

Delaware Health Information Network
Statement of Cash Flows
October 1, 2012 to December 31, 2012



Cash at Beginning of Period	\$2,849,165
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OPERATING ACTIVITIES

Net Income	\$338,603
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Adjustments to reconcile Net Income to net cash provided by operations:

Accounts Receivable	(\$261,057) ¹
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Deferred Income	(\$250,000) ²
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Accounts Payable	\$574,466 ³
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Net cash provided by Operating Activities	<u>\$402,011</u>
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Cash at End of Period	\$3,251,176
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Net Cash Increase For Period	\$402,011
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¹ Change in Accounts Receivables driven by new receivables recognized from Medicaid, Private Payers who support State Employees, DHIN's data senders, and reimbursement from the ONC grant for expenses incurred.

² Represents revenue recognized, from Highmark/BCBSDE, with related cash received in the previous quarter.

³ Represents funds due to Medicity for quarterly license and maintenance expenses, and implementation expenses incurred for project milestones completed during the quarter.

Delaware Health Information Network
Profit and Loss Statement
FOR THE PERIOD ENDING DECEMBER 2012



*Accrual Basis

	Month To Date Actuals	Month To Date Budget	Variance	Year To Date Actuals	Year To Date Budget	Variance	Full Year Budget
Revenue							
Data Senders	\$1,200	\$45,119	(\$43,919)	\$1,763,632	\$1,785,567	(\$21,935)	\$2,838,511
Payers	\$317,333	\$317,333	(\$0)	\$1,904,000	\$1,904,000	(\$0)	\$3,808,000
Grants	\$107,387	\$0	\$107,387	\$529,287	\$0	\$529,287	\$52,075
Providers	\$165	\$165	\$0	\$855	\$990	(\$135)	\$1,980
Interest	\$518	\$333	\$185	\$2,513	\$2,000	\$513	\$4,000
Total Revenue	\$426,603	\$362,951	\$63,652	\$4,200,287	\$3,692,557	\$507,730	\$6,704,566
Expenses							
Personnel	\$138,069	\$134,428	(\$3,641)	\$756,750	\$796,452	\$39,703	\$1,727,765
Administration	\$51,639	\$21,315	(\$30,324)	\$159,477	\$190,974	\$31,497	\$340,389
Operations	\$0	\$0	\$0	\$534,455	\$523,861	(\$10,594)	\$1,047,722
Contractual (Non-Technical)	\$94,508	\$131,780	\$37,272	\$383,628	\$601,027	\$217,399	\$1,653,099
Marketing	\$14,793	\$12,917	(\$1,877)	\$53,921	\$52,500	(\$1,421)	\$100,000
Ongoing License & Maintenance	\$0	\$900	\$900	\$524,874	\$532,074	\$7,200	\$1,064,148
New Functions	\$43,933	\$447,200	\$403,267	\$216,935	\$698,700	\$481,765	\$1,630,430
New Functions Maintenance & License	\$0	\$111,388	\$111,388	\$88,333	\$380,775	\$292,442	\$667,800
Total Expenses	\$342,942	\$859,927	\$516,985	\$2,718,372	\$3,776,363	\$1,057,991	\$8,231,353
Net Income	\$83,660	(\$496,976)	\$580,637	\$1,481,915	(\$83,806)	\$1,565,721	(\$1,526,787)

Year To Date Key Variance Explanations

❖ Data Sender revenue is favorable to plan due to the signing of Ocean Medical Imaging. DHIN has also signed Mid-Del Imaging and Delaware Diagnostic Group as new data senders. These new data sender contracts equate to \$27,000 of incremental revenue in FY2013.

❖ Grant revenue is favorable to reforecast due to recognition of HIE Cooperative Agreement income - based on when expenses are incurred, as opposed to when the grant was awarded, in February 2010. \$107k was recognized in the month of November and \$529k has been recognized year to date. This change was suggested by DHIN's auditors in mid-June 2012, and thus was not incorporated into the budget, which was approved by the Board in early June 2012. DHIN is budgeted to draw down \$3 million in ONC grant funding in FY2013.

❖ Contractual expenses are favorable to plan due to a delay in hiring and implementing contractors by the State for planning the connectivity between the State's various departments and the DHIN.

❖ New functions and New Functions Maintenance and License expenses are favorable to plan due to delay in implementing the following projects:

- Connecting DHIN with the State's payers to: 1) exchange hospital ADT information as soon as it is available, 2) allow for payers to query the DHIN for their own members for case management purposes only, 3) send claim information to the DHIN for viewing side by side with DHIN's clinical information.
- Connecting DHIN's hospitals to the DHIN to send and receive Immunization information to and from the State's immunization registry.
- Implementing test ordering capability from an EMR via a pilot program with the Delaware Health Network.
- DHIN has elected to outsource its DIRECT services to Allied services. In that agreement, DHIN will not pay Allied/ICA for those services, while Allied will collect subscription fees from DHIN's customers. As a result, DHIN incurs savings compared to budget.
- Delay in implementing LOINC mapping - which standardizes results to allow users to trend results from different vendors for the same test type (e.g. Diabetes trending).
- St. Francis interface connectivity - Medcity has agreed to reconnect to St. Francis' new system at no charge, resulting in savings for DHIN.
- Delay in implementing a Meaningful Use Quality Reporting Datamart. Project implementation date is TBD.
- Delay in implementing the ability for users to view radiology images via DHIN (PACS images). BayHealth is slated to be installed later in FY2013. Installation date for the other data senders will likely occur in FY2014.
- Delay in connecting Nanticoke Hospital - now expected to be completed in May 2013.

DHIN has successfully executed the Medication History pilot, has connected with Nemours hospital. Papastavros, and Tri-State Imaging.

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- ❖ 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
 - DHIN Evaluation project development
 - Planning contractors to support the State in connecting the DHIN to several State systems
 - Consumer research and engagement activities to better understand what consumers want and how they will interact with health information.
- ❖ Ongoing License and Maintenance expenses are related to functions implemented in prior years.
- ❖ Marketing expenses are for provider outreach materials, consumer educational materials, web page re-branding, and brand awareness.
- ❖ New Functions expenses include the implementation of new functions, new data types, EMR vendor interfaces, and new data senders.
- ❖ New Function Maintenance and License expenses are related to projects implemented in the current fiscal year.

Delaware Health Information Network
Balance Sheet
As of December 31, 2012



ASSETS

Restricted Cash	\$1,502,441
Unrestricted Cash	\$1,748,735
Restricted Accounts Receivable	\$2,308,779 ¹
Other Assets - Lease Deposit	<u>\$6,979</u>
TOTAL ASSETS	<u><u>\$5,566,934</u></u>

LIABILITIES AND NET ASSETS

Accounts Payable	\$1,359,366 ²
Deferred Income	\$500,000 ³
Board Restricted Net Assets	\$143,075 ⁴
Unrestricted Net Assets	\$3,564,493
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$5,566,934</u></u>

¹ Restricted Accounts Receivable includes \$1.4 million from Medicaid and the State Employees Benefits Committee (SEBC) for their per member per month funding through December 2012. These funds were included in the corresponding line items in the State's FY2013 budget. Medicaid contract execution is near completion. DHIN has learned that the SEBC-related contracts with Highmark/BCBSDE and Aetna are to be contracted directly with those two parties, as opposed to with SEBC. DHIN has begun this process and expects to obtain funding for the entire year, as budgeted by OMB/SEBC. \$107k is due from the HIE Cooperative Agreement for reimbursable expenses. The remaining \$0.8 million is for invoices outstanding from DHIN's data senders.

² Accounts Payable is comprised of quarterly license and maintenance expenses and 2nd quarter implementation expenses due to Medicity. Medicity will be paid upon completion of the outstanding Cap Gemini operational audit, expected to be completed in January 2013.

³ Represents revenue not recognized, cash received from Highmark/BCBSDE. \$1 million in cash was received, income recognized monthly in 12 equal amounts.

⁴ Board Restricted Net Assets include expenses related to funds received from DHN for outstanding grant work, and matching funds received from the State for HIE Cooperative Agreement projects.