

# VITL FY2023 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.

# Summary: VITL FY23 Budget



- Revenue: \$10,753,124
  - State funding (\$10,167,931, decreased \$445,323 from the FY22 YE forecast)
    - Accounts for project work shifting into FY23 as well as a shift in funding to support maintenance and operations.
  - Non-state funding (\$585,193, decreased \$308,263 from the FY22 YE forecast)
    - Represents a decrease in some program fees and non-state contracts.
- Expenses: \$10,639,418
  - Labor-Related Expenses (including Fringe) (\$3,748,512 or 35% of total budget and a difference of 5% from the FY22 YE forecast)
    - Includes three new positions
  - Outside support (\$2.1 million, 19% of total expenses, decreased from \$2.3 from FY22 YE forecast)
    - Captures two vacant roles for project-specific work
  - Software Server/Maintenance (\$3.3 million, or 31% of total expenses, up from \$3.2 million, of the FY22 YE forecast)
    - Increase to support operational expenses.
  - Built in Contingency: \$100k

# Budget Review Criteria

- As established in GMCB's Annual Budget Guidance for VITL (approved April 14, 2021), the GMCB uses four principles to review VITL's budget:
  1. Transparency: The review process will be transparent.
  2. Public/Stakeholder Input: The review process will allow for stakeholder and public input.
  3. Alignment with HIE Plan Goals: The Board will review VITL's budget in order to determine whether it reflects a strategy and priorities consistent with the State's health care reform goals and the Health Information Exchange (HIE) Strategic Plan. The Board will not direct the technical details of VITL's work or the details of VITL's contractual relationship with the State.
  4. Alignment with VITL/DVHA Process:
    - The Board's review process will be structured and timed in order to assist the Department of Vermont Health Access (DVHA) and VITL in negotiating timely, effective agreements each year.
    - The process will 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. Transparency: *The review process will be transparent.*

Transparency is measured by compliance with budget guidance and overall transparency of the budget process.

- VITL has complied with budget guidance; budget materials were submitted in a timely fashion and the submission included all requested components.
- Submission narrative, required financial statements, and most recent audited financial statements and IRS Form 990 are [posted to the GMCB website](#).

# Budget Review Criteria



2. Public/Stakeholder Input: The review process will allow for stakeholder and public input.

- VITL presented at the June 8 Board meeting and responded to questions and comments from the Board and the public at that time.
- A special public comment period was open from Wednesday, June 8, through Friday, June 17; GMCB received 0 comments.

# Budget Review Criteria

*3. Alignment with HIE Plan Goals: The Board will review VITL's budget in order to determine whether it reflects a strategy and priorities consistent with the State's health care reform goals and the Health Information Exchange (HIE) Strategic 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 2021 Update to the HIE Plan (approved in December 2021, available at <https://gmcboard.vermont.gov/health-information-technology/health-it-plan>).

- Staff find that VITL's budgeted activities will advance the goals of 2021 Update to the 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 providing:
  - **Foundational Services:** 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; and data access, i.e., VITL Direct;
  - **End-User Services:** includes notification services, i.e., ADT alerts; and analytics services, i.e., the OneCare Vermont analytics gateway.
- Table 1 (Section 1, Narrative, pg. 5) provides a breakdown of how VITL's revenue and activities support the HIE Conceptual IT Services Model.

# Budget Review Criteria

## 4. Alignment with VITL/DVHA Process:

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

# Staff Recommendation

- Staff recommend approving the VITL FY2023 budget as presented, with the following condition(s):
  - In addition to reporting requirements outlined in the budget guidance, quarterly reporting should continue to include updates on:
    - VITL's work to design a future financial model that would diversify revenue sources;
    - VITL's strategic planning process and progress;
    - Continued work on integration of claims and clinical data in the VHIE; and
    - Continued work on consent, including patient education
  - VITL will comply with mid-year budget update requirements as described in the Board's Annual Budget Guidance.

# Discussion