



VITL FY2020 Budget Review

Staff Recommendation

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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 FY2020 Budget

Revenue: \$6,055,390

- State funding reduced by \$330,000
 - VITL plans to diversify revenue stream in FY2021 through \$500,000 in value-added products
- Collaborative Services leverages partnerships to implement technology projects
- Awarded revenue has increased compared to estimates, more reliable revenue stream

Expenses: \$6,241,877

- Labor is largest expense (46%). FY2020 budget keeps labor costs flat
 - Streamlined organizational structure to eliminate positions
 - One-time executive recruitment costs
- VHIE Hosting is second largest expense (17%). FY2020 budget keeps hosting fees flat
- Reduction in office space
- Enhancements to security and infrastructure

FY2020 Operating Loss

- Days Cash on Hand (DCOH) has improved substantially over the years
 - FY17 audit reports 47 DCOH; FY19 forecasts 150 DCOH; FY20 budgets 117 DCOH
- FY2020 operating loss will be balanced through the use of carry-forward (DCOH)

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 ~~and core activities~~ 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 three-week special public comment period to solicit for public input.

- VITL has complied with budget guidance; the budget was submitted on 4/29 and included all requested components.
- A special public comment period was open from Wednesday, 5/15, through noon on Monday, 6/3. GMCB received zero written comments.

Budget Review Criteria

2. The Board will review VITL's budget ~~and core activities~~ 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 2018-2019 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 2018-2019 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.
- VITL's budget will support these goals by pushing toward more effective **foundational services** (includes identity management, included in the Collaborative Services Initiative; security; and 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 2018-2019 HIE Plan.

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 below 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 2019 to present their January-June 2020 budget once negotiations with DVHA for the CY 2020 contract are completed.
 - VITL will present to the Board quarterly to provide updates since FY 2020 budget approval, including updates on Governance and Operations; Finances; and Technology. This should include updates on the Collaborative Services Initiative.
- Note: VITL was previously required to provide quarterly updates to the Board under Act 187 of 2018, and has provided voluntary quarterly updates in 2019.*