

Delaware Health Information Network
Statement of Cash Flows
January 2017 to March 2017



Cash at Beginning of Period	\$6,869,726
OPERATING ACTIVITIES	
Net Income	\$116,919
Adjustments to reconcile Net Income to net cash provided by operations:	
Accounts Receivable	\$15,590
Deferred Income	(\$233,249) ¹
Accounts Payable	(\$623,301) ²
Net cash provided by Operating Activities	<u>(\$724,041)</u>
INVESTING ACTIVITIES	
Gartner Marketing and Consulting	\$19,100
Master Patient Index - block of 500k identities	\$15,475
Net cash provided by Investing Activities	<u>\$34,575</u>
Cash at End of Period	\$5,805,639
Net Cash Increase For Period	(\$1,064,087)

¹ Change in Deferred Income driven by \$1MM cash received earlier in the year from Highmark/BCBSDE, with income recognized monthly in 12 equal amounts.

² Change in Accounts Payable is driven by payment made during the quarter to Medicity for 4th quarter expenses.

Delaware Health Information Network
Profit and Loss Statement
FOR THE PERIOD ENDING MARCH 2017



*Accrual Basis

	Quarter To Date Actuals	Quarter To Date Reforecast	Variance	Year To Date Actuals	Year To Date Reforecast	Variance	Full Year Reforecast
Operating Revenue							
Core Services							
Results Delivery	\$948,136	\$948,018	\$118	\$2,815,409	\$2,815,291	\$118	\$3,786,402
Community Health Record (CHR)	\$770,874	\$770,225	\$649	\$2,318,865	\$2,318,215	\$650	\$3,095,878
Total Core Services	\$1,719,010	\$1,718,242	\$768	\$5,134,274	\$5,133,506	\$768	\$6,882,280
Value Added Services							
CHR - Viewing by Providers	\$700	\$1,400	(\$700)	\$1,650	\$2,350	(\$700)	\$4,700
Medication History Access	\$660	\$0	\$660	\$4,690	\$4,030	\$660	\$22,070
Encounter Notification Services	\$6,128	\$5,809	\$319	\$25,553	\$25,235	\$319	\$31,043
Image Viewing	\$9,514	\$20,478	(\$10,964)	\$21,232	\$32,196	(\$10,964)	\$38,056
Professional Services	\$77,800	\$66,044	\$11,758	\$416,186	\$404,429	\$11,757	\$546,023
Total Value-Added Services	\$94,801	\$93,731	\$1,072	\$469,311	\$468,240	\$1,072	\$641,892
Total Operating Revenue	\$1,813,811	\$1,811,973	\$1,840	\$5,603,585	\$5,601,746	\$1,840	\$7,524,172
Non Operating Revenue							
Grant Revenue	\$685,883	\$716,994	(\$31,111)	\$1,263,636	\$1,294,747	(\$31,111)	\$2,631,611
Contributions	\$250,000	\$250,000	\$0	\$750,000	\$750,000	\$0	\$1,000,000
Interest	\$14,578	\$16,500	(\$1,922)	\$45,149	\$47,070	(\$1,922)	\$63,570
Total Non Operating Revenue	\$950,461	\$983,494	(\$33,032)	\$2,058,785	\$2,091,818	(\$33,032)	\$3,695,182
Total Revenue	\$2,764,272	\$2,795,467	(\$31,195)	\$7,662,370	\$7,693,563	(\$31,193)	\$11,219,354
Expenses							
Personnel	\$778,347	\$805,196	\$26,850	\$2,150,535	\$2,177,385	\$26,850	\$3,287,386
Administration	\$141,063	\$120,860	(\$20,203)	\$403,107	\$382,904	(\$20,203)	\$518,438
Operations	\$297,203	\$297,203	\$0	\$891,608	\$891,608	\$0	\$1,188,810
Depreciation	\$15,475	\$15,475	\$0	\$46,425	\$46,425	\$0	\$61,900
Contractual (Non-Technical)	\$314,769	\$689,802	\$375,033	\$977,314	\$1,352,346	\$375,033	\$2,517,447
Marketing	\$275,052	\$250,667	(\$24,385)	\$387,091	\$362,706	(\$24,385)	\$659,026
Ongoing License & Maintenance	\$433,110	\$623,677	\$190,567	\$1,369,465	\$1,560,032	\$190,567	\$2,120,215
New Functions	\$360,103	\$131,423	(\$228,679)	\$736,640	\$507,961	(\$228,679)	\$757,605
New Functions Maintenance & License	\$25,837	\$34,423	\$8,587	\$90,637	\$99,223	\$8,587	\$124,998
Technology Refresh	\$6,397	\$7,000	\$603	\$45,488	\$46,091	\$603	\$491,091
Total Expenses	\$2,647,353	\$2,975,725	\$328,372	\$7,098,309	\$7,426,681	\$328,372	\$11,726,916
Net Income	\$116,919	(\$180,258)	\$297,177	\$564,061	\$266,882	\$297,177	(\$507,562)

Explanation of Budget Categories

- ❖ Results Delivery represents electronic delivery of clinical results for DHIN's 27 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.
- ❖ 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.
 - ONC Funded contracted staff 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. Additional contractors also provide analytics platform analysis, PHR project management, and claims database project assessment and management.
 - 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 support.
 - 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 campaigns.
- ❖ 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 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

- ❖ Personnel expenses are favorable to plan due a delay in hiring budgeted headcount.
- ❖ Administration expenses are higher than plan due to earlier than budgeted timing of DHIN's ITIL Foundations certification courses.
- ❖ Contractual expenses are lower than planned due to a delay with HSX (the Southeastern Pennsylvania HIE) in executing the ADT exchange contract and beginning the associated work. The contract has been signed and work is expected to be completed by the end of the grant, which is in July 2017. The variance is also due to lower than planned analytics platform contractor expenses and a slight delay in the ONC-funded claims database environment assessment project.
- ❖ Ongoing License and Maintenance and Expense is below plan to due to a delay in purchasing DHIN's next block of MPI's from IBM Initiate, lower than budgeted Scorecard maintenance and license expense, and a delay in CCD ingestion into the analytics platform license and maintenance due to vendor negotiations.
- ❖ New Functions Expense is higher than planned due to accelerated timing for DHIN's Personal Health Record Project, which was launched in January 2017 as well as savings related to loading Medicity historical information onto the IMAT platform, the services were provided at no cost.

Delaware Health Information Network
Balance Sheet
As of March 31st, 2017



ASSETS

Restricted Cash	\$66,707
Unrestricted Cash	\$5,738,931
Restricted Accounts Receivable	\$1,421,488 ¹
Prepaid Expenses - Restricted	\$694,341 ²
Equipment - Restricted	\$207,260 ³
Other Assets	<u>\$51,546 ⁴</u>
TOTAL ASSETS	<u><u>\$8,180,274</u></u>

LIABILITIES AND NET ASSETS

Accounts Payable	\$66,707 ⁵
Deferred Income	\$348,572 ⁶
Unrestricted Net Assets	\$7,764,994
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$8,180,274</u></u>

¹ Restricted Accounts Receivable includes \$685,883 for incurred expenses for 2 ONC grants for the period of January 2017 to March 2017. Balance is also comprised of \$270k in amounts due from Payers, including \$50k that is 60 days or more past due. All funds are expected to be collected. The remaining balance is due to funds due from data senders for services performed, with all funds expected to be collected.

² Includes payment to Medicity for April to June 2017 services.

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 incurred expenses for contractual labor.

⁶ Deferred Income is related to cash received from Highmark BCBSDE, PACS Imaging Viewing Customers, and various yearly maintenance agreements