
**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

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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 by September 1st each year. The Health IT-Fund was established by 32 V.S.A. § 10301 as a special source of funding for medical health care information technology programs and initiatives, specifically, 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 Vermont Information Technology Leaders (VITL)¹ and State entities designed to promote and improve health care information technology. The Health IT-Fund supports the initiatives outlined in the HIE Plan aimed at using health data to bolster the health care system and health care programs.

The Health IT-Fund is supported by revenue collected from the health care claims tax under 32 V.S.A. § 10402(b). 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 is deposited into the General Fund, pursuant to 32 V.S.A. § 10402(b).¹ Act 144 of 2024 amended the effective date of the Health IT-Fund sunset from July 1, 2025 to July 1, 2026.² The extension of the Fund requires legislative intervention.

A year-by-year summary of the Fund's receipts, expenditures, and balances are provided in Table 1, with the balance at the end of state fiscal year 2025 at \$8,532,420.23.

¹ VITL is a Vermont nonprofit that shares health information responsibly to help providers care for their patients.

² Sec. 73, Act 6 of 2019:

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

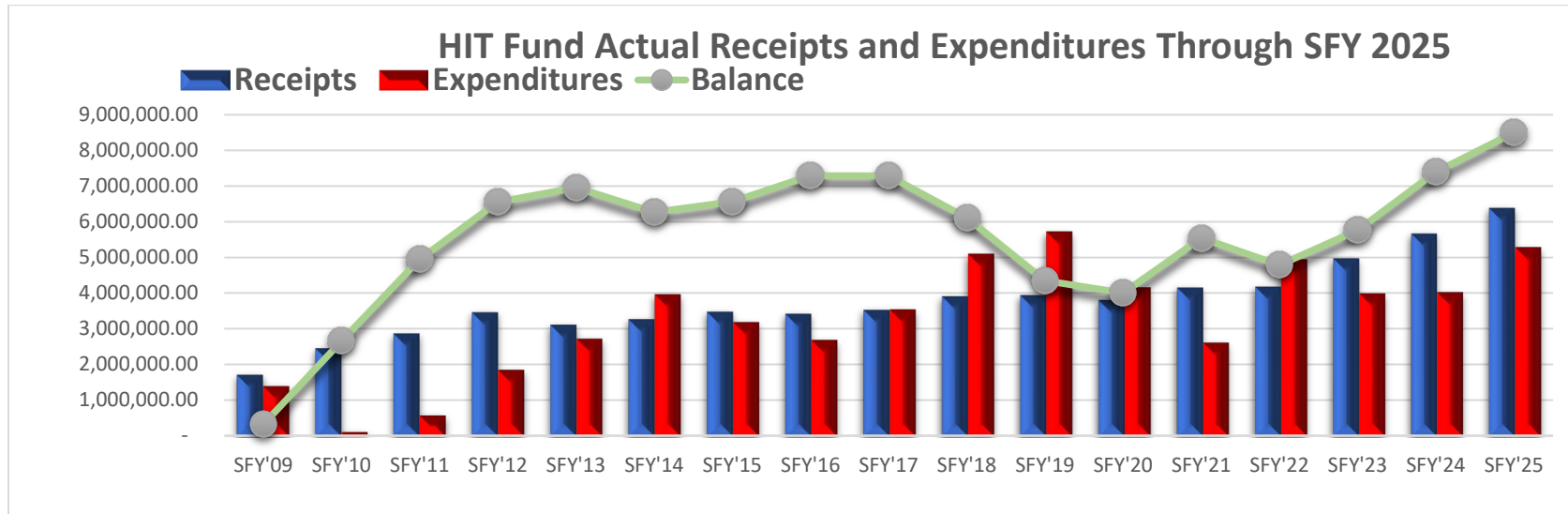
³ Sec. 11, Act 144 of 2023:

<https://legislature.vermont.gov/Documents/2024/Docs/ACTS/ACT144/ACT144%20As%20Enacted.pdf>

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
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	4,155,236.46	2,617,782.30	5,541,004.39
SFY'22	4,176,751.88	4,934,096.13	4,783,660.14
SFY'23	4,968,577.20	3,986,828.87	5,765,408.47
SFY'24	5,657,973.50	4,024,906.89	7,398,475.08
SFY'25	6,412,215.07	5,278,269.92	8,532,420.23
Total	64,407,219.43	55,874,799.20	
PROJECTED			
SFY'26	6,020,000.00	8,490,196.00	6,062,224.23

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

Figure 1. Health IT-Fund Receipts, Expenditures, and Balances through State Fiscal Year 2025



Prior to late 2021, the State 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 ranged from 100% to less than 50% depending on the type of activity and who it ultimately benefited. Some activities, such as those related to the State Innovation Model and the Electronic Health Record Incentive Payment program, were 100% federally funded.

With the sunset of the HITECH ACT and its associated funding on September 30, 2021, CMS allowed the states to continue maturing their HIEs through the Medicaid Enterprise Services funding arm. That funding was contingent on HIE systems certification which Vermont secured on May 11, 2022. Recent projects funded through the Health IT fund include helping providers implementing electronic health record systems (Medicaid Promoting Interoperability Program), enabling Vermont to comply with the 21st Century Cures Act interoperability requirements (FHIR) and establishing public health data connectivity and registries for immunization, cancer, and vital statistics.

EXAMPLES OF INITIATIVES FUNDED

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

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, and 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, and its budget is reviewed annually by the Green Mountain Care Board. Following the completion of the Collaborative Services Project – a state-funded effort to update VHIE technologies to position the system as central to health data collection and exchange – VITL is more able to expand data services so organizations, including Vermont Medicaid, can better leverage their data to understand their population's health. In November 2025, the Agency of Human Services plans to go live with its Medicaid Data Warehouse and Analytics Solution (MDWAS), which will link Medicaid member data utilizing clinical data from the VHIE and matching it against Medicaid data sets such as claims to support Vermont's Medicaid programs compliance, reporting, and analytics.

The VHIE is funded at two rates based on federal funding requirements, both rates are updated through quarterly reporting. As of June 2025, the design, development, and implementation (DDI) rate is 83.8/16.2 federal/state match. The 16.2% state match is funded by the Health IT-Fund. For maintenance and operations (M&O), the federal/state match rate is 69.8/30.2. The 30.2% state rate is funded by the Health IT-Fund. See Appendix I for a listing of the contracts supported by the Health IT-Fund, including DVHA's contract with VITL.

Vermont Department of Health – The Health IT-Fund supports 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. The Health-IT Fund provided needed match dollars for VITL's work supporting the Department of Health's COVID-19 response efforts. With the expiration of the HITECH Act in September of 2021, the State began to leverage Medicaid Systems funding and short-term grant funding to continue its important work of collecting and managing public health data.

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>.

The Medicaid Promoting Interoperability Program (PIP) (formerly the Medicaid Electronic Health Record Incentive Program) – The HITECH Act federally funded 100% of incentive payments, but program operations were funded at 90/10 federal/state match rate; the HIT Fund was utilized for the 10% state match. PIP supported activities incentivizing Medicaid providers for the acquisition and meaningful use of electronic health record technology. The requirements were 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 met federal requirements could receive incentive payments. Eligible hospitals could receive a total of three years of payments, based on a calculated amount derived from their Cost Data Reports. Other eligible professionals could receive a maximum of six years of fixed payment amounts. This program paid out \$64,406,330 to Vermont and New Hampshire Eligible Hospitals and Professionals, all of whom were registered Medicaid providers in Vermont. PIP ended in late 2021. The state is currently running the Medicaid Data Aggregation and Access Program (MDAAP), which is a similar state-run program for Home and Community Based Services (HCBS) providers who are eligible (per federal requirements) to receive grant funding. For more information about these programs, including eligibility requirements, please visit: <https://healthdata.vermont.gov/ehrip>
<https://healthdata.vermont.gov/mdaap>

FY26 LEGISLATIVE REQUIREMENTS

Act 68 (2025) Section 11(c) and 18(b): AHS must distribute grant funding to encourage hospitals to adopt and expand telehealth and other transformation activities as part of the broader system reform package under Section 11(c). AHS has begun planning work to meet this requirement and will provide the required update for that separately. The specific requirements in Section 11(c) and 12(d) are included below.

Section 11(c): Health Care System Transformation; Incentives; Telehealth

- (a) “To encourage hospitals to engage proactively, think expansively, and propose transformation initiatives that will reduce costs to Vermont’s health care system without negatively affecting health care quality or jeopardizing access to necessary services, the Agency of Human Services shall award grants to the hospitals in State fiscal year 2026 that actively participate in health care transformation efforts to assist them in building partnerships, reducing hospital costs for hospital fiscal year 2026, and expanding Vermonters’ access to health care services, including those delivered using telehealth. It is the intent of the General Assembly that the funds appropriated in Sec. 18(b) of this act should be awarded on a first-come, first-served basis until all of the funds have been distributed.”
- (b) “On or before December 1, 2025, the Agency of Human Services shall report to the Health Reform Oversight Committee and the Joint Fiscal Committee regarding how much of the \$2,000,000.00 appropriated to the Agency pursuant to Sec. 18(b) of this act was obligated as of November 15, 2025 and how much had already been disbursed to hospitals as of that date.”

Section 18(b)

“Notwithstanding any provision of 32 V.S.A. § 10301 to the contrary, the sum of \$2,000,000.00 is appropriated from the Health IT-Fund to the Agency of Human Services in fiscal year 2026 for grants to hospitals for the collaborative efforts to reduce hospital costs in accordance with Secs. 11a and 11c of this act and to expand access to health care services, such as by enhancing telehealth infrastructure development.”

Act 68 Sec 18(d)

“Notwithstanding any provision of 32 V.S.A. § 10301 to the contrary, the sum of \$150,000.00 is appropriated from the Health IT-Fund to the Green Mountain Care Board in fiscal year 2026 for expenses associated with increased standardization of electronic hospital budget data submissions in accordance with Sec. 4 of this act.”

APPENDIX I: HEALTH IT-FUND INITIATIVES BUDGETED FOR FY26

Grantees/ Contractors	FY26 Agreement Amounts	Summary
Vermont Information Technology Leaders (VITL)	\$6,733,151.78	Contract for core operations and management of Vermont's Health Information Exchange (VHIE) and related products and services.
Vermont Information Technology Leaders (VITL)	\$5,285,089.96	Contract for VHIE development and expansion projects.
Cathedral Square Corp. – Blueprint for Health	\$205,000.00	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.
TBD	\$2,000,000.00	Act 68 (2025), Sec. 18(b) Notwithstanding any provision of 32 V.S.A. § 10301 to the contrary, the sum of \$2,000,000.00 is appropriated from the Health IT-Fund to the Agency of Human Services in fiscal year 2026 for grants to hospitals for the collaborative efforts to reduce hospital costs in accordance with Secs. 11a and 11c of this act and to expand access to health care services, such as by enhancing telehealth infrastructure development.
Green Mountain Care Board (GMCB)	\$150,000.00	Act 68 (2025), Sec. 18(d) (d) Notwithstanding any provision of 32 V.S.A. § 10301 to the contrary, the sum of \$150,000.00 is appropriated from the Health IT-Fund to the Green Mountain Care Board in fiscal year 2026 for expenses associated with increased standardization of electronic hospital budget data submissions in accordance with Sec. 4 of this act.

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 August 2025, the HIE Steering Committee is executing the HIE Plan and working to develop the 2026 plan update.

2. Health IT-Fund revenue is generated by a tax on private health insurance claims. Programming outlined above relies on the HIT-Fund, which is impacted by shifts in paid claims.