



REPORT ON THE NEW BUSINESS MODEL FOR VITAL RECORDS

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The Utah Department of Health, Office of Vital Records and Statistics (OVRs) and the Local Health Departments (LHDs) worked together to update the current vital records business model. These changes were proposed to improve customer service by increasing ordering efficiency, lowering processing costs, and fostering increased cooperation between the OVRs and the LHDs. The changes were also proposed to offset disproportionate funding reimbursement across the OVRs and the LHDs due to changes in proportions of online ordering. The LHDs and the OVRs worked together to create a mutually beneficial business and funding model which was approved by both in 2018.

Current Vital Records Business Model

Under the current business model, customers have the option of ordering birth and death certificates in-person or by mail from either the state or a local health department. The state's web-based certificate issuance module has made it possible for a resident born in Utah to obtain their birth certificate from any LHD regardless of which county they were born in. Currently, when a vital records office processes a certificate order, that office keeps 100% of the revenue.

In recent years, the percentage of birth certificates ordered online, rather than in-person or via mail, in the OVRs SILVER (Secure Internet Link for Vital Records) system has increased. The LHDs are not currently able to accept online orders in SILVER which has caused them to receive a decreasing percentage of the total certificate revenue. The current model also fosters competition between LHDs and the OVRs and does not contribute to a collaborative effort. Some LHDs considered developing their own online ordering system in order to further compete for revenue.

Basis for Making Changes to the Current Vital Records Business Model

The following are reasons to move to a new funding model:

More equitable distribution of fees collected. Currently fees collected are kept by the office issuing the certificate. Under the new funding model the fee will be divided by the LHD issuing the certificate and the OVRs. SILVER programming will be modified to allow LHDs to access and process orders for their area. It will eliminate the competition for business as well as fluctuations in different agencies' revenue due to online ordering trends. This will allow the

OVRs to focus on those activities that only we can provide the citizens including amendments to records, adoptions, legitimations, adoption registry and matches, putative father commencement, paternity searches, court orders, delayed records, home births, and maintenance of all of the vital records information systems used by the LHDs and the OVRs. We will also be able to spend more time supporting and providing oversight to the LHD certification staff.

Increased convenience and lower cost options for customers. The new funding model includes an expansion of the current SILVER system, providing an online ordering option that is the same no matter what county you live in or where you want to pick up your certificate.

Orders made online are expected to increase compared to other ordering methods (in-person and mail) once this option is advertised on state and local health department websites. The new funding model and the expansion of SILVER will allow a customer to order birth and death certificates online and pick them up in person from a LHD office of their choice. Ordering online in SILVER decreases customer wait time as well as processing time for staff.

Because the SILVER online ordering system is not advertised due to a non-competition agreement between the LHDs and the OVRs, the public may not be aware of the most cost-effective and efficient online option available to them. In addition, third party vendors prey on those seeking a Utah birth or death certificate by offering an internet ordering option that costs much more than SILVER and is not available for pickup but is mailed to the customer. Third party paid advertising is listed first in online searches such as Google. Working with the LHDs to advertise SILVER statewide will spread the word of this lower cost option for the citizens of Utah.

Sustainability and Equity. Certified copies of vital records are essential to the citizens of Utah. Ease of ordering and an equitable funding model are of paramount importance. The new method of ordering adjusts the process to fit today's lifestyle and resolves the inequity in funding, meeting the needs of both the OVRs and LHDs.

Problems with leaving the system as it is.

- Current model fosters competition between the State and Local Vital Records offices which negatively affects the public.
- Fees collected statewide do not proportionately contribute to supporting the state infrastructure.

General Information about the New Business Model

- Local offices will process online birth and death certificate orders in SILVER from customers with a mailing address located within their local health district and the OVRs will process orders in SILVER from customers who have an out of state mailing address or request next day shipping.
- One location in each of the 13 LHDs will process SILVER orders. Each location processing SILVER orders will determine an order processing timeframe and will post it online. If a LHD location is unable to process orders within the promised timeframe, the OVRs will process the order and collect the revenue.

- If a SILVER online customer requests in person pickup, they may choose either the “Pick Up Today” or the “Pick Up in 2-3 Business Days” option. The “Pick Up Today” option must be requested before 1pm on a business day. Customers receive an email or text notification when the order is ready for pick-up. LHDs will decide if they can offer a pick-up today option based on their processing capability.
- The OVRs will process all next day shipping orders regardless of whether the mailing address is out of state. The OVRs has a contract with FedEx that gives a discounted rate. The OVRs is also able to consistently process certificate orders requesting next-day shipping the same day that they are received.
- Some of the LHDs have a contract with VitalChek, a third party vendor, to provide an online ordering option. When the new model is implemented, VitalChek contracts will be cancelled. A vital records certificate through VitalChek is more expensive than through our website. Currently, a birth certificate through VitalChek costs \$64. Discontinuing the VitalChek contract will save money for the citizens and LHDs.
- The OVRs will provide LHDs with advertising materials that encourage the public to order certificates online through SILVER.
- The OVRs will continue to handle all SILVER customer service phone calls.

New Vital Records Business Model Funding

The determination of the percentage of collected fees that would go to the OVRs and the percentage that would go to the LHDs was calculated to maintain consistency in the proportions based on FY2018 revenue, with one exception. Under the new business model, described above, LHDs will process a higher percentage of the vital records certificates. The funding to cover the processing cost for orders that would be transferred to the LHDs was built into the formula to go to the LHDs (approximately \$27,000). The OVRs revenue target, based on FY18 actual data, is approximately \$1,338,000; the target for LHDs is approximately \$2,859,000.

The move to the new funding model is anticipated to take place in July 2020, once the programming changes to SILVER have been completed. The OVRs will monitor the revenue coming into the OVRs and going to the LHDs and compare with prior years revenue so that adjustments to the proportion of fees going to the LHDs versus the OVRs can be modified as needed.

(1) State gets \$3.50 from all LHD Initial Copies

General Description: LHDs process online orders in SILVER submitted by Utah residents and the OVRs processes all online orders in SILVER submitted by non-Utah residents or needing next day shipping. The OVRs will receive \$3.50 from every fee charged for an initial copy of a certified birth, death, marriage, divorce, or stillbirth certificate no matter the ordering method (counter, mail, online), and the LHDs will retain the rest.

(2) \$2.00 birth certificate fee increase, if approved.

The OVRs presented a request for a \$2.00 increase of the birth certificate fee at the October 2019 fee public hearing. The increase will help offset the loss of revenue from a declining birthrate in Utah and help cover the increasing costs for personnel and technology. If this fee increase is approved, LHDs will give the OVRs \$4.50 from every initial birth certificate sold and

\$3.50 from every initial copy of a certified death, marriage, divorce, or stillbirth certificate no matter the ordering method (counter, mail, online). All other fee arrangements remain the same.

Projected Change in Revenue to LHDs.

An analysis of the number of online vital record certificate orders filled during FY2018 was completed. A few rural counties were identified with low rates of online ordering. If residents rarely ordered online in the past, the LHD will not realize an increase of business when online orders previously processed by the OVRs are processed by the LHDs. Some county offices may lose some revenue under the new funding model because of this, while others may gain revenue. The model was built to minimize impact to the LHDs and the OVRs. The forecast estimate impact on the LHDs and the OVRs is included below. In the first option There is a slight loss to most health districts and the OVRs and gains in some counties. With the proposed \$2 increase in birth certificate fees the loss to the health districts was minimized and the OVRs gains enough to cover increases in operating expenses since the last birth certificate increase. The LHD Health Officers voted to move to this new model as they felt it improved service for citizens, reduced competition and improved collaboration.

		Option 3 ¹	Option 3 (with \$2 birth certificate increase)
Return to OVRs		\$ 3.50	\$ 3.50
Birth Certificate fee Increase ²		\$ -	\$ 2.00
WEBER-MORGAN		\$ (29,000.00)	\$ (10,000.00)
UTAH		\$ (16,000.00)	\$ 24,000.00
BEAR RIVER		\$ (15,000.00)	\$ (4,000.00)
TRICOUNTY		\$ (8,000.00)	\$ (3,000.00)
SOUTH WEST		\$ (4,000.00)	\$ 8,000.00
TOOELE		\$ (3,000.00)	\$ 1,000.00
CENTRAL		\$ (2,000.00)	\$ 1,000.00
SAN JUAN		\$ (1,000.00)	\$ -
SOUTH EAST		\$ (1,000.00)	\$ (3,000.00)
WASATCH		\$ (1,000.00)	\$ -
SUMMIT		\$ 2,000.00	\$ 3,000.00
DAVIS		\$ 13,000.00	\$ 27,000.00
SALT LAKE		\$ 43,000.00	\$ 94,000.00
Total w/o BD Trends³		\$ (22,000.00)	\$ 138,000.00
Birth and death trends applied, VC formulas caused rounding			
ALL LHDs		\$ 20,000.00	\$ 185,000.00
OVRs		\$ (28,000.00)	\$ 33,000.00

Note: This data is based on FY18 actual order data. This one year snapshot, even with forecasting applied, may not be representative of actual future revenue.

¹ Option 3: Each Local Health Dept will return \$3.50 to OVRs for every original certificate (Birth, Death, Marriage, Stillbirth, Divorce) ordered by any method.

² Scenario to show projected loss/gain for a 2 dollar increase in the Birth Certificate fee

³ No birth and death trends (+30,000) Vital Check formulas (+12,000) so loss may be less

FY20 Forecasting applied

1. Silver orders placed by residents with a mailing address in Utah are assigned by LHD and removed from OVRs.

2. Vital Chek - 75% of orders to OVRS (out of state), 25% of orders stay with LHD. VC expedites reduced by 93% Because VC required expedites on all orders.
3. Silver orders increase by 5%, all other orders decrease by same dollar amount.
4. Birth and Death Trends. (Not applied to LHD breakdown chart, data not available by LHD) Birth trend generally down, Death trend up. Total impact is about +\$30,000 for LHDs and -10,000 for OVRS.

After implementation of the new model, revenue will be reviewed and adjustments to the amount per certificate transferred to the OVRS will be made if amounts are out of alignment.

Conclusion

The OVRS and the LHDs have worked together on this new agreement in order to improve and expand the online ordering process for Utah citizens. Both the OVRS and the LHDs feel that this is a more collaborative and equitable process for providing certified vital records. We are currently in the process of programming changes to the online ordering system, SILVER, to enable the LHDs to process online orders. There is no additional revenue anticipated as a result of this modification, it is simply a more equitable and sustainable model for allocation of fee revenue. There are many things that impact this revenue so the final impact on the LHDs and the OVRS is uncertain and may differ from the projections above. After implementation we will evaluate and modify to meet the needs of all agencies involved.