



State of Vermont

State Health Information Exchange Vendor Cost Analysis Executive Summary

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Executive Summary

The Agency of Human Services, Department of Vermont Health Access engaged Mazars in April 2023 to conduct an independent cost analysis of the Vermont HIE (VHIE) operations, including a breakdown by service including the Management/Administrative Costs, Technical costs and overall service fees. Mazars conducted a comprehensive review of Vermont HIE materials, interviewed key Vermont stakeholders, gathered benchmark data from other HIEs and conducted interviews with the national HIE representatives for comparison. The findings include a cost benchmarking analysis, a cost-effectiveness analysis and incorporates recommendations for best practices for HIEs of similar size and service offering.

Background

Since 2005, The Vermont Information Technology Leaders (VITL) has been the Vermont Health Information Exchange provider. During 2016-2017, VITL faced significant financial pressures and many stakeholders had indicated they had lost confidence in VITL as the organization to operate the VHIE. Act 73 of 2017 Legislative session required the State to conduct a comprehensive review of VITL among other related health information technology plans.

In FY 2016, VITL leadership expressed concerns at a Green Mountain Care Board hearing that the VITL's financial situation was dire and there may not be adequate cash to meet payroll. With significant work and amendments to the subsequent Statements of Work, VITL was able to significantly improve its financial position as well as retain significant cash reserves for the organization. In FY 2023, VITL has shown significant improvement in cash reserves and financial performance.

In our review of VITL's current performance, we have noted that VITL has made significant progress in financial stability, operational performance, and the stakeholders we interviewed indicated that they have confidence in VITL, stating that VITL is responsive, engaged, and the services provided are significantly improved.

Over the past several years, VITL has been asked by key stakeholders to expand services offered, including responding to urgent data collection and reporting needs under the COVID-19 Public Health Emergency. Some stakeholders have requested to move from the currently legislated portal function to a more integrated bi-directional feed they currently receive from other HIEs. Other aspects of the Vermont Statement of Work (SOW) with VITL have expanded its role with additional reporting requirements previously not included.

Going into the FY 2023/2024 budget year, VITL and the State of Vermont need to evaluate the costs of operating and maintaining the VHIE, the additional costs for expanding data elements, and finally any new costs related to strategic and programmatic health data needs for the state of Vermont residents and the neighbors their providers serve. The Health Information Exchange Strategic Plan is the foundation for the upcoming years' work plans and as a result, drives the 2024 contract with the Department of Vermont Health Access.

Understanding and agreeing upon the extent to which the organization can and should meet the strategic plan goals is critical to implementing a cost-effective solution. Continued evaluation of the staff/consultant/technology resources that support the solutions is imperative.

Benchmark Comparison:

Mazars compared VHIE's costs for technology, management and operations to over twenty Health Information Exchanges (HIEs) nationally using the publicly available 990 tax filings. Five similarly sized HIEs with similar services served as a benchmark group of HIEs operating in rural areas that serve a smaller population. It is understood that each HIE has its own unique products and services as well as stakeholder participants, goals and objectives and community needs. However, the HIEs analysed for this report provide the basic structure of a portal, master patient index, data interface engine, data warehouse for reporting, privacy and security levels meeting HIPAA, CMS and state regulatory requirements. Additional services provided by the HIEs are unique to the needs of their communities but include covid reporting, public health reporting, whole person care initiatives and other community-based service requirements. Taking the similarities as well as the differences, benchmark data illustrates that VHIE's cost compared to the five benchmark HIEs is higher in most categories of expense with some exceptions.

While the report focuses on Management and Operational costs primarily, we analysed the technology utilized and the associated costs to ensure that the VHIE benchmarks were compared to similarly structured HIEs. A breakdown of costs based on the filed 990s of each organization, reveals that the VHIE technology costs are on the high end of the benchmark cohort but are similar to the tech costs of two of the HIEs. Annual salary costs were 20% higher in total than the cohort's average salary costs, primarily because VITL employs more staff than the HIEs in the benchmark cohort. However, of note, the CEO salary was the lowest compared to the benchmarks nationally. Operational costs, which include annual expenditures for consultants/contractors and other contracted services were also the highest in the cohort and contribute significantly to the high annual costs of the VITL service. This is due in part to the costs of the additional services provided by VITL, but still remain higher than every other HIE for the management of the basic HIE services.

Another crucial element of the cost analysis is the HIE's responsiveness to stakeholders and ability to consistently and reliably provide services that fulfill stakeholders' identified needs, maximizing available technology with a value that corresponds to costs. Given the diverse array of HIE services available across the benchmark group, this analysis assumed a basic level of technology services including integration engine, terminology services, patient matching and data warehousing as the core services for comparison as identified in the 990 and through interviews with the HIE leadership. The technology infrastructure has been determined through discussions with and shared decision making with the Vermont Health Access stakeholders and the agreement to secure a modular, state of the art technology was mutually agreed upon by all members. This is now a fixed cost with little ability to adjust in the long term.

However, the VITL Statement of Work requirements shape M&O costs and largely define them. (See Final Signed Department of Vermont Health Access Contract # 43142 Appendix A SOW 22-23" and "VITL M&O Components"). The SOW requires operations of the VHIE systems, supporting systems, operations and security activities as demonstrated by direct outcomes measures or service level standards. These technical requirements are coupled with a series of reporting requirements both on clinical data reporting as well as service level reporting. In addition, the SOW specifically calls out the requirement to "provide on-demand training or support resources to help VITLAccess" for the community members and to "Contractor shall also support patient education about consent choices by making resources available to health care organizations and directly to patients".

To meet the SOW technical requirements for M&O, VITL has built a modular architecture over the past three years with guidance from the HIE steering committee, has established security through contracts to monitor end points and activity, has fielded an effective provider portal, and has undertaken the additional activities – at an annual cost of about \$3 million in non-labor cost and about \$1.5 million in direct labor reflecting staffing of 14 FTEs. The outcomes measures and statistics are listed in the VITL annual report.

The HIE in the benchmark cohort provide the same basic services and some provide enhanced services with functionality such as bi-directional FHIR interfaces directly into the EHR that are not yet available at VHIE. The VITL services EHR integration and on-demand/real time reporting are functionalities specifically identified as priorities by VHIE stakeholders.

Widespread adoption and utilization are also important to the value of the HIE: the percentage of participants that contribute and access data on the HIE. VHIE has strong adoption among hospitals and FQHC, with approximately 90% of these organizations contributing data, and 80-90% accessing data. There is great opportunity to connect groups such as Primary Care or Specialty providers, Home Health agencies, Skilled Nursing Facilities, Pharmacies, Labs and Emergency Medical Services.

Detailed benchmark comparisons for each category were previously presented to the client and are available upon request.

Efficiency Analysis:

Mazars was asked to provide its opinion on the areas where improvements could be made to the efficiency of the VITL operations as it provides technology and services to the Vermont Department of Health through the Statement of Work and under the regulatory requirements of the 18 V.S.A. § 9352. As noted, the latitude with which the organization can shift duties, responsibilities, management and operations are limited by the requirements of the SOW.

Certain core capabilities must be sustained by VITL as outlined in the 2023 SOW Section 3.1.v a.-r. which are comparable to the benchmark HIEs. In addition, VITL must provide service delivery for items noted in 2023 SOW Section 3.2 iii a-e which are, in this report, considered enhancements not always offered by other HIEs. Section 3.3 ii a-f denote additional requirements that will create additional expenses that might be provided in a more efficient manner but contribute to the higher overall costs of operations.

Areas of opportunity are focused mainly on the management and operations of the organization but also include the cost of technology. Details are included in the Efficiency Analysis section but include potential savings through management's renegotiation with some technology vendors on some issues. Overall VITL has worked diligently to create a robust, technology system that is well managed with improved operations and responsive staff.

Improvements to the efficiency of delivering the services required by statute and the SOW are covered under the recommendations but in large part will require the State and VITL to work together to craft a mutually agreed strategy toward achieving the SOW Outcomes in a cost-effective manner.

Recommendations

A series of recommendations regarding the cost and type of technology utilized the management staffing and consulting services are included in the Efficiency Report. These recommendations are based on the functions that are required by the SOW but may be improved using alternative resources and/or methodologies to support the services and meet the SOW Outcomes.

For the most part, the cost of the technology matches the robust capabilities of the VITL service and some minor changes in the vendor agreements could reduce the ongoing expenses in the coming years. Many of the recommendations relate to the salaries and consulting costs associated with the management and operations of the organization.

Mazars compared the salaries, FTEs, roles and responsibilities of the management team and associated staff and suggests some changes in the number of staff associated with finance, client engagement and IT. Further, the cost of consulting, which is significant, could be reduced by converting some number of consultants to full time salaried staff. VITL has needed to fill positions with increased use of contracted labor due to the continued pressures in the current labor markets. Mazars recommends that a thorough review of the costs and use of consulting and the trade-offs to reducing the services provided or eliminating them altogether is discussed in this section.

Overall, VITL has evolved over time to provide the necessary tools for Vermont to meet its goals and outcomes for health information exchange and fine tuning the tools to better support future goals in a cost-effective manner. VITL and the Board should continue to evaluate the best options for achieving the services beyond the basic levels that are provided by VITL to ensure that appropriate resources are devoted to delivering these enhanced services.

Summary Recommendations

- 1. Develop a vendor management program to question current prices and either contain price increases or reduce the price at contract renewal.*
- 2. Address the two areas of concern regarding direct interfaces and BluePath extracts from discussions and interviews through definitive plans.*
- 3. Review the roles and responsibilities of the consultants and develop optimized use/hire of skilled contractors.*
- 4. Develop a target organization chart with necessary technical skills, minimum indirect labor, and required versus enhanced service functions to optimize staff levels.*

Detailed steps for the four categories of recommendations have been prepared and provided in the complete report. Mazars is open to assisting the organization in further review, discussion and facilitation of opportunities to improve operations, reduce costs and increase efficiencies while still achieving the goals of Vermont Health Access.