

Delaware Health Information Network  
Statement of Cash Flows  
As of June 30th, 2019



**Cash at Beginning of Period** \$4,955,332

**OPERATING ACTIVITIES**

Net Income (\$169,718)

Adjustments to reconcile Net Income to net cash provided by operations:

Accounts Receivable	\$8,926
Prepaid Expenses	(\$39,537) <sup>1</sup>
Deferred Income	(\$153,692) <sup>2</sup>
Accounts Payable	\$359,816 <sup>3</sup>

**Net cash provided by Operating Activities** \$5,795

**INVESTING ACTIVITIES**

Gartner Marketing and Consulting	\$2,708
Master Patient Index - block of 500k identities	\$16,091

**Net cash provided by Investing Activities** \$18,799

**Cash at End of Period** \$4,979,926

Net Cash Increase For Period \$24,594

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<sup>1</sup> Change in Prepaid Expenses is driven by full year payments paid but expenses only partially recognized for DHIN's Master Patient Index vendor.

<sup>2</sup> Change in Deferred Income is offset by an increase in the change in Accounts Receivable to recognize invoices generated to DHIN practices for DHIN services over the course of the entire fiscal year.

<sup>3</sup> Change in Accounts Payable driven by implementation to DHIN's new CHR vendor and CHR license and maintenance expense to DHIN's former CHR vendor.

Delaware Health Information Network  
Profit and Loss Statement  
FOR THE PERIOD ENDING June 2019



\*Accrual Basis

	Quarter to Date Actuals	Quarter to Date Reforecast	Variance	Year To Date Actuals	Year To Date Reforecast	Variance	Full Year Reforecast
<b>Operating Revenue</b>							
<b>Core Services</b>							
Results Delivery	\$1,196,784	\$1,116,408	\$80,377	\$4,395,766	\$4,421,881	(\$26,115)	\$4,421,881
Community Health Record (CHR)	\$755,758	\$753,037	\$2,721	\$3,112,409	\$3,100,810	\$11,599	\$3,100,810
<b>Total Core Services</b>	<b>\$1,952,542</b>	<b>\$1,869,444</b>	<b>\$83,098</b>	<b>\$7,508,175</b>	<b>\$7,522,691</b>	<b>(\$14,516)</b>	<b>\$7,522,691</b>
<b>Value Added Services</b>							
CCD Exchange by Providers	\$1,350	\$4,955	(\$3,605)	\$5,300	\$20,340	(\$15,040)	\$20,340
CHR - Viewing by Providers	\$46,409	\$15,800	\$30,609	\$119,809	\$106,600	\$13,209	\$106,600
Medication History Access	\$24,640	\$25,500	(\$860)	\$28,150	\$31,620	(\$3,470)	\$31,620
Encounter Notification Services	\$5,278	\$5,316	(\$38)	\$39,983	\$43,812	(\$3,829)	\$43,812
Image Viewing	\$9,514	\$9,514	\$0	\$38,056	\$38,056	\$0	\$38,056
Professional Services	\$25,327	(\$11,735)	\$37,061	\$120,944	\$48,968	\$71,977	\$48,968
Consumer Facing Products	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sub-Grant Income	\$242,056	\$371,958	(\$129,902)	\$1,656,399	\$1,991,321	(\$334,922)	\$1,991,321
<b>Total Value-Added Services</b>	<b>\$354,573</b>	<b>\$421,309</b>	<b>(\$66,735)</b>	<b>\$2,008,640</b>	<b>\$2,280,716</b>	<b>(\$272,076)</b>	<b>\$2,280,716</b>
<b>Total Operating Revenue</b>	<b>\$2,307,116</b>	<b>\$2,290,753</b>	<b>\$16,363</b>	<b>\$9,516,815</b>	<b>\$9,803,407</b>	<b>(\$286,592)</b>	<b>\$9,803,407</b>
<b>Non Operating Revenue</b>							
Grant Revenue	\$0	\$0	\$0	(\$25,388)	(\$35,388)	\$10,000	(\$35,388)
Contributions	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest	\$13,428	\$11,250	\$2,178	\$48,985	\$44,921	\$4,064	\$44,921
<b>Total Non Operating Revenue</b>	<b>\$13,428</b>	<b>\$11,250</b>	<b>\$2,178</b>	<b>\$23,597</b>	<b>\$9,533</b>	<b>\$14,064</b>	<b>\$9,533</b>
<b>Total Revenue</b>	<b>\$2,320,544</b>	<b>\$2,302,003</b>	<b>\$18,541</b>	<b>\$9,540,412</b>	<b>\$9,812,941</b>	<b>(\$272,529)</b>	<b>\$9,812,941</b>
<b>Expenses</b>							
Personnel	\$1,191,571	\$1,351,929	(\$160,358)	\$3,994,519	\$4,186,626	(\$192,107)	\$4,186,626
Administration	\$103,788	\$83,674	\$20,114	\$480,874	\$466,836	\$14,039	\$466,836
Operations	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Depreciation	\$18,799	\$18,799	\$0	\$75,198	\$75,198	\$0	\$75,198
Contractual (Non-Technical)	\$91,853	\$175,000	(\$83,147)	\$525,444	\$681,293	(\$155,849)	\$681,293
Marketing	\$17,277	\$14,839	\$2,438	\$99,113	\$100,532	(\$1,419)	\$100,532
Ongoing License & Maintenance	\$784,007	\$805,221	(\$21,214)	\$3,174,000	\$3,301,390	(\$127,389)	\$3,301,390
New Functions	\$1,500	\$90,250	(\$88,750)	\$376,698	\$476,528	(\$99,830)	\$476,528
New Functions Maintenance & Licen	\$6,000	\$91,000	(\$85,000)	\$26,000	\$105,000	(\$79,000)	\$105,000
Technology Refresh	\$275,467	\$323,807	(\$48,340)	\$855,316	\$814,258	\$41,058	\$814,258
<b>Total Expenses</b>	<b>\$2,490,262</b>	<b>\$2,954,519</b>	<b>(\$464,257)</b>	<b>\$9,607,162</b>	<b>\$10,207,660</b>	<b>(\$600,498)</b>	<b>\$10,207,660</b>
<b>Net Income</b>	<b>(\$169,718)</b>	<b>(\$652,516)</b>	<b>\$482,798</b>	<b>(\$66,749)</b>	<b>(\$394,719)</b>	<b>\$327,969</b>	<b>(\$394,719)</b>

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

- ❖ Results Delivery represents electronic delivery of clinical results for DHIN's 30 data contributors. Revenue has increased compared to FY2018 due to higher volumes from data contributors, while decreasing unit rate pricing. A new product bundle has been introduced which provides 8 services for data senders to receive benefit.
- ❖ 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. A new product bundle has been introduced which provides 3 services for payers to receive benefit.
- ❖ CHR - Viewing by Providers and Encounter Notification Service revenue represents charging practices for those services for the first time in FY2019.
- ❖ Sub-Grant Income represents funding from DHCC in support of SIM grant for Health Care Claims Database (HCCD). Revenue also includes a portion of the State's \$2MM appropriation in support of the HCCD. SIM funding covered the period through January 2019, with the State's \$2MM appropriation funding covering incurred expenses beginning February 2019.
- ❖ Personnel expenditures are for DHIN people-related expenses. DHIN is budgeted to grow to 32 FTE in FY2019.
- ❖ Administration expenses are for non-people related overhead expenses (lease, computer support, supplies, etc.).
- ❖ Contractual (Non-Technical) Expenditures are for legal support, Claims Database consulting (offset by Sub-Grant Income), and HITRUST certification expenses.
- ❖ 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 functionality to delivery new services or enhancements. Maintenance and license expenditures for these new projects are housed in the "New Function Maintenance and License" category.
- ❖ Technology Refresh Expenditures are related to the development, hardware, or software in support of DHIN's new technology platform.

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

- ❖ Professional Services is higher than planned due to greater than planned insurance verification revenue, EMR integrations related to SIM mini-grant projects, and greater than expected data sender interface implementations.
- ❖ Sub-Grant Income is lower than planned due to lower than planned HCCD expenses in the short term which will allow DHIN to achieve greater long-term leverage in for CMS IAPD funding that was approved in May 2019. Once contracts with DHSS are executed, the State's \$2MM will be utilized at a much slower rate and will extend far beyond what was originally planned.
- ❖ Personnel expenses are favorable to plan due to people vacancy.
- ❖ Contractual expenses are lower than planned due to reduced HCCD related project management and analytics contractor expenses.
- ❖ Ongoing License and Maintenance and Expense is below plan due to savings in clinical analytics expense due to efficiencies gained with DHIN's new data platform vendor.
- ❖ New Functions expenses are lower than planned due to a delay in implementing new initiatives caused by the delay in implementing the new CHR.
- ❖ Technology Refresh expenses are above plan due development work for a back up CHR interface which was created as a safeguard in the event that the planned CHR conversion was not completed as expected.

Delaware Health Information Network  
Balance Sheet  
As of June 30th, 2019



**ASSETS**

Restricted Cash	\$1,385,540
Unrestricted Cash	\$3,594,386
Restricted Accounts Receivable	\$870,168 <sup>1</sup>
Prepaid Expenses - Restricted	\$237,605 <sup>2</sup>
Equipment - Restricted	\$104,964 <sup>3</sup>
Other Assets	<u>\$6,979</u>
<b>TOTAL ASSETS</b>	<u><u>\$6,199,643</u></u>

**LIABILITIES AND NET ASSETS**

Accounts Payable	\$1,385,540 <sup>4</sup>
Deferred Income	\$8,464
Unrestricted Net Assets	\$4,805,638
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$6,199,643</u></u>

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<sup>1</sup> Restricted Accounts Receivable includes \$291k due from Payers and \$170k from the State for HCCD related activities. The remainder is driven by funds owed from DHIN's data senders and practices. All funds are expected to be collected.

<sup>2</sup> Includes amounts paid to DHIN's MPI (Master Patient Index) vendor for the duration of a 12 month period, paid up front according to contract terms, with expenses still to be recognized evenly over the course of the 12 month period.

<sup>3</sup> Remaining value of 2.5MM 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  
- 1,000,000 MPI's purchased in April 2017

<sup>4</sup> Accounts Payable includes incurred expenses due to Audacious Inquiry for CHR implementation work completed, hosting expenses to Medicasoft related to the Personal Health Record as well as DHIN's historical data. The amount also includes expense for Claims Database project management work as well as funds owed to Medicity for quarterly maintenance and license for its CHR.