

the **BAR** **Raising**



VHI

VHI 2010 Annual Report & Strategic Plan Update

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Authority from the State



Karen Remley, M.D., MBA
State Health Commissioner

Virginia has long supported the concept of transparency of health care information. In 1996, House Bill 1307 was signed into Chapter 7.2, Health Care Data Reporting of the Virginia Code to improve the Commonwealth's health care cost and quality initiatives. This legislation directs the Commissioner of Health to contract with a nonprofit, tax-exempt health data organization to develop and implement health data projects that provide useful information to consumers and purchasers of health care, to providers including health plans, to hospitals and to nursing facilities and physicians. In implementing §32.1-276.4(A) of the Code of Virginia, the Commissioner contracts with Virginia Health Information (VHI) to serve as the health data organization that provides these services.

Another part of the law, Section §32.1-276.4(B)(6) requires the Board of Directors of the nonprofit data organization (i.e., the VHI Board) to submit, as appropriate, strategic plans to the Board of Health, the Governor and the General Assembly.

As required by this law, the strategic plans submitted by the VHI Board shall:

- Recommend specific data projects to be undertaken and specify the data elements that will be required from health care providers
- Incorporate similar activities of other public and private entities to maximize the quality of data projects and to minimize the cost and duplication of data projects
- Evaluate the continued need for and efficacy of current data initiatives and
- Include the use of patient level data for public health purposes.

In addition to the strategic plans that must be submitted by the VHI Board, §32.1-276.4(B)(5) requires the VHI Board to submit annual reports to the Board of Health, the Governor and the General Assembly. These annual reports must include a certified audit (See Appendix A, Financial Statements) and provide information on the accomplishments, priorities and current and planned activities of Virginia Health Information.

The VHI Board of Directors submits this 2010 document as its *Annual Report and Strategic Plan Update*.

President's Message



As President, I am pleased to share the 2010 Annual Report and Strategic Plan Update. Virginia Health Information's Board of Directors is actively engaged in laying the groundwork for new and ongoing efforts carried out by VHI staff and our supporters. During this year, VHI conducted a facilitator-led series of strategic planning meetings with final review, discussion and adoption of a new strategic plan in August.

From our planning efforts and new VHI health information products arose the theme *Raising the Bar*. VHI is not only setting higher goals but also further engaging health care stakeholders in our efforts. Our main strategic efforts center on:

Reaching out to legislators and policymakers

- Raising legislator awareness of VHI has led to health care legislation providing Virginians with cost information on 31 health care services including surgeries, tests like MRIs and visits to emergency departments
- Increasing involvement with policymakers has led to state and private use of information on treatment of strokes, reducing infant mortality and heart attack survival rates

Importance of VHI Board Member engagement

- Helps VHI develop products relevant to market needs including emphasis on composite measures such as overall efficiency rankings and patient satisfaction
- Provides opportunities for collaboration including joint press conferences with VDH on heart attack rates and pay-for-performance programs

Business development activities

- Reduced reliance on taxpayer dollars from 100% to 14%
- Doubled daily website visits to 1,500 per day

Each of the three areas above has a vital and common thread... communication. VHI will reach out to specific audiences with messages tailored to their needs. I hope you will find our Annual Report and Strategic Plan Update another helpful way of communicating as we *Raise the Bar* on all our efforts.

Sincerely,

A handwritten signature in black ink, appearing to read "David D. Adams". The signature is fluid and cursive.

David D. Adams
President
Virginia Health Information

Executive Director's Message



To those not yet familiar with VHI; we've been around since 1993 providing actionable health information to businesses and consumers and helping to improve the quality of care. We've moved from mainly printed reports to mostly web reports and publications—clearly a sign of the times. We recognize that the use of health care information is a demand-based tool and should be available when and where it is needed. About 1,500 visitors come to www.vhi.org every day and review thousands of web pages.

- Need information on hospitals?
We've got it

- Health Insurance? *This is the place*
- Doctors? *We'll help you find one*
- Nursing facilities? *Right here*

Over the years, VHI has developed and maintained information on all of the above. If we don't have it, we'll lead you to what you need as part of our designation as Virginia's "Health Information Portal."

Some of our efforts are state mandated...like rankings of hospital and nursing facility efficiency. Some publications like our Consumer's Guide to Obstetrical Services and Cardiac Care couple state-mandated data with other consumer-directed information on hospital capabilities or doctors' locations.

My take on our theme, *Raising the Bar*, comes from this year's accomplishments and where we're going. The great Michelangelo once said: "The greater danger for most of us is not that our aim is too high and we miss it, but that it is too low and we reach it." VHI is:

- Adding consumer satisfaction information with patients' views of hospital care to hospital profiles at www.vhi.org

- Publishing outpatient surgical information to help consumers learn about their treatment choices and make wise purchasing decisions
- Improving our health care quality measurement by adding new information and pilot testing clinical data to our databases
- Supporting planning for the Commonwealth of Virginia's Health Information Exchange (CoVHIE) with data and expertise on committees
- Developing more details on costs for 31 health care services

So, turn the pages and read this year's Annual Report and Strategic Plan Update. See what your ideas and your support are producing as VHI *Raises the Bar*. Challenge us with your ideas on moving it higher. Our goal is to aim high--we'll all benefit from it.

Sincerely,

Michael T. Lundberg
Executive Director
Virginia Health Information

Raising the Bar Solid Data Foundations

Hospital Patient Level Data

Virginia is one of more than 40 states collecting information on hospital discharges. In Virginia all private acute hospitals—over 90—provide an electronic record that summarizes every hospital discharge. Within each record is information on a patient's diagnoses, surgeries, days in the hospital, charges and if they went home, were transferred to another hospital or died.

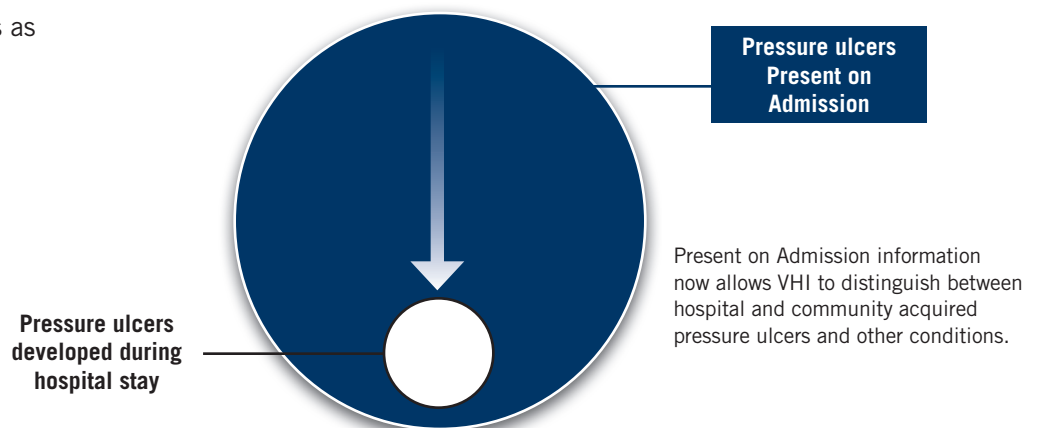
To ensure the information is accurately reported, VHI applies more than 100 edits when the data is received and before the data is distributed to businesses, researchers, state agencies, health insurance companies and others. VHI further enhances the information with an estimate of how severely ill the patient is or their risk of mortality, whether they were recently readmitted, their geographic region and other calculated variables. These data are used by VHI for reports as well as by many others.

- Consumer guides like VHI's Cardiac Care Guide, Obstetrical Services Guide, Hospital service lines and many special reports are used widely by the public
- Health insurance companies use VHI databases to develop networks and negotiate contracts with health systems
- Businesses can determine which hospitals specialize in the care their employees are most likely to use
- Public health workers focus cardiac care, diabetes and asthma prevention and control programs with information on communities with high levels of admissions for these conditions
- Health care coalitions assess stroke treatment, heart attack rates and low birth weights

In July 2009, VHI began collecting new information from hospitals. Hospitals now note whether a patient's condition was present on admission (POA) or developed after the patient was hospitalized. This POA indicator helps distinguish patients admitted with an infection from those that develop the infection while in the hospital. This distinction is the difference between infections that occur in the community like home, schools, nursing facilities and other places and those that happen during a hospital stay.

The General Assembly provides core funding for about half of this program. These funds are supplemented with licensing fees for databases and special reports developed to meet specific needs. VHI also provides free consumer reports using these data at www.vhi.org

Pressure Ulcer Rates



Raising the Bar Solid Data Foundations

EPICS—Measuring Health Care Efficiency and Productivity

The Efficiency and Productivity Information Collection System (EPICS) began 17 years ago. EPICS is supported by Virginia businesses, providers and policymakers who recognize the value to help large employers and purchasers of care make sound purchasing decisions. Information from EPICS is also available for consumers seeking information on staffing, community support and the financial viability of health care providers.

EPICS now collects all data via an ever-changing and secure website. Automated checks edit data for accuracy and reasonableness, then manual comparisons are made against facility supplied financial statements. Once these steps are completed, hospitals and nursing facilities are ranked by charges, costs, productivity/utilization, financial viability and community support. Similar statistics are reported for ambulatory surgical centers. Last November, VHI added a wage-price index which allows hospitals to be evenly compared on a statewide instead of regional basis. In addition, VHI added a composite

score for acute hospitals based on cost and productivity indicators. This score helps employers and purchasers quickly identify and rank efficient hospitals when also reviewing VHI quality information.

EPICS is recognized as Virginia's source of current and historical health care provider financial and operational performance rankings. EPICS changes to reflect external forces including market changes and IRS reporting requirements. EPICS is funded by health care providers and referred to as special and dedicated revenue. VHI's Industry Report is published each November on the web and in a book with files on a CD.

**EPICS is recognized
as Virginia's source
of current and
historical health care
provider financial
and operational
performance rankings.**



Raising the Bar Solid Data Foundations

Outpatient Surgery

After many years of planning and development VHI is making information on outpatient surgery available to the public. VHI collects a mix of surgical procedures regardless of whether they take place in ambulatory surgical centers, doctors' offices or hospital outpatient surgical centers. A VHI workgroup chose surgeries based on

the how often they are performed, their cost and risk. The procedures reported include:

1. Colonoscopy
2. Laparoscopic Surgery
3. Breast Surgery
4. Hernia Repair
5. Liposuction
6. Facial Surgery and
7. Knee Arthroscopy

More than just statistics, VHI includes details on

- When the procedure is indicated
- The risks and benefits
- How to prepare
- Information on recovering after surgery
- Questions to help you talk with your doctor

VHI's outpatient surgery information is partially funded by General Appropriations with in-kind funding from VHI.



Raising the Bar Solid Data Foundations

HMO Quality of Care

Improving care from prevention to effectiveness: Today's HMO is not your father's HMO. HMOs are still leaders in encouraging healthy lives through prevention. They may also require referrals for specialists or have more restrictive lists of doctors or hospitals, but this is not always the case. Many HMOs now offer plan designs that reduce or eliminate referrals or overly restrictive networks. Many of these changes are based on employer or consumer preferences.

One thing remaining unchanged is the breadth of VHI information consumers have on HMO quality, networks and prices. Today, just like in the past, consumers can compare HMOs based on how well HMO takes care of their members. From flu shots, to managing diabetes, heart disease or depression, there is a wealth of information available on measures covering the health of infants to seniors.

Publication of national quality and performance measures help consumers compare many aspects of care that HMO members receive. While some sources limit consumers to summary measures, VHI collects

and publishes this information on over 60 measures. From childhood immunization, asthma and satisfaction with health care, these measures are comprehensive and help spur competition among Virginia HMOs.

Some examples of measures comparing HMOs include:

- Does the HMO spend more or less money on health care than others?
- Are members of my HMO getting the care they need? Quickly?
- How effectively does my HMO encourage women and their doctors to have checkups for breast cancer or cervical cancer?
- Are there HMOs that cover my county?
- How often are tests performed to help avoid serious complications from diabetes?
- Which HMOs have the lowest overall premiums?

Employers can check both costs and quality when choosing HMOs for their employees. Consumers buying their own health insurance coverage can compare plans on costs and quality and also link to plans to request a rate quote.

- Average monthly premium per member is \$295 and ranges from \$256 to \$321
- 70% of women in HMOs receive breast cancer screening
- 93% of persons with asthma have medications that are administered appropriately
- 61% of patients hospitalized for mental illness had an appropriate follow-up visit 7 days after discharge and the range was 51.3% to 77.1%

Look for updates each fall during employer open enrollment periods at www.vhi.org. VHI includes information from previous years to help track trends and improvements in performance. Don't forget to look at our Consumer Guide to Health Insurance Options to help both consumers and employers understand the differences among types of health insurance coverage in Virginia. HMOs provide funding for the collection and publication of required information.



Raising the Bar Solid Data Foundations

How Much Will it Cost? VHI Brings Consumers Pricing Transparency

Although recent health care reforms may provide consumers with health insurance coverage, many are currently uninsured and others may remain so. In 2010, the percent of covered workers enrolled in a high deductible health plan (HDHP) with a savings option¹ jumped to 13% from 9% in 2009. HDHPs offer lower monthly premiums but may include deductible amounts of thousands of dollars, almost three times higher than the average annual deductible¹, each year before coverage begins. Because those enrolled in HDHPs have to pay out of their pocket until

they reach a preset limit, these consumers have an incentive to reduce costs for healthcare services. Both the uninsured and those in HDHPs can benefit from information on average costs for health care services, but where can they find this information? Until last fall, health care pricing was hard to find.

Last September, VHI added information on average costs for health services to www.vhi.org. Enabled by a 2008 Virginia law, health insurance carriers began providing information on the average payment amount for commonly performed health services.

Today, VHI publishes pricing

information on 31 commonly provided services. For each service, the consumer can learn what it is, why you would have it, the average amount health insurance carriers agreed to pay and where to go to learn more about the services. For the really curious, there are links to videos for some of the services like hip replacement.

The range of services is broad and covers preventive care including colonoscopy, mammogram and doctor's office visits. Costs for minor emergency department care, x-rays, MRIs and mammograms are also part of the information. Surgeries include a selection of outpatient and inpatient procedures such as hernia, kidney stone, knee and shoulder surgery. Having a baby? VHI includes prices on vaginal and cesarean deliveries and ultrasound.

During the next year, VHI plans to work with stakeholders to expand the depth of information to include related costs including surgeons, anesthesiologists and other pricing beyond facility costs.

¹ Kaiser Family Foundation Employer Health Benefits 2010 Summary of Findings

The screenshot shows the Virginia Health Information website. The main heading is "Guides to Health Care Services". Below this, there are six categories of services, each with a representative image and a list of specific services:

- Preventive Health:** Colonoscopy, Mammogram, Office Visits: Well Child Visit, Office Visits: Adult Office Visit
- Emergency Room Visits:** ER Visit: Medium, ER Visit: Very Minor
- Imaging Services:** CT Scan: Abdomen, CT Scan: Head/Brain, MRI Scan: Back, MRI Scan: Knee
- Radiology/Other:** Bone Density Scan, Chest X-Ray, Foot X-Ray, Arthro X-Ray, Non-Maternity Ultrasound, Endoscopy
- Surgical Procedures:** Arthrocentesis, Arthroscopic Knee Surgery, Breast Biopsy, Debridement of Lesion, Gall Bladder Surgery, Hernia Repair, Kidney Stone Removal, Tonsillectomy with Adenoidectomy, Knee Replacement, Hip Replacement, Angioplasty, Rotator Cuff Surgery
- Maternity:** Ultrasound, Vaginal Birth, Cesarean Delivery

At the bottom of the page, there is a link: "SEE ALL 31 SERVICES".

Raising the Bar Solid Data Foundations

New Hospital Patient Satisfaction

In the past, VHI hospital performance measures included information on how well hospitals performed on outcome measures like readmissions and mortality rates and operational measures including efficiency and productivity. This summer, VHI let the consumers' voice be heard on hospital performance.

Working with members of a hospital workgroup and consumer testers, VHI's newest information gives the public a chance to view hospitals' satisfaction ratings. VHI's patient satisfaction information comes from data provided to the Centers for Medicare and Medicaid Services (CMS.) VHI downloads the data from CMS quarterly and formats it using consumer-tested and refined displays. Hospitals are rated on overall satisfaction, comfort and communication.

Highlights from VHI's first release for patients surveyed from October 2008 - September 2009 show that:

- Statewide, about 2 out of every 3 patients would recommend the hospital they visited; overall hospital ratings varied with the highest rated hospital at 84% and the lowest at 44%

- Getting help quickly also varied by hospital from 50-77% of the time
- Patients said Virginia nurses communicate well 74% of the time and doctors 80% of the time—these rates were about the same as those across the US
- Hospital staff explained about medications before giving them just 57% of the time, but some hospitals did much better with explanations 68% of the time

Satisfaction is an important measure of patients' perceptions and can help hospitals improve their care.

VHI will continue to regularly provide this data as well as track trends across the state and nation.

The screenshot shows the Virginia Health Information website interface. At the top, there is a navigation bar with links for 'ABOUT US', 'MEDIA ROOM', 'CONTACT US', 'SITE MAP', and 'RESEARCHERS AND PROFESSIONALS'. The main header includes the VHI logo and the text 'Virginia Health Information FROM NUMBERS TO KNOWLEDGE'. Below the header is a secondary navigation bar with links for 'HOME', 'HEALTH INSURANCE', 'HOSPITALS', 'LONG TERM CARE', and 'PHYSICIANS'. A search bar is also present.

The main content area is titled 'PATIENT SATISFACTION SURVEY' and features a sub-header 'What Did Patients Say About Their Hospital?'. Below this, there is a list of patient feedback quotes, including:

- "I recommend this hospital"
- "My pain was always controlled"
- "Doctors and nurses communicate well"
- "My room was clean and quiet"

 The page also includes a 'METHODOLOGY' link and a 'View Hospitals' button. A sidebar on the left contains links for 'INTRODUCTION', 'VIRGINIA HOSPITALS', 'HOSPITAL INFORMATION', 'CARDIAC CARE', 'OBSTETRIC CARE GUIDE', 'PATIENT SATISFACTION', 'HOSPITAL COMPARE', 'SERVICE LINE REPORT', 'LEAPFROG', and 'VHHA PRICE POINT'. At the bottom of the sidebar, there is a 'NOW AVAILABLE' section for 'CARDIAC CARE' with a 'Cardiac Care Available Now' link.



Raising the Bar Solid Data Foundations

Uniting the Bar on Outcomes Measurement—Hybrid Data

For three years, VHI worked with hospitals, researchers, the Federal Agency for Healthcare Research and Quality (AHRQ) and the Brookings Institution to develop new cutting-edge tools to measure health outcomes. The goal: add clinical information to VHI hospital discharge data to improve the ability to measure hospital performance and produce quality reports.

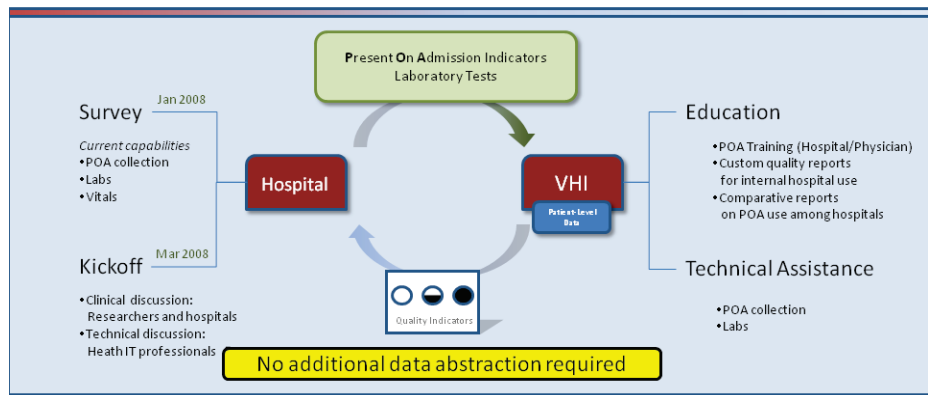
It began in 2007 when AHRQ-sponsored research showed that by adding key clinical information to patient level data, the resulting information was comparable to clinical information abstracted from a patient's medical record. These findings were important because it is very expensive to clinically abstract detailed information from medical records. AHRQ wanted to test the concept. Could a state obtain certain clinical information and merge it with their PLD? Would hospitals participate? What kind of technical challenges exist? Could those technical challenges be overcome?

It worked. VHI recruited 27 hospitals and developed the tools to collect and link laboratory and present on admission information with the existing PLD. About 15 million

laboratory tests were linked with four hundred thousand hospital records to create a hybrid database. From there, VHI developed reports for hospitals comparing quality and patient safety measures before and after the POA information was added.

The results were striking. After extensive testing of the laboratory data, we found that adding laboratory and POA information improved VHI outcomes significantly which results in better information for consumers and hospitals. The improvement was noted across a variety of clinical conditions showing further promise for broader use of a hybrid dataset.

Virginia Health Information Adding Clinical Data to Administrative Data An Overview



Partners:    

Raising the Bar Solid Data Foundations

Enter the third phase: The internationally renowned Brookings Institution took notice and asked VHI to take things to the next logical step. As part of Brookings High-Value Health Care Project (HVHC), Brookings asked VHI to convene a workgroup representing business, consumers, hospitals, health insurers and physicians to address three key questions.



1. Can this clinically enhanced hybrid dataset produce information to help consumers make better health care choices?
2. Could this information help with payment reform?
3. Will a hybrid dataset help hospital and doctors improve the quality of health care?

Last spring, the answers to the questions were in.

- **Yes**, the HYBRID dataset can produce information to help consumers make better health care choices.
- **Yes**, health insurance carriers felt this information has potential

for payment reform. A key step, they said, was that health quality measures developed must be scalable across states and the measures should be nationally endorsed to help ensure provider support.

- **Yes**, improved information enhanced with clinical laboratory and POA data can produce more precise information for hospitals and physicians to act upon.

This effort, taking place over three years has shown that:

- Standardizing laboratory values using the nationally recognized LOINC system is feasible and can be accomplished by hospitals which vary in size and structure
- These data can be effectively combined with administrative and POA data into a hybrid dataset and
- The resulting hybrid dataset can be used for better outcomes measurement across a variety of diseases.

So where are we now? What are the next steps?

VHI developed reports for hospitals demonstrating the value of hybrid

data for outcomes measurement. Measures include bypass surgery, pneumonia, heart attack, congestive heart failure and others. VHI will continue ongoing discussion in Virginia about the value of this information as an ongoing tool for outcomes measurement.

This spring, AHRQ began working with VHI and Battelle, their quality measure software subcontractor to incorporate laboratory data into their AHRQ Quality Indicators software. VHI is working with Virginia hospitals and Battelle to share these non-confidential data for testing and inclusion into selected AHRQ measures. If successful, hybrid data-enhanced measures may be part of the AHRQ software for general distribution.

VHI envisions incorporating laboratory data into standardized, scalable measures that are nationally endorsed as an important precursor to widespread use in Virginia and nationally.



Raising the Bar Solid Data Foundations

Facility Licensure Surveys— Helping Implement Virginia’s Health Policy

Virginia’s Certificate of Need (CON) is a program of the Commonwealth of Virginia which evaluates the need for new health care facilities and services within a geographic area. In performing these reviews, the Virginia Department of Health (VDH) relies on information to understand what health care services are available and needed. Questions like:

- Is another hospital needed as the region grows?
- How often are existing MRI machines used? Are more needed to reduce wait times?
- Does this emergency department have enough space for patients?
- What areas need more access to cardiac catheterization labs?

VDH designed an annual licensure survey to answer questions like those above for certain key and high cost services. VHI collects these data for the VDH along with EPICS to reduce duplicative collection from hospitals and lower costs. VHI also makes this information available to the public across the Commonwealth and the country.

Categories of hospital beds such as medical/surgical, obstetric and ICU are among data collected. Information on emergency department use, advance scanners and other topics are included in the survey of over 600 data elements.

Beginning this year reporting requirements were expanded. VHI began to collect information from facilities including freestanding offices performing computed tomography, lithotripsy, magnetic resonance and source imaging, radiation therapy and others. These data will become available to fill the gaps in information and help with health planning.

VHI makes these data available in Excel spreadsheets for purchase at www.vhi.org. Consumers can learn about special services offered by hospitals such as chemotherapy, organ transplants, pain management and other special services at no charge by viewing this information in the “General Info” section of each hospital’s profile.

Consumers can learn about special services offered by hospitals such as chemotherapy, organ transplants, pain management and other special services at no charge.

Consumers Seeking a Higher Bar for Choice

VHI looks for ways to help consumers make better informed health care decisions. Meeting this charge has led VHI to develop five consumer guides. VHI includes information on services offered, definitions of important terms, how to decide what is important to you and comparative information on location, costs, quality and even where to go for more information.

VHI's Consumer Guides span a wide range of health care services including, cardiac care, health insurance options, hospitals, long-term care and obstetrics.

Health care is an event-based service. Consumers seek information when there is a medical test needed, illness, accident or if a baby is expected. Until then we may spend little time or effort to

find information. Once a need is identified, we want information without delay. VHI is committed to our ongoing line of consumer guides to meet this need and serves hundreds of thousands of visitors each year to our website.

Guide	What Does it Do?	What's in It?	Ratings & Other	Last updated
Cardiac Care	Provides an overview of heart disease, prevention & warning signs and types of treatment.	Describes different types of cardiac care, listings of hospitals providing heart care.	Compares hospitals on volume of care, mortality and 30-day readmission rates. Find physicians providing cardiac care on your area.	February 2010
Health Insurance Options	Serves as a primer on today's insurance types to help consumers pick the best coverage for their needs.	Compares HMO, PPO features, other types of insurance, worksheets, links to regulatory agencies, consumer help groups, insurance companies.	Links to VHI HMO quality, cost ratings and external sources. Find HMOs in your area.	2008, with updates to financial, utilization and quality information
Hospitals	Helps consumers learn about Virginia hospitals, services and how to compare and choose hospitals.	Describes types of hospitals, worksheets, regulatory agencies, patients rights and where to go for more information.	Links to VHI ratings on cost, quality and efficiency, external ratings. Find Hospitals in your area.	2009, with ongoing updates
Long-Term Care	Educates consumers on long-term care options, financing, quality and how to choose the right level of long-term care for their needs.	Describes providers, worksheets, regulatory agencies, patients rights, special insurance for LTC and where to go for more information.	Links to VHI ratings on hourly, daily or monthly charges, quality and efficiency, external ratings. Find LTC facilities in your area.	2009, with ongoing updates to costs
Obstetrics	Explains the types of deliveries and options, provides information on cost, hospital charges and quality, helps consumers learn to choose providers based on their needs and values, promotes dialogue with doctor or hospital representative.	Lists doctors and hospitals in Virginia, regulatory agencies and other external sources of information.	Rates performance of doctors and hospitals on cesarean deliveries, episiotomies, length of stay, hospital charges, detail on hospital features, doctors' education and experience.	Planned Fall 2010



The Message Bar Getting to the People

For twelve years VHI has hosted our website. At first, www.vhi.org was a way to supplement our printed publications. Today, it is our main point of contact with consumers and others. The picture below is a good illustration of our average number of daily visitors – almost 1,500.



VHI was named as Virginia's consumer health information portal by the Governor's 2007 Health Reform Commission. In fulfilling that responsibility, consumers are our primary audience for health information. Visitors to VHI's home page at www.vhi.org can click on one of four buttons that organize information by

Health Insurance

Hospitals

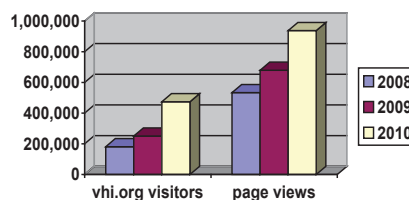
Nursing Facilities and other Long Term Care

Physicians

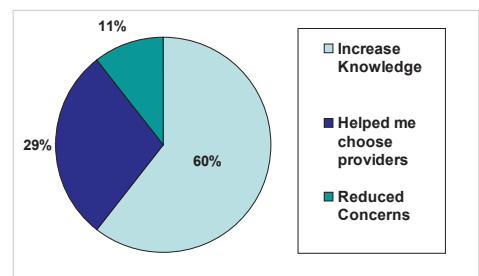
VHI studies nationally developed recommendations and guidelines for consumer publications and seeks input from VHI task forces, workgroups and conducts consumer tests. Because employers and other professionals also need VHI information, VHI provides access through a link titled Researchers and Professionals. During VHI's most recent fiscal year (July 1, 2009-June 30, 2010) over 470,000 visits were made to our website. Webpages were viewed almost 680,000 times.

VHI uses website tools to learn more about who is visiting, what they like and how we can better meet their needs. A Tell Us What You Think link at the end of many pages includes a brief questionnaire specific to individual guides and reports. The following charts represent responses from surveys completed from January through May 2010.

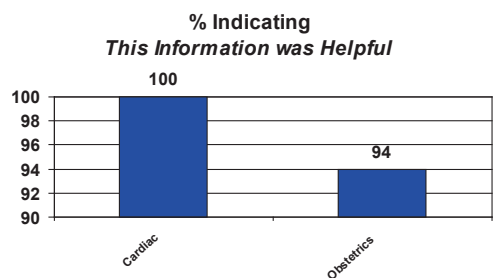
**Webvisits and Page Views
FY 2008 - FY 2010**



One survey question common to VHI reports is How did you use this information? The chart below illustrates the most frequent answers.



The question: Was this information helpful? revealed strong support for VHI information on Cardiac and Obstetric.



VHI is committed to maintaining a website with valuable information to consumers. During the next year, VHI will provide ongoing updates to existing information and add other information to help consumers make more informed health purchasing decisions.

Supporting Public Health & Policy

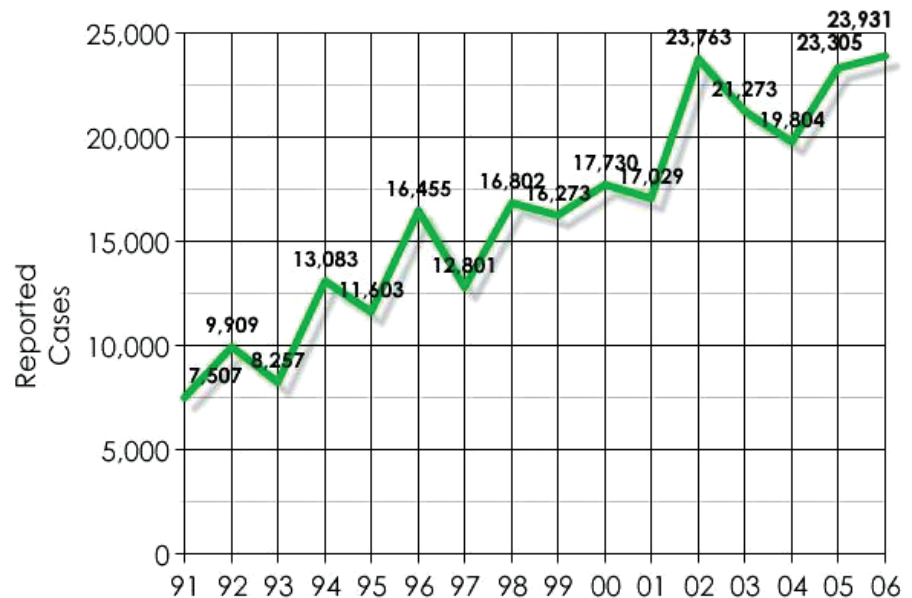
Beyond consumer-focused guides and reports, VHI regularly provides health information and analytical expertise to public and private organizations. Some examples include:

- H1N1 Readiness:** Getting 2009 and 2010 flu shots to Virginians was a massive undertaking by the Virginia Department of Health. VHI helped VDH model by region and hospital how many people could be provided flu shots while hospitalized for other reasons. Priority groups included pregnant women, infants and young adults.
- Heart Attack Death Rates:** In February 2010, VHI President, Dr. Charles Frazier, joined Lt. Governor Bill Bolling and State Health Commissioner, Dr. Karen Remley to announce a 44% reduction in death rates from heart attack. Members of the Virginia Heart Attack Coalition, American Heart Association, hospitals, doctors and others collaborated to reduce death rates. VHI provides hospital information to support these activities.
- Lyme Disease:** As Lyme disease cases continue to rise nationwide and in Virginia, VHI provided the Virginia Department of Health information on admission rates by geographic region treated for this potentially debilitating condition. Consistent with a general southern migration of the disease VHI noted a higher prevalence in Northern Virginia.



US Reported Lyme Disease Cases, 1991-2006

Data Source: CDC



Anthem's Quality-In-Sights® Hospital Incentive Program

www.vacodes.org Helping Reduce Motor Vehicle Deaths and Injuries

VHI frequently assists other businesses with expertise in evaluation of health quality, data collection and analysis. A stellar example is our seven years of work assisting Anthem Blue Cross and Blue Shield.

Anthem's Quality-In-Sights®: Hospital Incentive Program (Q-HIP) pays participating hospitals more when they improve how well they deliver care (the process) and how well patients do (outcomes.) Anthem uses nationally endorsed quality measures spanning a wide array of healthcare. Q-HIP quality measures include patient safety, heart care, customer satisfaction measures, infection rates, computerized medication controls among other measures of quality.

VHI's support to Q-HIP has grown as the program has expanded the measures used and states involved. VHI provides:

- a web-based tool to gather and display information from hospitals and their vendors
- VHI nurses who analyze the information and work with hospitals as they document their work in improving the care they provide.

The web tool calculates and displays hospitals' current scores for a head's up on their performance. The program now includes Virginia hospitals and hospitals in Maine, Connecticut, New Hampshire, New York, Georgia, Tennessee and Missouri.



Virginia's Crash Outcome Data Evaluation System (CODES) provides the public and decision makers

with information about the human costs and hospital financial charges of motor vehicle crashes. The program comes about through a cooperative agreement between the National Highway Traffic Safety Administration and the Virginia Department of Motor Vehicles Highway Safety Office. The partners in this effort include the Virginia Department of Motor Vehicles Highway Safety Office, the Virginia Department of Health's Office of Emergency Medical Services, Trauma Registry and Vital Statistics as well as VHI.

Information from police crash reports, hospital treatment, emergency medical services and vital statistics are combined to provide detailed information on the locations, types of injuries, hospital charges and outcomes from motor vehicle crashes occurring in Virginia.

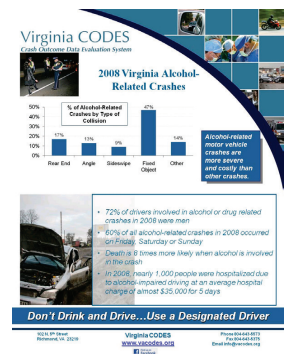
Virginia CODES information is available at www.vacodes.org. Information on this site is geared to the different needs of consumers, traffic safety professionals, legislators and policymakers and is

presented in three different ways:

- 1. Crash Facts:** summary information designed for hard copy distribution on crashes, motorcycle crashes, alcohol use, teen/mature driving and other topics
- 2. Ready-to-Use Reports:** detailed spreadsheets on crashes, deaths and charges by key areas including age groups, differences by gender and motor vehicle type
- 3. Create a Report:** on-line queries developed to meet the user's specific needs including city/county, age group, major cause of crash and geographic area

VHI collects and links the different data sources. VHI also develops and maintains the website at www.vacodes.org. Virginia's CODES

program is funded through a five-year cooperative agreement between the Virginia DMV Highway Safety Office and the National Highway Traffic Safety Association (NHTSA.) Both agencies and VHI contribute to the effort.



Strategic Planning and Making it Work

Many business-related books or consultants will note that in order to succeed, businesses need to have a roadmap for success. A strategic plan helps to provide direction and focus to employees and others involved in the organization—VHI is no different. Not only does a strategic plan provide VHI and staff with focus, but also helps our supporters better understand where we are going. VHI is all about useful health information for consumers, businesses and others in the marketplace. Developing and maintaining such a position requires formal adoption of steps to accomplish this objective and the ability to effectively carry out the plans.

During the spring and summer of 2010, VHI held three facilitated meetings with Board Members to conduct an environmental scan, assess our strength and weaknesses and establish new or revised key concentrations. Results of these meetings include these areas of focus:

Increase public awareness of VHI, our products and services

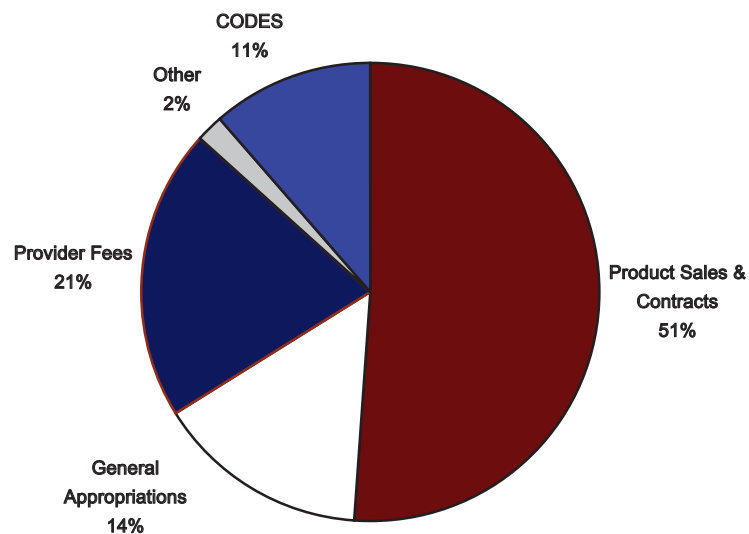
- Not being a “well kept secret” is a challenge to VHI even as it has doubled the number of daily visits to www.vhi.org over the past few years; VHI will expand efforts with stakeholders to promote VHI reports to businesses and others as a valuable asset to the public
- Partnerships for promotion will continue between VHI and state agencies and sought with other organizations
- VHI budgeted for contractual help in increasing public awareness of health information available from VHI

- Funding diversity is critical in a time when state funds are challenged and businesses seek to reduce expenses; increased awareness of VHI products is key to expansion of their use and support

Ensure health information products reflect current markets and customers

- Expand focus on products to help consumers and others reduce costs
- Utilize social networks to increase awareness of VHI products and services
- Increase knowledge of current web visitors to align products to their needs and fill unmet needs

VHI's FY2011 Budget Emphasizes Diversity of Funding Sources



Strategic Planning and Making it Work

- Pursue new ventures with senior groups, mothers to be, health care workers and others
- Seek input and product promotion using forums or local customer councils

Maintain Strong Relationships with Legislators

- Ensure ongoing dialogue relating how VHI provides health information to serve the needs of the Governor, legislators, agencies and key health care initiatives
- Work with stakeholders to anticipate information needs in changing health care reform environment
- Identify and embrace feasible opportunities arising from new policies or legislation

Maintain and Solidify Board Member Involvement

- Encourage challenging and innovative ideas for addressing health care issues and organization management needs

- Involve Board Members in ongoing process of process and improvement
- Engage Board Members to increase the visibility of VHI products and services to their constituent groups
- Provide support to Board Members when presenting information to stakeholder groups

Not being a “well kept secret” is a challenge to VHI even as it has doubled the number of daily visits to www.vhi.org over the past few years; VHI will expand efforts with stakeholders to promote VHI reports to businesses and others as a valuable asset to the public

In Summary

VHI has a wide range of consumer guides, reports and other information to help consumers and businesses make better health care decisions. VHI also leverages its information and staff to help health care providers improve the quality of care provided.

Daily visits to www.vhi.org have doubled to approximately 1,500 a day. VHI will expend more effort and resources to increase public awareness.

VHI funding diversification allows VHI to develop new efforts when funds are not yet available. Ongoing efforts to increase public awareness of VHI are critical to our ability to respond to changing needs with viable plans to sustain new ventures.

The support of private industry and other state agencies including contracts with Anthem Blue Cross and Blue Shield and the Department of Motor Vehicles utilize VHI data and expertise and keep us in tune with external market and policy needs.

Exploring improved means to develop quality information through hybrid data and use of information from electronic health records are an important part of leveraging new opportunities and developing relevant information. VHI work with national organizations such as the Brookings Institution and Agency for Healthcare Research and Quality have provided resources and assistance to these efforts.

Ongoing efforts to maintain and expand Board Member and stakeholder involvement in the direction and programs of VHI have worked and must be emphasized regularly.

Virginia Health Information's Board of Directors and staff rely on the goodwill and challenges provided by close relationships with our stakeholders. We are appreciative for the interest, cooperation and continued support from our stakeholders and colleagues.

Appendix A– Certified Independent Audit



Virginia Health Information

(A Non-Profit Corporation)

June 30, 2010

FINANCIAL STATEMENTS for the Fiscal Years Ended

June 30, 2010 and 2009

Contents

Report of Independent Auditors

Statements of Financial Position

Statements of Activities

Statements of Cash Flows

Statements of Functional Expenses

Notes to Financial Statements

Compilation, Storage, Analysis and Evaluation of Patient Level Data
for the Commonwealth of Virginia

Incorporated in Virginia on February 12, 1993

Report of Independent Auditors

The Board of Directors
Virginia Health Information
Richmond, Virginia

We have audited the accompanying statements of financial position of Virginia Health Information (a non-profit corporation) as of June 30, 2010 and 2009 and the related statements of activities, cash flows and functional expenses for the fiscal years then ended. These financial statements are the responsibility of Virginia Health Information's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Virginia Health Information as of June 30, 2010 and 2009, and the changes in its net assets and its cash flows for the fiscal years then ended, in conformity with accounting principles generally accepted in the United States of America.

Worcester and Company, CPA, PC
August 16, 2010



Virginia Health Information

(A Non-Profit Corporation)

OFFICERS

David J. Fikse — President
Jodi L. Fuller — Vice-President
James L. Kammert — Treasurer
Rome H. Walker, MD — Secretary

DIRECTORS

Business Representatives

Jodi L. Fuller — Meadwestvaco
Alfred D. Hinkle, Jr. — C&F Finance
S. Hope Johnson — Pyramind, LLC
M. Addison Jones — The Supply Room Companies
Bruce Nave — TD Bank

Consumer Representatives

W. Bryan Block, SRIS, PC
Dolores G. Clement, DrPH, — VCU School of Allied Health Professionals
James L. Kammert

Health Insurance Representatives

Kay W. Lewis — Kaiser Permanente
Rome H. Walker, MD — Anthem Blue Cross & Blue Shield

Executive Director:

Michael T. Lundberg

Hospital Representatives

Theresa Edwards — Sentara Leigh Hospital
David J. Fikse — Southside Regional Medical Center

Nursing Facility Representatives

David D. Adams — Centra Health
Vernon M. Baker — Dogwood Village of Orange County

Physician Representatives

Charles O. Frazier, MD, FAAFP — Riverside Health System
Peter W. Houck, MD, Johnson Health Center

State Representatives

Senator R. Edward Houck — Joint Commission on Health Care
Karen Remley, MD, MBA — Virginia Department of Health

Statements of Financial Position

June 30, 2010 and 2009

	2010	2009
Assets		
Cash	\$ 893,502	\$ 506,944
Investments	22,325	22,321
Accounts receivable - net	208,078	263,532
Property and equipment - net	784,466	802,513
Total Assets	\$ 1,908,371	\$ 1,595,310
Liabilities		
Accounts payable	\$ 28,999	\$ 38,155
Employee withholdings	1,874	907
Accrued pension contribution	8,806	4,037
Note payable	414,361	426,179
Total Liabilities	\$ 454,040	\$ 469,278
Net Assets		
Unrestricted	\$ 1,454,331	\$ 1,126,032
Total Net Assets	\$ 1,454,331	\$ 1,126,032
Total Liabilities and Net Assets	\$ 1,908,371	\$ 1,595,310

*The notes to financial statements are an integral part of these statements.

Statements of Activities

For the Fiscal Years Ended
June 30, 2010 and 2009

	2010	2009
Unrestricted Net Assets		
Revenues and gains		
Patient Level Data System contract fees	\$ 261,861	\$ 247,313
Efficiency and Productivity contract fees	308,000	318,000
DMV CODES contract fees	166,404	152,822
Product/Report sales and programming	1,014,040	996,528
Late fees	5,856	29,030
Non-processed & verified fees	10,699	11,194
Interest and dividends	754	2,195
Total revenues, gains, and other support	\$ 1,767,614	\$ 1,757,082
Expenses and losses		
Program expenses		
Patient Level Data System	\$326,990	\$537,467
Efficiency and Productivity	220,479	250,644
DMV CODES	301,450	217,972
Other Projects	377,523	335,491
Total program expenses	\$ 1,226,442	\$ 1,341,574
Management and general expenses	\$212,873	\$226,320
Total expenses and losses	1,439,315	1,567,894
Change in Unrestricted Net Assets	328,299	189,188
Change in Net Assets	328,299	189,188
Net assets beginning of year	1,126,032	936,844
Net assets end of year	\$1,454,331	\$1,126,032

*The notes to financial statements are an integral part of these statements.

Statements of Cash Flows

For the Fiscal Years Ended
June 30, 2010 and 2009

	2010	2009
Cash flows from operating activities		
Change in net assets	\$328,299	\$189,188
Items not affecting cash		
Depreciation and amortization	41,834	37,028
Decrease (increase) in receivables	55,454	(162,088)
Increase (decrease) in payables	(3,420)	(24,468)
Cash from (used for) operating activities	\$422,167	\$39,660
Cash flows from investing activities		
Purchase of fixed assets	\$(23,787)	\$(246,034)
Sale (purchase) of investments	(4)	(235)
Cash from (used for) investing activities	\$(23,791)	\$(246,269)
Cash flows from financing activities		
Increase (decrease) in notes payable	\$(11,818)	\$(11,045)
Cash from (used for) financing activities	\$(11,818)	\$(11,045)
Increase (decrease) in cash	\$386,558	\$(217,654)
Cash at beginning of year	506,944	724,598
Cash at end of year	\$893,502	\$506,944

*The notes to financial statements are an integral part of these statements.

Schedule of Functional Expenses

For the Fiscal Year Ended
June 30, 2010

	Total	Patient Level Data System	Efficiency and Productivity	DMV Codes	Other Projects	Management and General
Accounting fees	\$5,950	\$1,352	\$911	\$1,246	\$1,561	\$880
Bank Charges	1,338	304	205	280	351	198
Data processing	159,779	159,779	0	0	0	0
Depreciation and amortization	41,834	9,504	6,408	8,762	10,973	6,187
Dues, licenses, and permits	3,425	778	525	717	898	507
Employee benefits	197,216	24,523	19,574	49,214	61,171	42,734
Equipment rental and maintenance	2,250	511	345	471	590	333
Graphic design and printing	10,827	1,645	4,372	1,839	1,900	1,071
Insurance	14,918	3,389	2,285	3,125	3,913	2,206
Interest	28,418	6,456	4,353	5,952	7,454	4,203
Legal fees	678	154	104	142	178	100
Maintenance and repairs	8,319	1,890	1,274	1,743	2,182	1,230
Marketing	7,317	1,518	1,659	1,399	1,753	988
Miscellaneous	727	164	111	151	189	112
Network maintenance	11,044	1,613	1,088	4,361	2,932	1,050
Office supplies	8,828	1,965	1,325	1,811	2,448	1,279
Payroll administration	2,250	511	345	471	590	333
Payroll taxes	39,106	4,863	3,881	9,759	12,130	8,473
Penalties	20	5	3	4	5	3
Phone, fax and teleconferencing	13,391	3,026	2,040	2,861	3,494	1,970
Postage and delivery	12,020	2,618	2,167	2,171	3,590	1,474
Product development	12,100	3,290	1,746	2,388	2,990	1,686
Real estate taxes	8,662	1,968	1,327	1,814	2,272	1,281
Salaries	535,016	66,526	53,102	133,509	165,947	115,932
Subcontractor services	170,906	15,832	99,136	27,352	18,279	10,307
Travel and meeting expenses	16,519	3,043	2,068	5,708	3,719	1,981
Utilities	9,893	2,248	1,515	2,072	2,595	1,463
Web site	116,564	7,515	8,610	32,128	63,419	4,892
Total expenses	\$1,439,315	\$326,990	\$220,479	\$301,450	\$377,523	\$212,873

*The notes to financial statements are an integral part of these statements.

Schedule of Functional Expenses

For the Fiscal Year Ended June 30, 2009

	Total	Patient Level Data System	Efficiency and Productivity	DMV Codes	Other Projects	Management and General
Accounting fees	\$5,950	\$2,040	\$951	\$827	\$1,273	\$859
Bank Charges	3,520	1,137	733	461	710	479
Data processing	177,995	177,995	0	0	0	0
Depreciation and amortization	37,028	12,693	5,919	5,148	7,923	5,345
Dues, licenses, and permits	3,431	1,176	549	477	734	495
Employee benefits	186,522	52,028	16,693	29,831	46,988	40,982
Equipment rental and maintenance	1,195	410	191	166	256	172
Graphic design and printing	14,311	2,785	4,511	4,103	1,739	1,173
Insurance	14,472	4,961	2,313	2,012	3,097	2,089
Interest	29,191	10,007	4,666	4,058	6,246	4,214
Legal fees	12,243	4,197	1,957	1,702	2,620	1,767
Maintenance and repairs	12,235	4,194	1,956	1,701	2,618	1,766
Marketing	1,492	385	549	156	240	162
Miscellaneous	993	469	128	110	170	116
Network maintenance	9,695	1,866	872	4,942	1,229	786
Office supplies	12,788	4,360	1,909	1,925	2,870	1,724
Payroll administration	2,426	832	388	337	519	350
Payroll taxes	40,907	11,411	3,661	6,542	10,305	8,988
Penalties	2,401	823	384	334	514	346
Phone, fax and teleconferencing	12,578	4,279	1,996	1,830	2,671	1,802
Postage and delivery	8,916	2,210	3,284	701	2,013	708
Product development	19,969	12,803	1,743	1,516	2,333	1,574
Real estate taxes	8,660	2,969	1,384	1,204	1,853	1,250
Rent	8,337	2,858	1,333	1,159	1,784	1,203
Salaries	546,925	152,558	48,948	87,470	137,781	120,168
Subcontractor services	227,700	38,198	128,328	21,245	23,844	16,085
Travel and meeting expenses	17,001	5,295	2,469	3,678	3,329	2,230
Utilities	7,099	2,433	1,135	987	1,519	1,025
Web site	141,914	20,095	11,694	33,350	68,313	8,462
Total expenses	\$1,567,894	\$537,467	\$250,644	\$217,972	\$335,491	\$226,320

*The notes to financial statements are an integral part of these statements.

Notes to Financial Statements

June 30, 2010 and 2009

1. Nature of Organization and Significant Accounting Policies

Nature of Organization

Virginia Health Information (VHI) is a non-profit, tax-exempt section 501(c)(3) organization which compiles, stores, analyzes and evaluates the patient level data for the Commonwealth of Virginia.

In February of 1993, the Commonwealth of Virginia joined 38 other states that have established legislation to create a statewide patient level database. This database, to be maintained by VHI, is Virginia's only public resource for all inpatient hospital discharge information.

Significant Accounting Policies

(a) Method of Accounting

The financial statements of VHI have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

(b) Financial statement presentation

VHI has adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, VHI is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. In addition, VHI is required to present a statement of cash flows.

(c) Property and Equipment

Property and equipment is stated at cost. Depreciation is computed on the declining balance method over the estimated useful lives of the various assets. Estimated useful lives are 3 years for computer equipment and software and 7 years for office furniture and fixtures and 39 years for real property.

(d) Inventory

Minor materials and supplies are charged to expense during the period of purchase. As a result, no inventory is recognized on the balance sheet.

*The notes to financial statements are an integral part of these statements.

Notes to Financial Statements

June 30, 2010 and 2009

Nature of Organization and Significant Accounting Policies, continued

(e) Sources of Financial Support and Revenue

The primary sources of financial support for Virginia Health Information are contracts with the Virginia Department of Health. For consideration received, Virginia Health Information performs the following services:

- (1) VHI serves as the entity responsible for the compilation, storage, analysis, and evaluation of patient level data provided by inpatient hospitals in the Commonwealth of Virginia.
- (2) VHI serves as the entity responsible for the administration of the methodology for the measurement and review of the efficiency and productivity of hospitals and nursing homes in Virginia.
- (3) VHI develops and disseminates health care cost and quality information derived from any and all new projects determined by VHI board of directors.
- (4) VHI collects, compiles and publishes HEDIS information reports voluntarily submitted by health maintenance organizations or other health care plans, as appropriate.
- (5) VHI receives, maintains, and preserves certain data records and publications and fills requests for information related to those records and publications.

In addition to the government appropriations noted above, Virginia Health Information also recorded revenue from:

- (1) A contract with the Virginia Department of Motor Vehicles (CODES).
- (2) The processing and verification of data received directly by inpatient hospitals at specific rates.
- (3) The sale of data tapes resulting from information compiled by VHI.
- (4) Interest and dividends earned on surplus cash and investments in securities.
- (5) Income from other miscellaneous projects, sales and sources.

(f) Income taxes:

Virginia Health Information is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. It is also exempt from state income tax.

(g) Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

*The notes to financial statements are an integral part of these statements.

Notes to Financial Statements

June 30, 2010 and 2009

2. Investments

As required under Statement of Financial Accounting Standards (SFAS) No. 124, "Accounting for certain investments held by not-for-profit organizations," investments are stated at fair market value.

3. Accounts Receivable

Management has determined that some accounts receivable which have been outstanding for more than six months, primarily representing fees and fines for non-processed and verified data submissions from hospitals, may be uncollectible. The accounts receivable were written off as a bad debt as follows:

	6/30/10	6/30/09
Accounts receivable	\$ 208,078	\$ 263,581
Allowance for bad debts	(0)	(49)
Accounts receivable - net	\$ 208,078	\$ 263,532

4. Refundable Deposits

The refundable deposit is a security deposit on the organization's rented office space. This deposit is retained until such time as the lease is terminated.

5. Property And Equipment

Property and equipment is shown net of depreciation as follows:

	6/30/10	6/30/09
Office building and renovations	\$764,017	\$762,191
Computer equipment and software	\$ 118,013	\$ 101,500
Office furniture and fixtures	95,824	90,376
Total property and equipment	\$ 977,854	\$ 954,067
Accumulated depreciation	\$(193,388)	\$(151,554)
Net property and equipment	\$ 784,466	\$ 802,513

Depreciation expense for the fiscal years ended June 30, 2010 and 2009 amounted to \$41,834 and \$37,028 respectively.

Notes to Financial Statements

June 30, 2010 and 2009

6. Note Payable

On January 15, 2008, Virginia Health Information purchased an office building at 102 North 5th Street in Richmond, VA with the intent of moving its operation to this location. The building was purchased with a combination of cash and a 20 year mortgage note of \$440,800. The note carries a 6.66% fixed interest rate for the life of the loan and the monthly principle and interest payment is \$3,353.01. The note is collateralized by a first deed of trust on the real estate. Principle curtailments on the note are as follows:

6/30/11	\$13,033	6/30/14	\$15,906
6/30/12	13,928	6/30/15	16,998
6/30/13	14,884	Thereafter	339,612

*The notes to financial statements are an integral part of these statements.

7. Employee Benefits

Employee Benefits consisted of the following:

	6/30/10	6/30/09
Health and Dental Insurance	\$ 129,768	\$ 118,760
Simplified Employee Pension Plan	53,537	53,310
Disability Insurance	12,851	11,244
Parking	0	2,000
Life Insurance	1,060	1,208
Total	\$ 197,216	\$ 186,522

8. Data Processing

Virginia Health Information entered into a contract with System 13, Inc. (formerly Commonwealth Clinical Systems, Inc.), the purpose being for System 13 to provide computer programming, data processing, reporting, and consulting services for Virginia Health Information in support of its effort to manage and administer a patient level database for the State of Virginia. System 13's duties and functions consist primarily of developing and delivering computer programs for the editing of data, generating error summary reports, and providing magnetic copies of the processed data. For the fiscal years ended June 30, 2010 and 2009, Virginia Health Information incurred expenses under the contract totaling \$161,279 and \$187,060 respectively.

9. Concentration of Credit Risk

As of June 30, 2010, the Federal Deposit Insurance Corporation (FDIC) insures balances up to \$250,000. The balance of accounts at SunTrust Bank totaled \$565,850 which is \$315,850 in excess of the FDIC insurance limit.

*The notes to financial statements are an integral part of these statements.