

Delaware Health Information Network
Statement of Cash Flows
April 2017 to June 2017



Cash at Beginning of Period	\$5,807,039
OPERATING ACTIVITIES	
Net Income	(\$61,908)
Adjustments to reconcile Net Income to net cash provided by operations:	
Accounts Receivable	\$352,102 ¹
Prepaid Expenses	\$606,980 ²
Deferred Income	(\$315,901) ³
Accounts Payable	\$658,487 ⁴
Net cash provided by Operating Activities	<u>\$1,239,760</u>
INVESTING ACTIVITIES	
Gartner Marketing and Consulting	(\$51,455)
Master Patient Index - block of 500k identities	(\$12,120)
Net cash provided by Investing Activities	<u>(\$28,999)</u>
Cash at End of Period	\$7,017,800
Net Cash Increase For Period	\$1,210,761

¹ Change in Accounts Receivable driven by funds received from ONC for grant activities.

² Change in Prepaid Expenses is driven by payment made during the third quarter to Medicity for 4th quarter expenses.

³ Change in Deferred Income driven by \$1MM cash received earlier in the year from Highmark/BCBSDE.

⁴ Change in Accounts Payable driven by 4th quarter incurred but not paid expenses for DMOST registry integration expenses with the DHIN PHR, DHIN staff performance incentives, and Personal Health Record expenses.

Delaware Health Information Network
Profit and Loss Statement
FOR THE PERIOD ENDING JUNE 2017



*Accrual Basis

	Quarter To Date Actuals	Quarter To Date Reforecast	Variance	Year To Date Actuals	Year To Date Reforecast	Variance	Full Year Reforecast
Operating Revenue							
Core Services							
Results Delivery	\$948,643	\$971,112	(\$22,469)	\$3,787,146	\$3,786,402	\$744	\$3,786,402
Community Health Record (CHR)	\$794,516	\$777,663	\$16,853	\$3,113,373	\$3,095,878	\$17,495	\$3,095,878
Total Core Services	\$1,743,159	\$1,748,775	(\$5,616)	\$6,900,519	\$6,882,280	\$18,239	\$6,882,280
Value Added Services							
CHR - Viewing by Providers	\$350	\$2,350	(\$2,000)	\$2,000	\$4,700	(\$2,700)	\$4,700
Medication History Access	\$22,000	\$18,040	\$3,960	\$26,690	\$22,070	\$4,620	\$22,070
Encounter Notification Services	\$3,045	\$5,809	(\$2,764)	\$28,599	\$31,043	(\$2,445)	\$31,043
Image Viewing	\$5,859	\$5,859	\$0	\$38,056	\$38,056	\$0	\$38,056
Professional Services	\$120,884	\$141,594	(\$20,709)	\$526,095	\$546,023	(\$19,928)	\$546,023
Total Value-Added Services	\$152,138	\$173,652	(\$21,512)	\$621,439	\$641,892	(\$20,453)	\$641,892
Total Operating Revenue	\$1,895,297	\$1,922,427	(\$27,128)	\$7,521,958	\$7,524,172	(\$2,214)	\$7,524,172
Non Operating Revenue							
Grant Revenue	\$938,401	\$1,336,864	(\$398,463)	\$2,202,037	\$2,631,611	(\$429,574)	\$2,631,611
Contributions	\$250,000	\$250,000	\$0	\$1,000,000	\$1,000,000	\$0	\$1,000,000
Interest	\$15,097	\$16,500	(\$1,403)	\$60,245	\$63,570	(\$3,326)	\$63,570
Total Non Operating Revenue	\$1,203,498	\$1,603,364	(\$399,866)	\$3,262,282	\$3,695,182	(\$432,899)	\$3,695,182
Total Revenue	\$3,098,795	\$3,525,791	(\$426,996)	\$10,784,241	\$11,219,354	(\$435,113)	\$11,219,354
Expenses							
Personnel	\$927,396	\$1,110,001	\$182,605	\$3,077,931	\$3,287,386	\$209,455	\$3,287,386
Administration	\$131,033	\$135,534	\$4,501	\$535,071	\$518,438	(\$16,632)	\$518,438
Operations	\$297,203	\$297,203	\$0	\$1,190,773	\$1,188,810	(\$1,963)	\$1,188,810
Depreciation	\$18,389	\$15,475	(\$2,914)	\$64,814	\$61,900	(\$2,914)	\$61,900
Contractual (Non-Technical)	\$388,774	\$1,165,100	\$776,327	\$1,367,012	\$2,517,447	\$1,150,435	\$2,517,447
Marketing	\$139,572	\$296,320	\$156,748	\$527,061	\$659,026	\$131,965	\$659,026
Ongoing License & Maintenance	\$503,525	\$560,183	\$56,658	\$1,796,617	\$2,120,215	\$323,598	\$2,120,215
New Functions	\$416,521	\$249,644	(\$166,877)	\$1,117,515	\$757,605	(\$359,910)	\$757,605
New Functions Maintenance & License	\$224,832	\$25,775	(\$199,057)	\$320,084	\$124,998	(\$195,085)	\$124,998
Technology Refresh	\$113,459	\$445,000	\$331,541	\$158,947	\$491,091	\$332,144	\$491,091
Total Expenses	\$3,160,703	\$4,300,235	\$1,139,532	\$10,155,824	\$11,726,916	\$1,571,092	\$11,726,916
Net Income	(\$61,908)	(\$774,444)	\$712,536	\$628,417	(\$507,562)	\$1,135,976	(\$507,562)

Explanation of Budget Categories

❖ Results Delivery represents electronic delivery of clinical results for DHIN's 27 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.

❖ 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.
- ONC Funded contracted staff 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. Additional contractors also provide analytics platform analysis, PHR project management, and claims database project assessment and management.
- 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 support.
- 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 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 is below plan as DHIN had forecasted to exhaust its grant funding in FY2017. DHIN will exhaust its remaining \$445k of funding in July
- ❖ Personnel expenses are favorable to plan due a delay in hiring budgeted headcount. 2 new hires were added in 4Q FY2017, leaving 1 open position as of 6/30/2017.
- ❖ Contractual expenses are lower than planned due to a delay with HSX (the Southeastern Pennsylvania HIE) in executing the ADT exchange contract and beginning the associated work. The contract has been signed and work is expected to be completed by the end of the grant, which is in July 2017, which is when DHIN will be billed. Other DHIN-related planned contractual expenses were not needed, but DHIN was able to obtain a scope change request from ONC which allowed for over \$100k in contractual expenses to be allocated to the New Functions line for various new data sender connections that will feed DHIN's ADT service. The variance is also due to lower than planned analytics platform contractor expenses, a reduction and a delay in Provider Survey expenses until July 2017, savings in Provider Relations contractors, and a slight delay in the ONC-funded claims database environment assessment project.
- ❖ Marketing expenses (mostly grant funded) are below plan in order to accommodate higher than planned Personal Health Record (PHR) environment expenses which are also supported with limited grant funds.
- ❖ Ongoing License and Maintenance and Expense is below plan to due to lower than budgeted Scorecard maintenance and license expense, and a delay in CCD ingestion into the analytics platform license and maintenance due to vendor negotiations.
- ❖ New Functions Expense and New Function Maintenance and License expenses are higher than planned due to higher than budgeted Personal Health Record(PHR) expenses, and are partially offset by reduced Technology Refresh expenses.
- ❖ Technology Refresh Expense is below plan to due to DHIN's ability to perform testing and development internally as opposed to using contractual resources. In addition, PHR environment costs included in New Functions Maintenance and license include those which will house all of DHIN's data, resulting in savings in the Technology Refresh category.

Delaware Health Information Network
Balance Sheet
As of June 30th, 2017



ASSETS

Restricted Cash	\$852,866
Unrestricted Cash	\$6,164,933
Restricted Accounts Receivable	\$1,060,632 ¹
Prepaid Expenses - Restricted	\$373,965 ²
Equipment - Restricted	\$255,360 ³
Other Assets	<u>\$32,446 ⁴</u>
TOTAL ASSETS	<u><u>\$8,740,202</u></u>

LIABILITIES AND NET ASSETS

Accounts Payable	\$852,866 ⁵
Deferred Income	\$1,988
Unrestricted Net Assets	\$7,885,348
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$8,740,202</u></u>

¹ Restricted Accounts Receivable includes \$387,635 for incurred expenses for 2 ONC grants for June 2017. Balance is also comprised of \$280k in amounts due from Payers, including \$50k that is 60 days or more past due. The remaining balance is due to funds due from data senders for services performed, with all funds expected to be collected. All funds are expected to be collected.

² Includes \$165k credit from Medicity which will be applied to DHIN's July 2017 invoice. Remainder of balance is for invoices paid in FY2017 for FY2017 and FY2018 expenses.

³ Remaining value of 2.5MM 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
- 1,000,000 MPI's purchased in April 2017

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 incurred expenses for DMOST registry integration expenses with the DHIN PHR, DHIN staff performance incentives, and Personal Health Record expenses incurred in FY2017.