

Delaware Health Information Network
Statement of Cash Flows
January 31, 2013 to March 31, 2013



Cash at Beginning of Period \$3,261,785

OPERATING ACTIVITIES

Net Income (\$510,575)

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

 Accounts Receivable \$829,870 ¹

 Deferred Income (\$250,000) ²

 Accounts Payable (\$1,238,261) ³

Net cash provided by Operating Activities (\$1,168,966)

Cash at End of Period \$2,092,819

Net Cash Increase For Period (\$1,168,966)

¹ Change in Accounts Receivables driven by new receivables recognized from Medicity for the Operational Audit, Cooperative Agreement reimbursable expenses due from ONC, and funds due from data senders for services provided during the quarter.

² Represents revenue recognized, from Highmark/BCBSDE, with related cash received earlier in the fiscal year.

³ Represents funds paid to Medicity for two (2) 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 MARCH 2013



*Accrual Basis

| | Quarter To | | | Year To Date | | | Full Year |
|-------------------------------------|----------------------------|-------------------------------|--------------------|-------------------------|----------------------------|--------------------|--------------------|
| | Quarter To Date Actuals | Quarter To Date Reforecast | Variance | Year To Date Actuals | Year To Date Reforecast | Variance | Reforecast |
| Revenue | | | | | | | |
| Data Senders | \$899,816 | \$695,791 | \$204,025 | \$2,386,281 | \$2,401,872 | (\$15,591) | \$2,845,628 |
| Payers | (\$290,999) | \$683,841 | (\$974,840) | \$1,613,001 | \$1,616,741 | (\$3,740) | \$2,568,741 |
| Grants | \$209,080 | \$410,729 | (\$201,649) | \$737,937 | \$939,436 | (\$201,499) | \$1,858,738 |
| Providers | \$15 | \$0 | \$15 | \$870 | \$855 | \$15 | \$855 |
| Interest | \$919 | \$1,461 | (\$542) | \$3,431 | \$4,123 | (\$692) | \$5,023 |
| Total Revenue | \$818,831 | \$1,791,822 | (\$972,991) | \$4,741,520 | \$4,963,027 | (\$221,507) | \$7,278,985 |
| Expenses | | | | | | | |
| Personnel | \$384,647 | \$412,623 | \$27,976 | \$1,141,397 | \$1,169,373 | \$27,976 | \$1,709,212 |
| Administration | \$77,397 | \$75,304 | (\$2,093) | \$237,674 | \$235,581 | (\$2,093) | \$303,808 |
| Operations | \$256,240 | \$238,960 | (\$17,281) | \$790,695 | \$773,414 | (\$17,281) | \$1,058,316 |
| Contractual (Non-Technical) | \$150,859 | \$220,114 | \$69,255 | \$498,487 | \$567,742 | \$69,255 | \$905,897 |
| Marketing | \$33,226 | \$19,997 | (\$13,230) | \$87,147 | \$73,917 | (\$13,230) | \$97,746 |
| Ongoing License & Maintenance | \$262,437 | \$262,437 | \$0 | \$787,311 | \$787,311 | \$0 | \$1,051,773 |
| New Functions | \$164,599 | \$346,683 | \$182,084 | \$380,734 | \$474,484 | \$93,750 | \$1,073,464 |
| New Functions Maintenance & License | \$0 | \$0 | \$0 | \$88,333 | \$176,668 | \$88,335 | \$255,043 |
| Total Expenses | \$1,329,406 | \$1,576,117 | \$246,711 | \$4,011,777 | \$4,258,489 | \$246,712 | \$6,455,258 |
| Net Income | (\$510,575) | \$215,705 | (\$726,280) | \$729,743 | \$704,538 | \$25,205 | \$823,727 |

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
 - 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.

Year To Date Key Variance Explanations

- ❖ Grant revenue is unfavorable to forecast due to a delay in executing Cooperative Agreement related projects.
 - ❖ Contractual expenses are below forecast 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 forecast due to a delay in implementing the following projects:
 - Event Notification System - sends alerts to payers of member admissions to participating DHIN hospitals. Expected to be completed in 4Q.
 - LOINC mapping - which standardizes results to allow users to trend results from different vendors for the same test type (e.g. Diabetes trending). Completion date is TBD.
 - Connecting DHIN's hospitals to the DHIN to send and receive Immunization information to and from the State's immunization registry.
 - EMR connectivity - allowing test results, CCD's, and immunization information to flow between DHIN and various vendor Electronic Medical Records. Expected completion date - 4Q.
 - Implementing test ordering capability from an EMR via a pilot program with the Delaware Health Network - expected completion date - 4Q.
- DHIN has successfully executed technical milestones with Ocean Medical Imaging, Diagnostic Imaging, Mid-Del Imaging, Accu-Reference Lab, and Nanticoke Hospital.

Delaware Health Information Network
Balance Sheet
As of March 31, 2013



ASSETS

| | |
|--------------------------------|---------------------------|
| Restricted Cash | \$177,723 |
| Unrestricted Cash | \$1,915,051 |
| Restricted Accounts Receivable | \$1,226,747 ¹ |
| Other Assets - Lease Deposit | <u>\$6,979</u> |
| TOTAL ASSETS | <u><u>\$3,326,500</u></u> |

LIABILITIES AND NET ASSETS

| | |
|---|---------------------------|
| Accounts Payable | \$121,105 ² |
| Deferred Income | \$250,000 ³ |
| Board Restricted Net Assets | \$56,619 ⁴ |
| Unrestricted Net Assets | \$2,898,777 |
| TOTAL LIABILITIES AND NET ASSETS | <u><u>\$3,326,500</u></u> |

¹ Restricted Accounts Receivable includes \$429k from Medicaid for budgeted funds representing July to December services. DHIN is working with DMMA and OMB to obtain funding due. A separate \$429k of federal matching funding was lost due to a delay in contract execution - previously reported as receivables. Previously reported receivables from the State Employees Benefits Committee (SEBC) for their per member per month funding have also been reversed. As of 3/31/2013, contracts have not been signed with the SEBC payers, resulting in \$807k of lost revenue through March 2013. DHIN is working closely with SEBC and the associated payers to complete contracts and obtain funding for the entire fiscal year. \$212k is due from the HIE Cooperative Agreement for reimbursable expenses incurred. \$120k is due from Medicity for reimbursable expenses due related to an operational audit performed. Remaining receivables are for results delivery services provided to DHIN's data senders.

² Accounts Payable is comprised of 3rd quarter implementation expenses due to Medicity.

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.