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
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.
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
## VITL’s Three Year Budget Plan

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

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

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

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

- ✔ FY18 state funding reduced by $420K.
- ✔ FY19 state funding reduced by $500K.
- ✔ FY20 state funding reduced by $330K.
- ✔ FY21 assumes stable state funding
State Funding

VITL State Funding

$2,978K $2,978K
$2,722K $2,723K
$2,571K
$2,373K
$2,453K
$2,222K

State Funding in $000s (Contract Value)

FY17 $5,955K
FY18 $5,445K
FY19 $4,944K
FY20 $4,675K
FY21 $4,675K

(Does not include SIM Funding $1,008K)

$1.3M reduction
Or 22%
FY20 Revenue

Total FY20 Revenue
$6,055K

CY20 DVHA
$2,222K (Estimate)

CY19 OCV
$405K (Awarded)

CY20 OCV
$405K (Estimate)

Collaborative Services
$400K (Estimate)

CY19 DVHA
$2,453K (Awarded)

All Other
$171K (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

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

- Materials/Services costs for 2020 equal to 2019 (less Collaborative Serv.)
- Investments in information technology to enhance security and improve infrastructure
FY20 Expenses

Total Expenses: $6,242K

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

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

Total Expenses: $6,242K
A lean organization focused on meeting stakeholder requirements.

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

<table>
<thead>
<tr>
<th>Department</th>
<th>FY17 Actual</th>
<th>FY18 Actual</th>
<th>FY19 Budget</th>
<th>FY19 Forecast</th>
<th>FY20 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration</td>
<td>8.0</td>
<td>5.0</td>
<td>5.0</td>
<td>5.0</td>
<td>5.0</td>
</tr>
<tr>
<td>Client Services</td>
<td>7.0</td>
<td>4.0</td>
<td>6.0</td>
<td>6.0</td>
<td>6.0</td>
</tr>
<tr>
<td>Operations</td>
<td>7.6</td>
<td>9.6</td>
<td>6.6</td>
<td>5.6</td>
<td>5.6</td>
</tr>
<tr>
<td>Technology</td>
<td>8.0</td>
<td>5.0</td>
<td>6.0</td>
<td>6.0</td>
<td>6.0</td>
</tr>
<tr>
<td>Total</td>
<td>30.6</td>
<td>23.6</td>
<td>23.6</td>
<td>22.6</td>
<td>22.6</td>
</tr>
</tbody>
</table>

**Change**

- VITL total headcount has declined by eight positions or 26 percent since FY17.
- FY20 budget has no new positions.
## Personnel Costs

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

| 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)

<table>
<thead>
<tr>
<th>Health Catalyst Charge</th>
<th>Services Provided</th>
<th>Annual Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>License Fee</td>
<td>$559,734</td>
<td>$</td>
</tr>
<tr>
<td>Remote Hosting Services</td>
<td>Data processing services, application of new releases, production scheduling &amp; control, system backup, disaster recovery, and monthly reporting</td>
<td>$170,580</td>
</tr>
<tr>
<td>Remote Storage</td>
<td>Storage of VHIE data</td>
<td>$20,640</td>
</tr>
<tr>
<td>HCS Medication History</td>
<td>Health record tool which facilitates the query and retrieval of Medication History records</td>
<td>$39,000</td>
</tr>
<tr>
<td>HISP</td>
<td>VITLDirect, Secure Clinical Messaging</td>
<td>$132,000</td>
</tr>
<tr>
<td>Interface Connectivity</td>
<td>Development and delivery of certain interfaces</td>
<td>$150,000</td>
</tr>
</tbody>
</table>

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

- **FY17 Audited**: $2,239K
  - 47 days of cash

- **FY18 Audited**: $3,092K
  - 106 days of cash

- **FY19 Forecast**: $3,675K
  - 150 days of cash

- **FY20 Budget**: $3,370K
  - 117 days of cash

Legend:
- **Cash**
- **Accounts receivable (inc. Unbilled)**
- **Prepaid expenses**
- **Property & Equipment (Net)**
- **Other**
Balance Sheet by Year

Net Assets & Liabilities

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Assets</th>
<th>Accrued expenses</th>
<th>Deferred revenue</th>
<th>Due to the SOV</th>
<th>Accounts payable</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY17 Audited</td>
<td>$2,239K</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY18 Audited</td>
<td>$3,092K</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY19 Forecast</td>
<td>$3,675K</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY20 Budget</td>
<td>$3,370K</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

VITL GMCB Presentation
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
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
Quarterly Report
Meaningful Use and Security Risk Assessment Consultations

![Bar chart showing the number of hours and locations over months from January 2019 to December 2019. The chart illustrates peaks in March and April, with lower values in other months.](chart.png)
Percent of Vermont Patients Providing Consent

- Dec. 2018: 38.99%
- Jan. 2019: 39.67%
- Feb. 2019: 40.23%
- Mar. 2019: 40.86%
- Apr. 2019: 40.86%
- May 2019: 40.86%
- June 2019: 40.86%
- July 2019: 40.86%
- Aug. 2019: 40.86%
- Sept. 2019: 40.86%
- Oct. 2019: 40.86%
- Nov. 2019: 40.86%
- Dec. 2019: 40.86%

Target Consent Rate = 42%
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

VITLAccess Queries

Cross Community Access  Single Sign On
Point of Care: Utilization

Provider Results Delivery

Number of providers receiving results in March 2019 = 530