



UNITING TO SUPPORT CARE

2020

Virginia's Top Resource
for Healthcare Information

**ANNUAL REPORT
& STRATEGIC PLAN UPDATE**

UNITING TO SUPPORT CARE

For 27 years, Virginia Health Information has been dedicated to **uniting** to support care. From changes to healthcare delivery to improved outcomes of care through technological advancements, we want to **highlight** our many programs and address our challenges as we continue to **serve** as Virginia's consumer health information portal.

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



CONTENTS

02

President's Welcome

03

From the Chief Executive Officer

04

Connections Through Data

06

Virginia's All Payer Claims Database

08

ConnectVirginia HIE

10

Virginia's Emergency Department
Care Coordination Program

13

Healthcare Reform

14

Making our Mark, Virtually

16

Strategic Plan Overview

18

Board of Directors

20

Financial Statements



PRESIDENT'S WELCOME

As Virginia Health Information's (VHI) new President, I welcome you to our 2020 Annual Report & Strategic Plan Update. In this report, you will find highlights of VHI's projects, new initiatives, our Strategic Plan and how we **united to support care**, especially during these uncertain times.

With the spread of COVID-19, many industries and communities had to pivot and adapt to a new world of quarantining, masks and social distancing. In addition, healthcare information has been more crucial than ever in today's society, and VHI has stepped up to the plate to provide meaningful data for the public. Given the challenges we faced this past year, the need for VHI's products and services has never been greater. In the face of these challenges, VHI has continued to demonstrate it's up for the task by consistently providing innovative data solutions aimed at enhancing the quality and value of healthcare delivery, and promoting informed healthcare decisions of consumers and other stakeholders through creation and dissemination of healthcare information.

At Newport News Shipbuilding, I follow our corporate motto of "Hard Stuff, Done Right" and VHI has certainly exemplified a similar mindset this past year. I am honored to be a part of this team, and assist in fulfilling their mission and vision, especially during this critical time.

A handwritten signature in white ink, appearing to read 'TJ Smith', is positioned above the printed name.

TJ Smith
VHI President

A portrait of Michael T. Lundberg, a middle-aged man with light brown hair, wearing a dark suit, light blue shirt, and a patterned tie. The portrait is set within a hexagonal frame with a dark blue border.

FROM THE CHIEF EXECUTIVE OFFICER

It's no secret that 2020 brought many difficult challenges to industries on all fronts, but the pandemic has certainly put a spotlight on healthcare. Healthcare organizations are working under the most challenging conditions to prevent and fight COVID-19 while businesses and consumers try to settle into our "new normal" even when the situation is so fluid—Virginia Health Information (VHI) is no exception.

VHI adopted the theme "Uniting to Support Care" and is partnering with a variety of organizations. Together we provide a number of data and reporting systems about health plans, hospitals, long-term care, physicians and more. In addition, this year, VHI leveraged its access to data to create a dashboard to track COVID-19 across the Commonwealth. We update this information daily allowing visitors to stay informed on how their region is being affected.

I am especially proud of our work to pass COVID-19 information from the Emergency Department Care Coordination Program to the Virginia Department of Health (VDH). This information assists VDH's contact tracing efforts. Coming full circle, information is provided from VDH for use in hospital emergency departments to help in their care for patients with or having a recent history of COVID-19. None of this would be possible without

the commitment and support of healthcare providers, policymakers, payers and the Virginia Department of Health.

For over 25 years, VHI is fortunate to be well-positioned to seek and carry out a number of programs relevant to your needs. We strive to be a top healthcare resource for Virginians and hope to make an impact outside of the Commonwealth as well. 2020 certainly threw us some curveballs, but with your support we are getting through these unprecedented times - together.

A handwritten signature in cursive script that reads "Michael T. Lundberg".

Michael T. Lundberg
VHI Chief Executive Officer

CONNECTIONS THROUGH DATA

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

LONG-TERM CARE

LONG-TERM CARE

VHI's consumer guide to understand and navigate the types of long-term care. Includes a directory of providers, room rates, quality of care, efficiency and financial health information on over 250 facilities.
vhi.org/LTC

PATIENT LEVEL DATA SYSTEM

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.
vhi.org/PLD

OUTPATIENT SURGERY

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.
vhi.org/Outpatient

CARDIAC CARE MORTALITY AND READMISSIONS

Data on key measures of success for heart care including mortality and readmission rates for heart surgery and medical heart care.

vhi.org/Cardiac

CARDIAC CARE

HOSPITAL PATIENT SATISFACTION

HOSPITAL PATIENT SATISFACTION

Data on hospital patient satisfaction is updated quarterly with 10 nationally-endorsed measures to help patients recommend the hospital to other consumers.

vhi.org/Satisfaction

HEALTHCARE PRICING TRANSPARENCY

HEALTHCARE PRICING TRANSPARENCY

Displayed as an interactive dashboard, the report provides regional and statewide costs for 37 healthcare services from Virginia's All Payer Claims Database. Also find basic information about the procedure, why a service is performed and contrast procedure costs.

vhi.org/HealthcarePricing

HMO QUALITY AND PERFORMANCE DATA

VHI provides an ever-growing set of cost, quality and satisfaction ratings on Virginia's HMOs.

The online set of over 60 performance measures are updated annually for businesses, consumers and employers.

vhi.org/HMO

HMO

INDUSTRY REPORT

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.

vhi.org/IR

VAPCD

BY THE NUMBERS

"The Virginia All Payer Claims Database administered by Virginia Health Information has been an invaluable resource for the conduct of population health research. The support and expertise of the dedicated VHI team has allowed us to delve into this crucial data repository to rigorously address important knowledge gaps that are directly meaningful to the health of Virginians. The APCD pools data from disparate sources in a way that is objective, transparent, granular and accessible, enabling confidence in the accuracy of our understanding and conclusions."

Cassandra Mierisch
Virginia Tech Carilion School of Medicine

2013

the year in which the Virginia APCD was originally established under authority of the Virginia Department of Health (VDH) and was later mandated in 2019.

5
million

the rough estimate for the total number of Virginia residents included in the APCD across commercial, Medicaid and Medicare coverages.

1.3
million

the annual funding commitment in dollars from both the VDH and the Department of Medical Assistance Services (DMAS) to ensure the Virginia APCD achieves the intended goals of its founding legislation.

100s

reports generated from the APCD for all varieties of stakeholders including policy makers, public health professionals and healthcare practitioners.

1
billion +

the number of claims within the APCD across all types of care.

PROJECT HIGHLIGHTS

RESEARCHING PRACTICE PATTERNS TO HELP PREVENT OPIOID ADDICTION



IMPLEMENTING THE COMMON DATA LAYOUT (CDL)

Virginia is in the process of becoming the first state to fully implement the CDL for its All Payer Claims Database (APCD). Developed jointly by states and health plans around the country, the CDL is intended to serve as a national standard for APCD collection that minimizes administrative burden on health plans and maximizes data quality.

LEVERAGING DATA TO DRIVE "SMARTER CARE"

Over the past 18 months VHI has worked 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 that VCHI received from the Arnold Foundation. VHI utilizes the APCD to generate benchmark reports for over 1,500 physician practices as a foundational piece of the project.

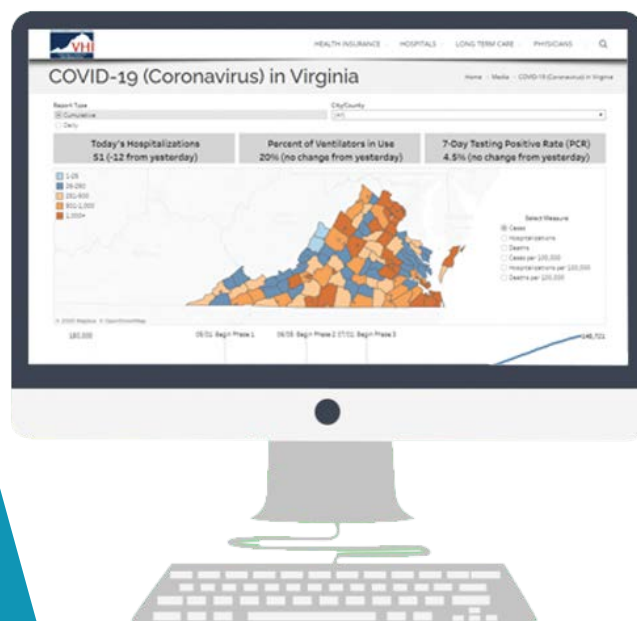
"We have found that Virginia Health Information is incredibly beneficial in our strategic planning efforts. Through VHI data, we have been able to identify opportunities for future efforts. We have also been able to use the comparative data to evaluate our own programs and services for their cost effectiveness and the benefits to our community. VHI's cooperative staff provides timely support and we appreciate their willingness to help. We are fortunate to have the resources provided by VHI."

Bruce P. Kupper
President and CEO of MEDARVA Healthcare

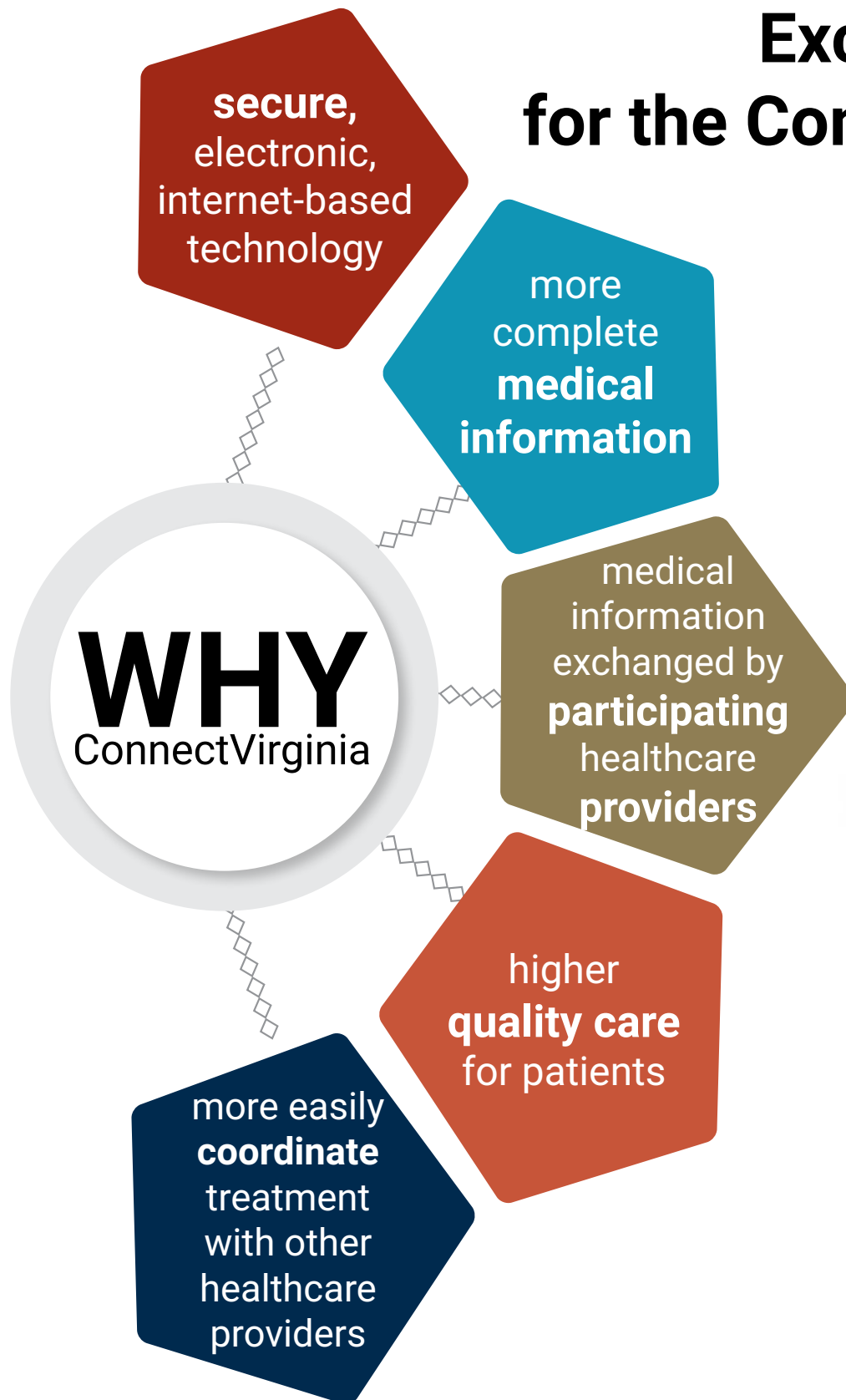
The Virginia Tech-Carilion School of Medicine used Virginia APCD data to research which types of surgeries resulted in the highest rate of chronic opioid use for patients over a year after their initial procedure. This research culminated in the paper "New Long-Term Opioid Prescription-Filling Behavior Arising in the 15 Months After Orthopaedic Surgery" that was published in the February 2020 edition of the Journal of Bone and Joint Surgery. Virginia Tech-Carilion intends to continue to use the APCD to expand this study over the coming years.

HELPING TRACK THE IMPACT OF COVID-19 IN THE COMMONWEALTH

The VHI COVID-19 Tracking Dashboard combines aggregate data published by both the VDH and the Virginia Hospital and Healthcare Association (VHHA) into a consumer friendly, high-level metrics report. "The VHI COVID-19 Dashboard is intended to make sure that consumers get access to the key figures driving Virginia policy decisions during the pandemic as quickly and as concisely as possible" says VHI Senior Epidemiology Analyst Jillian Capucuo, the creator of the dashboard.



The Statewide Health Information Exchange (HIE) for the Commonwealth of Virginia



Check out
NEW WEBS



After a two-year comprehensive relationship with **VHI** providing management services to ConnectVirginia HIE, the organizations **officially merged** as of July 2019.

ConnectVirginia HIE now sits alongside other VHI programs such as the **APCD**, hospital discharge program and others.

OUR
SITE!



Virginia's **E**mergency **D**epartment **C**are **C**oordination **P**rogram

The Emergency Department Care Coordination Program (EDCCP) is a single, statewide technology solution that connects all hospital emergency departments in the Commonwealth to facilitate real-time communication

and collaboration among physicians, other healthcare providers and other clinical and care management personnel for patients receiving services in hospital emergency departments for the purpose of improving the quality of patient care services.



COVID-19
lab result
flagging and
reporting
functionality

Real-time ED
and hospital
encounter
info to
providers
within their
existing
workflow

Patient
demographic
information,
such as up-
to-date phone
numbers

Details on
patients'
utilization
history, care
team and
shared care
summaries/
plans

Information
on the
movement of
patients after
discharge



EDCCP FEATURES

7.2
million

ED visits

1.5
million

ED
notifications

June 30, 2020, marks a two-year milestone for hospitals and managed-care organizations (MCO) participating in the EDCC Program with 7.2 million emergency department visits, 1.5 million emergency department notifications and over 21,000 visits with care plans for high-risk Virginians.

21K
VISITS

21,688 visits
with care-
guidelines

671,325
patients with
primary care
physicians,
clinics and
ACO's

671K
PATIENTS

3.5
million

Health
plan
covered
lives

Care Collaboration in Virginia



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.

Joint Commission on Health Care:

VHI staff provided data reports and consultation for several studies through the year

VHI currently provides data and analytical support to the **Virginia Center for Health Innovation** for their role as convener of the **Governor Northam's Task Force on Primary Care**

Helping Protect Virginia Patients Against Balanced Billing: Legislation passed during the **2020 General Assembly** session to outline a framework to help prevent patients from facing large medical bills when receiving emergency care by an out-of-network provider. One piece of this legislation empowers VHI to work with the Bureau of Insurance and a multi-stakeholder workgroup to develop a payment benchmark data set to assist state arbiters when an agreement cannot be reached between a health plan and a healthcare provider

VHI serves on the the **Department of Medical Assistance Services** Medicaid Payment Policies and Care Coordination Workgroup

VHI established and operates the **Health Information Needs Workgroup** as required by § 32.1-276.9:1

MAKING OUR MARK VIRTUALLY

105K
USERS

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.



Virginia-Health-Information



@VaHealthInfo



VaHealth

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.

154K
IMPRESSIONS

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 27 years, VHI stakeholders have guided our strategic direction, provided financial support, helped develop and use our information and worked with legislators to support 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 providers.

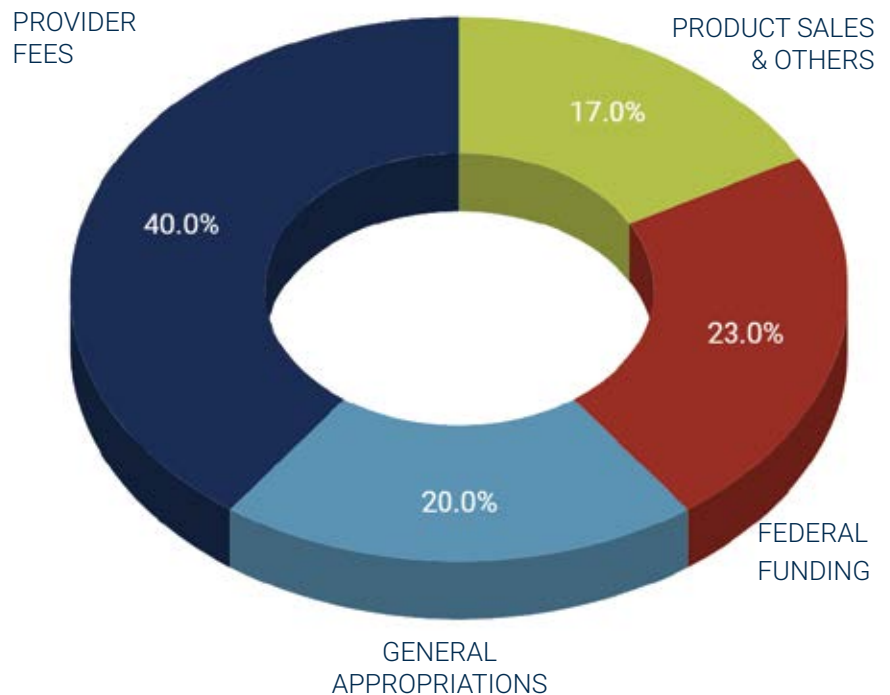
VHI data is used in national, statewide, regional and local reports.

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 completed a successful statutory merger with ConnectVirginia HIE and is now working to expand Virginia's Advance Healthcare Directives Registry, Public Health Reporting and the Emergency Department Care Coordination Program.

VHI updates and maintains consumer guides on cardiac care, hospitals, health insurance options and long-term care.

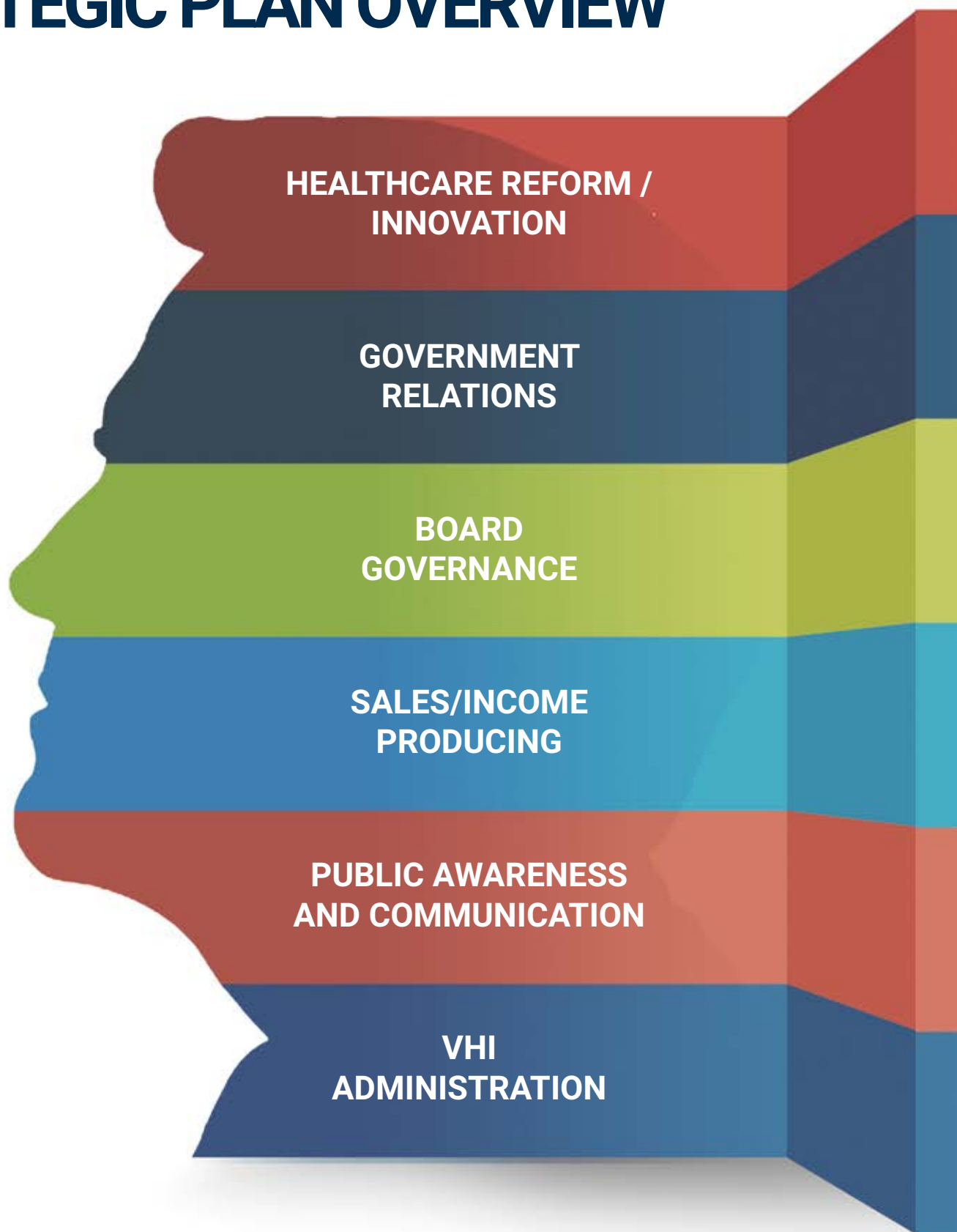
**FY20 Revenues by Group
(Rounded to 100)**



VHI revenues were initially based solely on General Funds, i.e.; taxpayer dollars. Today, dependence on Virginia taxpayer dollars is just 20% of our total budget. Virginia's General Assembly has appropriated over \$300,000 to obtain almost \$2.3 million in federal funding to support VHI initiatives.

VHI 2019 – 2023 STRATEGIC PLAN OVERVIEW

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.



Play a principal role in opportunities for collection, analysis and sharing of healthcare information resulting from Healthcare Reform (Innovation) initiatives.

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.

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

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.

Increase the public's awareness of VHI and available data, products and services.

Advance VHI's mission and vision through effective management and proficient staff.

Establish VHI as a leading player in current and evolving healthcare information and analytics.

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.

Engage board members and ensure their full participation and commitment through involvement in appropriate task forces and sub-committees.

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.

Achieve a high level of recognition of VHI by healthcare stakeholders.

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



Moss H. Mendelson, MD,
FACEP
Sentara Quality Care



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

NURSING FACILITY REPRESENTATIVES



David Abraham
Beth Sholom Village



Sam S. Phillips
Walker-Phillips Healthcare Consulting

EXECUTIVE COMMITTEE



T.J. Smith
VHI President

David Abraham
VHI Vice President

Charles Wayland
VHI Treasurer

Lauren Gray
VHI Secretary

Charles "Rusty" Maney
VHI Past President

(to be elected in March 2021)
VHI President Elect

CONSUMER REPRESENTATIVES

Lauren Gray



Charles "Rusty" Maney
Walgreens



Anna McKean
Virginia Center for Addiction Medicine

HEALTH INFORMATION EXCHANGE



Debbie Condrey
The Sequoia Project

HEALTH INSURANCE REPRESENTATIVES



Maureen E. Dempsey, MD,
MSc, ACC, FAAP
Anthem Blue Cross
and Blue Shield



Charles Wayland
UnitedHealthCare
Community Plan of Virginia

HOSPITAL REPRESENTATIVES



Melinda S. Hancock
VCU Health System



Chad Melton
Fauquier Health

STATE REPRESENTATIVES



Delegate Chris Peace
Joint Commission on Health Care



Scott A. White
State Corporation Commission,
Bureau of Insurance



Lauryn Walker, PhD
Department of Medical Assistance
Services



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

REPORT OF INDEPENDENT ACCOUNTANTS

Board of Directors
Virginia Health Information
Richmond, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of Virginia Health Information (the "Organization"), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the 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; 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. 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, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Organization entered into an Agreement of Merger and Plan of Merger (the "Agreements") with ConnectVirginia HIE, Inc. on June 19, 2019. The Agreements stipulated an effective date for the merger of July 1, 2019. The merger was accounted for using the acquisition method as required by Financial Accounting Standards Board guidance contained in Business Combinations (Topic 805). Our opinion is not modified with respect to this matter.

Prior Period Financial Statements

The financial statements of Virginia Health Information as of June 30, 2019 and for the year then ended, were audited by other auditors whose report dated August 19, 2019, expressed an unmodified opinion on those statements.

Keiter, CPA
December 10, 2020
Glen Allen, Virginia

STATEMENTS OF FINANCIAL POSITION

June 30, 2020 and 2019

	2020	2019
Assets		
Cash and cash equivalents	\$ 4,319,248	\$ 977,639
Accounts receivable	1,717,757	613,732
Investments	1,946,610	1,878,806
Property and equipment, net	643,571	623,464
Other	17,000	-
Total Assets	\$ 8,644,186	\$ 4,093,641
Liabilities and Net Assets		
Accounts payable	\$ 272,232	\$ 55,373
Accrued expenses	42,728	53,991
Deferred revenue	346,708	-
Total liabilities	\$ 661,668	\$ 109,364
Net assets without donor restrictions	\$ 7,982,518	\$ 3,984,277
Total liabilities and net assets	\$ 8,644,186	\$ 4,093,641

See accompanying notes to financial statements.

STATEMENTS OF FINANCIAL ACTIVITIES

For the Fiscal Years Ended
June 30, 2020 and 2019

		2020	2019
Revenues			
	Contract fees	\$ 2,232,568	\$ 726,273
	Sales and programming	6,465,258	2,717,569
	Contributions (Note 1)	596,997	-
	Investment income, net	67,803	79,985
	Other	52,873	18,999
	Total revenues	\$ 9,415,499	\$ 3,542,826
Expenses			
	Program:		
	Patient Level Data System	\$ 343,529	\$ 365,800
	Efficiency and Productivity	253,893	253,624
	All Payer Claims Database	1,247,405	1,475,804
	ConnectVirginia	3,031,326	294,850
	Other projects	219,269	291,787
	Total program	\$ 5,095,422	\$ 2,681,865
	Management and general	\$ 321,836	\$ 641,427
	Total expenses	\$ 5,417,258	\$ 3,323,292
	Change in net assets without donor restrictions	\$ 3,998,241	\$ 219,534
	Net assets without donor restrictions, beginning of year	\$ 3,984,277	\$ 3,764,743
	Net assets without donor restrictions, end of year	\$ 7,982,518	\$ 3,984,277

See accompanying notes to financial statements.

STATEMENTS OF CASH FLOWS

For the Fiscal Years Ended
June 30, 2020 and 2019

	2020	2019
Cash flows from operating activities		
Change in net assets	\$ 3,998,241	\$ 219,534
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	\$ 20,750	\$ 37,612
Net investment income reinvested	(67,803)	(79,985)
Change in assets and liabilities: Accounts receivable	(1,104,025)	(137,213)
Other	(17,000)	-
Accounts payable	216,859	52,791
Accrued expenses	(11,263)	-
Deferred revenue	346,708	-
Net cash provided by operating activities	\$ 3,382,468	\$ 92,739
Cash flows used in investing activities		
Purchases of property and equipment	\$ (40,859)	\$ (40,830)
Net change in cash and cash equivalents	\$ 3,341,609	\$ 51,909
Cash and cash equivalents, beginning of year	977,639	925,730
Cash and cash equivalents, end of year	\$ 4,319,248	\$ 977,639

See accompanying notes to financial statements.

STATEMENTS OF FUNCTIONAL EXPENSES

For the Fiscal Year Ended
June 30, 2020

	Patient Level Data System	Efficiency & Productivity	All Payer Claims Database	Connect Virginia	Other Projects	Management and General	Total
Accounting fees	\$ 568	\$ 419	\$ 2,061	\$ 6,808	\$ 362	\$ 532	\$ 10,750
Data processing	192,629	-	959,500	2,249,953	-	-	3,402,082
Depreciation and amortization	2,521	1,863	9,154	22,246	1,609	2,362	39,755
Dues, licenses, and permits	344	254	1,248	3,033	219	322	5,420
Employee benefits	29,218	46,147	41,059	122,947	46,067	67,616	353,054
Equipment rental and maintenance	194	144	705	1,714	124	182	3,063
Graphic design and printing	508	376	1,846	4,486	324	476	8,017
Insurance	2,374	1,754	8,619	20,945	1,515	2,224	37,430
Legal fees	812	3,057	31,918	55,636	518	760	92,700
Maintenance and repairs	285	211	1,036	2,519	182	267	4,501
Marketing	521	1,102	1,891	4,595	332	488	8,928
Miscellaneous	41	30	147	358	26	38	640
Network maintenance	288	213	1,045	2,539	184	270	4,537
Office cleaning and landscaping	318	235	1,156	2,808	203	298	5,019
Office supplies	612	452	2,222	5,400	391	573	9,650
Payroll administration	40	29	144	350	25	37	625
Payroll taxes	6,568	10,373	9,230	27,637	10,356	15,199	79,363
Phone, fax and teleconferencing	1,581	1,169	5,741	13,952	1,009	1,481	24,933
Postage and delivery	396	293	1,439	3,496	253	371	6,248
Product development	868	641	3,151	7,657	554	813	13,684
Real estate tax	537	397	1,949	4,736	343	503	8,463
Salaries	95,237	150,419	133,833	400,750	150,159	220,398	1,150,796
Subcontractor services	5,769	4,264	20,949	50,908	3,682	5,405	90,978
Travel and meeting expenses	477	365	4,366	8,572	304	447	14,531
Utilities	589	435	2,138	5,194	376	551	9,283
Website	237	29,251	859	2,088	151	222	32,808
Total Expenses	\$ 343,529	\$ 253,893	\$ 1,247,405	\$ 3,031,326	\$ 219,269	\$ 321,836	\$ 5,417,258

See accompanying notes to financial statements.

STATEMENTS OF FUNCTIONAL EXPENSES

**For the Fiscal Year Ended
June 30, 2019**

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

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

1. Nature of Organization

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

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

On June 19, 2019, VHI executed an Agreement of Merger and Plan of Merger (the "Agreements") with ConnectVirginia HIE, Inc. with an effective date of July 1, 2019. The Agreements stipulated VHI as the surviving entity. The merger was accounted for using the acquisition method as required by Financial Accounting Standards Board guidance contained in Business Combinations (Topic 805). As a result, VHI received a contribution from ConnectVirginia HIE, Inc. of cash on July 1, 2019 of \$596,997, which is reflected as contributions on the accompanying 2020 statement of activities.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of VHI have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States ("GAAP") as determined by the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC").

Cash and Cash Equivalents

VHI considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable consists of amounts due from healthcare organizations, primarily representing fees and fines for non-processed and verified data submissions, and amounts due from grantors under grant agreements. VHI's policy is to treat any receivables outstanding for greater than six months as uncollectible. Management determined there was no need for an allowance for doubtful accounts at June 30, 2020 and 2019.

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 in the statements of activities.

Property and Equipment

Property and equipment is stated at cost. Depreciation is computed on the straight-line 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 40 years for building and building improvements.

Net Assets

VHI is required to report amounts separately by class of net assets as follows:

Net Assets Without Donor Restrictions

Those funds currently available for general use and not subject to donor-imposed restrictions.

Net Assets With Donor Restrictions

Those funds subject to donor-imposed stipulations that may or will be met by actions of VHI and/or passage of time. These net assets represent contributions and grants, which must be spent for the purpose designated by the donors. Expirations of donor restrictions on net assets (i.e., donor-stipulated purpose has been fulfilled and/or stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. VHI did not have any net assets with donor restrictions at June 30, 2020 and 2019.

Revenue Recognition

Significant sources of financial support for VHI are contracts with the Virginia Department of Health. For consideration received, VHI 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.
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 the Commonwealth.
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 Commonwealth's All Payer Claims Database.
2. Operation of ConnectVirginia, the statewide health information exchange for the Commonwealth of Virginia, including the Emergency Department Coordination Care ("EDCC") Program.
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. Served 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.

Revenue from contracts is recognized when the services have been performed. Amounts received in advance of providing such services is recorded as deferred revenue.

Functional Allocation of Expenses

The costs of providing various program and supporting services have been summarized on the functional basis in the statements of activities. Expenses have been summarized based on classification, regardless of the funding source. Accordingly, salaries and wages have been allocated based on time spent in the various functions. All contractual costs have been allocated as management and general, and occupancy costs have been allocated based on the indirect costs allowed by the various contracts. All other expenses are charged as actual costs incurred by the various functions.

Income Taxes

VHI is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Management has evaluated the effect of guidance surrounding uncertain income tax positions and concluded that VHI has no significant financial statement exposure to uncertain income tax positions at June 30, 2020 and 2019. VHI is not currently under audit by any tax jurisdiction.

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents; accounts receivable and accounts payable and accrued expenses approximate fair value because of the short-term nature of these financial instruments.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents, accounts receivable and investments. Cash and cash equivalent balances are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. VHI generally has balances in excess of the FDIC insurance limit.

Accounts receivable are due from the Commonwealth and large healthcare providers in the Commonwealth. The nature of these healthcare providers reduces the risk of collectability of accounts receivable. At June 30, 2020 and 2019, approximately 54% and 62%, respectively, of accounts receivable was due from two customers/grantors. Revenues earned from one grantor were approximately 35% for 2020 and 23% for 2019 of total revenues.

VHI holds investments in a variety of financial instruments, which are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain marketable securities and the level of uncertainty related to changes in the value of marketable securities, it is at least reasonably possible that changes in the risks in the near term could materially affect amounts reported on the financial statements.

Subsequent Events

Management has evaluated subsequent events through December 10, 2020, the date the financial statements were available to be issued, and has determined that there are no subsequent events to be reported in the

accompanying financial statements.

3. Investments

Investments consists of the following at June 30:

	2020	2019
Cash and cash equivalents	\$ 255,614	\$ 34,735
Equities	461,882	422,666
Corporate fixed income	400,034	384,391
Certificates of deposit	829,080	1,037,014
	\$ 1,946,610	\$ 1,878,806

4. Property and Equipment

Property and equipment, net consists of the following at June 30:

	2020	2019
Land	\$ 159,000	\$ 159,000
Building and building improvements	618,196	618,196
Computer equipment and software	271,285	230,427
Office furniture and fixtures	100,597	100,597
	\$ 1,149,078	\$ 1,108,220
Less: accumulated depreciation	(505,507)	(484,756)
	\$ 643,571	\$ 623,464

Depreciation expense totaled \$20,750 in 2020 and \$37,612 in 2019.

5. Fair Value Measurements

The FASB has issued guidance for measurement and disclosure of fair value and establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. The guidance defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal and most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The levels of the hierarchy are defined as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- Level 2 Inputs to the valuation methodology are quoted prices for similar instruments in active and inactive markets; and model-driven valuations with significant inputs and drivers derived from observable active markets.
- Level 3 Inputs to the valuation methodology are unobservable for the instrument and significant to the fair value measurement. VHI did not have any Level 3 assets at June 30, 2020 and 2019.

Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs. The following is a description of the valuation methodologies used for investments carried or disclosed at fair value:

Cash and cash equivalents

Valued at the cash balance.

Equities

Valued at the closing price reported on the active market on which the individual mutual funds and common stocks are traded.

Corporate fixed income

Valued at the present value of the bond's cash flow which includes periodic interest payments and the repayment of principal.

Certificates of deposit

Valued at face value and accrued interest.

Investments measured at fair value on a recurring basis at June 30, 2020 include the following:

	Fair Value Using			Total
	Level 1	Level 2	Level 3	
Cash and cash equivalents	\$ 255,614	\$ -	\$ -	\$ 255,614
Equities	461,882	-	-	461,822
Corporate fixed income	-	400,034	-	400,034
Certificates of deposit	-	829,080	-	829,080
	\$ 717,496	\$ 1,229,114	\$ -	\$ 1,946,610

Investments measured at fair value on a recurring basis at June 30, 2019 include the following:

	Fair Value Using			Total
	Level 1	Level 2	Level 3	
Money Market	\$ 34,735	\$ -	\$ -	\$ 34,735
Equities	422,666	-	-	422,666
Corporate fixed income	-	384,391	-	384,391
Certificates of deposit	-	1,037,014	-	1,037,014
	\$ 457,401	\$ 1,421,405	\$ -	\$ 1,878,806

6. Employee Retirement Plan

VHI sponsors a defined contribution retirement plan (the "Plan") which covers all employees who meet eligibility requirements. The Plan enables participants to make contributions, and VHI may elect to match the employee's contribution. VHI's contribution to the Plan was \$115,061 in 2020 and \$103,183 in 2019.

7. Indemnification

VHI has certain obligations to indemnify its current and former directors for certain events or occurrences while the Officer or Director is, or was serving, at the VHI's request in such capacities. The maximum liability under these obligations is limited by the Code of Virginia. The VHI's insurance policies serve to further limit its exposure.

8. Commitments and Contingencies

Data Processing

VHI 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. Through the year ended June 30, 2019, VHI provided \$276,817 of the APCD budget each year. As of July 1, 2019, VHI was no longer responsible for any portion of the APCD budget.

VHI entered into a contract with a vendor to provide data processing services related to development of the APCD. VHI incurred expenses under the contract of \$900,000 for 2020 and \$901,000 for 2019.

To help support VHI's effort to manage and administer a patient level database for the Commonwealth, VHI entered into a contract with a vendor to provide computer programming, data processing, reporting and consulting services. The vendor 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. VHI incurred expenses under this contract of \$192,629 for 2020 and \$188,644 for 2019. This contract renews on an annual basis only after both VHI and the vendor agree on the terms of an extension.

In connection with the merger as described in Note 1 and the EDCC Program described in Note 2, VHI is party to a contract with a vendor to provide a single, statewide technology solution that connects all hospital emergency departments in the Commonwealth to facilitate real-time communication and collaboration among physicians, other healthcare providers, and clinical and care management personnel for patients receiving services in hospital emergency departments, for the purpose of improving the quality of patient care services. VHI incurred expenses under this contract of \$2,006,239 for 2020. This contract automatically renews on an annual basis.

Federal Awards

Financial awards from federal, state and local governmental entities in the form of grants are subject to special audit. Such audits could result in claims against the Organization for noncompliance with grantor restrictions. Such audits could also result in the grantor prohibiting future funding of such grant. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, for any impact from the revocation of future grant funds cannot be determined at this date.

9. Liquidity and Availability of Financial Assets

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, comprise the following:

	2020	2019
Cash and cash equivalents	\$ 4,319,248	\$ 977,639
Accounts receivable	1,717,757	613,732
Investments	1,946,610	1,878,806
	\$ 7,983,615	\$ 3,470,177

10. COVID-19

In March 2020, COVID-19 was declared a worldwide health pandemic and has had a significant impact on the national and global economy. The ultimate impact of COVID-19 on VHI's programs and other operations is unknown and unable to be quantified at this time.

11. Pending Accounting Guidance

In May 2014, the FASB issued Accounting Standard Update ("ASU") No. 2014-09, "Revenue from Contracts with Customers (Topic 606)" which eliminates all transaction and industry-specific accounting principles for revenue recognition and replaces them with a unified, five step approach. In June 2020, in response to the COVID-19 pandemic, the FASB delayed the required implementation date by one year. The standard will be effective for periods beginning after December 15, 2019, and will permit the use of either

the retrospective method for previous periods or the cumulative effect transition method. VHI has elected to defer adoption of ASC 606 and is currently evaluating the reporting and economic implications of the new standard.



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