

Department of Vermont Health Access
Division of Health Care Reform
312 Hurricane Lane, Suite 201
Williston, VT 05495
her.vermont.gov
[phone] 802-879-5901

MEMORANDUM

TO: Legislative Joint Fiscal Committee

CC: Lawrence Miller, Chief of Health Care Reform
Hal Cohen, Secretary, Agency of Human Services
Steven Costantino, Commissioner, Department of Vermont Health Access
Robin Lunge, Health Care Reform Director

FROM: Justin Johnson, Secretary, Agency of Administration

DATE: September 14, 2016

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

Executive Summary

This memorandum serves as a report on the State Health Information Technology (HIT) Fund for State Fiscal Year (SFY) 2016 and includes a summary of all cumulative receipts and expenditures through June 30, 2016.

A year-by-year summary of the Fund's activity is included in Table 1 below, which shows a SFY16 year-end balance of \$7.29m in the Fund. This is an increase in comparison to the SFY15 year-end balance of \$6.56m. As reported in prior years and in other venues, due to the influx of significant federal resources over the last several years, the State built a balance in the Fund, with an eye toward the day when federal resources begin to wane and/or investments would potentially increase.

In last year's Health IT-Fund Report, an estimated balance of revenue and expenditures was forecasted. Last year's report projected that there would be a similar balance of expenses in relation to revenues for SFY16. For both years, the revenue has been higher than the expenditures, resulting in an increase in the overall balance. The need for additional investment in the Health IT infrastructure to support Vermont's health care reform goals has continued to accelerate. In SFY15 and SFY16, the Administration supported some of these funding needs by leveraging Federal State Innovation Model Test funds. The Administration also continued to leverage other federal funds including HITECH ARRA funds.

In SFY16, the State has worked with a broad group of stakeholders to develop a revised and updated State HIT Plan. This plan is pending approval at the Green Mountain Care Board as of this writing. This plan detailed the Health IT investments and strategies necessary to support the State’s health reform goals. The State HIT Plan, as well as several State and Federal initiatives, make it clear that continued HIT investments will be necessary well beyond SFY17. The State HIT Plan can be accessed here: http://healthdata.vermont.gov/sites/healthdata/files/VHITP%204.8.16_web.pdf.

Table 1: HIT Fund Balance Since SFY 2009			
SFY	Receipts	Expenditures	Balance
SFY09	\$1,725,505.67	\$1,404,447.01	\$321,058.66
SFY10	\$2,462,827.92	\$127,388.62	\$2,656,497.96
SFY11	\$2,877,846.67	\$589,401.74	\$4,944,942.89
SFY12	\$3,467,955.96	\$1,856,814.71	\$6,556,084.14
SFY13	\$3,122,198.81	\$2,721,643.07	\$6,956,639.88
SFY14	\$3,273,051.91	\$3,964,254.20*	\$6,265,437.59*
SFY15	\$3,479,090.63	\$3,183,500.92	\$6,561,027.30
SFY16	\$3,427,185.01	\$2,691,172.61**	\$7,297,039.70**
Total	\$23,835,662.58	\$16,538,622.88	
PROJECTED			
SFY17	\$3,400,000.00	\$3,678,400.17	\$7,018,639.53
SFY18	\$0.00	\$3,484,332.10	\$3,534,307.43

* The HIT Fund report provides receipts and expenditures on a cash basis. The SFY’15 HIT Fund report attempted to report on a modified accrual basis which resulted in reporting an additional \$1.18m in SFY’14 of accrual-based costs. This year’s report now corrects the SFY’14 Expenditure and Balance values to a cash basis.

** SFY’16 figures may change due to year-end adjustments and reconciliations.

Background

Historically, the State has leveraged the Health IT-Fund to match several sources of federal funds, thereby significantly increasing the impact of the Fund. From 2011 – 2014, the State’s Cooperative Agreement Grant from the Office of the National Coordinator (ONC), matched 90/10 with the Health IT-Fund, providing significant funding for Health Information Exchange activities. This was the primary source of State funding for Vermont Information Technology Leaders (VITL) through a grant agreement between DVHA and VITL. Since 2014, the State has used Global Commitment funding for some HIT and related Health Information Exchange (HIE) expenses through a CMS “fair share” formula for HITECH expansion activities.

In SFY16, the following projects/initiatives were paid for from the Health IT-Fund (See Appendix 1 for further details):

- **Electronic Health Records (EHR) Incentive Program** – The HITECH Act supports the EHR Incentive Program, which states can choose to participate in by establishing a state-specific Medicaid incentive program for the adoption and meaningful use of this technology. Eligible hospitals and

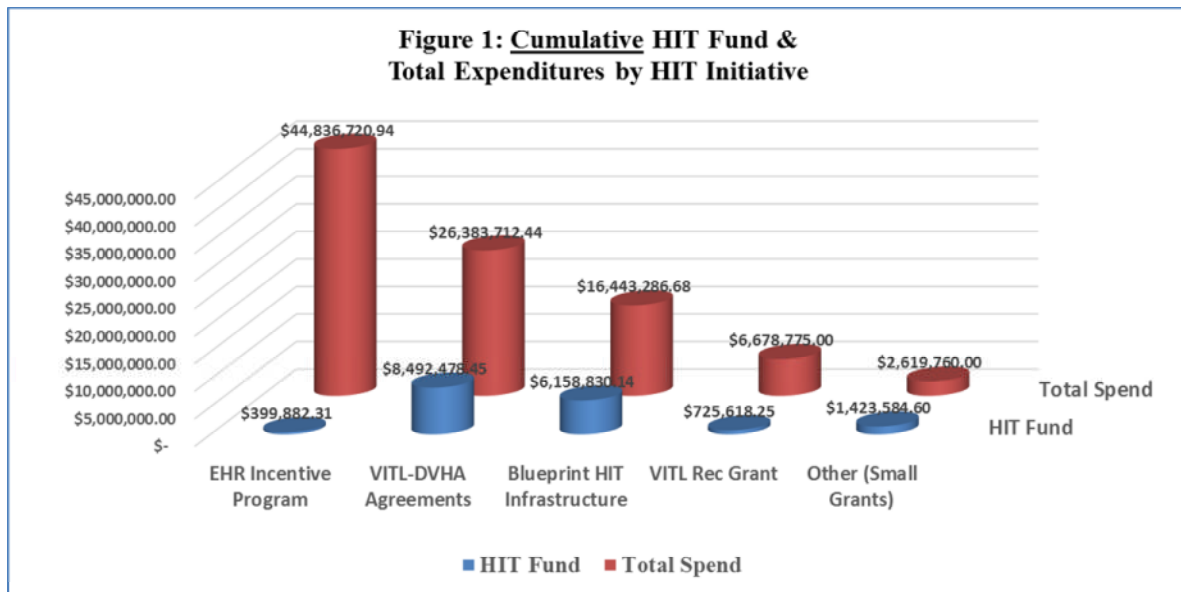
professionals who satisfy the criteria for attestation (meaning that they have met federal requirements) can receive significant incentive payments. Vermont's EHR Incentive Program operations are supported by 90/10 funding from CMS with the HIT Fund covering the 10% match for State program software, personnel, and operations. The incentive payments themselves are 100% federal funds but are drawn down and distributed by the State. In SFY16 these payments amounted to \$4,356,189.43. This program will run through 2021. To date this program has paid out approximately \$44,552,394.43 to Vermont and New Hampshire hospitals and professional providers, all of whom are registered Medicaid providers in Vermont. For more information about this program, go to: <http://hcr.vermont.gov/hit/ehrip>. Amounts reported in Figures 1 and 2 below are inclusive of the 100% federally funded provider incentive payments.

- **Vermont Information Technology Leaders (VITL) Health Information Exchange (HIE)** – Vermont statute (18 V.S.A. §9352) designates VITL, a private non-profit corporation, to exclusively operate the statewide Health Information Exchange for Vermont. VITL has received State funding supporting their work since 2005, some of which pays for the development and operation of the IT necessary to operate the Vermont Health Information Exchange (VHIE). VITL contracts directly with an HIE vendor (Medicity - <http://www.medicity.com>) to provide many of the necessary services. Because of VITL's legislative authority and partnership status with the State, their funding is reviewed and renewed on an annual basis. Current funding is through a mix of federal and State funding. For more information about the VHIE and VITL, go to: <http://vitl.net>.
- **Blueprint HIT Infrastructure** – 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 for the development and operation of the Blueprint Clinical Registry (BPCR). In 2015, the vendor for the clinical data registry discontinued their support of the registry system. In collaboration with Vermont's State Innovation Model (SIM) Program, the Blueprint migrated the registry system and data to a Vermont managed environment within VITL's infrastructure. In SFY17, the Health IT-Fund will continue to support the program's clinical and claims data analytics within the BPCR. These analytics help produce Practice Profile reports, which use data derived from Vermont's all-payer claims database, allowing individual practices to assess their utilization rates and quality of care delivered compared to local peers and to the state as a whole. These data are used to assist their quality improvement efforts. 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. These HSA Profiles provide data comparing utilization, expenditures, and quality outcomes within an individual HSA to all other HSAs and the statewide average. The regular production of timely HSA profiles across all payers and featuring Accountable Care Organization (ACO) core measures and other key population health indicators is serving as a starting point for community wide quality improvement initiatives. More information about the Blueprint and its HIT initiatives can be found in the program's Annual Report at <http://blueprintforhealth.vermont.gov/sites/blueprint/files/BlueprintPDF/AnnualReports/Vermont-Blueprint-for-Health-2015-Annual-Report-FINAL-1-27-16.pdf>.
- **HIT Planning and Support Grants** – The State has provided a number of smaller grants for HIT planning and support services to (see **Appendix 1 for further details**):

- Agencies representing the State's mental health, home health, and nursing home organizations;
- Bi-State Primary Care Association, in support of HIT services for Federally Qualified Health Centers (FQHCs) and other health centers across the State;
- Provider organization HIT support through small grants made available to each of the State's Health Service Areas (HSAs).

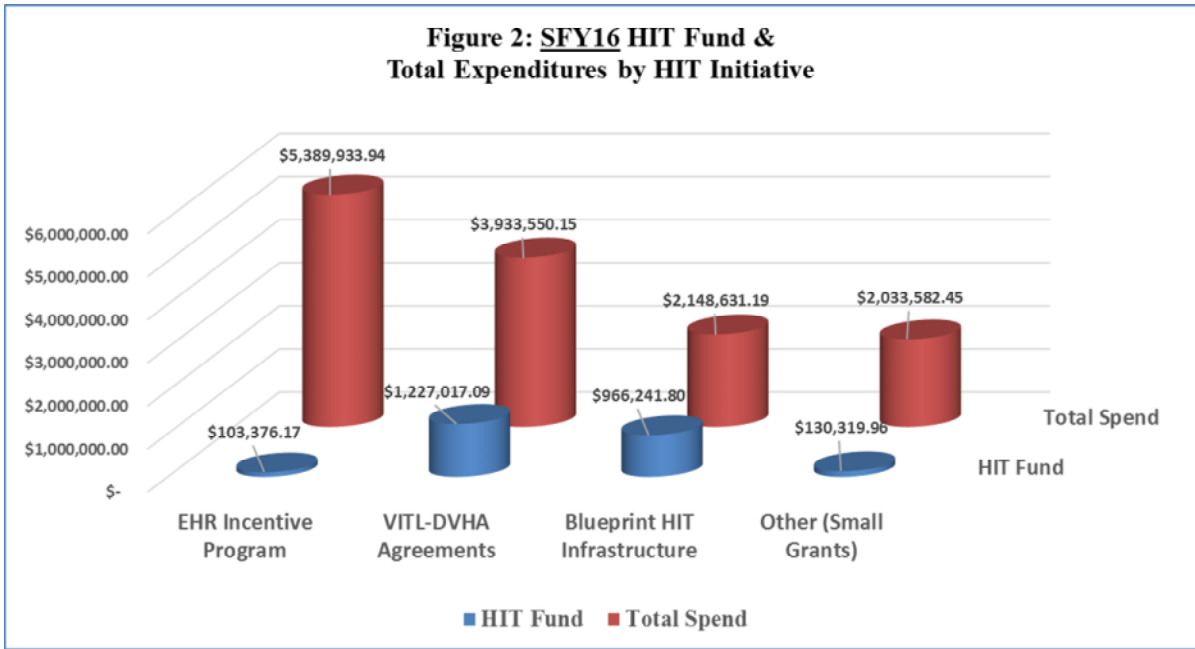
Current State

The following Figure shows the **cumulative** distribution of the HIT Fund and total expenditures by initiative for SFY 2009 through 2016. The Figure has the state dollars from the HIT Fund in blue, and the corresponding **total** expenditures including federal funds in red. The values shown in Figures 1 and 2 may change due to year-end adjustments and reconciliations:



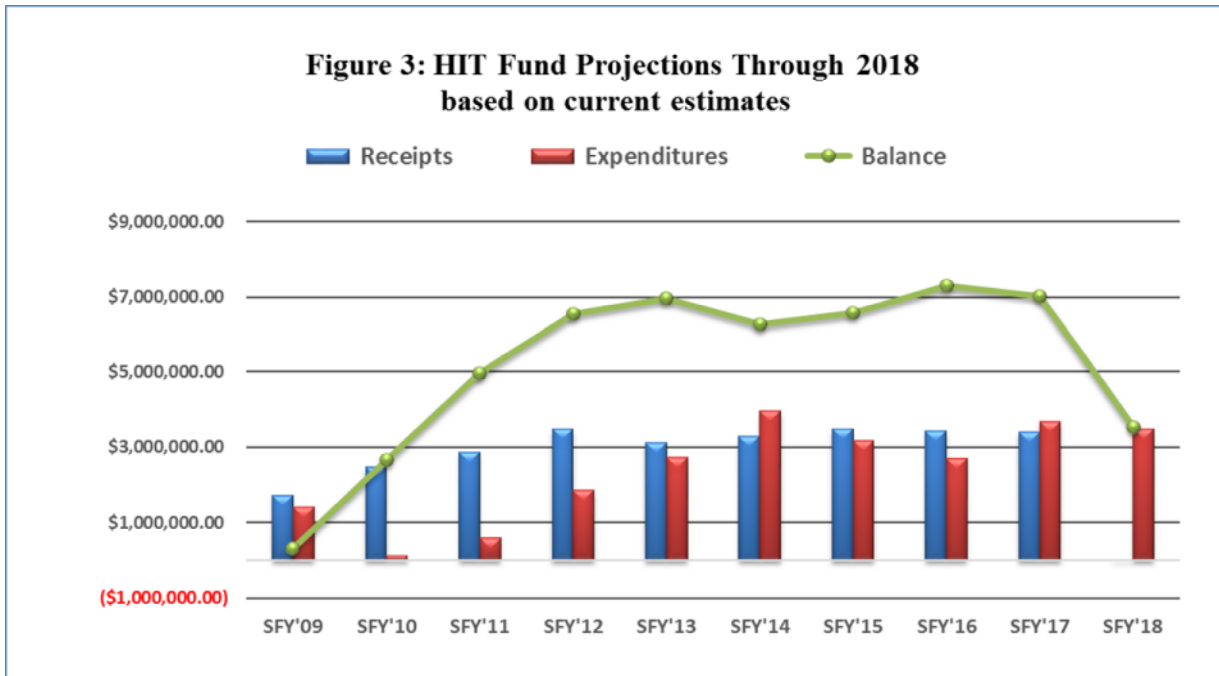
In total, since 2009, the State expended \$17,200,394 from the HIT Fund to support total spending of \$96,962,255.

The following Figure shows a similar distribution of the HIT Fund and total expenditures by initiative for just SFY16:



In SFY16, the State expended \$2,426,955 from the HIT Fund to support total spending of \$13,505,698.

The following graph (Figure 3) shows the fund’s projected receipts, expenditures, and balance through SFY18.



All data reflected in the graph through SFY16 are based on actual revenues and expenses. All future data represent a single set of assumptions basing future projections on current trends.

We are available to answer any questions you may have about the fund, and to provide additional explanations as needed, in writing or in person.

Appendix 1: SFY 16 Grants and Contracts Supported with Health IT-Funds

The table below lists the grants and contracts supported in SFY 16 with Health IT-Funds. The amounts listed are totals for each agreement and in each case include a mix of federal and State dollars (several different federal match rates are involved depending on the funding source and eligibility criteria). Some of the agreements, as noted, span more than one fiscal year, so the totals here do not necessarily match the SFY expenditure amounts listed earlier in the report.

Grantees/ Contractors	FY 16 Agreement Amounts	Summary	Comments
Vermont Information Technology Leaders (VITL)	\$ 4,965,693.20	Grant for core operations and management of the VT Health Information Exchange Network and related products and services.	
Vermont Information Technology Leaders (VITL)	\$ 1,187,562.00	Contract for development and expansion projects for the VHIE.	Total amount spans State Fiscal years
Bi State Primary Care Association	\$ 280,000.00	Grant to provide health information technology data analysis, quality improvement, data quality, and project management support to Vermont Health centers and the State's Health Reform initiatives	Total amount spans State Fiscal years
Onpoint Health Data	\$ 553,772.97	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	Total amount spans State Fiscal years
Cathedral Square Corp.	\$ 205,000.00	Grant to provide infrastructure and staffing to maintain and enhance Docsite functionality and process improvement in the Support and Services at Home (SASH) system as part of the Blueprint's electronic health information infrastructure	Total amount spans State Fiscal years
Capital Health Associates	\$ 1,298,851.73	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 BPCR.	Total amount spans State Fiscal years