

VITL FY2021 Budget Review

Staff Recommendation

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June 17, 2020

GMCB Oversight of VITL



- **Review and approve VITL budget.**

- 18 V.S.A. § 9375(b)(2)(C): The Board is required to “Annually review and approve the budget, consistent with available funds, of the Vermont Information Technology Leaders, Inc. (VITL). This review shall take into account VITL's responsibilities pursuant to section 9352 of this title and the availability of funds needed to support those responsibilities.”
 - Under 18 V.S.A. § 9352(c)(1), VITL is “designated... to operate the exclusive statewide health information exchange network.” Each year, the Secretary of Administration (or its designee the Department of Vermont Health Access/DVHA) funds this work by “enter[ing] into procurement grant agreements with VITL.”
- The Board’s oversight is intended to provide strategic guidance and policy parameters within which the Administration, through DVHA, operationalizes that relationship. GMCB first reviewed and approved VITL’s budget in 2016.
- Prior to 2018, GMCB also reviewed VITL’s core activities; this was removed from the Board’s duties by Act 187 of 2018.

Summary: VITL FY21 Budget



- Revenue: \$8,121,404
 - State funding = \$7.6 million
 - Increased by \$1.1 million from updated FY20 budget (approved in January)
 - Reflects anticipated decrease of \$1 million across CY2020: \$786k in FY20, \$236k in FY21 (conservative revenue estimates)
 - Non-state funding = \$1 million (stable from updated FY20 budget)
 - \$517k negative revenue item anticipating impact from COVID
- Expenses: \$7,794,603
 - Labor (\$3.1 million) is largest expense (40% of total, down from 46% in FY20)
 - Reflects 1 additional FTE in FY20, and 1 additional FTE in FY21; VITL plans to delay hiring until FY21 revenue figures are firmer
 - Software Server/Maintenance (\$1.6 million) is second largest expense (21% of total)
 - This category increased \$639k (70%) from updated FY20 budget
 - VHIE Hosting (\$1.0 million) is third largest expense (13% of total, down from 14.5% in updated FY20 budget)
- Built in contingencies:
 - \$517k negative revenue item anticipating impact from COVID
 - \$100k contingency line in expenses

Budget Review Criteria

- The Board has in the past adopted specific principles to assess VITL's budgets, described on the GMCB website. Staff recommend that the Board utilize these criteria in their review of VITL's budget, focusing on Transparency, Alignment with HIE Goals, and Stakeholder Recommendation:
 1. The review process will be transparent and will incorporate public input.
 2. The Board will review VITL's budget in order to determine whether they reflect a strategy and priorities consistent with the State's health care reform goals and the Health Information Technology (HIT) Plan. The Board will not direct the technical details of VITL's work or the details of VITL's contractual relationship with the State.
 3. The Board's review process must be structured and timed in order to assist the Department of Vermont Health Access (DVHA) and VITL in negotiating timely, effective grant agreements each year.
 4. The process must result in Board decisions that are sufficiently clear to enable VITL to do its work and DVHA to support that work without requiring repeated clarification or intervention by the Board.

Budget Review Criteria

1. The review process will be transparent and will incorporate public input.

Transparency is measured by compliance with budget guidance and overall transparency of the budget process. GMCB held a two-week special public comment period to solicit for public input.

- VITL has complied with budget guidance; the budget was submitted on 5/18 and 5/19, and the submission included all requested components.
- A special public comment period was open from Tuesday, 6/2, through Monday, 6/15; GMCB received 0 comments.

Budget Review Criteria

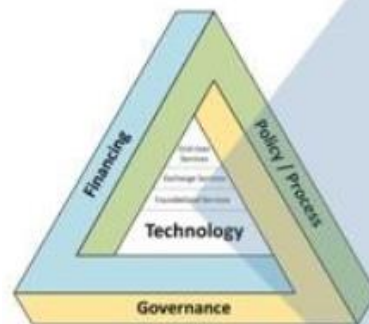
2. The Board will review VITL's budget in order to determine whether they reflect a strategy and priorities consistent with the State's health care reform goals and the Health Information Technology (HIT) Plan. The Board will not direct the technical details of VITL's work or the details of VITL's contractual relationship with the State.

Alignment will be assessed relative to the goals of the 2019-2020 HIE Strategic Plan (approved in November, available at <https://gmcboard.vermont.gov/hit/plan>).

- Staff find that VITL's budgeted activities will advance the goals of the 2019-2020 HIE Plan: 1) Create one health record for every person; 2) Improve health care operations; and 3) Use data to enable investment and policy decisions.

Budget Review Criteria

- VITL’s budget supports these goals by pushing toward more effective **foundational services** (includes identity management, included in the Collaborative Services Initiative; security; and continued work on consent policy), **exchange services** (includes data extraction and aggregation, i.e., increasing the number of organizations meeting higher-level Connectivity Criteria; data quality, included in the Collaborative Services Initiative; and data access, i.e., VITL Direct), and **end-user services** (includes notification services, i.e., ADT alerts; and analytics services, i.e., the OneCare Vermont analytics gateway), as defined in the 2019-2020 HIE Plan.



End-User Services		
Reporting Services	Notification Services	
Analytics Services	Consumer Tools	
Care Coordination Tools	Patient Attribution & Dashboards	
Exchange Services		
Data Aggregation	Data Access	Data Extraction
Terminology Services		Data Governance
Foundational Services		
Identity Management	Consent Policy & Management	
Security	Provider Directories	

Budget Review Criteria

3. The Board's review process must be structured and timed in order to assist the Department of Vermont Health Access (DVHA) and VITL in negotiating timely, effective grant agreements each year.

- Staff have worked with DVHA to ensure that the review timeline will not conflict with federal contracting requirements for DVHA's agreements with VITL.

Budget Review Criteria



4. The process must result in Board decisions that are sufficiently clear to enable VITL to do its work and DVHA to support that work without requiring repeated clarification or intervention by the Board.

- The Board will ensure that written decisions stemming from this budget review are sufficiently clear.

Staff Recommendation

- Staff recommend approving the VITL budget as presented, with two conditions:
 - VITL and DVHA will return to the Board in late 2020 to present their January-June 2021 budget once negotiations with DVHA for the CY21 contract are completed.
 - Following approval of the FY21 budget and in a manner and format set forth by the Board chair in consultation with GMCB staff, VITL will provide the Board with quarterly updates, including updates on Governance and Operations; Finances; and Technology (including Collaborative Services and continued Consent implementation efforts, including integration of sensitive data in the VHIE). This should include a copy of VITL's plan for stakeholder outreach to gather feedback on integration of 42 C.F.R. Part 2 and other sensitive data into the VHIE.