

FROM NUMBERS TO KNOWLEDGE



2022 ANNUAL REPORT



BUILDING THE BRIDGE TO CONNECTED CARE



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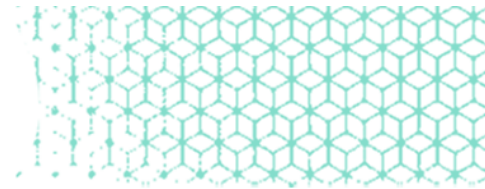
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BUILDING THE BRIDGE TO CONNECTED CARE

Since 1993, Virginia Health Information (VHI) has strived to be a top healthcare data resource both in Virginia and nationwide.

Our approach as the Commonwealth's health information portal has evolved significantly over time, shifting from publishing static reports to more accessible, interactive dashboards. In recent years the organization has also expanded its focus to enhance clinical connectivity at the point of care through real time alerts and data exchange.

In 2022, VHI aligned all of these efforts towards our overarching goal for the year- building the bridge to connected care.



OUR VISION

Administer Virginia healthcare data reporting initiatives benefiting consumers and others

Collaborate with other public and private health information programs by providing objective and quality information and analytics

Work with our stakeholders to increase transparency across all types of healthcare

OUR MISSION

Enhance the quality and value of healthcare delivery and promote informed healthcare decisions by Virginia consumers, purchasers and other stakeholders by creating and disseminating healthcare information.

PRESIDENT'S WELCOME



DEBBIE CONDREY

I'm honored to welcome you to Virginia Health Information's (VHI) 2022 Annual Report & Strategic Plan update.

In this report, you will find highlights of VHI's recent accomplishments, new initiatives and our current Strategic Plan.

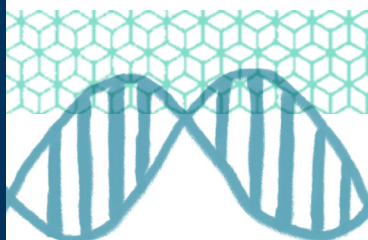
While I have worked in partnership with VHI for many years, 2022 marked my first year as VHI Board President. It is amazing how much the organization has grown and progressed through the years. This has been particularly noticeable since 2019 through VHI's merger with ConnectVirginia, the statewide Health Information Exchange (HIE). Enhancing clinical decision making at the point of care through the HIE has significantly complimented VHI's long track record of sharing actionable data and reports to drive transparency. In my current role as the Chief Information Officer (CIO) and Chief Operations Officer (COO) at the Sequoia Project, I have the privilege of supporting health IT organizations across the country. I am convinced that VHI is as well positioned as any other state-focused organization to harness the combined value of our data collection, exchange and reporting programs to realize the vision of a true health data utility.

Next year will present new opportunities and challenges for VHI to navigate at both a state and federal level. Regardless of the road ahead, the need for actionable data that is connected across the healthcare continuum has never been stronger. After an incredible year, the VHI Board of Directors is extraordinarily confident in the organization's ability to drive improvements in healthcare delivery in the Commonwealth in 2023 and beyond.

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER



KYLE RUSSELL



After building my career at VHI since 2013, it was my absolute privilege to become just the second CEO in the organization's history this past year. I've always loved that working at VHI meant that I was able to work on a wide variety of projects and support several different types of organizations at the same time. The sentiment was more true in 2022 than any other year I have been with the organization.

Within the past year we bridged gaps in care throughout the Commonwealth by sharing real time data for high needs patients across providers and care teams, analyzed data to identify gaps in payment for primary care providers and published new parent company level information on hospital systems that had been widely requested. Looking ahead, we also began several initiatives that will carry forward into 2023. VHI began collecting new data on prescription drug prices along the supply chain that will be used to create a public facing dashboard report next year. We also conducted several focus groups to develop a strategic plan for expanding the HIE that will be shared next year as well.

One thing that cannot be overstated, especially as we close out the year, is that we wouldn't be in this position without the incredible support of the entire VHI staff. While this year has certainly presented its fair share of challenges, it's been remarkable to see the amount the team has accomplished already and what lies ahead. I also cannot thank our supportive Board of Directors enough who continue to provide the right level of guidance to ensure we expand our value throughout the Commonwealth.

It has been striking to see just how many opportunities there are both now and in the future for our organization in the world of healthcare data transparency, delivery and analytics. I can't wait for you to see how we achieved our mission and vision in 2022 and how energized we are for what comes next.

VIRGINIA'S HIE

THE STATEWIDE HEALTH INFORMATION EXCHANGE

After a two-year comprehensive relationship with VHI providing management services to ConnectVirginia HIE, the organizations officially merged as of July 2019.

Why Health Information Exchange?

- more complete medical information
- secure, electronic, internet-based technology
- higher quality care for patients
- medical information exchanged by participating healthcare providers
- more easily coordinate treatment among healthcare providers

PROGRAMS WITHIN VIRGINIA'S HEALTH INFORMATION EXCHANGE

EMERGENCY DEPARTMENT CARE COORDINATION (EDCC) PROGRAM

Virginia Department of Health (VDH) contracts with Virginia Health Information to operate, maintain and administer the EDCC Program with the goal to improve the quality of patient care services by connecting participating care providers to each other electronically.

PUBLIC HEALTH REPORTING PATHWAY

The Public Health Reporting Pathway provides the transport mechanisms for electronic public health reportable data to and from the Virginia Department of Health.

EXCHANGE

VHI onboards participants directly to eHealth Exchange, a nationwide health information exchange that provides a secure method to query and retrieve patient data.

ADVANCE HEALTH CARE DIRECTIVES REGISTRY

VHI provides a secure tool at no cost to Virginia residents to store important documents that protect their legal rights and ensure their medical wishes are honored if a resident is incapacitated and unable to manage their own care.

IMMUTRAK

ImmuTrak helps users identify high-risk patients who have not been vaccinated for COVID-19 and tracks patient outreach efforts by using notes and status flags. With the ability to leverage patient rosters already within the EDCC, ImmuTrak flags relevant peer groups to determine which populations needs additional attention.

VIRGINIA'S EDCCP

EMERGENCY DEPARTMENT CARE COORDINATION PROGRAM

The Emergency Department Care Coordination Program (EDCCP) is a single, statewide technology solution that connects all hospital emergency departments in the Commonwealth to facilitate real-time communication and collaboration among physicians, other healthcare providers and other clinical and care management personnel for patients receiving services in hospital emergency departments for the purpose of improving the quality of patient care services. All non-ERISA health plans are connected as well. All organizations connected to the EDCC also have the ability to submit care plans (typically referred to as “Care Insights”) into the system. There is consistent data that illustrates when care plans are authored within the EDCC for “high utilizers” (10+ visits) of the ED, their subsequent utilization is reduced by 20-40+%.

EDCCP FEATURES:

- **Information on the movement of patients after discharge**
- **Patient demographic information, such as up- to-date phone numbers**
- **COVID-19 lab result flagging and reporting functionality**
- **Real-time ED and hospital encounter info to providers within their existing workflow**
- **Conditions of Participation functionality for hospitals**
- **Details on patients’ utilization history, care team and shared care insights/ plans**

“

We were able to drill down with the treatment team and provider on specific needs related to an individual who went to the ED over 80 times last year. By providing additional, targeted support that number continues to decrease and the patient has only been a handful of times since January, all for valid health concerns.”

— Community Services Board

USAGE OF THE EDCCP IN 2022

**OVER
2,000**
ACTIVE USERS



445
ORGANIZATIONS
IN TOTAL ARE
CURRENTLY ONBOARD

**OVER
90,000**
NOTIFICATIONS
A MONTH

50,000
patient record
views a month

100 NEW
organizations
connected within
the past year



ENHANCING THE EDCC:

Under direction of the Advisory Council, VHI has been implementing a wide range of program enhancements based on state priorities over the past year to broaden the program. Several have been launched within the past year including:



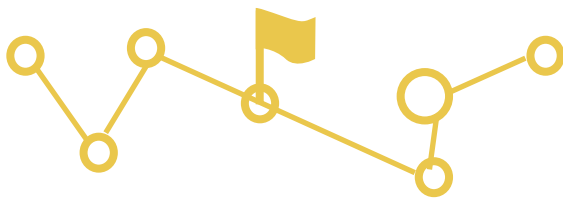
BRIDGING CARE FOR SUBSTANCE USE DISORDER

Working within the parameters of 42 CFR Part 2, the EDCC can now proactively connect patients in the hospital with MAT facilities for appropriate treatment. This enhancement surfaces awareness and enables collaboration for patients with substance use disorder across both acute and office based opioid treatment facilities via real-time alerts and referrals.



COORDINATION FOR MENTAL AND MATERNAL HEALTH

New notifications and care coordination tools were developed and implemented to identify at-risk patients in real time, schedule reports and provide patient consent management for both types of care.



MULTIDRUG-RESISTANT ORGANISM (MDRO) FLAG FUNCTIONALITY

Later this year the EDCC will provide the Virginia Department of Health (VDH) with an integrated platform that is leveraged to improve communication and response around preventing the spread of MDROs.



“

We began partnering with the Commonwealth’s Emergency Department Care Coordination (EDCC) program to alert our Medicine HOME Program case managers whenever an enrolled patient seeks care at any ED in Virginia. We’re always trying to break down barriers to care and care silos—especially when treating our most vulnerable patients. Our work with EDCC supports a highly informed and highly coordinated approach that improves care and reduces cost for patients with complex conditions.”

—Theresa Radford, UVA



VIRGINIA'S ALL-PAYER CLAIMS DATABASE (APCD)

The Virginia All-Payer Claims Database (APCD) is a program under authority of the Virginia Department of Health (VDH) that collects paid medical and pharmacy claims for residents with commercial, Medicaid and Medicare coverage across all types of healthcare services. Each claim and corresponding enrollment record submitted to the Virginia APCD includes information such as patient demographics, location of care across all settings, who provided care to the patient, any diagnoses presented by the patient and the actual allowed amount or “cost” of a particular service.

“

The Virginia APCD administered by VHI has been an invaluable resource for the conduct of population health research.

The support and expertise of the dedicated VHI team has allowed us to delve into this crucial data repository to rigorously address important knowledge gaps that are directly meaningful to the health of Virginians.

The APCD pools data from disparate sources in a way that is objective, transparent, granular and accessible, enabling confidence in the accuracy of our understanding and conclusions.”

— Cassandra Mierisch

Virginia Tech Carilion School of Medicine



MAJOR PROJECTS LEVERAGING VIRGINIA APCD DATA:



ASSESSING PATIENT CONTINUITY

In partnership with the Virginia Center for Health Innovation (VCHI), VHI provided data to the American Board of Family Medicine (ABFM) to study the impact of disjointed vs. continuous patient-provider relationships on downstream health outcomes.

PRIMARY CARE SPEND REPORTS/TOTAL COST OF CARE SPEND REPORTS

As part of VCHI's work to convene the Virginia Taskforce on Primary Care, the APCD was leveraged to report on rates of primary care spending and overall total cost of care broken out by type of insurance, area of the state and risk adjusted per-member per-month (PMPM).

LEVERAGE DATA TO DRIVE "SMARTER CARE"

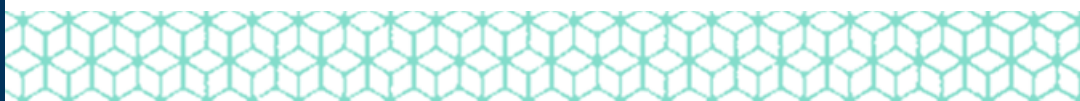
Over the past two years, VHI has worked in collaboration with VCHI on the Smarter Care Virginia project to analyze and reduce rates of low value care as part of a 2.2 million dollar grant that VCHI received from the Arnold Foundation. VHI utilizes the APCD to generate benchmark reports for over 1,500 physician practices as a foundational piece of the project.

INCREASING HEALTHCARE PRICING TRANSPARENCY

Displayed as an interactive dashboard, the VHI Pricing Transparency Report provides regional and statewide costs for 37 common healthcare services from the Virginia APCD. In addition to this regional cost information, the report includes basic information about the procedure, why the service may be performed, and cost ranges based on care setting. vhi.org/healthcarepricing

QUANTIFYING POTENTIALLY AVOIDABLE ED VISITS

The Potentially Avoidable Emergency Department (ED) Visits interactive dashboard, updated annually with the most recent claims from the Virginia APCD, allows users to identify regional and county specific rates of potentially avoidable ED visits, the major types of conditions that drive the frequency of these visits and how they compare across patient insurance type and over time.



OTHER REPORTING HIGHLIGHTS

The information VHI makes available to all healthcare stakeholders and policy makers has grown significantly over the years as data availability has expanded. In 2022, VHI's slate of publications and major data collections included some reports that have been published for decades and others that were just launched within the past year.

NEW REPORTS



PRESCRIPTION DRUG PRICING TRANSPARENCY

VHI's Prescription Drug Pricing Transparency data collection was created by Virginia law to determine drivers of large price increases within the broader prescription drug supply chain. Data is required to be submitted by health benefit plans, pharmacy benefits managers (PBMs), and drug manufacturers on select drugs with high prices, high fill volumes or large cost increases. A report will be released in Q4 of 2022 that includes data from the first year of collection.

vhi.org/rxpricingwebsite



HOSPITAL PARENT-SUBSIDIARY REPORT

VHI released its first ever Hospital Parent-Subsidiary Report containing detailed financial information on each of the different operational areas within broader health systems.. This information has long been requested to complement VHI's existing Industry Report, which focuses specifically on hospital financial performance and efficiency.

vhi.org/parent

LEGACY REPORTS



INDUSTRY REPORT

Since 1996, VHI has ranked overall efficiency, costs, profits, charity care and more for hospitals, ambulatory surgical centers and nursing facilities. This report continues to serve as an important tool for businesses, policymakers and others. vhi.org/IR



CHARITY CARE

VHI published its annual Charity Care dashboard which showcases data on the amount of uncompensated care provided by medical care facilities in Virginia valued at Medicare reimbursement levels. vhi.org/CharityCare



HMO

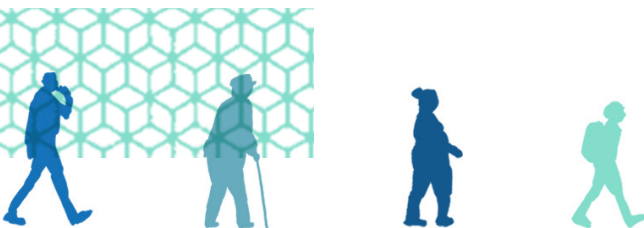
VHI provides an ever-growing set of cost, quality and satisfaction ratings on Virginia's HMOs. This online set of over 60 performance measures are updated annually for businesses, consumers and employers. vhi.org/HMO



HEALTHCARE REFORM EFFORTS

VHI provided a variety of information and connectivity to support Virginia healthcare reform efforts this year. Hospital discharge data, annual licensure survey data, EDCC data, hospital financial and operational data and APCD data all came into play to support health reform. Below are some of the specific health policy reform initiatives that VHI participated in on both a statewide and national level:

- VHI currently provides data and analytical support to VCHI for their role as convener of Virginia's Task Force on Primary Care
- VHI served on the Task Force on Maternal Health Data and Quality Measures, a General Assembly established workgroup on hospital pricing transparency reporting and the Virginia Future of Public Oral Health Data Workgroup
- On a national level VHI is a publicly elected member of the NAHDO Board of Directors and serves on the Sequoia Disaster Recovery Workgroup and CIVITAS Advocacy and Board Nominating Committees
- Joint Commission on Health Care: VHI staff provided data reports on consultation for several studies through the year including a large scale analysis on provider data sharing to improve quality of care
- VHI established and operates the Health Information Needs Workgroup as required by § 32.1-276.9:1



SUMMARY OF STRATEGIC PLAN UPDATE

For over 29 years, VHI stakeholders have guided our strategic direction, provided financial support, helped develop and use our information and worked with legislators to support VHI-related legislation and policy.

VHI has greatly expanded the scope and utility of the information provided, we've also diversified data and reports used by businesses, consumers, hospitals, legislators, policymakers and providers.

The Commonwealth of Virginia has been recognized nationally as a leader in healthcare pricing transparency, which reflects our engaged legislature and support by healthcare stakeholders.

VHI completed a successful statutory merger with ConnectVirginia HIE and is now working to expand Virginia's Advance Healthcare Directives Registry, Public Health Reporting and the Emergency Department Care Coordination Program.

VHI revenues were initially based solely on General Funds, i.e.; taxpayer dollars. Today, dependence on Virginia taxpayer dollars is under 17% of our total budget. Virginia's General Assembly has appropriated over \$320,000 to obtain almost \$2.9 million in federal funding to support VHI initiatives.

VHI data is used in national, statewide, regional and local reports.

2019–2023 STRATEGIC PLAN OVERVIEW



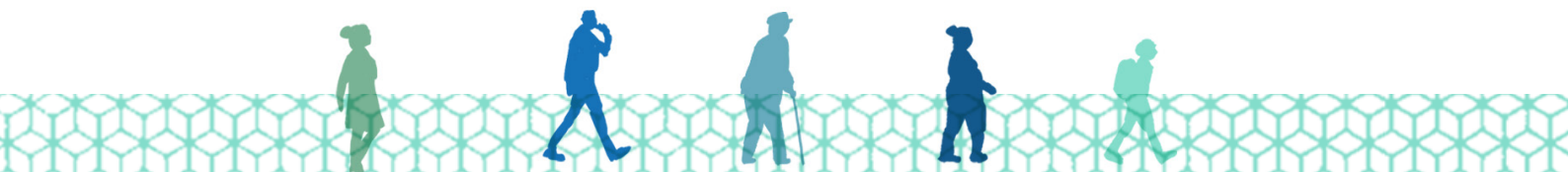
VHI periodically revisits our strategic plan for its relevance in a changing world of consumer demand for healthcare transparency and support for Virginia’s healthcare reform efforts. In October 2018, VHI’s Board analyzed our strategic direction and updated our plan to meet our mission, to help consumers make more informed healthcare decisions and to improve the quality and value of care.

HEALTHCARE REFORM / INNOVATION

- Play a principal role in opportunities for collection, analysis and sharing of healthcare information resulting from Healthcare Reform (Innovation) initiatives.
- Establish VHI as a leading player in current and evolving healthcare information and analytics.

GOVERNMENT RELATIONS

- Achieve positive legislative outcomes to enable VHI to create value for legislators which enables them to respond to the public’s need for expanded and valid healthcare information from VHI in a reliable and unbiased manner.
- Enhance relationships with new and existing legislative members and staff, prioritizing contacts with members of the Joint Commission on Health Care, finance and health committees.



BOARD GOVERNANCE

- Advance VHI's vision and mission through Board of Directors governance, leadership and commitment.
- Engage board members and ensure their full participation and commitment through involvement in appropriate task forces and sub-committees.

SALES/INCOME PRODUCING

- Diversify revenues and ensure the financial viability of VHI through the production and sale of products and services meeting the needs of the public and healthcare organizations.
- Enhance current sales and income producing activities as well as create new and innovative approaches to the sale and dissemination of VHI's products and services.

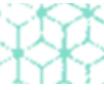
PUBLIC AWARENESS AND COMMUNICATION

- Increase the public's awareness of VHI and available data, products and services.
- Achieve a high level of recognition of VHI by healthcare stakeholders.

VHI ADMINISTRATION

- Advance VHI's mission and vision through effective management and proficient staff.
- Ensure VHI is appropriately staffed to meet the needs of VHI key concentrations.

VHI BOARD OF DIRECTORS



EXECUTIVE COMMITTEE

Debbie Condrey, *VHI President*
Charles Wayland, *VHI Vice President*
Sam S. Phillips, *VHI Treasurer*
Jeffrey Lunardi, *VHI Secretary*
T.J. Smith, *VHI Past President*
Anna McKean, *VHI President Elect*

STATE REPRESENTATIVES

Colin M. Greene, MD, MPH, *State Health Commissioner at the Department of Health*
Jeffrey Lunardi, *Joint Commission on Health Care*
Richard Rosendahl, *Department of Medical Assistance Services*
Scott A. White, *State Corporation Commission, Bureau of Insurance*

BUSINESS REPRESENTATIVES

Terry Ellis, *Comcast NBC Universal*
Mason Shea, *Mercer*
T.J. Smith, *Newport News Shipbuilding*
Lynn Ellis, *WestRock*

HEALTH INFORMATION EXCHANGE REPRESENTATIVE

Debbie Condrey, *The Sequoia Project*

NURSING FACILITY REPRESENTATIVES

David Abraham, *Beth Sholom Village*
Sam S. Phillips, *Walker-Phillips Healthcare Consulting*



HEALTH INSURANCE REPRESENTATIVES

Charles Wayland, *UniteHealthCare Community Plan of Virginia*

John Michos, *Anthem Blue Cross and Blue Shield*

PHYSICIAN REPRESENTATIVES

Moss H. Mendelson, MD, FACEP, *Sentara Quality Care*

José M. Morey, MD, *Department of Radiology and Medical
Imaging University of Virginia*

HOSPITAL REPRESENTATIVES

Daniel L. Thurman, *HCA Healthcare Capital Division*

Donna Littlepage, *Carilion Clinic*

CUSTOMER REPRESENTATIVES

Lauren Gray, *State Health Partners*

Anna McKean, *Master Center for Addiction Medicine*

Bree Sison, *EW Scripps/CBS 6*

Virginia Health Information

Financial Statements

June 30, 2022 and 2021



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VIRGINIA HEALTH INFORMATION

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Virginia Health Information
Richmond, Virginia

Opinion

We have audited the accompanying financial statements of Virginia Health Information (the "Organization"), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Virginia Health Information as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

January 12, 2023
Glen Allen, Virginia

VIRGINIA HEALTH INFORMATION

Statements of Financial Position June 30, 2022 and 2021

<u>Assets</u>	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 7,020,257	\$ 4,914,289
Accounts receivable	3,264,680	2,864,998
Investments	3,030,284	2,125,564
Property and equipment, net	<u>624,734</u>	<u>636,394</u>
 Total assets	 <u>\$ 13,939,955</u>	 <u>\$ 10,541,245</u>
 <u>Liabilities and Net Assets</u>		
Liabilities:		
Accounts payable	\$ 343,819	\$ 27,845
Accrued expenses	45,201	53,279
Deferred revenue	<u>346,371</u>	<u>268,266</u>
 Total liabilities	 735,391	 349,390
 Net assets without donor restrictions	 <u>13,204,564</u>	 <u>10,191,855</u>
 Total liabilities and net assets	 <u>\$ 13,939,955</u>	 <u>\$ 10,541,245</u>

See accompanying notes to financial statements.

VIRGINIA HEALTH INFORMATION

Statements of Activities Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Revenues:		
Contract fees	\$ 8,109,387	\$ 3,584,842
Sales and programming	3,238,768	5,915,338
Investment income (loss), net	(181,850)	178,954
Other	<u>35,555</u>	<u>25,727</u>
Total revenues	<u>11,201,860</u>	<u>9,704,861</u>
Expenses:		
Program:		
Patient Level Data System	341,110	374,240
Efficiency and Productivity	236,180	254,750
All Payer Claims Database	1,257,862	1,269,424
ConnectVirginia	5,510,353	4,754,064
Other projects	<u>218,991</u>	<u>219,697</u>
Total program	7,564,496	6,872,175
Management and general	<u>624,655</u>	<u>623,349</u>
Total expenses	<u>8,189,151</u>	<u>7,495,524</u>
Change in net assets without donor restrictions	3,012,709	2,209,337
Net assets without donor restrictions, beginning of year	<u>10,191,855</u>	<u>7,982,518</u>
Net assets without donor restrictions, end of year	<u>\$ 13,204,564</u>	<u>\$ 10,191,855</u>

See accompanying notes to financial statements.

VIRGINIA HEALTH INFORMATION

Statements of Functional Expenses Year Ended June 30, 2022

	Patient Level Data System	Efficiency and Productivity	All Payer Claims Database	Connect Virginia	Other Projects	Management and General	Total
Accounting fees	\$ 1,513	\$ 1,048	\$ 5,579	\$ 24,441	\$ 971	\$ 2,771	\$ 36,323
Data processing	104,931	-	960,006	4,960,515	-	-	6,105,452
Depreciation and amortization	2,635	1,859	9,903	43,300	1,724	4,918	64,469
Dues, licenses, and permits	702	486	2,590	20,538	451	1,286	26,053
Employee benefits	27,028	43,887	45,385	44,032	40,693	114,830	315,855
Equipment rental and maintenance	51	35	187	818	32	93	1,216
Graphic design and printing	134	93	483	2,161	86	245	3,212
Insurance	2,230	1,586	8,445	36,999	1,470	4,194	54,985
Legal fees	39	27	144	28,486	25	6,439	35,160
Maintenance and repairs	407	282	1,501	6,575	261	745	9,771
Marketing	48	33	176	772	31	88	1,148
Miscellaneous	262	195	1,038	4,549	181	516	6,761
Network maintenance	107	74	394	1,725	69	196	2,565
Office cleaning and landscaping	205	142	754	3,305	131	375	4,912
Office supplies	208	144	766	3,354	133	380	4,985
Payroll administration	27	19	101	444	18	50	659
Payroll taxes	6,131	9,955	10,295	9,988	9,231	26,048	71,648
Phone, fax and teleconferencing	865	599	3,191	13,982	556	1,586	20,778
Postage and delivery	92	64	340	1,491	59	169	2,215
Product development	598	414	2,204	9,656	384	1,095	14,351
Real estate tax	423	293	1,561	6,839	272	775	10,163
Salaries	105,294	170,063	176,888	171,538	157,686	444,944	1,226,333
Subcontractor services	3,063	2,121	11,296	49,485	1,967	5,510	73,542
Travel and meeting expenses	1,416	961	5,223	22,882	909	2,594	34,005
Utilities	438	303	1,514	7,071	281	802	10,509
Website	2,133	1,477	7,867	35,327	1,370	3,907	52,081
	<u>\$ 341,110</u>	<u>\$ 236,180</u>	<u>\$ 1,257,862</u>	<u>\$ 5,510,353</u>	<u>\$ 218,991</u>	<u>\$ 624,655</u>	<u>\$ 8,189,151</u>

See accompanying notes to financial statements.

VIRGINIA HEALTH INFORMATION

Statements of Functional Expenses, Continued Year Ended June 30, 2021

	Patient Level Data System	Efficiency and Productivity	All Payer Claims Database	Connect Virginia	Other Projects	Management and General	Total
Accounting fees	\$ 924	\$ 629	\$ 3,135	\$ 11,739	\$ 542	\$ 1,531	\$ 18,500
Data processing	215,545	499	981,986	4,317,572	430	1,214	5,517,246
Depreciation and amortization	2,704	1,840	9,170	34,344	1,587	4,478	54,123
Dues, licenses, and permits	1,084	738	3,677	22,962	636	1,796	30,893
Employee benefits	27,679	45,820	44,591	31,441	42,485	119,868	311,884
Equipment rental and maintenance	77	53	262	981	45	128	1,546
Graphic design and printing	2,234	230	1,148	4,300	199	561	8,672
Insurance	2,437	1,659	8,267	30,962	1,431	4,037	48,793
Legal fees	351	239	10,581	57,024	206	582	68,983
Maintenance and repairs	181	123	615	2,305	107	300	3,631
Marketing	364	248	1,235	4,625	214	603	7,289
Miscellaneous	5	3	16	59	3	111	197
Network maintenance	388	264	1,315	4,926	228	642	7,763
Office cleaning and landscaping	210	143	714	2,673	124	348	4,212
Office supplies	346	235	1,211	4,392	203	573	6,960
Payroll administration	33	22	112	419	19	55	660
Payroll taxes	6,742	11,160	10,861	7,658	10,348	31,085	77,854
Phone, fax and teleconferencing	945	644	3,207	12,013	555	1,566	18,930
Postage and delivery	1,077	202	1,005	3,765	174	491	6,714
Product development	3,197	464	2,310	8,652	400	1,128	16,151
Real estate tax	423	288	1,434	5,370	248	700	8,463
Salaries	101,836	168,579	164,057	115,679	156,309	442,512	1,148,972
Subcontractor services	4,638	3,157	15,733	58,921	2,723	7,682	92,854
Travel and meeting expenses	153	104	518	1,940	90	253	3,058
Utilities	515	351	1,748	6,545	302	853	10,314
Website	152	17,056	516	2,797	89	252	20,862
	<u>\$ 374,240</u>	<u>\$ 254,750</u>	<u>\$ 1,269,424</u>	<u>\$ 4,754,064</u>	<u>\$ 219,697</u>	<u>\$ 623,349</u>	<u>\$ 7,495,524</u>

See accompanying notes to financial statements.

VIRGINIA HEALTH INFORMATION

Statements of Cash Flows Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets	\$ 3,012,709	\$ 2,209,337
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	64,469	54,123
Net investment loss (income) reinvested	181,850	(178,954)
Change in assets and liabilities:		
Accounts receivable	(399,682)	(1,147,241)
Other	-	17,000
Accounts payable	315,974	(244,387)
Accrued expenses	(8,078)	10,551
Deferred revenue	<u>78,105</u>	<u>(78,442)</u>
Net cash provided by operating activities	<u>3,245,347</u>	<u>641,987</u>
Cash flows from investing activities:		
Purchases of investments	(1,086,570)	-
Purchases of property and equipment	<u>(52,809)</u>	<u>(46,946)</u>
Net cash used in investing activities	<u>(1,139,379)</u>	<u>(46,946)</u>
Net change in cash and cash equivalents	2,105,968	595,041
Cash and cash equivalents, beginning of year	<u>4,914,289</u>	<u>4,319,248</u>
Cash and cash equivalents, end of year	<u>\$ 7,020,257</u>	<u>\$ 4,914,289</u>

See accompanying notes to financial statements.

VIRGINIA HEALTH INFORMATION

Notes to Financial Statements

1. Nature of Organization:

Virginia Health Information ("the Organization") is a nonprofit, tax-exempt section 501(c)(3) organization which compiles, stores, analyzes, and evaluations patient level data for the Commonwealth of Virginia (the "Commonwealth").

In February 1993, the Commonwealth joined 38 other states that established legislation to create a statewide patient level database. This database, to be maintained by the Organization, is the Commonwealth's only public resource for all inpatient hospital discharge information.

On June 19, 2019, the Organization executed an Agreement of Merger and Plan of Merger (the "Agreements") with ConnecVirginia HIE, Inc. with an effective date of July 1, 2019. The Agreements stipulated the Organization as the surviving entity.

2. Summary of Significant Accounting Policies:

Basis of Accounting: The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States ("GAAP") as determined by the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC").

Cash and Cash Equivalents: the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Accounts Receivable: Accounts receivable consists of amounts due from healthcare organizations, primarily representing fees and fines for non-processed and verified data submissions, and amounts due from grantors under grant agreements. The Organization's policy is to treat any receivables outstanding for greater than six months as uncollectible. Management determined no allowance was needed at June 30, 2022, and June 30, 2021.

Investments: Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Realized and unrealized gains and losses are included in investment income or loss in the statements of activities.

Property and Equipment: Property and equipment is stated at cost. Depreciation is computed on the straight-line method over the estimated useful lives of the various assets. Estimated useful lives are 3 years for computer equipment and software, 7 years for office furniture and fixtures, and 40 years for building and building improvements.

VIRGINIA HEALTH INFORMATION

Notes to Financial Statements, Continued

2. Summary of Significant Accounting Policies, Continued:

Net Assets: The Organization is required to report amounts separately by class of net assets as follows:

Net Assets Without Donor Restrictions – Those funds currently available for general use and not subject to donor-imposed restrictions.

Net Assets With Donor Restrictions – Those funds subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or passage of time. These net assets represent contributions and grants, which must be spent for the purpose designated by the donors. Expirations of donor restrictions on net assets (i.e., donor-stipulated purpose has been fulfilled and/or stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The Organization did not have any net assets with donor restrictions at June 30, 2022 or 2021.

Revenue Recognition: Significant sources of financial support for the Organization are contracts with the Virginia Department of Health. For consideration received, the Organization performs the following services:

- (1) The Organization serves as the entity responsible for the compilation, storage, analysis and evaluation of patient level data provided by inpatient hospitals in the Commonwealth.
- (2) The Organization serves as the entity responsible for the administration of the methodology for the measurement and review of the efficiency and productivity of hospitals and nursing homes in the Commonwealth.
- (3) The Organization develops and disseminates healthcare cost and quality information derived from any and all new projects determined by the Organization's Board of Directors.
- (4) The Organization collects, compiles and publishes HEDIS information reports voluntarily submitted by health maintenance organizations or other healthcare plans, as appropriate.
- (5) The Organization receives, maintains and preserves certain data records and publications and fills requests for information related to those records and publications.

VIRGINIA HEALTH INFORMATION

Notes to Financial Statements, Continued

2. Summary of Significant Accounting Policies, Continued:

Revenue Recognition, Continued:

In addition to the government appropriations noted above, Virginia Health Information also recorded revenue from:

- (1) Implementation and operation of Commonwealth's All Payer Claims Database.
- (2) Operation of ConnectVirginia, the statewide health information exchange for the Commonwealth of Virginia, including the Emergency Department Coordination Care ("EDCC") Program.
- (3) The processing and verification of data received directly by inpatient hospitals at specific rates.
- (4) The licensing of databases and development of reports resulting from information compiled by the Organization.
- (5) Serving as a contractor to Anthem for their Quality-In-Sights® Hospital Incentive Program.
- (6) Income from other miscellaneous projects, sales and sources.
- (7) Interest and dividends earned on surplus cash.

Significant contracts are generally for one-year periods with payments received quarterly. Revenue is recognized when the obligations under the terms of a contract with a customer are satisfied, measured as the amount of total consideration expected to be received in exchange for transferring goods or providing services. Contract fee revenue is recognized over time, over the length of the related contract. Contract fee revenue totaled \$8,109,387 for 2022 and \$3,584,842 for 2021. Sales and programming revenue is recognized at a point in time when services are performed. Sales and programming revenue totaled \$3,238,768 for 2022 and \$5,915,338 for 2021.

Contract assets represent the Organization's right to consideration in exchange for services transferred to a customer. There were no contract assets at June 30, 2022 or 2021. Total accounts receivable from contracts were \$3,264,680 at June 30, 2022, \$2,864,998 at June 30, 2021, and \$1,717,757 at June 30, 2020. Contract liabilities represent the Organization's continuing obligation to transfer products and services to a customer when the customer prepays consideration for products and services. The Organization had \$346,371 of contract liabilities at June 30, 2022, \$268,266 of contract liabilities at June 30, 2021, and \$346,708 of contract liabilities at June 30, 2020. These liabilities were for continuing services owed to customers for contract fee revenue, and are classified as deferred revenue in the accompanying statements of financial position.

VIRGINIA HEALTH INFORMATION

Notes to Financial Statements, Continued

2. Summary of Significant Accounting Policies, Continued:

Functional Allocation of Expenses: The costs of providing various program and supporting services have been summarized on the functional basis in the statements of activities. Expenses have been summarized based on classification, regardless of the funding source. Accordingly, salaries and wages have been allocated based on time spent in the various functions. All contractual costs have been allocated as management and general, and occupancy costs have been allocated based on the indirect costs allowed by the various contracts. All other expenses are charged as actual costs incurred by the various functions.

Income Taxes: The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Management has evaluated the effect of guidance surrounding uncertain income tax positions and concluded that the Organization has no significant financial statement exposure to uncertain income tax positions at June 30, 2022 and 2021. The Organization is not currently under audit by any tax jurisdiction.

Fair Value of Financial Instruments: The carrying amounts of cash and cash equivalents, accounts receivable, and accounts payable and accrued expenses approximate fair value because of the short-term nature of these financial instruments.

Estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentrations of Credit Risk: Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents, accounts receivable, and investments. Cash and cash equivalent balances are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. The Organization generally has balances in excess of the FDIC insurance limit.

Accounts receivable are due from the Commonwealth and large healthcare providers in the Commonwealth. The nature of these healthcare providers reduces the risk of collectability of accounts receivable. At June 30, 2022, approximately 76% of accounts receivable was due from three customers/grantors, and at June 30, 2021, approximately 68% of accounts receivable was due from two customers/grantors. Revenues earned from two grantors were approximately 71% of total revenues for 2022, and revenues earned from one grantor was approximately 67% of total revenues for 2021.

VIRGINIA HEALTH INFORMATION

Notes to Financial Statements, Continued

2. Summary of Significant Accounting Policies, Continued:

Concentrations of Credit Risk, Continued: The Organization holds investments in a variety of financial instruments, which are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with certain marketable securities and the level of uncertainty related to changes in the value of marketable securities, it is at least reasonably possible that changes in the risks in the near term could materially affect amounts reported on the financial statements.

Subsequent Events: Management has evaluated subsequent events through January 12, 2023, the date the financial statements were available to be issued, and has determined that there are no subsequent events to be reported in the accompanying financial statements.

3. Investments:

Investments consists of the following at June 30:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,109,336	\$ 620,361
Stocks	584,243	688,903
Corporate fixed income	351,588	411,830
Certificates of deposit	<u>985,117</u>	<u>404,470</u>
	<u>\$ 3,030,284</u>	<u>\$ 2,125,564</u>

4. Property and Equipment:

Property and equipment, net consists of the following at June 30:

	<u>2022</u>	<u>2021</u>
Land	\$ 159,000	\$ 159,000
Building and building improvements	618,196	618,196
Computer equipment and software	370,743	318,231
Office furniture and fixtures	<u>100,894</u>	<u>100,597</u>
	1,248,833	1,196,024
Less: accumulated depreciation	<u>(624,099)</u>	<u>(559,630)</u>
	<u>\$ 624,734</u>	<u>\$ 636,394</u>

Depreciation and amortization expense totaled \$64,469 in 2022 and \$54,123 in 2021.

VIRGINIA HEALTH INFORMATION

Notes to Financial Statements, Continued

5. Fair Value Measurements:

The FASB has issued guidance for measurement and disclosure of fair value and establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. The guidance defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal and most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

The levels of the hierarchy are defined as follows:

Level 1	Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
Level 2	Inputs to the valuation methodology are quoted prices for similar instruments in active and inactive markets; and model driven valuations with significant inputs and drivers derived from observable active markets.
Level 3	Inputs to the valuation methodology are unobservable for the instrument and significant to the fair value measurement. The Organization did not have any Level 3 assets at June 30, 2022 and 2021.

Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs. The following is a description of the valuation methodologies used for investments carried or disclosed at fair value:

Cash and cash equivalents: Valued at the cash balance.

Stocks: Valued at the closing price reported on the active market on which the individual common stocks are traded.

Corporate fixed income: Valued at the present value of the bond's cash flow which includes periodic interest payments and the repayment of principal.

Certificates of deposit: Valued at face value and accrued interest.

Investments measured at fair value on a recurring basis at June 30, 2022 include the following:

	Fair Value Using:		
	Level 1	Level 2	Total
Cash and cash equivalents	\$ 1,109,336	\$ -	\$ 1,109,336
Stocks	584,243	-	584,243
Corporate fixed income	-	351,588	351,588
Certificates of deposit	-	985,117	985,117
	<u>\$ 1,693,579</u>	<u>\$ 1,336,705</u>	<u>\$ 3,030,284</u>

VIRGINIA HEALTH INFORMATION

Notes to Financial Statements, Continued

5. Fair Value Measurements, Continued:

Investments measured at fair value on a recurring basis at June 30, 2021 include the following:

	Fair Value Using:		Total
	Level 1	Level 2	
Cash and cash equivalents	\$ 620,361	\$ -	\$ 620,361
Stocks	688,903	-	688,903
Corporate fixed income	-	411,830	411,830
Certificates of deposit	-	404,470	404,470
	<u>\$ 1,309,264</u>	<u>\$ 816,300</u>	<u>\$ 2,125,564</u>

6. Employee Retirement Plan:

The Organization sponsors a defined contribution retirement plan (the "Plan") which covers all employees who meet eligibility requirements. The Plan enables participants to make contributions, and the Organization may elect to match the employee's contribution. The Organization's contribution to the Plan was \$109,281 in 2022 and \$101,794 in 2021.

7. Indemnification:

The Organization has certain obligations to indemnify its current and former directors for certain events or occurrences while the officer or director is, or was serving, at the the Organization's request in such capacities. The maximum liability under these obligations is limited by the Code of Virginia. The Organization's insurance policies serve to further limit its exposure.

8. Commitments and Contingencies:

Data Processing: The Organization signed a participation agreement to support the development of the Virginia All Payer Claims Database ("APCD"). The purpose of the APCD is to develop information to facilitate data-driven, evidence-based improvements in access, quality, cost, and efficiency of healthcare and to promote and improve the public health through the understanding of healthcare expenditure patterns and operation and performance of the healthcare system subject to applicable law.

The Organization entered into a contract with a vendor to provide data processing services related to development of the APCD. The Organization incurred expenses under the contract of \$935,000 for 2022 and \$900,000 for 2021.

VIRGINIA HEALTH INFORMATION

Notes to Financial Statements, Continued

8. Commitments and Contingencies, Continued:

Data Processing, Continued: To help support the Organization's effort to manage and administer a patient level database for the Commonwealth, the Organization entered into a contract with a vendor to provide computer programming, data processing, reporting and consulting services. The vendor duties and functions consist primarily of developing and delivering computer programs for the editing of data, generating error summary reports and providing magnetic copies of the processed data. The Organization incurred expenses under this contract of \$169,059 for 2022 and \$229,482 for 2021. This contract renews on an annual basis only after both the Organization and the vendor agree on the terms of an extension.

In connection with the merger as described in Note 1 and the EDCC Program described in Note 2, the Organization is party to a contract with a vendor to provide a single, statewide technology solution that connects all hospital emergency departments in the Commonwealth to facilitate real-time communication and collaboration among physicians, other health care providers, and clinical and care management personnel for patients receiving services in hospital emergency departments, for the purpose of improving the quality of patient care services. The Organization incurred expenses under this contract of \$4,667,559 for 2022 and \$4,065,545 for 2021. This contract automatically renews on an annual basis.

Federal Awards: Financial awards from federal, state, and local governmental entities in the form of grants are subject to special audit. Such audits could result in claims against the Organization for noncompliance with grantor restrictions. Such audits could also result in the grantor prohibiting future funding of such grant. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, for any impact from the revocation of future grant funds cannot be determined at this date.

9. Liquidity and Availability of Financial Assets:

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, comprise the following:

	2022	2021
Cash and cash equivalents	\$ 7,020,257	\$ 4,914,289
Accounts receivable	3,264,680	2,864,998
Investments	3,030,284	2,125,564
	<u>\$13,315,221</u>	<u>\$ 9,904,851</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

