

---

---

**Report to  
The Vermont Legislature**

---

---

**Annual Report on the Receipts, Expenditures, and Balances in the Health IT-  
Fund**

**In Accordance with 32 V.S.A. § 10301(g): Health IT-Fund**

**Submitted to:       Joint Fiscal Committee  
                              Green Mountain Care Board**

**Submitted by:       Susanne Young, Secretary  
                              Agency of Administration**

**Prepared by:       Cory Gustafson, Commissioner  
                              Department of Vermont Health Access  
                              Agency of Human Services**

**Report Date:        September 1, 2020**

# TABLE OF CONTENTS

<b>BACKGROUND .....</b>	<b>2</b>
<b>EXAMPLES OF INITIATIVES FUNDED .....</b>	<b>5</b>
<b>APPENDIX I: HEALTH IT-FUND INITIATIVES BUDGETED FOR FY21 .....</b>	<b>7</b>
<b>APPENDIX II: ADDITIONAL CONSIDERATIONS .....</b>	<b>8</b>

## BACKGROUND

In accordance with 32 V.S.A. §10301(g), an annual report on the receipts, expenditures, and balances of the Health Information Technology (Health IT)-Fund is required to be submitted to the Joint Fiscal Committee and the Green Mountain Care Board. The Health IT-Fund was established as a special fund to be a source of funding for medical health care information technology programs and initiatives, such as those described in the Vermont Health Information Technology/Exchange Plan (HIE Plan). The Fund was established to be used for programs and initiatives sponsored by VITL and State entities designed to promote and improve health care information technology, including:

- (1) a program to provide electronic health information systems and practice management systems for health care and human service practitioners in Vermont;
- (2) financial support for VITL to build and operate the health information exchange network;
- (3) implementation of the Blueprint for Health information technology initiatives, related public and mental health initiatives, and the advanced medical home and community care team programs; and
- (4) consulting services for installation, integration, and clinical process re-engineering relating to the utilization of health care information technology such as electronic health records.

The Health IT-Fund generally supports electronic health systems, the health information exchange network (operated by Vermont Information Technology Leaders [VITL]), and the Blueprint for Health and like initiatives in their use of information technology. The Health IT-Fund is supported by revenue collected from the health care claims tax. Revenue from the health care claims tax is paid by the health insurers on private health insurance claims, and the revenue collected from 0.199 of 1% of all health insurance claims was deposited into the Health IT-Fund pursuant to 32 V.S.A. § 10402(b)(1), effective until July 1, 2019. Effective July 1, 2019, revenue paid and collected through the health care claims tax, pursuant to 32 V.S.A. § 10402(b), is deposited into the General Fund.<sup>1</sup> Act 71 of 2019, An act relating to changes that affect the revenue of the State, amended the effective date of the Health IT-Fund sunset from July 1, 2019 to July 1, 2021.<sup>2</sup>

---

<sup>1</sup> Sec. 73, Act 6 of 2019:

<https://legislature.vermont.gov/Documents/2020/Docs/ACTS/ACT006/ACT006%20As%20Enacted.pdf>

<sup>2</sup> Sec. 20, Act 71 of 2019:

<https://legislature.vermont.gov/Documents/2020/Docs/ACTS/ACT071/ACT071%20As%20Enacted.pdf>

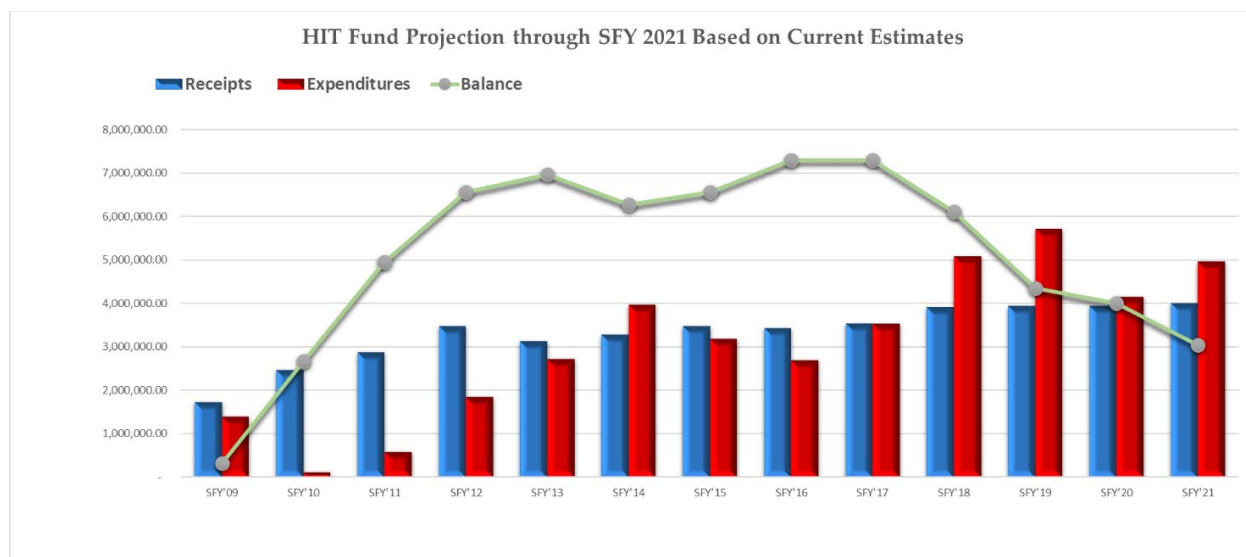
A year-by-year summary of the Fund’s receipts, expenditures, and balances are provided below (Table 1), with the Fund balance at the end of state fiscal year 2020 at \$4,003,550. It is important to note the increases in expenditures for state fiscal years 2018 through 2020; these increases are due, primarily, to two factors:

- 1) Act 85 of 2017, Sec. D.106, authorized the Agency of Human Services to expend \$2,000,000 of the Health IT-Fund as state match for Global Commitment program expenditures in fiscal year 2018, transferred \$500,000 from the Health IT-Fund to the General Fund (reserved in the General Fund Balance Reserve, also known as the Rainy Day Reserve, established in 32 V.S.A. § 308c) and allowed for an additional expenditure of \$2,000,000 from the Health IT-Fund as state match for Global Commitment program expenditures in fiscal year 2019 and;
- 2) In calendar year 2020, DVHA contracted VITL to execute the “Collaborative Services Project,” an initiative aimed at improving the core functionality of Vermont’s Health Information Exchange to benefit all users (health care providers, delivery system reform efforts like the All-Payer Model, the Department of Health, etc.). This project represents a short-term capital infusion. Once the project is complete, the state expects to see improved HIE services, and some reductions in operating costs.

Table 1. Health IT-Fund Receipts, Expenditures, and Balances Since SFY09

<b>HIT Fund Balance Since SFY 2009</b>			
<b>SFY</b>	<b>Receipts</b>	<b>Expenditures</b>	<b>Balance</b>
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
SFY'19	3,947,054.17	5,711,383.04	4,347,430.45
SFY'20	3,807,317.92	4,151,198.14	4,003,550.23
SFY'21	4,000,000.00	4,958,468.00	3,045,082.23

Figure 1. Health IT-Fund Receipts, Expenditures, Balances, and Projection through State Fiscal Year 2021, Based on Current Estimates



The State has leveraged the Health IT-Fund to match federal dollars through the federal HITECH Act, the State Innovation Model program, and the Medicaid Global Commitment Waiver significantly increasing the impact of Fund revenues. The funding match rates range from 90% to less than 50% depending on the type of activity and who it ultimately benefits. 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 for HIE services will expire in September 2021. The HITECH Act has allowed Vermont to accelerate health IT work through incentivizing the purchase of electronic health records, funding VITL’s Health Information Exchange operations, and enhancing technical infrastructure used by the Blueprint and the Department of Health.

The Centers for Medicare and Medicaid Services (CMS) has committed to continuing their sponsorship of health IT/exchange efforts when HITECH Act funding expires. CMS recently released new guidance on how to leverage Medicaid Enterprise Services funding to allow states to continue this work. However, the Medicaid Enterprise Services funding does not offer states the same 90% federal match rate for IT development work. The State of Vermont intends to work with CMS to ensure that the state can leverage a match rate that equitably represents the impacts of health IT investments on the Medicaid community of patients and providers.

Additionally, CMS is offering states a new opportunity: a chance to formally certify their health information technology. Attainment of this CMS Certification unlocks a new

federally funding opportunity (75% federal match for ongoing maintenance and operations work). Given the work has traditionally been mostly state-funded, the State intends to begin pursuing CMS Certification of the HIE in January 2021 (with anticipated completion in June 2021).

## EXAMPLES OF INITIATIVES FUNDED

The following are examples of major initiatives funded by the Health IT-Fund; Appendix I provides additional details.

**The Medicaid Promoting Interoperability Program (formerly the Medicaid Electronic Health Record Incentive Program)** – The HITECH Act funding supports activities incentivizing Medicaid providers for the acquisition and meaningful use of electronic health record technology. The requirements are designed to support evolving electronic health record (EHR) quality measures focused on interoperability and improving provider and patient access to health information. Eligible hospitals and professionals who satisfy the criteria (meeting 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. Other eligible professionals may receive a maximum of six years of fixed payment amounts. The incentive payments themselves are 100% federally funded but are drawn down and distributed by the State. Program operations are supported by a 90/10 federal/state match rate. In SFY20, direct PIP payments amounted to \$159,167. To date, this program has paid out approximately \$59,195,078 to Vermont and New Hampshire Eligible Hospitals and Professionals, all of whom are registered Medicaid providers in Vermont. The Interoperability Program expires in late 2021. The state is currently exploring a similar state-run program that is eligible for federally matching funds.

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, as the exclusive operator of Vermont's statewide Health Information Exchange (VHIE). The VHIE allows doctors, nurses, pharmacists, other health care providers to access and share a patient's health information electronically to improve the speed, quality, safety, and cost of patient care. This data is used for population health measurement and analysis by third parties such as OneCare Vermont and the Blueprint for Health. VITL's publicly funded work is contracted by the Department of Vermont Health Access. VITL's budget is annually reviewed by the Green Mountain Care Board. See Appendix I for a listing of the contracts supported by the Health IT-Fund, including DVHA's contracts with VITL.

**Vermont Department of Health** – The Health IT-Fund continues to support public health initiatives at the Vermont Department of Health, specifically the public health registries such as the Immunization Registry, Cancer Registry and Birth & Death Registries, and in consulting services to further develop long-term strategy for health information technology within the Department. Finally, HITECH Act funding was used to maximize data exchange and access to support the Department of Health’s COVID-19 response efforts.

**Vermont Health Information Technology/Exchange Strategic Plan (HIE Plan)**– The State’s health information exchange investment strategy is guided by the statewide, strategic HIE Plan. In accordance with 18 V.S.A. § 9351, the Department of Vermont Health Access, in consultation with the Department’s Health Information Exchange Steering Committee, develops and oversees execution of the HIE Plan. The Plan is revised annually and updated comprehensively every five years to provide a strategic vision for health data exchange systems in Vermont. The latest plan, as approved by the Green Mountain Care Board, is posted here: <https://healthdata.vermont.gov/content/vermont-health-information-exchange-program>.

## APPENDIX I: HEALTH IT-FUND INITIATIVES BUDGETED FOR FY21

Grantees/ Contractors	FY21 Agreement Amounts	% of Agreement funded by the HIT Fund	Summary
Vermont Information Technology Leaders (VITL)	\$2,711,491.00	52%	Contract for core operations and management of Vermont's Health Information Exchange (VHIE) and related products and services.
Vermont Information Technology Leaders (VITL)	\$6,383,000.00	12%	Contract for VHIE development and expansion projects. This contract leveraged HITECH Act dollars.
Bi-State Primary Care Association	\$280,000.00	52%	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	\$300,000.00	52%	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	52%	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.
OneCare Vermont	\$2,800,000.00	12%	Federally matched funds from the HITECH Act included in DVHA's contract with OneCare Vermont used to support the development and roll-out of the Care Navigator care coordination platform and WorkBench One analytics tool.



## APPENDIX II: ADDITIONAL CONSIDERATIONS

1. In accordance with 18 V.S.A. § 9351, DVHA, with support from the Health Information Exchange (HIE) Steering Committee, develops and maintains the statewide strategic health IT/exchange plan, the HIE Plan. The vision and tactical plans outlined in the HIE Plan guide DVHA's use of HIT Fund investments. As of July 2020, the HIE Steering Committee is executing the HIE Plan and working to develop the 2021 plan update. The Green Mountain Care Board is responsible for reviewing the HIE Plan on an annual basis.

2. Health IT-Fund revenue is generated by a tax on private health insurance claims. The effects of the COVID-19 pandemic are yet to be fully understood; however, any negative shift in claims will have a negative impact on the Health IT-Fund revenues. A reduction in the Fund will reduce investments for improvements to, and maintenance of, HIE/health IT.