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## MEMORANDUM

**TO:** Legislative Joint Fiscal Committee  
Green Mountain Care Board

**CC:** Doug Racine, Mark Larson, Jeb Spaulding, Robin Lunge

**FROM:** Hunt Blair, Deputy Commissioner, Health Reform & State HIT Coordinator

**DATE:** September 17, 2012

**RE:** Report on Health Care Reinvestment Fund per 32 VSA Sec 10301(g)

I have attached a spreadsheet that details the income, expenditures, and fund balance for the Health Care Reinvestment Fund. That is the Fund created in 2008 to collect a .199 of 1% assessment on all health insurance claims paid in the previous year. Resources from the HIT Fund are used to provide state support for Health Information Technology. Originally designed as a direct funding mechanism, since passage of the federal HITECH Act in 2009, Vermont has used the Fund to make the state “match” for a wide variety of Health Information Technology grants and other federal funds.

A year by year summary of the Fund’s activity is included in a box at the far right hand side of the attached sheet. You will note that it includes a SFY 12 year-end balance of \$6.5m in the Fund. As reported in prior years and in other venues, because of the influx of significant federal resources over the last several years, we have been building a balance in the Fund, with an eye toward that day when federal resources begin to wane. In addition, we have been holding these resources in reserve to ensure that they are well spent when they are utilized, which has meant attaining a certain level of critical mass with the overall HIT-HIE (health information exchange) infrastructure.

Thanks to the approved funding match from CMS to what they term a state’s “fair share” contribution to HIE expenditure totaling \$12.3m over the 28 months, the Fund balance is now obligated for that and other projected uses.

Because of the complexity of our uses of the Fund for multiple purposes through multiple leveraging strategies, an oral briefing on the details of the spreadsheet is likely to be more valuable than further written summary, so I am happy make myself available to the Committee for that purpose.

State and Federal Investments in Clinical Health Information Technology

Program / Use	Federal Resources		State Resources				SFY13 (a)
	SFY09	SFY10	SFY11	SFY12	SFY13		
EHR Incentive Program & HIT-HIE Operations - DVHA ops	ARRA Sec. 4201 / CMS	12,839	398,668	1,095,860	1,645,306		
	ONC 3013 Staff/Indirects	-	112,201	178,099	122,400		
	HIT Fund	(1,426,501)	(44,296)	(121,762)	(182,812)		
<b>Totals</b>						3,152,672	
EHR Incentive Program Provider Payments	ARRA Sec. 4201 / CMS	-	-	10,511,323	16,280,000		
<b>Totals</b>						26,791,323	
Regional Extension Center Program - VITL grant*	ONC Sec. 3012 REC	409,913	1,715,373	1,984,820	1,899,290		
	HIT Fund	45,546	166,982	220,536	189,929		
<b>Totals</b>						6,009,397	
HIE Operations - VITL grant	ONC Sec. 3013 HIE	-	1,093,108	3,070,972	-		
	ARRA Sec. 4201 / CMS	-	-	-	2,100,238		
	GC	-	2,025,823	-	-		
	HIT Fund Purchased GC	-	451,644	369,830	-		
	HIT Fund	1,383,487	-	-	390,811		
	BISHCA Fund	226,174	226,174	243,640	226,174		
<b>Totals</b>						4,164,632	
Health Center Network - Bi-State grant	HRSA HCCN Grant	-	58,713	204,759	283,800		
	HIT Fund Match as "Fair Share"	-	-	-	-		
<b>Totals</b>						547,272	
HIT-HIE Mini-Grants (MH, LTC, SASH, BP sites)	HIT Fund	-	-	-	-1502,453		
	HIT Fund Purchased GC	-	-	-	66,811		
<b>Totals</b>						(1,502,453)	

Notes: (a) SFY13 budgeted amounts subject to change

SFY	HIT Fund			Balance
	Income	Expenditures		
SFY 09*	\$ 1,725,506.00	\$ 1,404,447.00		\$ 321,059.00
SFY 10	\$ 2,462,827.92	\$ 127,388.62		\$ 2,656,498.30
SFY 11	\$ 2,877,946.67	\$ 589,401.87		\$ 4,944,943.10
SFY 12	\$ 3,467,955.96	\$ 1,856,814.71		\$ 6,556,084.35
	\$ 10,534,136.55	\$ 3,978,052.20		

\* - 02-03-04 only

SFY	HIT Funds used to Purchase GC	
	HIT Fund	GC Received
SFY 09	\$ -	\$ -
SFY 10	\$ -	\$ -
SFY 11	\$ (264,369.96)	\$ 827,967.29
SFY 12	\$ (815,773.91)	\$ 1,935,866.00
SFY 13	\$ (1,977,888.91)	\$ 4,539,566.00
	\$ (3,058,032.77)	\$ 7,303,399.29