

Delaware Health Information Network
Statement of Cash Flows
July 1, 2012 to September 30, 2012



Cash at Beginning of Period	\$2,560,421
Net Income	\$1,159,752
Adjustments to reconcile Net Income to net cash provided by operations:	
Accounts Receivable	(\$1,399,098) ¹
Deferred Income	\$750,000 ²
Accounts Payable	<u>(\$211,317)</u>
Net cash provided by Operating Activities	\$299,337
Cash at End of Period	\$2,859,759
Net Cash Increase For Period	\$299,337

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

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



*Accrual Basis

	<u>Month To Date Actuals</u>	<u>Month To Date Budget</u>	<u>Variance</u>	<u>Year To Date Actuals</u>	<u>Year To Date Budget</u>	<u>Variance</u>	<u>Full Year Budget</u>
Revenue							
Data Senders	\$84,750	\$64,130	\$20,620	\$1,242,753	\$1,215,924	\$26,829	\$2,838,511
Payers	\$317,333	\$317,333	(\$0)	\$952,000	\$952,000	(\$0)	\$3,808,000
Grants	\$164,127	\$0	\$164,127	\$325,158	\$0	\$325,158	\$52,075
Providers	\$0	\$165	(\$165)	\$360	\$495	(\$135)	\$1,980
Interest	\$393	\$333	\$60	\$1,093	\$1,000	\$93	\$4,000
Total Revenue	\$566,603	\$381,962	\$184,642	\$2,521,364	\$2,169,419	\$351,946	\$6,704,566
Expenses							
Personnel	\$126,105	\$133,435	\$7,330	\$367,502	\$393,725	\$26,223	\$1,727,765
Administration	\$31,288	\$54,985	\$23,696	\$67,195	\$112,690	\$45,495	\$340,389
Operations	\$10,594	\$0	(\$10,594)	\$272,525	\$261,931	(\$10,594)	\$1,047,722
Contractual (Non-Technical)	\$18,176	\$0	(\$18,176)	\$135,519	\$104,993	(\$30,526)	\$1,653,099
Marketing	\$11,967	\$7,917	(\$4,050)	\$12,840	\$23,750	\$10,910	\$100,000
Ongoing License & Maintenance	\$0	\$900	\$900	\$263,338	\$266,037	\$2,700	\$1,064,148
New Functions	\$137,510	\$251,500	\$113,990	\$154,361	\$251,500	\$97,139	\$1,630,430
New Functions Maintenance & License	\$0	\$269,388	\$269,388	\$88,333	\$269,388	\$181,055	\$667,800
Total Expenses	\$335,640	\$718,124	\$382,484	\$1,361,612	\$1,684,013	\$322,401	\$8,231,353
Net Income	\$230,963	(\$336,162)	\$567,125	\$1,159,752	\$485,406	\$674,346	(\$1,526,787)

- ❖ 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

- ❖ 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. \$164k was recognized in the month of September and \$325k 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 unfavorable to plan due to the acceleration of consumer engagement activities. Funds are budgeted later in the year.
 - ❖ 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 successfully executed the Medication History pilot and is in process of connecting with Nemours hospital.

Delaware Health Information Network
Balance Sheet
As of September 30, 2012



ASSETS

Restricted Cash	\$1,058,135
Unrestricted Cash	\$1,801,623
Restricted Accounts Receivable	\$2,047,723 ¹
Other Assets - Lease Deposit	<u>\$6,979</u>
TOTAL ASSETS	<u><u>\$4,914,460</u></u>

LIABILITIES AND NET ASSETS

Accounts Payable	\$779,056 ²
Deferred Income	\$750,000 ³
Board Restricted Net Assets	\$279,079 ⁴
Unrestricted Net Assets	\$3,106,325
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$4,914,460</u></u>

¹ Restricted Accounts Receivable includes \$702,000 from Medicaid and the State Employees Benefits Committee for their per member per month funding through September 2012. These funds were included in the corresponding line items in the State's FY2013 budget. Contract execution is required and is in process. Receivables also include \$238k from the HIE Cooperative Agreement for reimbursable expenses. The remaining \$1.1 million is for invoices outstanding from DHIN's data senders.

² Accounts Payable is comprised of quarterly license and maintenance expenses due to Medicity and funds owed to the State due to overpayment by the State to DHIN for HIE Cooperative Agreement expenses. Medicity funds will be paid upon execution of the Statement of Work. The state acknowledged the funds due to it in October 2012, payment will be made in October 2012.

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 audit work, funds received from DHN for outstanding grant work, and matching funds received from the State for HIE Cooperative Agreement projects.