

Delaware Health Information Network
Statement of Cash Flows
July 2013 to September 2013



| | |
|---|----------------------------|
| Cash at Beginning of Period | \$2,265,962 |
| OPERATING ACTIVITIES | |
| Net Income | \$534,246 |
| Adjustments to reconcile Net Income to net cash provided by operations: | |
| Accounts Receivable | (\$1,334,257) ¹ |
| Deferred Income | \$885,000 ² |
| Accounts Payable | \$336,334 ³ |
| Net cash provided by Operating Activities | <u>\$421,323</u> |
| INVESTING ACTIVITIES | |
| Furniture and Equipment | \$1,392 |
| Net cash provided by Investing Activities | <u>\$1,392</u> |
| Cash at End of Period | \$2,688,676 |
| Net Cash Increase For Period | \$422,714 |

¹ Change in Accounts Receivables driven by new receivables recognized from Highmark BCBSDE for expected contributions and Per Member Per Month Payments in support of State Employees, DHIN's data senders, and reimbursement from the ONC grant for expenses incurred.

² Represents revenue recognized from Highmark/BCBSDE. Corresponding invoice issued during the quarter. Also includes funds received for

³ Change in Accounts Payable driven by payments made to Medicity for FY2013 projects, payments for DHIN performance incentives for FY2013.

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



*Accrual Basis

| | <u>Quarter To</u> <u>Date Actuals</u> | <u>Quarter To</u> <u>Date Budget</u> | <u>Variance</u> | <u>Year To Date</u> <u>Actuals</u> | <u>Year To Date</u> <u>Budget</u> | <u>Variance</u> | <u>Full Year</u> <u>Budget</u> |
|-------------------------------------|--|---|------------------|---------------------------------------|--------------------------------------|------------------|-----------------------------------|
| Revenue | | | | | | | |
| Data Senders | \$777,256 | \$783,853 | (\$6,598) | \$777,256 | \$783,853 | (\$6,598) | \$3,142,793 |
| Payers | \$959,143 | \$957,876 | \$1,268 | \$959,143 | \$957,876 | \$1,268 | \$3,831,503 |
| Grants | \$1,130,141 | \$930,885 | \$199,256 | \$1,130,141 | \$930,885 | \$199,256 | \$1,685,017 |
| Providers | \$8,680 | \$0 | \$8,680 | \$8,680 | \$0 | \$8,680 | \$330 |
| Professional Services | \$12,284 | \$8,000 | \$4,284 | \$12,284 | \$8,000 | \$4,284 | \$12,000 |
| Interest | \$391 | \$900 | (\$509) | \$391 | \$900 | (\$509) | \$3,600 |
| Total Revenue | \$2,887,895 | \$2,681,514 | \$206,381 | \$2,887,895 | \$2,681,514 | \$206,381 | \$8,675,243 |
| Expenses | | | | | | | |
| Personnel | \$461,282 | \$514,104 | \$52,822 | \$461,282 | \$514,104 | \$52,822 | \$2,320,668 |
| Administration | \$35,427 | \$64,584 | \$29,157 | \$35,427 | \$64,584 | \$29,157 | \$318,593 |
| Operations | \$349,895 | \$435,095 | \$85,199 | \$349,895 | \$435,095 | \$85,199 | \$1,220,886 |
| Contractual (Non-Technical) | \$270,487 | \$722,411 | \$451,924 | \$270,487 | \$722,411 | \$451,924 | \$1,507,834 |
| Marketing | \$21,964 | \$25,000 | \$3,036 | \$21,964 | \$25,000 | \$3,036 | \$100,000 |
| Ongoing License & Maintenance | \$358,237 | \$281,212 | (\$77,025) | \$358,237 | \$281,212 | (\$77,025) | \$1,129,348 |
| New Functions | \$678,497 | \$550,587 | (\$127,910) | \$678,497 | \$550,587 | (\$127,910) | \$1,686,649 |
| New Functions Maintenance & License | \$176,469 | \$154,802 | (\$21,667) | \$176,469 | \$154,802 | (\$21,667) | \$387,799 |
| Total Expenses | \$2,353,649 | \$2,747,793 | \$394,144 | \$2,353,649 | \$2,747,793 | \$394,144 | \$8,671,776 |
| Net Income | \$534,246 | (\$66,279) | \$600,525 | \$534,246 | (\$66,279) | \$600,525 | \$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 \$1MM 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.
 - ❖ Personnel and Administration expenses are favorable to plan due to open positions and smaller than budgeted Benefits Plan participation by DHIN staff.
 - ❖ 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 LIMS and Newborn Screening systems. These projects are expected to be completed by March 2014.
 - ❖ Ongoing License and Maintenance expenses are unfavorable to plan due to higher than expected costs for enhanced Service Level Agreements from one of DHIN's technology vendors, Medicity.
 - ❖ New functions and New Functions Maintenance & License expenses are unfavorable to plan due to a change in Medicity's billing structure in FY2014. DHIN enrolled in Medicity's Corporate Program which pays for all expected work in FY2014 - this was originally done as an avenue to spend down DHIN's remaining grant funds. ONC subsequently requested that we use aforementioned maintenance and license expenses to exhaust the grant, and not use Corporate Program expenses. 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. As a result of the change in billing structure, expenses are currently above originally timed estimates, but are expected to even out by fiscal year end, posing no financial risk.
- DHIN has successfully completed its pilot of the Event Notification System (ENS) which sends alerts from hospitals to participating Medicaid Managed Care Organizations that their members have been discharged. DHIN expects to roll this functionality out to State Employee Benefits Payers and to practices during the 2nd Quarter. DHIN also 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.

Delaware Health Information Network
Balance Sheet
As of September 30th, 2013



ASSETS

| | |
|--------------------------------|---------------------------|
| Restricted Cash | \$672,151 |
| Unrestricted Cash | \$2,016,510 |
| Restricted Accounts Receivable | \$1,743,636 ¹ |
| Equipment - Restricted | \$9,910 |
| Other Assets - Lease Deposit | <u>\$6,979</u> |
| TOTAL ASSETS | <u>\$4,449,186</u> |

LIABILITIES AND NET ASSETS

| | |
|---|---------------------------|
| Accounts Payable | \$589,401 ² |
| Deferred Income | \$885,000 ³ |
| Board Restricted Net Assets | \$82,750 ⁴ |
| Unrestricted Net Assets | \$2,892,035 |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$4,449,186</u> |

¹ Restricted Accounts Receivable includes \$1 million due from Highmark/BCBSDE for its contribution to DHIN for FY2014 per the Dec 2011 Insurance Commissioner's Decision and Final Order related to the merger. An additional \$87,000 is due from Highmark/BCBSDE for its Per Member Per Month (PMPM) payments in support of State of Delaware Employees. \$156,362 is due from the Office of the National Coordinator (ONC) for grant related expenses incurred, but not withdrawn as of 9/30/2013. Remaining receivables are for results delivery services performed for DHIN's data senders, including \$85k from one data sender who has postponed payment until requested delivery information has been provided. DHIN has been working with its technology provider to obtain the requested information and foresees supplying the information to the requestor's satisfaction and collecting the funds due.

² Represents payments due to Medicity for the first installment of the FY2014 Corporate Agreement and the final payment related to the completion of the Event Notification System.

³ Represents revenue not recognized from Highmark/BCBSDE related to the aforementioned \$1MM contribution. Income recognized monthly in 12 equal amounts. Also includes \$135k received from CCHS for a CMMI innovation grant: income will be recognized when corresponding DHIN work is completed.

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.