

Delaware Health Information Network  
Statement of Cash Flows  
April 2018 to June 2018



<b>Cash at Beginning of Period</b>	\$5,746,774
<b>OPERATING ACTIVITIES</b>	
Net Income	(\$1,528,407)
Adjustments to reconcile Net Income to net cash provided by operations:	
Accounts Receivable	(\$258,206) <sup>1</sup>
Prepaid Expenses	\$113,539 <sup>2</sup>
Deferred Income	(\$4,257)
Accounts Payable	\$794,087 <sup>3</sup>
<b>Net cash provided by Operating Activities</b>	<u>(\$883,244)</u>
<b>INVESTING ACTIVITIES</b>	
Gartner Marketing and Consulting	\$2,708
Master Patient Index - block of 500k identities	<u>\$616</u>
<b>Net cash provided by Investing Activities</b>	\$37,899
<b>Cash at End of Period</b>	<b>\$4,901,430</b>
Net Cash Increase For Period	(\$845,344)

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<sup>1</sup> Change in Accounts Receivable driven by a net increase funds due from data senders and payers.

<sup>2</sup> Change in Prepaid Expenses is driven by expenses recognized but payments previously paid to various vendors, including IMAT/Perfect Search for DHIN's analytics environment.

<sup>3</sup> Change in Accounts Payable driven by payments due for system conversion expenses, Claims Database expenses, and DHIN staff Performance incentives.

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



\*Accrual Basis

	Quarter to Date Actuals	Quarter to Date Reforecast	Variance	Year To Date Actuals	Year To Date Reforecast	Variance	Full Year Reforecast
<b>Operating Revenue</b>							
<b>Core Services</b>							
Results Delivery	\$1,020,620	\$998,969	\$21,650	\$4,082,271	\$3,995,287	\$86,984	\$3,995,287
Community Health Record (CHR)	\$756,527	\$770,202	(\$13,675)	\$3,000,164	\$3,093,561	(\$93,397)	\$3,093,561
<b>Total Core Services</b>	<b>\$1,777,146</b>	<b>\$1,769,171</b>	<b>\$7,975</b>	<b>\$7,082,435</b>	<b>\$7,088,848</b>	<b>(\$6,413)</b>	<b>\$7,088,848</b>
<b>Value Added Services</b>							
CHR - Viewing by Providers	\$0	\$350	(\$350)	\$3,050	\$2,350	\$700	\$2,350
Medication History Access	\$0	\$22,000	(\$22,000)	\$35,050	\$29,000	\$6,050	\$29,000
Encounter Notification Services	\$5,867	\$6,150	(\$282)	\$25,990	\$24,556	\$1,434	\$24,556
Image Viewing	\$9,514	\$9,514	\$0	\$38,056	\$38,056	\$0	\$38,056
Professional Services	\$20,599	\$13,722	\$6,877	\$93,928	\$86,344	\$7,584	\$86,344
Indirect Grant Income	\$199,661	\$96,940	\$102,722	\$530,644	\$439,481	\$91,163	\$439,481
<b>Total Value-Added Services</b>	<b>\$235,641</b>	<b>\$148,675</b>	<b>\$86,967</b>	<b>\$726,717</b>	<b>\$619,787</b>	<b>\$106,931</b>	<b>\$619,787</b>
<b>Total Operating Revenue</b>	<b>\$2,012,787</b>	<b>\$1,917,847</b>	<b>\$94,942</b>	<b>\$7,809,152</b>	<b>\$7,708,635</b>	<b>\$100,518</b>	<b>\$7,708,635</b>
<b>Non Operating Revenue</b>							
Grant Revenue	\$0	\$0	\$0	\$449,263	\$449,263	\$0	\$449,263
Contributions	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest	\$12,884	\$14,400	(\$1,516)	\$53,629	\$56,562	(\$2,933)	\$56,562
<b>Total Non Operating Revenue</b>	<b>\$12,884</b>	<b>\$14,400</b>	<b>(\$1,516)</b>	<b>\$502,892</b>	<b>\$505,825</b>	<b>(\$2,933)</b>	<b>\$505,825</b>
<b>Total Revenue</b>	<b>\$2,025,671</b>	<b>\$1,932,247</b>	<b>\$93,425</b>	<b>\$8,312,044</b>	<b>\$8,214,460</b>	<b>\$97,584</b>	<b>\$8,214,460</b>
<b>Expenses</b>							
Personnel	\$1,091,657	\$1,251,406	(\$159,749)	\$3,621,182	\$3,826,910	(\$205,728)	\$3,826,910
Administration	\$159,492	\$173,872	(\$14,380)	\$583,079	\$625,897	(\$42,818)	\$625,897
Operations	\$297,203	\$297,203	\$0	\$1,188,810	\$1,188,810	\$0	\$1,188,810
Depreciation	\$18,799	\$18,799	\$0	\$75,198	\$75,198	\$0	\$75,198
Contractual (Non-Technical)	\$373,130	\$411,648	(\$38,518)	\$1,212,712	\$1,308,534	(\$95,822)	\$1,308,534
Marketing	\$45,593	\$65,808	(\$20,215)	\$276,605	\$313,988	(\$37,383)	\$313,988
Ongoing License & Maintenance	\$546,337	\$528,237	\$18,100	\$2,078,064	\$2,143,022	(\$64,958)	\$2,143,022
New Functions	\$23,458	\$15,738	\$7,720	\$64,849	\$57,210	\$7,639	\$57,210
New Functions Maintenance & Licen	\$11,730	\$10,350	\$1,380	\$44,115	\$45,735	(\$1,620)	\$45,735
Technology Refresh	\$1,012,330	\$845,816	\$166,514	\$2,210,157	\$2,238,166	(\$28,009)	\$2,238,166
<b>Total Expenses</b>	<b>\$3,579,728</b>	<b>\$3,618,877</b>	<b>(\$39,150)</b>	<b>\$11,354,771</b>	<b>\$11,823,470</b>	<b>(\$468,699)</b>	<b>\$11,823,470</b>
<b>Net Income</b>	<b>(\$1,554,057)</b>	<b>(\$1,686,630)</b>	<b>\$132,575</b>	<b>(\$3,042,727)</b>	<b>(\$3,609,011)</b>	<b>\$566,283</b>	<b>(\$3,609,011)</b>

#### **\*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 to an 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 June 2018).
- ❖ 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 campaigns.
- ❖ 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.
- ❖ Indirect Grant Income exceeds forecasts due to higher reimbursable consulting as well as DHIN staff efforts for the Claims database. The consulting efforts have expense offsets in the Consulting line item.
- ❖ Personnel expenses (including healthcare expenses, performance incentives, retirement contributions, and FICA taxes) are favorable to plan due to people vacancy.
- ❖ Administration expenses are lower than planned due to not moving to another office location as planned.
- ❖ Contractual expenses are lower than planned due to a slight delay in the completion of the budgeted Competitive Market Analysis as well as lower than expected costs for the project. The analysis is expected to be completed in July.
- ❖ Marketing expenses are below plan due to a reduction in planned consumer facing promotions as a result of a delay in prerequisite PHR marketing campaign that was delayed until June 2018.
- ❖ Ongoing License and Maintenance and Expense is below plan due to lower than budgeted Provider Scorecard maintenance and license expense.

Delaware Health Information Network  
Balance Sheet  
As of June 30th, 2018



**ASSETS**

Restricted Cash	\$1,192,119
Unrestricted Cash	\$3,709,311
Restricted Accounts Receivable	\$897,808 <sup>1</sup>
Prepaid Expenses - Restricted	\$51,173 <sup>2</sup>
Equipment - Restricted	\$180,162 <sup>3</sup>
Other Assets	<u>\$34,046 <sup>4</sup></u>
<b>TOTAL ASSETS</b>	<u><u>\$6,064,618</u></u>

**LIABILITIES AND NET ASSETS**

Accounts Payable	\$1,192,119 <sup>5</sup>
Deferred Income	\$102,687
Unrestricted Net Assets	\$4,769,813
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$6,064,618</u></u>

<sup>1</sup> Restricted Accounts Receivable includes \$210k in amounts due from Payers. \$343k is due from the State for Provider Scorecard, SIM, 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.

<sup>2</sup> 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.

<sup>3</sup> 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

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

<sup>5</sup> Accounts Payable includes incurred expenses related to the system conversion to Audacious Inquiry as well as existing infrastructure hosting expenses. Accounts Payable also includes payments due to Medicasoft for June 2018 hosting expenses related to the Personal Health Record as well as DHIN's historical data, as well as implementation expense related to the Claims Database Proof of Concept. The amount also includes expense for DHIN Staff Performance incentives as well as maintenance for DHIN's interface engine. All payables are expected to be paid in July and August 2018.