

Delaware Health Information Network
Statement of Cash Flows
January 2016 to March 2016



Cash at Beginning of Period	\$6,679,675
OPERATING ACTIVITIES	
Net Income	\$576,524
Adjustments to reconcile Net Income to net cash provided by operations:	
Accounts Receivable	\$32,110
Deferred Income	(\$253,675) ¹
Accounts Payable	(\$40,123)
Net cash provided by Operating Activities	\$314,836
INVESTING ACTIVITIES	
Master Patient Index - block of 500k identities	\$15,475
Net cash provided by Investing Activities	\$32,075
Cash at End of Period	\$6,985,580
Net Cash Increase For Period	\$305,905

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

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



*Accrual Basis

	Quarter To			Year To Date			Full Year
	Quarter To Date Actuals	Date Reforecast	Variance	Actuals	Reforecast	Variance	
Revenue							
Data Senders	\$912,559	\$930,949	(\$18,390)	\$2,708,438	\$2,726,828	(\$18,390)	\$3,643,157
Payers	\$832,869	\$806,895	\$25,974	\$2,455,991	\$2,430,017	\$25,974	\$3,237,763
Indirect Grants	\$56,905	\$56,905	\$0	\$88,810	\$88,810	\$0	\$152,620
Providers	\$14,053	\$15,429	(\$1,376)	\$41,852	\$43,228	(\$1,376)	\$57,767
Contributions	\$750,000	\$250,000	\$0	\$750,000	\$750,000	\$0	\$1,000,000
Dept. of Public Health	\$7,634	\$15,268	(\$7,634)	\$38,170	\$38,170	(\$7,634)	\$45,805
Professional Services	\$40,610	\$4,050	\$36,560	\$104,002	\$67,442	\$36,560	\$69,232
ONC Cooperative Agreement	\$128,224	\$237,304	(\$109,080)	\$428,181	\$537,261	(\$109,080)	\$1,451,709
Interest	\$6,557	\$2,400	\$4,157	\$18,519	\$6,355	\$6,157	\$8,755
Total Revenue	\$6,777,410	\$2,319,199	(\$4,458,211)	\$6,688,110	\$6,688,110	(\$67,788)	\$9,666,807
Expenses							
Personnel	\$643,539	\$659,651	\$16,112	\$1,869,649	\$1,900,470	\$30,821	\$2,749,618
Administration	\$95,248	\$116,702	\$21,455	\$291,871	\$313,325	\$21,454	\$448,716
Operations	\$297,203	\$297,203	\$0	\$891,608	\$891,608	\$0	\$1,188,810
Depreciation	\$15,475	\$15,475	\$0	\$45,623	\$45,623	(\$0)	\$61,098
Contractual (Non-Technical)	\$216,108	\$217,591	\$1,483	\$512,909	\$514,392	\$1,483	\$1,261,646
Marketing	\$27,539	\$39,537	\$11,998	\$93,684	\$105,682	\$11,998	\$165,000
Ongoing License & Maintenance	\$315,065	\$430,885	\$115,821	\$1,136,688	\$1,252,509	\$115,821	\$1,631,068
New Functions	\$39,960	\$235,490	\$195,530	\$151,605	\$347,135	\$195,530	\$1,552,444
New Functions Maintenance & License	\$24,750	\$26,330	\$1,580	\$33,750	\$35,330	\$1,580	\$90,085
Total Expenses	\$1,674,886	\$2,038,864	\$363,978	\$5,027,387	\$5,406,074	\$378,687	\$9,148,484
Net Income	\$576,524	\$280,335	\$296,189	\$1,592,935	\$1,282,037	\$310,899	\$518,323

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. No ONC award funding was budgeted in FY2016. The award was issued to DHIN on 7/27/2015.
- ❖ 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 Function Maintenance and License expenses are related to projects implemented in the current fiscal year.

Year To Date Key Variance Explanations

- ❖ ONC Cooperative Agreement Revenue is below plan due to cost savings in DHIN's Event Notification solution (DHIN's ONC revenue is reimbursement of incurred expenses) as well as a delay getting LTPAC engagement for its Vorrohealth CCD solution.
- ❖ 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 due to a delay in signing up practices to send Continuity of Care Documents (CCD's) to the DHIN after each encounter. This variance continues due to the incremental work required for the Medicity 7.4 software conversion.

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



ASSETS

Restricted Cash	\$25,334
Unrestricted Cash	\$6,960,247
Restricted Accounts Receivable	\$328,563 ¹
Prepaid Expenses - Restricted	\$26,756
Equipment - Restricted	\$253,762 ²
Other Assets	<u>\$45,712 ³</u>
TOTAL ASSETS	<u><u>\$7,640,374</u></u>

LIABILITIES AND NET ASSETS

Accounts Payable	\$25,334
Deferred Income	\$250,525
Unrestricted Net Assets	\$7,364,515
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$7,640,374</u></u>

¹ Restricted Accounts Receivable includes payment due from a private 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.

² 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

³ Other Assets include DHIN's Lease Deposit and a prepaid subscription for Gartner Subscription Services marketplace intelligence, contract review, and product sizing reviews.