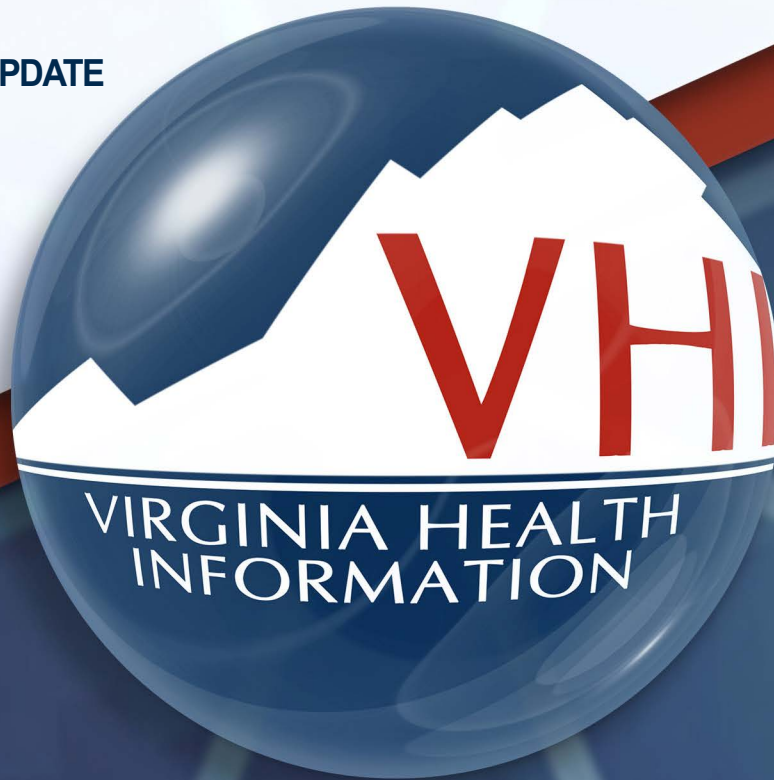


COLLABORATIONS IN THE COMMONWEALTH

ANNUAL REPORT
& STRATEGIC PLAN UPDATE

2019



Virginia's Top Resource
for Healthcare Information

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PRESIDENT'S WELCOME

Understanding and Responding to Our Changing Healthcare Environment

Change happens, especially in today's healthcare. We have new treatments, medicines, mergers, providers and, oh yes, a welcome cry for greater cost and quality transparency. As Virginia Health Information's (VHI's) President, I welcome you to our 2019 Annual Report & Strategic Plan Update. Our aim is to highlight how VHI is anticipating and meeting change head on with new initiatives in concert with state and federal government, private companies and multi-stakeholder collaborations.

For a clear vision of the future, we've updated our Strategic Plan, introduced new collaborative programs, expanded our Board of Directors, grown the organization and brought ConnectVirginia, Virginia's Health Information Exchange, into our fold. All this to better fulfill our mission and vision.

Yes, the healthcare landscape is changing and changing quickly. Together we'll better recognize, prepare and respond to it with innovative approaches for new and improved healthcare information.



Rusty Maney

Rusty Maney
VHI President

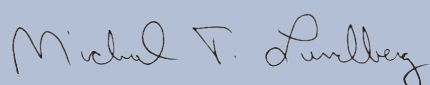


FROM THE EXECUTIVE DIRECTOR

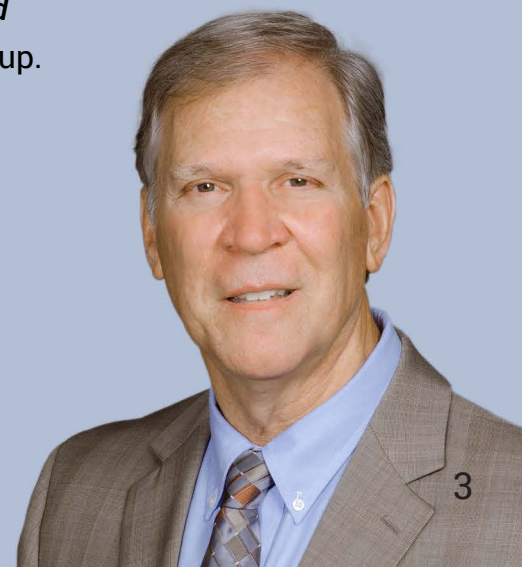
Like Rusty noted, change happens. So how do you know when to forge ahead on a new path or when to linger a bit longer on the beaten one? Like most decisions, changes can be easier when we have the right information and the necessary support to act on it. For VHI, our go-to source for information is our Board of Directors who, above all else, represents you, your colleagues and family.

If you read on, you'll see that VHI hosts a number of data and reporting systems on health plans, hospitals, long-term care, surgery centers and physicians. What they have in common is our Board for ideas, input and support. Board members represent our stakeholders in business, consumers, health plans, hospitals, nursing homes, physicians and the Commonwealth. With this broad representation from those caring the most about healthcare, we find ourselves fortunate to be well-positioned to seek and carry out a number of programs relevant to your needs and ours.

VHI realizes our good fortune to find new and exciting opportunities for positive change to the healthcare system. Makes me reflect on Ben Franklin's words that "*When you're finished changing, you're finished.*" At VHI, we're just getting warmed up.



Michael T. Lundberg
VHI Executive Director



CREATED TO UNITE



OUR MISSION

Enhance the quality and value of healthcare delivery and promote informed healthcare decisions by Virginia consumers, purchasers and other stakeholders by creating and disseminating healthcare information.

OUR VISION

- Administer Virginia healthcare data reporting initiatives benefiting consumers and others
- Collaborate with other public and private health information programs by providing objective and quality information and analytics
- Work with our stakeholders to increase transparency across all types of healthcare

Many changes have come in VHI's 26 years - changes to healthcare delivery, improved outcomes of care and technological advancements we are just beginning to understand.

This year, we want to highlight our many programs and address our challenges as we continue to serve as Virginia's consumer health information portal.





CONNECTIONS THROUGH DATA

PATIENT LEVEL DATA SYSTEM

A versatile database utilized statewide and across the nation of all Virginia hospital discharges including where care is provided, for what conditions and by whom. An important source of information to health plans, hospitals, policymakers and researchers. Used by VHI in provider quality reports and publications.

QUALITY-IN-SIGHTS® PROGRAM

Anthem's award winning program rewarding hospitals for superior care provided by hospitals in over a dozen states. For 15 years, VHI has analyzed, evaluated and scored hospitals on their quality of care to support this program.

LONG-TERM CARE


VHI's consumer guide to understand and navigate the types of long-term care. The online guide includes a directory of providers of home care, adult day care, continuing care retirement communities, assisted living, nursing facilities and hospice providers. VHI provides nursing facility room rates and quality of care, efficiency and financial health information on over 250 facilities.

OUTPATIENT SURGERY

This report allows consumers to find and compare outpatient surgery providers on how often they provide the procedure and their charges. VHI collects information on outpatient surgeries based on their real or perceived risk, cost and frequency.

HEALTHCARE PRICING TRANSPARENCY

The Healthcare Pricing Transparency reports provide consumers with regional and statewide costs for 37 healthcare services from Virginia's All Payer Claims Database. Displayed as an interactive dashboard, the report also contrasts procedure costs when performed in a hospital, ambulatory surgery center or physician office. Basic information about the procedure and why you'd have the service is also included.



Over the years, the information VHI produces has grown based on stakeholder needs and data availability.

HOSPITAL PATIENT SATISFACTION

Consumers want and demand good care and service which is why VHI publishes data on Hospital Patient Satisfaction. The data is updated quarterly with 10 nationally-endorsed measures to help patients recommend the hospital to other consumers.

CARDIAC CARE MORTALITY AND READMISSIONS

VHI has provided consumers with comparative information on key measures of success for heart care since 2004. Data includes how frequently care is provided along with mortality and readmission rates for heart surgery and medical heart care.

INSURANCE OPTIONS

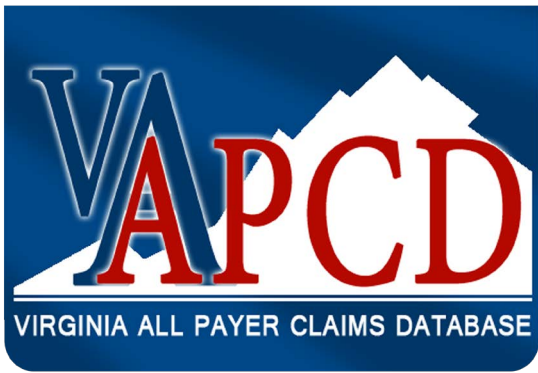
A consumer guide to understanding health insurance options ranging from indemnity to managed care to government provided coverage such as Medicare and Medicaid.

HMO QUALITY AND PERFORMANCE DATA

VHI has provided an ever-growing set of cost, quality and satisfaction ratings on Virginia's HMOs for over 15 years. Our online set of over 60 performance measures are updated annually for businesses, consumers and employers.

INDUSTRY REPORT ON VIRGINIA HOSPITALS AND NURSING FACILITIES

Since 1996, VHI ranks overall efficiency, costs, profits, charity care and more of hospitals, ambulatory surgical centers and nursing facilities. An important tool for businesses, policymakers and others.



Established in 2013, Virginia's APCD includes data on fully-insured, self-insured, Medicaid and Medicare populations. The Virginia Department of Health (VDH), in cooperation with the Bureau of Insurance, is responsible for Virginia's APCD and contracts with VHI to implement and operate it. Governance is through the Virginia APCD Advisory Committee, a multi-stakeholder committee administered by the VDH. The APCD has helped promote and improve public health through the understanding of healthcare expenditure patterns, operations and performance of the healthcare system. VHI provides information in a variety of formats to meet the varied needs of public and private stakeholders.

When forming the APCD, stakeholders were clear that it should be:

- Used to improve public health surveillance and population health
- Available to healthcare purchasers such as employers and consumers to compare the quality and efficiency of healthcare, including comparison of providers statewide among regions of the Commonwealth
- Designed to allow the identification and comparison of health plans by public and private healthcare purchasers, providers, employers, consumers and others with regard to their provision of safe, cost-effective and high-quality healthcare services
- Information to create reports that support the design and evaluation of alternative delivery and payment models

"The All Payer Claims Database has really helped our research team. In fact, we just got a highly competitive grant to help 125 primary care practices throughout Virginia do a better job of screening and counseling for unhealthy alcohol use. This study could help up to 1.25 million Virginians. We are using the APCD as a counseling and tracking tool for practices. The grant reviewers specifically commented on the value of having this data and I think it was instrumental in our eventually getting this grant."

Alex Krist, M.D., M.P.H.
Professor Family Medicine and Population Health
Virginia Commonwealth University

Legislation was passed during the 2019 General Assembly that revised participation in the APCD for health insurance companies and certain Third Party Administrators (TPAs) from voluntary to mandatory. The passage of this bill is expected to expand the populations included in the APCD and was drafted to reflect national best practices in the use, governance and submission of APCD data.

As part of the new mandatory program, VHI will be transitioning over the next year to collect data under the Common Data Layout (CDL). Virginia will be a pioneering state in implementing the CDL, which aims to standardize APCD data collection for states around the country to minimize administrative burden and maximize data quality. With the collaboration and support of other stakeholders, VHI was also successful in obtaining state general funds and federal match dollars to invest in the mandatory APCD program. These funds will be used to maintain and grow the APCD's vast capability to expand population health and healthcare transparency.

UNCOVERING POTENTIALLY AVOIDABLE ED VISITS

As part of its certification with CMS as a Qualified Entity, VHI recently published an interactive dashboard that analyzes rates and types of potentially avoidable emergency department (ED) visits. Data displayed within the dashboard can be compared by Virginia county, health planning region and insurance type over multiple years.

LEVERAGING DATA TO DRIVE “SMARTER CARE”

Over the next three years, VHI will work in collaboration with the Virginia Center for Health Innovation (VCHI) to analyze and reduce rates of low-value care as part of a 2.2 million dollar grant they received from the Arnold Foundation. VHI will utilize the APCD to generate benchmark reports for health systems as a foundational piece of the project.

SUPPORTING VIRGINIA’S FIRST EVER OPIOID DATATHON

This past year Virginia Tech hosted its first ever Opioid Datathon where teams from the Roanoke area came together to help fight the opioid crisis empowered by data. VHI provided data from the APCD for each team’s use in the competition as well as onsite coaching for the event.



MAKING HEALTHCARE COST COMPARISONS EASIER THAN EVER

VHI’s Healthcare Pricing Transparency Report has been transformed into an innovative, easy-to-use dashboard. The updated annual report now includes prices for additional services, such as physical therapy and ambulance rides, and new features, such as a geographical heat map, and a potential cost range for each service.

ADVANCING HEALTHCARE RESEARCH WITH VCU

VHI has partnered with the Virginia Commonwealth University (VCU) Department of Family Medicine and Population Health to finalize a wide-scale agreement for their use of the Virginia APCD to improve health outcomes in the Commonwealth. VCU is currently using the data on initiatives such as studying the impact of telehealth and an Agency for Healthcare Research and Quality (AHRQ) funded program to help practitioners better screen and counsel for unhealthy alcohol use.



Five teams from different organizations, including four hospitals and a health plan, **collaborated** on a phone call to coordinate and **agree** on an approach to care for a patient with over 34 emergency department (ED) visits in 12 months.

After a two-year comprehensive relationship with VHI providing management services to ConnectVirginia, the organizations officially merged as of July 2019. ConnectVirginia, the Commonwealth's Health Information Exchange, now sits alongside other VHI programs such as the APCD, hospital discharge program and others. Over the years, the organization has developed the governance, trust framework and resources to develop and expand to five current services:

- **Public Health Reporting**

Electronic reporting of public health data to VDH to meet Meaningful Use measures, including, but not limited to, syndromic surveillance, cancer, electronic lab reporting and bi-directional immunizations.

- **Newborn Screening**

Secure and electronic exchange of laboratory orders and results of newborn dried-blood spot screening in partnership with VDH, Department of General Services and Division of Consolidated Laboratory Services.

- **ConnectVirginia EXCHANGE**

Facilitating the onboarding and recurring certification for eHealth Exchange, a nationwide health information network to exchange standardized Consolidated-Clinical Document Architecture (C-CDAs).

- **Virginia Advance Directives Registry**

Legislation from the 2008 General Assembly Session established this tool for Virginia residents to securely store important advanced care planning documents. As of June 2018, these documents are sent to ED providers in real-time when a patient visits the ED.

- **Emergency Department Care Coordination Program**

Legislation from the 2017 General Assembly Session established the Emergency Department Care Coordination (EDCC) Program managed by VDH to provide a single, statewide technology solution that connects all hospital emergency departments (EDs) in the Commonwealth. This work provides real-time communication and collaboration between healthcare providers for patients receiving services in hospital EDs. The system was designed to improve the quality of patient care services and coordination of services.



"We love the ability to access [the EDCC Program/Collective Platform] to export our list of patients that are visiting ERs across the state. Prior to [this] we were only receiving [a] daily file, from our local hospital...a list of patients identifying themselves as [a] patient [of our FQHC]. Now...Each day our care coordination assistant pulls the list [and] contacts the patient to check on them and schedule a follow up visit with the PCP"
 – Virginia Federally Qualified Health Center

EXPANDING THE EDCC PROGRAMS

NOW

- In VA, 106 **EDs** are receiving real-time alerts for at-risk patients via *EDie (includes Virginia PMP and Virginia A.H.C.D.R. data) with over **300,000** ED visits a year in Virginia
- **Six Medicaid** and **10 Medicare** and **commercial health plans** receiving care coordination information for their members presenting in the ED via **The Collective Platform. Over 3.4 million insured lives
- **3 FQHCs** (Federally Qualified Health Centers)
- **2 Behavioral Health** organizations
- **17+ in progress** to onboard and connect

*Collective EDie = Collective Medical technology in the ED/hospital (includes EDie alerts and Collective EDie portal).

**Collective Plan, Collective Ambulatory, Collective Post-Acute, etc. = Collective Medical technology for health plans, primary care, long-term care, etc. (formerly called 'PreManage' Primary) (includes Collective Platform portal access and optional notification integration).

FUTURE

On-board **downstream providers**, including:

- Primary care
- Care/case management
- Long-term care (e.g. nursing homes)
- CSBs (Community Services Boards)
- FQHCs
- Behavioral health
- Managed care entities

With the EDCC Program, EDs and health plans throughout the Commonwealth share and receive real-time patient visit information directly in their Electronic Health Record (EHR) or existing workflows. The EDCC Program technology is driven by analytics and notifies providers when a patient presents with complex needs. As of July 2019, most Virginia EDs receive standard alert criteria for about 21 percent of ED visits on average.

These patients are considered the most at risk of a future-state avoidable encounter, and the EDCC Program provides a notification and shared platform through which multiple providers can collaborate care and engage with that patient. The ultimate goal of the EDCC Program is to support providers caring for these patients. Many have chronic conditions that have gone untreated and unmanaged. The EDCC Program is structured to help patients receive the right care, with the right provider, at the right time and at the right price.

As of June 30, 2019, all hospitals operating EDs, all Medicaid managed care organizations (MCOs), all Medicare health plans and all commercial plans, excluding Employee Retirement Income Security Act (ERISA) plans, in the Commonwealth are participating in the EDCC Program. ConnectVirginia is working to include other providers, e.g. primary care providers and accountable care organizations, which would allow them to receive information and collaborate with hospitals and health plans on shared patients.

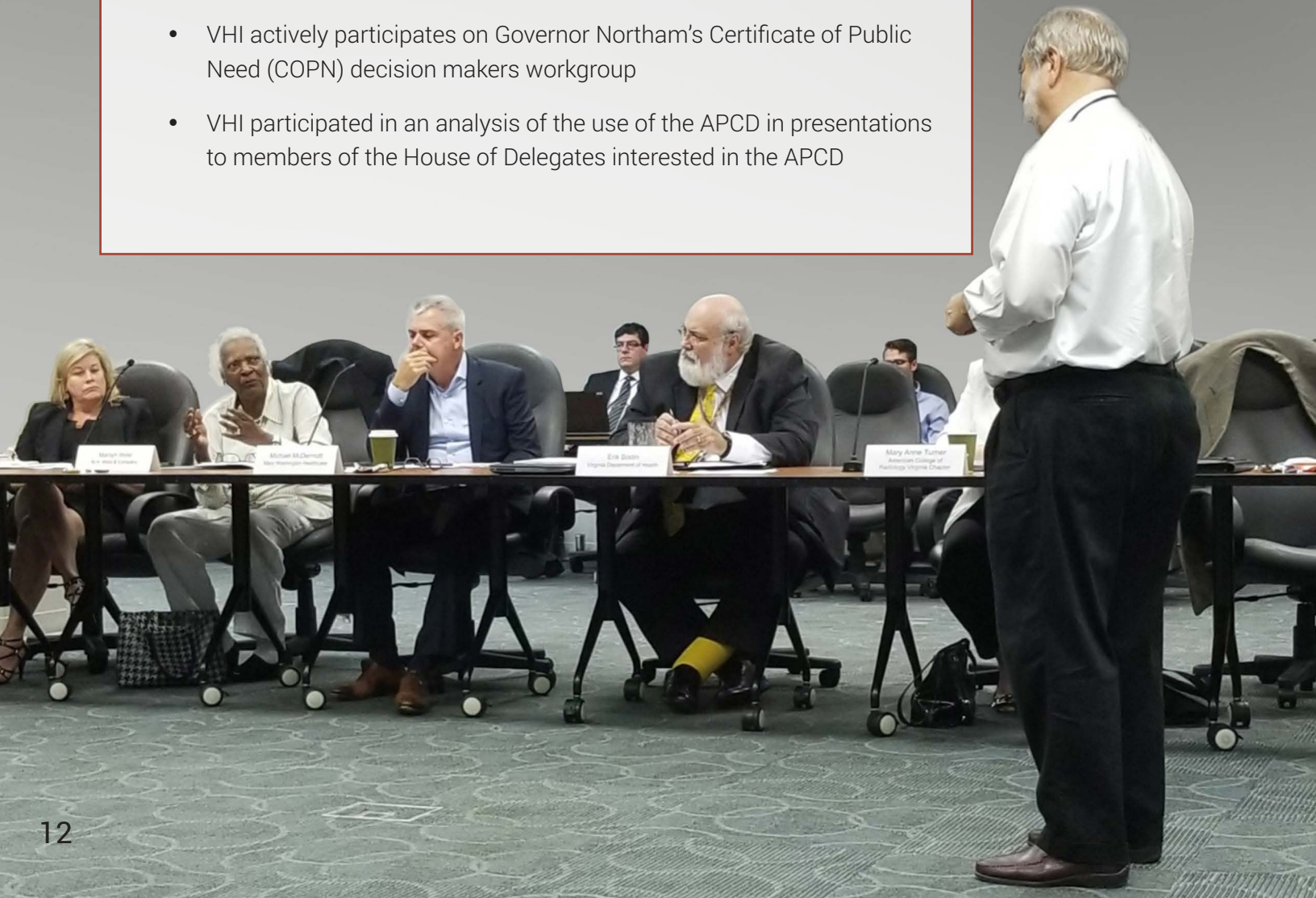
Hospitals and health plans are becoming increasingly active on the platform, a 1225% increase from 20 at the start of the program. Total actions consist of manually writing and sharing care guidelines, care history, safety & security events and viewing patient record pages in the EDCCP portal.

Two health plan care coordinators, a behavioral health director and a recovery support navigator spent hours supporting a patient with 59 ED visits in the last year. As a result, the person was referred to their first detox program and receives ongoing support towards long-term recovery.

HEALTHCARE REFORM EFFORTS

VHI provided a variety of information to support Virginia healthcare reform efforts this year. Hospital discharge data, annual licensure survey data, hospital financial and operational data and APCD data all came into play to support health reform. In addition to data, VHI participated in a number of workgroups related to health reform.

- Health Information Needs Workgroup: VHI established and operates the Health Information Needs Workgroup as required by § 32.1-276.9:1
- Virginia Center for Health Innovation: VHI collects APCD data for low and high-value healthcare services provided to employers, state agencies and health systems
- VHI collaborated with VDH in our continued support of charity care reporting required by § 32.1-276.5:1
- VHI actively participates on Governor Northam's Certificate of Public Need (COPN) decision makers workgroup
- VHI participated in an analysis of the use of the APCD in presentations to members of the House of Delegates interested in the APCD



VHI'S DIGITAL FOOTPRINT

Digital media is **changing** how consumers and health organizations interact, allowing them to connect in a more **dynamic** way than ever before.

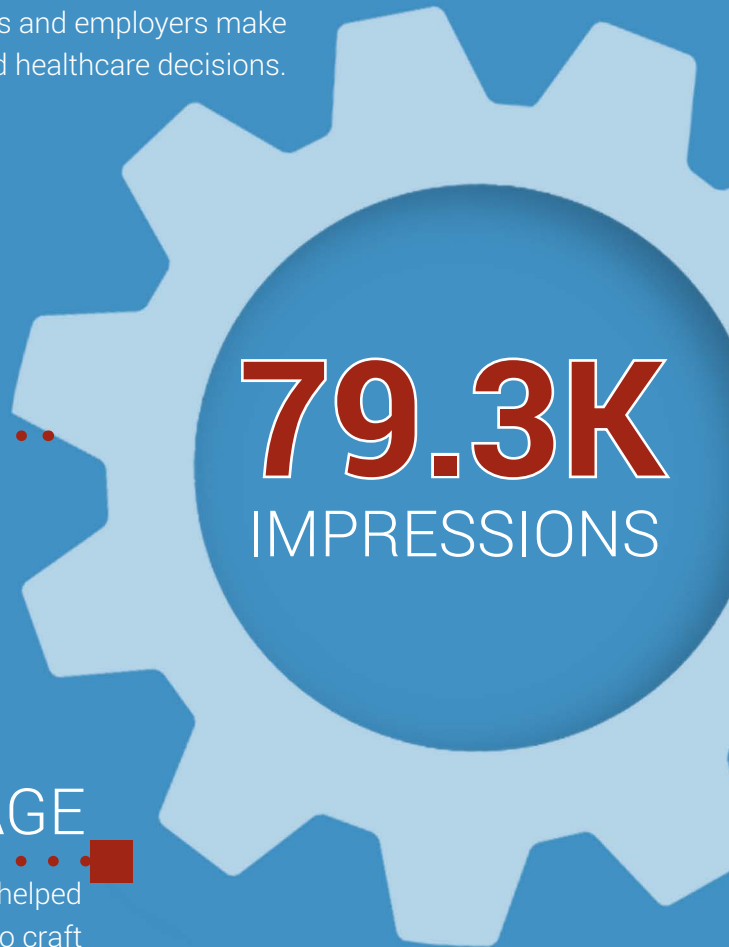


WWW.VHI.ORG

Recognized as Virginia's Consumer Health Information Portal since 2007, VHI provides www.vhi.org as a tool to help consumers and employers make better-informed healthcare decisions.

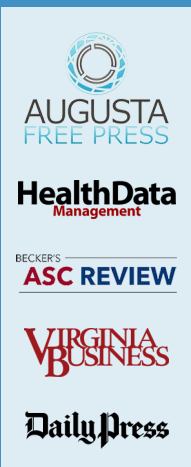
SOCIAL MEDIA

In today's digital-driven world, maintaining a social media presence is essential in spreading VHI's message. With profiles on Facebook, Twitter and LinkedIn, VHI is able to build awareness, encourage engagement and improve brand loyalty.



MEDIA COVERAGE

Local, statewide and national media outlets have helped VHI spread the word by using data and reports to craft exceptional healthcare-related articles. Additionally, countless outlets across the nation have aided by republishing VHI content.

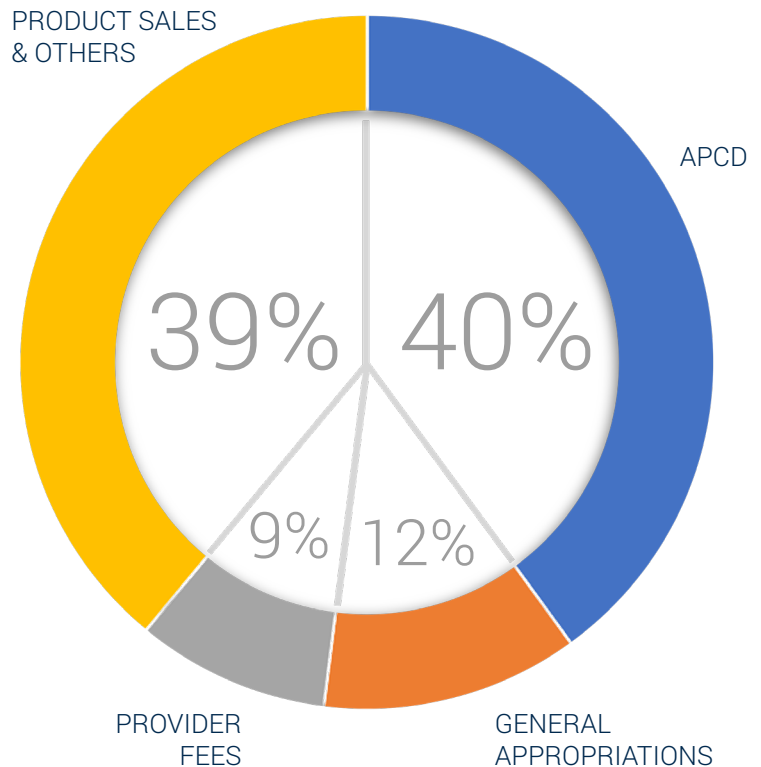


SUMMARY OF STRATEGIC PLAN UPDATE

For over 26 years, VHI stakeholders have guided our strategic direction, provided financial support, helped develop and use our information and worked with legislators with VHI-related legislation and policy. While we've greatly expanded the scope and utility of the information provided, we've also diversified data and reports from VHI as used by businesses, consumers, hospitals, legislators, policymakers and others.

- VHI data is used in national, statewide, regional and local reports
- The Commonwealth of Virginia has been recognized nationally as a leader in healthcare pricing transparency, which reflects our engaged legislature and support by healthcare stakeholders
- VHI updates and maintains consumer guides on cardiac care, hospitals, health insurance options and long-term care
- VHI is working to expand the information in the All Payer Claims Database (APCD), maintain and update existing publications and work to develop new quality information for consumers

**FY19 Revenues by Group
(Rounded to 100)**



VHI revenues were initially based solely on General Funds, i.e.; taxpayer dollars. Today, dependence on taxpayer dollars is just 12% of our total budget. Grants, consulting, license fees and data product sales have allowed VHI to develop consumer guides, reports and fund over \$1.7 million towards the development and maintenance of the All Payer Claims Database.



VHI periodically revisits our strategic plan for its relevance in a changing world of consumer demand for healthcare transparency and support for Virginia’s healthcare reform efforts. In October 2018, VHI’s Board analyzed our strategic direction and updated our plan to meet our mission, to help consumers make more informed healthcare decisions and to improve the quality and value of care.

VHI 2019 – 2023 STRATEGIC PLAN OVERVIEW

KEY CONCENTRATION	PURPOSE	GOAL
HEALTHCARE REFORM / INNOVATION	Play a principal role in opportunities for collection, analysis and sharing of healthcare information resulting from Healthcare Reform (Innovation) initiatives.	Establish VHI as a leading player in current and evolving healthcare information and analytics.
GOVERNMENT RELATIONS	To achieve positive legislative outcomes to enable VHI to create value for legislators which enables them to respond to the public’s need for expanded and valid healthcare information from VHI in a reliable and unbiased manner.	To enhance relationships with new and existing legislative members and staff, prioritizing contacts with members of the Joint Commission on Health Care, finance and health committees.
BOARD GOVERNANCE	To advance VHI’s vision and mission through Board of Directors governance, leadership and commitment.	To engage board members and ensure their full participation and commitment through involvement in appropriate task forces and sub-committees.
SALES/INCOME PRODUCING	To diversify revenues and ensure the financial viability of VHI through the production and sale of products and services meeting the needs of the public and healthcare organizations.	To enhance current sales and income producing activities as well as create new and innovative approaches to the sale and dissemination of VHI’s products and services.
PUBLIC AWARENESS AND COMMUNICATION	To increase the public’s awareness of VHI and available data, products and services.	To achieve a high level of recognition of VHI by healthcare stakeholders.
VHI ADMINISTRATION	Advance VHI’s mission and vision through effective management and proficient staff.	Ensure VHI is appropriately staffed to meet the needs of VHI key concentrations.

BOARD OF DIRECTORS

BUSINESS REPRESENTATIVES



Lynn Ellis
WestRock



Bill Murray
Dominion Energy



Shana Neal
Owens & Minor

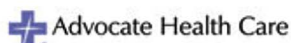


T.J. Smith
Newport News Shipbuilding



D.C. (David) Ward
BWXT Technologies, Inc.

PHYSICIAN REPRESENTATIVES



Ibe Mbanu, MD, MBA, MPH
Advocate Health Care



José M. Morey, MD
Department of Radiology and
Medical Imaging
University of Virginia

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David Abraham
Beth Sholom Village
Beth Sholom Village



David W. Tucker
Commonwealth Care of Roanoke

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VHI President

Bill Murray
VHI Vice President

Melinda S. Hancock
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VHI Past President

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Charles "Rusty" Maney
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Bill Pardo, MBA
Nova Chemicals

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MSc, ACC, FAAP
Anthem Blue Cross
and Blue Shield



Charles Wayland
UnitedHealthCare
Community Plan of Virginia

STATE REPRESENTATIVES



Delegate Chris Peace
Joint Commission on Health Care



Scott A. White
State Corporation Commission,
Bureau of Insurance



Jennifer S. Lee, MD
Department of Medical Assistance
Services



M. Norman Oliver, MD, MA
Commissioner
Virginia Department of Health

HOSPITAL REPRESENTATIVES



Melinda S. Hancock
VCU Health System



Trent Nobles
Southside Regional Medical Center

INDEPENDENT AUDITOR'S **REPORT**

The Board of Directors
Virginia Health Information
Richmond, VA

Report on the Financial Statements

We have audited the accompanying financial statements of Virginia Health Information (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Worcester and Ganzert, CPA, PC
August 19, 2019

STATEMENTS OF FINANCIAL POSITION

June 30, 2019 and 2018

	2019	2018
Assets		
Cash	\$ 977,639	\$ 925,730
Investments	1,878,806	1,798,821
Accounts receivable - net	613,732	476,519
Property and equipment - net	623,464	620,246
Total Assets	\$ 4,093,641	\$ 3,821,316
Liabilities		
Accounts payable	\$ 55,373	\$ 19,382
Employee withholdings	9,899	2,706
Sales tax payable	60	60
Accrued salaries	28,635	28,085
Accrued payroll taxes	2,191	2,151
Accrued pension contribution	13,206	4,189
Total Liabilities	\$ 109,364	\$ 56,573
Net Assets		
Without donor restrictions	\$ 3,984,277	\$ 3,764,743
With donor restrictions	0	0
Total Net Assets	\$ 3,984,277	\$ 3,764,743
Total Liabilities and Net Assets	\$ 4,093,641	\$ 3,821,316

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

STATEMENTS OF **ACTIVITIES**

**For the Fiscal Years Ended
June 30, 2019 and 2018**

	2019	2018
Changes in net assets without donor restrictions		
Revenues and gains		
Patient Level Data System contract fees	\$ 331,313	\$ 272,313
Efficiency and Productivity contract fees	394,960	394,960
All Payer Claims Database funding	1,384,084	1,384,084
ConnectVirginia contract fees	497,165	426,167
Product/Report sales and programming	836,320	764,918
Late fees	590	1,450
Non processed & verified fees	13,513	12,720
Investment income	79,985	34,063
Interest income	4,896	1,762
Total revenues, gains, and other support without donor restrictions	\$ 3,542,826	\$ 3,292,437
Expenses and losses		
Program expenses		
Patient Level Data System	\$ 365,800	\$ 404,401
Efficiency and Productivity	253,624	224,383
All Payer Claims Database	1,475,804	1,444,959
ConnectVirginia	294,850	281,970
Other Projects	291,787	287,082
Total program expenses	\$ 2,681,865	\$ 2,642,795
Management and general expenses	641,427	619,852
Total expenses and losses	\$ 3,323,292	\$ 3,262,647
Change in net assets without donor restrictions	\$ 219,534	\$ 29,790
Change in net assets with donor restrictions	0	0
Change in Net Assets	\$ 219,534	\$ 29,790
Net assets beginning of year	3,764,743	3,734,953
Net assets end of year	\$ 3,984,277	\$ 3,764,743

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

STATEMENTS OF CASH FLOWS

For the Fiscal Years Ended
June 30, 2019 and 2018

	2019	2018
Cash flows from operating activities		
Change in net assets	\$ 219,534	\$ 29,790
Items not affecting cash		
Depreciation and amortization	37,612	34,878
Decrease (increase) in receivables	(137,213)	(124,926)
Increase (decrease) in payables	52,791	(612)
Investment income	(79,985)	(34,063)
Cash from (used for) operating activities	\$ 92,739	\$ (94,933)
Cash flows from investing activities		
Purchase of fixed assets	\$ (40,830)	\$ (8,242)
Sale (purchase) of investments	0	0
Cash from (used for) investing activities	\$ (40,830)	\$ (8,242)
Cash from (used for) financing activities	\$ 0	\$ 0
Increase (decrease) in cash	\$ 51,909	\$ (103,175)
Cash at beginning of year	925,730	1,028,905
Cash at end of year	\$ 977,639	\$ 925,730

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

SCHEDULE OF FUNCTIONAL EXPENSES

For the Fiscal Year Ended
June 30, 2019

		Patient Level Data	Efficiency and Productivity	APCD	Connect Virginia	Other Projects	Management and General
	Total	System					
Accounting fees	\$ 8,525	938	651	3,786	756	748	1,646
APCD funding from VHI	276,817	0	0	0	0	0	276,817
Data processing	1,116,144	188,644	0	927,500	0	0	0
Depreciation and amortization	37,612	4,140	2,870	16,703	3,337	3,302	7,260
Dues, licenses and permits	4,130	455	315	1,834	366	363	797
Employee benefits	324,231	31,419	42,281	71,745	54,985	57,177	66,624
Equipment rental and maintenance	3,536	389	270	1,570	314	310	683
Graphic design and printing	8,321	589	3,377	2,377	475	470	1,033
Insurance	41,340	1,770	1,227	32,399	1,427	1,412	3,105
Legal fees	80,297	1,247	865	63,311	11,691	995	2,188
Maintenance and repairs	4,198	462	320	1,864	372	369	811
Marketing	5,962	656	455	2,648	529	523	1,151
Miscellaneous	879	68	102	432	80	81	116
Network maintenance	3,414	298	206	1,910	240	238	522
Office cleaning and landscaping	5,453	600	416	2,422	484	479	1,052
Office supplies	4,260	391	418	2,138	315	312	686
Payroll administration	600	66	46	266	53	53	116
Payroll taxes	77,814	7,540	10,147	17,218	13,198	13,722	15,989
Phone, fax and teleconferencing	24,211	2,454	1,701	9,947	3,848	1,957	4,304
Postage and delivery	4,923	497	1,007	1,866	373	369	811
Product development	12,951	1,415	981	5,806	1,140	1,128	2,481
Real estate tax	8,463	932	646	3,758	751	743	1,633
Salaries	1,117,147	108,255	145,680	247,199	189,454	197,006	229,553
Subcontractor services	89,947	9,901	6,864	39,944	7,980	7,897	17,361
Travel and meeting expenses	19,271	1,359	969	11,856	1,622	1,084	2,381
Utilities	8,864	976	676	3,936	786	778	1,712
Website	33,982	339	31,134	1,369	274	271	595
Total expenses	\$ 3,323,292	365,800	253,624	1,475,804	294,850	291,787	641,427

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

SCHEDULE OF FUNCTIONAL EXPENSES

For the Fiscal Year Ended
June 30, 2018

		Patient Level Data	Efficiency and Productivity	APCD	Connect Virginia	Other Projects	Management and General
	Total	System					
Accounting fees	\$ 8,325	1,032	573	3,687	719	733	1,581
APCD funding from VHI	276,817	0	0	0	0	0	276,817
Data processing	1,112,640	185,263	0	927,377	0	0	0
Depreciation and amortization	34,878	4,323	2,399	15,447	3,014	3,069	6,626
Dues, licenses and permits	3,705	431	239	1,539	300	536	660
Employee benefits	318,675	35,406	40,826	65,056	55,400	57,540	64,447
Equipment rental and maintenance	2,382	295	164	1,055	206	210	452
Graphic design and printing	8,548	740	2,792	2,749	608	525	1,134
Insurance	42,952	2,423	1,345	32,059	1,690	1,720	3,715
Legal fees	78,860	31	17	78,721	22	22	47
Maintenance and repairs	8,465	1,049	582	3,749	732	745	1,608
Marketing	2,170	172	96	615	901	122	264
Miscellaneous	683	79	42	283	55	99	125
Network maintenance	3,255	403	224	1,442	281	286	619
Office cleaning and landscaping	6,268	777	431	2,776	542	552	1,190
Office supplies	5,151	661	278	2,340	611	493	768
Payroll administration	750	93	52	332	65	66	142
Payroll taxes	74,204	8,244	9,506	15,148	12,901	13,398	15,007
Phone, fax and teleconferencing	22,090	2,467	1,369	9,128	3,595	1,751	3,780
Postage and delivery	5,617	414	2,509	1,478	288	294	634
Product development	37,447	27,024	818	5,269	1,028	1,047	2,261
Real estate tax	8,463	1,049	582	3,748	731	745	1,608
Salaries	1,064,805	118,305	136,413	217,375	185,112	192,261	215,339
Subcontractor services	91,940	11,396	6,323	40,718	7,946	8,090	17,467
Travel and meeting expenses	14,676	807	448	7,447	4,165	573	1,236
Utilities	9,009	1,117	620	3,990	779	793	1,710
Website	19,872	400	15,735	1,431	279	1,412	615
Total expenses	\$ 3,262,647	404,401	224,383	1,444,959	281,970	287,082	619,852

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

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Years Ended June 30, 2019 and 2018

1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Virginia Health Information (VHI) is a nonprofit, 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 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) Cost Allocation

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. These expenses that are allocated include compensation and benefits, which are allocated on the basis of estimated time and effort.

(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, 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

Significant 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 healthcare cost and quality information derived from any and all new projects determined by the VHI Board of Directors.

- (4) VHI collects, compiles and publishes HEDIS information reports voluntarily submitted by health maintenance organizations or other healthcare 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) Implementation and operation of Virginia's All Payer Claims Database.
- 2) Providing management and support services for the operation of ConnectVirginia.
- 3) The processing and verification of data received directly by inpatient hospitals at specific rates.
- 4) The licensing of databases and development of reports resulting from information compiled by VHI.
- 5) Serving as a contractor to Anthem for their Quality-In-Sights® Hospital Incentive Program.
- 6) Income from other miscellaneous projects, sales and sources.
- 7) Interest and dividends earned on surplus cash and investments in securities.

(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

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Realized and unrealized gains and losses are included in investment income. All of the investments are either highly liquid or traded in active exchange markets. Hence, they fall within the Level 1 criteria of assets as defined in ASC 820-10, "Fair Value Measurements and Disclosures", which provides the framework for disclosing fair value under generally accepted accounting principles. Investments consisted of the following:

	6/30/19	6/30/18
Certificates of Deposit at cost	\$1,030,000	\$1,013,000
Corporate Stocks and Bonds at cost	737,096	734,694
Unrealized Gains	70,025	16,610
Accrued Interest	6,950	5,459
Money Market Funds	<u>34,735</u>	<u>29,058</u>
Total	\$1,878,806	\$1,798,821

3. ACCOUNTS RECEIVABLE

Management has determined that accounts receivable outstanding for more than six months, primarily representing fees and fines for non-processed and verified data submissions from hospitals, may be uncollectible. For the past two fiscal years, management has not classified any receivable as a bad debt.

	6/30/19	6/30/18
Accounts receivable	\$ 613,732	\$ 476,519
Allowance for bad debts	<u>(0)</u>	<u>(0)</u>
Accounts receivable - net	\$ 613,732	\$ 476,519

4. PROPERTY AND EQUIPMENT

Property and equipment is shown net of depreciation as follows:

	6/30/19	6/30/18
Office building and renovations	\$ 777,196	\$ 772,734
Computer equipment and software	230,427	194,286
Office furniture and fixtures	<u>100,597</u>	<u>100,370</u>
Total property and equipment	\$1,108,220	\$ 1,067,390
Accumulated depreciation	<u>(484,756)</u>	<u>(447,144)</u>
Net property and equipment	\$ 623,464	\$ 620,246

Depreciation expense for the fiscal years ended June 30, 2019 and 2018 amounted to \$37,612 and \$34,878 respectively.

5. EMPLOYEE BENEFITS

Employee Benefits consisted of the following:

	6/30/19	6/30/18
Health and Dental Insurance	\$200,455	\$200,481
Pension Plan	103,183	99,146
Education	58	
Disability Insurance	10,201	9,194
Life Insurance	4,999	4,831
Parking	<u>5,335</u>	<u>5,023</u>
Total	\$324,231	\$318,675

6. DATA PROCESSING

Virginia Health Information entered into a contract with System 13, 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, 2019 and 2018, Virginia Health Information incurred expenses under the contract totaling \$188,644 and \$185,263 respectively.

Virginia Health information entered into a contract with Milliman, Inc. to provide data processing services related to development of the Virginia All Payer Claims Database. For the fiscal years ended June 30, 2019 and 2018, Virginia Health Information incurred expenses under the contract of \$901,000 and \$905,368 respectively.

7. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through August 19, 2019, the date which the financial statements were issued, and has determined there are no issues which would affect the financial statements as presented.

8. CONCENTRATION OF CREDIT RISK

The Federal Deposit Insurance Corporation (FDIC) insures cash balances up to \$250,000. The combined balance of cash in accounts at SunTrust Bank totaled \$459,981 on June 30, 2019, and \$416,136 on June 30, 2018.

9. COMMITMENTS AND CONTINGENCIES

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 healthcare and to promote and improve the public health through the understanding of healthcare expenditure patterns and operation and performance of the healthcare system subject to applicable law.

For the years ended June 30, 2019 and 2018, Virginia Health Information provided \$276,817 of the APCD budget each year. As of July 1, 2019, VHI is no longer responsible for any of the APCD budget.

10. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Financial assets, which include cash, investments and accounts receivable, were \$3,470,177 as of June 30, 2019 and \$3,201,070 as of June 30, 2018. There were no donor-imposed restrictions on these assets, so they were all available to meet cash needs for general expenditures within one year.

As part of the Organization's liquidity management, it has invested a portion of its financial assets in highly liquid assets as disclosed in note 2.

FROM NUMBERS TO KNOWLEDGE



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1.877.VHI.INFO (1.877.844.4636)

102 N. 5th Street, Richmond VA 23219