

Delaware Health Information Network
Statement of Cash Flows
October 2013 to December 2013



Cash at Beginning of Period	\$2,688,676
OPERATING ACTIVITIES	
Net Income	\$1,175,100
Adjustments to reconcile Net Income to net cash provided by operations:	
Accounts Receivable	\$1,069,249 ¹
Deferred Income	(\$385,000) ²
Accounts Payable	(\$507,697) ³
Net cash provided by Operating Activities	<u>\$1,351,653</u>
INVESTING ACTIVITIES	
Furniture and Equipment	\$1,205
Net cash provided by Investing Activities	<u>\$1,205</u>
Cash at End of Period	\$4,041,533
Net Cash Increase For Period	\$1,352,857

¹ Change in Accounts Receivables driven by received payments from:
- Highmark BCBSDE for expected contributions and Per Member Per Month Payments in support of State Employees
- DHIN's data senders
- The ONC grant for expenses incurred.

² Represents revenue recognized during the quarter, offsetting cash previously received. Highmark/BCBSDE - \$250k, CCHS-sponsored CMMI grant - \$135k.

³ Change in Accounts Payable driven by payments made to Medicity during the 2QFY2014 for license and maintenance expenses incurred during 1QFY2014.

Delaware Health Information Network
Profit and Loss Statement
FOR THE PERIOD ENDING DECEMBER 2013



*Accrual Basis

	Quarter To Date Actuals	Quarter To Date Budget	Variance	Year To Date Actuals	Year To Date Budget	Variance	Full Year Budget
Revenue							
Data Senders	\$741,164	\$783,853	(\$42,689)	\$1,548,478	\$1,567,706	(\$19,228)	\$3,142,793
Payers	\$1,052,935	\$957,876	\$95,060	\$1,925,164	\$1,915,751	\$9,412	\$3,831,503
Grants	\$734,311	\$632,524	\$101,787	\$1,832,929	\$1,563,409	\$269,520	\$1,685,017
Providers	\$2,050	\$0	\$2,050	\$10,380	\$0	\$10,380	\$330
Professional Services	\$0	\$4,000	(\$4,000)	\$12,284	\$12,000	\$284	\$12,000
Interest	\$884	\$900	(\$16)	\$1,275	\$1,800	(\$525)	\$3,600
Total Revenue	\$2,531,345	\$2,379,153	\$152,192	\$5,330,510	\$5,060,667	\$269,843	\$8,675,243
Expenses							
Personnel	\$443,515	\$525,703	\$82,188	\$904,797	\$1,039,806	\$135,010	\$2,320,668
Administration	\$67,992	\$93,128	\$25,136	\$119,314	\$157,712	\$38,397	\$318,593
Operations	\$193,746	\$261,931	\$68,185	\$543,641	\$697,025	\$153,384	\$1,220,886
Depreciation	\$1,205	\$0	(\$1,205)	\$2,596	\$0	(\$2,596)	\$0
Contractual (Non-Technical)	\$298,972	\$613,585	\$314,613	\$614,854	\$1,335,996	\$721,142	\$1,507,834
Marketing	\$22,128	\$25,000	\$2,872	\$44,293	\$50,000	\$5,707	\$100,000
Ongoing License & Maintenance	\$174,956	\$281,212	\$106,256	\$533,193	\$562,424	\$29,231	\$1,129,348
New Functions	\$115,815	\$956,278	\$840,463	\$728,759	\$1,506,865	\$778,106	\$1,686,649
New Functions Maintenance & License	\$38,001	\$163,176	\$125,175	\$218,981	\$317,978	\$98,997	\$387,799
Total Expenses	\$1,356,329	\$2,920,012	\$1,563,683	\$3,710,428	\$5,667,805	\$1,957,377	\$8,671,776
Net Income	\$1,175,015	(\$540,859)	\$1,715,875	\$1,620,082	(\$607,138)	\$2,227,220	\$3,467

Explanation of Budget Categories

- ❖ 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
 - Planning contractors to support the State in connecting the DHIN to several State systems
 - DHIN Evaluation project development
 - Developing a technology vendor RFP. DHIN's current contract ends at the end of FY2016.
- ❖ 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.
- ❖ New Function Maintenance and License expenses are related to projects implemented in the current fiscal year.

Year To Date Key Variance Explanations

- ❖ Grant revenue is ahead of forecast due to the approval by ONC of License and Maintenance expenses, which were incurred faster than budgeted grant activities. DHIN expects \$800k of license and maintenance expenses to be funded via the grant. This allows more time to complete projects which were originally set to be funded by the grant, which ends on 2/7/2014. Grant Revenue variance also due to unplanned revenue from a CCHS-sponsored CMMI grant (\$135k) - DHIN will be providing automated community-level information to CCHS, providing increased information about CCHS' cardiac bifurcation patients.
- ❖ Personnel and Administration expenses are favorable to plan due to open positions and smaller than budgeted Benefits Plan participation by DHIN staff.
- ❖ Operations expenses are lower than plan due to planned expenses for Nanticoke Membership fees which were thought to be required to offset grant revenue, but were determined not to be required.
- ❖ Contractual expenses are below plan due to a delay in hiring and implementing contractors by the State to connect the State's LIMS and Newborn Screening systems to DHIN. These projects are expected to be completed by the end of fiscal year 2014. Variance is also due to lower than estimated expenses for Medicity SET team project implementation resources, as DHIN successfully negotiated receiving six months of resources for free during FY2014.

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❖ New functions and New Functions Maintenance & License expenses are favorable to plan due to a timing change in Medicity's billing structure in FY2014. DHIN enrolled in Medicity's Corporate Program which pays for all expected new project work in FY2014. The Corporate Program totals \$864,918 in FY2014. Payments are made in 2 installments: upon Statement of Work execution (September 2014) and in January 2014. The budget, completed in June 2013, assumed that payments would be made on a project by project basis, dependent on work completion, with many of the projects expected to be completed by December 2013.. As a result of the change in billing structure, Corporate Program expenses are currently below originally timed estimates, but are expected to even out in January 2014.

DHIN has successfully completed its pilot of the Event Notification System (ENS) which sends alerts from hospitals to participating Medicaid Managed Care Organizations, notifying them that their members have been discharged. DHIN expects to roll this functionality out to State Employee Benefits payers and to practices during the 3rd quarter. DHIN completed an immunization connection to the State's DPH using Web Services technology. This will increase the amount of automated input to the State's immunization registry, decreasing the amount of temporary contractors who manually key information. DHIN completed its first installation of the ability to view radiology images within the context of the DHIN system, launching the functionality with Nanticoke Memorial Hospital in November 2013.

Delaware Health Information Network
Balance Sheet
As of December 31st, 2013



ASSETS

Restricted Cash	\$133,404
Unrestricted Cash	\$3,908,114
Restricted Accounts Receivable	\$583,325 ¹
Equipment - Restricted	\$8,705
Other Assets - Lease Deposit	<u>\$6,979</u>
TOTAL ASSETS	<u>\$4,640,528</u>

LIABILITIES AND NET ASSETS

Accounts Payable	\$82,154 ²
Deferred Income	\$500,000 ³
Board Restricted Net Assets	\$51,250 ⁴
Unrestricted Net Assets	\$4,007,123
TOTAL LIABILITIES AND NET ASSETS	<u>\$4,640,528</u>

¹ Restricted Accounts Receivable includes \$87k due from Highmark/BCBSDE for its Per Member Per Month (PMPM) payments in support of State of Delaware Employees. \$89k is due from the Office of the National Coordinator (ONC) for grant related expenses incurred, but not withdrawn as of 12/31/2013. \$70k is due from the State of Delaware for SIM grant services. Remaining receivables are from DHIN's data senders for results delivery services performed.

² \$70k of the total is for payment due to legal vendor for work in support of the aforementioned SIM grant to determine the legal framework for establishment of the Delaware Health Innovation Center, relative to DHIN's enabling legislation.

³ Represents revenue not yet recognized from Highmark/BCBSDE related to a \$1MM payment received. Income is recognized monthly in 12 equal amounts.

⁴ Board Restricted Net Assets include expenses related to funds received from DHN for outstanding grant work and contracted/obligated work with EMR vendors to implement results delivery, immunization exchange, and CCD functionality in several DHIN Beta practices.