

VITL Presentation to Green Mountain Care Board

October 17, 2018

Mike Smith, President & Chief Executive Officer

Robert Turnau, Chief Financial Officer

Frank Harris, Strategic Technology Advisor

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Agenda



Introduction



Financial Update



Technology Update



Operational Update

Financial Update

Revenue

	FY16	FY17	FY18	FY19
	Audited	Audited	Draft- Unaudited	Budget
Core Grant	\$ 3,010,201	\$ 4,125,156	\$ -	
Core Contract	-	-	3,890,469	3,801,044
APD Contract	1,233,498	744,332	1,459,544	1,143,956
SIM Contract	1,388,568	862,173	-	-
<u>Other State Contracts</u>	<u>-</u>	<u>-</u>	<u>167,485</u>	<u>42,000</u>
State/Federal Grants & Contracts	5,632,267	5,731,661	5,517,497	4,987,000
Program Service Fees	1,478,668	1,194,640	999,116	1,018,760
Conference Fees	62,668	208,218	-	-
All Other Revenue	885	43	1,383	-
Total Revenue	\$ 7,174,488	\$ 7,134,562	\$ 6,517,997	\$ 6,005,760

VITL completed 100 % of our FY18 deliverables including the completion of 100 of new and replacement interfaces

Expenses

	FY16	FY17	FY18	FY19
	Audited	Audited	Draft- Unaudited	Budget
Labor Cost	\$ 2,592,416	\$ 2,588,565	\$ 2,151,808	\$ 2,079,523
Fringe Related Costs	<u>1,289,135</u>	<u>1,274,580</u>	<u>1,028,130</u>	<u>863,864</u>
Personnel Related Expenses	3,881,551	3,863,145	3,179,938	2,943,387
Medicity	1,011,586	1,153,884	1,030,451	1,071,954
Information Technology	611,382	777,121	509,133	1,019,921
Consultants	262,913	197,953	81,393	74,780
Occupancy	227,800	216,806	224,586	196,564
Legal & Accounting	212,920	184,207	147,658	174,399
Education & Outreach	128,316	102,843	10,939	14,642
Insurance	87,600	97,530	100,551	104,100
Prof. Dev. & Travel	146,374	124,651	61,131	33,185
Telecommunications	62,810	64,285	61,621	64,857
All Other	132,273	125,032	93,998	116,435
Contingency	-	-	-	100,000
Total All Expenses	\$ 6,765,525	\$ 6,907,457	\$ 5,501,399	\$ 5,914,224
Change in Net Assets	408,963	227,105	1,016,598	91,536

VITL's reduced FY18 expenses to be used to offset future funding reductions

FY18 Budget vs. Actual

	Budget	Draft- Unaudited	Variance
Total Revenue	\$ 6,569,000	\$ 6,517,997	\$ (51,003)
Labor Cost	2,227,040	2,151,808	(75,232)
Fringe Related Costs	1,179,842	1,028,130	(151,712)
Personnel Related Expenses	3,406,882	3,179,938	(226,944)
Medicity	1,061,000	1,030,451	(30,550)
Information Technology	1,070,222	509,133	(561,088)
Consultants	141,250	81,393	(59,857)
Occupancy	210,563	224,586	14,022
Legal & Accounting	110,372	147,658	37,286
Education & Outreach	21,000	10,939	(10,061)
Insurance	104,763	100,551	(4,212)
Prof. Dev. & Travel	89,428	61,131	(28,296)
Telecommunications	87,000	61,621	(25,379)
All Other	116,779	93,998	(22,781)
Total All Expenses	\$ 6,419,258	\$ 5,501,399	\$ (917,860)
Change in Net Assets	149,742	1,016,598	866,856

VITL undertook cost reduction initiatives in FY18

Balance Sheet

	FY16	FY17	FY18	FY19
	Audited	Audited	Draft- Unaudited	Budget
Cash	410,787	886,850	1,579,370	1,246,369
Accounts Receivable	1,624,895	1,052,872	1,231,418	1,310,963
WIP	-	-	26,514	-
Prepaid Expenses	219,277	241,922	134,307	87,389
Total Current Assets	2,254,959	2,181,644	2,971,608	2,644,721
Property and Equipment	317,611	258,937	357,522	459,463
Less Accumulated Depreciation	(229,666)	(209,397)	(249,602)	(321,938)
Net Property and Equipment	87,945	49,540	107,920	137,525
Other Assets	12,531	11,281	12,781	11,281
Total Assets	2,355,435	2,242,465	3,092,310	2,793,527
Accounts Payable	391,487	355,745	203,128	387,153
Accrued Salaries and Taxes	189,639	20,180	-	-
Accrued Vacation	166,123	156,045	165,088	168,099
Deferred Revenue	107,558	12,910	12,910	12,910
Refundable Advances	164,335	131,187	131,187	-
Total Current Liabilities	1,019,142	676,067	512,312	568,162
Net Assets	1,336,293	1,563,398	2,579,997	2,225,365
Total Liabilities and Net Assets	2,355,435	2,239,465	3,092,310	2,793,527

VITL is in a strong financial position
To deal with future funding reductions

Financial Statement Audits

- FY17
 - Completed July 24, 2018
 - Single audit report approved by State of Vermont
 - Single audit report accepted by Federal Audit Clearinghouse

- FY18
 - Conducted search for new audit firm
 - Awarded to Gallagher Flynn & Company
 - Planning and Fieldwork currently underway
 - Expected completion December 2018

KPMG Operational Audit

- Background
 - A recommendation from the HTS report
 - Scope of work:
 - Review and assess existing financial policies and procedures to ensure consistency with State/Federal regulations
 - Review and assess practices in place to operationalize/implement the policies
 - Advise as to what additional steps VITL should take to operationalize policies, develop any additional development procedures, training aids and or checklists
 - Recommend VITL adopt any policies that are missing/incomplete with suggested language and steps to operationalize/implement the policies similar to those already in place
 - Review the suitability of VITL's current accounting system, Sage 50, for the contract costing and other financial reporting VITL must do to fulfill financial reporting requirements

KPMG Operational Audit

- Summary of Findings

Observation title	Potential for Control Gap	Observation title	Potential for Control Gap
Segregation of duties	High	Organizational structure	Medium
Financial sustainability	High	Integration work-around for other IT assets	Medium
Vendor master file	Medium	Budget	Low
Operational redundancy	Medium	Contract deliverable approvals	Low
SAGE 50 reporting capabilities	Medium	Inventory management	Low
Procurement	Medium	Policy review/updates	Low

- Common themes:

- VITL’s small size presents challenges to segregation of duties, single point of failure, and organizational structure
 - VITL needs to formalize financial practices
 - VITL’s financial systems aren’t integrated and don’t have work-flow processes

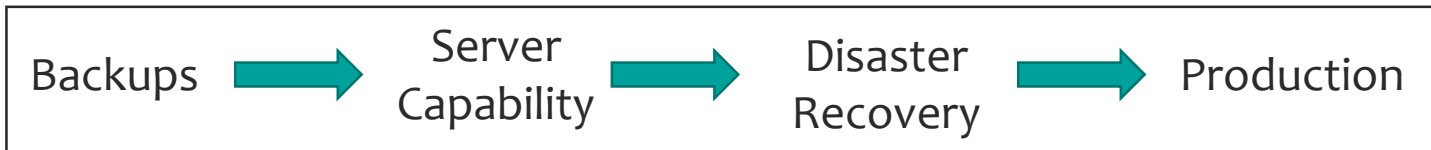
Technology Update

VHIE Future Platform Initiative

- VITL is beginning a critical look at its current architecture (Medicity point of care capability, HDM data services)
- Why?
 - Response to evaluation report – can we simplify and consolidate?
 - HDM is self developed – is this the best path?
 - Ensure optimal solution (e.g., Medicity vendor capabilities, pricing, etc., accelerate improved value proposition for VHIE).
- Process
 - Feasibility study:
 - Is there a likely high value replacement?
 - What is the short list of vendors?
 - Can we conduct a project?
 - Cost (dollars and opportunity)
 - Resources
 - Targeting completion around the end of CY 2018.
 - If feasible, move on to full RFP, planning, budgeting, approvals, etc.
 - Targeting RFP completion before Medicity contract renewal 6/2019

VHIE Transition to the Cloud

- Why?
 - Avoid large capital expenditures and obsolescence of assets.
 - Reduced costs, consistent operating expense.
 - Improved agility – rapidly scale up or down, pay only for what you actually use.
- Is it secure?
 - Yes. But like anything in IT, to have it be secure, you’ve got to do it right.
 - Many companies running secure applications (PII, IP, etc.).
 - Major cloud vendors have consistent, well-vetted practices.
- VHIE transition
 - Medicity is already “private” cloud based.
 - HDM transitioning to “public” cloud – major cloud vendor Microsoft Azure.

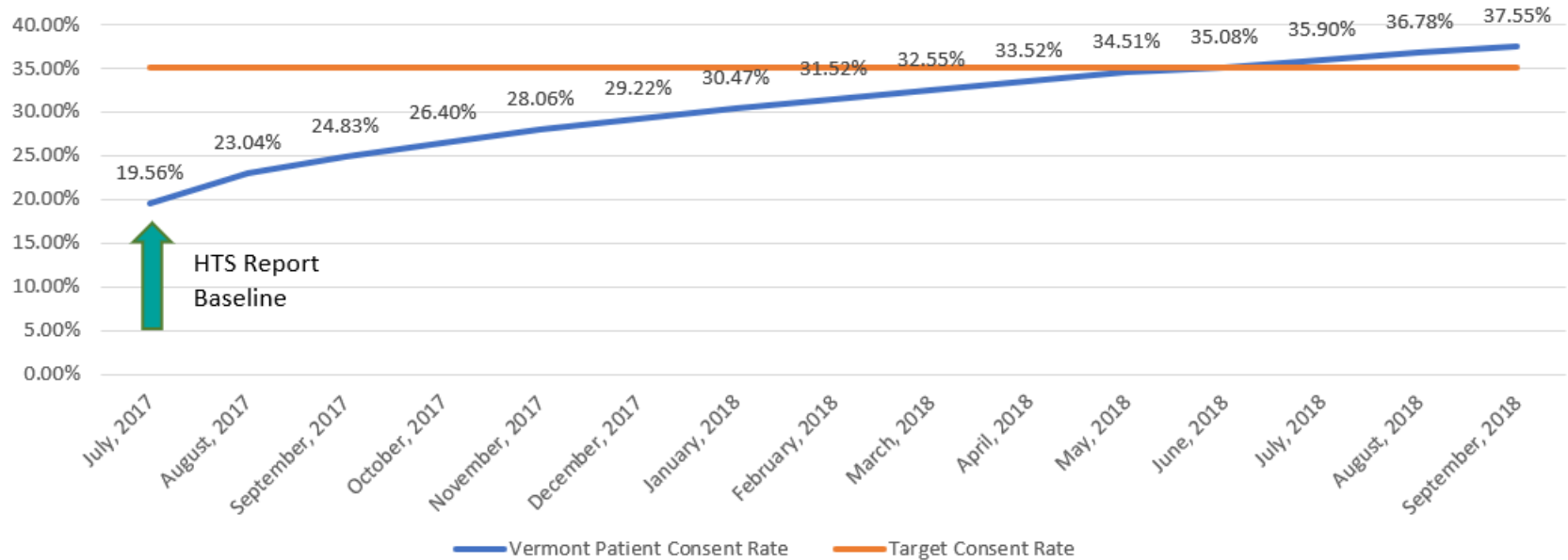


- Contracting for step 1 now, implementation duration about 1 month once work begins.

Operational Update

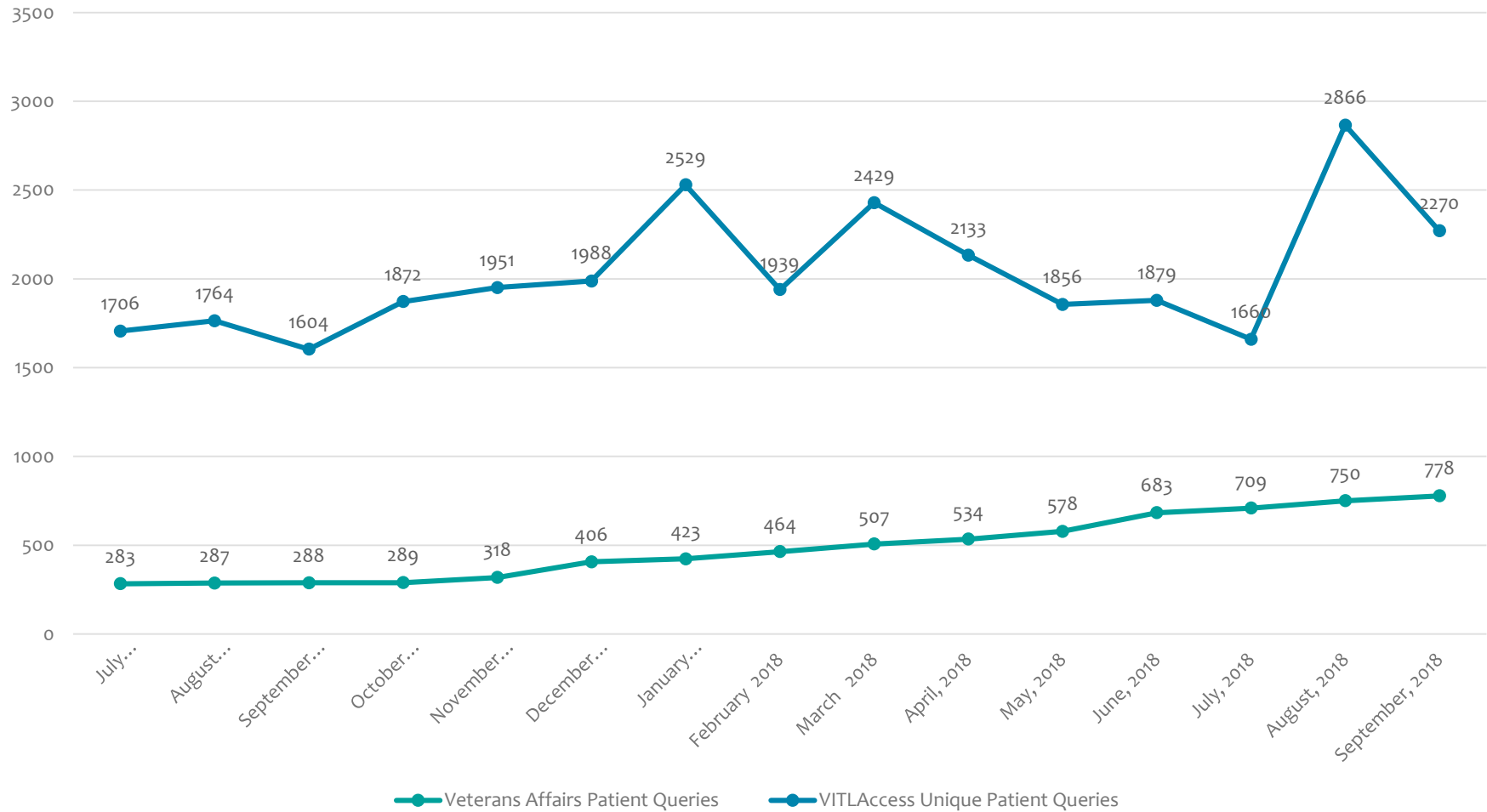
Point of Care: Consent

Percentage of Vermont Patients Who Have Provided Consent
Target = 35%



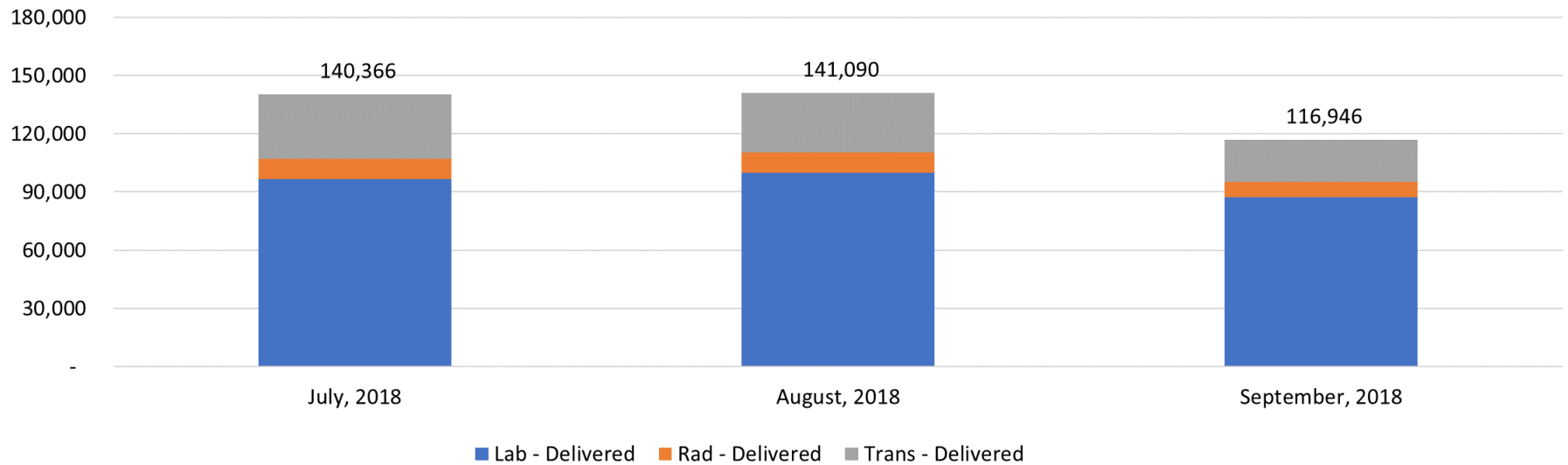
Point of Care: Utilization

VHIE Patient Queries



Point of Care: Utilization

FY19 Q1 Provider Results Delivery



Number of providers receiving results in September 2018 = 576

Reduce Duplicate Patient Records

Purpose: Expend resources to match the patients with their records from all contributing providers, and reduce duplicate records by 40%.

