

VITL FY2022 Budget Review

Staff Recommendation

Sarah Kinsler, Director of Health Systems Policy

June 23, 2021

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 FY22 Budget



- Revenue: \$11,654,366
 - State funding (\$10.6 million, increased \$1.7 million from mid-year FY21 forecast reviewed by the Board in January 2021)
 - Significant shift in scope between CY20-CY21-CY22 contracts
 - Non-state funding (\$1.3 million, increased \$270k from mid-year FY21 forecast)
- Expenses: \$11,167,570
 - Labor-Related Expenses (including Fringe) (\$3.7 million or 33% of total, up slightly from \$3.3 million or 35% of total expenses in the FY21 mid-year forecast)
 - Reflects a \$70,000 increase in temp labor costs (up 39% from mid-year FY21 forecast)
 - Consulting/Contract Labor (\$2.5 million, or 22% of total expenses, up from \$1.9 million, or 20% of total expenses, in the mid-year FY21 forecast)
 - Largest dollar amount change from the mid-year FY21 forecast; reflects costs shifted from FY21 to FY22, and need for specific consulting needs/skillsets
 - Software Server/Maintenance (\$2.1 million, or 19% of total expenses, up from \$1.5 million, or 16% of total expenses in the mid-year FY21 forecast)
- Built in contingencies:
 - \$212k negative revenue item, \$100k contingency line in expenses

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 6/9 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, 6/9, through Friday, 6/18; GMCB received 0 comments.

Budget Review Criteria

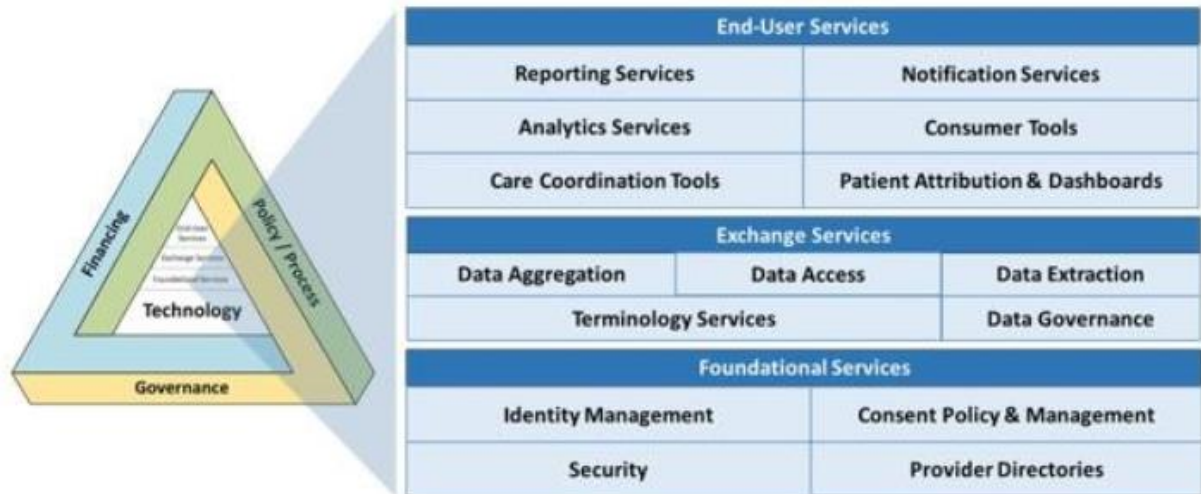
3. Alignment with HIE Plan Goals: The Board will review VITL's budget in order to determine whether it reflects a strategy and priorities consistent with the State's health care reform goals and the Health Information Exchange (HIE) Strategic Plan. The Board will not direct the technical details of VITL's work or the details of VITL's contractual relationship with the State.

Alignment will be assessed relative to the goals of the 2020 Update to the HIE Plan (approved in November 2020, available at <https://gmcboard.vermont.gov/hit/plan>).

- Staff find that VITL's budgeted activities will advance the goals of 2020 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 pushing toward more effective **foundational services** (includes 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), and **end-user services** (includes notification services, i.e., ADT alerts; and analytics services, i.e., the OneCare Vermont analytics gateway).
- See Table 1 (Section 1, Narrative, pg. 5) for 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 FY2022 budget as presented, with two conditions:
 - VITL will comply with quarterly reporting requirements as described in the Board’s Annual VITL Budget Guidance. In addition to topics and metrics described in guidance, quarterly reporting should include updates on:
 - VITL’s work to design a future financial model that includes charging fees to users of its services;
 - VITL’s strategic planning process;
 - Work to pilot integration of claims and clinical data in the VHIE; and
 - Continued work on consent, in particular for sensitive data types
 - VITL will comply with mid-year budget update requirements as described in the Board’s Annual Budget Guidance.

Discussion