VITL
FY19 Budget Presentation
to Green Mountain Care Board

May 9, 2018

Mike Smith, President & Chief Executive Officer
Robert Turnau, Chief Financial Officer
Frank Harris, Interim Chief Technology Officer
Kristina Choquette, Chief Operating Officer

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Agenda

Introduction

FY19 Budget Request

Technology Plans

Quarterly Report

Introduction

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GMCB FY19 Budget Overview

Fiscal year 2019 will be a transition year for VITL, and the budget reflects the transition to a leaner and more focused organization.

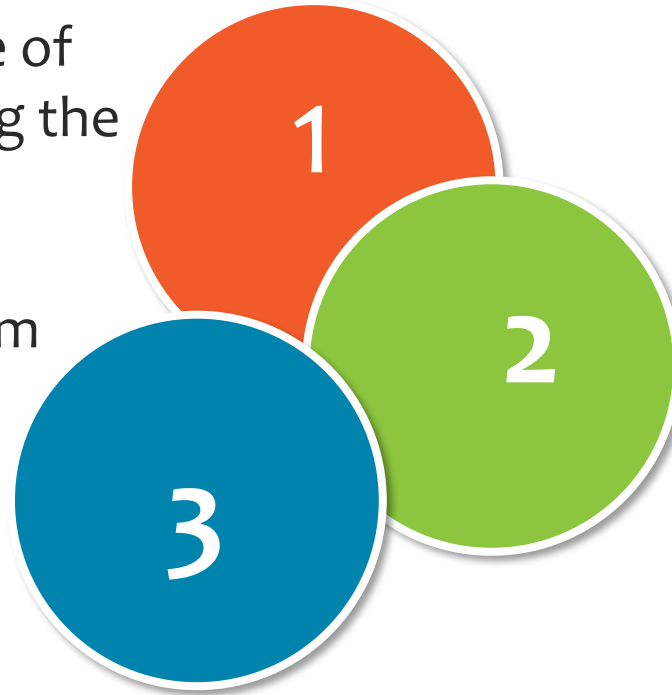This includes $1 million in reduced reliance from state revenues over FY19 and FY20.

Six Priorities:

- ☑ Increase the number of Vermonters who consent to have their data viewable in the VHIE.

- ☑ Better matching of patients with their record.

- ☑ Implement easier ways to access the data.

- ☑ Improve the quality of the data.

- ☑ Manage the security of the VHIE.

- ☑ Promote transparency.

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GMCB FY19 Budget Overview

FY19 Objectives

Regain the confidence of VITL's clients, including the State of Vermont, by addressing the recommendations from the Act 73 report.

VITL's short-term and long-term focus:

- ☑ High quality data.
- ☑ Strategies to ensure accurate & complete health records.
- ☑ Efficient, effective and useful delivery to providers.
- ☑ Collaborate better with our partners.

1

2

3

Imperative to continue providing value-added products—which are considered non-core—such as data supplied to One Care Vermont, etc.

GMCB FY19 Budget Overview

Looking forward

☑ FY19 budget is balanced through reductions.

☑ FY20 budget is balanced through the use of carry-forward monies.

☑ FY21 budget is balanced through providing value-added products to state government and Vermont providers.

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GMCB FY19 Budget Overview

Risks

☑ VITL is lean organization: while this is positive for efficiency, loss of crucial talent could have an impact on effectiveness.

☑ Unfavorable HTS follow-up evaluation could reduce state contracts further than projected.

☑ Legacy reconciliation issues settled within the parameters of reserve. Over the reserve could impact budget.

☑ VITL must meet its NIST requirements.

☑ Budget items must trend as planned.

Importance of the VHIE and Expected Outcomes
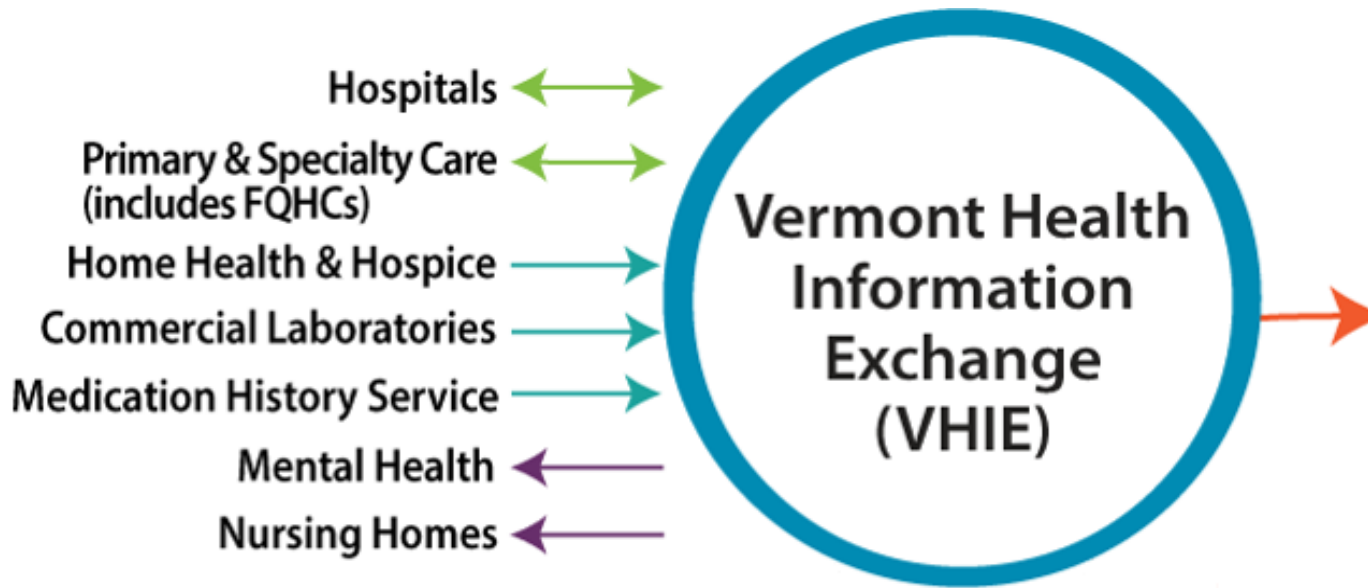
- ☑ Informs clinical decision making.
- ☑ Reduces utilization (tests / procedures / admissions) = reduced costs.
- ☑ Improves patient safety.
- ☑ Facilitates community-wide care coordination.
- ☑ Avoids medication errors.
- ☑ Required for Meaningful Use / MIPS.
- ☑ Blueprint for Health and OCV dependent.

HDM Infrastructure and Difference from the VHIE
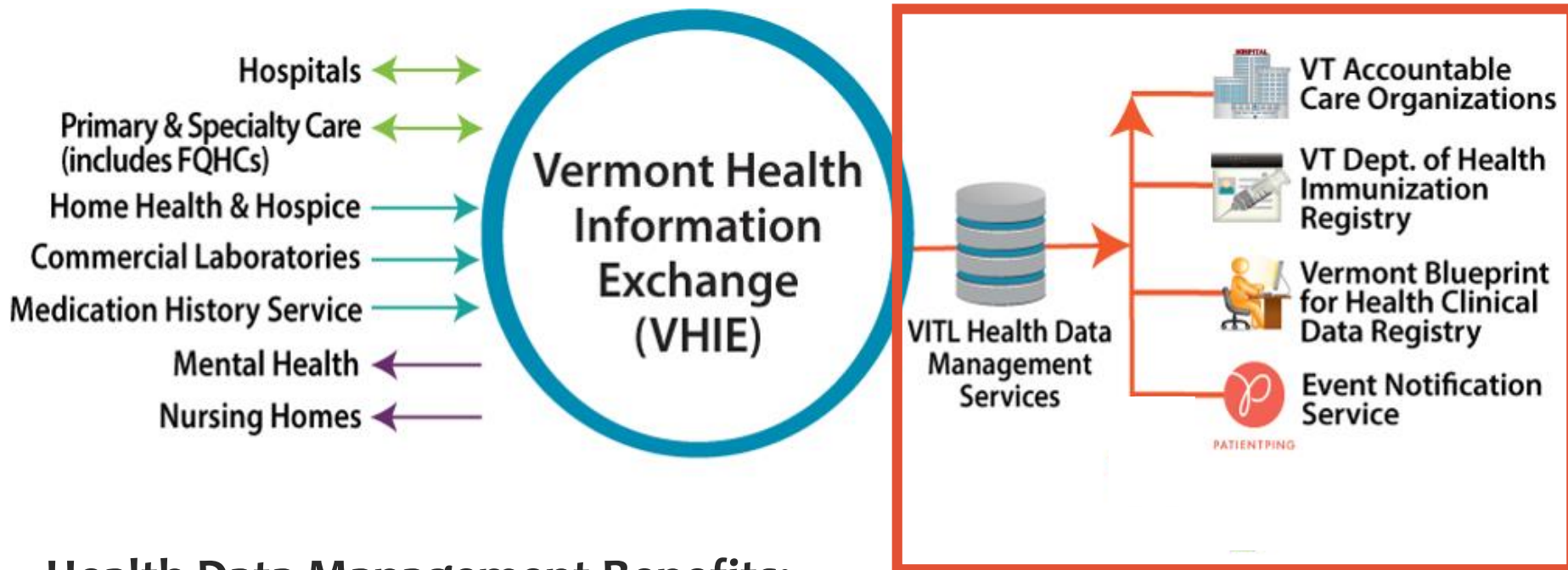
Health Data Management Benefits:

- ☑ ACOs can manage to performance measures.
- ☑ Blueprint Community Health Teams and Practice Profiles.
- ☑ Meet CDC immunization specifications.
- ☑ Delivers ADT and Consent info for event notification service.
- ☑ Potential to support other regions / states.

FY19 Budget Request

FY19 Budget Assumptions

1   VITL successfully completes contract requirements in six month extensions.

2   Awarded follow-on contracts in January 2019.

3   VITL is able to retain critical talent.

4   Areas of reduction:
- Elimination of three vacant positions.
- Reduction in office space starting January 2019.
- Reduction of certain employee benefits.

5   Complete transition of HDM from Rackspace to TechVault by November 2018.
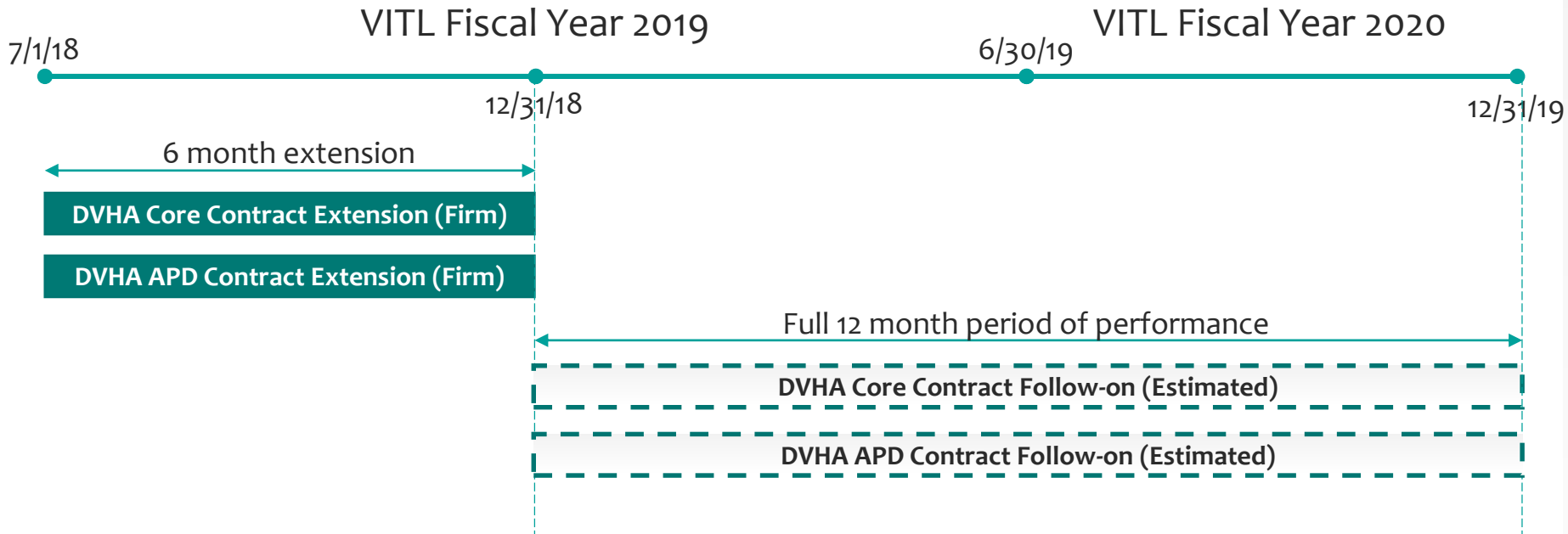
Revenue

	FY16 Audited	FY17 Draft	FY18 Forecast	FY19 Budget	FY20 Forecast
Core Grant	$ 3,010,201	$ 4,135,016	$ -		
Core Contract	-	-	3,973,471	3,801,044	3,551,000
APD Contract	1,233,498	744,332	1,421,529	1,143,956	894,000
SIM Contract	-	-	-	-	
Other State Contracts	1,388,568	862,173	184,685	42,000	-
State/Federal Grants & Contracts	5,632,267	5,741,521	5,579,685	4,987,000	4,445,000
Program Service Fees	1,478,668	1,194,640	993,120	1,018,760	1,019,000
Conference Fees	62,668	156,396	-	-	-
All Other Revenue	885	43	800	-	-
Total Revenue	$ 7,174,488	$ 7,092,600	$ 6,572,805	$ 6,005,760	$ 5,464,000

☑ FY19 state funding reduced by $500K.

☑ FY20 state funding reduced by $500K.

State Contracts

VITL Fiscal Year 2019   VITL Fiscal Year 2020

7/1/18   6/30/19

12/31/18   12/31/19

6 month extension

DVHA Core Contract Extension (Firm)

DVHA APD Contract Extension (Firm)

Full 12 month period of performance

DVHA Core Contract Follow-on (Estimated)

DVHA APD Contract Follow-on (Estimated)

Discussions with state on follow-on contracts
to start in late summer and scheduled to conclude by September
No indications successful conclusion is not possible

Expenses

	FY16 Audited	FY17 Draft	FY18 Forecast	FY19 Budget
Labor Cost	$ 2,592,416	$ 2,588,565	$ 2,098,929	$ 2,079,523
Fringe Related Costs	1,289,135	1,274,580	1,021,092	863,864
Personnel Related Expenses	3,881,551	3,863,145	3,120,021	2,943,387
Medicity	1,011,586	1,114,884	1,161,138	1,071,954
Information Technology	611,382	781,391	845,602	1,019,921
Consultants	262,913	197,953	103,928	74,780
Occupancy	227,800	216,806	217,526	196,564
Legal & Accounting	212,920	184,207	192,455	174,399
Education & Outreach	128,316	52,347	16,580	14,642
Insurance	87,600	97,530	106,436	104,100
Prof. Dev. & Travel	146,374	124,651	83,969	33,185
Telecommunications	62,810	64,285	68,523	64,857
All Other	132,273	125,032	95,533	116,435
Contingency	-	-	-	100,000
Total All Expenses	$ 6,765,525	$ 6,822,231	$ 6,011,711	$ 5,914,224

☑ Reduced cost to match reduced revenue.

☑ Investments in information technology to enhance security, improve matching and reduces future costs.

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Personnel Costs

	FY16 Audited	FY17 Draft	FY18 Forecast	FY19 Budget
Total Salaries & Wages	2,914,887	2,917,720	2,352,115	2,359,982
Severance	-	29,578	49,174	10,000
Less PTO (Vacation/Holidays)	(322,471)	(358,734)	(302,361)	(290,459)
Total Labor Cost	2,592,416	2,588,564	2,098,928	2,079,523
Employee Benefits	500,660	528,604	375,261	337,684
Payroll Taxes	241,585	238,146	173,426	171,165
Performance Incentives	-	(64,589)	12,500	-
PTO Expense	322,471	358,734	302,361	290,459
Retirement Contributions	219,187	192,325	139,556	64,556
Accrued Vacation/PTO	-	21,360	17,987	-
All Other	5,232	-	-	-
Total Fringe Expense	1,289,135	1,274,580	1,021,091	863,864
Total Personnel Expense	3,881,551	3,863,144	3,120,019	2,943,387

☑ Personnel costs represent 50 percent of total expenses.

☑ This budget keeps labor cost flat.

☑ Reduces employee benefits.

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VITL Organization Chart

A lean organization focused on meeting stakeholder requirements.
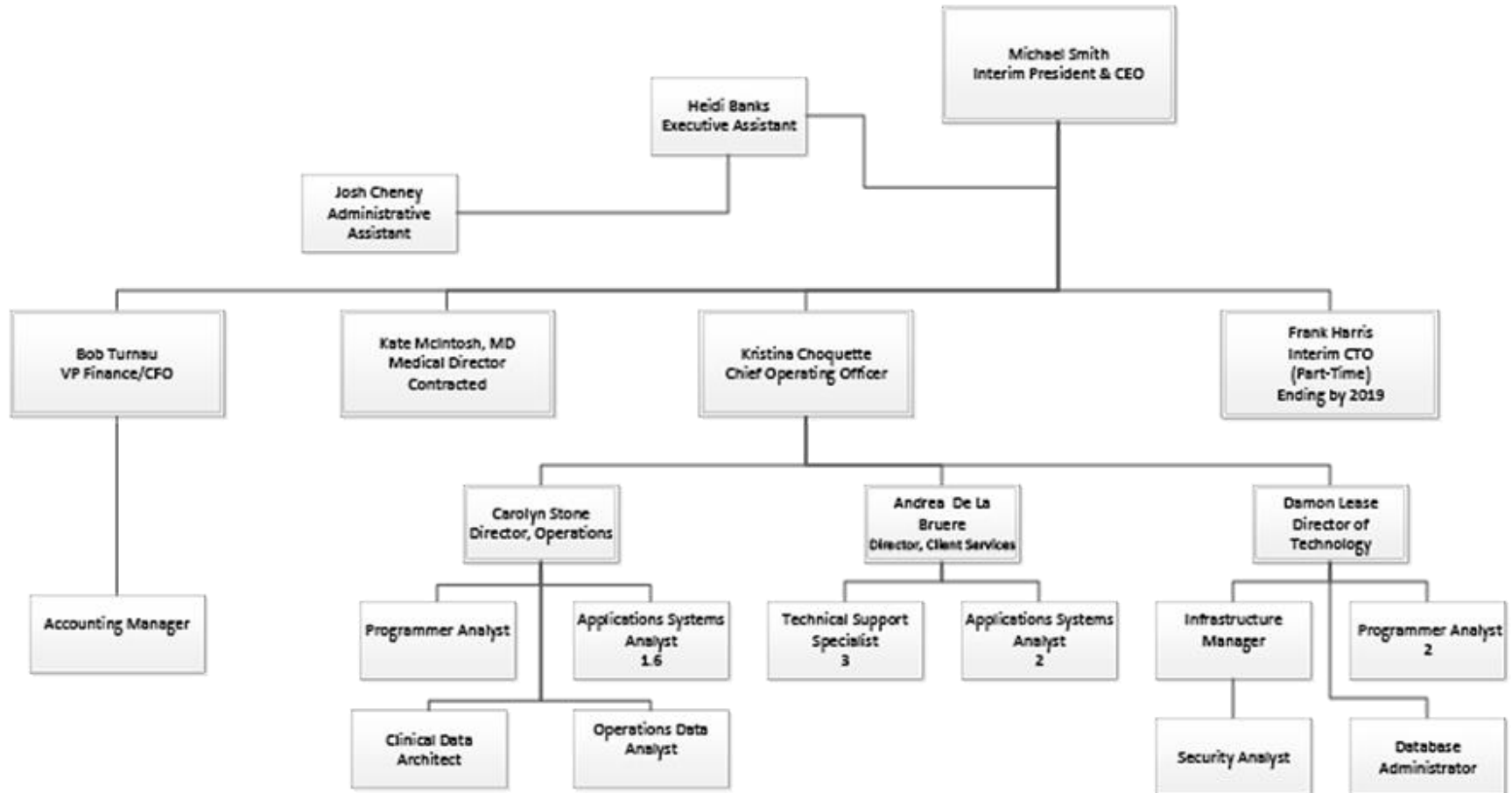
- 23.6 FTEs (does not include medical director or interim CTO).
  (medical director is a contracted position).

Headcount

Department	End of Year FTEs			
	FY16 Actual	FY17 Actual	FY18 Forecast	FY19 Budget
Administration	8.0	8.0	5.0	5.0
Client Services	7.0	5.0	3.0	3.0
Client Services-Technical Support	3.0	2.0	3.0	3.0
Operations	7.6	7.6	6.6	6.6
Technology	6.0	8.0	6.0	6.0
Total	31.6	30.6	23.6	23.6
Change		(1.0)	(7.0)	0.0

☑ VITL total headcount has declined by seven positions or 22 percent since FY17.

☑ FY19 budget has no new positions.

Medicity

Medicity Charge	Services Provided	Annual Cost
License Fee		$ 559,734
Remote Hosting Services	Data processing services, application of new releases, production scheduling & control, system backup, disaster recovery, and monthly reporting	$ 170,580
Remote Storage	Storage of VHIE data	$ 20,640
HCS Medication History	Health record tool which facilitates the query and retreival of Medication History records	$ 39,000
HISP	VITLDirect, Secure Clinical Messaging	$ 132,000
Interface Connectivity	Development and delivery of certain interfaces	$ 150,000
	Total annual cost	$ 1,071,954

☑ VHIE hosting vendor since 2011.

☑ Represents 18 percent of total VITL expenditures.

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Information Technology Expenses

Information Technology Related Expenditures

Activity/Task	Data Security	Network Services/ Maintenance	Software Services/ Maintenance	Total
Existing Hosting		84,001		84,001
Existing Interface Engine Rhapsody SW			33,615	33,615
Existing All Other SW			18,203	18,203
New Project-MPI Improvement		140,000		140,000
New Project-Sysadmin Services		150,000		150,000
New Project-Transition to Cloud			100,000	100,000
New Project-Cloud-based Disaster Recovery		30,000		30,000
New Project-Off-site backups		55,401		55,401
Total HDM	-	459,402	151,818	611,220
Security audits and tools	100,871			100,871
New security enhancements	52,698			52,698
Total Security Related Expenses	153,569	-	-	153,569
Existing SW			63,000	63,000
New Mapping/Consulting			90,000	90,000
Total Terminology Services	-	-	153,000	153,000
VITLAccess Onboarding Tool Support			6,860	6,860
Admin SW			2,510	2,510
Office SW			43,405	43,405
Backup & Document Destruction	9,865			9,865
Network Maintenance		27,282		27,282
Support Services			12,210	12,210
Total Indirect IT Related Expenses	9,865	27,282	58,125	95,272
Total	**163,434**	**486,684**	**369,803**	**1,019,921**

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Indirect Cost

	FY16 Audited	FY17 Draft	FY18 Forecast	FY19 Budget
Direct Labor Costs	1,853,731	1,829,381	1,321,228	1,410,128
Fringe applied to Dir. Labor	929,654	900,766	642,754	585,788
Direct Material/Services	2,258,195	2,224,475	2,053,099	2,114,388
Total Indirect Base	5,041,580	4,954,621	4,017,082	4,110,304
Indirect Labor Costs	738,685	759,185	777,700	669,394
Fringe applied to Ind. Labor	359,481	373,814	378,337	278,076
Indirect Material/Services	625,779	734,611	838,590	756,449
Total Indirect Expense	1,723,945	1,867,610	1,994,627	1,703,919
Indirect Rate	34.2%	37.7%	49.7%	41.5%
Indirect as % of Total Cost	25.5%	27.4%	33.2%	29.3%

☑ Indirect structure defined in FY16 agreement with State.

☑ In FY18 Forecast Indirect Rate driven by:

- Reduction in indirect base costs.
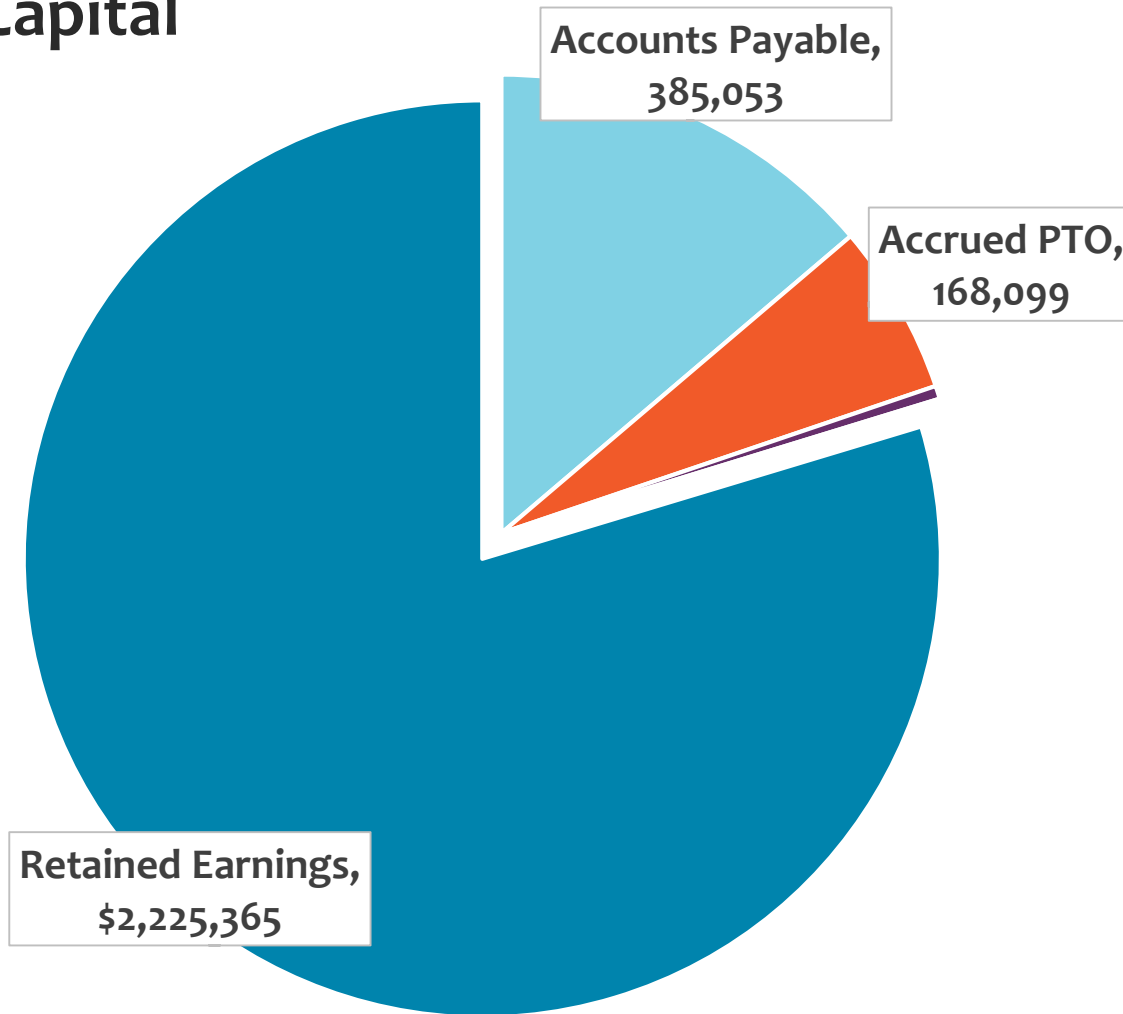- Increased indirect due to transition and personnel changes.

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FY19 Balance Sheet

Assets

Prepaid Exp., $87,839

PPE (Net), $137,525

Cash, $1,246,369

Accrued Rec., $857,023

Accounts Rec., $452,890

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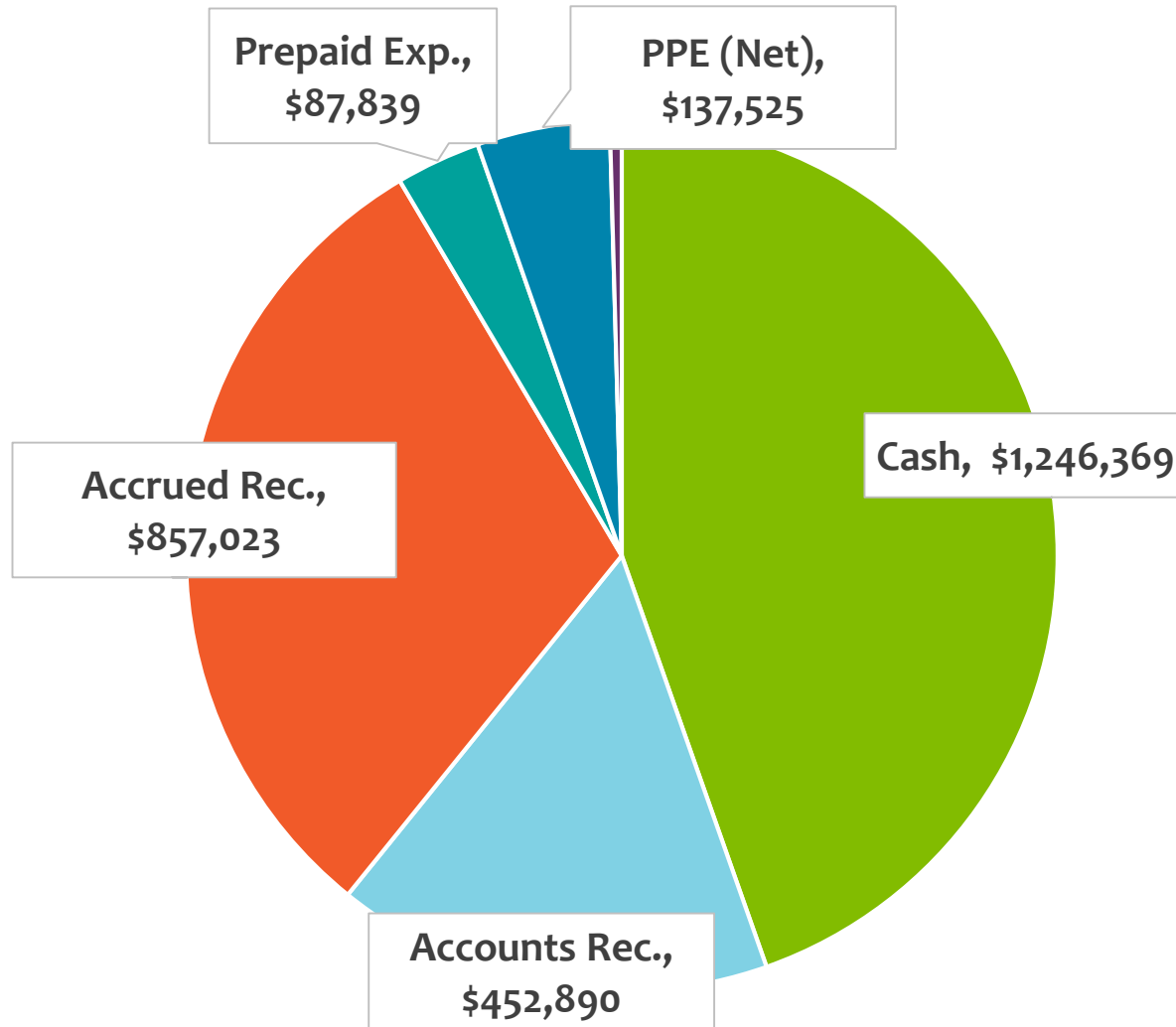
FY19 Balance Sheet

Liabilities & Capital

Accounts Payable, 385,053

Accrued PTO, 168,099

Retained Earnings, $2,225,365

FY19 Capital

Capital Budget for FY19 includes:

- ☑ Leasehold improvements to reduce footprint - $25,000
- ☑ New network hardware at VITL - $40,000
- ☑ Movement/installation of server closet - $15,000
- ☑ Network hardware at TechVault - $20,000

Total = $100,000

Technology Plans

Technology Objectives

Support VITL's focus areas:

1	Data quality
2	Data availability/ease of use
3	Patient matching
4	Patient consent
5	Data security and privacy

Strategic Initiatives

Review approach to provide analysis data

☑ Continued self-development?

Continue to advance infrastructure approach – minimize overhead costs

☑ Improve DR capabilities.

☑ Streamline.

☑ Likely move to cloud (after critical business review).

  o Can scale up and down rapidly.

  o "Just in time" capacity capabilities.

  o Avoid periodic large investment – predictable and consistent expense.

  o Reduce overhead.

Strategic Initiatives

Data Quality

- ☑ Catalyst for data standards.

- ☑ Support formal data governance with open participation.

- ☑ Advance capability to measure data quality with actionable information.

- ☑ Advance maturity of terminology services to standardize data.

- ☑ Work with others to develop overall systematic approach to data quality management.

Strategic Initiatives

Patient Matching

- ☑ *Core capability.*
- ☑ Survey marketplace to identify high quality, cost effective solutions.
- ☑ Partner with others to identify solution and meet the cost challenge – objective is to find solution that can meet needs of multiple partners.

Data Availability/Ease of Use

- ☑ EHR integration.
- ☑ Single sign-on capability.

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Strategic Initiatives

Patient Consent

☑ Focus on making collection easy and efficient through consent interfaces.

Security

☑ Build on solid foundation and track record of improvement.

☑ Continue robust program of regular audit by industry expert consultants.

☑ Open governance partnering with DVHA and ADS.

☑ Accountable, specific, agreed-upon action plans according to NIST standards.

☑ Establish a Cybersecurity Framework.

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Q3 Activities to Address HTS Report

Increase Vermonters who Consent

- ☑ Client relationship building and re-education.
- ☑ Electronic consent implementation.

Improve Utilization of the VHIE

- ☑ Client relationship building and re-education.
- ☑ Implement VITLAccess at 14 locations (11 locations live).
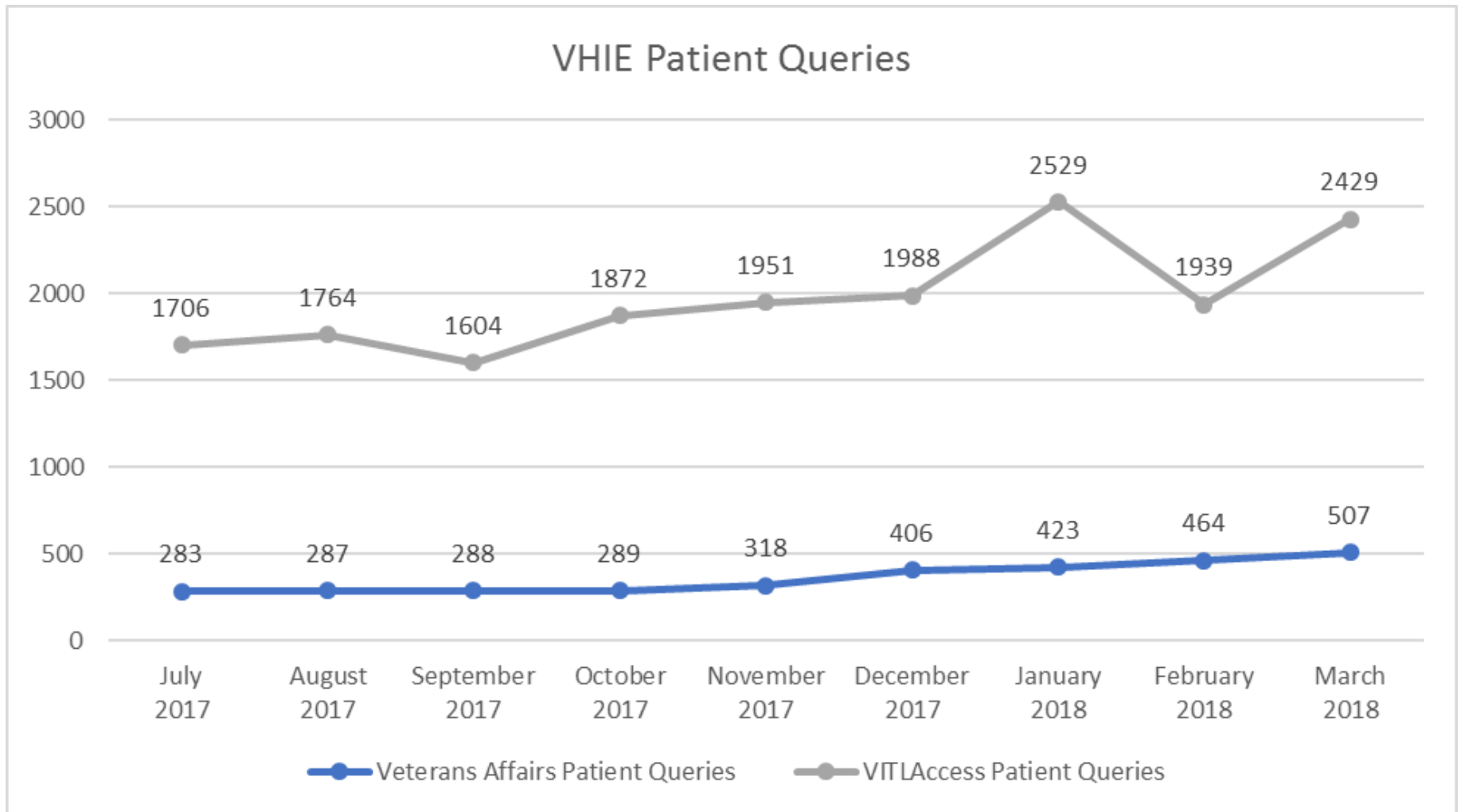- ☑ Aggregate more data - Develop and implement 85 interfaces (63 locations live).

Improve Patient Matching

- ☑ Applying pressure to HIE vendor to provide information and solutions for clean up of duplicate records.

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Point of Care: Consent

Percentage of Vermont Patients Who Have Provided Consent
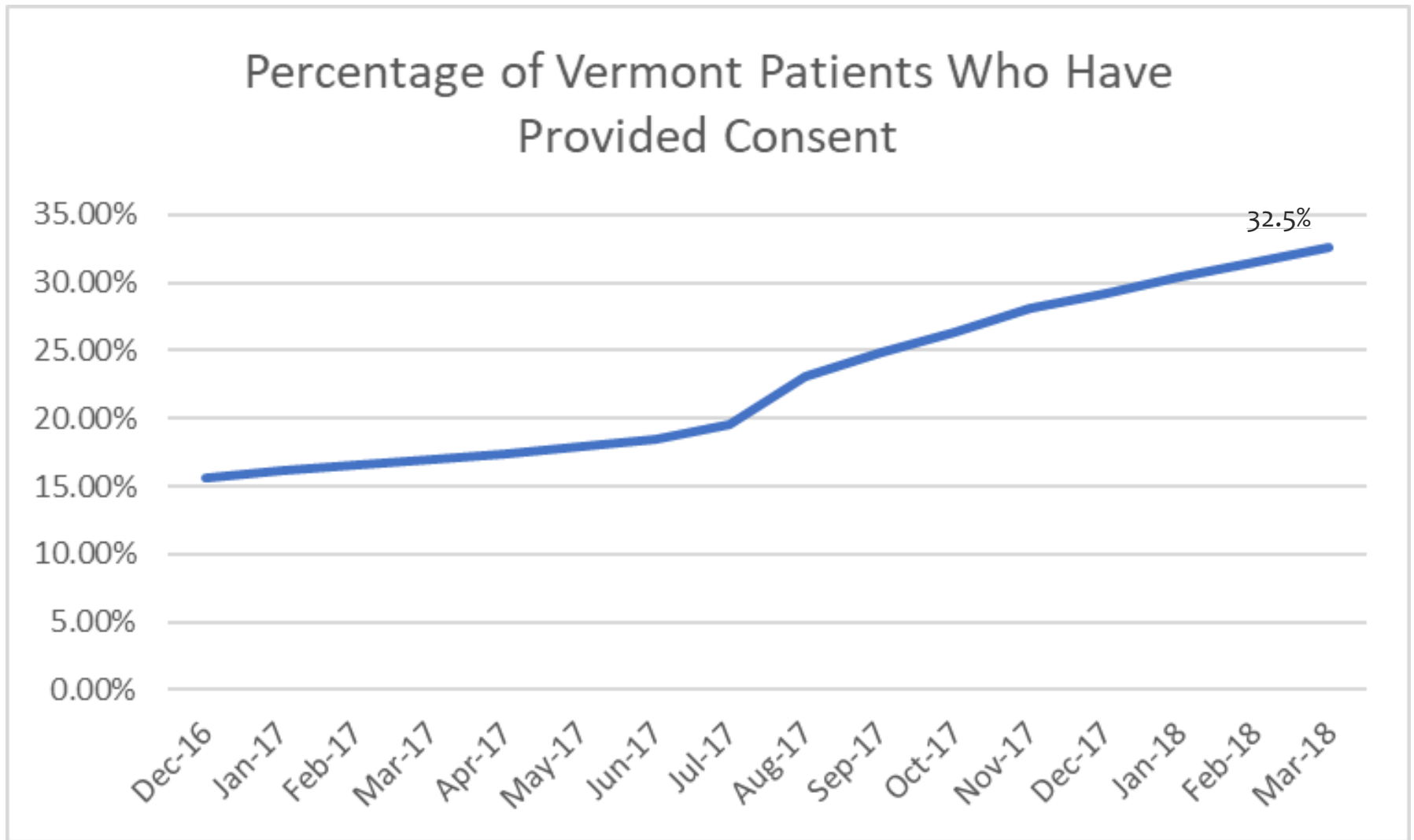
Point of Care: Utilization

VHIE Patient Queries

Data Contributors

Locations Contributing Data

| Category	Value
Total Potential Locations	1286
Locations with a Known EHR	515
Live Locations Contributing Data	269
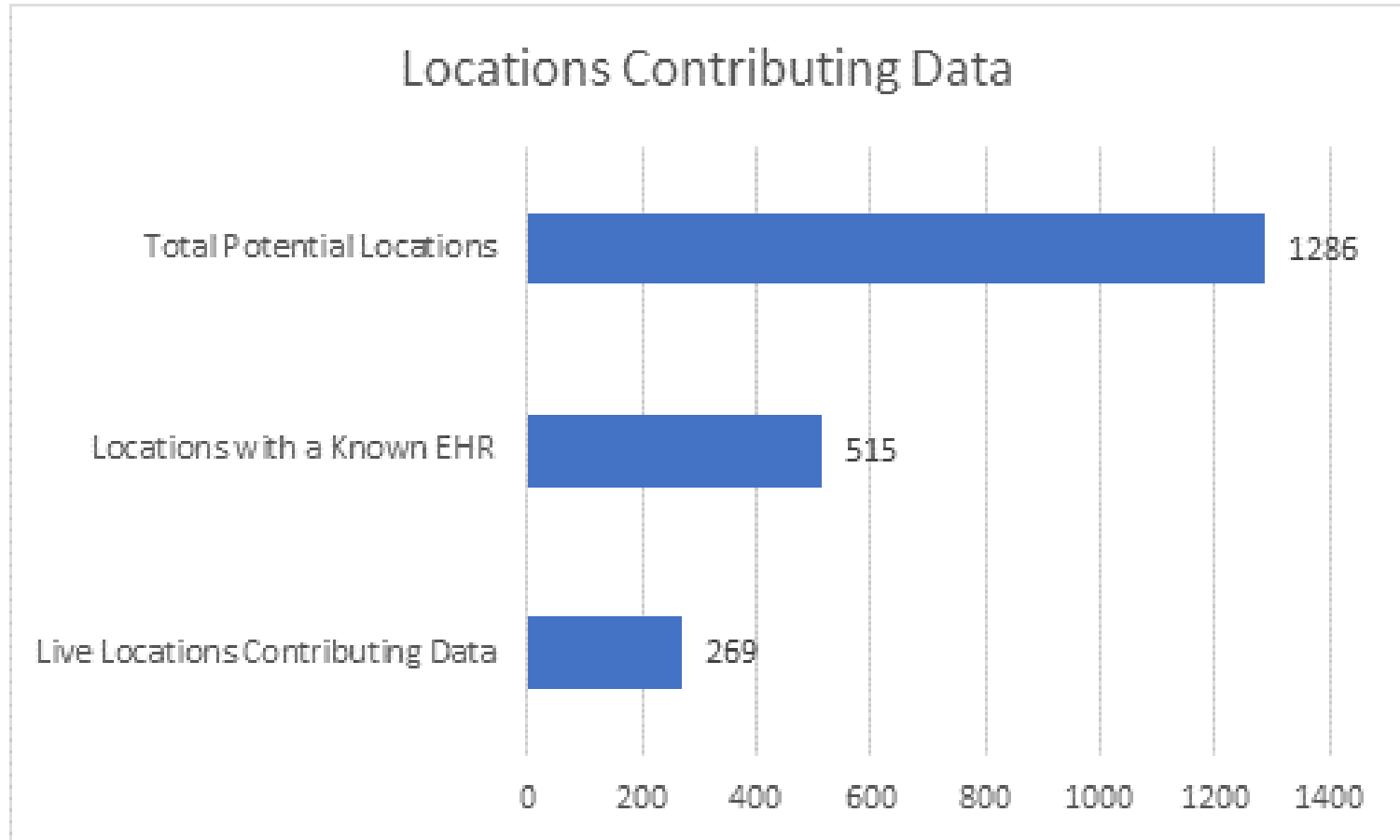
Total Potential Locations = all known locations including those with EHRs that are incapable of connecting, and locations that provide substance abuse disorder services which have additional restrictions on sharing.

FY19 Contract Extension Core Work Scope

- ☑ Increase the number of Vermonters who consent to have their data viewable in the VHIE.

    - ▪ GOAL = 35 percent consent rate.

- ☑ Implement easier ways to access and use data in the VHIE that does not burden providers and facilitate health care reform.

    - ▪ GOAL = Access to VHIE data.

- ☑ Improve the quality of the data in the VHIE by making sure that records are accurate and complete.

    - ▪ Terminology Services.

- ☑ Partner with the Agency of Digital Services and DVHA to improve VHIE security controls through an implementation plan and timeline.

- ☑ Support the assessment of the VHIE technical structure by completing the State's Architectural Assessment.

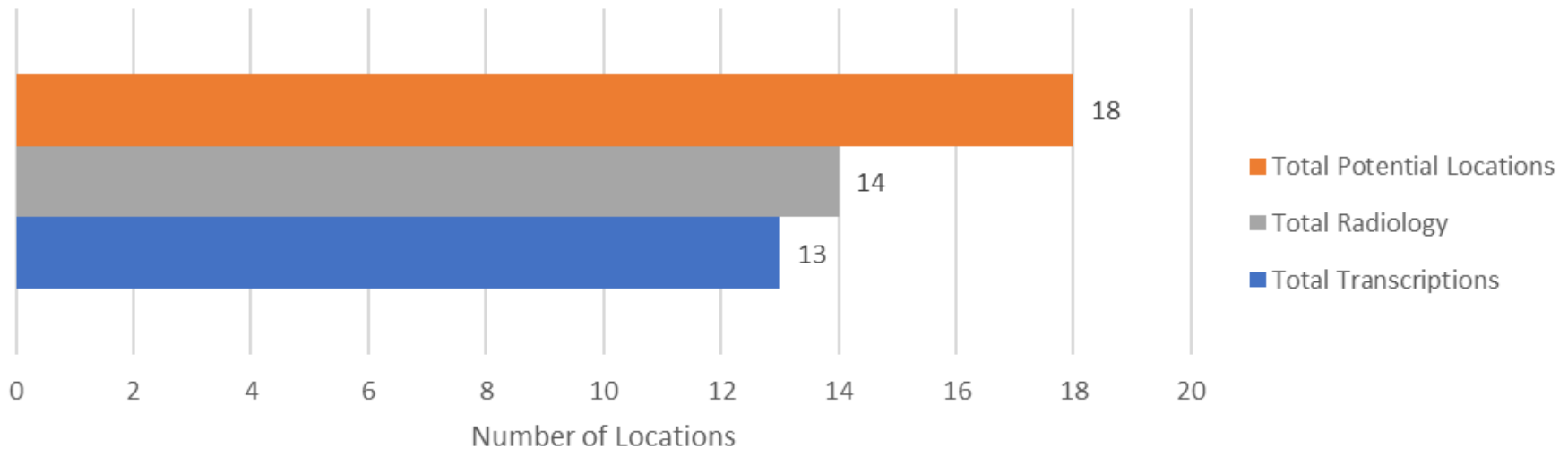**VITL** VERMONT INFORMATION TECHNOLOGY LEADERS, INC.

Reference Slides

Live Contributing Interfaces by Message Type Laboratory (LAB)
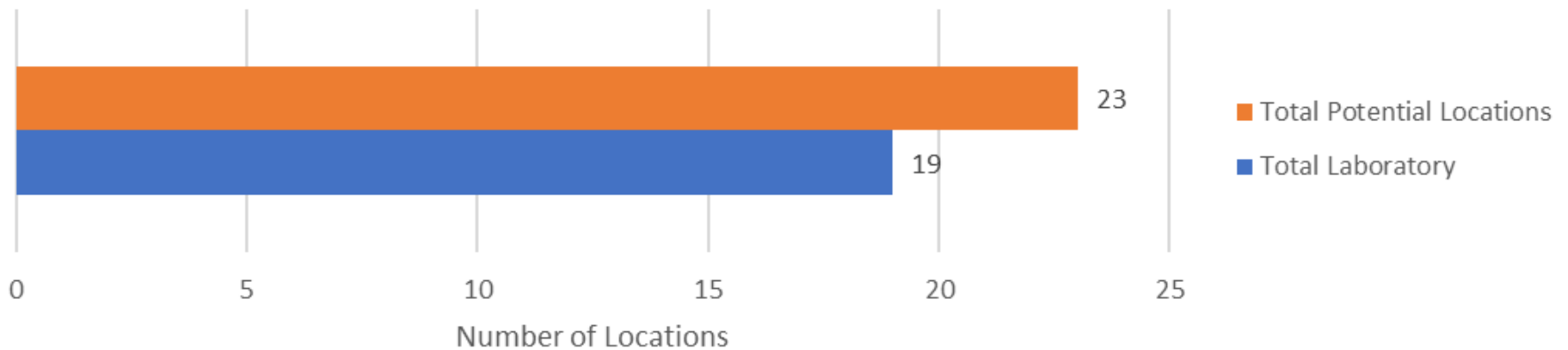
The Total Potential Locations is all Hospitals in Vermont, and Dartmouth-Hitchcock (NH), Cottage (NH), Samaritan (NY) Hospitals, and 5 Commercial Laboratories.
Lab messages are used to share laboratory test results.

Live Contributing Interfaces by Message Type
Radiology (RAD) and Transcription (TRANS)

The Total Potential Locations is all Hospitals in Vermont, and Dartmouth-Hitchcock (NH), Cottage (NH) and Samaritan (NY) Hospitals.
Radiology messages are used to share medical imaging reports.
Transcription messages are used to share notes on the patient.

Live Contributing Interfaces by Message Type
Admission, Discharge and Transfers (ADT), Continuity of Care Documents, Medical Document Management (CCD/MDM) Clinical Documents
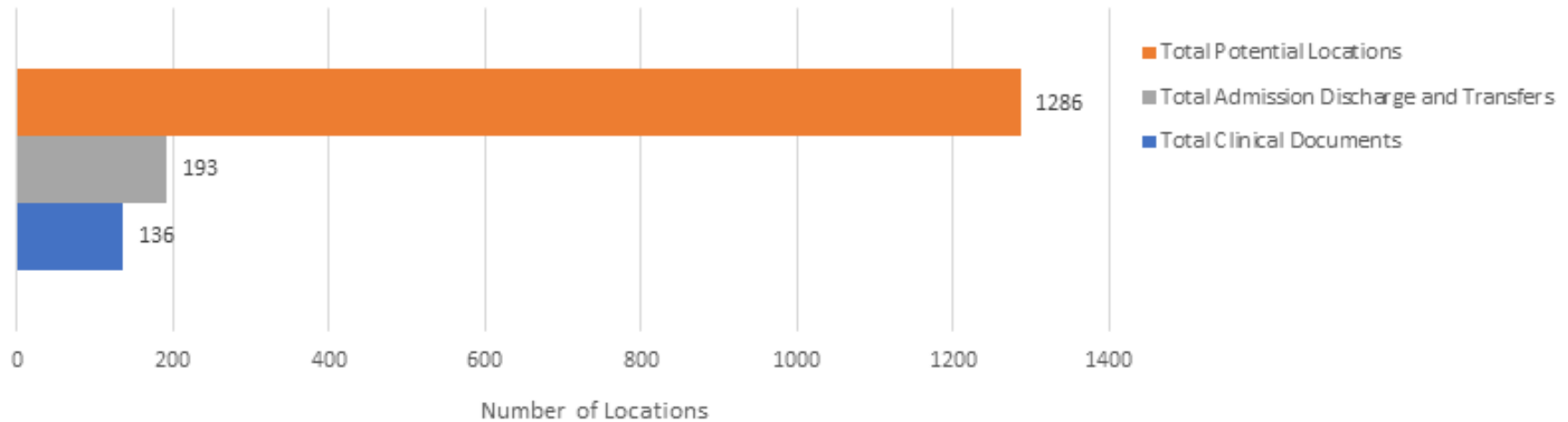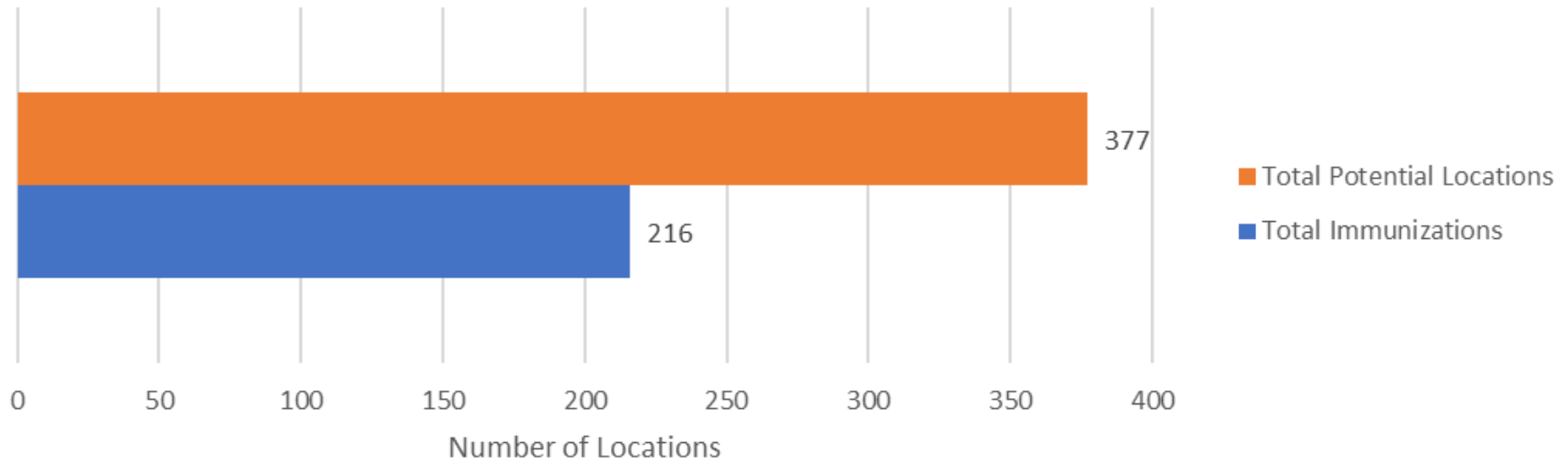
The Total Potential Locations bar shows all known healthcare locations in Vermont and surrounding areas, including those with no Electronic Health record (EHR), EHRs that are incapable of connecting, and locations that provide substance abuse disorder services, which have additional restrictions on sharing.

Admission, Discharge and Transfer (ADT) messages are used to update patient demographics or communicate events about a patient.

Clinical Documents are used to share summary medical information about the patient. They can contain allergies, problems, procedures, family history, medications, immunizations, results, vital signs, encounters and more.

Live Contributing Interfaces by Message Type Immunizations (VXU)

The Total Potential Locations is locations Identified by the Vermont Immunization Registry. Immunization messages are used to share new immunizations administered as well as any historical immunizations.
Total Potential Locations increased on 3/1/18 per the Vermont Department of Health.