VITL

FY20 Budget Presentation
to Green Mountain Care Board

May 15, 2019

Mike Smith, President & Chief Executive Officer
Robert Turnau, Chief Financial Officer
Andrea De La Bruere, Client Services Director
Frank Harris, Strategic Technology Advisor

Agenda

Introduction

FY20 Budget Request

Technology Plans (Collaborative Services)
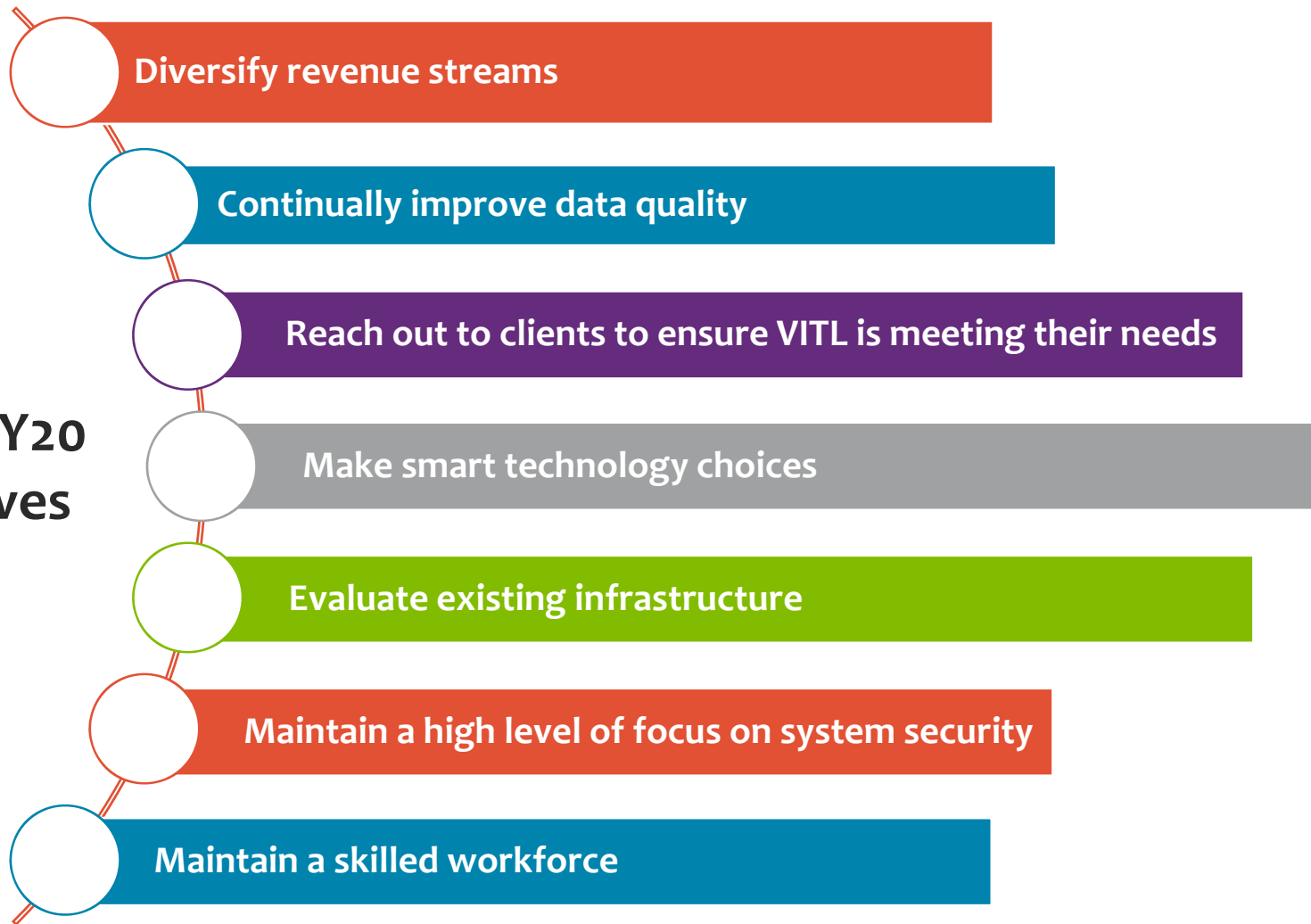
Quarterly Report

Introduction

GMCB FY20 Budget Overview

VITL's progress in FY19:

- ☑ Established a strategic plan and revised mission statement.

- ☑ Updated bylaws.

- ☑ Strengthened board membership criteria

- ☑ Added new board members.

- ☑ Developed new ways to make it easier for providers to access and view VHIE information.

- ☑ Continued data quality improvements.

- ☑ Established Connectivity Criteria

- ☑ Advocated changing Vermont's consent policy.

- ☑ Implemented a technology roadmap.

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GMCB FY20 Budget Overview

VITL's FY20 Objectives

- Diversify revenue streams
- Continually improve data quality
- Reach out to clients to ensure VITL is meeting their needs
- Make smart technology choices
- Evaluate existing infrastructure
- Maintain a high level of focus on system security
- Maintain a skilled workforce

GMCB FY20 Budget Overview

VITL's Three Year Budget Plan

FY 19	Update
FY19 budget is balanced through reductions.	Project a surplus of $600K for FY19
FY20 budget will have an operating deficit and is balanced through the use of carry-forward monies.	Continued reductions in state funding and an operating deficit of $186k to be covered by cash on hand
FY21 budget is balanced through providing value-added products to state government and Vermont providers.	Development of new revenue streams in FY21. This is in process now

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FY20 Budget Request

Recap of FY19

Item	FY19 Budget	Variance	FY19 Forecast
SOV-DVHA	4,987,000	17,839	5,004,839
OCV	863,760	(26,880)	836,880
All other	155,000	7,462	162,462
Total Revenue	6,005,760	(1,579)	6,004,181
Total Labor Costs	2,943,387	(229,305)	2,714,082
VHIE Hosting Costs	1,071,954	-	1,071,954
Information Technology	1,019,921	(330,901)	689,020
Consulting/Legal/Acctg	249,179	68,541	317,720
Occupancy	196,564	2,562	199,126
All other	333,221	71,999	405,220
Contingency	100,000	(100,000)	-
Total Expenses	5,914,226	(517,104)	5,397,122
Change in Net Assets	91,534	515,525	607,059

Revenue on budget
Expenses under 10% under budget

FY20 Budget Assumptions

1 CY20 awarded by January 2020 and yields at least $2.2M for 6 month period ending June 2020

2 Negotiations for Collaborative Services projects not complete

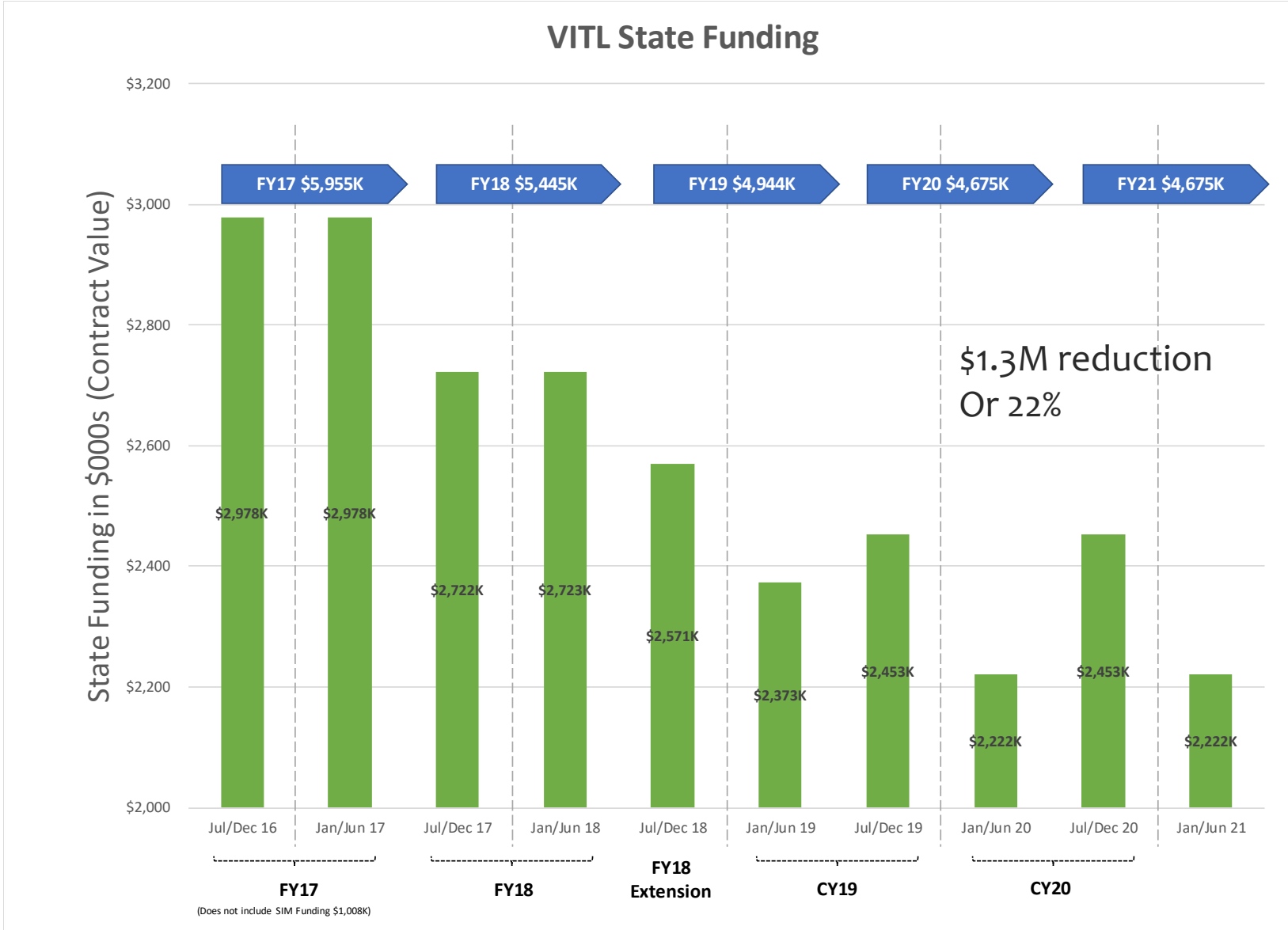**3** VITL is able to retain critical talent.
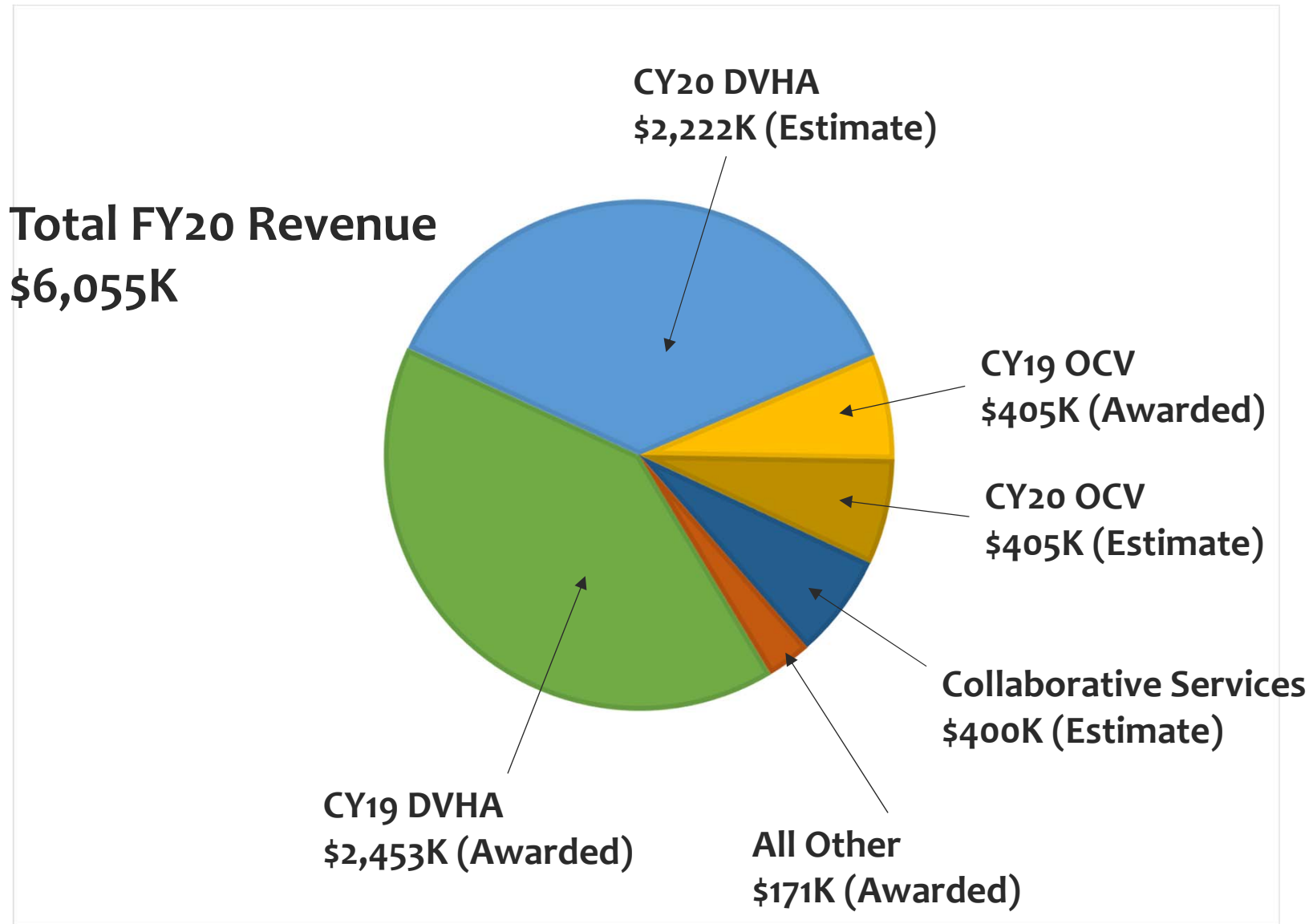
4 Costs trend as projected

Revenue

Revenue Source	FY17 Audited	FY18 Audited	FY19 Forecast	FY20 Budget	FY21 Forecast
SOV-DVHA	5,939,879	5,517,498	5,004,839	4,674,723	4,675,000
OCV	955,148	836,265	836,880	810,000	810,000
Collaborative Srv	-	-	-	399,667	352,000
All Other	239,535	164,234	162,462	171,000	175,000
Total Revenue	7,134,562	6,517,997	6,004,181	6,055,390	6,012,000

☑ FY18 state funding reduced by $420K.

☑ FY19 state funding reduced by $500K.

☑ FY20 state funding reduced by $330K.

☑ FY21 assumes stable state funding

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State Funding

VITL State Funding

FY20 Revenue

Total FY20 Revenue $6,055K

CY20 DVHA $2,222K (Estimate)

CY19 OCV $405K (Awarded)

CY20 OCV $405K (Estimate)

Collaborative Services $400K (Estimate)

All Other $171K (Awarded)

CY19 DVHA $2,453K (Awarded)

Collaborative Services

Common MPI
- VITL leads
- CHA/OCV participants
- Total cost $222K
- VITL share $85K
- VITL revenue $137K

Terminology Services
- CHA leads
- VITL/OCV participants
- Total cost $75K
- VITL share $25K
- VITL revenue $0K

eCW Hub
- VITL leads
- SOV reimbursement
- Total cost $98K
- VITL share $98K
- VITL revenue $98K

Rhapsody
- VITL leads
- CHA participant
- Total cost $330K
- VITL share $165K
- VITL revenue $165K
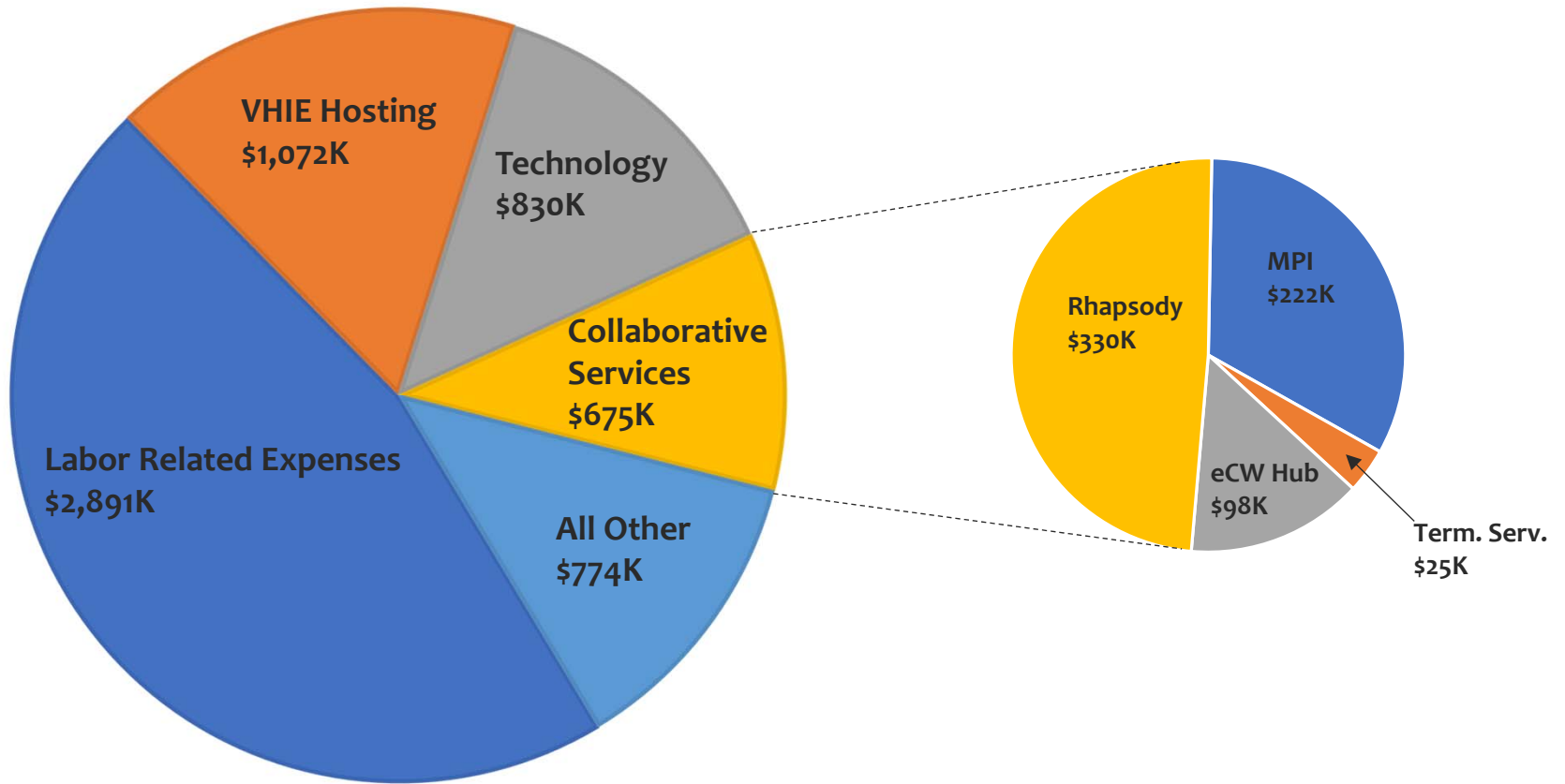
Total FY20 VITL impact
Revenue $400K
Expense $675K

Expenses

	FY17 Audited	FY18 Audited	FY19 Forecast	FY20 Budget
Revenue	7,134,562	6,517,997	6,004,181	6,055,390
Expenses				
Labor Cost	2,588,565	2,151,809	1,892,951	2,015,657
Fringe Related Costs	1,274,580	1,028,130	821,131	874,870
Personnel Related Expenses	3,863,145	3,179,939	2,714,082	2,890,527
VHIE Hosting	1,153,885	1,030,451	1,071,954	1,071,954
Information Technology	777,121	509,133	689,020	1,504,946
Consultants	197,953	81,393	16,780	87,000
Occupancy	216,805	224,568	199,126	148,089
Legal & Accounting	184,207	147,658	300,490	135,565
Education & Outreach	102,843	10,939	8,942	8,040
Insurance	97,530	100,550	103,178	105,671
Prof. Dev. & Travel	124,651	61,131	108,254	107,464
Telecommunications	64,285	61,621	61,896	63,775
All Other	125,032	94,015	123,400	118,846
Contingency				
Total All Expenses	6,907,457	5,501,398	5,397,122	6,241,877
Change in Net Assets	227,105	1,016,599	607,059	(186,487)

✓ Materials/Services costs for 2020 equal to 2019 (less Collaborative Serv.)

✓ Investments in information technology to enhance security and improve infrastructure

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FY20 Expenses

Total Expenses
$6,242K

- VHIE Hosting $1,072K
- Technology $830K
- Collaborative Services $675K
- Labor Related Expenses $2,891K
- All Other $774K

- MPI $222K
- Rhapsody $330K
- eCW Hub $98K
- Term. Serv. $25K

VITL Organization Chart

A lean organization focused on meeting stakeholder requirements.
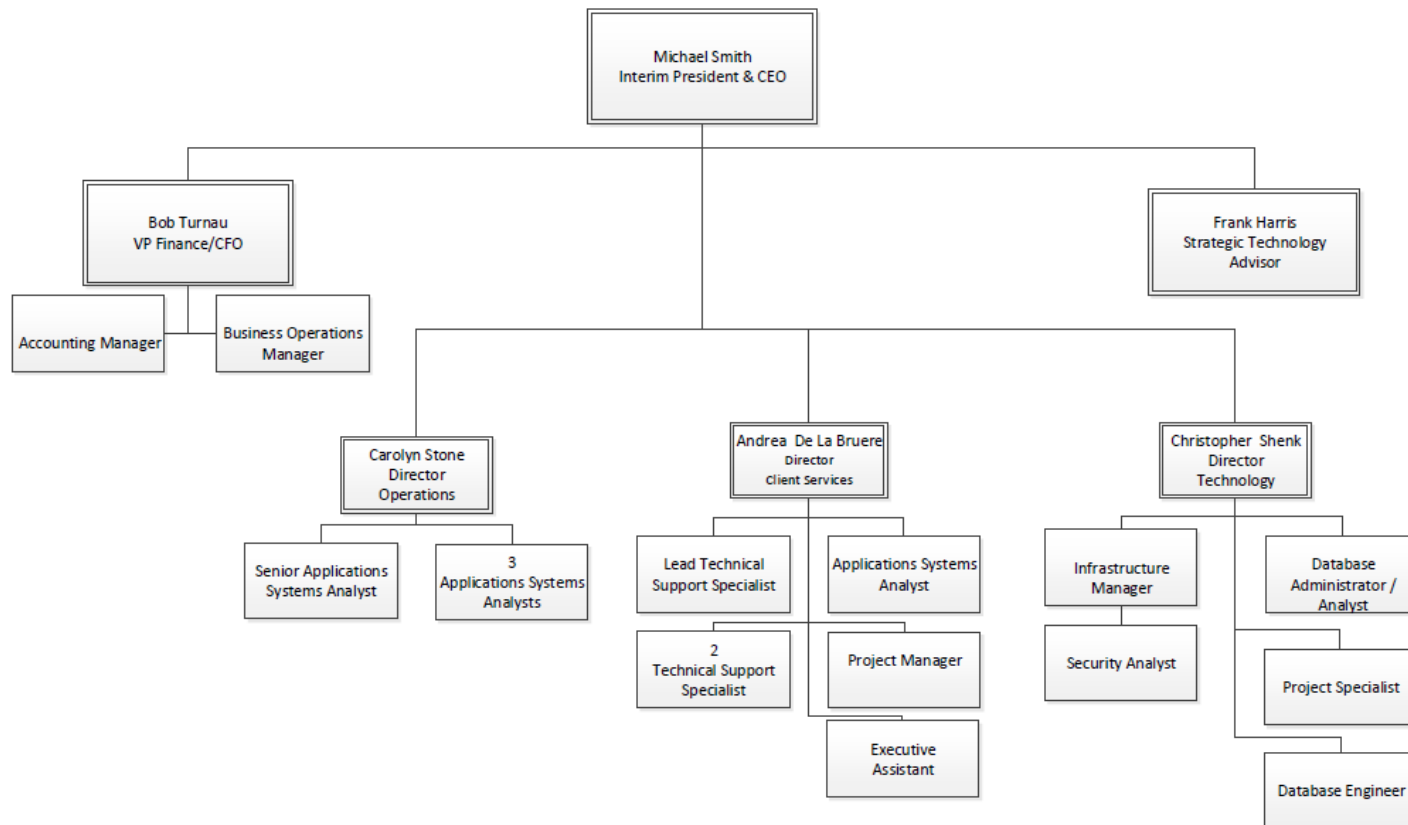
Revised: 5/8/2019

- 22.6 FTEs (does not include part time Strategic Technology Advisor).

Headcount

Department	FY17 Actual	FY18 Actual	FY19 Budget	FY19 Forecast	FY20 Budget
			End of Year FTEs		
Administration	8.0	5.0	5.0	5.0	5.0
Client Services	7.0	4.0	6.0	6.0	6.0
Operations	7.6	9.6	6.6	5.6	5.6
Technology	8.0	5.0	6.0	6.0	6.0
Total	30.6	23.6	23.6	22.6	22.6
Change		(7.0)	0.0	(1.0)	0.0

☑ VITL total headcount has declined by eight positions or 26 percent since FY17.

☑ FY20 budget has no new positions.

Personnel Costs

Personnel costs	FY17 Audited	FY18 Audited	FY19 Forecast	FY20 Budget
Total Salaries & Wages	2,917,721	2,358,144	2,160,120	2,305,235
Severance	29,578	49,174	17,225	10,000
Less PTO (Vacation/Holidays)	(358,734)	(255,511)	(284,394)	(299,578)
Total Labor Cost	2,588,565	2,151,808	1,892,951	2,015,657
Employee Benefits	528,604	341,883	279,309	311,646
Payroll Taxes	238,146	198,820	188,284	199,103
PTO Expense	358,734	255,511	284,394	299,578
Retirement Contributions	192,325	149,009	52,421	64,543
Accrued Vacation/PTO	21,360	67,907	8,722	-
All Other	(64,589)	15,000	8,000	-
Total Fringe Expense	1,274,580	1,028,130	821,130	874,870
Total Personnel Expense	3,863,145	3,179,938	2,714,081	2,890,527

☑ Personnel costs represent 46 percent of total expenses.
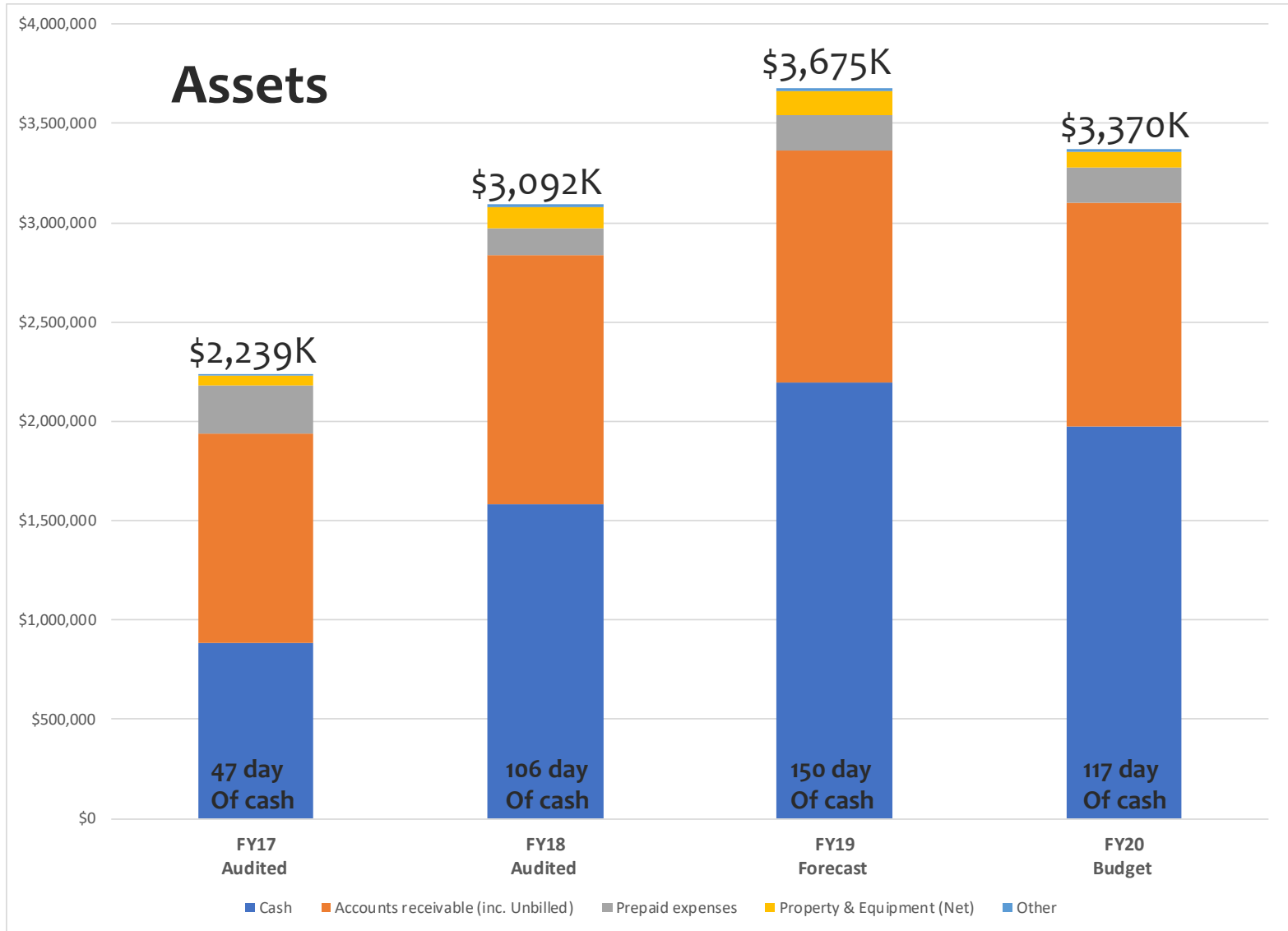
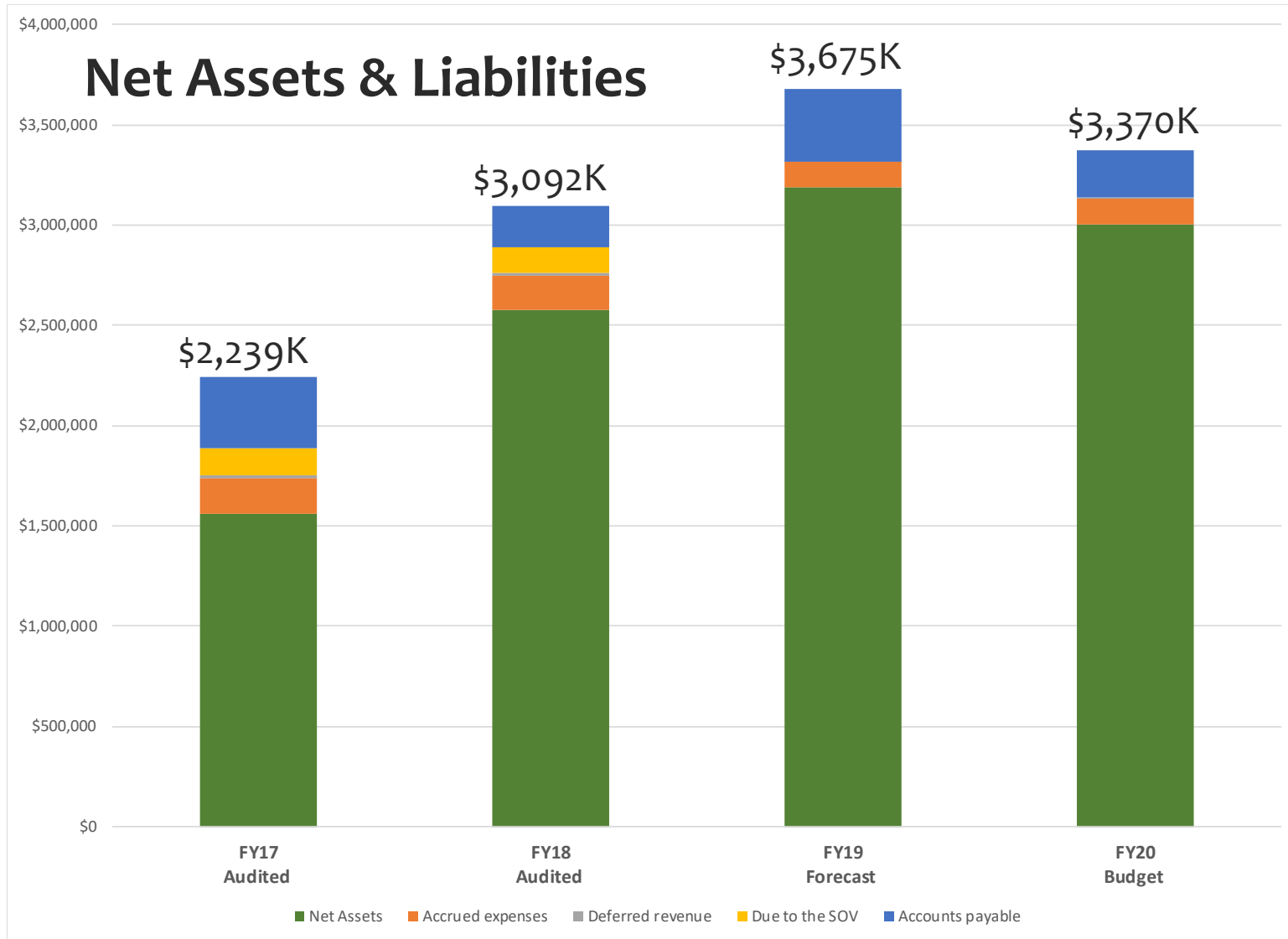☑ This budget keeps labor cost flat.

VHIE Hosting
(a.k.a. Medicity)

Health Catalyst 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

☑ Health Catalyst acquires Medicity in July 2018

☑ VITL negotiating 6 month extension with HC

☑ Represents 17 percent of total VITL expenditures.

Balance Sheet by Year

Assets

Chart showing stacked bar graph of assets by fiscal year:

- **FY17 Audited**: $2,239K — 47 day Of cash
- **FY18 Audited**: $3,092K — 106 day Of cash
- **FY19 Forecast**: $3,675K — 150 day Of cash
- **FY20 Budget**: $3,370K — 117 day Of cash

Legend: ■ Cash ■ Accounts receivable (inc. Unbilled) ■ Prepaid expenses ■ Property & Equipment (Net) ■ Other

Balance Sheet by Year

Net Assets & Liabilities

- $2,239K (FY17 Audited)
- $3,092K (FY18 Audited)
- $3,675K (FY19 Forecast)
- $3,370K (FY20 Budget)

Legend: ■ Net Assets ■ Accrued expenses ■ Deferred revenue ■ Due to the SOV ■ Accounts payable

Technology Achievements and 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

Technology – Achievements and Plans

- Collaborative (Shared) Services

  - ☑ New initiative since last year

  - ☑ But supports priorities we envisioned last year:

    - ☑ Improved patient matching

    - ☑ Improved terminology services

    - ☑ Improved interfacing capabilities

  - ☑ With other participants, conducted due diligence and vetted technology alternatives

  - ☑ Now preparing to move forward

  - ☑ Implementation will be major priority and focus in the coming year

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Technology – Achievements and Plans

Review approach to provide analysis data

- ☑ Conducted RFI to look at "Future Platform"
    - ☑ Temporarily slowed to focus on Shared Services
- ☑ Conducting analysis now to determine feasibility of changing platforms
- ☑ If feasible, will conduct RFP process with stakeholder engagement

Technology – Achievements and Plans

Continue to advance infrastructure approach – minimize overhead costs

- ☑ Create a project plan to establish HDM DR
  - ☑ Beginning first phase, Business Impact Analysis
  - ☑ Establishes criticality of business processes and the systems that support them. Identifies DR requirements
  - ☑ Will work to determine future direction for HDM before investing further ("Future Platform")
- ☑ Streamline
  - ☑ Decommissioned Rackspace infrastructure with operational savings
  - ☑ Established support resource partnership
  - ☑ Shared services will move Rhapsody off of owned infrastructure

Technology – Achievements and Plans

Data Quality

- ☑ Established new Connectivity Criteria

- ☑ Working with HCOs to evaluate status and establish workplans for advancement through Criteria tiers

- ☑ Completed project to standardize the 8 top lab tests across 30 HCOs as data is received

- ☑ Shared Services will adopt new terminology services technology and advance further

- ☑ Have drafted data governance model for Shared Services effort

Technology – Achievements and Plans

Patient Matching

- ☑ Conducted RFI/RFP to select MPI technology for Shared Services (Verato – pending successful contracting)

- ☑ Reduced duplicates in current database

- ☑ Will implement new MPI as part of Shared Services

Data Availability/Ease of Use

- ☑ Integrated to UVMMC EHR. Providers can now query VHIE from within their EHR.

- ☑ Implemented two single sign on sites for VITL access

- ☑ Will continue to expand sites with these technologies

Technology – Achievements and Plans

Patient Consent

☑ Now 3 consent interfaces live. Expect to hit CY19 target of 42% consent rate by June 30th

☑ Currently engaged with all VT hospitals to expand interfaces where possible

Security

☑ Continued robust program of regular audit by industry expert consultants. Continue to improve results year over year.

☑ Established governance partnering with DVHA and ADS (the "VHIE Security Governance Group").

    ☑ Meets monthly for comprehensive review of status and plans

☑ Established NIST Cybersecurity Framework

☑ Working on Master System Security Plan and RFP for security monitoring system (SIEM – Security Information and Event Management System)

Quarterly Report

Meaningful Use and Security Risk Assessment Consultations
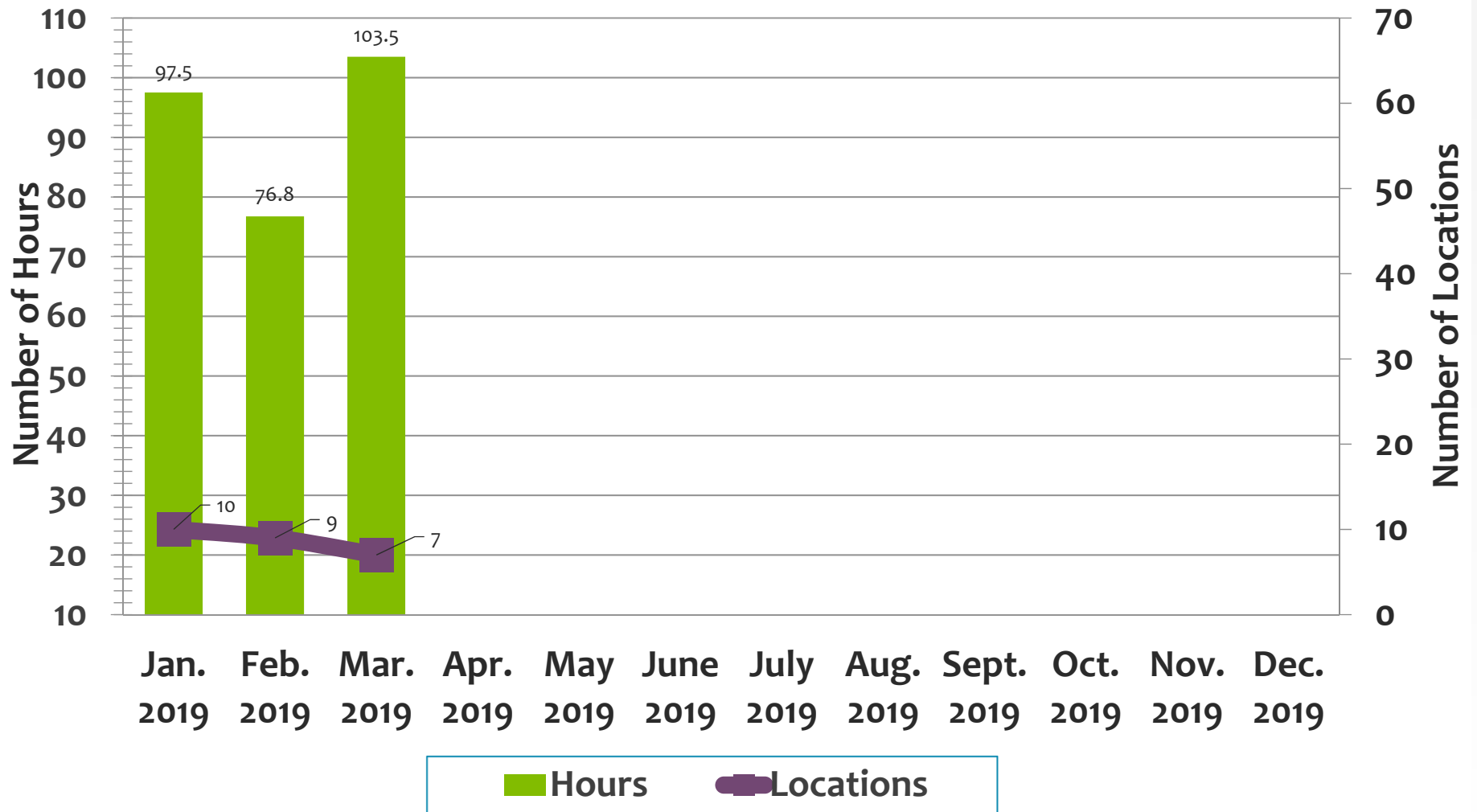
# Percent of Vermont Patients Providing Consent
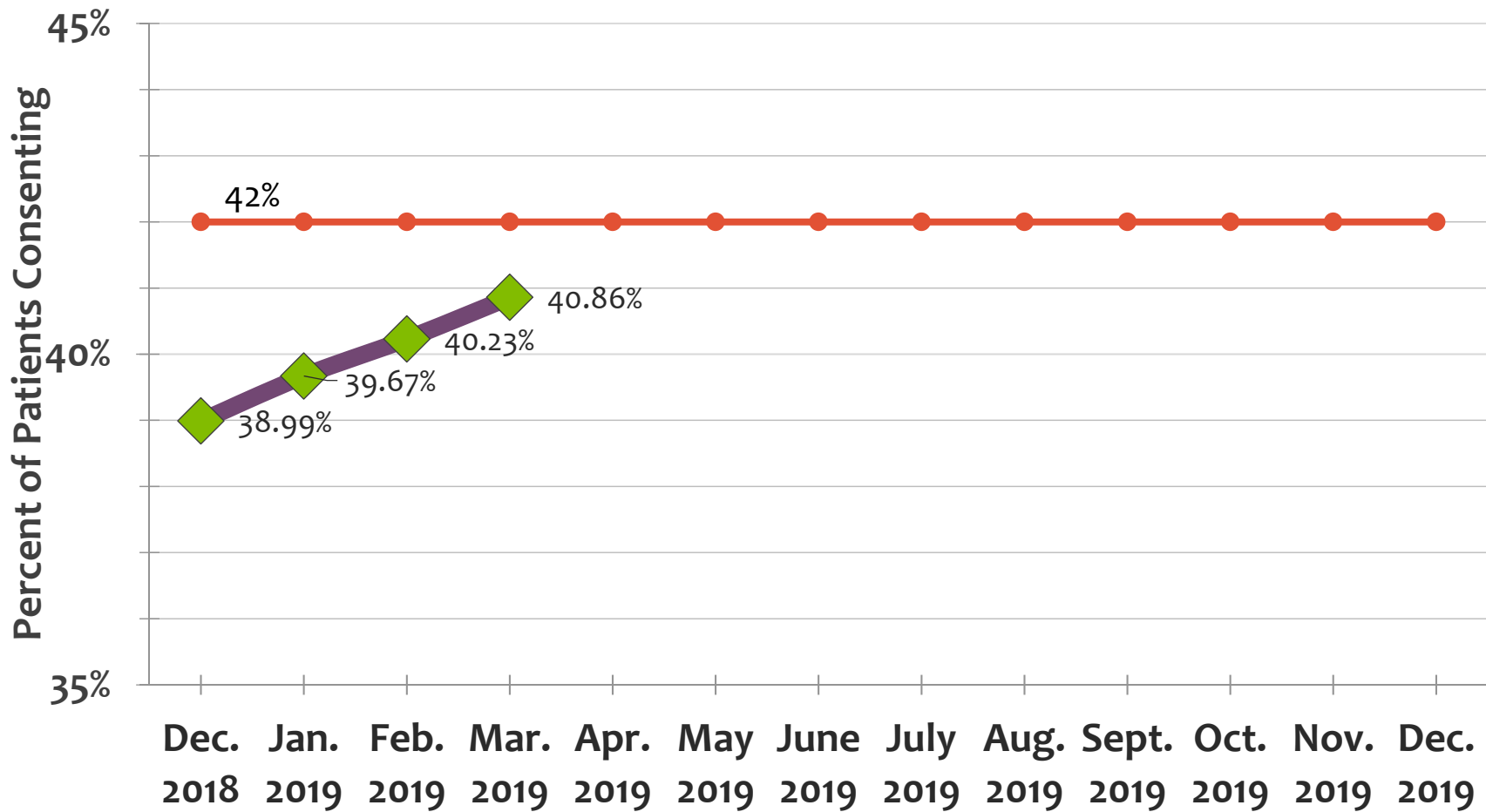
Connectivity Criteria: New & Replacement Interfaces as of March 31, 2019

- Target of 89 work plans by the end of calendar year 2019.

- Currently there are 72 work plans in progress.

- If a Health Care Organization is connected to the VHIE they meet Tier 1 of the Connectivity Criteria.

- We are currently evaluating live organizations to see if they meet Tier 2 and will develop work plans to assist them as necessary.
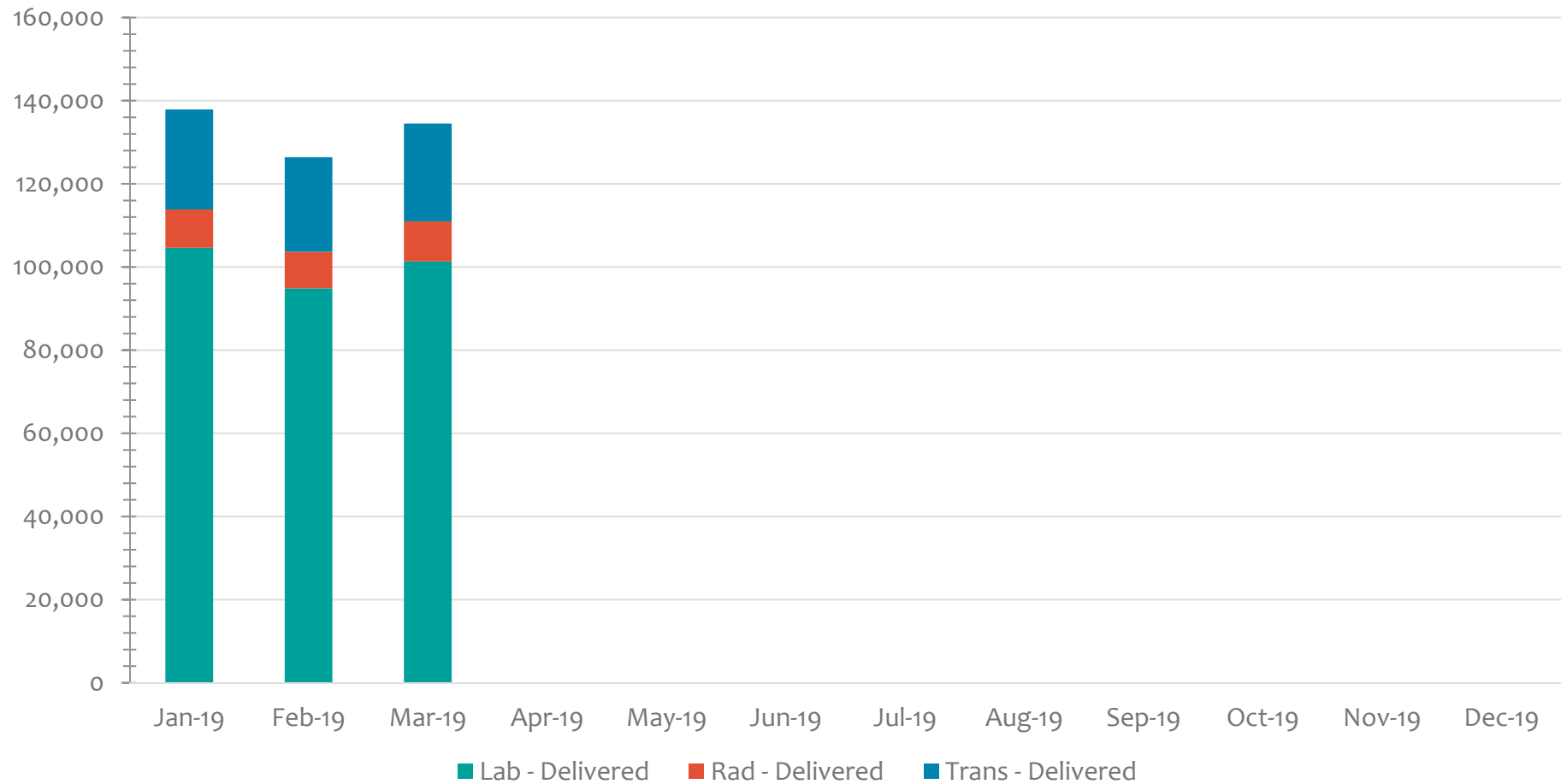
Point of Care: Utilization
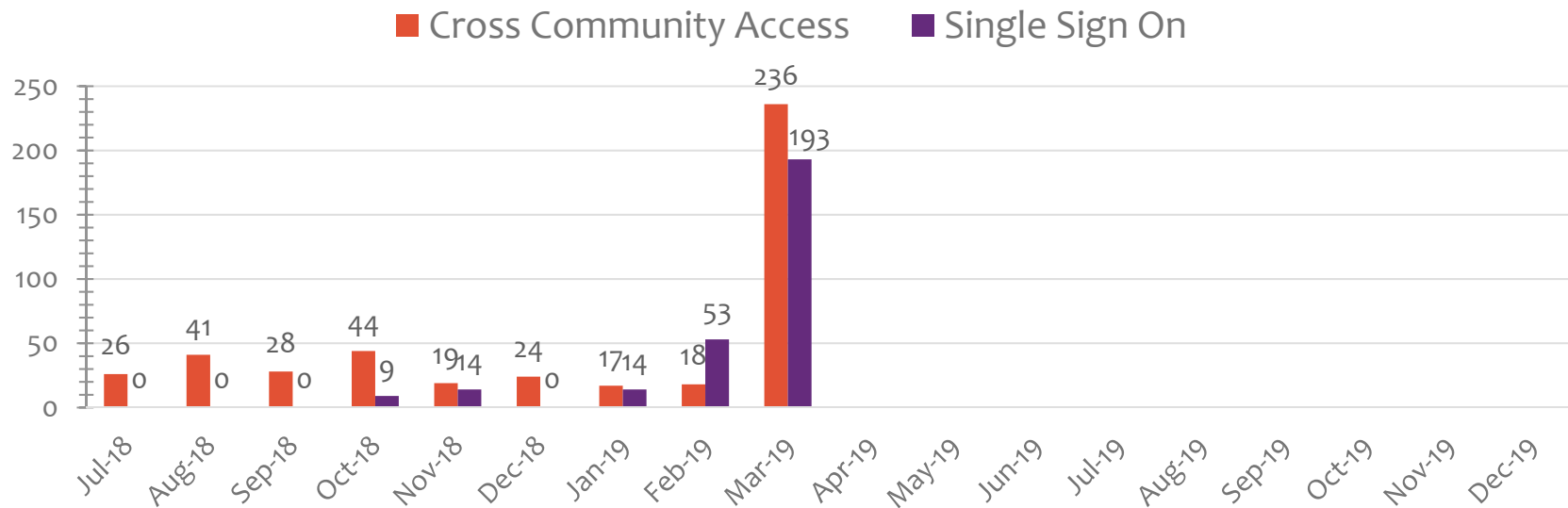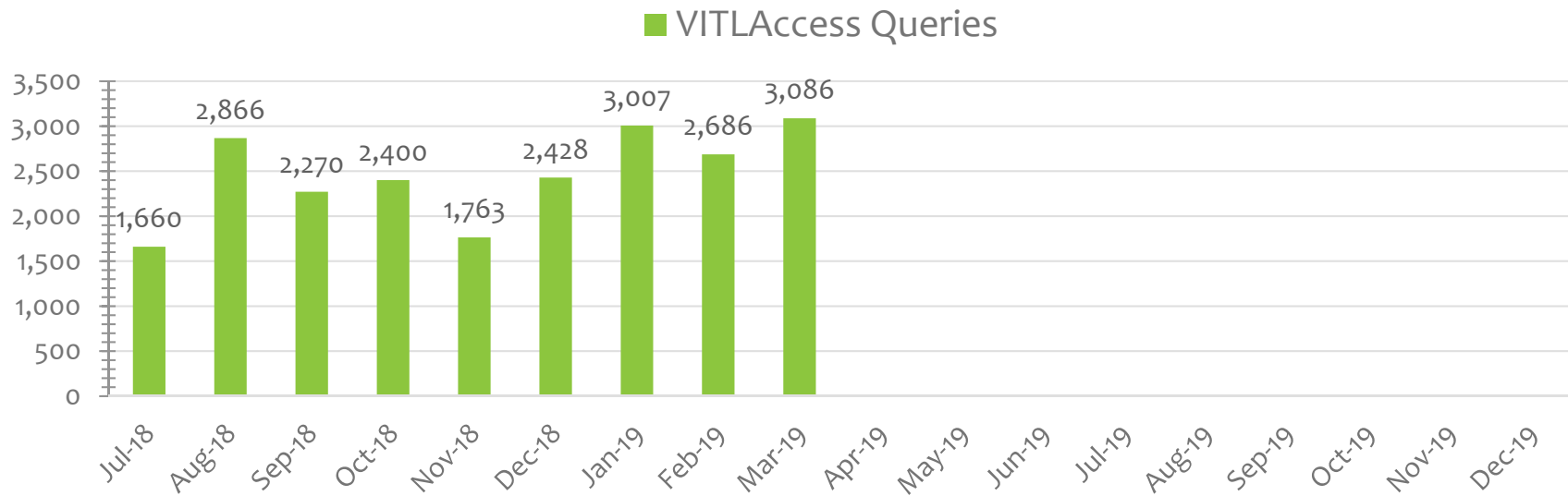
Point of Care: Utilization

Provider Results Delivery

Number of providers receiving results in March 2019 = 530