

**STATE OF VERMONT
GREEN MOUNTAIN CARE BOARD**

**FY2021 VERMONT INFORMATION TECHNOLOGY LEADERS (VITL)
BUDGET ORDER**

In re: Vermont Information Technology)
Leaders (VITL) FY2021 Budget)
_____)

INTRODUCTION

On June 3, 2020, Vermont Information Technology Leaders (VITL) presented its Fiscal Year 2021 (FY2021) budget to the Green Mountain Care Board (GMCB or Board). VITL’s budget anticipates more than \$8.1 million in revenue that will come from contracts with the State of Vermont and other sources and expenses totaling nearly \$7.8 million.

On June 17, 2020, the Board unanimously voted to approve VITL’s FY2021 budget for the reasons set forth below.

LEGAL FRAMEWORK

VITL operates Vermont’s statewide health information exchange network (VHIE) – a critical component of Vermont’s Health Information Technology Plan (HIT Plan or HIE Plan). 18 V.S.A. § 9352(c)(1); *see also* 18 V.S.A. § 9351. The Vermont Legislature has tasked the Board with oversight of VITL’s annual budget.¹ Specifically, the Board must:

[a]nnually 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.

18 V.S.A. § 9375(b)(2)(C); *see also* 18 V.S.A. § 9352(c)(1).

The Board’s review of VITL’s budget is governed by four principles:

- The review process will be transparent and will incorporate public input.
- 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 HIT Plan. The

¹ In its 2015 session, the Vermont Legislature charged the Board with oversight of VITL’s budget *and* its core activities. 2015 Sess., No. 54. The Legislature amended the statute in 2018, limiting the Board’s oversight of VITL to reviewing and approving VITL’s annual budget. *See* 2018 Sess., No. 187 (effective May 28, 2018).

Board will not direct the technical details of VITL's work or the details of VITL's contractual relationship with the State.

- 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 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.

See GMCB Website: Vermont Information Technology Leaders (VITL) Oversight, *available at* <http://gmcboard.vermont.gov/hit/vitl-oversight> (VITL Oversight).

FY2021 is the fifth year that VITL's budget has been subject to the Board's review.

REVIEW PROCESS

The VITL FY2021 budget review process occurred between April and June 2020. This timing was selected in consultation with DVHA and VITL to ensure that the Board's vote would occur prior to the start of VITL's fiscal year, which begins on July 1.

The GMCB issued guidelines for VITL's FY2021 budget submission on February 27, 2020. VITL submitted its proposed budget on May 18 and 19, 2020. Members of VITL's senior management presented the proposed budget at a public GMCB meeting on June 3, 2020. Following VITL's presentation, the Board held a special public comment period from June 2 to June 15, 2020.² On June 17, 2020, the Board voted to approve VITL's FY2021 budget.

FINDINGS

1. On May 18-19, 2020, VITL submitted a budget proposal according to Board specifications which included the following sections:
 - Narrative
 - FY2021 budget request and indirect and fringe rate calculations and current contracts with State (DVHA) and private entities
 - FY2020 Financial Data on year-to-date performance, including Profit & Loss, Balance Sheets, and Cash Flow
 - FY2019 Financial Data, including audited financial statements and IRS Form 990
2. VITL's FY2021 budget request includes \$8,121,404 in revenue.
 - *Revenue from State Contracts*: VITL's FY2021 budget includes \$7.6 million in funding from DVHA, an increase in State funding of \$1 million from VITL's updated FY2020 budget, approved in January 2020.³ VITL's budgeted FY2021 revenue

² Presentations materials are available at <https://gmcboard.vermont.gov/content/2020-board-meetings>.

³ VITL's original FY2020 budget, approved in June 2019, included \$4.7 million in revenue from State contracts; the updated FY2020 budget, approved in January 2020, included \$6.6 million in revenue from State contracts, a nearly \$1.9 million increase. This reflected a major change in scope in VITL's FY20 contract with DVHA.

anticipates a decrease of \$1.0 million across its current CY2020 contract with DVHA due to impacts from COVID-19 (\$786,000 in FY20, \$236,000 in FY2021).

- *Revenue from Non-State Contracts*: VITL’s FY2021 budget includes \$1.0 million in revenue from contracts with private sector entities, including health care organizations. This is unchanged from VITL’s FY2020 budget request.
 - *Negative Revenue Line*: VITL’s FY2021 budget request includes a \$517,000 negative revenue line (roughly 6% of total revenue) in case of lost revenue, to ensure the organization is able to address challenges related to COVID-19 or other unplanned circumstances.
3. VITL’s FY2021 budget request includes \$7,794,603 in expenses.
 - Labor (\$3.1 million) is VITL’s largest expense, representing 40% of total expenses, consistent with the updated FY2020 budget. VITL’s labor costs include one additional FTE in FY2021. Software and Server Maintenance (\$1.6 million) is VITL’s second largest expense, representing 21% of total expenses, an increase of \$639,000 or 70% from the updated FY2020 budget. Vermont Health Information Exchange (VHIE) Hosting (\$1.0 million) is VITL’s third largest expense, representing 13% of total expenses, down from 14.5% in the updated FY20 budget.
 - VITL’s FY2021 budget request also includes a \$100,000 contingency line in expenses to ensure the organization is able to address challenges related to COVID-19 or other unplanned circumstances.
 4. VITL’s CY2020 contract with DVHA supports initiatives for better long-term alignment of HIE partners, including VITL, DVHA, OneCare Vermont, the Blueprint for Health, and others.
 5. VITL’s CY2020 contract with DVHA overlaps with its previously approved FY2020 updated budget for the period of July-December 2020.
 6. VITL presented its FY2021 budget request to the GMCB at a public meeting held June 3, 2020. No members of the public provided comment at this meeting related to VITL’s FY2021 budget request.
 7. Though the GMCB accepts public comment at any time, the GMCB held a special public comment period regarding VITL’s FY2021 budget from June 2-June 15, 2020. No written public comments were submitted.

CONCLUSIONS

The Board reviewed VITL’s FY2021 budget request in accordance with statutory requirements and the four enumerated review principles. The Board’s review process was transparent and incorporated public comment. The Board reviewed VITL’s budget to ensure it supports strategies and priorities consistent with the State’s health care reform goals and the HIT Plan. The Board’s review did not direct the technical details of VITL’s work or the details of its contractual relationship with the State. The Board assessed VITL’s alignment with health care reform goals and the HIT Plan. The Board’s review process did not interfere with VITL and

DVHA's ability to negotiate timely, effective contracts and grants. *See Review Process, supra; Findings, ¶¶ 6-7.*

ORDER

Based on the foregoing findings and conclusions, the Board APPROVES the Vermont Information Technology Leaders FY2021 budget request, subject to the following condition.

- A. VITL and DVHA will return to the Board in late 2020 to present their January-June 2021 budget once negotiations with DVHA for the CY2021 contract are completed.
- B. Following approval of the FY21 budget and in a manner and format set forth by the Board chair in consultation with GMCB staff, VITL will provide the Board with quarterly updates, including updates on Governance and Operations; Finances; and Technology (including Collaborative Services and continued Consent implementation efforts, including integration of sensitive data in the VHIE). This should include a copy of VITL's plan for stakeholder outreach to gather feedback on integration of 42 C.F.R. Part 2 and other sensitive data into the VHIE.

SO ORDERED.

Dated: July 24, 2020
Montpelier, Vermont

s/ Kevin Mullin, Chair)
)
s/ Jessica Holmes)
)
s/ Robin Lunge)
)
s/ Tom Pelham)
)
s/ Maureen Usifer)

GREEN MOUNTAIN
CARE BOARD
OF VERMONT

Filed: July 24, 2020

Attest: s/ Jean Stetter
Green Mountain Care Board
Administrative Services Director

NOTICE TO READERS: This document is subject to revision of technical errors. Readers are requested to notify the Board (by email, telephone, or in writing) of any apparent errors, so that any necessary corrections may be made. (Email address: Janeen.Morrison@vermont.gov)