

High-Level

PROPOSAL: Administration seeks to extend the health care claims tax sunset until the end of FY 2018

RATIONALE: Three reasons to extend the sunset and continue funding HIT:

1. First, we believe that there continues to be a need for public investment in Health IT.
 - The electronic sharing and storing of clinical data both supports doctors in providing the highest level of care and allows for measurement of health outcomes so Vermont can continuously improve the quality and cost of care.

2. Second, these state tax dollars are heavily leveraged due to federal matching rules.
 - Historically, the state expended \$17,200,394 from the HIT Fund to support total spending of \$96,962,255 from 2009 to 2016.
 - Projects are currently receiving, on average, two federal dollars for every state dollar in FY 17 and FY 18.

3. Third, the Administration needs time to make a thoughtful recommendation about the long-term future of the assessment and fund.
 - The Administration needs to refresh state HIT Plan. Most recent plan was approved in 2010.
 - The Secretary has significant concerns about VITL going forward. The administration will propose legislative language related to the sunset that requires the Secretary of Administration and the Secretary of Human Services to review the mission and purpose of VITL and develop a strategic plan that assesses the appropriate structure of VITL, including whether it should be a public or private entity. VITL receives nearly half the value of the fund.
 - More time will allow Vermont policymakers to better understand potential changes in federal law or funding rules.

REVENUE TODAY: The HIT fund is comprised of dollars raised through a tax on private health insurance claims (.0199% on each claim).

Status as of the end of SFY16:

(Source: HIT Fund Legislative Report for SFY16)

Table 1: 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**
Total	\$23,835,662.58	\$16,538,622.88	
PROJECTED			
SFY'17	\$3,400,000.00	\$3,678,400.17	\$7,018,639.53
SFY'18	\$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.

Initiative	SFY17		SFY18		Description
	HIT Fund	Total (State & Fed)	HIT Fund	Total (State & Fed)	
VITL-DVHA Grant	\$ 2,300,000.00	\$ 4,600,000.00	\$ 1,800,000.00	\$ 3,600,000.00	Maintenance & Operations of the VHIE
VITL-DVHA Contract	\$ 223,054.73	\$ 1,008,245.00	\$ 600,000.00	\$ 2,000,000.00	Development work for the VHIE supported by 90/10
VITL Summit	\$ 148,500.00	\$ 297,000.00	\$ 145,000.00	\$ 290,000.00	Annual conference hosted by VITL
Onpoint	\$ 278,750.00	\$ 557,500.00	\$ 278,750.00	\$ 557,500.00	Blueprint analytics (clinical & claims)
Capitol Health Associates	\$ 429,707.77	\$ 859,415.54	\$ 430,000.00	\$ 860,000.00	Support of Blueprint Clinical Registry
Blueprint Clinical Registry Hosting	\$ 71,503.02	\$ 143,006.04	\$ 71,503.02	\$ 143,006.04	Blueprint health data management technology
Cathedral Square	\$ 102,500.00	\$ 205,000.00	\$ 102,500.00	\$ 205,000.00	SASH program support for Blueprint
Stone Environmental	\$ 22,050.00	\$ 44,100.00	\$ 19,845.00	\$ 44,100.00	Blueprint's provider database
BiState	\$ 135,000.00	\$ 270,000.00	\$ 135,000.00	\$ 270,000.00	Data analytics in support of FQHCs & SME for state
EHRIP Program	\$ 160,000.00	\$ 1,600,000.00	\$ 160,000.00	\$ 1,600,000.00	Provider EHR incentive program run by DVHA
Cumberland (VDH)	\$ 13,419.00	\$ 134,190.00	\$ 26,838.00	\$ 268,380.00	Work on immunization registry
HSE Project Management Support	\$ 110,000.00	\$ 1,100,000.00	\$ 140,000.00	\$ 1,400,000.00	DVHA HIT team contracted support (PMs and BAs)
HSE Initiatives	\$ 150,000.00	\$ 1,500,000.00	\$ 100,000.00	\$ 1,000,000.00	Contribution to shared HSE projects (e.g., Consent)
Total	\$ 4,144,484.52	\$ 12,318,456.58	\$ 4,009,436.02	\$ 12,237,986.04	

General Supporting Points

- Why are FY 17 and FY 18 so different from historical in regards to the ratio of state to federal dollars?*

 - There was a historic build up in the fund as we did not use as much as we collected early in the life of the fund. As we identified federal funding sources (i.e.. IAPDs and MCO investments) and projects, we began to use more of the fund to match federal dollars.
 - Last year the 1115 waiver negotiations resulted in a need to change how we used some of the MCO investments. We must either move expenses to IAPDs, where appropriate, or use HIT dollars to support things. There is a phasedown in the MCO investment use, but it begins in CY2017. So basically, it arcs in a bell-type curve over time.
- The state's ability to secure and match federal funding has been dependent on the existence of dedicated dollars raised through the HIT Fund. Since 2009, the HIT fund has provided a 10% match to 90% federal funding for the advancement of health information technology activities in Vermont. Since 2009, the state expended \$17,200,394 from the HIT Fund to support total spending of \$96,962,255 (does not include SFY17 spend).
- Sharing of clinical data is essential to improving the health care quality, making care more efficient, reducing administrative burden, engaging patients in their care, and supporting the health and well-being of the Vermont community.
- We have made great strides in health information exchange over the last few years, thanks in great part to the existence of the HIT fund. Without the fund, work in this area would slow and our ability to move the needle on quality and cost of care would be hampered. This fund supports work that has a positive impact on every single Vermonter – we're all affected by improvements made in health care.
- As originally intended, the HIT fund has allowed Vermont to advance HIT efforts related to the Electronic Health Record Incentive Program, the Blueprint for Health technology, Vermont's Health Information Exchange, and more.
- This administration is committed to assessing how we use every dollar. This includes a focus on continually improving the way we administer and spend HIT funds.

Details on HIT Fund Expenditures

- Highlights of HIT success include:
 - Bi-State – piloted program bringing together clinical and claims data for FQHC care and reporting back to support improvements at the practice level
 - Blueprint – staffing and IT to do analytics of Blueprint practices work to improve point of care and population health management
 - EHRIP – supporting providers in connecting clinical data through EHRs; providing close to \$50M in federal incentives directly to Vermont’s providers
 - State staff – the HIT fund allows the state to receive federal match for HIT staff at DVHA and VDH
- The **Electronic Health Record Incentive Payment** program was designed to support providers and improve the quality, safety and efficiency of patient health care through the use of electronic health records (EHRs). Thanks to the HIT fund, the state team aids eligible providers in obtaining incentive payments as they adopt, implement, upgrade or demonstrate meaningful use of certified EHR technology. Since 2010, the program has connected Vermont’s providers with close to \$50M in EHR incentive payments.
- The HIT fund supports **the Blueprint** Clinical Registry and the technology and staff that allows for analysis of clinical and claims data. Using this analysis, the Blueprint teams support Vermont’s providers in taking a data-driven approach to continuous improvement. Individual providers and health care institutions benefit from the Blueprint’s data analytics work, much of which would not be possible without the HIT fund. (*Blueprint Clinical Registry, OnPoint, Capitol Health Associates, Cathedral Square and Stone Environmental. FY17 – HIT Fund: \$904,510.79; Total State & Fed: \$1,809,021.58*)
- The **Bi-State** grant supports clinical quality improvements at the practice level for 12 FQHC’s in Vermont. Through analysis of clinical data gained by a chart abstraction process, and matched with claims data supplied by the State, Bi-State is able to quantify performance against measures required for ACO payments, and focus with the practice on specific measures of interest. Using a plan, do, study, act (PDSA) process Bi-State works with the practice to complete a defined effort towards improvement that is quantified by subsequent year’s analysis of the same measures at the same practice.
- The HIT Fund supports work with **VDH** by funding immunization data improvement efforts for the VDH Immunization Registry. Work with a contracting service validates data and messages within the Immunization Registry itself as well as supports work with the practices and health record vendors to make HCO’s data usable.
- **Vermont’s Health Information Exchange (VHIE)** allows Vermont’s providers to quickly access patient data and supports the measurement of health care activities, resulting in programs and funding targeted at quality improvements and reduced cost of care. Since 2005, much of the operations and development of the VHIE have been possible because of the HIT fund. The fund directly supports operational costs and allows Vermont to take advantage of 90% federal funding for HIT development activities. (*FY17 HIT Fund: \$2,671,554.73; Total State & Fed: \$5,905,245*)
 - The VHIE aggregates clinical data, and without this data we cannot further health reform efforts like Vermont’s All-Payer Model.
 - Without an HIE, or an alternative, providers cannot meet Medicare’s meaningful use requirements and therefore would not be able to receive their entire Medicare reimbursement.