

Delaware Health Information Network
Statement of Cash Flows
July 2017 to September 2017



Cash at Beginning of Period	\$7,017,800
OPERATING ACTIVITIES	
Net Income	(\$323,249)
Adjustments to reconcile Net Income to net cash provided by operations:	
Accounts Receivable	\$307,815 ¹
Prepaid Expenses	\$73,126 ²
Deferred Income	\$101,465 ³
Accounts Payable	(\$628,087) ⁴
Net cash provided by Operating Activities	<u>(\$468,930)</u>
INVESTING ACTIVITIES	
Gartner Marketing and Consulting	\$2,708
Master Patient Index - block of 500k identities	<u>\$616</u>
Net cash provided by Investing Activities	\$37,899
Cash at End of Period	\$6,586,769
Net Cash Increase For Period	(\$431,030)

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

² Change in Prepaid Expenses is driven by expenses recognized but payments due to technology vendors for September 2017.

³ Change in Deferred Income driven cash received from a DHIN data sender for revenue to be recognized in 4Q FY2018.

⁴ Change in Accounts Payable driven by payments in FY2018 to various DHIN vendors for expenses incurred in late FY2017. Also includes payment of FY2017 DHIN staff performance incentives in FY2018.

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



*Accrual Basis

	<u>Quarter to Date Actuals</u>	<u>Quarter to Date Budget</u>	<u>Variance</u>	<u>Year To Date Actuals</u>	<u>Year To Date Budget</u>	<u>Variance</u>	<u>Full Year Budget</u>
<u>Operating Revenue</u>							
<u>Core Services</u>							
Results Delivery	\$998,641	\$998,453	\$188	\$998,641	\$998,453	\$188	\$3,994,338
Community Health Record (CHR)	\$777,815	\$788,063	(\$10,248)	\$777,815	\$788,063	(\$10,248)	\$3,146,754
Total Core Services	\$1,776,456	\$1,786,516	(\$10,060)	\$1,776,456	\$1,786,516	(\$10,060)	\$7,141,092
<u>Value Added Services</u>							
CHR - Viewing by Providers	\$350	\$0	\$350	\$350	\$0	\$350	\$4,700
Medication History Access	\$3,960	\$2,970	\$990	\$3,960	\$2,970	\$990	\$22,070
Encounter Notification Services	\$4,103	\$4,650	(\$548)	\$4,103	\$4,650	(\$548)	\$18,600
Image Viewing	\$9,514	\$9,514	\$0	\$9,514	\$9,514	\$0	\$38,056
Professional Services	\$25,603	\$17,372	\$8,232	\$25,603	\$17,372	\$8,232	\$90,292
Indirect Grant Income	\$53,295	\$291,328	(\$238,033)	\$53,295	\$291,328	(\$238,033)	\$1,141,382
Total Value-Added Services	\$96,825	\$325,834	(\$229,009)	\$96,825	\$325,834	(\$229,009)	\$1,315,100
Total Operating Revenue	\$1,873,281	\$2,112,350	(\$239,069)	\$1,873,281	\$2,112,350	(\$239,069)	\$8,456,192
<u>Non Operating Revenue</u>							
Grant Revenue	\$449,263	\$450,000	(\$737)	\$449,263	\$450,000	(\$737)	\$450,000
Contributions	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest	\$13,729	\$15,750	(\$2,021)	\$13,729	\$15,750	(\$2,021)	\$63,000
Total Non Operating Revenue	\$462,992	\$465,750	(\$2,758)	\$462,992	\$465,750	(\$2,758)	\$513,000
Total Revenue	\$2,336,272	\$2,578,100	(\$241,827)	\$2,336,272	\$2,578,100	(\$241,827)	\$8,969,192
<u>Expenses</u>							
Personnel	\$817,464	\$873,180	\$55,716	\$817,464	\$873,180	\$55,716	\$3,916,321
Administration	\$142,546	\$162,078	\$19,532	\$142,546	\$162,078	\$19,532	\$567,048
Operations	\$297,203	\$297,203	\$0	\$297,203	\$297,203	\$0	\$1,188,810
Depreciation	\$18,799	\$18,183	(\$616)	\$18,799	\$18,183	(\$616)	\$72,733
Contractual (Non-Technical)	\$478,671	\$787,401	\$308,730	\$478,671	\$787,401	\$308,730	\$1,531,545
Marketing	\$130,487	\$53,000	(\$77,487)	\$130,487	\$53,000	(\$77,487)	\$212,000
Ongoing License & Maintenance	\$517,771	\$595,935	\$78,164	\$517,771	\$595,935	\$78,164	\$2,223,249
New Functions	\$60,473	\$5,000	(\$55,473)	\$60,473	\$5,000	(\$55,473)	\$69,535
New Functions Maintenance & License	\$900	\$9,000	\$8,100	\$900	\$9,000	\$8,100	\$38,340
Technology Refresh	\$195,207	\$246,754	\$51,546	\$195,207	\$246,754	\$51,546	\$2,758,621
Total Expenses	\$2,659,521	\$3,047,733	\$388,212	\$2,659,521	\$3,047,733	\$388,212	\$12,578,202
Net Income	(\$323,249)	(\$469,634)	\$146,385	(\$323,249)	(\$469,634)	\$146,382	(\$3,609,010)

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.
- ❖ 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 Personal Health Record, Health Care Claims Database (HCCD), and Provider Socrecard expenses.
- ❖ 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.
 - Project Management work from HealthShare Exchange of Southeastern Pennsylvania (HSX) to exchange hospital ADT information between DHIN and HSX.
 - 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.
 - These expenses have decreased compared to FY2017 due to contractual work completed in support of DHIN's 3 ONC grants.
- ❖ 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 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

- ❖ Indirect Grant Income is lower than planned due to a DHCC to reallocate planned DHIN PHR SIM funding to another SIM initiative. This presents a full-year revenue risk of \$554k.
- ❖ Personnel and Administration expenses are favorable to plan due a delay in hiring budgeted headcount and a delay in hiring replacement headcount for 2 people whose last day was 8/31/2017.
- ❖ Budgeted Contractual expenses included a \$600k placeholder for remaining ONC grant expenses to be incurred in July 2017. DHIN exhausted its grant funds, with a significant portion of those expenses going against the Marketing, Technology Refresh, Personnel, Administration, and New Function lines. Variance also due to lower than planned HCCD consulting expenses due to a slight delay in the posting and approval of HCCD regulations (public comment period, etc.).
- ❖ 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 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 and well as lower than expected EMR vendor Professional Service fees for their work in integrating into DHIN'S new infrastructure.

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



ASSETS

Restricted Cash	\$276,141
Unrestricted Cash	\$6,310,628
Restricted Accounts Receivable	\$728,390 ¹
Prepaid Expenses - Restricted	\$300,839 ²
Equipment - Restricted	\$236,560 ³
Other Assets	<u>\$14,946 ⁴</u>
TOTAL ASSETS	<u><u>\$7,867,505</u></u>

LIABILITIES AND NET ASSETS

Accounts Payable	\$276,141 ⁵
Deferred Income	\$103,454
Unrestricted Net Assets	\$7,487,910
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$7,867,505</u></u>

¹ Restricted Accounts Receivable includes \$260k in amounts due from Payers, including \$28k that is 60 days or more past due. \$89k is due from the State for Provider Scorecard 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 from DHIN's various technology partners for services provided during September 2017.