



# FROM NUMBERS TO KNOWLEDGE



BRINGING IT ALL  
TOGETHER

## AUTHORITY

Transparency and the use of data to improve health has long been a Virginia priority. Back in 1996, House Bill 1307 was signed into Chapter 7.2, Health Care Data Reporting of the Virginia Code. Through this legislation the Commissioner of Health is directed 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.

Section §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 Financial Statements) and provide information on the accomplishments, priorities and current and planned activities of Virginia Health Information.

Also, within 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, the strategic plan 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.
- Include the use of patient level data for public health purposes.

VHI's Board of Directors is pleased to provide this, its 2013 Annual Report and Strategic Plan Update.

## VHI'S MISSION

**To create and disseminate health care information**

**To promote informed decision making by Virginia consumers and purchasers, and**

**To enhance the quality of health care delivery.**



**Virginia's General Assembly recognized the value of collaboration when developing health care reporting laws.**

**VHI was designed to be a trusted source of information, with input from all, to meet the needs of Virginians for valid and reliable health care information.**



## **VHI IS ALL HEALTH CARE STAKEHOLDERS**

- VHI is an independent, nonprofit, 501(c)(3) health information organization established in 1993.
- VHI administers Virginia health care data reporting initiatives.
- VHI supports other public and private health information programs.



## President's Welcome

I love baseball. I grew up in a baseball home. My father played on the hometown fast-pitch team, coached me up to high school and almost always attended my high school games. My father and I were a team playing a team sport. I was fortunate to go on to play professional baseball, but one thing I learned from my father was that individuals don't win unless the team wins.

Today, you don't hear the word collaboration very much in professional baseball with the focus on stars to sell tickets and market the franchise. But the players know that each individual must work well with eight other individuals to achieve success. For gifted athletes this is the hardest lesson to learn at this level.

This year VHI teamed up with representatives of Virginia hospitals, health insurance companies and the health department to bring to life the All Payers Claims Database. The APCD is a sophisticated information database system that supports the evolving architecture of the healthcare industry. It took us a while to learn that individual groups don't win unless the team wins. My father would be proud.

Virginia Health Information (VHI) just completed our 20th year of service to Virginians. We were formed by stakeholders who knew the value of working together and creating information to understand Virginia health care and use that information to improve it. VHI is about health information, created by, funded by, used by and made available to all.

Take a look at our cover. The "word cloud" touches on many of our initiatives, who we are and where we are going. That is what this, VHI's 2013 Annual Report and Strategic Plan Update, describes. Not every pitch is a strike, not every hit is a homerun, but we are on the field as a team. Come to the game as we are *Bringing it All Together*.

On behalf of VHI's Board of Directors, we thank you for your interest and support.

A handwritten signature in black ink that reads "Al Hinkle". The signature is written in a cursive, slightly slanted style.

Al Hinkle  
President



## Executive Director's Welcome

VHI's 2013 Annual Report and Strategic Plan Update is our way of sharing information about what we've been doing, our plans for the future and how we'll get there. Our theme, *Bringing it All Together* speaks to you and your help with our partnerships to move *From Numbers to Knowledge*.

During our most recent fiscal year, [www.vhi.org](http://www.vhi.org) enjoyed record numbers of visitors – anywhere from 1,100 to 2,000 a day. As Virginia's official Consumer Health Information Portal, VHI's primary focus is information for consumers and employers. We do this with consumer guides to health insurance, hospitals, long-term care, obstetric care and heart (cardiac) care. Reports include cost, quality and efficiency information on many different types of health care providers and HMOs. During this year, we added a new tool, MONAHRQ, to our website. MONAHRQ allows visitors to learn more about rates of hospital care for many conditions such as uncontrolled diabetes, low birth weights babies and other conditions that may be avoided when good primary care is available and used.

In April, a nationally-recognized report on transparency in health care pricing graded Virginia a "B", one of the top 7 states in the country. The report, jointly produced by the Catalyst for Payment Reform and the Health Care Incentives Improvement Institute, recognized Virginia's health care pricing laws and how we've implemented them on our website [www.vhi.org](http://www.vhi.org). While I personally prefer an "A" only two states received one while 29 states scored an "F". Learn more at [http://vhi.org/transparency\\_laws.asp](http://vhi.org/transparency_laws.asp).

Our newest work in progress is development of Virginia's All Payer Claims Database. This is truly a collaborative effort from initial talks to our current implementation. With the APCD, we've been asked to work with stakeholders with the goal of *Bringing it All Together*, and then, to take these data and move *From Numbers to Knowledge*. Stakeholders have stepped up to contribute data and privately fund this legislatively-sponsored initiative.

You'll find much more in the pages that follow, including more on VHI's work, how we pay for it and our strategic steps to position VHI to continue to serve the citizens of the Commonwealth.

Michael T. Lundberg  
Executive Director

## VIRGINIA'S PATIENT LEVEL DATA SYSTEM



As the first initiative in Virginia's Health Care Data Reporting laws, hospitals provide information on all licensed hospital discharges – over 870,000 a year. Since 1993, VHI has collected, performed analyses and published information from these data under contract with the Virginia Department of Health. Information in the patient level data system includes diagnoses, surgical procedures, charges, the number of days in the hospital, treatment results and other information routinely collected as part of hospital bills.

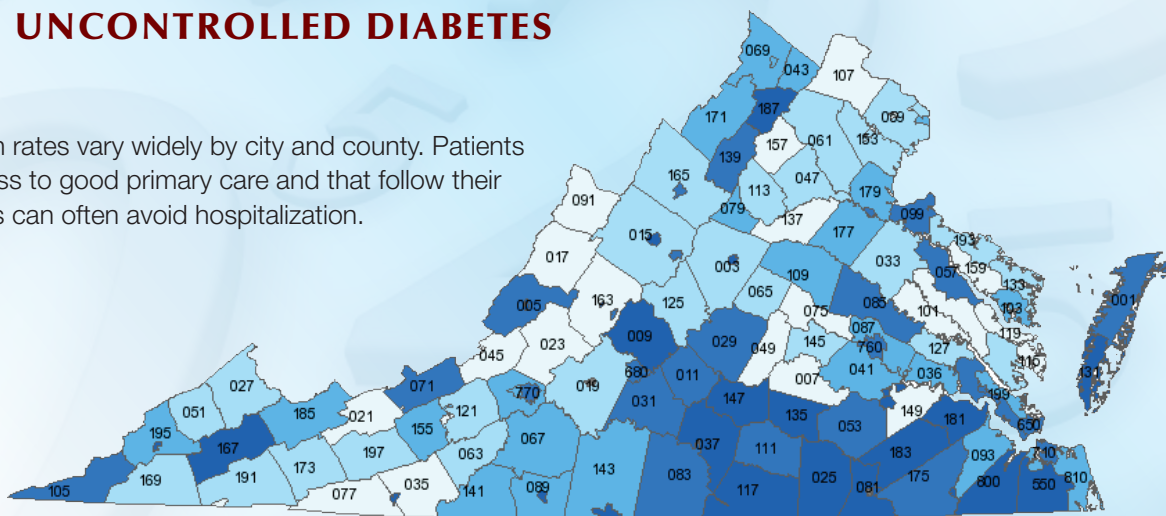
After VHI edits the data, information is developed including our Consumer Guide to Cardiac Care with hospital information on mortality and readmissions, our Consumer Guide to Obstetric Care and other reports and databases used for public policy, quality improvement and health services research. Public health professionals utilize these data for a variety of analyses, reports and programs.

Examples include reducing the rate of babies with a low birth weight, cardiovascular disease, stroke, diabetes and other priority conditions of the Virginia Department of Health and other public health professionals.

To increase access to useful information from the patient level data system, VHI brought a new tool to our website at [www.vhi.org](http://www.vhi.org). **MONAHRQ** is software that VHI uses with patient level data to develop reports and maps on hospital care by city, county, state and the nation. The software and VHI data help visitors learn more about health care – where it's provided and at what cost. Public health and policymakers can better evaluate the rates and cost of care on often avoidable conditions and admissions including premature birth, diabetes, heart disease and asthma. The Agency for Healthcare Research and Quality developed the software and VHI updates the report annually.

### MAP OF HOSPITAL ADMISSIONS FOR UNCONTROLLED DIABETES

Admission rates vary widely by city and county. Patients with access to good primary care and that follow their care plans can often avoid hospitalization.



### REDUCING UNCONTROLLED DIABETES ADMISSIONS BY 50% WOULD SAVE 4 MILLION DOLLARS ANNUALLY



Source: [www.vhi.org](http://www.vhi.org) AHRQ Prevention Quality Indicator #14 2011 Virginia Discharges. Costs based on CMS cost-to-charge ratio.

# OUTPATIENT SURGERY – CARE WITHOUT A HOSPITAL STAY



Not long ago, most surgery took place in a hospital followed by lengthy stays in a hospital. Today, thanks to technological and other advances, surgery and diagnostic tests are often performed in a doctor's office, hospital outpatient department or freestanding surgery center.

VHI collects and publishes outpatient information on seven categories of procedures based on how common they are and their real or perceived risk to the patient.

At [http://vhi.org/outpatient\\_compare.asp](http://vhi.org/outpatient_compare.asp) consumers can learn about the risks involved, how to prepare and recover after surgery, where they are performed, how often and their charges. For some procedures, you can even see what insurance companies typically pay. VHI has information on procedures including colonoscopy, laparoscopic surgery, breast surgery, hernia repair, liposuction, facial surgery and knee arthroscopy. These procedures are performed hundreds of thousands of times each year.

**Virginia Health Information**  
FROM NUMBERS TO KNOWLEDGE

ABOUT US | MEDIA ROOM | CONTACT US | SITE MAP | DATA PRODUCTS

HOME | HEALTH INSURANCE | HOSPITALS | LONG TERM CARE | PHYSICIANS

Google Custom Search Search

Home > Hospitals > Outpatient Test or Surgery

### Having an Outpatient Test or Surgery?

Many tests and surgeries don't require an overnight hospital stay. Often they are performed in

- Hospital Outpatient Departments
- Licensed Ambulatory Surgical Centers
- Doctors offices and other centers

**Use our information to:**

- Learn about the surgery, risks and benefits
- Find facilities by location
- Learn which procedures are performed
- [What are outpatient charges?](#)

**Find Outpatient Facilities**

Enter 5 digits VA zip code:

Radius within 10 miles

Show Hospital  
 Show Licensed Ambulatory Surgical Center  
 Show Physician Office

[View Facilities](#)

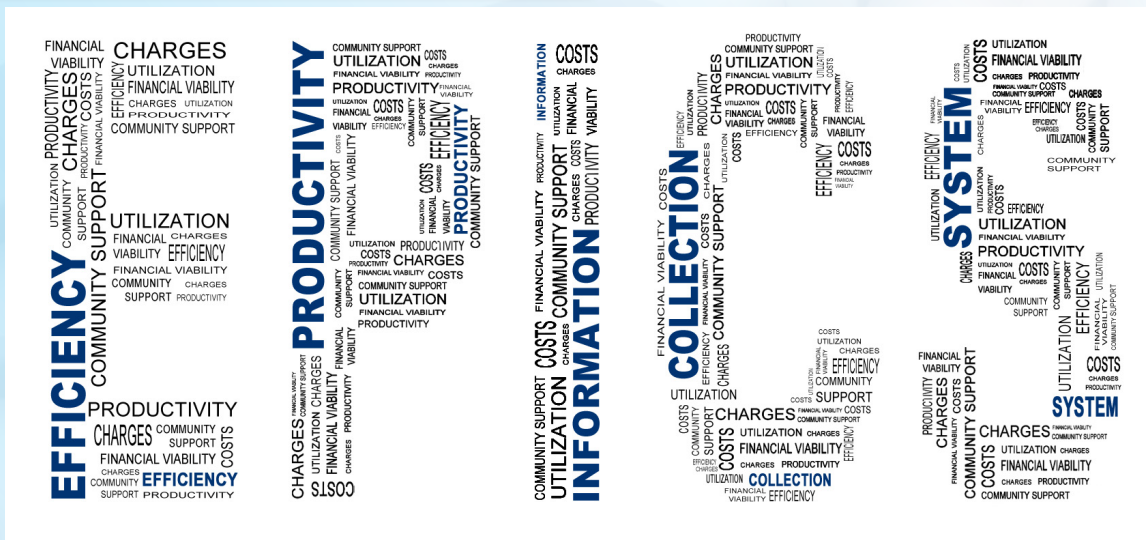
Like 22 people like this. Sign Up to see what your friends like.

Visit Virginia CODES ([www.vaCodes.org](http://www.vaCodes.org)) for information on motor vehicle crashes, costs and outcomes

Find us on Facebook

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# EPICS – BRINGING FINANCIAL, OPERATIONAL AND MEDICAL INFORMATION TOGETHER



Created through collaboration with Virginia businesses, providers and policy makers over more than 20 years, the Efficiency and Productivity Information Collection System (EPICS) is Virginia’s trusted source for finding the most efficient health care providers.

EPICS financial and operational information includes rankings of 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 36 other medical categories.

EPICS rankings are published annually in VHI’s Industry Report and on the web at [http://www.vhi.org/efficiency\\_compare.asp](http://www.vhi.org/efficiency_compare.asp).

## HEALTHCARE PRICING TRANSPARENCY – VIRGINIA’S GRADE = “B”

For years insured consumers had little interest in health care costs. Now, more and more consumers feel the pinch as their annual insurance deductibles rise from hundreds of dollars to \$2,000, \$5,000 or more. VHI has worked with stakeholders to develop health care pricing information as costs have increased. For years VHI has published information on hospital charges and overall payments to hospitals, surgical centers and nursing facilities. Over time we’ve added consumer costs for assisted living, continuing care retirement communities, home health and nursing facilities.

In 2008 legislation was passed leading to our current health care price information on over 30 services including mammograms, doctor’s visits, hip replacements, hernia surgery and vaginal and cesarean deliveries. Through this law, health insurance companies provide VHI with their average allowed amount for these services. VHI then calculates a statewide average and adds information about the surgery, the risks, the benefits and where to go for more information. Our goal is to help consumers learn more about the care they might receive, its potential costs and provide information to help them talk with their doctor about what is important to them.



While a few states go further with information on specific costs by health plan and hospital, Virginia fares well among most states and earned a “B” in a national study on health care pricing transparency. The study looked at both the state’s laws and what is made publicly available.

What’s next for Virginia health care pricing transparency? In the pages to come, we’ll describe our work to develop Virginia’s All Payer Claims Database (APCD).

*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 website

**Arthroscopic Knee Surgery (2011)**

What is arthroscopic knee surgery?  
This kind of knee surgery is done with the help of a miniature camera, inserted into a small incision or cut. The doctor can see images from the camera on a monitor and can thread tiny surgical tools through other small incisions. Arthroscopic knee surgery is used to treat and repair knee injuries. It can also be used to relieve some symptoms of arthritis.

Locations	Possible Total	Facility	Surgeon	Radiologist	Anesthesiologist	Physician	Other Charges
Physician Office	\$1,592		\$1,592				
Licensed Ambulatory Surgical Center	\$3,623	\$2,233	\$874		\$516		
Hospital Outpatient	\$4,715	\$3,292	\$819		\$604		

Arthroscopic Knee Surgery (2011) Bar Chart Data:

Service Category	Physician Office	Licensed Ambulatory Surgical Center	Hospital Outpatient
Possible Total	\$1,592	\$3,623	\$4,715
Facility		\$2,233	\$3,292
Surgeon	\$1,592	\$874	\$819
Radiologist			
Anesthesiologist		\$516	\$604
Physician			
Other			

**Virginia was one of the top 7 states in healthcare pricing transparency.**

For more on the report, go to [http://vhi.org/transparency\\_laws.asp](http://vhi.org/transparency_laws.asp).

**STATE OF THE COUNTRY: 2 As, 5 Bs, 7 Cs, 7 Ds, 29 Fs**

GRADE	FROM	TO
A	60%	100%
B	50%	59%
C	40%	49%
D	30%	39%
F	0%	29%

July 22, 2013

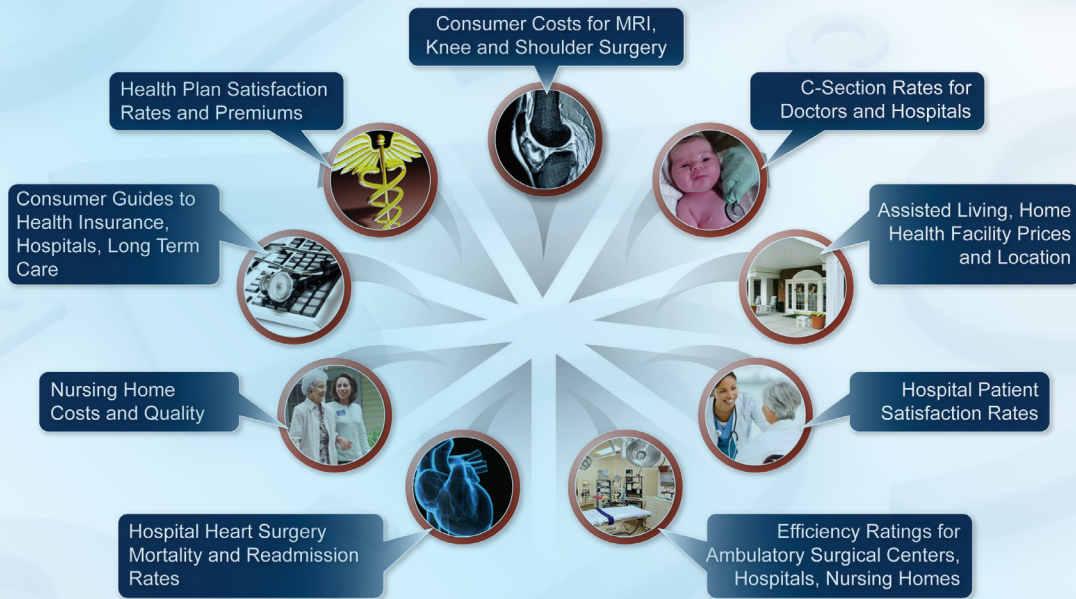
# VHI IS VIRGINIA'S CONSUMER HEALTH INFORMATION PORTAL

While VHI has been Virginia's "Go To" source for consumer health information since 1993, this role was again recognized by the Governor in 2007.

As Virginia's Consumer Health Information Portal, VHI is dedicated to helping consumers make better informed health care decisions. Meeting this challenge has led

VHI to develop consumer guides on cardiac care, health insurance, hospitals, long-term care and obstetrics.

VHI's guides explain important terms, detail what services are offered and help consumers decide what is important to them when choosing care. The guides also include links to VHI's provider performance on costs, efficiency and quality.



11-026-001-1

	Cardiac Care	Health Insurance Options	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 satisfaction 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	2013	2013, with fall updates to financial, utilization and quality information	2013, with ongoing updates	2013, with ongoing updates	2013

VHI guides are on the web at [www.vhi.org](http://www.vhi.org) and are printed for those without access to the Internet. Averaging well over a thousand visitors daily, [www.vhi.org](http://www.vhi.org) has information on all health care providers and links to other trusted sources in Virginia and across the nation.

## HMO COST AND QUALITY RANKINGS – WHAT YOU NEED TO KNOW

When it comes to measurements, VHI's HMO rankings should be on every employer's and consumer's radar. VHI takes national quality and performance measures and makes it easy to compare the care members receive. VHI is *Bringing it All Together* by adding premium, physician and enrollment information from the State Corporation Commission's Bureau of Insurance. VHI also provides links to health insurance carrier websites which may even include quotes for insurance coverage. While many PPOs don't yet measure quality in the same way as HMOs, quality rankings for health insurance carriers offering both HMO and PPO products are often the same or very similar.

## WORKING WITH STAKEHOLDERS TO IMPROVE CARE

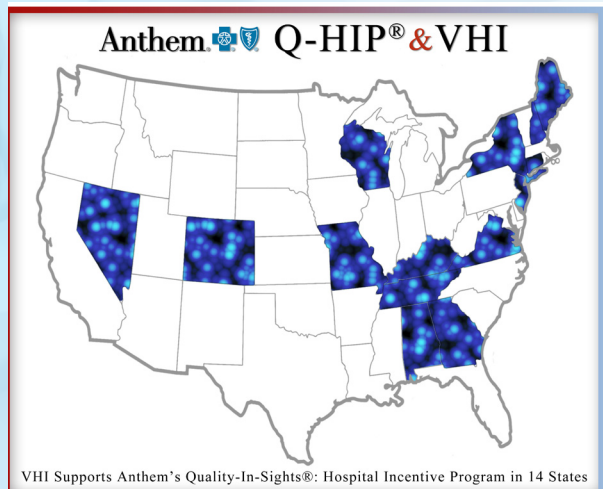
### Anthem's Quality-In-Sights®: Hospital Incentive Program

VHI is proud to support Anthem's award winning Quality-In-Sights®: Hospital Incentive Program (Q-HIP®).

Now in our tenth year, the collaborative efforts between VHI and Anthem have helped hospitals in fourteen states improve their quality of care. Anthem's incentive program rewards hospitals for how well they deliver care (the process) and how well patients recover (outcomes).

VHI support includes:

- An interactive website which gathers, displays and scores information from hospitals and their vendors and provides feedback to hospitals on their performances.
- VHI nurses who analyze the information and work with hospitals as they document their work in improving the care they provide.



Q-HIP quality measures include patient safety, heart care, customer satisfaction measures, infection rates and computerized medication controls among other nationally endorsed measures of quality.

*"Over the years VHI has supported the Anthem Quality-In-Sights®: Hospital Incentive Program (Q-HIP®) with data, web-based analytic tools and expert nurse reviewers. VHI has evolved from serving the Virginia hospital community to working with hundreds of facilities participating in Q-HIP® across the country. VHI has scaled its efforts to meet the program's size and sophistication as Q-HIP® evolves to encourage hospitals to improve hospital patient care and safety."*

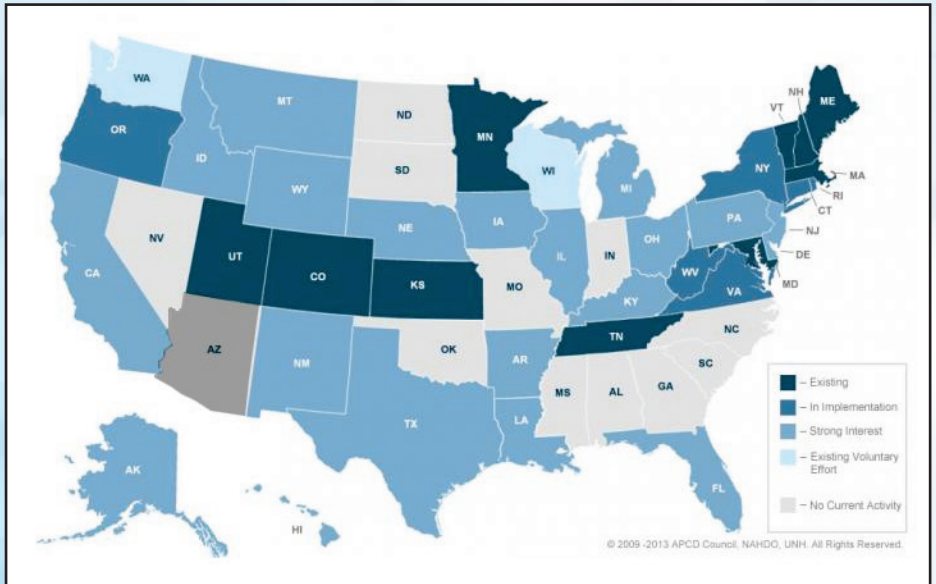
-Lindsey Gilbert, Anthem

## VIRGINIA'S ALL PAYER CLAIMS DATABASE—BRINGING STAKEHOLDERS AND DATA TOGETHER

In 2012, § 32.1-276.7:1 was enacted by the Virginia General Assembly to create the Virginia All Payer Claims Database (APCD). The APCD's purpose is to facilitate data-driven, evidence-based improvements in access, quality and cost of health care. The APCD is also intended to promote and improve the public health through the understanding of health care expenditure patterns and operation and performance of the health care system.

Virginia's APCD is operating under the authority of the Virginia Department of Health (VDH) in cooperation with the Bureau of Insurance. VDH has revised its current contract with VHI to implement and operate the APCD.

Virginia's and other state's APCDs include claims data for a full range of services including primary care, specialty care, outpatient services, inpatient stays, laboratory testing and pharmacy data across multiple payers. APCDs provide the ability to understand *how* and *where* health care is being delivered and *how much* is being spent. Virginia's APCD will include data on the fully-insured, self-insured, Medicare and Medicaid populations.



VHI is working with stakeholders to implement Virginia's voluntary, legislatively-directed APCD. All major health insurance companies are participating for their fully insured members. Self-insured companies are asked to participate. Medicare and Medicaid data are planned for inclusion.

The APCD was envisioned to create information to improve public health surveillance and population health. These efforts include:

- Reports on injuries and chronic diseases such as asthma, diabetes, cardiovascular disease, hypertension, arthritis and cancer.
- Health conditions of pregnant women, infants and children.
- Geographic and demographic information for use in community health assessment, prevention education and public health improvement.

**Virginia's APCD will give employers greater access to comparative information on health conditions driving absenteeism and costs.**

- Allowing health care purchasers to compare the quality and efficiency of health care including evaluating providers statewide between and among regions of the Commonwealth.
- Identifying and comparing health plans by public and private health care purchasers, providers, employers, consumers and others with regard to their provision of safe, cost-effective and high-quality health care services.
- Reporting of data that permits design and evaluation of alternative delivery and payment models.

Since passage of Virginia's voluntary APCD Act in April 2012, VHI has worked with stakeholders to:

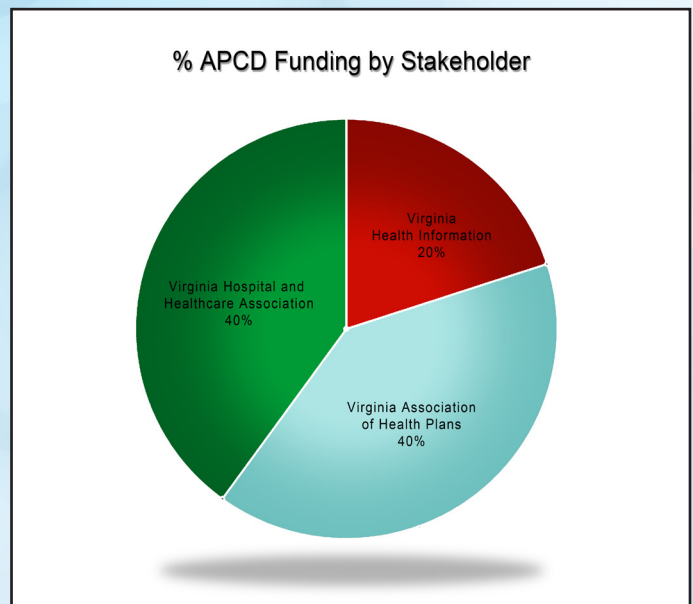
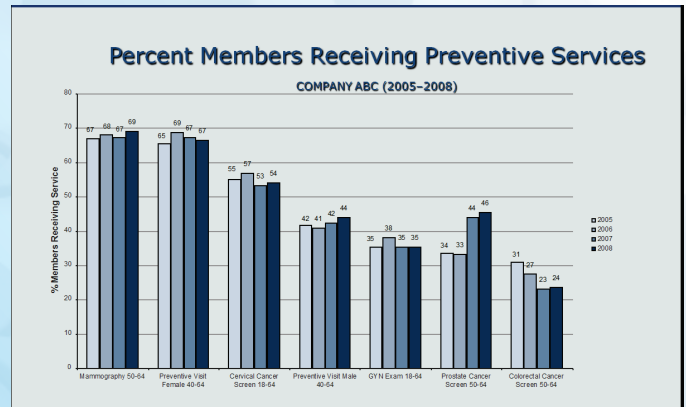
- Develop and sign a Participation Agreement among the Virginia Association of Health Plans (VAHP), Virginia Hospital and Healthcare Association (VHHA) and VHI.
- Execute agreements with health plans.
- Begin funding.
- Publish an RFP and select a vendor to collect data and provide access to APCD information.
- Establish and meet with the APCD Advisory Committee.

Steps beginning in July 2013 include:

- August 2013 – Finalize data submission processes.
- August 2013 – Work with APCD Advisory Committee on implementation and reporting levels.
- Fall 2013 – Begin data collection and testing and evaluate data quality.
- Fall 2013 through March 2014 – Engage stakeholders in development of reports and datasets.

Virginia's APCD reflects a strong commitment on the part of all stakeholders, leadership in initial funding and a clear view of how this information will be used by stakeholders to improve access, quality and cost of health care and public health.

**Better information on employee groups can help employers focus prevention programs.**



## STRATEGIC PLANNING BRINGING STAKEHOLDERS AND GOALS TOGETHER

Virginia Health Information created a strategic plan focusing on five objectives. Each objective is designed to support our mission to create and disseminate health care information, to promote informed decision making by Virginia consumers and purchasers and to enhance the quality of health care delivery.

In the spring of 2013, VHI formed three Board Member workgroups to focus on strategies to support health care reform, financial viability and public awareness and communication. These efforts take advantage of Board Member expertise and energy to further VHI's objectives and meet our mission.



### Support Virginia Health Care Reform

With expertise in health care analytics and innovative use of data



### Government Relations

Achieve positive legislative outcomes supporting VHI's mission



### Board Governance and VHI Administration

Advance VHI's mission through Board of Directors governance, leadership and commitment



### Financial Viability

Through health care information and services valued by consumers, business and others



### Public Awareness and Communication

Increase use of available information

## SUMMARY WE ARE IN THIS TOGETHER

After 20 years, Virginia Health Information continues as a successful collaboration of health care stakeholders. Through this partnership, VHI provides relevant and varied health information to businesses and consumers. VHI public reporting efforts are valued by consumers and supported by the providers they measure. Making actionable information available helps improve the quality of care and spurs competition.

Our reach is broad with data and reports on ambulatory surgical centers, assisted living facilities, continuing care retirement communities, HMOs, hospitals, nursing facilities, other long-term care providers and physicians.

- Data and reports from VHI are used by businesses, consumers, hospitals, legislators, policymakers and others.
- VHI data are used in national, regional, statewide and local reports.

- The Commonwealth of Virginia is recognized nationally as a leader in health care pricing transparency which reflects our engaged legislature and support by health care stakeholders.
- VHI updates and maintains consumer guides on cardiac care, hospitals, health insurance options, obstetrics and long-term care.
- During the next year, VHI will work to fully implement the All Payer Claims Database, maintain and update existing publications and continue to develop new quality information for consumers.

Last year's efforts were accomplished collaboratively and would not have been realized without considerable effort and time from many. Virginia Health Information's Board of Directors and staff are grateful for the support and interest from stakeholders and colleagues.



## VIRGINIA HEALTH INFORMATION

### OFFICERS

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S. Hope Johnson - Vice-President  
Kay W. Lewis - Secretary  
David D. Adams – Past President

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Jodi L. Fuller  
Alfred D. Hinkle, Jr., Hinkle & Company  
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Scott Schoenborn

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Sherri Ellis, National Multiple Sclerosis Society

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# REPORT OF INDEPENDENT AUDITORS

FROM NUMBERS TO KNOWLEDGE



**VIRGINIA HEALTH INFORMATION**

(A Non-Profit Corporation)

June 30, 2013 and 2012

## **FINANCIAL STATEMENTS for the Fiscal Years Ended**

June 30, 2013 and June 30, 2012

**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, 2013 and 2012 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, 2013 and 2012, 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 15, 2013



# STATEMENTS OF FINANCIAL POSITION

June 30, 2013 and 2012

	2013	2012
<b>Assets</b>		
Cash	\$ 1,413,145	\$ 1,047,707
Investments	22,331	22,329
Accounts receivable - net	672,294	422,826
Property and equipment - net	703,901	734,593
<b>Total Assets</b>	<b>\$ 2,811,671</b>	<b>\$ 2,227,455</b>
<b>Liabilities</b>		
Accounts payable	\$ 23,992	\$ 22,117
Employee withholdings	4,263	2,015
Accrued pension contribution	14,894	9,341
<b>Total Liabilities</b>	<b>\$ 43,149</b>	<b>\$ 33,473</b>
<b>Net Assets</b>		
Unrestricted	\$ 2,768,522	\$ 2,193,982
<b>Total Net Assets</b>	<b>\$ 2,768,522</b>	<b>\$ 2,193,982</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 2,811,671</b>	<b>\$ 2,227,455</b>

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

# STATEMENTS OF ACTIVITIES

**For the Fiscal Years Ended  
June 30, 2013 and 2012**

	2013	2012
<b>Unrestricted Net Assets</b>		
<b>Revenues and gains</b>		
Patient Level Data System contract fees	\$ 242,367	\$ 247,313
Efficiency and Productivity contract fees	344,960	344,960
DMV CODES contract fees	180,599	195,917
All Payer Claims Database funding	630,048	0
Product/Report sales and programming	1,065,577	1,124,676
Late fees	2,112	9,060
Non processed & verified fees	12,721	16,149
Interest and dividends	3,167	3,503
<b>Total revenues, gains and other support</b>	<b>\$ 2,481,551</b>	<b>\$ 1,941,578</b>
<b>Expenses and losses</b>		
Program expenses		
Patient Level Data System	\$ 336,447	\$ 374,161
Efficiency and Productivity	249,426	255,068
DMV CODES	190,707	279,860
APCD	288,666	0
Other Projects	366,191	385,024
<b>Total program expenses</b>	<b>\$ 1,431,437</b>	<b>\$ 1,294,113</b>
Management and general expenses	475,574	296,037
<b>Total expenses and losses</b>	<b>\$ 1,907,011</b>	<b>\$ 1,590,150</b>
<b>Change in Unrestricted Net Assets</b>	<b>\$ 574,540</b>	<b>\$ 351,428</b>
<b>Change in Net Assets</b>	<b>\$ 574,540</b>	<b>\$ 351,428</b>
Net assets beginning of year	2,193,982	1,842,554
Net assets end of year	\$ 2,768,522	\$ 2,193,982

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

# STATEMENTS OF CASH FLOWS

**For the Fiscal Years Ended  
June 30, 2013 and 2012**

	2013	2012
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 574,540	\$ 351,428
Items not affecting cash		
Depreciation and amortization	32,386	35,459
Decrease (increase) in receivables	(249,468)	(33,276)
Increase (decrease) in payables	9,676	3,427
<b>Cash from (used for) operating activities</b>	<b>\$ 367,134</b>	<b>\$ 357,038</b>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	\$ (1,694)	\$ (18,231)
Sale (purchase) of investments	(2)	(2)
<b>Cash from (used for) investing activities</b>	<b>\$ (1,696)</b>	<b>\$ (18,233)</b>
<b>Cash flows from financing activities</b>		
Increase (decrease) in notes payable	\$ 0	\$ (401,721)
<b>Cash from (used for) financing activities</b>	<b>\$ 0</b>	<b>\$ (401,721)</b>
<b>Increase (decrease) in cash</b>	<b>\$ 365,438</b>	<b>\$ (62,916)</b>
Cash at beginning of year	1,047,707	1,110,623
Cash at end of year	\$ 1,413,145	\$ 1,047,707

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

## SCHEDULE OF FUNCTIONAL EXPENSES

**For the Fiscal Year Ended  
June 30, 2013**

	Total	Patient Level Data System	Efficiency and Productivity	DMV CODES	APCD	Other Projects	Management and General
Accounting fees	\$ 6,750	1,191	883	675	1,022	1,296	1,683
APCD funding from VHI	131,260	0	0	0	0	0	131,260
Data processing	171,487	171,487	0	0	0	0	0
Depreciation and amortization	32,387	5,714	4,236	3,239	4,902	6,219	8,077
Dues, licenses and permits	3,385	597	443	339	512	650	844
Employee benefits	282,828	34,561	41,995	33,597	28,910	65,427	78,338
Equipment rental and maintenance	3,274	578	428	327	496	629	816
Graphic design and printing	7,630	770	3,269	1,002	661	839	1,089
Insurance	10,403	1,835	1,361	1,040	1,575	1,998	2,594
Legal fees	102,849	55	40	31	102,587	59	77
Maintenance and repairs	9,832	1,735	1,286	983	1,488	1,888	2,452
Marketing	5,166	1,131	1,065	429	649	823	1,069
Miscellaneous	1,125	123	285	70	344	134	169
Network maintenance	5,724	918	680	1,043	787	999	1,297
Office supplies	7,696	1,306	968	740	1,416	1,421	1,845
Payroll administration	656	116	86	66	99	126	163
Payroll taxes	53,835	6,579	7,994	6,395	5,502	12,454	14,911
Phone, fax and teleconferencing	14,081	2,422	1,796	1,415	2,388	2,636	3,424
Postage and delivery	5,535	814	1,540	474	698	874	1,135
Product development	12,940	2,283	1,692	1,294	1,959	2,485	3,227
Real estate tax	8,836	1,559	1,156	884	1,337	1,697	2,203
Salaries	734,731	89,783	109,094	87,277	75,103	169,967	203,507
Subcontractor services	172,504	7,213	66,402	28,203	52,639	7,851	10,196
Travel and meeting expenses	10,851	1,802	1,336	1,221	1,983	1,962	2,547
Utilities	8,729	1,540	1,142	873	1,321	1,676	2,177
Website	102,517	335	249	19,090	288	82,081	474
<b>Total expenses</b>	<b>\$ 1,907,011</b>	<b>336,447</b>	<b>249,426</b>	<b>190,707</b>	<b>288,666</b>	<b>366,191</b>	<b>475,574</b>

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

## SCHEDULE OF FUNCTIONAL EXPENSES

**For the Fiscal Year Ended  
June 30, 2012**

	Total	Patient Level Data System	Efficiency and Productivity	DMV CODES	Other Projects	Management and General
Accounting fees	\$ 6,600	1,553	1,059	1,162	1,598	1,228
Bank Charges	2,015	474	323	355	488	375
Data processing	182,228	182,228	0	0	0	0
Depreciation and amortization	35,459	8,343	5,688	6,241	8,586	6,601
Dues, licenses and permits	3,775	888	606	664	914	703
Employee benefits	233,944	33,744	27,634	47,918	61,940	62,708
Equipment rental and maintenance	2,966	698	476	522	718	552
Graphic design and printing	7,699	1,177	3,500	880	1,211	931
Insurance	14,191	3,339	2,276	2,498	3,436	2,642
Interest	17,552	4,130	2,815	3,089	4,250	3,268
Legal fees	14,381	3,384	2,307	2,531	3,482	2,677
Maintenance and repairs	7,695	1,811	1,234	1,354	1,863	1,433
Marketing	5,309	1,047	1,574	783	1,077	828
Miscellaneous	363	85	58	64	87	69
Network maintenance	7,363	1,565	1,067	1,883	1,610	1,238
Office supplies	6,248	1,585	978	1,073	1,477	1,135
Payroll administration	1,538	362	247	271	372	286
Payroll taxes	49,348	7,118	5,829	10,108	13,066	13,227
Phone, fax and teleconferencing	13,450	3,146	2,161	2,416	3,238	2,489
Postage and delivery	7,031	1,424	1,951	1,065	1,465	1,126
Product development	12,940	3,045	2,076	2,277	3,133	2,409
Real estate tax	8,413	1,980	1,349	1,481	2,037	1,566
Salaries	655,654	94,571	77,447	134,295	173,594	175,747
Subcontractor services	166,929	10,826	108,766	27,631	11,140	8,566
Travel and meeting expenses	13,426	3,356	2,092	2,392	3,158	2,428
Utilities	7,988	1,880	1,281	1,406	1,934	1,487
Website	105,645	402	274	25,501	79,150	318
<b>Total expenses</b>	<b>\$1,590,150</b>	<b>374,161</b>	<b>255,068</b>	<b>279,860</b>	<b>385,024</b>	<b>296,037</b>

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

# NOTES TO FINANCIAL STATEMENTS

## For the Fiscal Years Ended June 30, 2013 and 2012

### 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.

##### (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.
- 6) Implementation of Virginia's All Payer Claims Database.

##### (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.

### 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 un-collectible. The accounts receivable were written off as a bad debt as follows:

	6/30/13	6/30/12
Accounts receivable	\$ 672,294	\$ 422,826
Allowance for bad debts	<u>( 0)</u>	<u>( 0)</u>
Accounts receivable - net	\$ 672,294	\$ 422,826

### 4. PROPERTY AND EQUIPMENT

Property and equipment is shown net of depreciation as follows:

	6/30/13	6/30/12
Office building and renovations	\$ 764,017	\$ 764,017
Computer equipment and software	142,539	140,845
Office furniture and fixtures	<u>97,954</u>	<u>97,954</u>
Total property and equipment	\$1,004,510	\$ 1,002,816
Accumulated depreciation	<u>( 300,609)</u>	<u>( 268,223)</u>
Net property and equipment	\$ 703,901	\$ 734,593

Depreciation expense for the fiscal years ended June 30, 2013 and 2012 amounted to \$32,386 and \$35,459 respectively.

### 5. NOTE PAYABLE

On January 15, 2008, Virginia Health Information purchased an office building at 102 North 5<sup>th</sup> Street in Richmond, VA and moved its operations to this location. The building was purchased with a combination of cash and a twenty year mortgage note of \$440,800. On February 1, 2012, the note was paid off in full.

### 6. EMPLOYEE BENEFITS

Employee Benefits consisted of the following:

	6/30/13	6/30/12
Health and Dental Insurance	\$192,698	\$149,931
Simplified Employee Pension Plan	73,473	65,380
Disability Insurance	13,894	16,873
Life Insurance	1,743	910
Parking	<u>1,020</u>	<u>850</u>
Total	\$282,828	\$233,944

### 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, 2013 and 2012, Virginia Health Information incurred expenses under the contract totaling \$171,487 and \$182,228 respectively.

### 8. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through August 15, 2013, the date which the financial statements were issued.

### 9. CONCENTRATION OF CREDIT RISK

The Federal Deposit Insurance Corporation (FDIC) insures balances up to \$250,000. The combined balance of accounts at SunTrust Bank totaled \$544,580 on June 30, 2013, and \$289,129 on June 30, 2012.

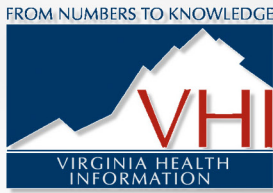
### 10. COMMITMENTS AND CONTINGENCIES

During the year, Virginia Health Information signed a participation agreement to support the development of the Virginia All Payer Claims Database (APCD). The purpose of the APCD is to develop information to facilitate data-driven, evidence-based improvements in access, quality, cost and efficiency of health care and to promote and improve the public health through the understanding of health care expenditure patterns and operation and performance of the health care system subject to applicable law.

The budget for the initial thirty months in the development and implementation of the APCD is \$3,281,500 and Virginia Health Information will provide 20% of the initial budget. The remaining 80% of the budget is shared equally by participating members of the Virginia Association of Health Plans (the VAHP Members) and members of the Virginia Hospital and Healthcare Association (the VHHA Members).

As reflected in the Statement of Activities for the fiscal year ended June 30, 2013, APCD revenues of \$630,048 and expenses of \$288,666 were reported. Creating an APCD fund balance by collecting revenues in excess of expenses for the June 30, 2013 fiscal year was necessary to allow for the payment of future budgeted costs. Of the APCD costs for data processing, analytics and other expenses during the next two years, VHI expects to receive revenue of \$1,265,200 from the Virginia Hospital and Healthcare Association and/or their members and the same amount from participating health insurance companies. VHI's obligation for the next two years will be \$632,600.

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