

Delaware Health Information Network
Statement of Cash Flows
January 2018 to March 2018



Cash at Beginning of Period	\$6,118,944
OPERATING ACTIVITIES	
Net Income	(\$689,230)
Adjustments to reconcile Net Income to net cash provided by operations:	
Accounts Receivable	\$261,884 ¹
Prepaid Expenses	\$47,705 ²
Deferred Income	\$14,006
Accounts Payable	(\$44,828) ³
Net cash provided by Operating Activities	<u>(\$410,463)</u>
INVESTING ACTIVITIES	
Gartner Marketing and Consulting	\$2,708
Master Patient Index - block of 500k identities	\$616
Net cash provided by Investing Activities	<u>\$37,899</u>
Cash at End of Period	\$5,746,380
Net Cash Increase For Period	(\$372,563)

¹ Change in Accounts Receivable driven by receipt of prior quarter's receivables from data senders which outpaced current quarter's receivables from data senders and payers.

² Change in Prepaid Expenses is driven by expenses recognized but payments previously paid to various vendors, including Medicasoft.

³ Change in Accounts Payable driven by payments made for the quarter's payables exceeding incurred expenses in March which will be paid in April.

Delaware Health Information Network
Profit and Loss Statement
FOR THE PERIOD ENDING March 2018



*Accrual Basis

	<u>Quarter to Date Actuals</u>	<u>Quarter to Date Reforecast</u>	<u>Variance</u>	<u>Year To Date Actuals</u>	<u>Year To Date Reforecast</u>	<u>Variance</u>	<u>Full Year Reforecast</u>
<u>Operating Revenue</u>							
<u>Core Services</u>							
Results Delivery	\$1,064,303	\$998,969	\$65,333	\$3,061,652	\$2,996,318	\$65,334	\$3,995,287
Community Health Record (CHR)	\$693,968	\$771,128	(\$77,160)	\$2,245,682	\$2,322,842	(\$77,160)	\$3,093,561
Total Core Services	\$1,758,270	\$1,770,097	(\$11,827)	\$5,307,333	\$5,319,159	(\$11,826)	\$7,088,848
<u>Value Added Services</u>							
CHR - Viewing by Providers	\$1,400	\$700	\$700	\$2,700	\$2,000	\$700	\$2,350
Medication History Access	\$4,070	\$660	\$3,410	\$10,080	\$6,670	\$3,410	\$29,000
Encounter Notification Services	\$5,839	\$6,150	(\$310)	\$18,096	\$18,406	(\$310)	\$24,556
Image Viewing	\$9,514	\$9,514	\$0	\$28,542	\$28,542	\$0	\$38,056
Professional Services	\$28,153	\$26,177	\$1,976	\$71,946	\$69,970	\$1,976	\$86,344
Indirect Grant Income	\$147,145	\$141,352	\$5,793	\$313,024	\$307,231	\$5,793	\$439,481
Total Value-Added Services	\$196,120	\$184,553	\$11,568	\$444,387	\$432,819	\$11,568	\$619,787
Total Operating Revenue	\$1,954,391	\$1,954,650	(\$258)	\$5,751,721	\$5,751,979	(\$258)	\$7,708,635
<u>Non Operating Revenue</u>							
Grant Revenue	\$0	\$0	\$0	\$449,263	\$449,263	\$0	\$449,263
Contributions	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest	\$12,983	\$14,400	(\$1,417)	\$40,745	\$42,162	(\$1,417)	\$56,562
Total Non Operating Revenue	\$12,983	\$14,400	(\$1,417)	\$490,008	\$491,425	(\$1,417)	\$505,825
Total Revenue	\$1,967,374	\$1,969,050	(\$1,675)	\$6,241,729	\$6,243,403	(\$1,675)	\$8,214,460
<u>Expenses</u>							
Personnel	\$921,098	\$967,077	(\$45,979)	\$2,529,525	\$2,575,504	(\$45,979)	\$3,826,910
Administration	\$90,206	\$149,981	(\$59,775)	\$392,593	\$452,367	(\$59,775)	\$625,897
Operations	\$297,203	\$297,203	\$0	\$891,608	\$891,608	\$0	\$1,188,810
Depreciation	\$18,799	\$18,799	\$0	\$56,398	\$56,398	\$0	\$75,198
Contractual (Non-Technical)	\$174,395	\$220,398	(\$46,003)	\$820,383	\$866,386	(\$46,003)	\$1,308,534
Marketing	\$44,768	\$65,808	(\$21,041)	\$230,714	\$251,755	(\$21,041)	\$313,988
Ongoing License & Maintenance	\$528,574	\$611,233	(\$82,659)	\$1,532,126	\$1,614,785	(\$82,659)	\$2,143,022
New Functions	\$11,311	\$11,543	(\$231)	\$41,241	\$41,473	(\$231)	\$57,210
New Functions Maintenance & Licen	\$10,545	\$13,350	(\$2,805)	\$32,580	\$35,385	(\$2,805)	\$45,735
Technology Refresh	\$559,705	\$760,238	(\$200,533)	\$1,191,817	\$1,392,350	(\$200,533)	\$2,238,166
Total Expenses	\$2,656,604	\$3,115,630	(\$459,026)	\$7,718,985	\$8,178,010	(\$459,025)	\$11,823,470
Net Income	(\$689,230)	(\$1,146,580)	\$457,350	(\$1,477,256)	(\$1,934,607)	\$457,350	(\$3,609,011)

Explanation of Budget Categories

- ❖ Results Delivery represents electronic delivery of clinical results for DHIN's 30 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.
- ❖ Grant Revenue is from DHIN's \$2.7 million ONC grant which began in July 2015 and a supplemental grant worth \$625,000 which began in September 2016. Both grants ended in July 2017.
- ❖ Indirect Grant Income represents assumed funding from DHCC in support of SIM grant for Health Care Claims Database (HCCD), and Provider Scorecard expenses. There is no funding for Personal Health Record (PHR) initiatives - DHIN is funding the PHR itself.
- ❖ Personnel expenditures are for DHIN people-related expenses. DHIN is expected to grow to 32 FTE in FY2018.
- ❖ Administration expenses are for non-people related overhead expenses (lease, computer support, supplies, etc. as well as a planned relocation in
- ❖ 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.
 - A competitive market analysis, per Year 2 of DHIN's FY2017 5-year strategic plan.
 - Grant funded provider surveys to determine the increase in providers who provide clinical information to their patients.
 - Legal counsel expense - the State announced on 7/18/2017 that it would cease its legal support to DHIN.
 - Ongoing HITRUST certification expenses - DHIN achieved HITRUST certification in FY2017, becoming the first HIE to achieve such designation.
- ❖ 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
- ❖ New Functions expenditures include the implementation of new functions, new data types, EMR vendor interfaces, and new data senders. FY2018 initiatives include the implementation of new data contributors which began in FY2017. Maintenance and license expenditures for new projects are housed in the "New Function Maintenance and License" category.
- ❖ Technology Refresh: Expenses related to development, hardware, or software in support of DHIN's new technology platform.

Year To Date Key Variance Explanations

- ❖ Results Delivery Income is favorable due to higher than expected volumes from one of DHIN's data senders.
- ❖ Community Health Record (CHR) Income is below plan due to a delay in signing a contract with a new Medicaid MCO customer for DHIN's services.
- ❖ Personnel and Administration expenses are favorable to plan due to people vacancy, as well as a delay in ITIL continuing education for DHIN staff. This savings offsets Legal expenses, which DHIN has begun funding in FY2018. Variance also due to an unplanned refund of a Harvard Research study.
- ❖ Contractual expenses are below plan due a slight delay in implementing the Health Care Claims Database (HCCD) proof of concept, which will determine the ability to marry clinical and claims information. This is expected to be completed by the end of the fiscal year.
- ❖ Marketing expenses are below plan due to a slight delay in a marketing campaign for the DHIN PHR product. The campaign is expected to be completed in the fourth fiscal quarter.
- ❖ Ongoing License and Maintenance and Expense is below plan to due to lower than budgeted Scorecard maintenance and license expense.
- ❖ Technology Refresh Expense is below plan due to later than expected implementation of DHIN's Clinical Information Gateway product (which will allow DHIN to provide this service independent of its current vendor). Variance also due to a delay in DHIN contractor expense related to the system conversion.

Delaware Health Information Network
Balance Sheet
As of March 31st, 2018



ASSETS

Restricted Cash	\$340,655
Unrestricted Cash	\$5,405,726
Restricted Accounts Receivable	\$622,635 ¹
Prepaid Expenses - Restricted	\$163,442 ²
Equipment - Restricted	\$198,961 ³
Other Assets	<u>\$53,146 ⁴</u>
TOTAL ASSETS	<u><u>\$6,784,565</u></u>

LIABILITIES AND NET ASSETS

Accounts Payable	\$340,655 ⁵
Deferred Income	\$110,007
Unrestricted Net Assets	\$6,333,903
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$6,784,565</u></u>

¹ Restricted Accounts Receivable includes \$318k in amounts due from Payers. \$100k is due from the State for Provider Scorecard and Claims Database services provided. The remaining balance is due to funds due from data senders for services performed. All funds are expected to be collected.

² Includes invoices paid to vendors for the duration of a 12 month period, paid up front according to contract terms, with expenses still to be recognized evenly over the course of the 12 month period. Vendors include DHIN's analytics vendor and DHIN's MPI (Master Patient Index) maintenance vendor.

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 due to MedFX for work related to the Community Health Record Conversion project, Zen Healthcare for contracted labor related to interface programming related to the current system conversion, and to Medicasoft for Personal Health Record license fees. All payables are expected to be paid in April.