

Delaware Health Information Network  
Statement of Cash Flows  
October 2016 to December 2016



<b>Cash at Beginning of Period</b>	\$5,616,713
<b>OPERATING ACTIVITIES</b>	
Net Income	\$517,823
Adjustments to reconcile Net Income to net cash provided by operations:	
Accounts Receivable	\$734,740 <sup>1</sup>
Deferred Income	(\$327,907) <sup>2</sup>
Accounts Payable	\$294,902 <sup>3</sup>
<b>Net cash provided by Operating Activities</b>	<u>\$1,219,558</u>
<b>INVESTING ACTIVITIES</b>	
Gartner Marketing and Consulting	(\$58,133)
Master Patient Index - block of 500k identities	\$15,475
<b>Net cash provided by Investing Activities</b>	<u>(\$42,658)</u>
<b>Cash at End of Period</b>	<b>\$6,869,726</b>
Net Cash Increase For Period	\$1,253,013

---

<sup>1</sup> Change in Accounts Receivable is driven receipt of the Highmark's \$1MM payment which will be recognized evenly over the course of the year.

<sup>2</sup> Change in Deferred Income driven by \$1MM cash received during the quarter from Highmark/BCBSDE, income recognized monthly in 12 equal amounts.

<sup>3</sup> Change in Accounts Payable is driven by expenses recognized but payments not yet made for contractual labor, consulting services from Gartner for new product development and technology refresh initiatives, and periodic payments to DHIN's current IT vendors.

Delaware Health Information Network  
Profit and Loss Statement  
FOR THE PERIOD ENDING DECEMBER 2016



\*Accrual Basis

	Quarter To Date Actuals	Quarter To Date Budget	Variance	Year To Date Actuals	Year To Date Budget	Variance	Full Year Budget
<b>Operating Revenue</b>							
<b>Core Services</b>							
Results Delivery	\$945,183	\$945,184	(\$1)	\$1,890,368	\$1,890,367	\$0	\$3,771,558
Community Health Record (CHR)	\$766,283	\$768,011	(\$1,727)	\$1,545,798	\$1,536,021	\$9,777	\$3,082,282
<b>Total Core Services</b>	<b>\$1,711,466</b>	<b>\$1,713,194</b>	<b>(\$1,728)</b>	<b>\$3,436,165</b>	<b>\$3,426,388</b>	<b>\$9,777</b>	<b>\$6,853,841</b>
<b>Value Added Services</b>							
CHR - Viewing by Providers	\$950	\$950	\$0	\$950	\$1,960	(\$1,010)	\$6,410
Medication History Access	\$1,060	\$1,060	\$0	\$4,030	\$7,660	(\$3,630)	\$27,680
Encounter Notification Services	\$5,837	\$6,780	(\$943)	\$19,426	\$13,560	\$5,866	\$27,120
Image Viewing	\$5,859	\$5,859	\$0	\$11,718	\$11,718	\$0	\$38,056
Professional Services	\$291,215	\$301,296	(\$10,080)	\$387,947	\$393,200	(\$5,253)	\$551,927
<b>Total Value-Added Services</b>	<b>\$304,921</b>	<b>\$315,945</b>	<b>(\$11,023)</b>	<b>\$424,070</b>	<b>\$428,098</b>	<b>(\$4,027)</b>	<b>\$651,193</b>
<b>Total Operating Revenue</b>	<b>\$2,016,387</b>	<b>\$2,029,139</b>	<b>(\$12,751)</b>	<b>\$3,860,236</b>	<b>\$3,854,486</b>	<b>\$5,750</b>	<b>\$7,505,033</b>
<b>Non Operating Revenue</b>							
Grant Revenue	\$407,871	\$599,913	(\$192,043)	\$577,753	\$1,139,339	(\$561,586)	\$2,006,611
Contributions	\$250,000	\$250,000	\$0	\$500,000	\$500,000	\$0	\$1,000,000
Interest	\$16,236	\$15,000	\$1,236	\$30,570	\$30,000	\$570	\$60,000
<b>Total Non Operating Revenue</b>	<b>\$674,106</b>	<b>\$864,913</b>	<b>(\$190,807)</b>	<b>\$1,108,323</b>	<b>\$1,669,339</b>	<b>(\$561,016)</b>	<b>\$3,066,611</b>
<b>Total Revenue</b>	<b>\$2,690,493</b>	<b>\$2,894,052</b>	<b>(\$203,559)</b>	<b>\$4,968,559</b>	<b>\$5,523,825</b>	<b>(\$555,266)</b>	<b>\$10,571,644</b>
<b>Expenses</b>							
Personnel	\$677,105	\$769,637	\$92,532	\$1,372,189	\$1,572,309	\$200,120	\$3,509,457
Administration	\$109,248	\$116,121	\$6,873	\$261,775	\$302,762	\$40,987	\$580,562
Operations	\$297,203	\$297,203	\$0	\$594,405	\$594,405	\$0	\$1,188,810
Depreciation	\$15,475	\$15,475	\$0	\$30,950	\$30,950	\$0	\$61,900
Contractual (Non-Technical)	\$428,916	\$357,739	(\$71,177)	\$655,645	\$608,968	(\$46,677)	\$1,217,324
Marketing	\$72,312	\$34,000	(\$38,312)	\$112,039	\$68,000	(\$44,039)	\$186,000
Ongoing License & Maintenance	\$459,097	\$476,602	\$17,506	\$936,355	\$934,955	(\$1,400)	\$2,006,060
New Functions	\$66,550	\$403,510	\$336,960	\$138,843	\$946,381	\$807,538	\$1,487,937
New Functions Maintenance & License	\$27,375	\$15,750	(\$11,625)	\$64,800	\$40,290	(\$24,510)	\$93,646
Technology Refresh	\$19,391	\$50,400	\$31,009	\$39,091	\$326,000	\$286,909	\$1,197,200
<b>Total Expenses</b>	<b>\$2,172,671</b>	<b>\$2,536,437</b>	<b>\$363,766</b>	<b>\$4,206,092</b>	<b>\$5,425,020</b>	<b>\$1,218,928</b>	<b>\$11,528,895</b>
<b>Net Income</b>	<b>\$517,823</b>	<b>\$357,615</b>	<b>\$160,207</b>	<b>\$762,467</b>	<b>\$98,805</b>	<b>\$663,661</b>	<b>(\$957,250)</b>

**\*Explanation of Budget Categories\***

- ❖ Results Delivery represents electronic delivery of clinical results for DHIN's 26 data contributors. Pricing has been held flat compared to last year and revenue is increasing due a overall projected increase in volume from the DHIN data sender community.
- ❖ Community Health Record represents funding from the various payers which receive benefit from the healthcare community having access to patient records sourced from acute and ambulatory providers. DHIN has reduced its per member per month pricing from \$0.78 to \$0.75 in FY2017.
- ❖ Professional Services represents services provided to DPH, DHCC in support of the State Innovation Model project, as well as ongoing interface connectivity work to existing and new customers.
- ❖ Grant Revenue is from DHIN's \$2.7 million ONC grant which began in July 2015 and ends July 2017. DHIN was awarded a \$625,000 supplemental grant in September 2016 which will also end in July 2017. No revenue or expenses from the supplemental grant were included in the FY2017 budget.
- ❖ Contributions - Highmark's \$1MM annual funding agreement stemming from the Delaware Insurance Commissioner's Affiliation Approval Conditions ends in FY2017.
- ❖ Personnel expenditures are for DHIN people-related expenses. DHIN is expected to grow to 30 FTE in FY2017.
- ❖ Administration expenses are for non-people related overhead expenses (lease, computer support, supplies, etc.).
- ❖ Operations expenses consist of Data Center and Help Desk functions from DHIN's technology provider.

- ❖ Contractual (Non-Technical) Expenditures are for:
  - Contract and Project Management from Medicity.
  - 4 contracted people who go to practices, SNF's, and Behavioral Health facilities to promote, educate, and train those stakeholders on ENS, Vorrohealth (the MDS to C-CDA converter tool), and Direct secure messaging, funded by the ONC grant.
  - CRM system development in support of a Provider Directory
  - Grant funded provider surveys to determine the increase in providers who provide clinical information to their patients.
  - Annual Report development.
  - Legal counsel to supplement existing support from the State's Deputy Attorney General.
- ❖ Ongoing License and Maintenance expenses are related to functions implemented in prior years, including DHIN 's results delivery system, Community Health Record, Master Patient Index, Encounter Notification System, and various analytics tools.
- ❖ Marketing expenditures are for new product promotion, ongoing website and social media marketing development, and consumer marketing
- ❖ New Functions expenditures include the implementation of new functions, new data types, EMR vendor interfaces, and new data senders. FY2017 initiatives include:
  - Continuity of Care Document (CCD) exchange from 210 providers to the DHIN Community Health Record.
  - Development of reporting to track the usage of the CCD's in the Community Health Record.
  - Development of a patient portal which will also supply information to existing stakeholder patient portals to provide patient information from other facilities to provide complete information within their portal so that the patient does not have to go to multiple sites to obtain all of their information.
  - Development of a consumer facing revenue generating product.
  - Further development of an analytics database.
  - Implementation of the Vorrohealth tool which will extract data from a Minimum Data Set document and convert it to a digestible CCD document, viewable in the DHIN Community Health Record.
- ❖ New Functions Maintenance and License expenses are related to projects implemented in the current fiscal year.
- ❖ Technology Refresh: Expenses related to any development, hardware, or software that would be purchased in the event of that a new technology platform is selected.

**\*Year To Date Key Variance Explanations\***

- ❖ Grant Revenue related to the ONC Cooperative Agreement is below plan due to the variances described below in the Contractual and New Function expense categories. DHIN's ONC revenue is driven by reimbursement of incurred grant-related expenses.
- ❖ Personnel expenses are favorable to plan due a delay in hiring budgeted headcount as well as lower than budgeted medical insurance and retirement match contribution expenses.
- ❖ Contractual expenses are higher than planned due to the hiring of PHR, Analytics, and Informatics contractors hired in September 2016 in support of the ONC grant.
- ❖ Marketing expenses are above plan due to the acceleration in timing of PHR Marketing initiatives as well as the DHIN Stakeholder Summit held in December 2016. These expenses are offset by savings in the New Functions category.
- ❖ New Functions Expense is below plan to due to a savings in exporting clinical data from Medicity to IMAT, significantly lower than expected costs for CCD integration, a slight delay in implementing a Personal Health Record/Patient Portal (implementation is expected in the Spring of 2017, reduced LTPAC engagement for DHIN's Vorrohealth CCD solution, and savings generated by developing CCD reporting internally. There will be significant savings which will be invested into promotion for DHIN's PHR product as well as assessment of DHIN's current infrastructure to house a claims database.
- ❖ Technology Refresh Expense is below plan to due to DHIN's ability to perform testing and development internally as opposed to using contractual resources.

Delaware Health Information Network  
Balance Sheet  
As of December 31st, 2016



**ASSETS**

Restricted Cash	\$444,740
Unrestricted Cash	\$6,424,985
Restricted Accounts Receivable	\$1,481,648 <sup>1</sup>
Prepaid Expenses - Restricted	\$319,316 <sup>2</sup>
Equipment - Restricted	\$222,735 <sup>3</sup>
Other Assets	<u>\$70,646 <sup>4</sup></u>
<b>TOTAL ASSETS</b>	<u><u>\$8,964,070</u></u>

**LIABILITIES AND NET ASSETS**

Accounts Payable	\$444,740 <sup>5</sup>
Deferred Income	\$555,930
Unrestricted Net Assets	\$7,963,399
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$8,964,070</u></u>

<sup>1</sup> Restricted Accounts Receivable includes \$610,000 that is due from United Healthcare for services performed for it's Medicaid members, with some funds over 90 days past due. DHIN has been working with the State of Delaware to enforce payment through a contract execution, which has been outstanding since January 2015. Positive resolution is expected shortly. Balance also driven by reimbursable funds from ONC for incurred expenses from October to December 2016. Payment is also due from the State of Delaware for incurred State Innovation Model Activities. Payment is also due from an additional payer for services provided for Medicaid and SEBC customers. All funds are expected to be collected.

<sup>2</sup> Includes payment to Audacious Inquiry and Perfect Search for FY2017 license and hosting expenses, as well as funds paid in FY2016 which span FY2016 and FY2017.

<sup>3</sup> Remaining value of 1.5MM Master Patient Indices with a 5 year life:  
- 500,000 MPI's purchased in March 2015  
- 1,000,000 MPI's purchased in October 2015

<sup>4</sup> Other Assets include DHIN's Lease Deposit and a prepaid subscription for Gartner Subscription Services marketplace intelligence, contract review, and product sizing reviews.

<sup>5</sup> Accounts Payable includes incurred expenses for contractual labor, consulting services from Gartner for new product development and technology refresh initiatives, and periodic expenses to DHIN's current IT vendors.

<sup>6</sup> Deferred Income is related to cash received from Highmark BCBSDE which will recognized over the remainder of the year.