



Road Trip to



VHI 2011

Annual Report and Strategic Plan Update





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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 2011 document as its Annual Report and Strategic Plan Update.

Karen Remley, MD, MBA
State Health Commissioner

Driving for Success

Serving as President of VHI is like driving a sports car towing a travel trailer. It moves fast but still brings a lot with it. How does it work? VHI can be fast because we are small—like a bright red sports car. We must also turn quickly to respond to changes in the health care market. Nationwide these changes are producing Health Benefits Exchanges, Health Information Exchanges, All Payer Claims Databases and a welcome focus on reducing preventable hospital readmissions. These and other programs represent opportunities for better underlying data that, down the road, can be tuned to the needs of business, consumers and health care providers.

The travel trailer carries our existing products. Information from hospitals, health plans, nursing facilities, physicians and surgical centers are all along for the ride because they help consumers get where they need to be—better informed health care purchasers. The information may change to meet the times, but it still comes with us on our road trip to help business, consumers and health care providers.

You, our stakeholders, make our trip worthwhile. Your support on

committees, sponsorship, use of our information and funding through special contracts and projects take us together on the road to better health.

Sincerely,



David D. Adams
President
Virginia Health Information



Executive Director's Message



Like a bus driver, I spend a lot of time helping passengers get from one place to another. Have you ever been on a tour bus? You'll soon learn that your fellow passengers come from very different places, yet share a common destination. Our stakeholders on the Road Trip to Health are just the same. Each have very different perspectives but their tickets are all to the same place—better health care. Here's how VHI works to get everyone to their destination:

- We have businesses and consumers riding. VHI consumer guides and cost and quality information are taking them down the road to make better informed health care decisions.
- Health insurance carriers are paving the way with changing insurance products and incentives for better, less costly health care. VHI helps with databases, cost/efficiency rankings and pay-for-performance expertise and support.
- Policymakers work to build the right engines to drive health care toward better quality and affordable prices. VHI provides information on mental health care, charity care, costs and quality across Virginia and in legislators' districts.

- Health care providers are scouting the road ahead searching for ways to improve the care they deliver. VHI information on costs and quality help drive to build a better health care system.

None of these trips could get out of the driveway without VHI's Board of Directors. Coming from very different backgrounds, board members have laid out a roadmap—VHI's strategic plan. VHI staff, with the support of stakeholders and advisory groups, are helping us follow it.

So pack your bags and buckle up as we take you on the VHI Road Trip to Better Health with this year's Annual Report and Strategic Plan Update.

Sincerely,

Michael T. Lundberg
Executive Director
Virginia Health Information

PREPARE FOR THE ROAD AHEAD – *Hospital Patient Level Data*



When traveling on the road to health it's important to be prepared for your trip. VHI is the only source with a complete database with all licensed hospital discharges-over 850,000.

Information from VHI's Hospital Patient Level Data is used to educate consumers, businesses, health insurance companies, public health workers and legislators with inpatient care provided in more than 90 hospitals.

Information in the patient level data system includes diagnoses, surgical procedures, number of days in the hospital, treatment results and other information routinely collected as part of hospital bills.

“Due to the VHI efforts of providing state-wide data on cerebrovascular disease, the VSSTF has been able to prepare important information for the citizens and healthcare providers in the state.”

– Dr. Nina Solinski & Dr. Richard Zweifler

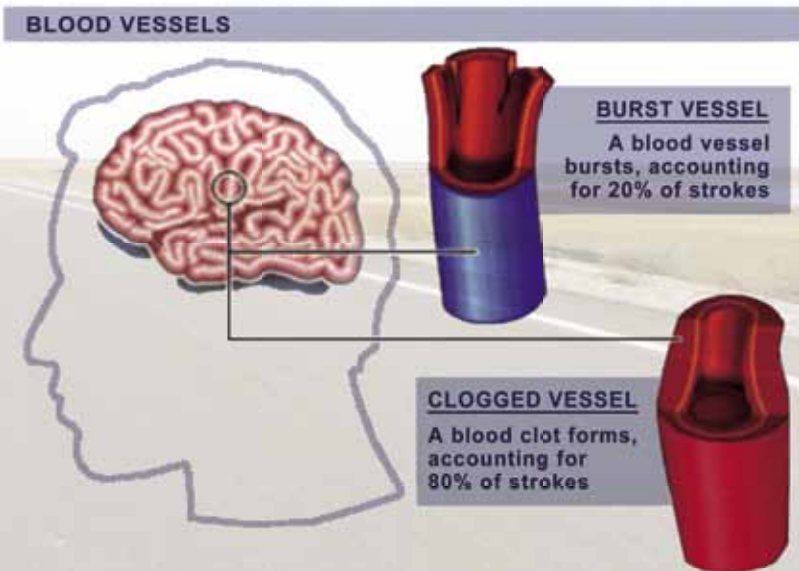
VHI edits the data from electronic submissions and develops reports on cardiac care, obstetrics and hospital service lines using these data. Large databases are also used for public policy, quality improvement and health services research. VHI provides information to many organizations on medical conditions affecting Virginians.

An example of a condition touching many Virginians is **Stroke**—the third leading cause of death in Virginia and the US. Virginia hospitals care for over 14,000 acute stroke patients each year:

- All ages are affected-over 1/3 are under the age of 65
- More than ½ are female
- Median hospital costs are over \$13,000
- Hospital stays average 6 days
- Stroke is a serious condition – about 1 in 10 hospitalized patients die following an acute stroke

VHI partnered with the Virginia Stroke Systems Task Force by providing statewide data on cerebrovascular disease. VHI information helped result in a Joint Commission increase in approved Primary Stroke Centers from 6 to 29.

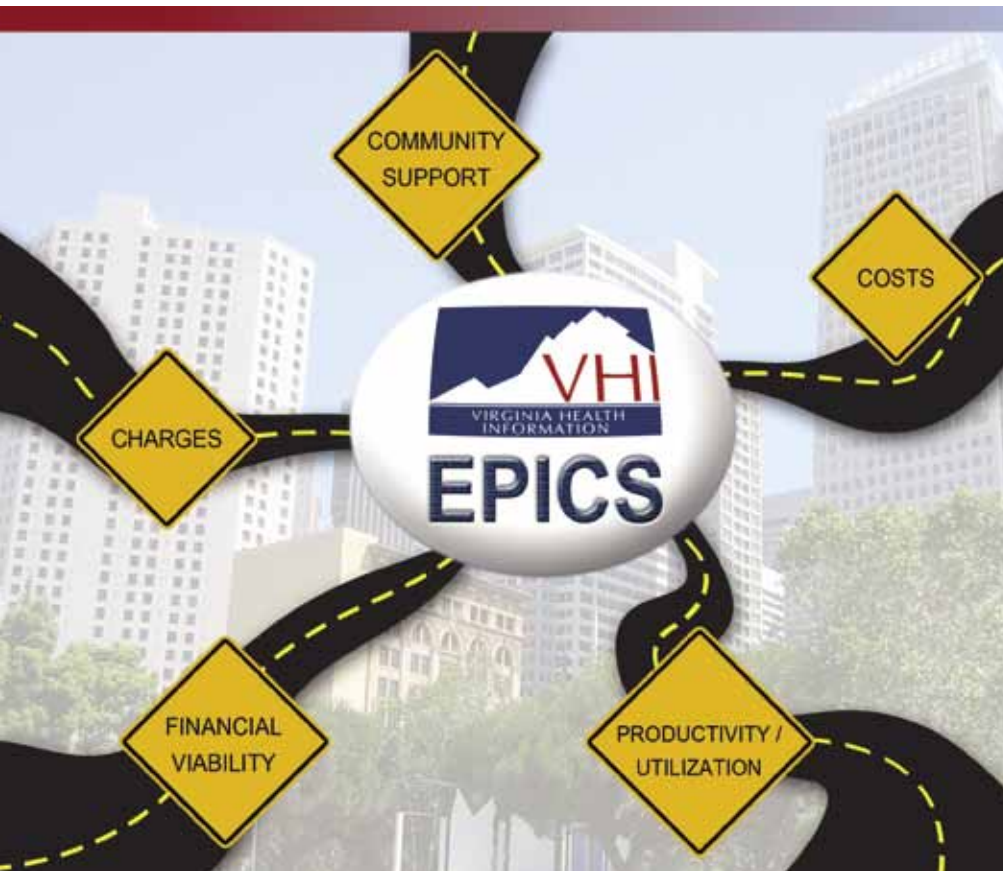
Don't get caught unprepared. Pack your suitcase with the essential information needed to help you make the best educated health decisions at www.vhi.org.



Over 14,000 Virginians are hospitalized for stroke annually

EPICS

- *Your Roadmap to Better Health*



“Complex information is summarized in an easy-to-use and easy-to-understand format that equips consumers with powerful tools. Without VHI these tools would be entirely out of reach for consumers.”

- *Bob, VHI business user*

Just as any trip requires directions to the final destination, EPICS serves as a map to information on the efficiency and productivity of hospitals, nursing facilities and ambulatory surgical centers.

Built through collaborative efforts by Virginia businesses, providers and policy makers over 18 years, the Efficiency and Productivity Information Collection System

(EPICS) is Virginia’s most trusted source for finding the most efficient health care providers.

Most travelers won’t leave home without a map or GPS. Employers and purchasers shouldn’t make health care choices without the most up-to-date and accurate EPICS data found annually in VHI’s Industry Report and on the web.

Most travelers won’t leave home without a map or GPS. Employers and purchasers shouldn’t make health care choices without the most up-to-date and accurate EPICS data found annually in VHI’s Industry Report and on the web.

Users can trust the required financial and operational information because of the verification process using audited financial statements. A series of efficiency and productivity indicators rank providers based on costs, charges, profits, productivity/ utilization, financial viability and community support. Service line information compares care across hospitals including orthopedic surgery, heart care, trauma care and 34 other categories.

With the unexpected detours on the road to better healthcare, VHI continues to guide businesses, consumers and purchasers to make sound purchasing decisions.



OUTPATIENT SURGERY

- Stop-and-Go's Along the Way

On every road trip there are inevitable stops along the way – both planned and unplanned. VHI provides useful information which allows travelers on the road to make plans more efficiently and effectively. VHI is developing outpatient surgery information available to the public based on volume, cost and risk to the patient.

Not only from hospitals, but also surgeries from ambulatory surgical centers, doctor's offices and hospital outpatient surgical centers are included in the data VHI collects. Consumers won't have to make decisions about outpatient surgeries in the dark. They can learn about the risks involved, how to prepare and recover after surgery on VHI's ever evolving website.

Procedures reported include: breast surgery, colonoscopy, facial surgery, gall bladder removal, general laparoscopic procedures, hernia repair, hysterectomy, knee arthroscopy, liposuction and other gynecological procedures.

VHI's vast amount of information allows travelers to continue forward after they have been stopped by major decisions, like a need for surgery.

A photograph of a hospital's outpatient entrance. A blue sign with white text reads "Outpatient Entrance". Below the sign, a woman in a light blue nurse's uniform with a stethoscope around her neck is smiling and looking at a clipboard. She is standing next to a person in a blue scrubs who is partially visible. The background shows the interior of the hospital with large windows and columns.

Outpatient Entrance

HMO QUALITY OF CARE

- *Measure Your Distance*



Consumers Compare HMOs on Cost, Quality and Satisfaction

Are you covered by a PPO? Quality rankings for health insurance carriers offering both HMO and PPO products are often the same or very similar.

You've packed your bags, fueled your tank and attached your GPS – you're ready to go the distance. Measuring the journey is just as important as the trip itself. Arming yourself with the tools to gauge how far you've traveled and how far you have to go keeps travelers on the road to better health focused on their goals.

When it comes to measurements, VHI's HMO rankings should be on every employer's and consumer's map. National quality and performance measures were developed to allow easy comparison of care that HMO members receive. VHI adds premium, physician and enrollment information from the State Corporation Commission's Bureau of Insurance. Links to health insurance carrier websites list other coverage choices and can

even include quotes for monthly premiums.

Today's consumer can ride easy knowing VHI collects and publishes this information for over 60 measures. These reports are recognized as the most extensive publicly available HMO information.

No longer do travelers have to rely on the tools of yesterday for measurement comparisons. Just plug your request into the VHI GPS to find up-to-date HMO comparisons. Some examples of measures comparing HMOs include:

- How many pediatricians are available for children?
- Which HMOs have the lowest overall premiums?
- How satisfied are consumer's with their current HMOs?



PRICING TRANSPARENCY

– *Funding Your Trip*

Not all travelers on the road to better health are insured. Many of those with insurance are paying a larger portion of costs of their care. Like other purchases, healthcare can cost more if you don't have the best information to help you make informed decisions. VHI makes health care prices transparent to all consumers.

VHI publishes pricing for a broad range of commonly provided services, including mammograms, doctor's visits, hip replacements, hernia surgery and vaginal and cesarean deliveries.

With prices finally available, consumers are able to fill their tanks with knowledge about services, the average amount health insurance carriers agree to pay and where to go to learn more about 31 different services.

It's important to consumers to stay on budget with healthcare costs continuing to increase. Over the next year, VHI will continue to fuel consumers with information so they can get back on the road to good health.



“Health care costs are a great mystery, making it very difficult to decide on health care and treatment choices while maintaining a reasonable budget. I was thankful to find a reference on pricing.”

– Kristen, VHI consumer user

HOSPITAL PATIENT SATISFACTION

- *The Patient Fast Lane*

Statewide, Virginia hospitals compare well with U.S. averages. Within each measure however, hospitals do vary.

Hospital Patient Satisfaction Measure	U.S. Hospital Average	Virginia Hospital Average	Virginia Hospital High/Low
Highest Overall Rating	67 %	65 %	75 % / 51 %
Would Definitely Recommend Hospital	69 %	67 %	83 % / 44%
Room & Bathroom Always Clean	71 %	68 %	81 % / 55 %
Always Received Help Quickly	64 %	62 %	81 % / 51 %
Pain Always Controlled	69 %	68 %	76 % / 59 %
Room Always Quiet At Night	58 %	57 %	63 % / 47 %
Nurses Always Communicate Well	76 %	75 %	82 % / 68 %
Doctors Always Communicate Well	80 %	80 %	88 % / 70 %
Staff Always Explained About Medicines	61 %	59 %	70 % / 48 %
Received Information About Recovering At Home	82 %	83 %	90 % / 74 %

Source: HCAMPS Centers for Medicare and Medicaid Services. Surveys completed October 2009-September 2010.

On the road trip to better health, consumers often ask their friends and neighbors about health care. Learning about hospitals is no different. Consumers want to know. Now in our second year, VHI first published Hospital Patient Satisfaction information during the summer of 2010. Working with hospitals and consumers, VHI is helping consumers' voices be heard on hospital performance.

Patient satisfaction information is downloaded quarterly from the Centers for Medicare and Medicaid Services (CMS.) Once checked for accuracy and changes, VHI loads it into www.vhi.org using consumer-tested and refined displays. Hospitals are rated on 10 measures including overall satisfaction, comfort and communication.

The information at www.vhi.org allows consumers to choose and compare one or all Virginia hospitals on all ten measures.

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

A 2011 national survey of consumers using hospital public reporting websites revealed that patient satisfaction (experience) information was the most requested measure. VHI is pleased to be among the first to make patient satisfaction information available.



FACILITY LICENSURE SURVEY DATA

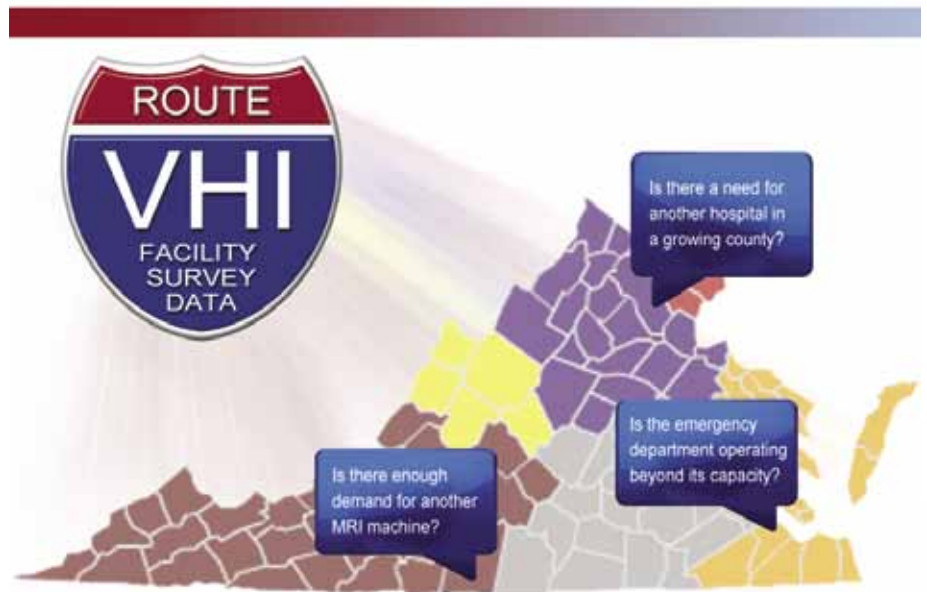
- *Route Vhi*

On the path to better health, different routes can lead to the same destination. These routes may be traveled by highway or a scenic byway. Alternate routes can be a great option to a traveler during times of traffic or unforeseen circumstances, but not all paths will help the traveler looking for the most efficient or cost effective trip.

Virginia's Certificate of Need (CON) is a program of the Virginia Department of Health's Office of Licensure and Certification. The program is geared to evaluate the need for new health care facilities and services within a certain geographic area.

- Is there a need for another hospital in a growing county?
- Is there enough demand for another MRI machine?
- Is the emergency department operating beyond its capacity?

Since assuming the role for collecting these data, VHI replaced the original paper form with an electronic system using a secure web portal. Preliminary edits are performed and analysts review the information for reasonableness. All facilities: ambulatory surgical centers, hospitals, nursing facilities and now freestanding centers with certificate of need reviewable services receive a summary of data,



means to correct errors and finally a system for sign off. All data is publicly available each fall at <http://www.vhi.org/utilization.asp> in Excel files; a preferred vehicle to analyze and use these data. In addition, specialized services offered by hospitals are listed in their general info section on www.vhi.org.

“The VHI information is invaluable to me and my clients as we evaluate utilization rates and trends. The data are essential for strategic planning from a business perspective and a regulatory perspective in light of Virginia’s Certificate of Public Need law.”

*– Nathan Kottkamp,
McGuire Woods*

CONSUMERS

- *Taking the Wheel for Choice*

VHI looks for ways to help consumers make more 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.

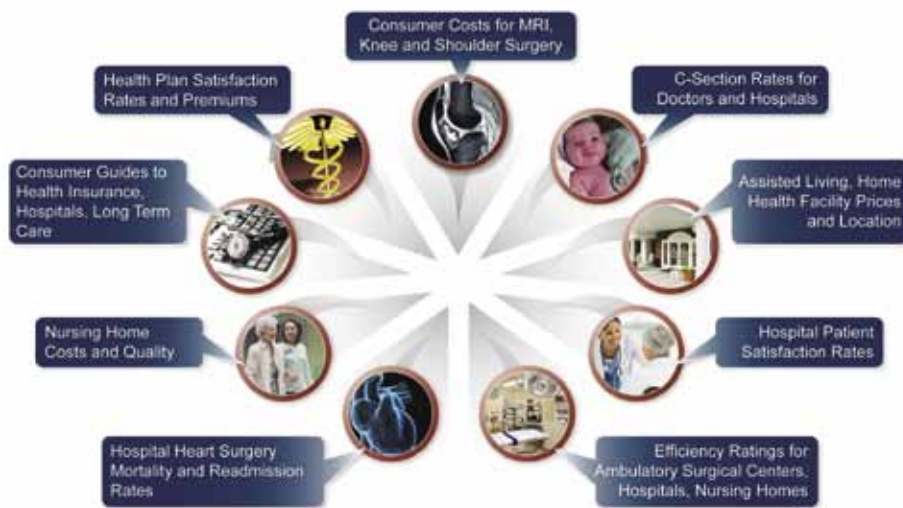
VHI's Consumer Guides span a wide range of health care services including, cardiac care, health insurance options, hospitals, long-term care and obstetrics.

	Cardiac Care	Health Insurance Option	Hospitals	Long-Term Care	Obstetrics
What Does It Do?	Provides an overview of heart disease, prevention & warning signs and types of treatment	Serves as a primer on today's insurance types to help consumers pick the best coverage for their needs	Helps consumers learn about Virginia hospitals, services and how to compare and choose hospitals	Educates consumers on long-term care options, financing, quality and how to choose the right level of care for their needs	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
What's In It?	Describes different types of cardiac care, listings of hospitals providing heart care	Compares HMO, PPO features, other types of insurance, worksheets, links to regulatory agencies, consumer help groups, insurance companies	Describes types of hospitals, worksheets, regulatory agencies, patients rights and where to go for more information	Describes providers, worksheets, regulatory agencies, patients rights, special insurance for LTC and where to go for more information	Lists doctors and hospitals in Virginia, regulatory agencies and other external sources of information
Ratings & Others	Compares hospitals on volume of care, mortality and 30-day readmission rates. Find physicians providing cardiac care in your area	Links to VHI HMO quality, cost ratings and external sources Find HMOs in your area	Links to VHI ratings on cost, quality and efficiency, external ratings. Find hospitals in your area	Links to VHI ratings on hourly, daily or monthly charges, quality and efficiency, external ratings. Find LTC facilities in your area	Rates performance of doctors and hospitals on cesarean deliveries, episiotomies, length of stay, hospital charges, detail on hospital features, doctors' education and experience
Last Updated	February 2011	2008, with fall updates to financial, utilization and quality information	2009, with ongoing updates	2009, with ongoing updates to costs	Next update planned for Fall 2011

VHI.ORG

- We are the Vehicle

VHI is Virginia's Consumer Health Information Portal



Since 1998, www.vhi.org has been the vehicle that transports consumers and others to their health information destination. Previously, a resource to supplement our printed publications, VHI's website has quickly become consumer's most usable tool to access our reports and data.

In 2007, VHI was named by the Governor as Virginia's Consumer Health Information Portal.

Since then, VHI has focused primarily of information to help consumers make more informed health care decisions. This focus was recently recognized by the National Association of Health Data Organizations (NAHDO.) NAHDO honored VHI with **The 2011 Innovation in Data Dissemination Award.**



In August 2011, NAHDO recognized VHI with the

2011 Innovation in Data Dissemination Award

VHI.ORG

- *We are the Vehicle*



“When I visited www.vhi.org I was interested in health insurance costs and data. I was particularly interested in graphs and easy to understand data formats. I was excited to see the information provided. It’s great that it’s available to the public in the format that’s presented here.”

- *Andrea, VHI.org consumer user*

VHI has information on a wide range of topics and health care providers. www.vhi.org has been structured to allow visitors easy access to our four categories of provider information illustrated below:

During VHI’s 2011 fiscal year, almost 400,000 visitors looked at VHI webpages about 1 million

times. With this number of visitors it is important to us to learn more about our audience to help deliver information visitors they want and ensure it is easy to use.

For several years VHI has included visitor surveys on most webpages. Over the past year, VHI also participated in a national survey of 16 websites.

The survey, sponsored by the Federal Agency for Healthcare Research and Quality and conducted by the University of California, San Francisco and University of Oregon, analyzed web traffic to online hospital quality reports over several months.

When comparing www.vhi.org with the other websites, VHI ranked high for total visitors, usability and other measures. VHI also received helpful suggestions to simplify technical terms, consider additional measures and other recommendations to make navigation easier.



STEERING PUBLIC HEALTH & POLICY

Cardiac Care - A Path to Better Care

The screenshot shows the Virginia Health Information website interface. At the top, there is a navigation menu with links for 'HOME', 'HEALTH INSURANCE', 'HOSPITALS', 'LONG TERM CARE', and 'PHYSICIANS'. A search bar is located on the right. The main content area is titled 'CARDIAC CARE: COMPARE HOSPITALS' and includes a sub-header 'Compare hospitals on how they treat heart patients and their mortality and readmission rates.' Below this, there is a 'METHODOLOGY' link and a large graphic of a red heart held by hands. To the right of the graphic, there are three steps for filtering hospitals: Step 1 (Choose 1 or more Service Lines), Step 2 (Choose Year), and Step 3 (Enter 5 digit VA zip code). A list of facilities is shown below, including Augusta Health, Bath County Community Hospital, Bedford Memorial Hospital, and others. A 'View Facilities' button is at the bottom of the list. The footer contains contact information for Virginia CodeS.

In February 2011, VHI partnered with Governor Bob McDonnell and First Lady Maureen McDonnell to celebrate American Heart Month.

VHI's President, David Adams, and Michael Lundberg, VHI's Executive Director, joined forces with the State Health Commissioner, Dr. Karen Remley and Gov. McDonnell to announce a continued decline of heart attacks for the eighth year.

VHI's consumers are the driving force for the information we publish on www.vhi.org. VHI includes information on preventing heart attack and how to spot their warning signs. Going beyond heart attack information, consumers can search VHI's free online database to compare heart surgery and medical care.

Ratings include how often hospitals treat these patients and mortality and readmission rates for the past five years. Statewide summaries provide detail on heart care by age, race, payer and gender.

ANTHEM'S QUALITY-IN-SIGHTS®: HOSPITAL INCENTIVE PROGRAM

– Picking up Travelers Along the Way

“We are appreciative of Virginia Health Information’s work. This represents a continuation of eight years of collaborative efforts between Anthem and VHI to improve health care delivery by hospitals.”

– Lindsey Gilbert, Anthem

Road trips can be quite long. Good company and great resources help travelers make the most of their journey by adding value through delivery of the most helpful information. VHI understands the importance of consumers not picking up strangers along the way and we have partnered with other reliable businesses in providing expertise in evaluation of health quality, data collection and analysis.

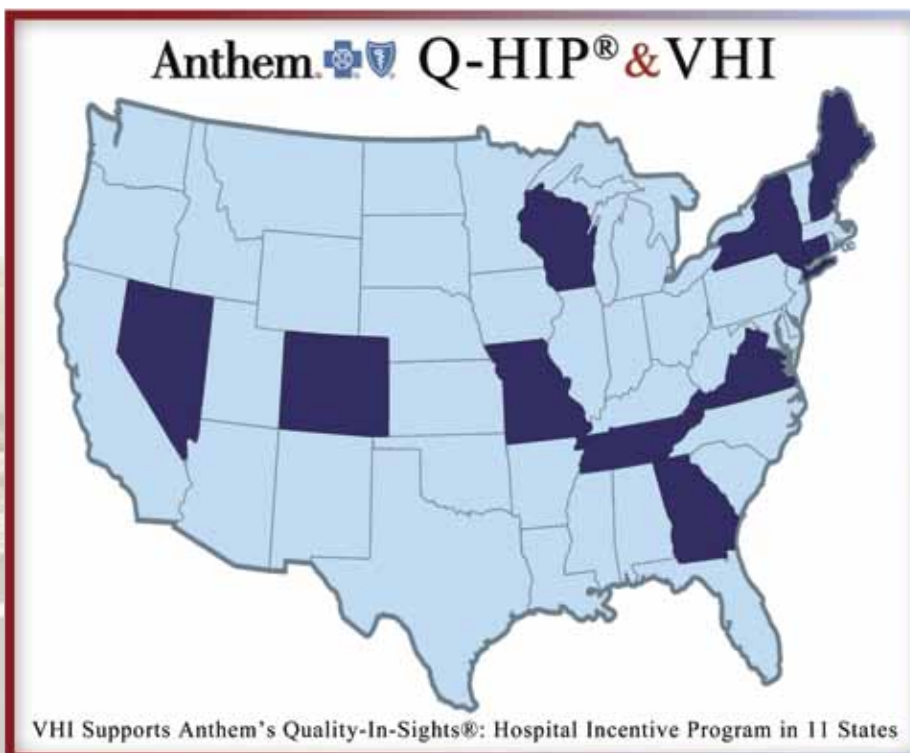
In August 2011, VHI announced their continued work with Anthem

Blue Cross and Blue Shield of Virginia to expand the award winning, Quality-In-Sights: Hospital Incentive Program (Q-HIP.) For eight years, the collaborative efforts between VHI and Anthem have led to hospitals improving the quality of care through this incentive program.

Q-HIP rewards hospitals for how well they deliver care (the process) and how well patients perform (outcomes.) VHI support includes:

- An interactive website—the website is a tool to gather, display and score information from hospitals and their vendors and provides feedback to hospitals on their performance
- VHI nurses—RNs who analyze the information and work with hospital contacts as they document their work in improving the care they provide

Q-HIP quality measures include patient safety, health care associated conditions, customer satisfaction measures, infection rates and computerized medication order technology among other nationally endorsed measures of quality.





www.vacodes.org

- Helping Reduce Motor Vehicle Deaths and Injuries

Inevitably, motor vehicle crashes may occur along the way. Reporting on these crashes may prevent others from having the same outcome. Because of the opportunities on our roadways, VHI has also partnered with the Department of Motor Vehicles Highway Safety Office to provide the public with Virginia's Crash Outcome Data Evaluation System (CODES.) The public, policy makers and decision makers are able to access information about the human costs and hospital financial charges of motor vehicle crashes.

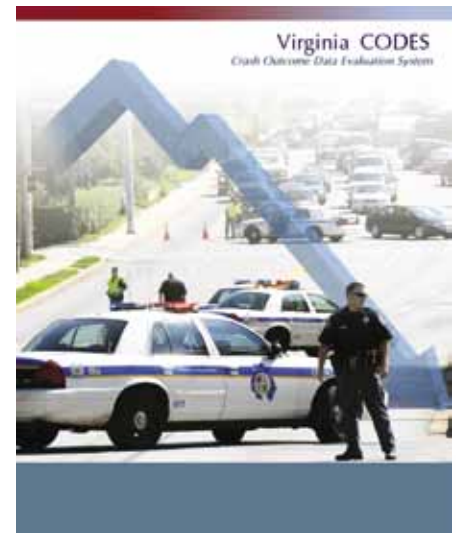
VHI collects and links the different data sources. VHI also develops and maintains the website at www.vacodes.org. This site is geared to the different needs of consumers, traffic safety professionals, legislators and policymakers and is presented in three different ways:

- **Crash Facts:** summary information designed for hard copy distribution on crashes, motorcycle crashes, alcohol use, teen/mature driving and other topics
- **Ready-to-Use Reports:** detailed spreadsheets on crashes, deaths and charges by key areas including age groups, differences by gender and motor vehicle type

- **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

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.

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. VHI 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, the Virginia Trauma Registry and Center for Health Statistics.



“The importance of access to linked data is becoming even more critical in today’s environment. VHI’s use of the latest technology and CODES data to enhance citizens’ knowledge of healthcare accessibility is critical as they travel across Virginia’s roadways.”

*– John Saunders,
Director of Highway Safety
Office, Virginia DMV*

STRATEGIC PLANNING

- *Driving for Excellence*

It can be easy for a business to lose focus and get lost by taking wrong turns. To get on the right path, businesses need a roadmap for success. VHI's strategic plan sets a clear direction for employees and others involved in the organization.

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 driving toward the most useful health information possible for consumers, businesses and others. To stay on this road we've work closely with our stakeholders who have provided critical support to help carry out the plans.

One year ago, VHI held three facilitated meetings with Board Members to conduct an environmental scan, assess our strengths and weaknesses and establish new or revised key concentrations. We drove away with five areas on which to concentrate:

KEY CONCENTRATION #1 - Health Care Reform

- **Purpose:** Play a principle role in new opportunities for collection, analyses and sharing of additional health care information resulting from Health Reform initiatives.
- **Goal:** Establish VHI as a leading player in current and evolving health care analytics

KEY CONCENTRATION #2 - Government Relations

- **Purpose:** To achieve positive legislative outcomes that reaffirm support of VHI's mandated health care information collection system and create value for legislators which enable them to respond to the public's need for expanded and valid health care information prepared by and distributed by VHI in a reliable and unbiased manner.

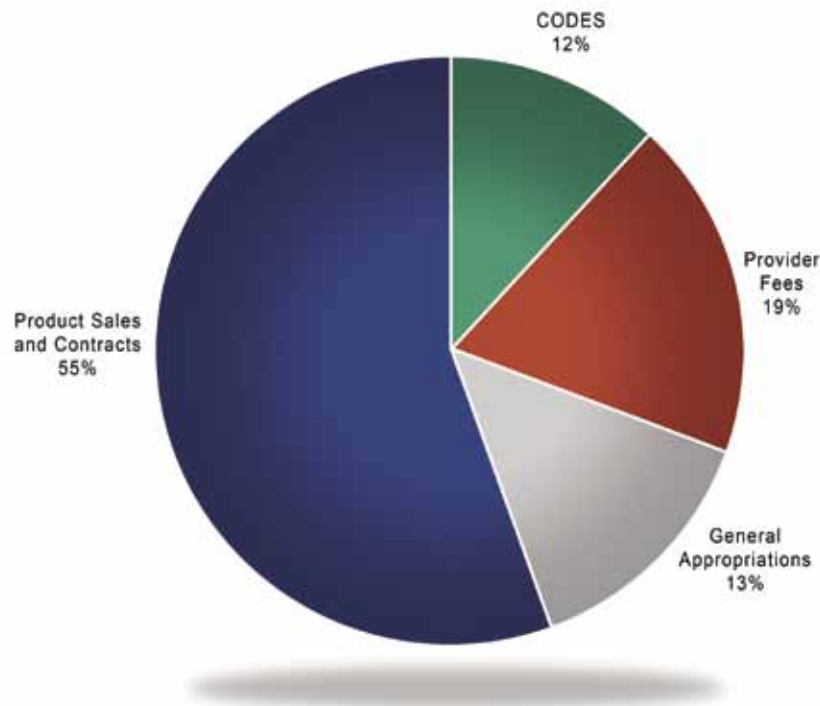
- **Goal:** To develop working relationships with legislative members prioritizing contacts with members of the Joint Commission on Health Care, finance and health committees as well as legislators in Board Member locales (communications between Board Members and members of the General Assembly are critical to increasing awareness of VHI and its activities.)



*Direction and Support by Stakeholder Members
Help VHI Develop Innovative Consumer Reports*



VHI's FY2011 Revenues Reflect Diverse Support for VHI Programs and Services



KEY CONCENTRATION #3 – Board Governance and VHI Administration

- **Purpose:** To advance VHI's mission through Board of Directors governance, leadership and commitment.
- **Goal:** To engage board members and ensure the full participation and commitment by assessing skill sets and involving Board Members in appropriate task forces and sub-committees including new projects and product development and engage Board Members as advisors in the management of the organization.

KEY CONCENTRATION #4 – Sales/Income Producing

- **Purpose:** To assure the financial viability of VHI through the production and sale of products and services that meet the need of the public and health care organizations for accurate and unbiased health care information that enables them to make informed decisions.
- **Goal:** To maintain current sales and income producing activities and create new and innovative approaches to the sale and dissemination of VHI's products and services.

KEY CONCENTRATION #5 – Public Awareness and Communication

- **Purpose:** To significantly increase the public's awareness of VHI's mission and the data, products services available to the public, health care providers and insurers.
- **Goal:** To achieve a high level of recognition of VHI throughout the state by consumers and providers of health care.

Ongoing review of how our plan is implemented and evaluated is helping VHI retool where necessary and increase activities when warranted. Stakeholder participation is critical to our success.



SUMMARY

- A Road Less Traveled

Virginia has taken a road less traveled by including information from all health care providers and health insurance companies in a single place. Our governance is also unique. VHI was formed by stakeholders and welcomes their guidance and support.

Drive on over to www.vhi.org for our line-up of consumer guides and reports. They are tuned to help consumers and businesses make better health care decisions. Check out our work to help health care providers improve the quality of care provided. We listen to you, so

use our online surveys. Let us know how we are doing and what else you need on your road trip to better health.

VHI funding diversification helps us develop new products even when funds are not yet available. Private companies and state agencies including contracts with Anthem Blue Cross and Blue Shield and the Department of Motor Vehicles recognize the value of VHI experience and information.

At last, there is a national focus on the value of health care public reporting. These efforts, new at the national level, sometimes underscore just how far VHI has already come down this road. On the other hand, learning of successes in other states highlight how we can better serve our customers. More tools including model reports, online surveys and ways to use social media are becoming available. VHI welcomes these tools to help reach consumers with the information they want and present it in a way they can find, understand and use.

Through taskforces, legislative support and use of VHI products, VHI relies on the goodwill and challenges our stakeholders bring to us. VHI appreciates your interest and continued support from our stakeholders and colleagues.





Appendix A– Certified Independent Audit



Virginia Health Information

(A Non-Profit Corporation)

June 30, 2011

FINANCIAL STATEMENTS for the Fiscal Years Ended

June 30, 2011 and 2010

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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, 2011 and 2010 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, 2011 and 2010, 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 8, 2011

Virginia Health Information

(A Non-Profit Corporation)



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Jodi L. Fuller — Vice-President
James L. Kammert — Treasurer
Kay W. Lewis — Secretary

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M. Addison Jones — The Supply Room Companies
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Karen Remley, MD, MBA —
Virginia Department of Health



Statements of Financial Position

June 30, 2011 and 2010

	2011	2010
Assets		
Cash	\$1,110,623	\$893,502
Investments	22,327	22,325
Accounts receivable - net	389,550	208,078
Property and equipment - net	751,821	784,466
Total Assets	\$2,274,321	\$1,908,371
Liabilities		
Accounts payable	\$24,846	\$28,999
Employee withholdings	962	1,874
Accrued pension contribution	4,238	8,806
Note payable	401,721	414,361
Total Liabilities	\$431,767	\$454,040
Net Assets		
Unrestricted	\$1,842,554	\$1,454,331
Total Net Assets	\$1,842,554	\$1,454,331
Total Liabilities and Net Assets	\$2,274,321	\$1,908,371

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



Statements of Activities

For the Fiscal Years Ended June 30, 2011 and 2010

	2011	2010
Unrestricted Net Assets		
Revenues and gains		
Patient Level Data System contract fees	\$247,313	\$261,861
Efficiency and Productivity contract fees	344,960	308,000
DMV CODES contract fees	224,461	166,404
Product/Report sales and programming	1,028,342	1,014,040
Late fees	3,960	5,856
Non-processed & verified fees	14,069	10,699
Interest and dividends	2,036	754
Total revenues, gains, and other support	\$1,865,141	\$1,767,614
Expenses and losses		
Program expenses		
Patient Level Data System	\$345,799	\$326,990
Efficiency and Productivity	237,589	220,479
DMV CODES	227,307	301,450
Other Projects	388,848	377,523
Total program expenses	\$1,199,543	\$1,226,442
Management and general expenses	\$277,375	\$212,873
Total expenses and losses	\$1,476,918	\$1,439,315
Change in Unrestricted Net Assets	\$388,223	\$328,299
Change in Net Assets	\$388,223	\$328,299
Net assets beginning of year	1,454,331	1,126,032
Net assets end of year	\$1,842,554	\$1,454,331

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



Statements of Cash Flows

For the Fiscal Years Ended June 30, 2011 and 2010

	2011	2010
Cash flows from operating activities		
Change in net assets	388,223	\$328,299
Items not affecting cash		
Depreciation and amortization	39,376	41,834
Decrease (increase) in receivables	(181,472)	55,454
Increase (decrease) in payables	(9,633)	(3,420)
Cash from (used for) operating activities	\$236,494	\$422,167
Cash flows from investing activities		
Purchase of fixed assets	\$(6,731)	\$(23,787)
Sale (purchase) of investments	(2)	(4)
Cash from (used for) investing activities	\$(6,733)	\$(23,791)
Cash flows from financing activities		
Increase (decrease) in notes payable	\$(12,640)	\$(11,818)
Cash from (used for) financing activities	\$(12,640)	\$(11,818)
Increase (decrease) in cash	\$217,121	\$386,558
Cash at beginning of year	893,502	506,944
Cash at end of year	\$1,110,623	\$893,502

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



Schedule of Functional Expenses

For the Fiscal Year Ended June 30, 2010

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, 2011

	Total	Patient Level Data System	Efficiency and Productivity	DMV Codes	Other Projects	Management and General
Accounting fees	\$6,000	\$1,405	\$965	\$923	\$1,580	\$1,127
Bank Charges	1,632	382	263	251	430	306
Data processing	165,865	165,865	0	0	0	0
Depreciation and amortization	39,375	9,219	6,334	6,060	10,367	7,395
Dues, licenses, and permits	3,425	802	551	527	902	643
Employee benefits	206,358	28,966	24,556	38,188	58,520	56,128
Equipment rental and maintenance	2,463	577	396	379	648	463
Graphic design and printing	8,425	916	3,224	2,520	1,030	735
Insurance	11,723	2,745	1,886	1,804	3,086	2,202
Interest	27,594	6,461	4,439	4,247	7,265	5,182
Legal fees	12,964	1,539	1,057	1,011	8,123	1,234
Maintenance and repairs	9,035	2,115	1,453	1,391	2,379	1,697
Marketing	6,779	1,518	1,338	998	1,707	1,218
Miscellaneous	1,276	273	297	179	307	220
Network maintenance	6,050	1,094	752	2,097	1,230	877
Office supplies	6,584	1,500	1,030	986	1,865	1,203
Payroll administration	2,651	621	426	408	698	498
Payroll taxes	44,712	6,276	5,321	8,274	12,680	12,161
Phone, fax and teleconferencing	13,538	3,154	2,167	2,140	3,547	2,530
Postage and delivery	7,220	1,447	2,011	967	1,634	1,161
Product development	10,661	2,496	1,715	1,641	2,807	2,002
Real estate taxes	8,663	2,028	1,394	1,333	2,281	1,627
Salaries	584,192	82,000	69,518	108,110	165,669	158,895
Subcontractor services	162,319	17,395	99,977	11,434	19,560	13,953
Travel and meeting expenses	12,291	2,251	1,507	4,428	2,396	1,709
Utilities	10,016	2,345	1,611	1,542	2,637	1,881
Web site	105,107	409	3,401	25,469	75,500	328
Total expenses	\$1,476,918	\$345,799	\$237,589	\$227,307	\$388,848	\$277,375

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



Notes to Financial Statements

June 30, 2011 and 2010

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.



Notes to Financial Statements

June 30, 2011 and 2010

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.



Notes to Financial Statements

June 30, 2011 and 2010

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:

	6/30/11	6/30/10
Accounts receivable	\$389,696	\$208,078
Allowance for bad debts	(146)	(0)
Accounts receivable - net	\$389,550	\$208,078

4. Property And Equipment

Property and equipment is shown net of depreciation as follows:

	6/30/11	6/30/10
Office building and renovations	\$746,017	\$764,017
Computer equipment and software	124,194	\$118,013
Office furniture and fixtures	96,374	95,824
Total property and equipment	\$984,585	\$977,854
Accumulated depreciation	(232,764)	(193,388)
Net property and equipment	\$751,821	\$784,466

Depreciation expense for the fiscal years ended June 30, 2011 and 2010 amounted to \$39,376 and \$41,834 respectively.



Notes to Financial Statements

June 30, 2011 and 2010

5. 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:

6/30/12	13,928	6/30/15	16,998
6/30/13	14,884	6/30/16	18,166
6/30/14	15,906	Thereafter	321,839

6. Employee Benefits

Employee Benefits consisted of the following:

	6/30/11	6/30/10
Health and Dental Insurance	\$137,362	\$129,768
Simplified Employee Pension Plan	53,898	53,537
Disability Insurance	14,233	12,851
Life Insurance	865	1,060
Total	\$206,358	\$197,216

7. 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, 2011 and 2010, Virginia Health Information incurred expenses under the contract totaling \$165,865 and \$161,279 respectively.

8. Concentration of Credit Risk

As of June 30, 2011, the Federal Deposit Insurance Corporation (FDIC) insures balances up to \$250,000. The balance of accounts at SunTrust Bank totaled \$301,223 which is \$51,223 in excess of the FDIC insurance limit.





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