

Delaware Health Information Network
Statement of Cash Flows
For the Period of April 2020 to June 2020



Cash at Beginning of Period \$4,873,329

OPERATING ACTIVITIES

Net Income \$123,813

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

Accounts Receivable	\$36,473 ¹
Prepaid Expenses	\$56,749
Deferred Income	(\$100,816)
Accounts Payable	\$471,041 ²
Paycheck Protection Program	\$505,567 ³

Net cash provided by Operating Activities \$1,092,828

INVESTING ACTIVITIES

Hyper-V Server Replacement	\$616
Master Patient Indices	\$6,406

Net cash provided by Investing Activities \$7,022

Cash at End of Period \$5,973,178

Net Cash Increase For Period \$1,099,849

¹ Change in Accounts Receivable driven by a net increase in funds received from data senders and payers.

² Change in Accounts Payable driven by invoices received at the end of the quarter for infrastructure license and maintenance expenses and initial payment related to development of a strategic plan and value assessment. Change is also driven by accrual for DHIN staff performance incentives earned in FY2020, to be paid out upon Board approval.

³ DHIN successfully applied for the CARES Act PPP loan which was received on 5.4.2020. The loan will be waived contingent on provision of documentation of DHIN maintaining its staff levels at the same levels as the end of 2019. Waiver information is expected to be provided during the Summer of 2020 when the submission portal from DHIN's bank becomes available.

Delaware Health Information Network
Profit and Loss Statement
FOR THE PERIOD ENDING June 2020



*Accrual Basis

	Quarter to Date Actuals	Quarter to Date Reforecast	Variance	Year To Date Actuals	Year To Date Reforecast	Variance	Full Year Reforecast
<u>Operating Revenue</u>							
<u>Core Services</u>							
Data Sender Bundle	\$1,154,629	\$1,181,972	(\$27,342)	\$4,687,287	\$4,726,951	(\$39,664)	\$4,726,951
Payer Bundle	\$786,245	\$749,215	\$37,030	\$3,077,767	\$3,012,447	\$65,320	\$3,012,447
Total Core Services	\$1,940,874	\$1,931,187	\$9,688	\$7,765,054	\$7,739,398	\$25,655	\$7,739,398
<u>Value Added Services</u>							
CHR - Viewing by Providers	\$26,475	\$28,425	(\$1,950)	\$115,116	\$118,966	(\$3,850)	\$118,966
Medication History Access	\$19,030	\$25,300	(\$6,270)	\$22,870	\$28,620	(\$5,750)	\$28,620
Encounter Notification Services	\$25,858	\$25,476	\$382	\$79,258	\$77,686	\$1,572	\$77,686
Image Viewing	\$3,655	\$3,655	\$0	\$14,619	\$14,619	\$0	\$14,619
CCD Exchange	\$833	\$2,785	(\$1,952)	\$4,083	\$10,740	(\$6,657)	\$10,740
Claims Database - Operational Revenue	\$17,480	\$0	\$17,480	\$124,380	\$59,570	\$64,810	\$59,570
Professional Services	\$142,026	\$3,649	\$138,377	\$200,417	\$36,281	\$164,136	\$36,281
Total Value-Added Services	\$235,357	\$89,290	\$146,067	\$560,743	\$346,482	\$214,261	\$346,482
Total Operating Revenue	\$2,176,231	\$2,020,476	\$155,755	\$8,325,797	\$8,085,880	\$239,916	\$8,085,880
<u>Non Operating Revenue</u>							
Medicaid FFP (HCCD)	\$426,091	\$514,476	(\$88,386)	\$870,370	\$514,476	\$355,894	\$514,476
State Appropriation for HCCD	\$43,873	\$57,164	(\$13,291)	\$506,423	\$810,217	(\$303,794)	\$810,217
Interest	\$4,036	\$11,250	(\$7,214)	\$38,347	\$46,663	(\$8,316)	\$46,663
Total Non Operating Revenue	\$474,000	\$582,890	(\$108,890)	\$1,415,140	\$1,371,356	\$43,784	\$1,371,356
Total Revenue	\$2,650,231	\$2,603,367	\$46,865	\$9,740,937	\$9,457,236	\$283,700	\$9,457,236
<u>Expenses</u>							
Personnel	\$1,362,108	\$1,422,969	(\$60,861)	\$4,463,601	\$4,577,945	(\$114,344)	\$4,577,945
Administration	\$75,429	\$129,362	(\$53,933)	\$547,614	\$604,528	(\$56,914)	\$604,528
Operations	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Depreciation	\$7,022	\$7,022	\$0	\$63,420	\$63,420	(\$0)	\$63,420
Contractual (Non-Technical)	\$254,514	\$267,419	(\$12,905)	\$663,529	\$851,117	(\$187,588)	\$851,117
Marketing	\$55,798	\$63,370	(\$7,572)	\$113,767	\$164,000	(\$50,233)	\$164,000
Ongoing License & Maintenance	\$711,989	\$821,036	(\$109,047)	\$2,858,129	\$2,988,380	(\$130,251)	\$2,988,380
New Functions	\$59,560	\$69,051	(\$9,491)	\$90,021	\$118,630	(\$28,609)	\$118,630
New Functions Maintenance & License	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Technology Refresh	\$0	\$0	\$0	\$10,715	\$9,500	\$1,215	\$9,500
Total Expenses	\$2,526,418	\$2,780,228	(\$253,810)	\$8,810,796	\$9,377,520	(\$566,724)	\$9,377,520
Net Income	\$123,813	(\$176,862)	\$300,675	\$930,141	\$79,716	\$850,425	\$79,716

Explanation of Budget Categories

- ❖ Data Sender Bundle Revenue represents electronic delivery of clinical results as well as 7 other services for DHIN's 30 data contributors.
- ❖ Payer Bundle Revenue represents funding from the various payers for access to the Community Health Record, Event Notification Services, and a Clinical Information Gateway feed - each of which allows for enhanced care management.
- ❖ CHR - Viewing by Providers allows provider access to DHIN Community Health Record.
- ❖ Encounter Notification Services comprises of revenue derived from Practices as well as Payers/ACO's who do not subscribe to the Payer Bundle.
- ❖ Medicaid FFP (HCCD) and the State Appropriation for HCCD line items provide a continuation of funding support for the HCCD after the SIM grant funding ended in January 2019. The State \$2MM appropriation became effective in February 2019. The HCCD was solely funded by the appropriation from February 2019 to June 2019. The appropriation is to be leveraged in FY2020 with the approval of a CMS IAPD in partnership with DMMA which provides a combination of 90%/10% and 75%/25% match funding through September 2021.
- ❖ Personnel expenditures are for DHIN people-related expenses. DHIN is expected to grow by 3 FTE to 36 FTE in FY2020 compared to FY2019 authorized levels. 2 of the incremental FTE are in support of the HCCD with 90 percent of the funding coming from the IAPD and 10 percent coming from the State's \$2 million appropriation pool of funds. The third incremental headcount will be a Network Operations analyst. DHIN has had people vacancy throughout FY2019 AND will have 3 vacant approved FTE at the end of FY2019. The increase from FY2019 to FY2020 is driven by the new and replacement hires in FY2020.
- ❖ Administration expenses are for non-people related overhead expenses (lease, ITIL training, computer support, supplies, etc.).
- ❖ Contractual expenses include HCCD project management and analytics expenses as well as contracted work to connect to a nationwide exchange network.
- ❖ Ongoing License and Maintenance expenses are related to existing DHIN functionality, including the HCCD.
- ❖ Marketing expenditures are for new product promotion, ongoing website and social media marketing development, and consumer marketing campaigns.
- ❖ New Functions expenses are for CCD standardization, ad-hoc new functionality determined during the year, and expected Phase 3 functionality to the new Community Health Record that was not included in the May 2019 release.

Year To Date Key Variance Explanations

- ❖ Payer Bundle revenue is higher than plan due to higher Medicaid and Marketplace enrollments, likely driven by higher unemployment due to COVID-19.
- ❖ Claims Database Operational Revenue - No additional customer/operational revenue was assumed in the mid-year reforecast. Revenue has been generated from Guidehouse who is implementing a Center for Disease Control project to study water level contaminants in sections of the state as well as well revenue from Christiana Care for an Alzheimer's care study.
- ❖ Professional Service Revenue is higher than planned due to COVID-19 Contact Tracing work performed for the State.`
- ❖ Medicaid FFP (HCCD) is above plan due to the assumption that funding would not begin until April 2020 due to a delay in an MOA approval between DHIN and the State, which is a prerequisite to access Federal Funds. The MOA has since been signed. State Appropriation for HCCD is below plan due to the aforementioned acceleration in the MOA signing.
- ❖ Personnel expenses are favorable to plan due to HCCD related people vacancy driven by the delay in approving the State MOA. Both people have since been hired.
- ❖ Administration expenses are lower than planned due an absence of contingency/ad-hoc legal fees as well as no travel or meal expenses in the 4th quarter due to COVID-19.
- ❖ Contractual expenses are lower than planned due to lower than expected National Network expenses, some of which will be spent in FY21.
- ❖ Marketing expenses are below planned due to a government relations contractor ending their services in January due to a potential conflict of interest as a result of assuming new responsibilities with the Delaware Healthcare Facilities Association, as well overall decreased marketing spend.
- ❖ Ongoing License and Maintenance and Expense is below plan due to a delay into FY21 of Master Patient Index cleanup work.
- ❖ New Functions Expense is below plan due to a delay into FY21 in switching platforms for DHIN's Health Check Connect/alerting service.

Delaware Health Information Network
Balance Sheet
As of June 30th, 2020



ASSETS

Restricted Cash	\$1,249,408
Unrestricted Cash	\$4,723,770
Restricted Accounts Receivable	\$1,322,440 ¹
Prepaid Expenses - Restricted	\$150,126 ²
Equipment - Restricted	\$41,544
Other Assets	<u>\$6,979</u>
TOTAL ASSETS	<u>\$7,494,268</u>

LIABILITIES AND NET ASSETS

Accounts Payable	\$1,249,408 ³
Deferred Income	\$30,179 ⁴
Paycheck Protection Program	\$505,567 ⁵
Unrestricted Net Assets	\$5,709,113 ⁶
TOTAL LIABILITIES AND NET ASSETS	<u>\$7,494,268</u>

¹ Restricted Accounts Receivable includes \$260k due from Payers, \$655k from funds owed from DHIN's data senders, \$334k related to claims database IAPD reimbursements, and \$118k from the State for COVID-19 contact tracing work. All funds are expected to be collected.

² Includes amounts paid up front according to contract terms, with expenses still to be recognized evenly over the course of the 12 month period including those for end of life orders registry services, cyber-security liability insurance, business liability insurance, and analytics software.

³ Accounts Payable includes incurred expenses due to Audacious Inquiry for CHR implementation work completed, hosting expenses to Medicasoft related to HCCD functionality and data storage for DHIN's clinical data, and DHIN staff performance incentives. The amount also includes an initial payment to a consultant for development of a strategic plan and a value assessment.

⁴ Deferred Income is related to cash received from PACS Imaging Viewing Customers and practice subscriptions whose revenue are amortized over the life of the subscription.

⁵ DHIN successfully applied for the CARES Act PPP loan which was received on 5.4.2020. The loan will be waived contingent on provision of documentation of DHIN maintaining its staff levels at the same levels as the end of 2019. Waiver information is expected to be provided during the Summer of 2020, when the submission portal from DHIN's bank becomes available.

⁶ Equates to 265 days of operating expenses.