

Delaware Health Information Network
Statement of Cash Flows
July 2018 to September 2018



Cash at Beginning of Period \$4,901,430

OPERATING ACTIVITIES

Net Income \$301,668

Adjustments to reconcile Net Income to net cash provided by operations:

Accounts Receivable	(\$965,839) ¹
Prepaid Expenses	(\$100,593) ²
Deferred Income	\$168,451 ³
Accounts Payable	(\$591,969) ⁴

Net cash provided by Operating Activities (\$1,188,282)

INVESTING ACTIVITIES

Gartner Marketing and Consulting	\$2,708
Master Patient Index - block of 500k identities	\$616

Net cash provided by Investing Activities \$37,899

Cash at End of Period \$3,751,048

Net Cash Increase For Period (\$1,150,382)

¹ Change in Accounts Receivable primarily driven by a net decrease in funds due from data senders, payers, and the SIM grant.

² Change in Prepaid Expenses is driven by full year payments paid but expenses only partially recognized for various vendors, including IMAT/Perfect Search for DHIN's analytics environment, as well as for cyber-liability insurance.

³ Change in Deferred Income is offset by a decrease in Accounts Receivable to recognize invoices generated to DHIN practices for DHIN services over the course of the entire fiscal year.

³ Change in Accounts Payable driven by payments made in FY2019 for expenses incurred in FY2018, including those related to the development of the new DHIN Community Health Record as well payment of DHIN FY2018 staff performance incentives.

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



*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	\$1,098,555	\$1,102,651	(\$4,096)	\$1,098,555	\$1,102,651	(\$4,096)	\$4,409,927
Community Health Record (CHR)	\$799,229	\$767,614	\$31,615	\$799,229	\$767,614	\$31,615	\$3,004,753
Total Core Services	\$1,897,784	\$1,870,265	\$27,519	\$1,897,784	\$1,870,265	\$27,519	\$7,414,680
Value Added Services							
CCD Exchange by Providers	\$1,300	\$0	\$1,300	\$1,300	\$0	\$1,300	\$0
CHR - Viewing by Providers	\$46,700	\$36,788	\$9,913	\$46,700	\$36,788	\$9,913	\$147,750
Medication History Access	\$3,630	\$3,630	\$0	\$3,630	\$3,630	\$0	\$35,250
Encounter Notification Services	\$9,399	\$18,113	(\$8,714)	\$9,399	\$18,113	(\$8,714)	\$72,450
Image Viewing	\$9,514	\$9,514	\$0	\$9,514	\$9,514	\$0	\$38,056
Professional Services	\$15,277	\$10,600	\$4,677	\$15,277	\$10,600	\$4,677	\$42,401
Consumer Facing Products	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sub-Grant Income	\$550,126	\$53,907	\$496,219	\$550,126	\$53,907	\$496,219	\$161,721
Total Value-Added Services	\$635,946	\$132,551	\$503,395	\$635,946	\$132,551	\$503,395	\$497,628
Total Operating Revenue	\$2,533,730	\$2,002,816	\$530,914	\$2,533,730	\$2,002,816	\$530,914	\$7,912,308
Non Operating Revenue							
Grant Revenue	(\$35,388)	\$0	(\$35,388)	(\$35,388)	\$0	(\$35,388)	\$0
Contributions	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest	\$10,971	\$11,250	(\$279)	\$10,971	\$11,250	(\$279)	\$45,000
Total Non Operating Revenue	(\$24,417)	\$11,250	(\$35,667)	(\$24,417)	\$11,250	(\$35,667)	\$45,000
Total Revenue	\$2,509,314	\$2,014,066	\$495,248	\$2,509,314	\$2,014,066	\$495,248	\$7,957,308
Expenses							
Personnel	\$920,971	\$937,750	(\$16,779)	\$920,971	\$937,750	(\$16,779)	\$4,128,598
Administration	\$111,527	\$117,786	(\$6,260)	\$111,527	\$117,786	(\$6,260)	\$504,379
Operations	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Depreciation	\$18,799	\$18,183	\$616	\$18,799	\$18,183	\$616	\$72,733
Contractual (Non-Technical)	\$199,624	\$114,007	\$85,617	\$199,624	\$114,007	\$85,617	\$428,921
Marketing	\$26,945	\$25,133	\$1,812	\$26,945	\$25,133	\$1,812	\$100,532
Ongoing License & Maintenance	\$633,020	\$738,512	(\$105,493)	\$633,020	\$738,512	(\$105,493)	\$2,875,014
New Functions	\$144,526	\$0	\$144,526	\$144,526	\$0	\$144,526	\$215,000
New Functions Maintenance & Licen	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Technology Refresh	\$152,233	\$25,000	\$127,233	\$152,233	\$25,000	\$127,233	\$797,457
Total Expenses	\$2,207,646	\$1,976,372	\$231,274	\$2,207,646	\$1,976,372	\$231,274	\$9,122,634
Net Income	\$301,668	\$37,694	\$263,974	\$301,668	\$37,694	\$263,974	(\$1,165,325)

Explanation of Budget Categories

- ❖ Results Delivery represents electronic delivery of clinical results for DHIN's 30 data contributors. Revenue is increasing due to higher volumes from data contributors, while decreasing unit rate pricing. A new product bundle has been introduced which provides 8 services for data senders to receive benefit.
- ❖ 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. A new product bundle has been introduced which provides 3 services for payers to receive benefit.
- ❖ CHR - Viewing by Providers and Encounter Notification Service revenue represents charging practices for those services for the first time in FY2019.
- ❖ Sub-Grant Income represents assumed funding from DHCC in support of SIM grant for Health Care Claims Database (HCCD). \$162k was budgeted, but the actual amount will be higher. 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 FY2019.
- ❖ Administration expenses are for non-people related overhead expenses (lease, computer support, supplies, etc.).
- ❖ Contractual (Non-Technical) Expenditures are for legal support, Claims Database consulting (offset by Indirect Grant Income), and HITRUST certification expenses.
- ❖ 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 functionality to delivery new services or enhancements. Maintenance and license expenditures for these new projects are housed in the "New Function Maintenance and License" category.
- ❖ Technology Refresh Expenditures are related to the development, hardware, or software in support of DHIN's new technology platform.

Year To Date Key Variance Explanations

- ❖ Community Health Record (CHR) Income above plan due to higher than expected Marketplace membership.
- ❖ Sub-Grant Income exceeds is higher than plan due to SIM-based Claims Database and Provider Scorecard activities whose contract was approved after the DHIN budget approval. Total SIM funding for FY2019 is expected to be about \$1.34MM, with some expense offsets which will lower the net income impact to a TBD amount.
- ❖ Personnel expenses are favorable to plan due to people vacancy.
- ❖ Contractual expenses are higher than planned due to SIM-related Claims database expenses from DHIN's project contractor. Funding for these expenses comes from the aforementioned SIM funding in the Indirect Grant Income line. Variance also due to the FY2019 completion of a DHIN Market assessment which was budgeted in FY2018.
- ❖ Ongoing License and Maintenance and Expense is below plan to due to lower than budgeted support expenses from Medicity.
- ❖ New Functions expenses are higher than planned due to SIM-related Claims database expenses from DHIN's technology provider. Funding for these expenses comes from the aforementioned SIM funding in the Indirect Grant Income line.
- ❖ Technology Refresh expenses are below plan to due increased hardware infrastructure and an assessment of DHIN's infrastructure driven by performance issues during 1QFY2019. Variance also due to accelerated timing of Medication History related expenses related to the conversion as well as accelerated timing of a project to increase the number of available patient indices (MPI's) in order to optimize the maintenance expenses paid for those indices.

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



ASSETS

Restricted Cash	\$588,860
Unrestricted Cash	\$3,162,188
Restricted Accounts Receivable	\$1,769,288 ¹
Prepaid Expenses - Restricted	\$242,354 ²
Equipment - Restricted	\$161,362 ³
Other Assets	<u>\$13,346 ⁴</u>
TOTAL ASSETS	<u><u>\$5,937,398</u></u>

LIABILITIES AND NET ASSETS

Accounts Payable	\$588,860 ⁵
Deferred Income	\$174,483
Unrestricted Net Assets	\$5,174,055
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$5,937,398</u></u>

¹ Restricted Accounts Receivable includes \$352k in amounts due from Payers, \$760k is due from the State for SIM related activities. Additional funds are due from DHIN's data senders, as well DHIN's practices, whom DHIN began charging in 1QFY2019 . 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 MPI (Master Patient Index) maintenance vendor and DHIN's CRM system 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 related to the system conversion to Audacious Inquiry as well as existing infrastructure hosting expenses. Accounts Payable also includes payments due to Medicasoft for claims database work completed, September 2018 hosting expenses related to the Personal Health Record as well as DHIN's historical data. The amount also includes expense for Claims Database project management work and Market Assessment work, per DHIN's Strategic Plan.