

Department of Vermont Health Access
Division of Health Care Reform
280 State Drive
Waterbury, VT 05671-1010
[phone] 802-879-5901

MEMORANDUM

TO: Legislative Joint Fiscal Committee

CC: Al Gobeille, Secretary, Agency of Human Services
Cory Gustafson, Commissioner, Department of Vermont Health Access
Michael Costa, Deputy Commissioner, Department of Vermont Health Access
Ena Backus, Health Care Reform Director, Agency of Human Services

FROM: Susanne Young, Secretary, Agency of Administration

DATE: August 31, 2018

RE: Health Information Technology Fund Annual Report per 32 V.S.A. § 10301(g)

Background

This memorandum serves as a report on the State Health Information Technology Fund (HIT Fund) in State Fiscal Year 2018 (SFY18). The HIT Fund is supported by revenue collected through a .0199% tax paid by insurers on each private health insurance claim.¹ Per 32 V.S.A. § 10301, the HIT Fund generally supports electronic health systems, the health information exchange network (operated by VITL), and the Blueprint for Health and like initiatives in their use of information technology (IT). As legislated, the tax revenue that supports the Fund sunsets annually. Act 187 of 2018 moved the previous year's tax sunset to July 1, 2019.

Fund Balance

A year-by-year summary of the Fund's activity is in Table 1, including estimates for the current and upcoming fiscal year. Table 1 shows a slight deviation from the previous year's reporting on the Fund's balance at the end of SFY17. Last year's reporting was based on estimates and was adjusted following the year-end final reconciliation process.

The SFY17 HIT Fund report also included a reference to Act 85 of 2017, and reallocation of monies from the Fund. As stated in Section D.106 *Use of Health-IT Fund Balance*, "...the sum of \$500,000 is transferred from the Health IT-Fund to the General Fund and reserved in the Rainy Day Reserve." Section D.106 also includes language pertaining to the use of \$2M of the Fund as State match for Global Commitment program expenditures in both SFY18 and SFY19. The previous budget assumed that all referenced amounts would be transferred from the HIT Fund. At this time, there has been a \$500,000 transfer to the Rainy Day Reserve. Table 1 below has been adjusted accordingly.

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32 V.S.A. § 10402 calls for a Health Care Claims Tax in the amount of 0.999 of one percent of all health insurance claims paid by the health insurer for its Vermont members in the previous fiscal year. While .0199% of the collected tax is used for the HIT Fund, the remaining tax revenues are deposited into the State Health Care Resources Fund established in 33 V.S.A. § 1901d.

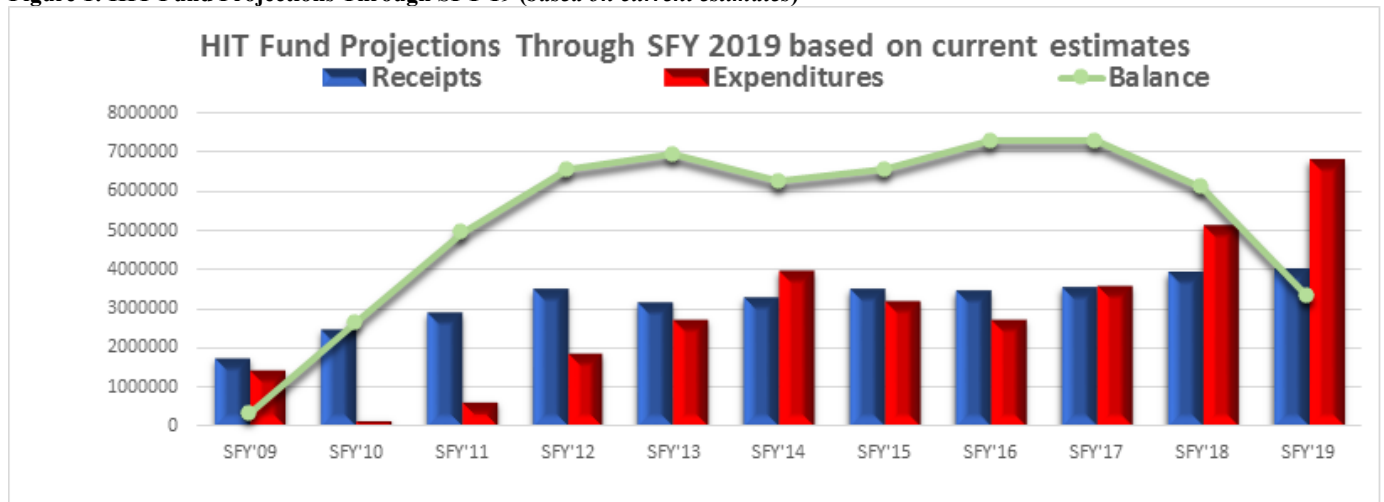
Table 1: HIT Fund Balance Since SFY 2009

HIT Fund Balance Since SFY 2009			
SFY	Receipts	Expenditures	Balance
SFY'09	1,725,505.67	1,404,447.01	321,058.66
SFY'10	2,462,827.92	127,388.62	2,656,497.96
SFY'11	2,877,846.67	589,401.74	4,944,942.89
SFY'12	3,467,955.96	1,856,814.71	6,556,084.14
SFY'13	3,122,198.81	2,721,643.07	6,956,639.88
SFY'14	3,273,051.91	3,964,254.20	6,265,437.59
SFY'15	3,479,090.63	3,183,500.92	6,561,027.30
SFY'16	3,427,185.01	2,691,172.61	7,297,039.70
SFY'17	3,532,426.83	3,541,037.95	7,288,428.58
SFY'18	3,914,003.82	5,090,673.08	6,111,759.32
Total	31,282,093.23	25,170,333.91	
PROJECTED			
SFY'19	4,000,000.00	6,799,920.06	3,311,839.26

The projected expenditures for SFY19 consist of DVHA’s SFY19 HIT Fund initial appropriation of \$3,522,585 with an additional appropriation of \$506,810.06 of carry-forward funds for expenses incurred but not paid in SFY18. The projection also includes AHS’ appropriation of \$2,700,525 in HIT Fund dollars for SFY19.

The following graph shows the Fund’s actual and projected receipts, expenditures, and balance through SFY19.

Figure 1: HIT Fund Projections Through SFY 19 (based on current estimates)



It is important to note that, thanks to the federal HITECH Act, the State Innovation Model, and the Medicaid Global Commitment Waiver, the State has leveraged the HIT Fund to match federal dollars to significantly increase the impact of the Fund. The funding match rates range from 90% to less than 50% depending on the type of activity and who it ultimately benefits, and some activities, such as those related to the State Innovation Model and the Electronic Health Record Incentive Payment program, were 100% federally funded.

Federal HITECH Act funding is slated to expire in FFY 2021. Over the life of the HITECH Act, Vermont and peers in other states have continually built upon federal investment opportunities and grown federal support year-over-year. The ability to maximize the federal match rates has accelerated projects, which span fiscal years. Therefore, investment requests from programs like the Blueprint for Health or VDH's Immunization Registry have grown over time. Due to this acceleration and the increased focus on the importance of health system interoperability, CMS is working with states to determine how to leverage other funding streams to continue HIT development and operational work.

Fund Activities

The following are examples of major initiatives funded by the HIT Fund (See Table 2 for further details):

- **The Medicaid Promoting Interoperability Program (formerly the *Medicaid Electronic Health Record Incentive Program*)** – The Centers for Medicare and Medicaid Services rebranded the Medicaid Electronic Health Record Incentive Program (EHRIP) as part of the Promoting Interoperability Programs (PIP). The HITECH Act funding supports the EHRIP/PIP activities of incentivizing Medicaid providers for the acquisition and meaningful use of electronic health record technology. The PIP requirements continue to be aligned and streamlined, with the goal of moving quality reporting incentives into a new phase of electronic health record (EHR) measurement focused on interoperability and improving provider and patient access to health information. Eligible hospitals and professionals who satisfy the criteria for attestation (meaning that they have met federal requirements) can receive incentive payments. Eligible Hospitals may receive a total of three years of payments, based on a calculated amount derived from their Cost Data Reports. Eligible Professionals may receive a maximum of six years of fixed payment amounts, based on their year of participation. The Vermont Medicaid EHRIP/PIP is supported by 90/10 funding from CMS, with the HIT Fund covering the 10% match for State program software, personnel, and operations. The incentive payments themselves are 100% federally funded but are drawn down and distributed by the State. In SFY18 these direct payments amounted to \$3,055,922. To date this program has paid out approximately \$55,430,000 to Vermont and New Hampshire hospitals and professional providers, all of whom are registered Medicaid providers in Vermont. For more information about this program, visit: <http://healthdata.vermont.gov/ehrip>.
- **Vermont Information Technology Leaders (VITL) Health Information Exchange (HIE)** – 18 V.S.A. §9352 designates VITL, a private non-profit corporation, to exclusively operate the statewide Health Information Exchange (VHIE) for Vermont. The VHIE enables the exchange of clinical data from electronic health record systems. This data is used to support providers at the point of care and for population health measurement and analysis by third parties such as OneCare Vermont and the Blueprint for Health. Based on VITL's legislative authority and partnership status with the State, their funding is reviewed and renewed on an annual basis by DVHA as well as reviewed and approved by the Green Mountain Care Board. See Table 2 for a listing of the contracts supported by the HIT Fund, including DVHA's contracts with VITL.
- **Blueprint HIT Infrastructure** – As supported by 32 V.S.A. § 10301, the Vermont Blueprint for Health has made HIT investments for several years to support the program's goals and requirements. The largest of these investments has been in the development and operation of the Vermont Clinical Registry (VCR), formerly called the Blueprint Clinical Registry. In SFY18, the HIT Fund continued to support the program's clinical and claims data aggregation and analytics within the VCR. The Blueprint produces Practice Profile reports, which use data derived from Vermont's all-payer claims database as well as clinical data from the VHIE, allowing individual practices to assess their utilization rates and quality of care delivered compared to local peers and to the state as a whole. The Blueprint also creates profiles at the hospital service area (HSA) level, which is an aggregation of the profiles for all practices within an area. HSA Profiles provide data comparing utilization, expenditures, and quality outcomes within an individual HSA to all other HSAs and the statewide average. In SFY18, the Blueprint began exploring development of the VCR to further enable data-informed quality improvement initiatives, with a focus on sensitive data types such as substance use disorder data. VCR

development activities are expected to begin in SFY19. More information about the Blueprint and its HIT initiatives can be found at <http://blueprintforhealth.vermont.gov/>.

Table 2: SFY 18 Grants and Contracts Leveraging the HIT Fund

The table below lists the grants and contracts supported in SFY 18 with HIT Funds. The amounts listed are totals for each agreement, and in each case, involve a mix of federal and State dollars. The portion of each agreement that is supported by HIT Fund dollars is noted below.

Grantees/ Contractors	FY 18 Agreement Amounts	% of Agreement funded by the HIT Fund	Summary
Vermont Information Technology Leaders (VITL)	\$3,973,471.00	50%	Contract for core operations and management of Vermont’s Health Information Exchange (VHIE) and related products and services.
Vermont Information Technology Leaders (VITL)	\$1,471,529.00	10%	Contract for VHIE development and expansion projects. This contract leveraged HITECH Act dollars.
Vermont Information Technology Leaders (VITL)	\$37,685.00*	10%	Contract for the VHIE to establish a direct data feed connection with DVHA’s care coordination tool, primarily utilized by the Vermont Chronic Care Initiative. *The work was completed in SFY19; this amount represents SFY18 only.
Bi State Primary Care Association	\$279,999.70	50%	Grant to provide health information technology data analysis, quality improvement, data quality, and project management support to Vermont Federally Qualified Health Centers.
Onpoint Health Data – Blueprint for Health	\$1,078,750.00	22%	Contract for analysis and reporting regarding healthcare spending, healthcare utilization, healthcare quality measurement, and healthcare outcomes (healthcare analytic services) for the Blueprint for Health program.
Cathedral Square Corp. – Blueprint for Health	\$205,000.00	50%	Grant to provide infrastructure and staffing for the Support and Services at Home (SASH) system as part of the Blueprint's electronic health IT infrastructure.
Capital Health Associates – Blueprint for Health	\$968,731.38	50%	Contract that provides data quality project management and consulting services to the currently ongoing statewide end-to-end data quality and transmission initiatives (Blueprint “Sprint”). Also supports on-going operations and maintenance of the VCR.
OneCare Vermont	\$3,250,000.00	10%	Federally matched funds included in DVHA’s contract with OneCare Vermont used to support the development and roll-out of the Care Navigator care coordination platform.
Stone Environmental	\$45,000.00	50%	Contract for operations of a system used to validate criteria for designation as a Blueprint for Health provider.

Additional Considerations

Vermont Health IT-Fund Report for SFY18

Based on the current state of the Fund, the legislature may consider the following:

1. Section 15 of Act 73 of 2017 required that AHS conduct an evaluation of how the State funds, plans for, and supports health information exchange and HIT. Following the release of the evaluation, in 2018, the legislature passed Act 187 to continue oversight of DVHA and VITL's management of health-IT activities. The same Act extended the HIT Fund through SFY19.
2. By November of 2018, DVHA and the Health Information Exchange (HIE) Steering Committee will produce a state-wide strategic HIE plan. This plan is intended to define specific HIE/HIT goals and establish a mechanism for governing and managing HIE activities, including investments, in CY19 and beyond.
3. There is a modest tension between how the HIT Fund is supported and Vermont's policy goals. The HIT Fund is supported by a tax on health care claims. Vermont has a policy goal of moderating health care costs, which would reduce health care claims. In the long term, this may moderate revenue to the Fund.