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Mark R. Corrigan, Esq.
Secretary of Senate
Senate Box 203053
Harrisburg, PA 17120-3053

Anthony F. Barbush
Chief Clerk of House of Representatives
129 Main Capitol
Harrisburg, PA 17120-2020

Re: Pennsylvania eHealth Partnership Authority

Dear Messrs. Corrigan and Barbush:

On behalf of the Board of Directors of the Pennsylvania eHealth Partnership Authority ("Authority"), I write to provide you with financial documentation detailing the Board's progress since our inception in April, 2013. By way of background, Section 303 of the Authority's enabling legislation, the eHealth Information Technology Act ("Act"), mandates that the Authority make annual audits and reports to the legislature detailing the progress made each year and that copies be submitted to each of your respective offices by December 31st of that year. The statute further provides in Section 303 that each year the Authority is to submit a financial statement to the Legislative Reference Bureau for publication in the Pennsylvania Bulletin. The Authority has placed a high value on accountability and transparency in its dealings with its stakeholders, the federal government, state government, and the public-at-large. These principles have served as bedrocks throughout the development and "stand-up" period of the Authority and the Board.

Today we are providing you the annual financial statement that we intend to submit to the Legislative Reference Bureau as specified in Section 303 of the Act. For a number of reasons outlined below, we as a Board determined that attempting to perform a full independent audit of the last eight (8) months would be duplicative, costly and inefficient. We respectfully submit to you that it would be beneficial for both the Authority and the legislature as the reviewing entity for the Authority to timely submit one complete audit at the end of 2014 that covers all Authority business from inception to the end of 2014. The Authority will then timely submit annual audits going forward into 2015 and beyond.

The reason for this decision lies mainly in the current status of the Authority's funding relationship with the federal government. Due to the Authority's transition into an independent state agency, the Office of Grants Management ("OGM") in the Office of the National Coordinator for Health Information Technology ("ONC") has required the original grant award to be closed, fully reconciled "to the penny," and for a new grant award to be issued in the name

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of the Authority. All of the required paperwork indicated below has been completed and submitted to OGM/ONC and either has been or is currently being evaluated under federal scrutiny:

- Face sheet with transferring agency's expenditures
- SF 424A (budget) and budget narrative for the remainder of the approved project period
- Resume/biographical sketch for new Principal Investigator on the grant and other key personnel
- A description of the facilities and other resources available to carry out the project
- Any required project-specific assurances, certifications, or verifications
- A narrative, prepared in accordance with ONC instructions, indicating how the newly designated organization will meet programmatic requirements
- A relinquishing statement and final reports needed for closeout from the originally designated entity (PHS 3734)
- Disclosure of Lobbying Activities (none)
- SF-424 (Federal application for financial assistance, where a detailed explanation of the overall project is described)
- Match Letter – detailing the amount of match not met by old entity, but will be met by new entity – PA to submit official letter on new entity's letterhead and include how much match old entity has met and how much new entity will cover
- Final Federal Financial Report (SF-425) for old entity, which explains in detail how all funds were spent from the beginning of the grant until closeout
- Final Progress Report for the original grant award
- Sub-recipient budgets – a budget is needed for each sub-recipient (including capacity building grants) which requires a worksheet (for each sub) adding their budget/SF24a

Since before the Board's inception, the Authority's financial status has undergone routine monitoring by OGM/ONC. This monitoring has included approval of annual budget submissions, as well as the submission of various quarterly and annual reports. Additionally, OGM has performed on-the-ground monitoring visits of the Authority's offices during the grant period. Beyond this federal oversight, monthly budget reviews and fiscal controls are in place utilizing Office of the Budget resources under an interagency agreement. To maintain transparency, a budget report is submitted to the Board of Directors quarterly, and is posted to our website. In sum, we are confident that the Authority's books are well-organized and have

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been meticulously maintained; and because of the detailed financial review recently completed by both State and Federal agencies - coupled with the timing of the transfer of the grant award - the Authority believes it would be a better use of resources to conduct a full audit at the end of 2014.

In the meantime, the Authority is happy to open up its books and records for inspection by the legislature for this year as another way to compensate for not including a formal audit with this financial statement. The Authority believes, however, that the documentation provided herein should satisfy the important goal of clear and accurate financial reporting to the general assembly.

Please do not hesitate to contact me if you have any further questions or concerns. I look forward to hearing from you and to working closely with you as we implement this significant and exciting undertaking.

Sincerely,

Dr. Gaspere C. Geraci, Chairman,
eHealth Partnership Authority

cc: Board of Directors of the eHealth Partnership Authority
Todd Shamash, Governor's Office
Alix Goss, eHealth Partnership Authority