



2023

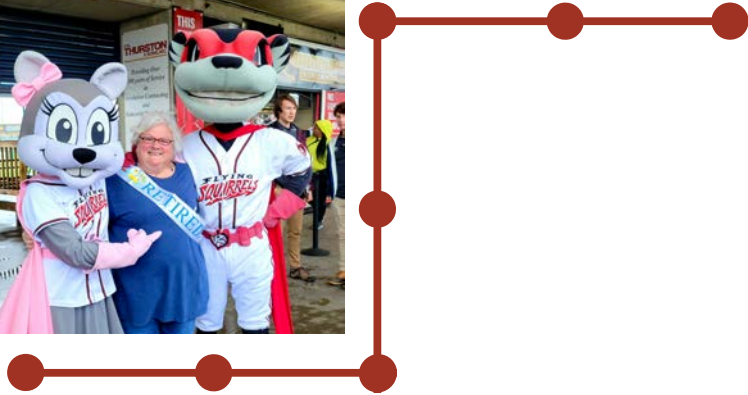
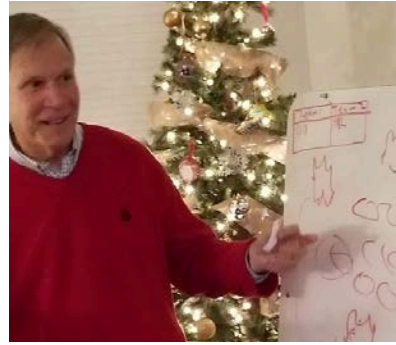
Annual Report

CELEBRATING
30
YEARS



FROM NUMBERS TO KNOWLEDGE





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Reflections: Celebrating 30 Years of Numbers to Knowledge

As Virginia Health Information (VHI) marks the milestone of its 30th year, the annual report serves as a narrative of progress and transformation. From the launch of the Patient-Level Database (PLD) in 1993 to the wide variety of programs the organization currently administers, ranging from claims data to Health Information Exchange (HIE), VHI's evolution has been profound. Throughout the years, VHI's strategic gaze has remained fixed on serving the Commonwealth as a trusted partner in comprehensive data collection and meaningful connection to enable high-quality care. Join VHI in celebration of a 30-year legacy as this report reflects on years passed and illuminate the path forward.



Our Mission

“VHI improves Virginia’s healthcare by collecting, connecting and reporting meaningful data.”

To celebrate 30 years of dedication and progress, VHI introduces refreshed mission and vision statements. Charting a path into the future, these guiding principles will propel VHI toward a brighter, more connected era in healthcare.



Our Vision

“VHI leads the nation in ensuring decision makers have meaningful data to enhance the value and delivery of healthcare.”

President's Welcome

It is my distinct pleasure to invite you to review VHI's 2023 Annual Report & Strategic Plan Update. This report emphasizes pivotal moments in the organization's journey, marking 30 years of growth, progress and mission-driven initiatives. As I reflect on my second year as VHI Board President, the remarkable evolution of the organization is clear. VHI has made significant strides over the past year in public health reporting infrastructure and overall health information exchange connectivity. These accomplishments further illustrate VHI's rich history of disseminating actionable data to encourage usability and accessibility, and this is worth celebrating!

In my current role working for a national nonprofit, I have the privilege of supporting health IT organizations nationwide. I am certain that VHI stands uniquely positioned among state-focused entities to provide value-added services to public health, payers, hospital systems and others who provide healthcare to Virginians. VHI is a leader in the nation in its ability to harness the value of comprehensive health data collection, exchange and reporting programs throughout the Commonwealth.

Looking ahead to the coming year, VHI is prepared to embrace fresh opportunities and navigate evolving challenges at both state and federal levels. Amidst this dynamic landscape, the demand for actionable data connection across the healthcare continuum has never been more pronounced.

Following an exceptional year, the VHI Board of Directors expresses unwavering confidence in VHI's capacity to drive transformative improvements in healthcare delivery throughout the Commonwealth in 2024 and beyond. Thank you for joining us in this celebration of innovation, progress and a shared commitment to advancing healthcare excellence.

DEBBIE CONDREY
VHI PRESIDENT



“The best part of serving on the board is [witnessing] the interesting perspectives and backgrounds all aligned to helping VHI grow and expand its mission and reach.”



Message from the CEO

As we embark on a new year, we reflect on the incredible journey of 2023—a year of significant achievements and the celebration of VHI’s 30-year legacy. Over the past 30 years, VHI has made significant strides in healthcare by establishing robust programs, fostering trust and championing transparency and data accessibility. With a deep knowledge of data systems, relevant policies and key partnerships, VHI has built a strong reputation for unbiased decision-making and helping to drive significant change.

Our dedication at VHI has always been fueled by the diversity of projects and the multitude of organizations we support. This sentiment held truer than ever in 2023. Throughout the past year, we transcended boundaries in healthcare delivery across the Commonwealth. We fortified our Public Health Reporting Pathway’s (PHRP) infrastructure for enhanced security and resilience, enabling more seamless bi-directional public health alerting. Meanwhile, our Emergency Department Care Coordination (EDCC) Program’s increased system usage coincided with a fourth consecutive year

of reduced emergency department visits, and an increase in post-acute connectivity to over 80%. Additionally, we published a Prescription Drug Pricing Transparency Report, using data from health plans, manufacturers, pharmacy benefits managers and wholesale distributors to better inform policy decisions for improved healthcare affordability and accessibility.

I want to express my gratitude to the entire VHI team. Your resilience, dedication and accomplishments, especially in the face of challenges, have been truly remarkable. My sincere thanks also extend to our supportive Board of Directors, whose guidance ensures the expansion of our value across the Commonwealth.

As we conclude this remarkable year, the abundance of opportunities in healthcare data transparency, delivery and analytics is striking. I eagerly anticipate sharing with you how we realized our mission and vision in 2023 and the energized momentum propelling us into what lies ahead.



KYLE RUSSELL
CHIEF EXECUTIVE OFFICER



VHI Milestones



1993

VHI is established to collect Patient-Level Data under Executive Director Michael Lundberg

1995

VHI's website is created as a means of publication of data, one of the first websites to do so

1996

VHI is named as authority to administer the Efficiency and Productivity Information Collection System



2008

VHI purchases and moves into its new office at 102 N 5th Street

2021

Kyle Russell is named VHI CEO following Michael Lundberg's retirement

2012

Virginia's All-Payer Claims Database (APCD) is created

2019

ConnectVirginia merges with VHI to administer Virginia's Health Information Exchange (HIE)



APCD Milestones



HIE Milestones



2023

VHI celebrates 30 years of meaningful impact on healthcare within the Commonwealth

Virginia's Health Information Exchange (HIE)

The Virginia Health Information Exchange (HIE), formerly known as "ConnectVirginia," comprises a diverse array of programs developed over the past decade to establish infrastructure for seamless, real-time health data exchange. Creating infrastructure to support interoperable, real-time health data exchange has been a focus in Virginia for years.

Virginia, like many other states, has prioritized investing in a statewide HIE to enhance patient care quality, reduce provider burden and lower costs. Among its components are the Emergency Department Care Coordination (EDCC) Program, Public Health Reporting Pathway (PHRP), Advanced Directives Registry and eHealth Exchange, which align with offerings in other states, facilitating varied connection points and data types.

Since the establishment of the EDCC in 2017 and the broader exchange operation by VHI, the Virginia HIE has significantly advanced its capabilities. The EDCC marked a major milestone in the development of the HIE by showcasing the value of comprehensive, real-time data exchange to complement the highly "federated" model used for most programs up until that point.

The utilization of the HIE has steadily increased, particularly during the COVID-19 pandemic, reflecting a national trend towards treating healthcare data access as a utility, with HIEs playing a vital role in this shift.

VHI is well-positioned to meet the growing demands for health information access and interoperability in 2024 and beyond.

2008

Advanced Directive Registry is established

2014

ConnectVirginia established as the Virginia-wide HIE

2017

Emergency Department Care Coordination (EDCC) Program is established

2019

ConnectVirginia merges with VHI to administer Virginia's HIE Programs

2022

9,000+ reporting entities utilize Virginia's Public Health Reporting Pathway

HIE Programs



Virginia's HIE encompasses a range of programs designed to revolutionize healthcare delivery, enhance patient outcomes and promote public health initiatives across the state. VHI administers the following HIE programs:

Emergency Department Care Coordination Program (EDCC)

Detailed on Page 10



Public Health Reporting Pathway (PHRP)

Detailed on Page 12



Advance Directive Registry

Virginia's Advance Directive Registry serves as a centralized platform for individuals to store and manage their healthcare preferences and advance directives, ensuring that their wishes are accessible to healthcare providers when needed. This registry empowers individuals to make informed decisions about their healthcare, promotes patient autonomy and facilitates communication among patients, families and healthcare professionals during critical medical situations.

eHealth Exchange Program

VHI's eHealth Exchange Program provides legal framework and administrative support to onboard and participate in eHealth Exchange. Virginia healthcare providers exchange key clinical information for shared patients, both in Virginia and nationally, through participation in the program. eHealth Exchange is a hub of networks connecting 5 federal agencies, 77% of state and regional HIEs and 75% of hospitals nationally to match patients and share medical data with participating organizations securely and quickly.

Emergency Department Care Coordination (EDCC) Program

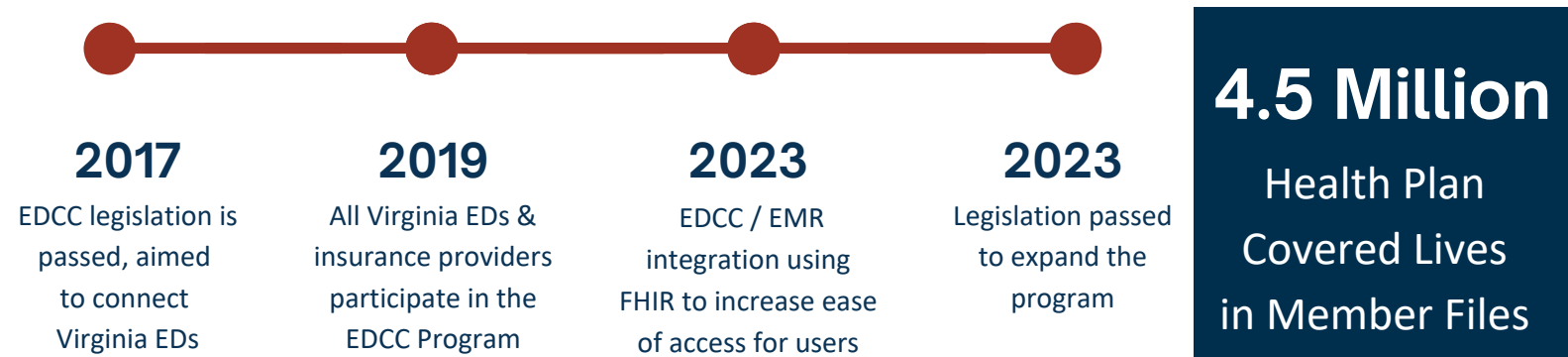
Having a **notification** when [our patients] go to or are discharged from an ER **allows us to track what is taking place with their care.**"

-Christine Schein
 Director of Behavioral Health Initiatives
 Virginia Hospital & Healthcare Association

The Emergency Department Care Coordination (EDCC) Program is a collaborative initiative aimed at improving the coordination of care for individuals who frequently visit emergency departments (EDs) for non-emergent health concerns. This type of program, often implemented at the state or local level, involves partnerships among healthcare providers, social services agencies, community organizations and law enforcement.

The primary objectives of the EDCC Program are: reducing unnecessary ED visits by connecting patients with appropriate primary care providers and community resources, improving care coordination among healthcare stakeholders, addressing social determinants of health that contribute to frequent ED use and enhancing healthcare efficiency by optimizing resource allocation and patient flow. Multidisciplinary teams comprised of physicians, nurses, social workers, case managers and other professionals collaborate to assess patients' needs, develop tailored care plans and provide ongoing support and follow-up. Virginia's EDCC Program has demonstrated success in reducing ED utilization, improving patient outcomes and enhancing healthcare delivery for vulnerable populations.

EDCC's Impact:



4.5 Million
 Health Plan Covered Lives in Member Files

EDCC Case Study



“The EDCC has allowed us to [recieve] **real-time alerts** on patients discharging from non-Carilion facilities. While we were not aware of them previously, it did not mean they weren’t at high risk for readmission.”

-Donna Littlepage
Senior Vice President
Accountable Care Strategies
Carilion Clinic

In 2019, *Doctors Connected*, Carilion Clinic’s Accountable Care Organization (ACO) - engaged with Virginia’s EDCC Program to help improve care coordination for its patients.

While Carilion Clinic operates the region’s only Level One trauma center as well as six other hospitals in the southwest and western regions of Virginia, the ACO’s primary care footprint covers more than 40 locations across the Commonwealth, stretching from Harrisonburg to Martinsville. Given the ACO’s geographic reach, patients attributed to the ACO through their primary care physicians may receive care from health system hospitals and emergency departments belonging to different health systems. By accessing the EDCC, the Carilion care coordination team saw a marked improvement in their ability to identify and reach ACO patients at a high risk of readmission when discharged from non-Carilion facilities. From December 2020 to December 2021, Carilion identified 740 *Doctors Connected* patients within the EDCC portal. By engaging these patients, who were at high readmission risk, Carilion’s ACO was able to take action to reduce their risk of readmission. In 2021 alone, *Doctors Connected* patients discharged from a non-Carilion facility and identified to engage in transition of care management using the EDCC portal had a readmission rate of 13.9%. Comparatively, patients discharged from non-Carilion hospitals with a similar readmission risk who were not engaged in the ACO’s transition care program were readmitted at a rate of 21.2%.

Carilion has also leveraged the EDCC to improve awareness around high-risk patients with chronic conditions who visit emergency departments and are admitted as inpatients. This approach empowers Carilion to take real-time action to address patient barriers to care plan adherence and reduce the risk of readmission. While Carilion initially started using the EDCC portal for ACO patients only, the care coordination team’s success has permitted alerts from the EDCC to be utilized for all 260,000 patients currently seeing a Carilion primary care physician.

EDCC Identified:

740

ACO Patients Discharged
from Non-Carilion Facilities

Patient Readmission Rate

21.2%

did not engage in care
management

13.9%

engaged in care
management

Virginia's Public Health Reporting Pathway (PHRP)

Vendor Transition

In 2023, Virginia's Public Health Reporting Pathway transitioned to a new vendor.

The below timeline overviews the progress of this transition throughout the year:

The Virginia Public Health Reporting Pathway (PHRP) is the electronic means by which public health data is sent to and/or queried by the Virginia Department of Health (VDH) and the Department of General Services (DGS) for participating healthcare organizations.

Over 9,000 entities across the nation utilize the 170+ connections of the PHRP to meet Virginia Code mandated reporting requirements or U.S. Centers for Medicare and Medicaid Services' (CMS) Promoting Interoperability Program or to voluntarily report public health data to VDH.

Data types being reported or exchanged via the PHRP include:

- Immunizations
- Electronic Laboratory Reporting
- Newborn Screening Orders/Results
- Cancer and Syndromic Surveillance

February 18, 2022

PHRP Enhancement Proposal presented to Virginia Department of Health

July 6, 2022

Vendor transition project start date

January 1, 2023

First PHRP participating organization live with Crisp Shared Services

March 2, 2023

APHL Informatics Messaging Services platform goes live, enabling message exchange

March 14, 2023

Immunization Gateway goes live, enabling immunization data exchange

August 30, 2023

Technical implementation of vendor transition is complete

Virginia's Hospital Discharge Database (Patient-Level Data)



Patient-Level Data was VHI's inaugural program, dating back to VHI's inception in 1993

Established in 1993, Virginia's Hospital Discharge Database, otherwise known as the Patient-Level Data (PLD) System, is VHI's longest-standing data collection initiative. This program annually gathers over 800,000 patient discharges from more than 100 hospitals, forming a comprehensive inpatient acute care database across all licensed facilities in the Commonwealth.

Virginia's PLD offers insights into care locations, conditions treated and healthcare providers who administered treatment, serving as a valuable resource for decision-makers locally and nationally to address inquiries regarding utilization, population health and related topics.

The database enables healthcare organizations, researchers and policymakers to analyze trends, identify patterns and assess healthcare utilization, helping them allocate resources efficiently, improve healthcare delivery systems and address emerging health issues.

The Virginia Datathon

The Virginia Datathon is an annual event where teams comprised of students, state employees and community members are challenged to tackle complex issues and present their data-driven solutions to a panel of expert judges. Launched in 2014, a new theme is assigned each year and teams are given access to resources available through the state's open data portal. Previous themes have focused on the opioid epidemic, outcomes in education and food insecurity (just to name a few).

VHI was asked by the Virginia Office of Data Governance and Analytics (in partnership with the Library of Virginia) to be one of the organizations to provide data for the 2023 Virginia Datathon. The 2023 theme was "Unmasking Maternal Mortality". Using the PLD System, VHI provided Datathon teams with access to 10 years of maternal-related discharges and many of them used the data to support their presentations.

Notably, 2023's winning team, the "AlgorGriffins" utilized Virginia's PLD to inform their research and presentation!

Virginia's All-Payer Claims Database (APCD)

The Virginia All-Payer Claims Database (APCD) is a program under authority of the Virginia Department of Health that collects paid medical and pharmacy claims for residents with commercial, Medicaid and Medicare coverage across all types of healthcare services. Each claim and corresponding enrollment record submitted to the Virginia APCD includes information such as patient demographics, location of care across all settings, who provided care to the patient, any diagnoses presented by the patient and the actual allowed amount or "cost" of a particular service.

Virginia APCD's Impact

- **Includes comprehensive claims data** from various payers across all types of healthcare services, which enables a more thorough analysis of the healthcare landscape
- **Supports informed decision making** by identifying areas for improvement and implementing evidence-based policies to enhance the overall quality and efficiency of healthcare services
- **Identifies patterns** of healthcare utilization and cost drivers, which is valuable for developing strategies to contain costs, improving resource allocation and enhancing the efficiency of healthcare delivery
- **Facilitates research** on healthcare effectiveness, disparities and outcomes that can lead to a better understanding of diseases and improvements in healthcare delivery
- **Promotes healthcare transparency** by making healthcare utilization and cost information available to the public and empowering consumers to make informed decisions about their healthcare and treatment options

2012

Virginia General Assembly enacted legislation to create a voluntary, statewide APCD

2016

VHI became certified as a CMS Qualified Entity, allowing the addition of Medicare FFS data to the Virginia APCD

2019

Virginia APCD transitioned to a mandatory program under Virginia Senate Bill 1216

2023

Virginia APCD encompasses claims from over 5 million Virginia residents and contains over 1 billion claims



APCD Case Study

“This study aimed to expand the patient sample to include patients of all ages and all types of insurance and re-assess the associations between full panel-based Phy-CoC scores and patient outcomes.”

In December 2023, the Journal of American Board of Family Medicine utilized Virginia’s APCD Data in a study entitled *Measuring Physician-Level Continuity of Care in All-Payer Claims Database: Expanding Evidence from Medicare to All Patients*. The following excerpt provides an overview of these findings:

In a sample of 1.6 million Virginians, patients who lived in rural areas or had Medicare as primary insurance were more likely to be attributed to physicians with the highest Phy-CoC scores. Across all adult patient populations, we found that being attributed to physicians with higher Phy-CoC was associated with 7%-11.8% higher total costs, but was not associated with the odds of preventable hospitalization.

Results from models with interactions revealed nuanced associations between Phy-CoC and total cost with patient’s age and comorbidity, insurance payer and the specialty of their physician. This comprehensive examination of Phy-CoC using all populations from the VA-APCD yielded important insights of factors with remarkable influence over the associations between Phy-CoC and patient’s total cost, including patient’s age and comorbidity, insurance payer and the specialty of attributed physician, allowing more contextualized interpretation.

Being one of the few existing measures of primary care functions, physician-level continuity of care (Phy-CoC) is measured by the weighted average of patient continuity scores. Compared to the well-researched patient-level continuity, Phy-CoC is a new instrument with limited evidence from Medicare beneficiaries. This study aimed to expand the patient sample to include patients of all ages and all types of insurance and re-assess the associations between full panel-based Phy-CoC scores and patient outcomes.

Virginia’s APCD supported:

an overall **positive association** of higher full panel-based Phy-CoC with total cost

7% - 11.8%

higher total costs in patients attributed to physicians with higher Phy-CoC, but not associated with odds of preventable hospitalization

Publication Authors: Mingliang Dai, Zachary Morgan, Lars Peterson, Andrew Bazemore, Kyle Russell, Beth Bortz

Publication & Reporting



Prescription Drug Pricing Report

Detailed on Page 17



VHI is recognized for its comprehensive publications and reporting initiatives, which serve as invaluable resources for healthcare stakeholders across the state. Through meticulous data analysis and research, VHI generates insightful reports and publications that offer valuable insights into various aspects of healthcare delivery, utilization, quality and cost in Virginia.

With a commitment to data integrity, VHI's publications and reporting initiatives play a crucial role in informing advancement in healthcare quality, accountability and access across Virginia. By disseminating timely and actionable information, VHI empowers stakeholders to make informed decisions, identify areas for improvement and drive positive changes in the healthcare landscape.

HMO Comparison Tool

VHI publishes a Health Maintenance Organization (HMO) comparison tool that offers insights into HMO performance and quality within the Commonwealth, including member satisfaction ratings and healthcare outcomes.

Annual Licensure Survey Data

The Annual Licensure Survey Data (ALSD) spreadsheets are comprehensive reports providing insights into the utilization, efficiency and licensure data of healthcare facilities in Virginia, aiding regulatory agencies, policymakers and entities providing Certificate of Need (CON) reviewable services in decision-making, healthcare planning and ensuring compliance with standards.

Charity Care

Facilities subject to CON reviewable services report relevant data to VHI, which then converts charges into Medicare reimbursement amounts and publishes this data. A dashboard detailing the total amount of charity care provided, the number of patients served, specific services delivered and the portion of charity care each service represents is made available at vhi.org.

Industry Report

VHI's annual Industry Report is a series of spreadsheets containing information on charges, cost, productivity, financial viability and community support. The report includes a ranking system for efficiency and productivity and is widely recognized as the #1 decision support tool for comparing the performance of Virginia's healthcare providers.

Prescription Drug Pricing Transparency Report

Virginia Health Information's Prescription Drug Pricing Report was created under Virginia law [§32.1-23.4](#) to increase prescription drug pricing transparency within Virginia and determine drivers of large price increases within the broader pharmacy supply chain. Data was required to be submitted by health carriers, wholesale distributors, pharmacy benefit managers (PBMs) and drug manufacturers on select drugs with high prices, high fill volumes or large cost increases.

This report delves into various aspects of prescription drug pricing, including trends, affordability and factors influencing costs. By offering valuable information on drug pricing trends, transparency and accessibility, VHI's report aims to empower consumers, policymakers and healthcare providers to make informed decisions regarding prescription medications and healthcare affordability.

In its second year of publication, 2022's Prescription Drug Pricing Report identified five major findings when compared to data published in 2021, as identified in items 1-5 on this page:

1

Of the top 10 drugs from 2021 with the highest aggregate total dollar amount that insurance companies and insured individuals paid to pharmacies, **eight remained in the top 10 in 2022**. The top four drugs with the highest total paid amount in 2022 include Humira Pen (\$221.7 million), Stelara (\$116.2 million), Enbrel Sureclick (\$55.7 million), and Biktarvy (\$53 million).

2

The **highest wholesale acquisition cost (WAC) percentage increases** recorded for the year were Prednisolone Sodium Phosp (31%), Otezla (21%) and Enbrel Sureclick (18%). Of the top 25 drugs with the highest year-over-year WAC increases, 11 drugs saw year-over-year increases that equaled at least 10%.

3

Of the \$111 million in reported rebates for high-cost drugs, only **\$2.3 million** were reported as being passed on to health benefit plan enrollees at the point of sale.

4

The top 25 costliest brand and generic drugs accounted for nearly **one-third (30%) of overall prescription drug spending** for individuals with commercial coverage (APCD). This percentage was higher for brand drugs (36%).

5

While the top 25 costliest drugs, including brand and generic, accounted for only 2% of total prescriptions in Virginia, they made up **30% of the total amount paid** by insurance companies and insured individuals.

Strategic Plan Overview



VHI regularly reviews its strategic blueprint to ensure alignment with the evolving landscape of consumer healthcare expectations and Virginia's ongoing healthcare reform initiatives. In October 2018, the VHI Board scrutinized our strategic trajectory and refined our blueprint for 2019-2023 to uphold our commitment to empowering consumers with comprehensive healthcare information and enhancing the standard and efficiency of care delivery.

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

- Achieve positive legislative outcomes to enable legislators to respond to the public's need for expanded and valid healthcare information from VHI in a reliable and unbiased manner.
- 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.

Sales / Income Production

- 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.
- 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.

Board Governance

- Advance VHI's vision and mission through Board of Directors governance, leadership and commitment.
- Engage board members and ensure their full participation and commitment through involvement in appropriate task forces and sub-committees.

Public Awareness & Communication

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

VHI Board of Directors



Debbie Condrey | President
The Sequoia Project

Charles Wayland | Vice President
United Healthcare Community Plan of VA

Sam S. Phillips | Secretary
Walker-Phillips Healthcare Consulting

T.J. Smith | Past President
Newport News Shipbuilding

Anna McKean | President Elect
Master Center for Addiction Medicine

Richard Rosendahl | *Department of
Medical Assistance Services*

Karen Shelton, MD | *Virginia
Department of Health*

Scott A. White | *State Corporation
Commission*

José M. Morey, MD | *University of Virginia*

Moss H. Mendelson, MD, FACEP | *Sentara
Quality Care Network*

John Michos, MD | *Anthem BCBS*

Daniel L. Thurman | *HCA Healthcare*

Donna Littlepage | *Carilion Clinic*

Bree Sison | *EW Scripps / CBS 6*

Lauren Gray | *State Health Partners*

Nicole Palya Wood | *PhRMA*

Mason Shea | *Mercer*

Richard Hamrick, MD | *Hamrick & Co.*

Terry Ellis | *Comcast NBC Universal*



The VHI Team



VHI’s team stands as the heart of the organization, each member contributing uniquely to its collective success. The team’s unwavering dedication, expertise and commitment resonate throughout every facet of VHI’s operations, infusing each day’s work with innovation and excellence. From the meticulous attention to detail to the boundless creativity driving future development, the team’s contributions have been the cornerstone of VHI’s achievements over the past 30 years.

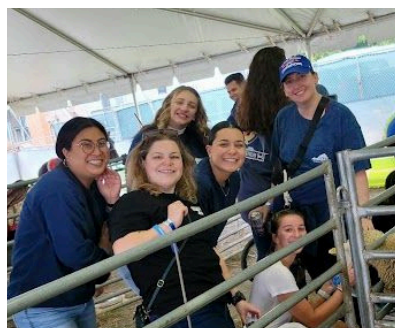


Their collaborative spirit fosters an environment of growth and progress, where challenges are met with resilience and opportunities are embraced with enthusiasm. Together, they embody the values and ethos that define VHI, propelling toward a shared vision with unwavering determination.



"The team is the heart of VHI; their passion, dedication and innovative ideas drive us forward."

-Kyle Russell
VHI CEO



FROM NUMBERS TO KNOWLEDGE



Financial Statements

VIRGINIA HEALTH INFORMATION

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Financial Statements

INDEPENDENT AUDITOR'S REPORT

Board of Directors Virginia Health Information Richmond, Virginia

Opinion

We have audited the accompanying financial statements of Virginia Health Information (the "Organization"), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements. 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, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

 **Certified Public
Accountants & Consultants**
4401 Dominion Boulevard
Glen Allen, VA 23060
T:804.747.0000 F:804.747.3632
www.keitercpa.com

Financial Statements

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements. Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



February 2, 2024

Glen Allen, Virginia

Financial Statements

VIRGINIA HEALTH INFORMATION

Statements of Financial Position June 30, 2023 and 2022

<u>Assets</u>	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 7,989,424	\$ 7,020,257
Accounts receivable	5,625,303	3,264,680
Investments	3,186,057	3,030,284
Property and equipment, net	<u>657,693</u>	<u>624,734</u>
Total assets	<u>\$ 17,458,477</u>	<u>\$ 13,939,955</u>
<u>Liabilities and Net Assets</u>		
Liabilities :		
Accounts payable	\$ 1,665,036	\$ 343,819
Accrued expenses	50,646	45,201
Deferred revenue	<u>233,333</u>	<u>346,371</u>
Total liabilities	1,949,015	735,391
Net assets without donor restrictions	15,509,462	13,204,564 \$
Total liabilities and net assets	<u>\$ 17,458,477</u>	<u>13,939,955</u>

See accompanying notes to financial statements.

Financial Statements

VIRGINIA HEALTH INFORMATION

Statements of Activities Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Revenues:		
Contract fees	\$ 8,974,404	\$ 8,109,387
Sales and programming	3,224,198	3,238,768
Investment income (loss), net	155,772	(181,850)
Other	<u>50,316</u>	<u>35,555</u>
Total revenues	<u>12,404,690</u>	<u>11,201,860</u>
Expenses:		
Program:		
Patient Level Data System	298,981	341,110
Efficiency and Productivity	210,393	236,180
All Payer Claims Database	1,233,001	1,257,862
ConnectVirginia	7,957,463	5,510,353
Other projects	<u>-</u>	<u>218,991</u>
Total program	<u>9,699,838</u>	<u>7,564,496</u>
Management and general	<u>399,954</u>	<u>624,655</u>
Total expenses	<u>10,099,792</u>	<u>8,189,151</u>
Change in net assets without donor restrictions	2,304,898	3,012,709
Net assets without donor restrictions, beginning of year	13,204,564	10,191,855
Net assets without donor restrictions, end of year	<u>\$ 15,509,462</u>	<u>\$ 13,204,564</u>

See accompanying notes to financial statements.

Financial Statements

VIRGINIA HEALTH INFORMATION

Statements of Functional Expenses Year Ended June 30, 2023

	Program					Total
	Patient Level	Efficiency	All Payer	Connect	Management	
	Data System	and Productivity	Claims Database	Virginia	and General	
Accounting fees	\$ 943	\$ 664	\$ 3,889	\$ 25,100	\$ 1,262	\$ 31,858
Data processing	205,159	3,308	993,774	6,978,327	6,289	8,186,857
Depreciation and amortization	1,886	1,327	7,778	50,198	2,523	63,712
Dues, licenses, and permits	1,030	725	4,248	27,418	1,378	34,799
Employee benefits	14,805	37,123	33,095	102,785	69,933	257,741
Equipment rental and maintenance	24	17	98	635	32	806
Graphic design and printing	69	48	283	1,824	92	2,316
Insurance	1,351	951	5,571	35,951	1,807	45,631
Legal fees	24	17	98	21,148	3,397	24,684
Maintenance and repairs	93	65	382	2,463	124	3,127
Marketing	265	186	1,092	7,046	354	8,943
Miscellaneous	221	156	913	5,895	296	7,481
Network maintenance	575	405	2,373	15,316	770	19,439
Office cleaning and landscaping	117	82	481	3,106	156	3,942
Office supplies	170	119	700	4,518	227	5,734
Payroll administration	20	14	81	520	26	661
Payroll taxes	4,004	10,041	8,951	27,801	18,915	69,712
Phone, fax and teleconferencing	639	450	2,636	17,010	855	21,590
Postage and delivery	7	5	27	174	9	222
Product development	435	306	1,792	11,567	581	14,681
Real estate tax	367	258	1,512	9,760	491	12,388
Salaries	59,393	148,930	132,773	412,357	280,559	1,034,012
Subcontractor services	3,850	2,709	15,877	102,466	5,150	130,052
Travel and meeting expenses	1,605	1,129	6,619	42,719	2,147	54,219
Utilities	338	238	1,395	9,002	452	11,425
Website	1,591	1,120	6,563	42,357	2,129	53,760
	<u>\$ 298,981</u>	<u>\$ 210,393</u>	<u>\$ 1,233,001</u>	<u>\$ 7,957,463</u>	<u>\$ 399,954</u>	<u>\$ 10,099,792</u>

See accompanying notes to financial statements.

Financial Statements

VIRGINIA HEALTH INFORMATION

Statements of Functional Expenses, Continued Year Ended June 30, 2022

	Patient Level Data System	Efficiency and Productivity	All Payer Claims Database	Connect Virginia	Other Projects	Management and General	Total
Accounting fees	\$ 1,513	\$ 1,048	\$ 5,579	\$ 24,441	\$ 971	\$ 2,771	\$ 36,323
Data processing	184,931	-	960,006	4,960,515	-	-	6,105,452
Depreciation and amortization	2,685	1,859	9,903	43,380	1,724	4,918	64,469
Dues, licenses, and permits	702	486	2,590	20,538	451	1,286	26,053
Employee benefits	27,028	43,887	45,385	44,032	40,693	114,830	315,855
Equipment rental and maintenance	51	35	187	818	32	93	1,216
Graphic design and printing	134	93	493	2,161	86	245	3,212
Insurance	2,290	1,586	8,446	36,999	1,470	4,194	54,985
Legal fees	39	27	144	28,486	25	6,439	35,160
Maintenance and repairs	407	282	1,501	6,575	261	745	9,771
Marketing	48	33	176	772	31	88	1,148
Miscellaneous	282	195	1,038	4,549	181	516	6,761
Network maintenance	107	74	394	1,725	69	196	2,565
Office cleaning and landscaping	205	142	754	3,305	131	375	4,912
Office supplies	208	144	766	3,354	133	380	4,985
Payroll administration	27	19	101	444	18	50	659
Payroll taxes	6,131	9,955	10,295	9,988	9,231	26,048	71,648
Phone, fax and teleconferencing	865	599	3,191	13,982	556	1,585	20,778
Postage and delivery	92	64	340	1,491	59	169	2,215
Product development	598	414	2,204	9,656	384	1,095	14,351
Real estate tax	423	293	1,561	6,839	272	775	10,163
Salaries	105,294	170,063	176,808	171,538	157,686	444,944	1,226,333
Subcontractor services	3,063	2,121	11,296	49,485	1,967	5,610	73,542
Travel and meeting expenses	1,416	981	5,223	22,882	909	2,594	34,005
Utilities	438	303	1,614	7,071	281	802	10,509
Website	2,133	1,477	7,867	35,327	1,370	3,907	52,081
	<u>\$ 341,110</u>	<u>\$ 236,180</u>	<u>\$ 1,257,862</u>	<u>\$ 5,510,353</u>	<u>\$ 218,991</u>	<u>\$ 624,655</u>	<u>\$ 8,189,151</u>

See accompanying notes to financial statements.

Financial Statements

VIRGINIA HEALTH INFORMATION
Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets	\$ 2,304,898	\$ 3,012,709
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	63,712	64,469
Net investment (income) loss reinvested, net	(155,772)	181,850
Change in assets and liabilities:		
Accounts receivable	(2,360,623)	(399,682)
Accounts payable	1,321,217	315,974
Accrued expenses	5,445	(8,078)
Deferred revenue	<u>(113,038)</u>	<u>78,105</u>
Net cash provided by operating activities	<u>1,065,839</u>	<u>3,245,347</u>
Cash flows from investing activities:		
Purchases of investments	-	(1,086,570)
Purchases of property and equipment	<u>(96,672)</u>	<u>(52,809)</u>
Net cash used in investing activities	<u>(96,672)</u>	<u>(1,139,379)</u>
Net change in cash and cash equivalents	969,167	2,105,968
Cash and cash equivalents, beginning of year	<u>7,020,257</u>	<u>4,914,289</u>
Cash and cash equivalents, end of year	<u>\$ 7,989,424</u>	<u>\$ 7,020,257</u>

See accompanying notes to financial statements.

Financial Statements

VIRGINIA HEALTH INFORMATION

Notes to Financial Statements

1. **Nature of Organization:**

Virginia Health Information (“the Organization”) is a nonprofit, tax-exempt section 501(c)(3) organization which compiles, stores, analyzes, and evaluations 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 the Organization, is the Commonwealth’s only public resource for all inpatient hospital discharge information. On June 19, 2019, the Organization 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 the Organization as the surviving entity.

2. **Summary of Significant Accounting Policies:**

Basis of Accounting: The financial statements of the Organization 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: the Organization 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. The Organization’s policy is to treat any receivables outstanding for greater than six months as uncollectible. Management determined no allowance was needed at June 30, 2023, and June 30, 2022.

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 or loss 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.

Financial Statements

VIRGINIA HEALTH INFORMATION

Notes to Financial Statements, Continued

2. **Summary of Significant Accounting Policies, Continued:**

Net Assets: The Organization 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 the Organization 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. The Organization did not have any net assets with donor restrictions at June 30, 2023 or 2022.

Revenue Recognition: Significant sources of financial support for the Organization are contracts with the Virginia Department of Health. For consideration received, the Organization performs the following services:

- (1) The Organization serves as the entity responsible for the compilation, storage, analysis and evaluation of patient level data provided by inpatient hospitals in the Commonwealth.
- (2) The Organization 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) The Organization develops and disseminates healthcare cost and quality information derived from any and all new projects determined by the Organization's Board of Directors.
- (4) The Organization collects, compiles and publishes HEDIS information reports voluntarily submitted by health maintenance organizations or other healthcare plans, as appropriate.
- (5) The Organization receives, maintains and preserves certain data records and publications and fills requests for information related to those records and publications.

Financial Statements

VIRGINIA HEALTH INFORMATION

Notes to Financial Statements, Continued

2. Summary of Significant Accounting Policies, Continued:

Revenue Recognition, Continued:

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 the Organization.
- (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.

Significant contracts are generally for one-year periods with payments received quarterly. Revenue is recognized when the obligations under the terms of a contract with a customer are satisfied, measured as the amount of total consideration expected to be received in exchange for transferring goods or providing services. Contract fee revenue is recognized over time, over the length of the related contract. Contract fee revenue totaled \$8,974,404 for 2023 and \$8,109,387 for 2022. Sales and programming revenue is recognized at a point in time when services are performed. Sales and programming revenue totaled \$3,224,198 for 2023 and \$3,238,768 for 2022.

Contract assets represent the Organization's right to consideration in exchange for services transferred to a customer. There were no contract assets at June 30, 2023 or 2022. Total accounts receivable from contracts were \$5,625,303 at June 30, 2023, \$3,264,680 at June 30, 2022, and \$2,864,998 at June 30, 2021. Contract liabilities represent the Organization's continuing obligation to transfer products and services to a customer when the customer prepays consideration for products and services. The Organization had \$233,333 of contract liabilities at June 30, 2023, \$346,371 of contract liabilities at June 30, 2022, and \$268,266 of contract liabilities at June 30, 2021. These liabilities were for continuing services owed to customers for contract fee revenue, and are classified as deferred revenue in the accompanying statements of financial position.

Financial Statements

VIRGINIA HEALTH INFORMATION

Notes to Financial Statements, Continued

2. Summary of Significant Accounting Policies, Continued:

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: The Organization 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 the Organization has no significant financial statement exposure to uncertain income tax positions at June 30, 2023 and 2022. The Organization 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. The Organization 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, 2023, approximately 67% of accounts receivable was due from two customers/grantors, and at June 30, 2022, approximately 76% of accounts receivable was due from three customers/grantors. Revenues earned from two grantors were approximately 73% of total revenues for 2023, and revenues earned from two grantor was approximately 71% of total revenues for 2022.

Financial Statements

VIRGINIA HEALTH INFORMATION

Notes to Financial Statements, Continued

2. Summary of Significant Accounting Policies, Continued:

Concentrations of Credit Risk, Continued: The Organization 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 February 2, 2024, 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:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 1,375,792	\$ 1,109,336
Stocks	684,412	584,243
Corporate fixed income	338,617	351,588
Certificates of deposit	<u>787,236</u>	<u>985,117</u>
	<u>\$ 3,186,057</u>	<u>\$ 3,030,284</u>

4. Property and Equipment:

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

	<u>2023</u>	<u>2022</u>
Land	\$ 159,000	\$ 159,000
Building and building improvements	621,141	618,196
Computer equipment and software	424,492	370,743
Office furniture and fixtures	100,894	100,894
Construction in progress	39,977	-
	<u>1,345,504</u>	<u>1,248,833</u>
Less: accumulated depreciation	<u>(687,811)</u>	<u>(624,099)</u>
	<u>\$ 657,693</u>	<u>\$ 624,734</u>

Depreciation and amortization expense totaled \$63,712 in 2023 and \$64,469 in 2022.

Financial Statements

VIRGINIA HEALTH INFORMATION

Notes to Financial Statements, Continued

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. Inputs to the valuation methodology are quoted prices for
- Level 2 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. The Organization did not have any Level 3 assets at June 30, 2023 and 2022.

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.

Stocks: Valued at the closing price reported on the active market on which the individual 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, 2023 include the following:

	Fair Value Using:		Total \$
	Level 1	Level 2	
Cash and cash equivalents	\$ 1,375,792	\$ -	1,375,792
Stocks	684,412	-	684,412
Corporate fixed income	-	338,617	338,617
Certificates of deposit	-	787,236	787,236
	<u>\$ 2,060,204</u>	<u>\$ 1,125,853</u>	<u>\$ 3,186,057</u>

Financial Statements

VIRGINIA HEALTH INFORMATION

Notes to Financial Statements, Continued

5. Fair Value Measurements, Continued:

Investments measured at fair value on a recurring basis at June 30, 2022 include the following:

	Fair Value Using:		Total \$
	Level 1	Level 2	
Cash and cash equivalents	\$ 1,109,336	\$ -	1,109,336
Stocks	584,243	-	584,243
Corporate fixed income	-	351,588	351,588
Certificates of deposit	-	985,117	985,117
	<u>\$ 1,693,579</u>	<u>\$ 1,336,705</u>	<u>3,030,284</u>

6. Employee Retirement Plan:

The Organization sponsors a defined contribution retirement plan (the "Plan") which covers all employees who meet eligibility requirements. The Plan enables participants to make contributions, and the Organization may elect to match the employee's contribution. The Organization's contribution to the Plan was \$102,307 in 2023 and \$109,281 in 2022.

7. Indemnification:

The Organization 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 Organization's request in such capacities. The maximum liability under these obligations is limited by the Code of Virginia. The Organization's insurance policies serve to further limit its exposure.

8. Commitments and Contingencies:

Data Processing: The Organization 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.

The Organization entered into a contract with a vendor to provide data processing services related to development of the APCD. The Organization incurred expenses under the contract of \$935,301 for 2023 and \$935,000 for 2022.

Financial Statements

VIRGINIA HEALTH INFORMATION

Notes to Financial Statements, Continued

8. Commitments and Contingencies, Continued:

Data Processing, Continued: To help support the Organization's effort to manage and administer a patient level database for the Commonwealth, the Organization 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. The Organization incurred expenses under this contract of \$200,458 for 2023 and \$169,059 for 2022. This contract renews on an annual basis only after both the Organization 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, the Organization 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 health care 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. The Organization incurred expenses under this contract of \$6,370,354 for 2023 and \$4,667,559 for 2022. This contract automatically renews on an annual basis.

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:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 7,989,424	\$ 7,020,257
Accounts receivable	5,625,303	3,264,680
Investments	<u>3,186,057</u>	<u>3,030,284</u>
	<u>\$ 16,800,784</u>	<u>\$ 13,315,221</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

10. Accounting Standards Updates:

Current Expected Credit Losses: In 2016, the FASB issued ASU 2016-13 – Current Expected Credit Losses (“CECL”) that replaces the current incurred loss model with an expected loss model for measuring impairment loss of trade and other receivables. The new standard will be effective for periods beginning after December 15, 2022 and will require entities to use a modified retrospective approach to the earliest period presented. The Organization is currently evaluating the reporting and economic implications of the new standard.