 2005, WV CHIP management has started the draws from the redistribution account. We calculate the entire FY 2001 Redistribution amount of $12,081,320 and the FY 2002 Redistribution amount of $2,905,807 will be spent in FY 2005, and the remaining $1,160,062 of the FY 2002 Redistribution will be spent in FY 2006.

Enrollment for the program as of June 2005 is at one of the highest level since its inception. Overall enrollment for the CHIP Program in FY 2005 has increased significantly from FY 2004 levels. The current program enrollment as of June 2005 consists of 24,515 children total: 15,571 children as part of Phase I and Phase II that consists of children whose families are below 150% of the federal poverty level and 8,944 children as part of Phase III that consists of children whose families are between 150% and 200% of the federal poverty level. Phase III children are required to make copayments as part of the benefit structure of the program. Since the March 31, 2005 Quarterly Report, overall enrollment has increased by 48 children from March 2005 to June 2005, while Phase I and Phase II had increased enrollment of 45 children, Phase III had a slightly increased enrollment of 3 children.

CHIP Program management requested CCRC Actuaries to produce an alternative scenario assuming an additional 1,000 children in FY 2006. In FY 2005, the CHIP Program increased enrollment by approximately 1,000 children. With the higher projected enrollment, the Program costs increased correspondingly resulting in a larger shortfall in FY 2006 as shown in Appendix B.

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. The analysis of claims has become more critical with the Phase III expansion beginning in October 2000. Current claim trend experience has been financially favorable over the past several years, however, more recent trend in Medical and Prescription Drugs have not been favorable. We have adjusted the FY 2005 Medical, Dental and Prescription Drugs claim trend to 10%, 7.5% and 19% respectively after reviewing the recent experience.

In addition to the claim trend increases, the administrative expenses have increased dramatically and we have revised our forecast for administrative expenses in FY 2006 and using an ultimate level of 5% for FY 2007 through FY 2010.

Financial results continue to indicate that this group had, at least initially, significantly higher health care utilization than families under 150%. More recent experience has indicated after the initial enrollment period the two eligibility groups have similar health care statuses. Therefore, we have based our projections on the average projected health care costs of both eligibility groups.

Under the State fiscal year basis, we are now projecting that incurred claim costs under the Baseline scenario assumptions for FY 2005 will be $37,614,535 compared to the previous projection of $37,428,353 for FY 2005 contained in the March 31, 2005 Quarterly Report. The updated projection for FY 2006 claims is $42,543,480. These increased program costs are the result of the higher paid claims experience in May 2005 and June 2005 in the CHIP Program.

PLAN ENROLLMENT

We have updated our projection based on the significant increase in enrollment through June 2005. In fact, Phase II enrollment is at one of the highest level since October 2001 and the enrollment in Phase III is at its highest level since its inception. The program had enrollment at the end of Fiscal Year 2004 of 23,432 children, with 15,015 under Phase II and 8,417 under Phase III. Current enrollment as of June 2005 is 24,515 children, with 15,571 under Phase II and 8,944 under Phase III.

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

Date	Phase II	Phase III	Total	Date	Phase II	Phase III	Total
Jul-00	10,349	0	11,839	Jul-03	14,305	7,682	21,987
Aug-00	10,097	0	11,567	Aug-03	14,524	7,718	22,242
Sept-00	10,542	0	12,023	Sep-03	14,784	7,996	22,780
Oct-00	12,060	540	12,600	Oct-03	14,711	7,939	22,650
Nov-00	12,122	1,189	13,311	Nov-03	14,773	7,989	22,762
Dec-00	14,141	1,512	15,653	Dec-03	14,817	8,013	22,830
Jan-01	14,771	2,218	16,989	Jan-04	14,675	8,111	22,786
Feb-01	15,316	2,757	18,073	Feb-04	14,698	8,123	22,821
Mar-01	15,808	3,353	19,161	Mar-04	14,804	8,342	23,146
Apr-01	15,944	3,839	19,783	Apr-04	14,900	8,427	23,327
May-01	16,241	4,257	20,498	May-04	14,885	8,411	23,296
Jun-01	16,375	4,548	20,923	June-04	15,015	8,417	23,432
Jul-01	16,462	4,835	21,297	July-04	15,149	8,479	23,628
Aug-01	16,447	5,053	21,500	Aug-04	15,290	8,550	23,840
Sep-01	16,145	5,290	21,435	Sep-04	15,437	8,598	24,035
Oct-01	15,895	5,588	21,483	Oct-04	15,371	8,615	23,986
Nov-01	15,373	5,473	20,846	Nov-04	15,433	8,666	24,099
Dec-01	14,968	5,625	20,593	Dec-04	15,582	8,701	24,283
Jan-02	14,565	5,606	20,171	Jan-05	15,547	8,682	24,229
Feb-02	14,551	5,777	20,328	Feb-05	15,585	8,719	24,304
Mar-02	14,297	5,926	20,223	Mar-05	15,526	8,941	24,467
Apr-02	14,287	5,994	20,281	Apr-05	15,493	8,907	24,400
May-02	14,173	6,036	20,209	May-05	15,575	8,965	24,540
June-02	14,030	6,013	20,043	Jun-05	15,571	8,944	24,515
July-02	14,208	6,377	20,585				
Aug-02	14,316	6,508	20,824				
Sep-02	14,230	6,728	20,958				
Oct-02	14,274	6,942	21,216				
Nov-02	14,088	7,092	21,180				
Dec-02	14,148	7,199	21,347				
Jan-03	14,116	7,166	21,282				
Feb-03	14,071	7,097	21,168				
Mar-03	14,002	7,300	21,302				
Apr-03	14,007	7,429	21,436				
May-03	14,112	7,455	21,567				
Jun-03	14,243	7,554	21,797				

The Baseline program enrollment assumptions are summarized in the following chart. Note that the long-term enrollment has increased by 5 additional children from March of FY 2005 to June of FY 2005.

Scenario	FY2005	FY2006
Current Baseline	24,194	24,515
Previous Report	24,189	24,467

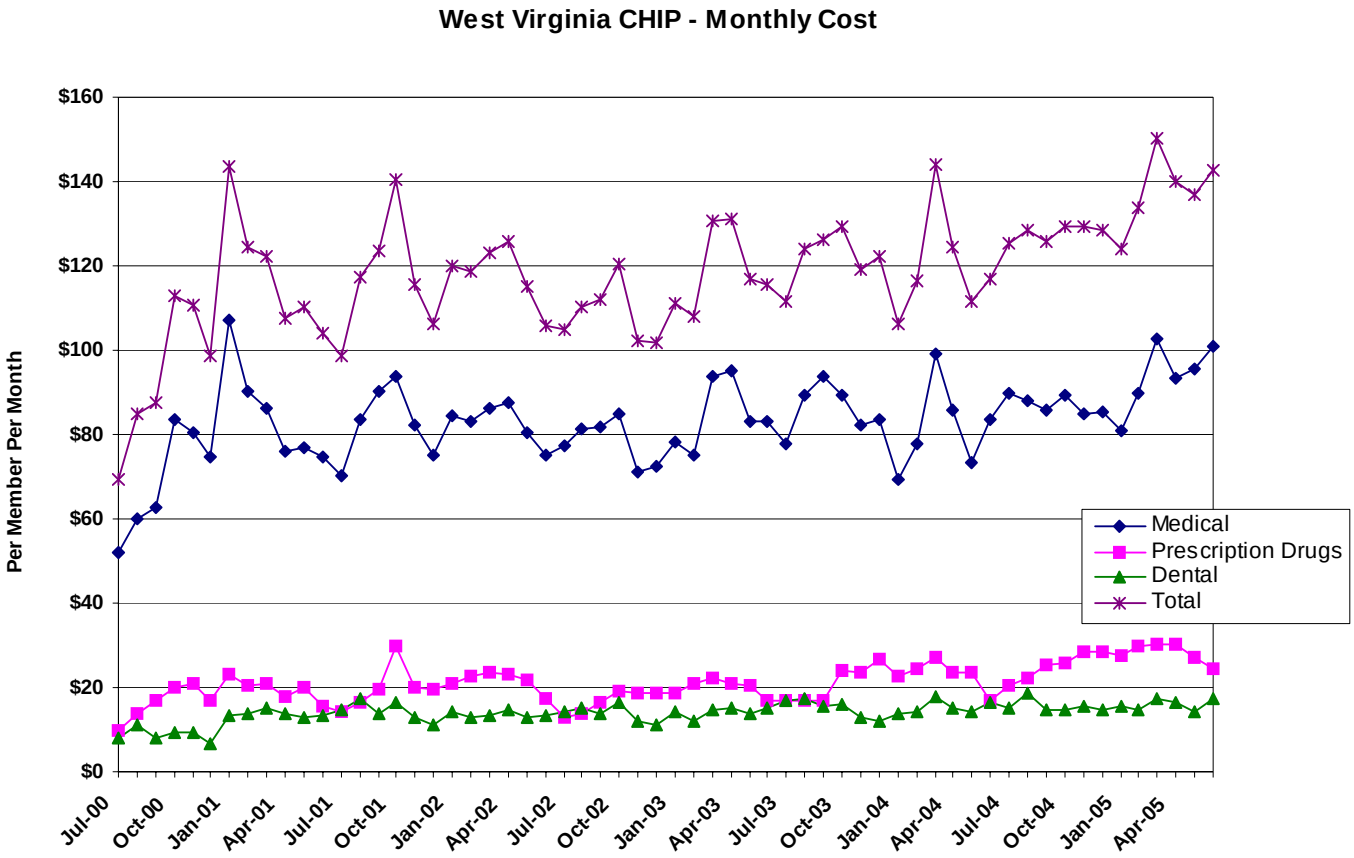
CLAIM COST AND TREND ANALYSIS

Based on the recent trend analysis of PEIA experience, we have increased the FY 2005 Medical claim trend to 10% from 9%, and Prescription Drugs claim trend to 19% from 18% assumed in the March 31, 2005 Quarterly Report. We have also reduced the Dental claim trend to 7.5% from 9% assumed in the March 31, 2005 Quarterly Report.

As we review trends over different time periods, we get slightly different results. The chart below summarizes WV CHIP experience over the last 6 months, 9 months and 12 months as of June 30, 2005. Overall trend experience has been favorable, with a composite trend of 9.8% 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	15.3%	10.6%	8.0%
Dental	3.2%	5.0%	2.8%
Prescription Drugs	22.0%	18.4%	21.4%
Composite	15.0%	11.4%	9.8%

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 2005. The attachment at the end of the 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 five years period.

FINANCIAL PROJECTION – STATE FISCAL YEARS 2005-2010

The updated incurred claims for FY 2005 is projected to be $37,933,599 based on expected enrollment of 24,194 children and projected incurred claim per member per month cost data assumption of $130.66, as summarized in the following chart. In the March 31, 2005 Quarterly Report, the incurred claims for FY 2005 were projected to be $37,747,417 based on expected enrollment of 24,189 children and projected incurred claim per member per month cost data assumption of $130.04.

Category	FY 2005 Baseline Incurred Claims	FY 2005 Baseline Per Member Per Month	Prior Report FY 2005 Projection Per Member Per Month	FY 2006 FY 2006 Projected Per Member Per Month
Medical	$25,661,915	$88.39	$87.83	$97.23
Prescription Drugs	7,769,030	26.76	26.21	31.84
Dental	4,502,654	15.51	16.01	16.67
Total	$37,933,599	$130.66	$130.04	$145.75

The financial forecast for the State fiscal years 2005 through 2010 can be found in Appendix A. We are forecasting a shortfall of approximately $302,000 for FY 2006 State funding and projecting that the program will need additional Federal funding beginning in FY 2008.

Appendix A contains a five-year projection period as requested by CHIP management similar to the previous report. The first section of the report is the beginning balances of both Federal and State funding sources. The middle section of the report projects and reports on incurred claim, paid claim and administrative expenses, as well as expected Interest earnings and accrued prescription 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, we are forecasting a shortfall in State funding of approximately $302,000 in SFY 2006, $3,020,000 in SFY 2007, $4,786,000 in SFY 2008, $6,166,000 in SFY 2009 and $7,728,000 in SFY 2010, and projecting a shortfall in Federal funding of approximately $10,073,000 in SFY 2008, $27,957,000 in SFY 2009 and $33,984,000 in SFY 2010, compared to the previous projection of Federal funding deficits of $8,914,000 in SFY 2008 and $26,872,000 in SFY 2009 from the March 31, 2005 Quarterly Report.

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. This projection includes the Federal FY 2001 Redistribution and the Federal FY 2002 Redistribution. Our forecast includes the entire FY 2001 Redistribution amount of $12,081,320 and the FY 2002 Redistribution amount of $2,905,807 will be spent in FY 2005, and the remaining $1,160,062 of the FY 2002 Redistribution will be spent in FY 2006, to reflect limited redistribution for Federal FY 2001 and Federal FY 2002 Redistribution Funds.

Appendix B summarizes the alternative scenario requested by the CHIP Program management assuming the increasing FY 2006 enrollment by approximately 1,000 children from FY 2005.

Appendix C summarizes the original and restated IBNR claim liabilities for the CHIP Program in Fiscal Year 2004 to 2005. 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 exceed 90 percent of the funding available to the program for the current and future fiscal years based on current enrollment.

It should be noted that this opinion is based on State funding levels as illustrated in Appendix A and FY 2007 through FY 2010 have not been appropriated by the West Virginia Legislature.

It should also be noted that the West Virginia CHIP Board may want to change various measures to meet 90% requirement under West Virginia legislation. Possible solutions include benefit modifications or limitations, provider reimbursement, enrollment limits and enrollment premiums.

Dave Bond
Fellow of the Society of Actuaries
Member of the American Academy of Actuaries
Managing Partner
CCRC Actuaries, LLC
Finksburg, Maryland
August 16, 2005

Brad Paulis
Reviewing Partner
CCRC Actuaries, LLC
Finksburg, Maryland
August 16, 2005

APPENDIX A

West Virginia Children's Health Insurance Program

June 30, 2005 Quarterly Report

Available Funding - Beginning of the Year	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**
Federal 2003	$18,550,788	$0	$0	$0	$0	$0
Federal 2001 Redistribution	12,081,320	0	0	0	0	0
Federal 2002 Redistribution	4,065,869	1,160,062	0	0	0	0
Federal 2004	18,760,354	18,760,354	0	0	0	0
Federal 2005	24,422,724	24,422,724	7,124,437	0	0	0
Federal 2006	0	23,349,395	23,349,395	0	0	0
Federal 2007	0	0	23,349,395	12,557,532	0	0
Federal 2008	0	0	0	23,349,395	0	0
Federal 2009	0	0	0	0	23,349,395	0
Federal 2010	0	0	0	0	0	23,349,395
State Funding 2004	$1,910,374	$0	$0	$0	$0	$0
State Funding 2005	7,200,000	1,877,665	0	0	0	0
State Funding 2006	0	7,128,019	489,928	0	0	0
State Funding 2007	0	0	7,128,019	0	0	0
State Funding 2008	0	0	0	7,128,019	0	0
State Funding 2009	0	0	0	0	7,128,019	0
State Funding 2010	0	0	0	0	0	7,128,019
Program Costs	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**
Medical Expenses	$25,661,915	$28,602,827	$31,463,110	$34,609,421	$38,070,363	$41,877,399
Prescription Drug Expenses	7,769,030	9,367,873	11,147,769	13,265,845	15,786,355	18,785,763
Dental Expenses	4,502,654	4,904,607	5,272,452	5,667,886	6,092,978	6,549,951
Administrative Expenses	3,156,089	3,190,980	3,350,529	3,518,055	3,693,958	3,878,656
Program Revenues - Interest	$0	$0	$0	$0	$0	$0
Program Revenues - Drug Rebates	319,064	331,827	345,100	358,904	373,260	388,190
Net Incurred Program Costs	$40,770,624	$45,734,459	$50,888,760	$56,702,303	$63,270,394	$70,703,579
Net Paid Program Costs	40,600,624	45,313,459	50,462,760	56,220,303	62,725,394	70,085,579
Federal Share	$33,537,915	$37,218,703	$41,265,695	$45,979,897	$51,305,962	$57,333,532
State Share of Expenses	7,232,709	8,515,756	9,623,064	10,722,405	11,964,431	13,370,047
Beginning IBNR	$3,060,000	$3,230,000	$3,651,000	$4,077,000	$4,559,000	$5,104,000
Ending IBNR	3,230,000	3,651,000	4,077,000	4,559,000	5,104,000	5,722,000
Funding Sources - End of the Year	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**
Federal 2003	$0	$0	$0	$0	$0	$0
Federal 2001 Redistribution	0	0	0	0	0	0
Federal 2002 Redistribution	1,160,062	0	0	0	0	0
Federal 2004	18,760,354	0	0	0	0	0
Federal 2005	24,422,724	7,124,437	0	0	0	0
Federal 2006	0	23,349,395	0	0	0	0
Federal 2007	0	0	12,557,532	0	0	0
Federal 2008	0	0	0	0	0	0
Federal 2009	0	0	0	0	0	0
Federal 2010	0	0	0	0	0	0
Federal Shortfall	***$0***	***$0***	***$0***	***$10,072,970***	***$27,956,567***	***$33,984,137***
State Funding 2004	$0	$0	$0	$0	$0	$0
State Funding 2005	1,877,665	0	0	0	0	0
State Funding 2006	0	489,928	0	0	0	0
State Funding 2007	0	0	0	0	0	0
State Funding 2008	0	0	0	0	0	0
State Funding 2009	0	0	0	0	0	0
State Funding 2010	0	0	0	0	0	0
State Shortfall	***$0***	***$0***	***$2,005,117***	***$3,594,386***	***$4,836,412***	***$6,242,028***
State Shortfall - 90% Funding Requirement	***$0***	***$302,074***	***$3,019,910***	***$4,785,765***	***$6,165,794***	***$7,727,588***

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November 29, 2005

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 October 2005. We conclude that the plan will continue to meet the statutory requirement of 10% reserve in FY 2006 based on the updated information.

It is noteworthy that the State deficit has increased in FY 2007 from $1,894,500 in the September 30, 2005 Quarterly Report to $2,124,029 in the current October 2005 claim experience. The West Virginia CHIP Board may need to address this issue in the absence of additional State of West Virginia Funding. After the September 30, 2005 Quarterly Report was issued in October 2005, several changes have occurred in the program:

- Enrollment for the CHIP Program as of October 2005 was at the highest level since its inception. Overall enrollment for the CHIP Program as of October 2005 was 24,748, an increase of 99 children from 24,649 in September 2005;

- October 2005 claim experience showed the projected incurred FY 2006 expenditure to be $43,486,334, an increase of $58,693 from $ 43,427,641 in the September 30, 2005 Quarterly Report.

- The categories of FY 2006 medical, dental and prescription drug expenses in the current claim experience through October 2005 showed slight improvement in medical over the September 30, 2005 Quarterly Report. Medical PMPM for October 2005 projected to be $90.34, down from $91.77 in the September 30, 2005 Quarterly Report. Dental PMPM for October 2005 Quarterly Report was projected to be $17.29, up from $16.17 in the September 30, 2005 Quarterly Report. Prescription Drugs PMPM for October 2005 was projected to be $29.33, up from $29.23 in the September 30, 2005 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) 861-8670.

Sincerely,

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

OUTREACH

A Continuing Community Partnership

WVCHIP has worked closely with all partners and entities identified in its State Plan, however, the West Virginia Healthy Kids and Families Coalition (Coalition) has played a pivotal role in working with community based partners to reach uninsured children across the State of West Virginia. This is the Coalition's final year as a grant participant in the Robert Woods Johnson Foundation's "Covering Kids Project." This year's collaborations included media campaigns and community outreach grants in targeted counties. During the summer months alone, over 75 community events were held featuring WVCHIP promotion or outreach in some form throughout West Virginia in an effort to increase enrollment and awareness of the program along with a message focused on the importance of immunizations. As enrollment has increased, the partnership has evolved in working on health awareness campaigns, such as childhood obesity, 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 35) 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 46 and 47).

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 finds it essential to collaborate with the faith community in an effort to educate and support families in obtaining health care coverage and promoting healthy lifestyles.

The following faith-based efforts were implemented in fiscal year 2005:

- The WVCHIP bulletin flyer was revised and made available to use by all congregations in West Virginia.
- Distributed a WVCHIP Outreach Manual targeted to faith-based initiatives to interested congregations.
- Birth to Three became a key partner with WVCHIP last year in reaching families through the faith community. Planning for training in the coming year when Kanawha and Putnam Counties will be added into our faith-based emphasis.

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 can allow for the integration of efforts by multiple agencies and entities inside and outside state government to undertake a statewide mission related to the health of children in West Virginia. Issues such as obesity, lack of immunizations, juvenile diabetes and other health problems are on the rise; early detection and prevention is imperative. WVCHIP's decision to make health intervention and prevention a priority in its outreach efforts supports our State's Healthy People 2010 objectives outlined for children.

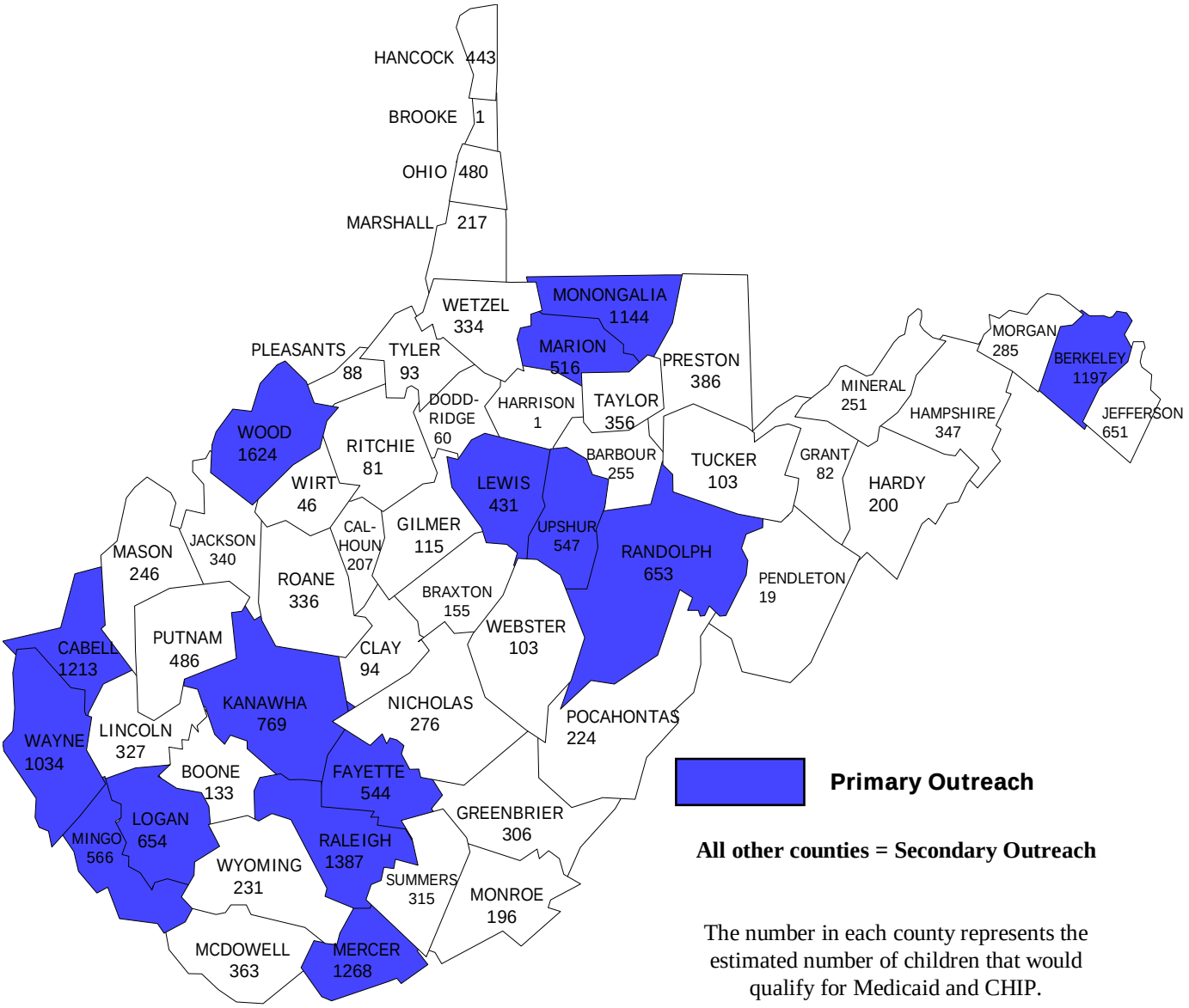
The following projects were implemented in fiscal year 2005:

- 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 Oral Health Policy Task Force.
- "HealthCheck" Campaign was implemented in conjunction with the DHHR's Office of Infant, Child and Adolescent Health to promote the importance of comprehensive well child visits. The "most important school supply" theme was selected for the 2005-2006 fiscal year. Advertisements focusing on vision, dental, development and hearing screenings will appear in the Child Care Provider Quarterly Magazine.
- WVCHIP was a sponsor for two projects designed to help parents learn to be more confident in avoiding unnecessary emergency room visits. Based on the UCLA pilot project in which parents reported 50% decrease in emergency room visits after having this training. Both Nicholas County Starting Points Center and United Way of Central West Virginia implemented training using a key textbook titled "What To Do When Your Child Is Sick" and achieved similar results using different formats (in-home parent support groups versus center based parent training sessions). WVCHIP has encouraged those and other training pilots by providing the textbooks used in the project.
- Another project with the DHHR's Office of Infant, Child and Adolescent Health is a pilot study in three counties to reduce unnecessary emergency room visits. Right from the Start Coordinators are the points of contact with local WVCHIP and Medicaid families. Pre and Post Intervention Surveys are to be conducted with each family who agreed to participate in the pilot. Families interviewed are located in Harrison, Cabell and Wood Counties. Cabell County is being trained on how to use the book, "What To Do If Your Child Is Sick." The study will last approximately six months before compiling data and determining the results of the study. Success will determine the extent of implementing this program in other counties.
- Bluestone Health Associates became a partner in promoting WVCHIP and educating parents and providers on "HealthCheck," Immunizations and childhood obesity throughout Mercer County.
- The West Virginia Immunization Network and the State's Immunization Program and WVCHIP began working last year on strategies to implement an immunization campaign targeting adolescents.
- WVCHIP flyer and ABC's of Baby Care were included 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.

Electronic Signature for Applications Now Available Through Community Partners

In June 2005, through the hard work of WVDHHR's RAPIDS Project and their consultant firm, Deloitte and Touche, WVCHIP realized a long time goal of having the capacity to have a fully electronic process when the electronic signature was made available to designated partners, such as hospitals and Federally Qualified Community Health Centers. This process has the potential to complete the eligibility process within a matter of a few days, and can eliminate mailing steps for the applicant when they provide copies of their income documents at a participating hospital or clinic. This change can expedite the application to help assure a family with a sick child or a newborn gets coverage quickly - and to assure the provider of an uncompensated care expense.

TARGETED OUTREACH FOR UNINSURED CHILDREN



The number in each county represents the estimated number of children that would qualify for Medicaid and CHIP.

(Chart developed by the WVCHIP for outreach purposes based on data from "Health Insurance in West Virginia: The Children's Report" - a 2001 survey by The Institute for Health Policy Research at the West Virginia University Robert C. Byrd Science Center)

Customer Satisfaction Survey 2005 Summary

Methodology

There were 1,176 questionnaires, accompanied by a letter from the Executive Director, mailed in October 2005. This first mailing was followed by a "reminder" postcard mailed 10 days later. A second copy of the survey was mailed to non-respondents approximately two weeks following the postcard mailing.

Survey Response Rate

The survey response rate was 50.7% with a total of 596 surveys returned.

Time Enrolled

Most respondents, 42.1%, reported that their children had been on the Program for more than 2 years, 31.2% have been on for 1 - 2 years, and 26.7% for less than one year.

Health Status

Over three quarters, 79.5%, of survey respondents rated their child's health as "Very Good" or "Excellent," 17.9% as "Good," and 2.5% as "Fair." No respondents rated their child's health as "Poor."

Medical Home

Regular Family Doctor Upon Enrollment

79.0% of children did have a regular family doctor prior to enrolling in the Program, and 21.0% reported that their children did not have a regular family doctor before they enrolled in the Program.

Family Doctor Change After Enrollment

Of those children who did have a family doctor prior to their enrollment in the Program, only 3.9% had to change physicians once they had enrolled.

Changed Doctor

About 6% of respondents changed doctors because they were dissatisfied with care since they enrolled in the Program.

Harder Or Easier To See Doctor

1.9%, reported that it was harder to see a doctor since enrolling their child in the Program, 25.5% reported that it was easier, and 72.6% said it was about the same.

Travel Time To Doctor

Most respondents, 80.3%, reported traveling less than 20 miles for their doctor visits:
23.9% of respondents travel less than five miles, 29.5% reported 5 to 10 miles, 26.9% reported 11 to 20 miles, 10.9% reported 21 to 29 miles, 8.9% reported more than 30 miles.

Respect Shown By Doctor And Staff

78.7% of respondents reported they are always treated with respect by their child's doctor and his/her staff, and another 20.8% report that this is usually the case. Less than 1% said their doctor never treats them with respect.

CUSTOMER SATISFACTION SURVEY 2005 SUMMARY

(CONTINUED)

MEDICAL HOME

Specialist Referral

60.4% of the respondents felt their child should see a specialist, 52.3% (of the 60.4%) received a referral "Every Time," and 7% (of the 61.6%) received a referral "Sometimes," and 1.2% said they "Never" receive the referral from their doctor.

Rating Quality of Doctor Care

Over 90% (90.7%) of respondents rated the care their child received from the doctor as "Very Good" or "Excellent."

PREVENTIVE CARE

Preventive Care Doctor Visits

The majority of respondents, 90.2%, reported making one or more visits to the doctor's office for preventive care.

Dental Care Visits

Almost 70%, 69.3%, of respondents reported using the WVCHIP insurance card for dental services, and 64.1% (of the 69.3%) were for check-ups and cleaning only.

SATISFACTION WITH WVCHIP

Quality Of Care Change

51.9% of respondents felt the quality of care their child received improved after enrolling in the Program.
43.6% reported they were "Much Better Off Now"
8.3% reported they were "Somewhat Better Off"
47.4% reported they were "About The Same"
0.7% reported they were "Somewhat Worse Off"

Satisfaction with Services Received by Acordia National

Almost all respondents, 99.1%, have been satisfied with the services received from Acordia National:
65.9% reported they were "Very Satisfied"
33.2% reported they were "Satisfied"
0.7% reported they were "Dissatisfied"
0.2% reported they were "Very Dissatisfied"

Overall Satisfaction

Almost all respondents, 99.3%, reported they were "Very Satisfied" or "Satisfied" overall with WVCHIP
73.7% reported they were "Very Satisfied" overall with WVCHIP
25.6% reported they were "Satisfied" overall with WVCHIP

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STATISTICAL SECTION

"I want to thank CHIP for their outstretched hand to children without insurance. Both of my children have allergies and asthma. This program takes the financial burden off of us as a family."

Comment from a WVCHIP family from the Customer Satisfaction Survey 2005

All statistics are for the fiscal year ended June 30, 2005, unless noted otherwise.

TABLE 1: ENROLLMENT

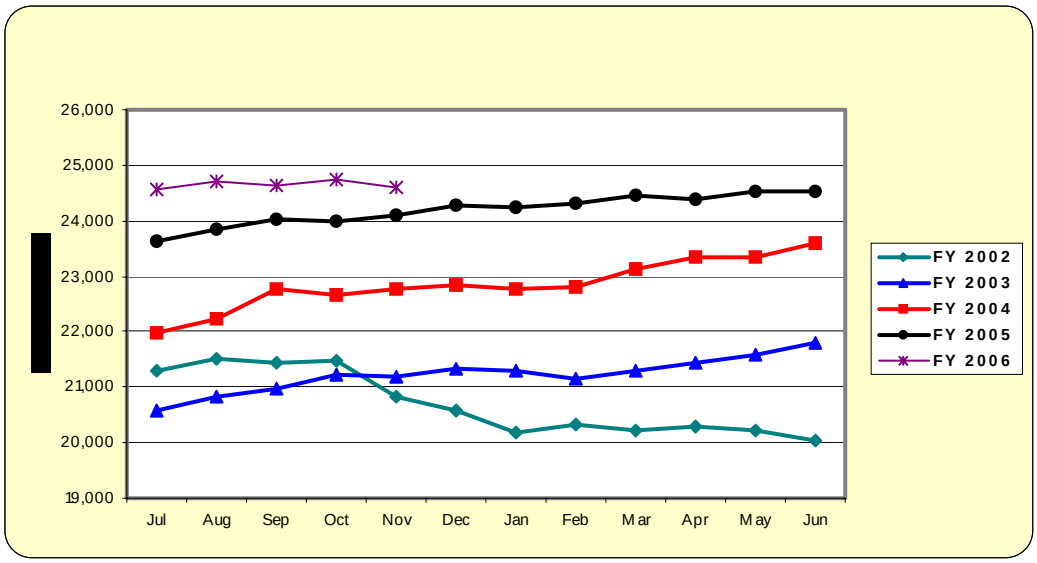


TABLE 2: ENROLLMENT DETAIL

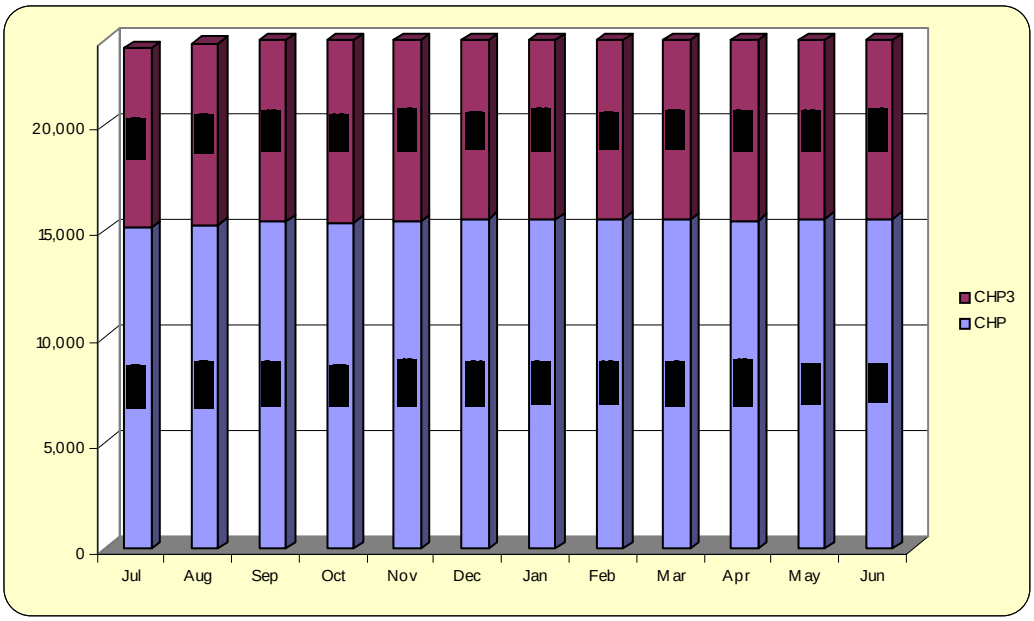
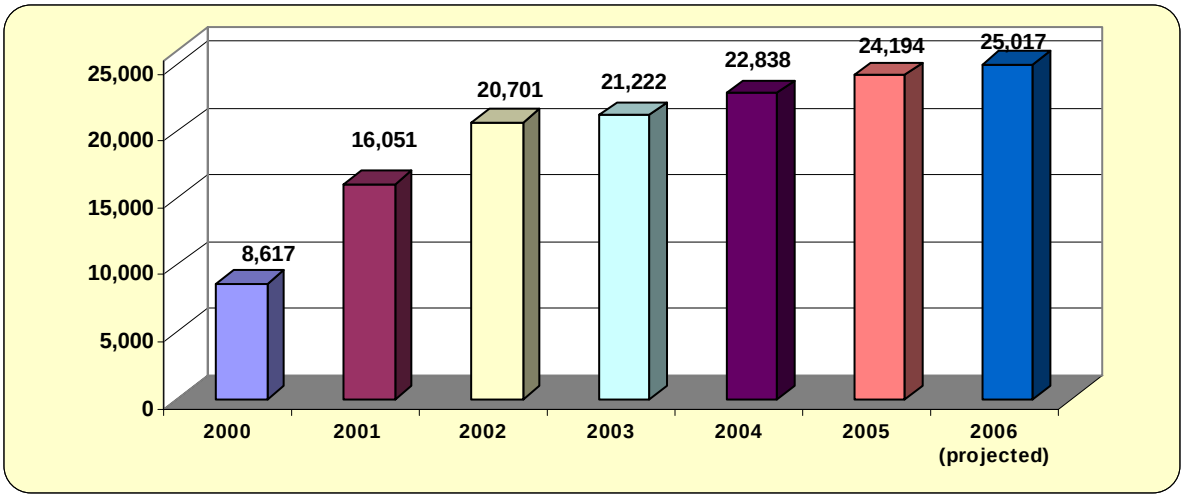


TABLE 3: AVERAGE ENROLLMENT
SFY 1999 - 2005



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

Year	Number	% Change
1999	6,656	
2000	18,416	+177%
2001	33,144	+80%
2002	35,949	+8.5%
2003	35,320	-1.7%
2004	36,906	4.5%
2005	38,614	4.6%

Total unduplicated number of children enrolled as of September 30, 2005 in WVCHIP since it began:

81,034

TABLE 4: ENROLLMENT BY GENDER

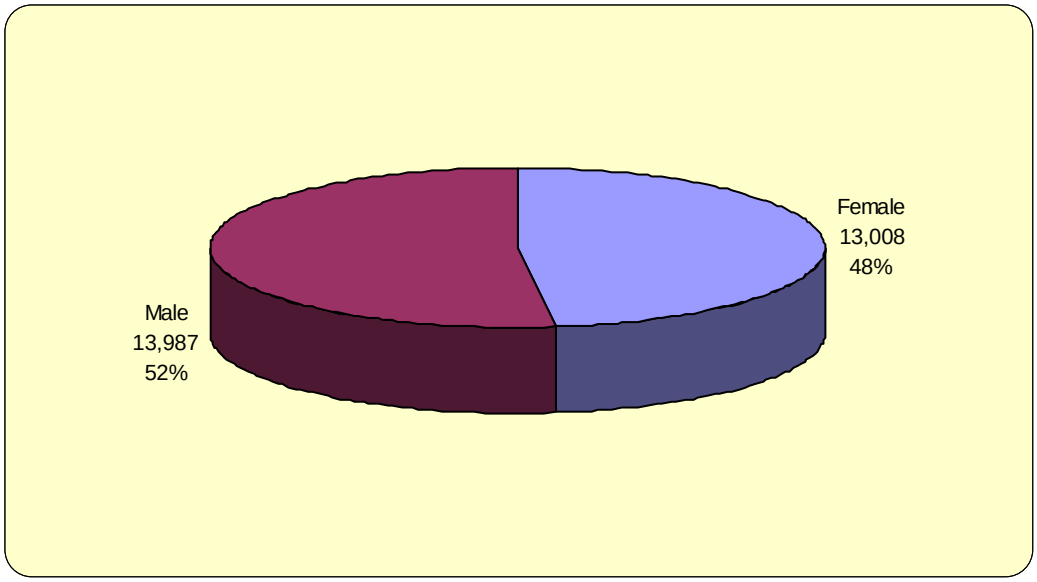


TABLE 5: ENROLLMENT BY AGE

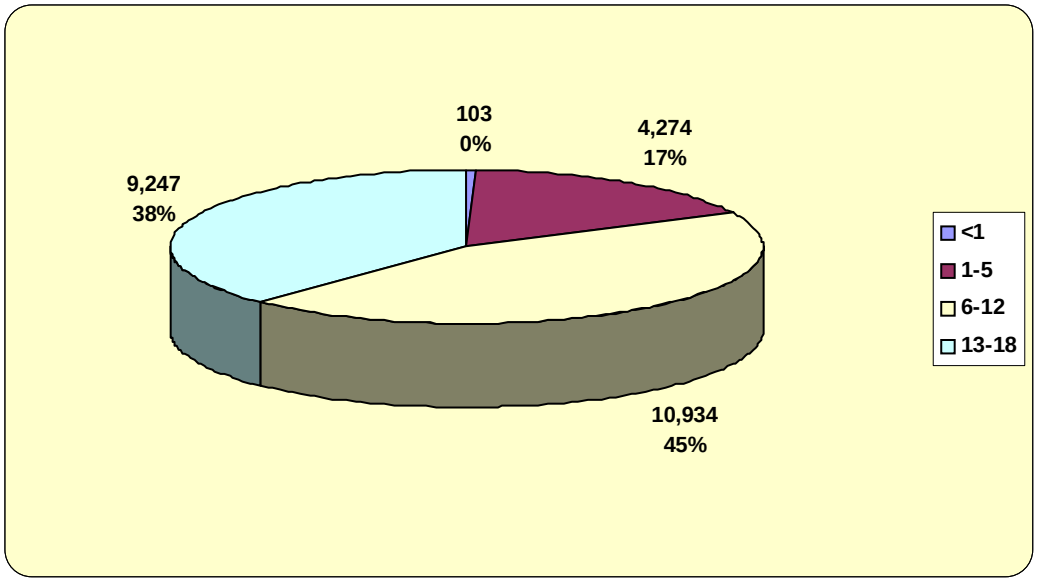
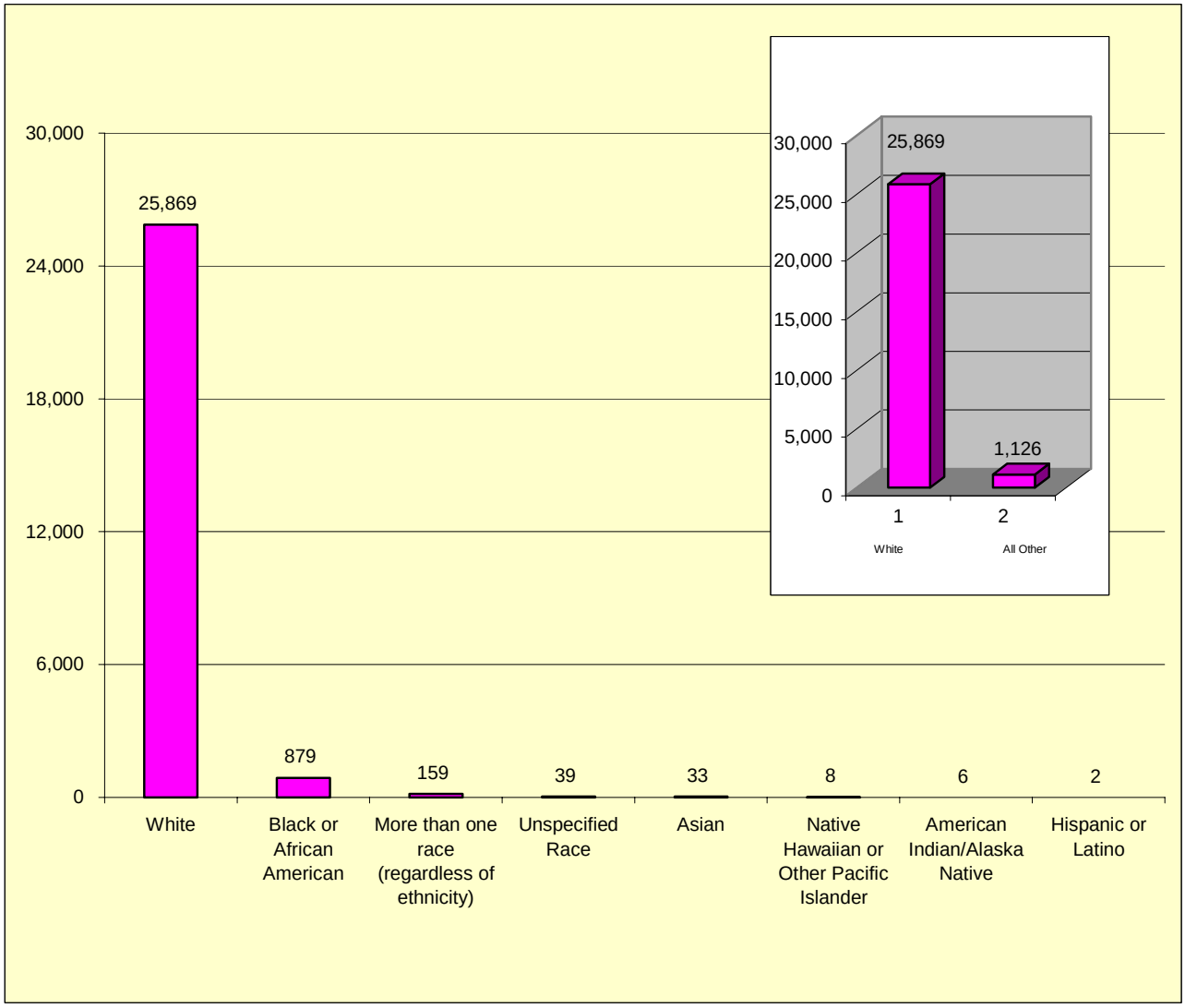
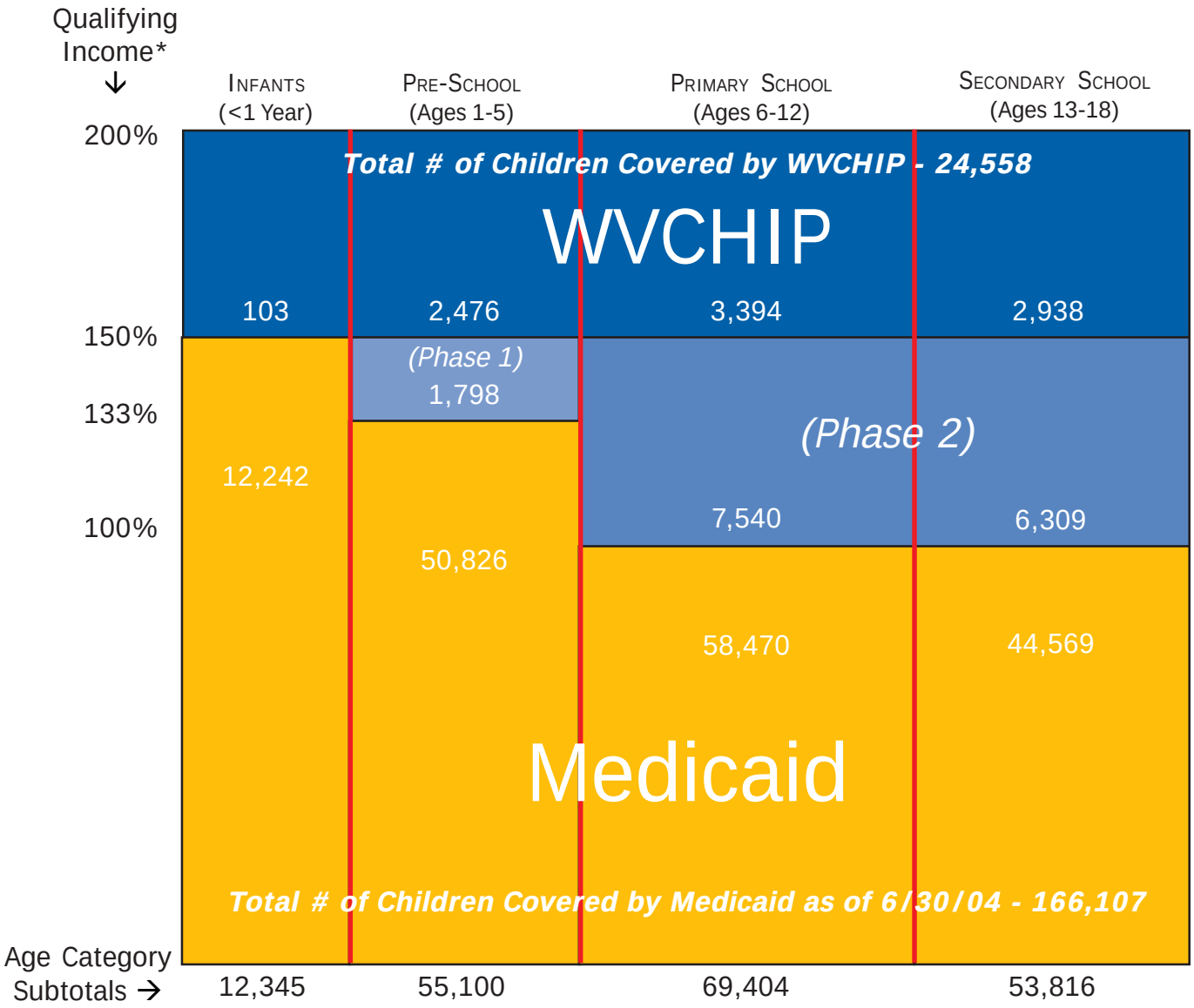


TABLE 6: ENROLLMENT BY RACE/ETHNICITY



Race/Ethnicity	**WV CHIP Population**	**% of WV CHIP Population**	**WV Population Under 18 Years**	**% of WV Population Under 18 Years**
White	25,869	95.8%	383,524	94.3%
Black or African American	879	3.3%	12,954	3.2%
More than one race (regardless of ethnicity)	159	0.6%	3,643	0.9%
Unspecified Race	39	0.1%	810	0.2%
Asian	33	0.1%	2,024	0.5%
Native Hawaiian or Other Pacific Islander	8	0.0%	81	0.0%
American Indian/Alaska Native	6	0.0%	810	0.2%
Hispanic or Latino	2	0.0%	2,834	0.7%
Hispanic or Latino and one more race	0	0.0%	0	0.0%
Total	**26,995**	**100.0%**	**406,679**	**100.0%**

Table 7: Health Coverage Of West Virginia Children By WVCHIP And Medicaid - June 30, 2005 -



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

Total # of Children Covered by WVCHIP and Medicaid - 190,665

TABLE 8: ANNUAL RE-ENROLLMENT AND NON-RESPONSES UPON RENEWAL
JULY 2004 THROUGH JUNE 2005

Closure Range by County

Lowest% of AG's Closed - 15.4%

Highest % of AG's Closed - 36.9%

Average % of AG's Closed - 26.15%

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 H Clo No
Wirt	78	21	9	42.9%	
Randolph	478	119	40	33.6%	
Preston	447	131	54	41.2%	
Wyoming	405	123	46	37.4%	
Clay	173	59	26	44.1%	
Pendleton	99	28	9	32.1%	
Lincoln	382	119	43	36.1%	
McDowell	412	133	51	38.3%	
Tucker	166	49	15	30.6%	
Summers	209	68	24	35.3%	
Doddridge	120	41	15	36.6%	
Mercer	915	298	97	32.6%	
Grant	105	35	11	31.4%	
Tyler	96	37	15	40.5%	
Wetzel	193	65	20	30.8%	
Wood	905	324	112	34.6%	
Mason	191	61	16	26.2%	
Mineral	265	92	29	31.5%	
Ohio	376	140	50	35.7%	
Calhoun	128	47	16	34.0%	
Upshur	366	118	29	24.6%	
Fayette	793	284	81	28.5%	
Harrison	729	270	82	30.4%	
Gilmer	96	34	9	26.5%	
Pocahontas	145	53	15	28.3%	
Mingo	449	151	33	21.9%	
Greenbrier	472	166	41	24.7%	
Roane	283	109	34	31.2%	
Ritchie	104	40	12	30.0%	
Monroe	210	75	18	24.0%	
Marshall	280	104	27	26.0%	
Morgan	203	67	11	16.4%	
Lewis	322	121	36	29.8%	
Nicholas	409	157	43	27.4%	
Putnam	508	208	47	22.6%	
Raleigh	1,171	429	94	21.9%	
Hardy	115	54	10	18.5%	
Monongalia	587	202	33	16.3%	

Table 9: Enrollment Changes By County
As % Difference from July 2004 through June 2005

★Denotes targeted counties as shown on the map on page 35.

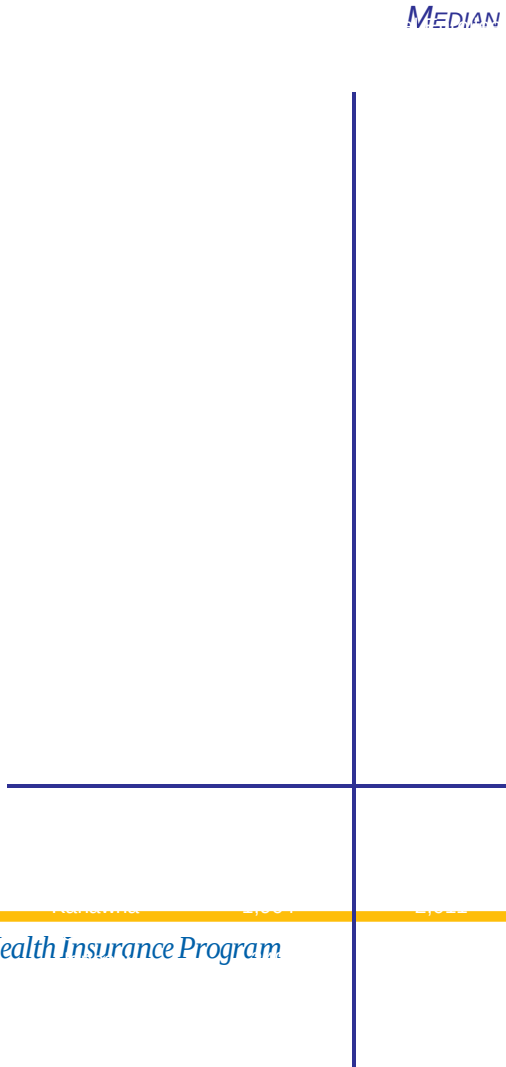


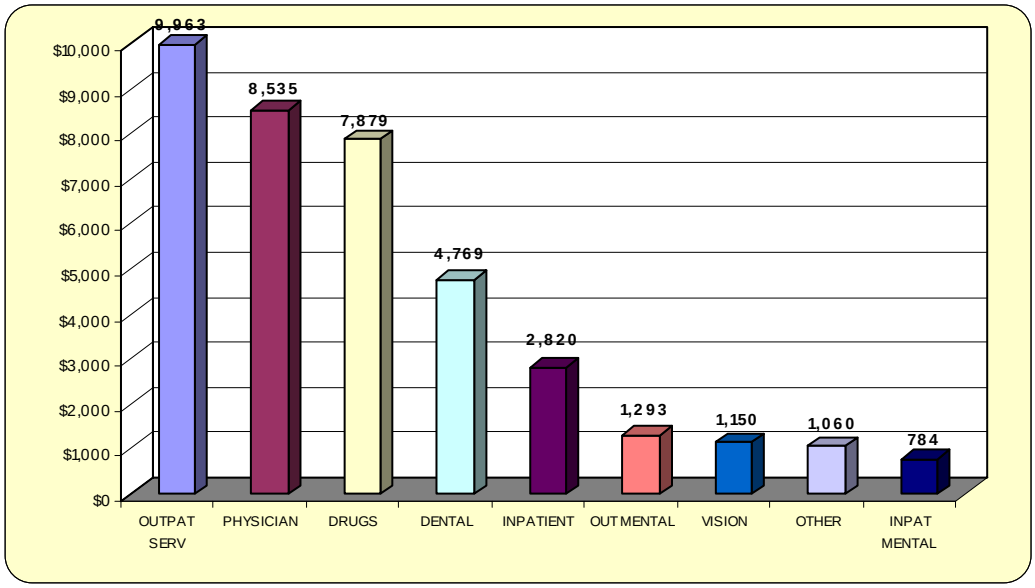
TABLE 10: ENROLLMENT CHANGES BY COUNTY
AS % OF CHILDREN NEVER BEFORE ENROLLED FROM JULY 2004 THROUGH JUNE 2005

County	Total Enrollees July 2004	Total Enrollees June 2005	New Enrollees Never in Program	New Enrollees As % of June 2005
Mineral	298	297	176	59%
Hardy	124	150	86	57%
Hampshire	248	276	154	56%
Mason	247	250	135	54%
Jefferson	386	394	209	53%
Wetzel	208	250	132	53%
Hancock	349	356	187	53%
Marshall	314	358	188	53%
Cabell★	881	927	484	52%
Berkeley★	1,059	1,117	573	51%
Morgan	220	207	104	50%
Jackson	373	372	186	50%
Pleasants	85	82	41	50%
Brooke	258	257	128	50%
Kanawha★	1,964	2,011	995	49%
Putnam	562	631	304	48%
Boone	364	355	170	48%
Wirt	85	116	55	47%
Grant	123	127	59	46%
Marion★	707	766	355	46%
Wayne★	580	611	281	46%
Webster	188	165	75	45%
Wood★	986	1,081	486	45%
Monongalia★	654	649	287	44%
Summers	242	240	106	44%
Greenbrier	498	574	251	44%
Ritchie	111	142	62	44%
Harrison	835	880	380	43%
Ohio	423	448	193	43%
Tyler	115	135	58	43%
Upshur★	427	415	175	42%
Gilmer	111	116	48	41%
Pocahontas	157	160	66	41%
Mingo★	499	482	197	41%
Preston	504	541	220	41%
Randolph★	479	503	204	41%
Mercer★	1,013	1,054	420	40%
Clay	199	211	84	40%
Raleigh★	1,294	1,224	484	40%
Doddridge	127	126	49	39%
Fayette★	859	901	349	39%
Barbour	311	316	122	39%
Nicholas	455	463	177	38%
Pendleton	109	126	48	38%
Wyoming	471	466	176	38%
Taylor	243	259	97	37%
Braxton	239	250	93	37%
Logan★	579	576	213	37%
Calhoun	146	136	50	37%
Roane	302	318	115	36%
Lincoln	415	448	161	36%
Monroe	232	262	91	35%
Lewis★	343	326	111	34%
McDowell	457	430	143	33%
Tucker	170	182	60	33%
Totals	**23,628**	**24,515**	**10,853**	**44%**
12-Mo. Ave.	**1,969**	**2,043**	**904**	**44%**

★ Denotes targeted counties as shown on the map on page 35.

MEDIAN

Table 11: Expenditures by Provider Types
Accrual Basis



Expenditures by Provider Types
Accrual Basis

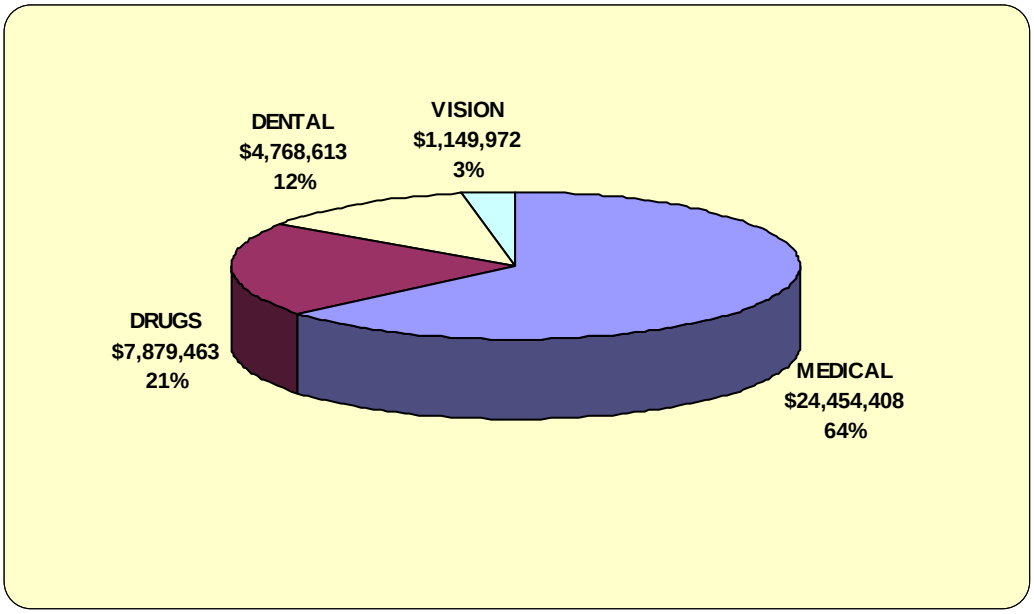


Table 12: Total Program Expenditures

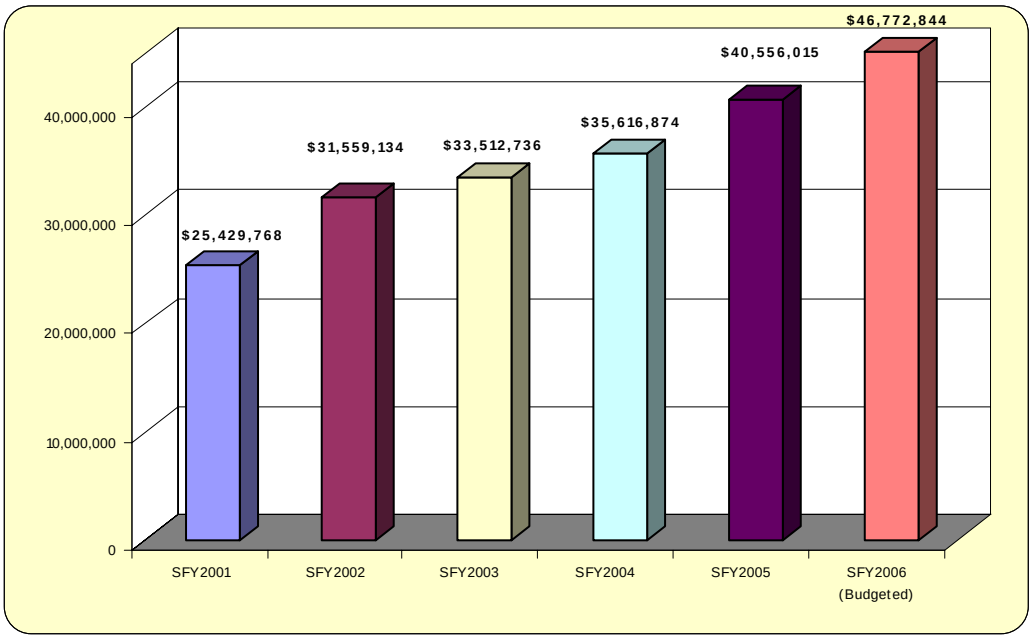
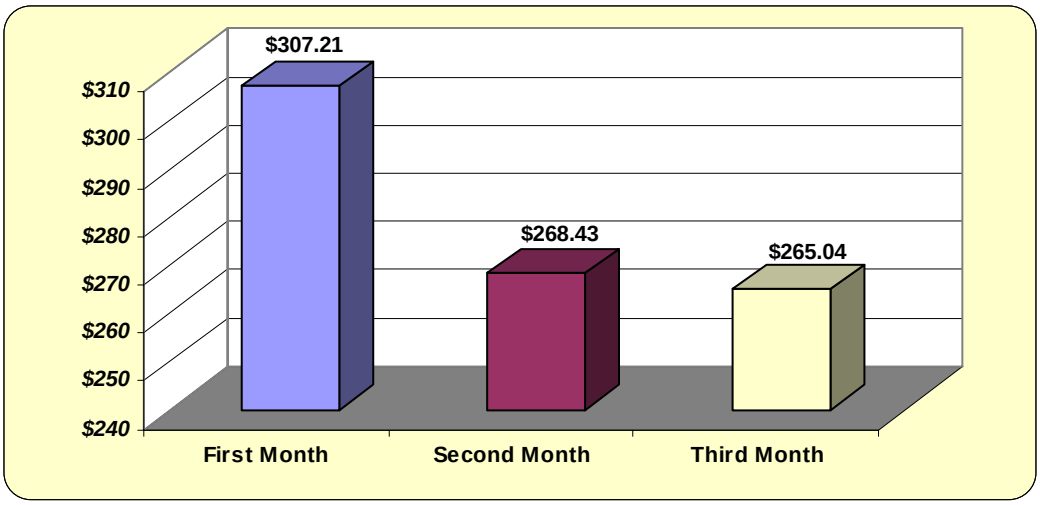


Table 13: Average Claimant Costs in First Three Months

Showing Pent Up Demand For Services Upon Enrollment



The Health Plan Employer Data and Information Set (HEDIS®) - Type Data as Utilized By WVCHIP

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

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

The following tables present HEDIS® results for WVCHIP enrollees during calendar year 2004 *(See Tables 14 - 19)*.

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 for available immunizations for children covered by WVCHIP (including the HEDIS® age group), please see Table 24.

HEDIS-Type Data
January 1, 2004 to December 31, 2004

Table 14: Dental Visits

This measure estimates the number of children enrolled for the entire 2004 calendar year at ages 4 through 18 who had a dental check-up with a dentist for services coded as preventive dental procedures only.

Age Group	Number of Continuously Enrolled Children	Number Having Dental Checkup Visit	% Having Dental Checkup Visit
4 to 6 Years	570	553	97.02%
7 to 10 Years	2,824	2,731	96.71%
11 to 14 Years	2,983	2,840	95.21%
15 to 18 Years	2,179	2,063	94.68%
Total	**8,556**	**8,187**	**95.69%**

Table 15: Vision Visits

This measure estimates the number of children enrolled for the entire 2004 calendar year who received vision services from a physician or ophthalmologist coded for preventive vision services only.

Age Group	Number of Continuously Enrolled Children	Number Having Vision Checkup Visit	% Having Vision Checkup Visit
Under 1 Year	3	1	33.33%
1 to 5 Years	1,127	171	15.17%
6 to 11 Years	2,824	860	30.45%
12 to 18 Years	4,449	1,489	33.47%
Total	**8,403**	**2,521**	**30.00%**

HEDIS-Type Data
January 1, 2004 to December 31, 2004

Table 16: Well Child Visits

This measure estimates the number of children enrolled for the entire 2004 calendar year from ages birth through six years of age who have had a well child visit with a physician coded to a prevention or screening services only.

Age Group	Number of Continuously Enrolled Children	Number Having Well Visit	% Having Well Visit
Less Than Or Equal To 15 Months	18	17	94.44%
Third Year Of Life	265	251	94.72%
Fourth Year Of Life	265	248	93.58%
Fifth Year Of Life	305	286	93.77%
Sixth Year Of Life	290	269	92.76%
Total	**1,143**	**1,071**	**93.70%**

Table 17: Access To Primary Care

This measure estimates the number of children enrolled for the entire 2004 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
12 to 24 Months	64	63	98.44%
25 Months to 6 Years	1,063	1,007	94.73%
7 to 11 Years	2,866	2,579	89.99%
Total	**3,993**	**3,649**	**91.38%**

HEDIS-Type Data
January 1, 2004 to December 31, 2004

Table 18: Proper Use of Asthma Medications

This measure estimates the number of children enrolled for the entire 2004 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
5 to 9 Years	161	149	92.55%
10 to 18 Years	322	275	85.40%
Total	**483**	**424**	**87.78%**

Table 19: Diabetic Care

This measure estimates the number of children enrolled for the entire 2004 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	13	9	69.23%	13	100.00%	3	23.08%
12 to 18 Years	31	25	80.65%	27	87.10%	10	32.26%
Total	**44**	**34**	**77.27%**	**40**	**90.91%**	**13**	**29.55%**

Selected Utilization Data as Health Status Indicators

WVCHIP currently operates exclusively in a fee-for-service payment structure. The data in Tables 20 - 24 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 - 19, the health status indicator data reflects services for all WVCHIP enrollees whether they are enrolled for one month or twelve months in the annual measurement period. Also, it captures more specific data for the entire population, which may not be captured in a HEDIS® measure. (e.g. the HEDIS® child immunization measure is specific to a required combined set of several immunizations over a two year period for two year-olds resulting in a "0" measure, whereas the selected immunization data reflects more detail.)

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

TABLE 20:
HEALTH STATUS INDICATORS
JANUARY 1, 2004 TO DECEMBER 31, 2004

VISION SERVICES

Age Group	Enrollment	Services	Utilization Rate	CHIP Expenditures	Per Member Per Year
0 to 364 Days	107	7	0.07	438.26	4.10
1 to 2 Years	1,297	52	0.04	3,746.38	2.89
3 Years	1,234	83	0.07	5,837.30	4.73
4 to 5 Years	7,413	247	0.03	18,143.09	2.45
6 to 11 Years	10,178	2,737	0.27	193,609.91	19.02
12 to 18 Years	3,334	3,423	1.03	242,720.18	72.80
				-	
Overall	**24,207**	**6,549**	**0.27**	**464,495.12**	**19.19**

TABLE 21:
HEALTH STATUS INDICATORS
JANUARY 1, 2004 TO DECEMBER 31, 2004

DENTAL SERVICES

Age Group	Enrollment	Services	Utilization Rate	CHIP Expenditures	Per Member Per Year
0 to 364 Days	107	1	0.01	-	-
1 to 2 Years	1,574	355	0.23	46,147	29.32
3 Years	839	839	1.00	114,275	136.20
4 to 5 Years	1,789	2,536	1.42	312,397	174.62
6 to 11 Years	9,193	15,090	1.64	1,682,801	183.05
12 to 18 Years	10,705	14,493	1.35	1,812,173	169.28
	-	-			
Overall	**24,207**	**33,314**	**1.38**	**3,967,793**	163.91

Table 22:
Health Status Indicators
January 1, 2004 to December 31, 2004

Well Child Visits

Age Group	Enrollment	Services	Utilization Rate	CHIP Expenditures	Per Member Per Year
0 to 364 Days	107	516	4.82	67,968.96	635.22
1 to 2 Years	1,574	2,238	1.42	254,695.19	161.81
3 Years	839	553	0.66	50,267.68	59.91
4 to 5 Years	1,789	1,230	0.69	145,931.55	81.57
6 to 11 Years	9,193	2,978	0.32	289,550.08	31.50
12 to 18 Years	10,705	2,912	0.27	262,262.77	24.50
	-	-		-	
Overall	**24,207**	**10,427**	**0.43**	**1,070,676.23**	**44.23**

Table 23:
Health Status Indicators
January 1, 2004 to December 31, 2004

Access to Primary Care Services

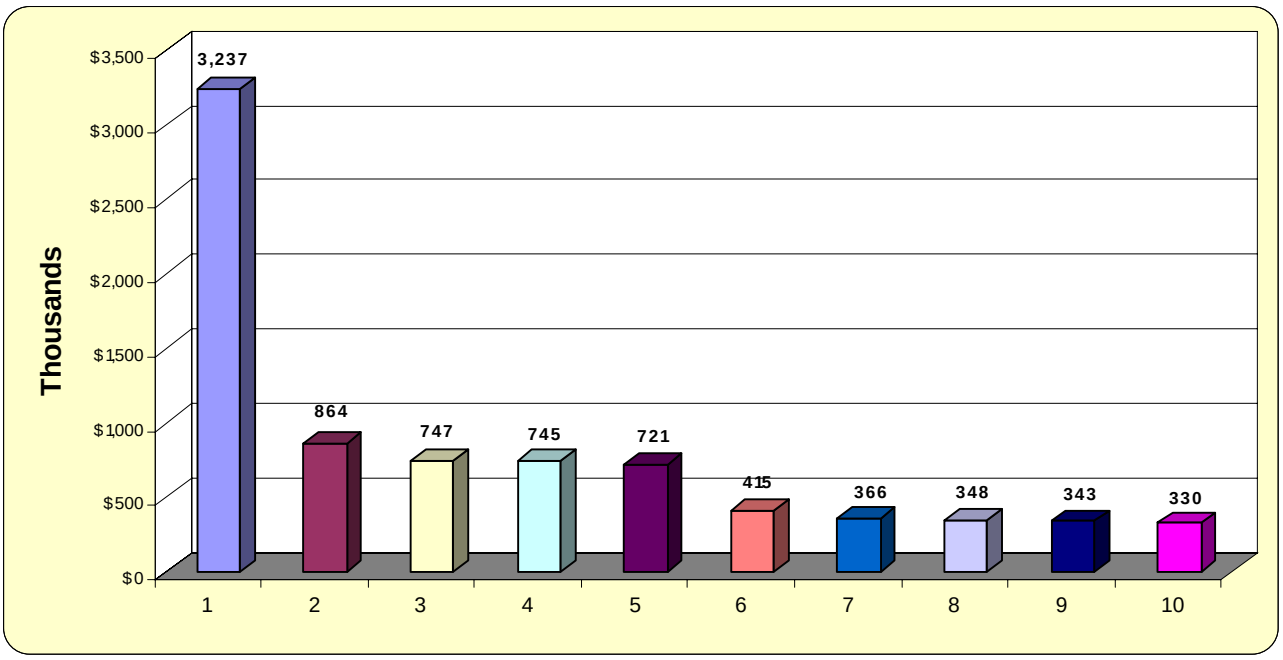
Age Group	Enrollment	Services	Utilization Rate	CHIP Expenditures	Per Member Per Year
0 to 364 Days	107	1,214	11.35	101,162.76	945.45
1 to 2 Years	1,574	8,945	5.68	584,546.69	371.38
3 Years	839	3,625	4.32	199,602.74	237.91
4 to 5 Years	1,789	7,511	4.20	458,660.45	256.38
6 to 11 Years	9,193	30,287	3.29	1,771,369.04	192.69
12 to 18 Years	10,705	32,216	3.01	1,838,507.04	171.74
Overall	**24,207**	**83,798**	**3.46**	**4,953,848.72**	**204.65**

TABLE 24:
HEALTH STATUS INDICATORS
JANUARY 1, 2004 TO DECEMBER 31, 2004

IMMUNIZATIONS SERVICES

Age Group	Immunization Type	Enrollment	Services	Utilization Rate	CHIP Expenditures	Per Member Per Year
00 : 0 to 364 Days	Hib	107	268	2.4815	4,806.78	44.51
	MMR		1	0.0093	40.71	0.38
	DTaP		281	2.6019	10,043.57	93.00
	IPV / OPV		93	0.8611	1,534.67	14.21
	Hepatitus B		54	0.5000	981.06	9.08
	Administration - Influenza Vaccine		1	0.0093	6.76	0.06
01 : 1 to 2 Years	Hib	1,574	488	0.3100	7,137.79	4.53
	MMR		430	0.2732	7,620.62	4.84
	VZV		363	0.2306	13,756.10	8.74
	DTaP		589	0.3742	8,920.62	5.67
	Measles		1	0.0006	-	-
	IPV / OPV		142	0.0902	2,008.10	1.28
	Hepatitus B		55	0.0349	823.82	0.52
	Diphtheria and Tetanus		6	0.0038	27.76	0.02
	Administration - Influenza Vaccine		5	0.0032	25.28	0.02
02 : 3 Years	Hib	839	9	0.0107	76.17	0.09
	MMR		12	0.0143	143.32	0.17
	VZV		21	0.0250	706.65	0.84
	DTaP		25	0.0298	462.44	0.55
	IPV / OPV		10	0.0119	48.41	0.06
	Hepatitus B		8	0.0095	99.65	0.12
	Administration - Influenza Vaccine		1	0.0012	6.76	0.01
03 : 4 to 5 Years	Hib	1,792	13	0.0073	145.95	0.08
	MMR		655	0.3655	13,063.99	7.29
	VZV		33	0.0184	1,114.97	0.62
	DTaP		663	0.3700	8,239.81	4.60
	Measles		1	0.0006	-	-
	IPV / OPV		650	0.3627	8,205.09	4.58
	Hepatitus B		13	0.0073	136.20	0.08
	Diphtheria and Tetanus		5	0.0028	20.13	0.01
	Administration - Influenza Vaccine		6	0.0033	39.04	0.02
04 : 6 to 11 Years	Hib	9,193	5	0.0005	40.68	0.00
	MMR		21	0.0023	292.05	0.03
	VZV		24	0.0026	734.58	0.08
	DTaP		24	0.0026	173.06	0.02
	Measles		1	0.0001	-	-
	Tetanus		20	0.0022	204.77	0.02
	IPV / OPV		21	0.0023	209.98	0.02
	Hepatitus B		43	0.0047	601.37	0.07
	Diphtheria and Tetanus		9	0.0010	33.63	0.00
	Administration - Influenza Vaccine		17	0.0018	92.60	0.01
	Administration - Pneumococcal Vaccine		2	0.0002	2.02	0.00
05 : 12 to 18 Years	Hib	10,705	1	0.0001	-	-
	MMR		21	0.0020	538.82	0.05
	VZV		11	0.0010	406.36	0.04
	DTaP		16	0.0015	65.72	0.01
	Tetanus		125	0.0117	1,190.92	0.11
	IPV / OPV		6	0.0006	74.68	0.01
	Diphtheria		1	0.0001	-	-
	Hepatitus B		366	0.0342	5,358.81	0.50
	Diphtheria and Tetanus		46	0.0043	120.78	0.01
	Administration - Hepatitus B		2	0.0002	-	-
	Administration - Influenza Vaccine		12	0.0011	75.58	0.01
	Administration - Pneumococcal Vaccine		4	0.0004	22.76	0.00
	Overall	**24,207**	**5,700**	**0.2355**	**100,481**	**4.15**

TABLE 25: TOP TEN PHYSICIAN SERVICES
BY AMOUNTS PAID



Key

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

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

Table 25: Top Ten Physician Services
By Amounts Paid

CPT Code Description

1 Office/Outpatient Visits Limited: 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 99213*)

2 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)*

3 ER Department Visit Intermediate: requiring 1) an expanded problem-focused history; 2) an expanded problem focused evaluation; and 3) medical decision making of moderate complexity - usually for a problem of moderate severity *(CPT 99283)*

4 Office/Outpatient Visits Intermediate: 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)*

5 Office/Outpatient Visits Brief: 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 Department Visit Extended: 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)*

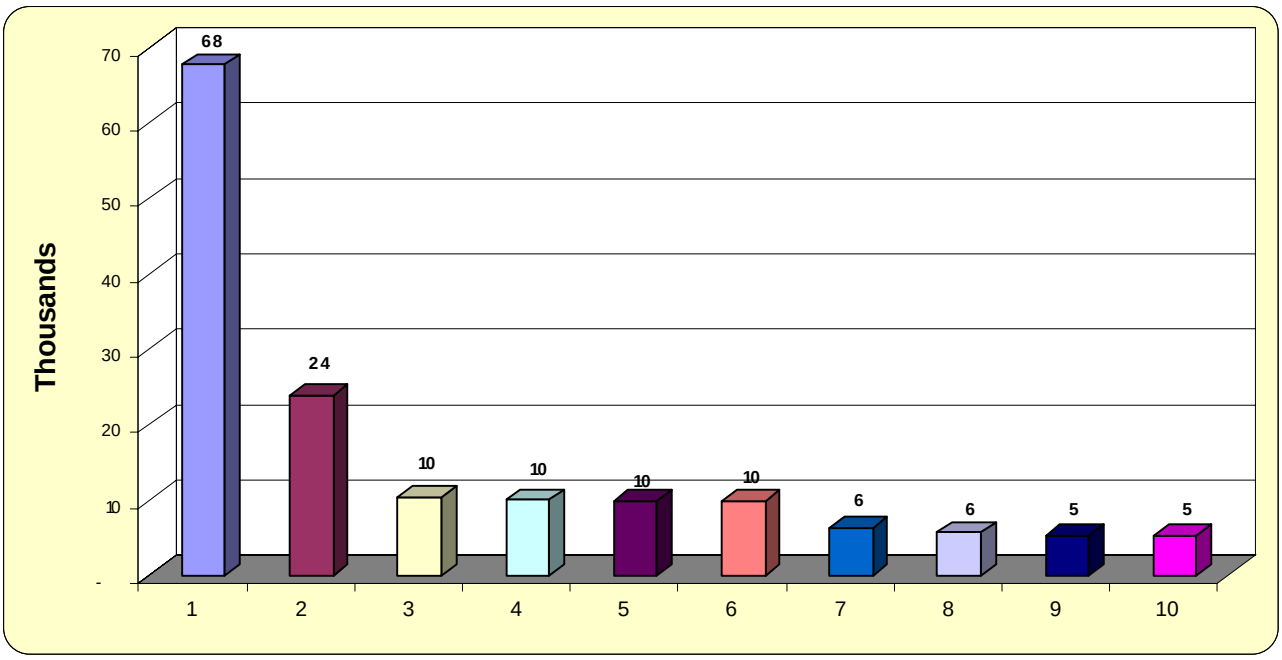
7 Periodic Comprehensive Wellness Exam Age 5-11: An age and gender specific preventive medical exam that includes appropriate history, exam, any needed counseling/anticipatory guidance/risk factor reduction interventions as well as ordering of appropriate immunizations and laboratory tests for an established 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)*

8 Psychiatric Diagnostic Interview: 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)*

9 Periodic Comprehensive Wellness Exam Age 1-4: 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)*

10 Ophthalmological Service: 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)*

Table 26: Top Ten Physician Services
By Number of Transactions



Key

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

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

Table 26: Top Ten Physician Services
By Number of Transactions

CPT Code Description

1 Office/Outpatient Visits Limited: 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 99213*)

2 Office/Outpatient Visits Brief: 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 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 Office/Outpatient Visits Intermediate: 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)*

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

6 ER Department Visit Intermediate: requiring 1) an expanded problem-focused history; 2) an expanded problem focused evaluation; and 3) medical decision making of moderate complexity - usually for a problem of moderate severity *(CPT 99283)*

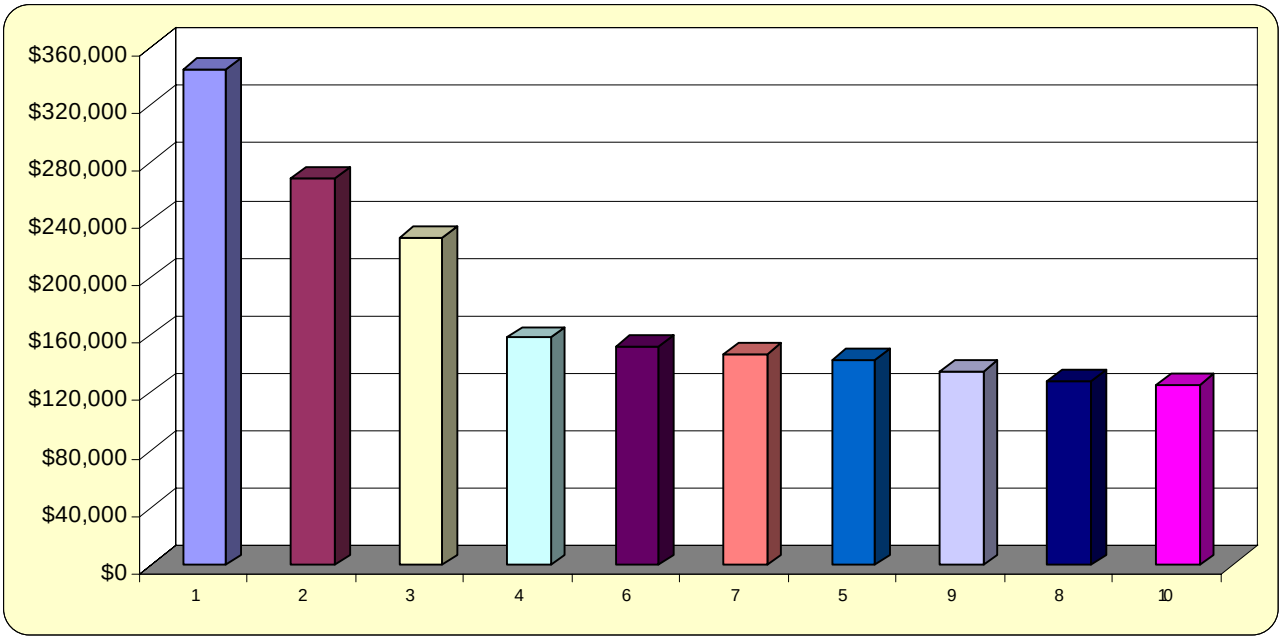
7 Test For Streptococcus: laboratory testing for Streptococcus bacteria group A as identified by colony morphology, growth on selective media *(CPT 87880)*

8 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)*

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

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

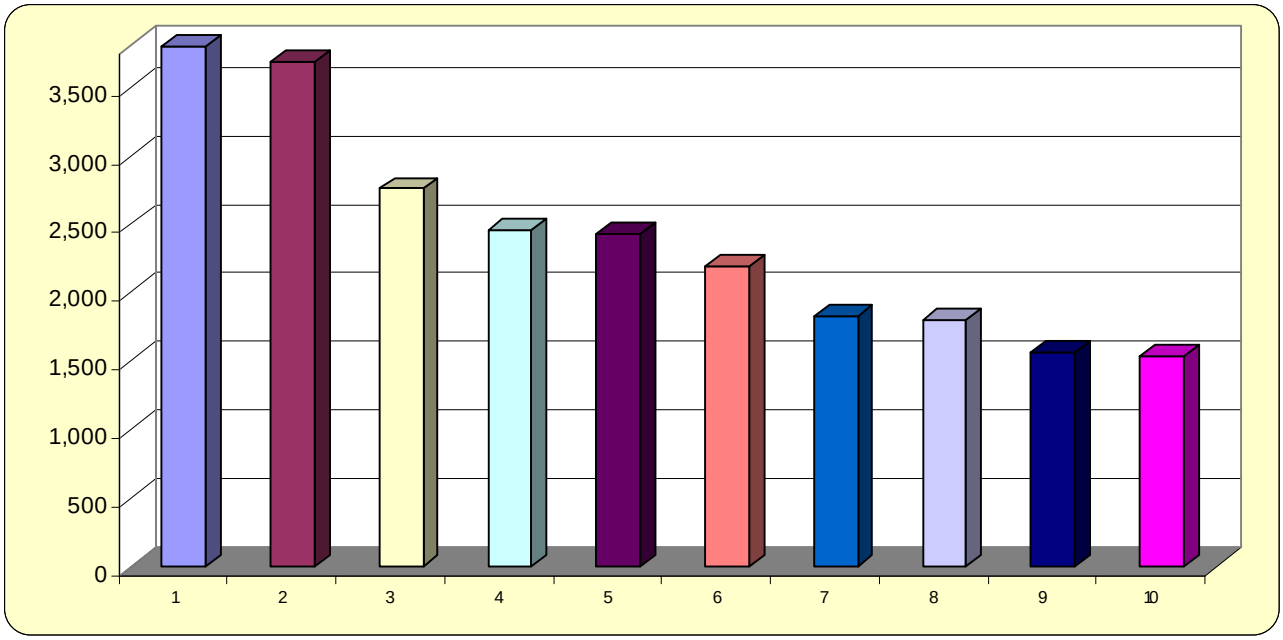
TABLE 27: TOP TEN PRESCRIPTION DRUGS
BY INGREDIENT COST



Key

	Drug Brand Name		Major Use Indication
1	Singulair 5MG	-	Asthma
2	Recombinate	-	Hemophilia
3	Nutropin 10MG	-	Growth Hormone
4	Concerta 36MG	-	Attention Deficit Hyperactivity Disorder (ADHD)
5	Singulair 10MG	-	Asthma
6	Clarinex 5MG	-	Allergies *(Claritin Only)*
7	Zithromax 250MG	-	Antibiotic *(Generic Next Year)*
8	Strattera 40MG	-	Attention Deficit Hyperactivity Disorder (ADHD)
9	Zyrtec 10MG	-	Allergies
10	Adderall XR 20MG	-	Attention Deficit Hyperactivity Disorder (ADHD)

TABLE 28: TOP TEN PRESCRIPTION DRUGS
BY NUMBER OF RX



Key

	Drug Brand Name		Major Use Indication
1	Singulair 5MG	-	Asthma
2	Zithromax 250MG Tablet	-	Antibiotic
3	Albuterol 90 MCG	-	Asthma
4	Zyrtec 10MG Tablet	-	Attention Deficit Hyperactivity Disorder (ADHD)
5	Clarinex 5MG	-	Allergies
6	Zyrtec 1MG Syrup	-	Allergies
7	Trimox 250MG	-	Antibiotic
8	Singulair 10MG	-	Asthma
9	Zithromax 200MG Susp.	-	Antibiotic
10	Concerta 36MG Tablet	-	Attention Deficit Hyperactivity Disorder (ADHD)