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M E M O R A N D U M

TO: Legislative Joint Fiscal Committee; Green Mountain Care Board

CC: Al Gobeille, Secretary, Agency of Human Services
 Cory Gustafson, Commissioner, Department of Vermont Health Access
 Mary Kate Mohlman, Health Care Reform Director

FROM: Susanne Young, Secretary, Agency of Administration

DATE: August 22, 2017

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 SFY17. 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 will sunset on June 30, 2018; however, the tax has been extended by the legislature several times in the past.

Fund Balance

A year-by-year summary of the Fund’s activity is included in Table 1, which shows a SFY17 yearend balance of \$7.16M. The table includes estimates for the current and upcoming fiscal years. Based on the recent passage of Act 85 and decisions made during the 2017 legislative session, \$4.5M of the HIT Fund will be reallocated in SFY18 and SFY19. This represents a funding pressure on the State’s ability to further fund Health Care Information Technology initiatives in the future.

Table 1: HIT Fund Balance Since SFY 2009

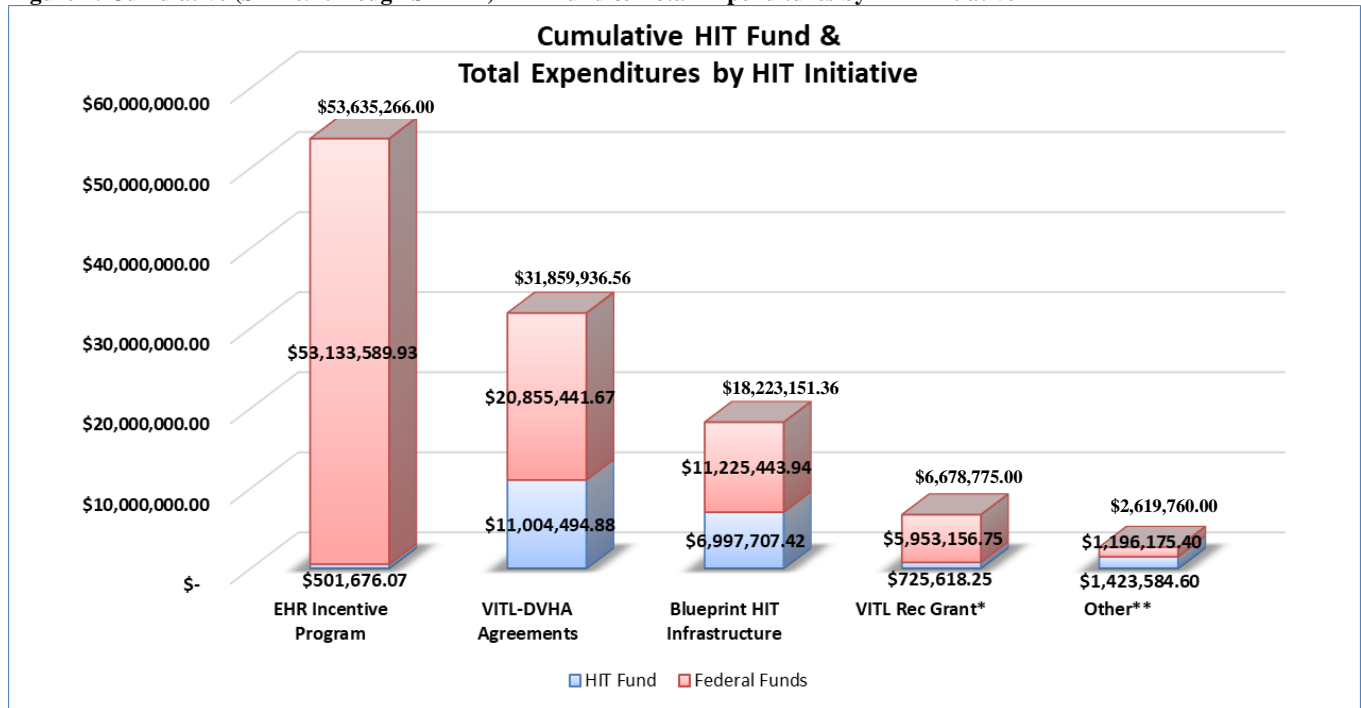
HIT Fund Balance Since SFY 2009			
SFY	Receipts	Expenditures	Balance
SFY'09	\$1,725,505.67	\$1,404,447.01	\$321,058.66
SFY'10	\$2,462,827.92	\$127,388.62	\$2,656,497.96
SFY'11	\$2,877,846.67	\$589,401.74	\$4,944,942.89
SFY'12	\$3,467,955.96	\$1,856,814.71	\$6,556,084.14
SFY'13	\$3,122,198.81	\$2,721,643.07	\$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	\$3,529,856.88	\$3,668,533.25*	\$7,158,363.33*
Total	\$27,365,519.46	\$20,207,156.13	
PROJECTED			
SFY'18	\$3,450,000.00	\$7,096,064.72	\$3,512,298.62
SFY'19	\$3,450,000.00**	\$7,479,256.88	(\$516,958.26)**

1
 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.
 **Figures based on current spending and revenue patterns and the assumption that the Fund is extended beyond SFY18.

Figure 1 below shows the **cumulative** distribution of the HIT Fund and total expenditures by initiative for SFY 2009 through 2017. The Figure shows the state dollars from the HIT Fund in blue, and the corresponding **total** expenditures (including federal funds) in red. Values referenced in this memo may change due to final year-end adjustments and reconciliations. Since 2009, the State expended \$20,653,081.23 from the HIT Fund to support total spending of \$113,016,888.91.

It is important to note that, thanks to the federal HITECH Act and the Medicaid Global Commitment Waiver, the State has leveraged the HIT Fund to match federal dollars thus significantly increasing 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.

Figure 1: Cumulative (SFY 09 through SFY 17) HIT Fund & Total Expenditures by HIT Initiative



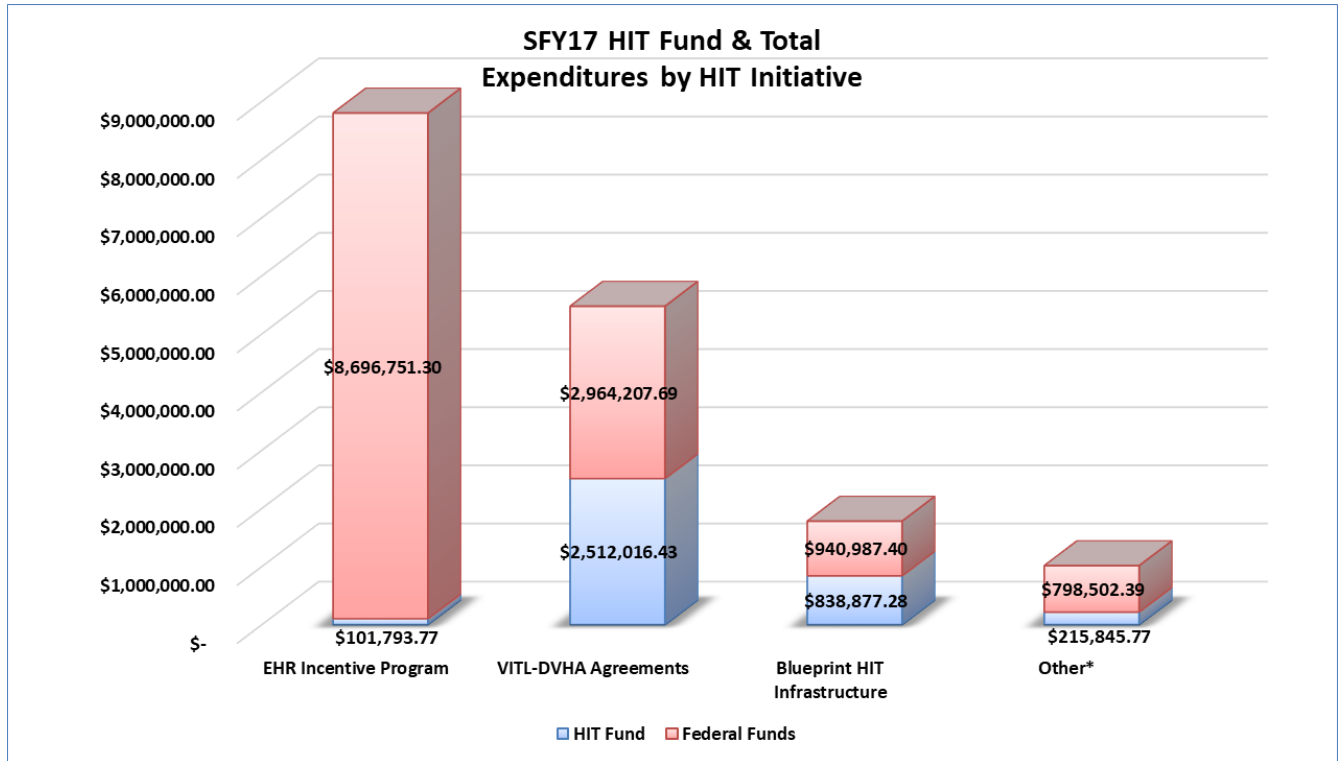
*VITL Rec Grant funding was an original federal funding source created to support the establishment of Health Information Exchanges nationwide. This funding expired in 2014.

**Includes funding for Health-IT projects conducted by Bi-State Primary Care, the Vermont Department of Health, amongst others.

Federal HITECH Act funding for the Electronic Health Record Incentive Payment program is slated to expire in FFY 2021; it is understood that the same funds used for health information exchange/IT will also expire at that time. 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, CMS is working with States to determine how to leverage other funding streams (at lower match rates) for continued maintenance activities.

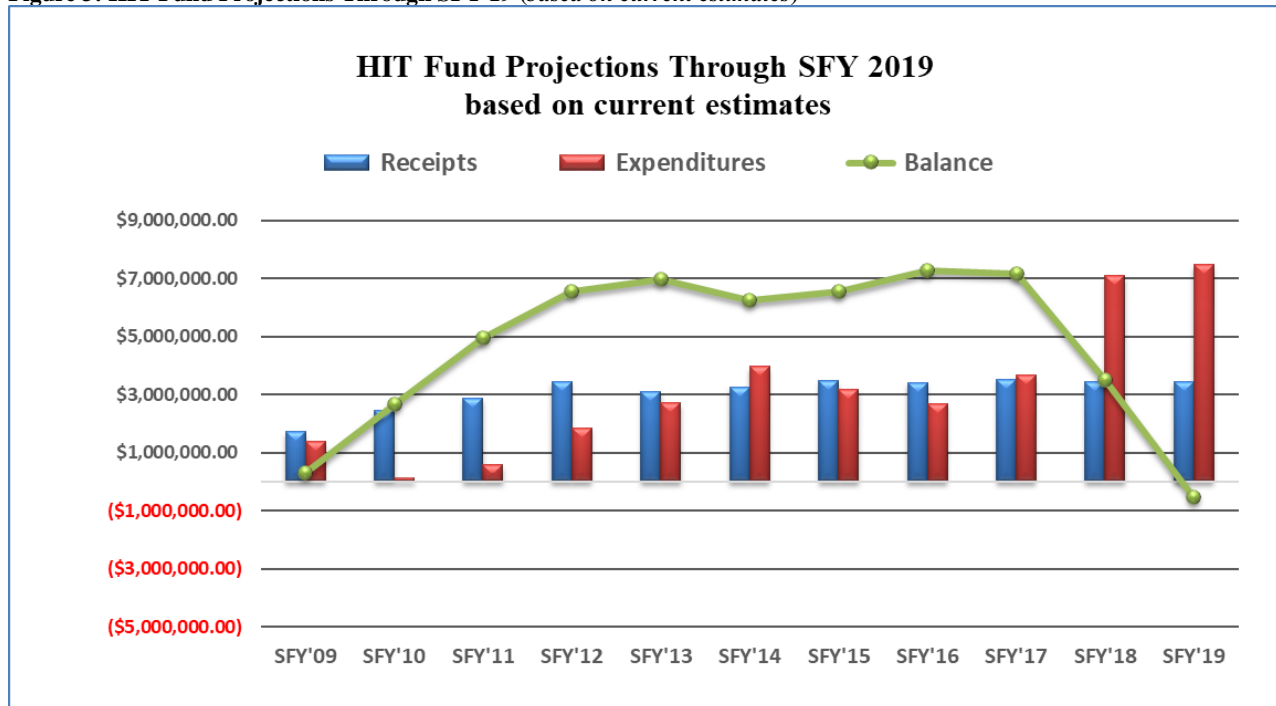
The following graph shows a similar distribution of the HIT Fund and total expenditures by initiative for SFY17 specifically. In SFY17, the State expended \$3,668,533.25 from the HIT Fund to support total spending of \$17,068,982.

Figure 2: SFY17 HIT Fund & Total Expenditures by HIT Initiative



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

Figure 3: HIT Fund Projections Through SFY 19 (based on current estimates)



Fund Activities

In SFY17, the following projects/initiatives were supported by the HIT Fund (See Appendix 1 for further details):

- **Electronic Health Records (EHR) Incentive Payment Program** – The HITECH Act supports the EHR Incentive Payment 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 incentive payments. Vermont’s EHR Incentive Payment Program 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 SFY17 these direct payments amounted to \$8,798,545.06. To date this program has paid out approximately \$53,635,266.00 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>. This program will expire in 2021. Amounts reported in Figures 1 and 2 are inclusive of the 100% federally funded provider incentive payments.
- **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. VITL has received State funding since 2005. Because of 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.
- **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 collaboration with Vermont’s State Innovation Model (SIM) Program, the Blueprint migrated the registry system and data to VITL’s infrastructure. In SFY17, the HIT Fund continued to support the program’s clinical and claims data analytics within the BPCR. These analytics helped produce 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. These data are used to assist their data 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/reports_and_analytics/annual_reports.
- **HIT Planning and Support Agreements** – Utilizing HIT Fund dollars, the State has provided support for the following HIT activities. See Appendix 1 for further detail.
 - Bi-State Primary Care Association to aid Federally Qualified Health Centers (FQHCs) in targeting clinical outcomes by using data to improve their internal processes; and
 - The State’s Immunization Registry managed by the Vermont Department of Health (VDH), which collects immunization data from Vermont’s providers in accordance with federal requirements. This includes funding of operations staff.

Additional Considerations

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 a study of how the State funds, plans for, and supports health information exchange and health-IT. This study will produce a legislative report no later than November 15, 2017. The study will include recommendations about the future of the HIT Fund and the focus of Vermont's investments.
2. The federal government supported Vermont's Health IT infrastructure in SFYs 15,16, and 17 via federal State Innovation Model Test (SIM) funds, which did not require a State match. SIM funds are no longer available.
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. This may moderate revenue to the Fund.
4. The mix of federal funding sources for health information technology investments may change over time. Vermont's 1115 Global Commitment Waiver renewal requires Vermont to restructure the funding source of certain investments, formerly known as MCO Investments. CMS requested these changes to better align all section 1115 waivers across the country. Related MCO investments will ultimately be reduced to zero (by CY19), but a 50% match will continue to be available through federal Medicaid Administration support. Where appropriate, the state will continue to move expenses to federal funding requests or use HIT Fund dollars to directly support activities. HITECH funding is slated to expire in 2021.

APPENDIX 1: SFY 17 Grants and Contracts Which Leverage the HIT Fund

The table below lists the grants and contracts supported in SFY 17 with HIT Funds. The amounts listed are totals for each agreement and in each case, include a mix of federal and State dollars (several different match rates are involved depending on the funding source and eligibility criteria). As noted, some of the agreements span more than one fiscal year therefore the totals here do not necessarily match the SFY expenditure amounts listed earlier in the report.

Grantees/ Contractors	FY 17 Agreement Amounts	Summary
Vermont Information Technology Leaders (VITL)	\$4,965,693.20	Grant for core operations and management of the VT Health Information Exchange Network (VHIE) and related products and services.
Vermont Information Technology Leaders (VITL)	\$1,187,562.00	Contract for VHIE development and expansion projects. This contract leveraged HITECH Act dollars.
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.
Onpoint Health Data – Blueprint for Health	\$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.
Cathedral Square Corp. – Blueprint for Health	\$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 IT infrastructure.
Cumberland Consulting - Vermont Department of Health	\$566,000.00	Support for the quality management of data in the State's Immunization Registry. HIT Fund dollars were also used to match federal 90/10 to support five VDH staff members dedicated to public health reporting, one of the HITECH Act's Meaningful Use components.
Capital Health Associates – Blueprint for Health	\$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.