

Delaware Health Information Network
Statement of Cash Flows
April 2016 to June 2016



Cash at Beginning of Period	\$6,985,580
OPERATING ACTIVITIES	
Net Income	(\$105,413)
Adjustments to reconcile Net Income to net cash provided by operations:	
Accounts Receivable	(\$500,655) ¹
Deferred Income	(\$172,415)
Accounts Payable	\$655,677 ²
Net cash provided by Operating Activities	<u>(\$122,805)</u>
INVESTING ACTIVITIES	
Gartner Marketing and Consulting	\$16,600
Master Patient Index - block of 500k identities	\$15,475
Net cash provided by Investing Activities	<u>\$32,075</u>
Cash at End of Period	\$6,548,263
Net Cash Increase For Period	(\$437,317)

¹ Change in Accounts Receivable is driven by significant delinquency from a Medicaid MCO Payer. The State's Medicaid Managed Care Unit is in contact with the customer to resolve the situation. Payment is expected. Change in receivables is also driven by recent receivables due from ONC in support of grant expenditures incurred. Payment will be received shortly.

² Change in Accounts Payable is driven by expenses incurred from Gartner for Strategic Planning and an Infrastructure Assessment. Change is also driven by accruals for Performance Incentives for DHIN Staff as well as incurred monthly vendor expenses. All items will be paid in the first quarter of FY2017.

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



*Accrual Basis

	Quarter To			Year To Date Actuals	Year To Date Reforecast	Variance	Full Year Reforecast
	Quarter To Date Actuals	Date Reforecast	Variance				
Revenue							
Data Senders	\$854,658	\$916,330	(\$61,671)	\$3,563,096	\$3,643,157	(\$80,062)	\$3,643,157
Payers	\$797,986	\$807,746	(\$9,760)	\$3,257,011	\$3,237,763	\$19,249	\$3,237,763
Indirect Grants	\$137,370	\$63,810	\$73,560	\$226,180	\$152,620	\$73,560	\$152,620
Providers	\$31,601	\$14,539	\$17,062	\$73,103	\$57,767	\$15,337	\$57,767
Contributions	\$250,000	\$250,000	\$0	\$1,000,000	\$1,000,000	\$0	\$1,000,000
Dept. of Public Health	\$15,268	\$11,451	\$3,817	\$45,804	\$45,805	(\$1)	\$45,805
Professional Services	\$27,485	\$1,790	\$25,695	\$131,262	\$69,232	\$62,030	\$69,232
ONC Cooperative Agreement	\$287,748	\$914,448	(\$626,700)	\$727,929	\$1,451,709	(\$723,780)	\$1,451,709
Interest	\$15,564	\$2,400	\$13,164	\$28,011	\$8,755	\$19,256	\$8,755
Total Revenue	\$2,417,681	\$2,982,513	(\$564,832)	\$9,052,396	\$9,666,807	(\$614,411)	\$9,666,807
Expenses							
Personnel	\$771,736	\$849,147	\$77,412	\$2,642,099	\$2,749,618	\$107,518	\$2,749,618
Administration	\$84,685	\$135,391	\$50,705	\$375,460	\$448,716	\$73,256	\$448,716
Operations	\$141,021	\$297,203	\$156,182	\$1,032,628	\$1,188,810	\$156,182	\$1,188,810
Depreciation	\$15,475	\$15,475	\$0	\$61,098	\$61,098	(\$0)	\$61,098
Contractual (Non-Technical)	\$818,666	\$747,254	(\$71,412)	\$1,329,375	\$1,261,646	(\$67,729)	\$1,261,646
Marketing	\$54,358	\$59,317	\$4,959	\$148,424	\$165,000	\$16,576	\$165,000
Ongoing License & Maintenance	\$364,366	\$378,559	\$14,193	\$1,501,054	\$1,631,068	\$130,014	\$1,631,068
New Functions	\$213,566	\$1,205,309	\$991,743	\$375,611	\$1,552,444	\$1,176,833	\$1,552,444
New Functions Maintenance & License	\$42,047	\$54,755	\$12,708	\$75,797	\$90,085	\$14,288	\$90,085
Technology Refresh	\$17,173	\$0	(\$17,173)	\$22,733	\$0	(\$22,733)	\$0
Total Expenses	\$2,523,093	\$3,742,410	\$1,219,317	\$7,564,280	\$9,148,484	\$1,584,204	\$9,148,484
Net Income	(\$105,413)	(\$759,897)	\$654,484	\$1,488,116	\$518,324	\$969,793	\$518,324

Explanation of Budget Categories

- ❖ Contributions - Highmark's \$1MM annual funding agreement stemming from the Delaware Insurance Commissioner's Affiliation Approval Conditions.
- ❖ Providers - includes ENS services provided to ACO's and various subscription services (including Medication History) provided to ambulatory providers.
- ❖ Indirect Grants - Includes \$128k of State Innovation Model funding for Provider Scorecard maintenance and \$25k for a Medicaid fraud prevention grant.
- ❖ ONC Cooperative Agreement: DHIN was awarded a 2-year, \$2.7 million cooperative agreement award from ONC in late July 2015 in which every \$3 of ONC funding is matched by \$1 of DHIN funding. Revenue is recognized when equivalent expenses are incurred.
- ❖ Personnel expenses are for DHIN staff people-related items.
- ❖ 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, Medicity.
- ❖ Contractual (Non-Technical) expenses are for:
 - Contract and Project Management from Medicity, DHIN's technology provider
 - Development of a new strategic plan
 - Request For Proposal for a technology vendor for DHIN's Community Health Record.
- ❖ Ongoing License and Maintenance expenses are related to functions implemented in prior years.
- ❖ Marketing expenses are for provider outreach materials, consumer educational materials, and brand awareness.
- ❖ New Functions expenses include the implementation of new functions, new data types, EMR vendor interfaces, and new data senders. Significant components for FY2016 include providing clinical information feeds to payers and hospitals, significantly expanding CCD exchange capability, adding new data senders, and implementing the ability to connect and convert documents from long term care and home health organizations to CCD documents which can be ingested in the DHIN Community Health record for improved transitions of care.
- ❖ 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

- ❖ Data Sender Revenue is below plan due to credit given in support of work regarding the FY2016 software upgrade. The credit was funded by DHIN's primary technology provider. An offsetting expense credit exists in the Operations expense category.
- ❖ ONC Cooperative Agreement Revenue is below plan due to cost savings in DHIN's Event Notification solution and lower than expected costs for CCD integration. DHIN's ONC revenue is reimbursement of incurred expenses. The variance is also driven by a delay getting LTPAC engagement for its Vorrohealth CCD solution and a delay in CCD reporting development, driven by the longer than expected software upgrade process which occurred during the year.

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



*Accrual Basis

	Quarter To Date Actuals	Quarter To Date Reforecast	Variance	Year To Date Actuals	Year To Date Reforecast	Variance	Full Year Reforecast
Revenue							
Data Senders	\$854,658	\$916,330	(\$61,671)	\$3,563,096	\$3,643,157	(\$80,062)	\$3,643,157
Payers	\$797,986	\$807,746	(\$9,760)	\$3,257,011	\$3,237,763	\$19,249	\$3,237,763
Indirect Grants	\$137,370	\$63,810	\$73,560	\$226,180	\$152,620	\$73,560	\$152,620
Providers	\$31,601	\$14,539	\$17,062	\$73,103	\$57,767	\$15,337	\$57,767
Contributions	\$250,000	\$250,000	\$0	\$1,000,000	\$1,000,000	\$0	\$1,000,000
Dept. of Public Health	\$15,268	\$11,451	\$3,817	\$45,804	\$45,805	(\$1)	\$45,805
Professional Services	\$27,485	\$1,790	\$25,695	\$131,262	\$69,232	\$62,030	\$69,232
ONC Cooperative Agreement	\$287,748	\$914,448	(\$626,700)	\$727,929	\$1,451,709	(\$723,780)	\$1,451,709
Interest	\$15,564	\$2,400	\$13,164	\$28,011	\$8,755	\$19,256	\$8,755
Total Revenue	\$2,417,681	\$2,982,513	(\$564,832)	\$9,052,396	\$9,666,807	(\$614,411)	\$9,666,807
Expenses							
Personnel	\$771,736	\$849,147	\$77,412	\$2,642,099	\$2,749,618	\$107,518	\$2,749,618
Administration	\$84,685	\$135,391	\$50,705	\$375,460	\$448,716	\$73,256	\$448,716
Operations	\$141,021	\$297,203	\$156,182	\$1,032,628	\$1,188,810	\$156,182	\$1,188,810
Depreciation	\$15,475	\$15,475	\$0	\$61,098	\$61,098	(\$0)	\$61,098
Contractual (Non-Technical)	\$818,666	\$747,254	(\$71,412)	\$1,329,375	\$1,261,646	(\$67,729)	\$1,261,646
Marketing	\$54,358	\$59,317	\$4,959	\$148,424	\$165,000	\$16,576	\$165,000
Ongoing License & Maintenance	\$364,366	\$378,559	\$14,193	\$1,501,054	\$1,631,068	\$130,014	\$1,631,068
New Functions	\$213,566	\$1,205,309	\$991,743	\$375,611	\$1,552,444	\$1,176,833	\$1,552,444
New Functions Maintenance & License	\$42,047	\$54,755	\$12,708	\$75,797	\$90,085	\$14,288	\$90,085
Technology Refresh	\$17,173	\$0	(\$17,173)	\$22,733	\$0	(\$22,733)	\$0
Total Expenses	\$2,523,093	\$3,742,410	\$1,219,317	\$7,564,280	\$9,148,484	\$1,584,204	\$9,148,484
Net Income	(\$105,413)	(\$759,897)	\$654,484	\$1,488,116	\$518,324	\$969,793	\$518,324

- ❖ Personnel expenses are favorable to plan due a delay in hiring budgeted headcount and other vacancy, as well as reimbursement from DHIN's primary technology provider for work incurred in support of the FY2016 software upgrade.
- ❖ Administration expenses are favorable to plan due to a delay in implementing a HIE analysis research study conducted by Harvard University.
- ❖ Operations expense is favorable due to credits from DHIN's primary technology vendor for software upgrade reparations and Service Level Agreement
- ❖ Ongoing License and Maintenance expenses are favorable due to a change in the alignment of DHIN's maintenance expense from IBM for DHIN's Master Patient Index which results in delay of the expenses. The favorable variance is also due to savings related to DHIN's Event Notification Product, as DHIN was able to negotiate favorable terms which eliminate the long term carrying costs of the product.
- ❖ New Functions Expense is below plan to due to cost savings in DHIN's Event Notification solution and lower than expected costs for CCD integration. The variance is also driven by a delay getting LTPAC engagement for its Vorrohealth CCD solution and a delay in CCD reporting development, driven by the longer than expected software upgrade process which occurred during the year. In addition, the variance is driven by lower than expected expenses for the Clinical Information Feed projects, with DHIN finding more cost effective ways to implement the technology.

Delaware Health Information Network
Balance Sheet
As of June 30th, 2016



ASSETS

Restricted Cash	\$697,011
Unrestricted Cash	\$5,851,252
Restricted Accounts Receivable	\$844,511 ¹
Prepaid Expenses - Restricted	\$375,542 ²
Equipment - Restricted	\$238,287 ³
Other Assets	<u>\$29,112 ⁴</u>
TOTAL ASSETS	<u><u>\$8,035,717</u></u>

LIABILITIES AND NET ASSETS

Accounts Payable	\$697,011 ⁵
Deferred Income	\$79,010
Unrestricted Net Assets	\$7,259,696
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$8,035,717</u></u>

¹ Restricted Accounts Receivable includes payment due from a payer as well as receivables from DHIN's data senders for results delivery services performed. The balance also includes payment due from ONC for grant activities achieved. All funds are expected to be collected.

² Includes payment to Audacious Inquiry for FY2017 license and hosting expenses, as well as funds paid in FY2016 which span FY2016 and FY2017. Also includes credits from DHIN's primary technology vendor for software upgrade reparations and Service Level Agreement payments.

³ 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

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

⁵ Accounts Payable includes expenses incurred from Gartner for Strategic Planning and an Infrastructure Assessment. The balance also includes Performance Incentives for DHIN Staff as well as incurred monthly vendor expenses. All items will be paid in the first quarter of FY2017.