

Delaware Health Information Network
Statement of Cash Flows
July 2016 to September 2016



Cash at Beginning of Period	\$6,581,540
OPERATING ACTIVITIES	
Net Income	\$339,077
Adjustments to reconcile Net Income to net cash provided by operations:	
Accounts Receivable	(\$1,377,372) ¹
Deferred Income	\$805,576 ²
Accounts Payable	(\$669,187) ³
Net cash provided by Operating Activities	<u>(\$901,906)</u>
INVESTING ACTIVITIES	
Gartner Marketing and Consulting	\$16,600
Master Patient Index - block of 500k identities	\$15,475
Net cash provided by Investing Activities	<u>\$32,075</u>
Cash at End of Period	\$5,631,360
Net Cash Increase For Period	(\$950,181)

¹ Change in Accounts Receivable is driven by a significant delinquency from a Medicaid MCO Payer. The State's Medicaid Managed Care Unit is in contact with the customer to resolve the situation. Payment is expected. Change in receivables is also driven by recent receivables due from ONC in support of grant expenditures incurred. Payment will be received shortly. A \$1MM receivable from Highmark for its annual contribution was also issued during the quarter and has not yet been received.

² Deferred Income increased during the quarter due the issuance of the \$1MM Highmark receivable listed above, with revenue recognized evenly throughout the fiscal year.

Delaware Health Information Network
Profit and Loss Statement
FOR THE PERIOD ENDING SEPTEMBER 2016



*Accrual Basis

	Quarter To Date Actuals	Quarter To Date Budget	Variance	Year To Date Actuals	Year To Date Budget	Variance	Full Year Budget
Operating Revenue							
Core Services							
Results Delivery	\$945,185	\$943,144	\$2,041	\$945,185	\$943,144	\$2,041	\$3,772,574
Community Health Record (CHR)	\$780,924	\$768,011	\$12,913	\$780,924	\$768,011	\$12,913	\$3,082,282
Total Core Services	\$1,726,109	\$1,711,154	\$14,955	\$1,726,109	\$1,711,154	\$14,955	\$6,854,857
Value Added Services							
CHR - Viewing by Providers	\$0	\$1,010	(\$1,010)	\$0	\$1,010	(\$1,010)	\$6,410
Medication History Access	\$2,970	\$6,600	(\$3,630)	\$2,970	\$6,600	(\$3,630)	\$27,680
Encounter Notification Services	\$13,589	\$6,780	\$6,809	\$13,589	\$6,780	\$6,809	\$27,120
Image Viewing	\$5,859	\$5,859	\$0	\$5,859	\$5,859	\$0	\$38,056
Professional Services	\$92,165	\$93,056	(\$899)	\$92,165	\$93,056	(\$899)	\$551,927
Total Value-Added Services	\$114,583	\$113,305	\$1,279	\$114,583	\$113,305	\$1,278	\$651,193
Total Operating Revenue	\$1,840,692	\$1,824,459	\$16,234	\$1,840,692	\$1,824,459	\$16,233	\$7,506,049
Non Operating Revenue							
Grant Revenue	\$173,968	\$539,426	(\$365,458)	\$173,968	\$539,426	(\$365,458)	\$2,006,611
Contributions	\$250,000	\$250,000	\$0	\$250,000	\$250,000	\$0	\$1,000,000
Interest	\$14,335	\$15,000	(\$665)	\$14,335	\$15,000	(\$665)	\$60,000
Total Non Operating Revenue	\$438,303	\$804,426	(\$366,124)	\$438,303	\$804,426	(\$366,124)	\$3,066,611
Total Revenue	\$2,278,994	\$2,628,885	(\$349,891)	\$2,278,994	\$2,628,885	(\$349,891)	\$10,572,660
Expenses							
Personnel	\$694,207	\$769,637	\$75,430	\$694,207	\$769,637	\$75,430	\$3,509,457
Administration	\$132,539	\$116,121	(\$16,419)	\$132,539	\$116,121	(\$16,419)	\$580,562
Operations	\$297,203	\$297,203	\$0	\$297,203	\$297,203	\$0	\$1,188,810
Depreciation	\$15,475	\$15,475	\$0	\$15,475	\$15,475	\$0	\$61,900
Contractual (Non-Technical)	\$171,566	\$357,739	\$186,173	\$171,566	\$357,739	\$186,173	\$1,232,249
Marketing	\$36,625	\$34,000	(\$2,625)	\$36,625	\$34,000	(\$2,625)	\$186,000
Ongoing License & Maintenance	\$457,045	\$476,602	\$19,557	\$457,045	\$476,602	\$19,557	\$2,006,060
New Functions	\$99,595	\$403,510	\$303,915	\$99,595	\$403,510	\$303,915	\$1,487,937
New Functions Maintenance & License	\$20,862	\$15,750	(\$5,112)	\$20,862	\$15,750	(\$5,112)	\$93,646
Technology Refresh	\$14,800	\$50,400	\$35,600	\$14,800	\$50,400	\$35,600	\$1,197,200
Total Expenses	\$1,939,917	\$2,536,437	\$596,520	\$1,939,917	\$2,536,437	\$596,520	\$11,543,820
Net Income	\$339,078	\$92,448	\$246,629	\$339,078	\$92,448	\$246,629	(\$971,159)

Explanation of Budget Categories

- ❖ Results Delivery represents electronic delivery of clinical results for DHIN's 26 data contributors. Pricing has been held flat compared to last year and revenue is increasing due a overall projected increase in volume from the DHIN data sender community.
- ❖ Community Health Record represents funding from the various payers which receive benefit from the healthcare community having access to patient records sourced from acute and ambulatory providers. DHIN has reduced its per member per month pricing from \$0.78 to \$0.75 in FY2017.
- ❖ Professional Services represents services provided to DPH, DHCC in support of the State Innovation Model project, as well as ongoing interface connectivity work to existing and new customers.
- ❖ Grant Revenue is from DHIN's \$2.7 million ONC grant which began in July 2015 and ends July 2017. DHIN was awarded a \$625,000 supplemental grant in September 2016 which will also end in July 2017. No revenue or expenses from the supplemental grant were included in the FY2017 budget.
- ❖ Contributions - Highmark's \$1MM annual funding agreement stemming from the Delaware Insurance Commissioner's Affiliation Approval Conditions ends in FY2017.
- ❖ Personnel expenditures are for DHIN people-related expenses. DHIN is expected to grow to 30 FTE in FY2017.
- ❖ 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.

- ❖ Contractual (Non-Technical) Expenditures are for:
 - Contract and Project Management from Medicity.
 - 4 contracted people who go to practices, SNF's, and Behavioral Health facilities to promote, educate, and train those stakeholders on ENS, Vorrohealth (the MDS to C-CDA converter tool), and Direct secure messaging, funded by the ONC grant.
 - CRM system development in support of a Provider Directory
 - Grant funded provider surveys to determine the increase in providers who provide clinical information to their patients.
 - Annual Report development.
 - Legal counsel to supplement existing support from the State's Deputy Attorney General.
- ❖ Ongoing License and Maintenance expenses are related to functions implemented in prior years, including DHIN 's results delivery system, Community Health Record, Master Patient Index, Encounter Notification System, and various analytics tools.
- ❖ Marketing expenditures are for new product promotion, ongoing website and social media marketing development, and consumer marketing campaigns.
- ❖ New Functions expenditures include the implementation of new functions, new data types, EMR vendor interfaces, and new data senders. FY2017 initiatives include:
 - Continuity of Care Document (CCD) exchange from 210 providers to the DHIN Community Health Record.
 - Development of reporting to track the usage of the CCD's in the Community Health Record.
 - Development of a patient portal which will also supply information to existing stakeholder patient portals to provide patient information from other facilities to provide complete information within their portal so that the patient does not have to go to multiple sites to obtain all of their information.
 - Development of a consumer facing revenue generating product.
 - Further development of an analytics database.
 - Implementation of the Vorrohealth tool which will extract data from a Minimum Data Set document and convert it to a digestible CCD document, viewable in the DHIN Community Health Record.
- ❖ New Functions Maintenance and License expenses are related to projects implemented in the current fiscal year.
- ❖ Technology Refresh: Expenses related to any development, hardware, or software that would be purchased in the event of that a new technology platform is selected.

Year To Date Key Variance Explanations

- ❖ Grant Revenue related to the ONC Cooperative Agreement is below plan due to the variances described below in the Contractual and New Function expense categories. DHIN's ONC revenue is driven by reimbursement of incurred grant-related expenses.
- ❖ Personnel expenses are favorable to plan due a delay in hiring budgeted headcount as well as lower than budgeted medical insurance and retirement match contribution expenses.
- ❖ Contractual expenses are lower than plan due to the savings related to ONC reporting development from Medicity (DHIN will complete the reporting itself, creating the savings), a delay in implementing the Salesforce CRM platform which will support DHIN's Provider Directory (scheduled to complete 2Q FY2017), and a postponement in implementing Provider surveys related to the ONC grant until 2017.
- ❖ New Functions Expense is below plan to due to a delay in implementing analytics tools with IMAT, now scheduled for 2Q FY2017, a delay in implementing in implementing a Personal Health Record/Patient Portal (vendor selection occurred during 1Q, implementation is expected in the Spring of 2017, lower than expected costs for CCD integration, and a delay getting LTPAC engagement for its Vorrohealth CCD solution.

Delaware Health Information Network
Balance Sheet
As of September 30th, 2016



ASSETS

Restricted Cash	\$77,344
Unrestricted Cash	\$5,554,016
Restricted Accounts Receivable	\$2,221,882 ¹
Prepaid Expenses - Restricted	\$402,112 ²
Equipment - Restricted	\$238,210 ³
Other Assets	<u>\$12,513</u> ⁴
TOTAL ASSETS	<u><u>\$8,506,076</u></u>

LIABILITIES AND NET ASSETS

Accounts Payable	\$77,344 ⁵
Deferred Income	\$884,586
Unrestricted Net Assets	\$7,544,146
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$8,506,076</u></u>

¹ Restricted Accounts Receivable includes payment due from Highmark for its \$1MM contribution, payment is expected in the near future. \$410,000 is due from United Healthcare for services performed for its Medicaid members, with some funds over 90 days past due. DHIN has been working with the State of Delaware to enforce payment through a contract execution, which has been outstanding since January 2015. The remainder of the balance is due from DHIN's data senders for results delivery services performed as well as payment due from ONC for grant activities achieved. All funds are expected to be collected.

² Includes payment to Audacious Inquiry and Perfect Search for FY2017 license and hosting expenses, as well as funds paid in FY2016 which span FY2016 and FY2017. Also includes credits from DHIN's primary technology vendor for software upgrade reparations and Service Level Agreement payments.

³ Remaining value of 1.5MM Master Patient Indices with a 5 year life:
- 500,000 MPI's purchased in March 2015
- 1,000,000 MPI's purchased in October 2015

⁴ Other Assets include DHIN's Lease Deposit and a prepaid subscription for Gartner Subscription Services marketplace intelligence, contract review, and product sizing reviews.

⁵ Accounts Payable includes expenses incurred in support of the SIM Provider Scorecard initiative. This will be paid in the second quarter of FY2017.