

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA
OFFICE OF ETHICS, COMPLIANCE AND AUDIT SERVICES



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Alexander Bustamante
SENIOR VICE PRESIDENT
CHIEF COMPLIANCE AND AUDIT OFFICER

September 20, 2019

**EXECUTIVE VICE PRESIDENT STOBO
ACTING VICE PRESIDENT LLOYD**

**RE: Final Report Project No. P19A007: Medical Centers Clinical Enterprise
Management Recognition Plans (CEMRP)**

Attached is a copy of the final report for: Audit Services Project No. P19A007 Medical Centers Clinical Enterprise Management Recognition Plans (CEMRP). With the issuance of this final report, please destroy any previous draft versions. We very much appreciate the assistance provided to us by you and members of your staff during our review. If you should have any questions please feel free to contact me at 510-987-9646 (email: matthew.hicks@ucop.edu).

A handwritten signature in black ink, appearing to read "Matt Hicks".

Matt Hicks
Systemwide Deputy Audit Officer

Attachment

cc: Senior Vice President Bustamante
Chief of Staff Henderson
Director Fernandez
Systemwide Associate Audit Director Cataldo
Contractor Harrigan

UNIVERSITY OF CALIFORNIA
ETHICS, COMPLIANCE AND AUDIT SERVICES
OFFICE OF THE PRESIDENT
SYSTEMWIDE AUDIT

Senior Management Incentive Plans
Medical Centers Clinical Enterprise Management Recognition Plans
Audit No. P19A007
February 2019

Work Performed by:
Contractor Auditor Harrigan

Work Reviewed by:
Systemwide Associate Audit Director Cataldo
Systemwide Deputy Audit Officer Hicks

Executive Summary

Introduction

As part of the University of California Office of the President (UCOP) 2018-19 fiscal year audit plan, Internal Audit completed an audit of the Clinical Enterprise Management Recognition Plan (CEMRP1) for the five UC medical centers and UC Health.

CEMRP1 (the Plan), established by the Regents in July 2010, provides the opportunity for at-risk variable financial incentives to those employees responsible for attaining or exceeding key clinical enterprise objectives. Participants in plan-eligible job positions are defined as the senior leadership of the clinical enterprise who have significant strategic impact and a broad span of control with the ability to effect enterprise-wide change.

At the beginning of each plan year, systemwide, institutional, and individual performance objectives are developed and approved by the medical center leadership, the Chancellors, UC Health, and the Administrative Oversight Committee (AOC). Objectives relate to one or more of the following: financial performance, quality improvements, patient satisfaction, key initiatives in support of the strategic plan, and people and other resource management.

At the end of the plan year, participant performance is reviewed and rated as one component of the award recommendation. A second component is the local medical center (institutional) performance against plan, and a third component is systemwide “clinical enterprise” performance. If a participant’s total cash compensation is over the established threshold of \$304,000, awards are reported to the Regents. In addition, the Regents must approve any awards to executive officers. Beginning with the FY17 plan year, Tier I participants (medical center CEOs and Presidents and the Executive Vice President, UC Health) no longer have individual participant objectives but share common long-term objectives. The first payout for these objectives will be in FY19.

The AOC is assigned oversight of the plan, including development, governance and interpretation. CEMRP1 AOC membership includes the Executive Vice President – Chief Operating Officer, Vice President - Human Resources, Executive Director – Compensation Programs and Strategy, and the Chancellors from the five campuses that have medical centers. The AOC may consult with the Executive Vice President, UC Health during its deliberations. The Office of General Counsel will be consulted if there are any questions about the application of the Political Reform Act in this context. The Senior Vice President - Chief Compliance and Audit Officer assures that periodic auditing and monitoring occurs, as appropriate. Non-material changes may be approved by the AOC while material or substantive changes to the Plan require the approval of the President and the Regents Governance and Compensation Committee and Health Services Committee.

There is a separate incentive plan (CEMRP2) for those health system employees below the senior management level responsible for attaining or exceeding key clinical enterprise objectives. The AOC also provides oversight of this plan. In this year’s audit we included a limited review of CEMRP2 awards by reviewing award fund sources and comparing FY17 approved award payouts to actual payouts.

Objective and Scope

The primary objective of this audit was to assess the accuracy of the FY18 CEMRP1 award calculations and award compliance with the Plan. We evaluated award criteria for accuracy and compliance for the systemwide, institutional, and participant performance reviews and award calculations. Our scope included award calculations that were based on the data provided by medical center management. We reviewed the systemwide and institutional results as well as a sample of FY18 participant performance results and verified the accuracy of the award calculations. We also reviewed additional supporting documentation provided by the Health Centers related to their quantitative institutional objectives as well as those related to systemwide objectives.

We assessed the FY19 systemwide and institutional (health systems) performance objectives for compliance with the Plan.

For both CEMRP1 and CEMRP2, we reviewed the FY18 sources of funds used by the health systems and by UC Health to pay out the FY17 participant awards and reconciled the award payments to the approved amounts.

Overall Conclusion

Based on the information provided, we did not identify any errors in calculations of CEMRP1 FY18 award recommendations that were presented for approval to the AOC or the Regents Committee on Compensation.

The health systems and UC Health provided sources of funds used for award payouts. In reviewing this data, we noted a lack of consistency between the sources used both by the health systems and UC Health. We noted that an unintended source of funds was used for one UC Health CEMRP2 participant's payouts in FY15 and FY16. We also noted that none of the health systems' CEMRP2 total payouts in FY18 (for FY17 awards) matched the amounts approved by the AOC. The health systems indicated that the reason for the variances is that the amounts submitted to the AOC were preliminary estimates, indicating that the submission deadline should be changed to coincide with the year-end final results.

We reviewed the CEMRP1 plan document for FY19 and noted a few minor changes which were approved by the Regents Health Sciences Committee.

As part of this audit, we performed analyses of FY18 awards and FY19 objectives that are included in the appendices to this report as well as sources of funds for award payouts.

- FY19 participant organization and position titles (Appendix A).
- Participant total awards by location and by Tier (Appendix B).
- Number of participant awards at each level (Threshold, Target or Maximum) by component: systemwide, institutional, individual (Appendix C).
- Benchmark and baseline analysis of FY19 systemwide and institutional objectives (Appendix D).

Highlights of our analysis include:

- UCSF has significantly more participants than any other location.
- At UC Davis, the majority (73%) of participants are clustered in the lowest tier, Tier III. This is not the case for any other location. Two medical centers have Tier I and Tier II participants only.
- UC San Diego was the only health system with a FY18 institutional objective rated “Not Met.”

Opportunities for Improvement and Action Plans

1. Sources of funds used for CEMRP1 and CEMRP2 Award Payouts are inconsistent.

Per the plan, “Full funding of Short Term Incentive (STI) awards for participants at a health system in the Plan year is contingent upon that health system’s ability to pay out the awards while maintaining a positive net cash flow from operations before intra-institutional transfers.” This implies, but does not require, that the source of award funds is from each health system’s revenues. We noted that UC San Diego and UCSF use some additional fund sources that while unrestricted, are not sourced from revenue.

Also, while the plan does not specify a source of funds for UC Health participant payouts, the annual Regents item for the approval of this award specifies that the Executive Vice President will be paid with health system revenues. We noted the source of funds used for his FY15-FY18 awards was identified as an unrestricted, designated account for the Center for Health Quality and Innovations (CHQI), which was funded by the health systems.

In response to our inquiry regarding the fund sources of CEMRP2 awards, UC Health informed us that an incorrect fund source was utilized for a CEMRP2 participant's award payout in two prior fiscal years (\$42,628).

Action Plans:

- *HR Compensation will confer with the AOC regarding providing more specification regarding sources of funds for award payouts in the CEMRP plan documents. If material changes to the Plan are needed, HR Compensation will obtain the Regents’ approval for changes to the Plan.*

Target date:

March 15, 2020

- *HR Compensation will request annually that the health systems and UC Health provide evidence of the fund sources for CEMRP1 and CEMRP2 award payouts and verify that no restricted fund sources are used.*

Target date:

September 30, 2019

2. CEMRP2 total award payouts did not reconcile to the AOC approved amounts.

Our review of the health systems FY17 CEMRP2 awards noted that the total payout amounts did not agree with the AOC approved amounts. Four locations paid out in excess of what was approved while one location paid out less than was approved.

The total CEMRP2 variance was \$(586,713):

Location	CEMRP2 AOC Approved Amount *	CEMRP2 Actual Amount Paid	CEMRP2 Variance
UC Davis	\$4,546,816	\$4,588,000	\$41,184
UCLA	\$18,117,647	\$15,318,975	(\$2,798,672)
UC Irvine	\$5,745,572	\$5,870,753	\$125,181
UC San Diego	\$6,734,837	\$7,087,670	\$352,833
UCSF	\$20,038,667	\$21,731,428.25	\$1,692,761
TOTALS	\$55,183,539	\$54,596,826	(\$586,713)

* All CEMRP1 award payouts agreed to AOC approved amounts.

We inquired of the health systems regarding reasons for the variances between approved and actual paid awards. In general, the locations indicated that the amounts submitted to the AOC were preliminary estimates, indicating that the submission deadline should be changed to coincide with the year-end final results. Specific variation explanations included the following:

- Full data validation had not yet occurred as final organizational results were pending fiscal year-end results
- Overtime was calculated on the final payment but not on the preliminary numbers reported
- Verification of time on pay status calculations (actual time worked used, rather than FTE)
- Changes to performance ratings occurred that resulted in changes to award eligibility

Action Plans:

- *HR Compensation will consult with the AOC about approval of estimated CEMRP2 awards (using maximum projected payout estimate) concurrent with CEMRP1 awards approval. They will also obtain concurrence that final CEMRP2 award payouts will be submitted to the AOC showing any variances between the estimate that was approved and final actual awards, including explanations for any variances.*

Target date:

Completed.

- *HR Compensation will consult with the health system Chief Human Resource Officers (CHROs) to confirm they will submit CEMRP2 award estimates concurrent with CEMRP1 awards, and then subsequently submit the CEMRP2 final payouts as noted above. HR Compensation will add this process in the Administrative Guidelines and distribute to the CHROs.*

Target date:
September 30, 2019

3. Advisory Oversight Committee (AOC) approval process needs improvement.

The CEMRP1 plan document states “participant objectives will be reviewed prior to the start of the plan year or as soon as possible thereafter,” and “approved incentive awards will be processed as soon as possible unless they have been deferred.”

CEMRP1

We noted that FY18 results and awards and FY19 objectives were approved by the AOC. However, these items were not approved by AOC until the second quarter of FY19.

CEMRP2

We noted that proposed FY17 awards were approved in FY18. However, the final amount paid at by each location was at variance with the approved amount (see table on page 5). After the final calculations were made, the award amounts were not forwarded to the AOC for approval.

Action Plans:

- *HR Compensation will require health system CEOs to attest that the CEMRP1 and CEMRP2 final awards are accurate and in compliance with the respective plans by signing off an attestation page on the final award payments documents. This requirement will be added to the Administrative Guidelines and communicated to the local Chief Human Resource Officers.*

Target date:
October 31, 2019

- *HR Compensation will confer with the AOC on timing of awards for the plan year that is closing and objectives for the new year to see if the plan document should be updated to reflect actual cycle times. If needed, HR Compensation will request Regents' approval of changes to the plan.*

Target date:
May 31, 2020

**FY19 CEMRP1 Eligible Titles and Tiers
as of September 2019**

APPENDIX A

POSITION	UC Davis	UC Irvine	UCLA	UC San Diego	UCSF	UC Health
Associate CFO			Tier II			
Associate Chief Experience Officer				Tier III		
AVC Health Sciences Advancement				Tier II		
Assoc VP, UC Health Chief Strategy Officer						Tier II
Chief Admin. Officer			Tier II	5 @ Tier II		
Chief Ambulatory Officer		Tier II	Tier II			
Chief Clinical Officer				Tier II		
Chief Communications Officer\CCO & Chief Marketing				Tier II		
Chief Contracting Officer				Tier II		
CEO / President Health System	Tier I	Tier I	Tier I	Tier I	Tier I	
CFO/CFO Childrens Svcs/CFO Faculty Practice	Tier II	Tier II	2 @ Tier II	Tier II	2@Tier II	
Chief HR Officer/SVP HR/Chief Admin & HR Officer			Tier II	Tier II	2@ Tier II	
CIO /SVP CIO/Exec Dir Clinical IT		Tier II			Tier II	
Chief Innovation and Strategy Officer				Tier II		
CMO/ VP CMO at Benioff Children's Hospital Oakland/ UC Health Medical Director -	Tier II	Tier II			1@ Tier II and 1@ Tier III	Tier II
CNO/Chief (UCLA), Chief (UCD) Patient Care Svcs Officer, Nursing Director – Emergency Svce (UCSD)	1@ Tier II, 1@ Tier III	Tier II	Tier II			
COO - Medical Center/VP Med Center Administration - 1 vacancy at UC Davis		Tier II	Tier II	Tier II	Tier III	
Chief Pharmacy Office/Vice President-Clinical Svcs					Tier II	
Chief Strategic Planning Officer /Chief Strategy Officer /Chief Strategy Officer Children's Svcs /Exec Dir Strategy & Business Dev./AVC Strategic Communications		Tier II	Tier II	Tier II	2 @Tier II	
Controller/ Controller CHO/VP Accounting (UCSF)	Tier III				1@Tier II and 1@Tier III	
CIO Bay Health					Tier II	

**FY19 CEMRP1 Eligible Titles and Tiers
as of September 2019**

APPENDIX A

POSITION	UC Davis	UC Irvine	UCLA	UC San Diego	UCSF	UC Health
Director Clinical Ops, Managed Care	Tier III					
Director Finance/Exec. Dir. Financial Ops	Tier III					
Director Health Sci Finance and Admin	Tier III					
Director Health System Contracts	Tier II					
Director Patient Care Services	4 @Tier III					
Director Payer Strategies	Tier III					
Exec. Advisor for Children's Health					Tier II	
Exec. Dir. Enterprise Networked Data Warehouse					Tier II	
Exec. Dir Patient Experience/Patient Services	Tier III					
Exec. Dir Facilities	Tier III					
Exec. Dir Perioperative Nursing	Tier III					
Exec. Dir Professional Services	2@Tier III					
Exec. VP Physician Services/vice Dean Clinical Affairs					Tier II	
Exec. Vice Chancellor UC Health - UCOP						Tier I
Sr. Assoc. Vice Chancellor/VP UCSF Health Real Estate					Tier III	
Sr.VP – Adult Svcs/President UCSFMC					Tier II	
Sr. VP& Chief FP Officer and VP Faculty Practice Operations					2 @ Tier II	
Vice Dean Administration and Finance SOM / Sr. Assoc Dean, Finance & Administration			Tier II		Tier II	
Vice President – Benioff Children's Hospital San Francisco					Tier II	
Vice President, Business Development/Business Dev. Officer PMB	Tier III					
Vice President Cancer Svcs Finance/VP Finance for Physician Orgs					Tier II	
Vice President – Children's Ambulatory Operations					Tier III	
Vice President Clinical Services					Tier II	
Vice President, COO Adult Services					Tier II	
Vice President, for Physician Organizations, UCSF Health					Tier II	
Vice President, IT/Assoc. Chief Information Officer					Tier III	
Vice President – International Business Development					Tier III	
Vice President, Major Capital Projects					Tier II	

**FY19 CEMRP1 Eligible Titles and Tiers
as of September 2019**

APPENDIX A

POSITION	UC Davis	UC Irvine	UCLA	UC San Diego	UCSF	UC Health
Vice President Marketing & Brand Mgt					Tier II	
Vice President – New Hospital Operations Planning					Tier III	
Vice President, Population Health					Tier II	
Vice President, Revenue Cycle/ Revenue Cycle Administrator/Director Revenue Services	Tier III			Tier II		
Vice President – Medical Center Administration					Tier II	
Vice President - Strategic Development / VP Strategy-Cancer Enterprises					2 @ Tier III	
Vice President Supply Chain					Tier II	
SVP Children’s Services & President Benioff Children's Hospital					Tier II	
Vice Chancellor Univ. Dev./Alumni Relations					Tier II	

SUMMARY						
	Location	Tier I	Tier II	Tier III	Total Eligible Positions	FY19 # Participants
NOTABLE OBSERVATIONS - UCSF has significantly more participants in the Plan than any other location. - At UC Davis, 77% of participants are Tier III - Only UCSF, UC San Diego, and UC Davis have Tier III participants in FY19.	UCD	1	5*	17	23	22
	UCI	1	7	0	8	8
	UCLA	1	10	0	11	11
	UCSD	1	15	1	17	17
	UCSF	1	30	10	41	41
	UC Health System	1	2	0	3	3
	Total	<u>6</u>	<u>69</u>	<u>28</u>	<u>103</u>	<u>102</u>
*Note: At UC Davis "Eligible Positions" count includes one vacancy.						

CEMRP1 FY18 Participant Awards by Tier and by Location

Appendix B

	# of Participants FY18	Total Salaries (stipends included)	Average Salary	Total Awards (\$)	Average Award (\$)	Average Award (%)	Target as % of Salary	Max as % of Salary	Low %	High %	Low \$	High \$
Tier I												
UC Health	1	\$ 633,782	\$ 633,782	\$ 140,699	\$ 140,699	22%	20%	30%	n/a	n/a	n/a	n/a
UCD	1	\$ 904,778	\$ 904,778	\$ 190,908	\$ 190,908	21%	20%	30%	n/a	n/a	n/a	n/a
UCI*	1	\$ 519,120	\$ 519,120	\$ 109,535	\$ 109,535	21%	20%	30%	n/a	n/a	n/a	n/a
UCLA	1	\$ 1,028,608	\$ 1,028,608	\$ 234,522	\$ 234,522	23%	20%	30%	n/a	n/a	n/a	n/a
UCSD	1	\$ 880,760	\$ 880,760	\$ 185,833	\$ 185,833	21%	20%	30%	n/a	n/a	n/a	n/a
UCSF	1	\$ 1,072,782	\$ 1,072,782	\$ 262,119	\$ 262,119	24%	20%	30%	n/a	n/a	n/a	n/a
TOTAL	6	\$ 5,039,830	\$ 839,972	\$ 1,123,616	\$ 187,269	22%						
Tier II												
UC Health	2	\$ 731,800	\$ 365,900	\$ 125,556	\$ 62,778	17%	15%	25%	16.9%	17.4%	\$ 60,413	\$ 65,143
UCD	7	\$ 2,819,261	\$ 402,752	\$ 504,408	\$ 72,058	18%	15%	25%	17.7%	18.3%	\$ 47,420	\$ 104,573
UCI*	6	\$ 2,816,160	\$ 469,360	\$ 496,693	\$ 82,782	18%	15%	25%	15.3%	18.3%	\$ 60,654	\$ 124,425
UCLA	10	\$ 4,109,202	\$ 410,920	\$ 801,036	\$ 80,104	19%	15%	25%	17.3%	20.0%	\$ 61,863	\$ 132,704
UCSD	15	\$ 5,149,029	\$ 343,269	\$ 927,048	\$ 61,803	18%	15%	25%	16.9%	18.7%	\$ 45,093	\$ 87,112
UCSF*	32	\$ 13,134,125	\$ 410,441	\$ 2,442,775	\$ 76,337	19%	15%	25%	16.2%	21.2%	\$ 21,380	\$ 153,641
TOTAL	72	\$ 28,759,577	\$ 399,439	\$ 5,297,516	\$ 73,577	18%						
Tier III												
UCD	18	\$ 4,392,646	\$ 244,036	\$ 629,807	\$ 34,989	14%	15%	20%	11.6%	16.1%	\$ 8,859	\$ 44,120
UCSD	1	\$ 180,695	\$ 180,695	\$ 28,408	\$ 28,408	16%	15%	20%	15.7%	15.7%	\$ 28,408	\$ 28,408
UCSF*	8	\$ 2,263,257	\$ 282,907	\$ 374,311	\$ 46,789	17%	15%	20%	15.2%	18.2%	\$ 23,152	\$ 60,125
TOTAL	27	\$ 6,836,598	\$ 253,207	\$ 1,032,526	\$ 38,242	15%						

NOTE: * Due to retirement or less than one year in position, some locations had one or more participants who received a pro-rated award.

	# of Participants FY18	Total Salaries	Average Salary	Total Awards (\$)	Average Award (\$)	Average Award (%)
UC Health	3	\$ 1,365,582	\$ 455,194	\$ 266,255	\$ 88,752	19.5%
UCD	26	\$ 8,116,685	\$ 312,180	\$ 1,325,123	\$ 50,966	16.3%
UCI	7	\$ 3,335,280	\$ 476,469	\$ 606,228	\$ 86,604	18.2%
UCLA	11	\$ 5,137,810	\$ 467,074	\$ 1,035,558	\$ 94,142	20.2%
UCSD	17	\$ 6,210,484	\$ 365,323	\$ 1,141,289	\$ 67,135	18.4%
UCSF	41	\$ 16,470,164	\$ 401,711	\$ 3,079,205	\$ 75,103	18.7%

	Range of Awards %		Range of Awards \$	
	Low %	High %	Low \$	High \$
UC Health	16.9%	22.2%	\$ 60,413	\$ 140,699
UCD	11.6%	21.1%	\$ 8,859	\$ 190,908
UCI	15.3%	21.1%	\$ 60,654	\$ 124,425
UCLA	17.3%	22.8%	\$ 61,863	\$ 234,522
UCSD	15.7%	21.1%	\$ 28,408	\$ 185,833
UCSF	15.2%	24.4%	\$ 21,380	\$ 262,119

CEMRP1 FY18 Participant Awards by Tier and by Location

Appendix B

	# of Participants FY18	Total Salaries	Average Salary	Total Awards (\$)	Average Award (\$)	Average Award (%)	Target as % of Salary	Max % of Salary	Range of Awards (%)		Range of Awards (\$)	
									Low %	High %	Low \$	High \$
UC Health												
Tier I	1	\$ 633,782	\$ 633,782	\$ 140,699	\$ 140,699	22.2%	20%	30%	n/a	n/a	n/a	n/a
Tier II	2	\$ 731,800	\$ 365,900	\$ 125,556	\$ 62,778	17.2%	15%	25%	16.9%	17.4%	\$ 60,413	\$ 65,143
UCD												
Tier I	1	\$ 904,778	\$ 904,778	\$ 190,908	\$ 190,908	21.1%	20%	30%	n/a	n/a	n/a	n/a
Tier II	7	\$ 2,819,261	\$ 402,752	\$ 504,408	\$ 72,058	17.9%	15%	25%	17.7%	18.3%	\$ 47,420	\$ 104,573
Tier III	18	\$ 4,392,646	\$ 244,036	\$ 629,807	\$ 34,989	14.3%	15%	20%	11.6%	16.1%	\$ 8,859	\$ 44,120
UCI												
Tier I*	1	\$ 519,120	\$ 519,120	\$ 109,535	\$ 109,535	21.1%	20%	30%	n/a	n/a	n/a	n/a
Tier II	6	\$ 2,816,160	\$ 469,360	\$ 496,693	\$ 82,782	17.6%	15%	25%	15.3%	18.3%	\$ 60,654	\$ 124,425
UCLA												
Tier I	1	\$ 1,028,608	\$ 1,028,608	\$ 234,522	\$ 234,522	22.8%	20%	30%	n/a	n/a	n/a	n/a
Tier II	10	\$ 4,109,202	\$ 410,920	\$ 801,036	\$ 80,104	19.5%	15%	25%	17.3%	20.0%	\$ 61,863	\$ 132,704
UCSD												
Tier I	1	\$ 880,760	\$ 880,760	\$ 185,833	\$ 185,833	21.1%	20%	30%	n/a	n/a	n/a	n/a
Tier II	15	\$ 5,149,029	\$ 343,269	\$ 927,048	\$ 61,803	18.0%	15%	25%	16.9%	18.7%	\$ 45,093	\$ 87,112
Tier III	1	\$ 180,695	\$ 180,695	\$ 28,408	\$ 28,408	15.7%	15%	20%	15.7%	15.7%	\$ 28,408	\$ 28,408
UCSF												
Tier I	1	\$ 1,072,782	\$ 1,072,782	\$ 262,119	\$ 262,119	24.4%	20%	30%	n/a	n/a	n/a	n/a
Tier II	32	\$ 13,134,125	\$ 410,441	\$ 2,442,775	\$ 76,337	18.6%	15%	25%	16.2%	21.2%	\$ 21,380	\$ 153,641
Tier III	8	\$ 2,263,257	\$ 282,907	\$ 374,311	\$ 46,789	16.5%	15%	20%	15.2%	18.2%	\$ 23,152	\$ 60,125

FY18 CEMRP1 Participant Total Awards, Individual Awards, and Institutional Results
 % at each Opportunity Level by Medical Center and by Tier

Total Awards at each Opportunity Level (Systemwide + Institutional + Individual components)

Tier I					NOTABLE OBSERVATIONS
Location	Not Met 0%	Thres .1-10%	Target 10.1-20%	Max 20.1-30%	
UCD				1	At All locations, Tier I participants achieved a rating in the Maximum range. Tier I participants do not have individual objectives.
UCI				1	
UCLA				1	
UCSD				1	
UCSF				1	
UC Health				1	

Tier II					NOTABLE OBSERVATIONS
	Not Met 0%	Thres .1-7.5%	Target 7.6-15%	Max 15.1-25%	
UCD				7	At All locations, Tier II participants achieved a rating in the Maximum range.
UCI				6	
UCLA				10	
UCSD				15	
UCSF				32	
UC Health				2	

Tier III					NOTABLE OBSERVATIONS
	Not Met 0%	Thres .1-7.5%	Target 7.6-15%	Max 15.1-20%	
UCD			8	10	Over 2/3 of Tier III participants received an award in the Max range. Just less than half of UC Davis participants received an award in the Target range.
UCSD				1	
UCSF				8	

FY18 CEMRP1 Participant Total Awards, Individual Awards, and Institutional Results
 % at each Opportunity Level by Medical Center and by Tier

Institutional Results (Based on Medical Center meeting their 3 defined objectives)

		>Not met =Thres	>Thres =Target	>Tar = Max	NOTABLE OBSERVATIONS
	Not Met	Threshold Range	Target Range	Max Range	
UCD		1	1	1	UCSF obtained the highest rating compared to the others.
UCI		1	1	1	UC San Diego is the only location with a Not Met rating.
UCLA		1		2	
UCSD	1			2	
UCSF			1	2	

FY18 CEMRP Participant Total Awards, Individual Awards, and Institutional Results
 % at each Opportunity Level by Medical Center and by Tier

APPENDIX C

Individual component of Participant Awards (Based on individual's performance)	
Tier I	NOTABLE OBSERVATIONS
Tier I participants did not have individual objectives.	Tier I participants have shared long term objectives over 3 year Periods. The first payout will be with the FY19 awards.

	>Not met =Thres	>Thres =Target	>Tar = Max		
Tier II					
Location	Not Met	Thres	Target	Max	NOTABLE OBSERVATIONS
UCD	1	5	5	31	UCSF had the lowest rating as over 45% of objectives were Not Met. UCSF participants had 2 objectives and two UCLA participants had only 2 objectives. All other participants had 3 objectives.
UCI	1	1	2	12	
UCLA	1		2	21	
UCSD	3	2	8	31	
UCSF	28	3	9	24	
UC Health	1		3		

Tier III					
	Not Met	Thres	Target	Max	NOTABLE OBSERVATIONS
UCD	1	3	2	27	All three UC San Diego participants received Maximum rating.
UCSD				3	
UCSF	4	1	1	10	

FY19 CEMRP1 PERFORMANCE OBJECTIVES
SYSTEMWIDE AND INSTITUTIONAL
BASELINE and BENCHMARK ANALYSIS

APPENDIX D

Performance Objectives	Objective Description or Measure (Condensed)	Benchmark / Baseline								
Systemwide-Entity										
<p>1. LEVERAGING SCALE FOR VALUE AT UC HEALTH</p> <p>In Fiscal Year 2018-19, UC Health will continue the systemwide “Leveraging Scale for Value” (LSfV) Initiative. This program brings together the management of the UC health systems to accelerate aligned objectives, focusing this year on Total Supply Chain, Labor Management, and Information Technology. The purpose of this objective is to improve quality, generate increased value and enhance the operating margin of UC Health across the system.</p>	<p><u>Total Supply Chain - LSfV:</u> <i>Total Supply Chain - LSfV</i> will deliver spend savings through systemwide strategic sourcing and supply chain efforts. This component will require leadership from UC Health and Medical Center Supply Chain to collaborate with key stakeholders across the UC system to influence and strategically source spend across the categories of pharmacy, laboratory, cardiology, surgery, purchased services, and general procurement categories.</p> <p>Continued commitment and support of UC Health Leadership, comprised of Chief Executive Officers, Chief Financial Officers, Chief Operating Officers, and Deans of the Schools of Medicine, teams structured by category will innovate and engage stakeholders to greater savings and efficiency within <i>Total Supply Chain - LSfV</i></p> <table border="1" style="margin-left: auto; margin-right: auto; border-collapse: collapse; text-align: center;"> <thead> <tr> <th style="padding: 5px;"><u>Team</u></th> <th style="padding: 5px;"><u>Threshold (\$M)</u></th> <th style="padding: 5px;"><u>Target (\$M)</u></th> <th style="padding: 5px;"><u>Maximum (\$M)</u></th> </tr> </thead> <tbody> <tr> <td style="padding: 5px;">Total Supply Chain- LSfV</td> <td style="padding: 5px;">150</td> <td style="padding: 5px;">175</td> <td style="padding: 5px;">200</td> </tr> </tbody> </table> <p><u>Labor Management - LSfV:</u> <i>Labor Management -LSfV</i> will be measured by process improvements and the total expense savings achieved from the following Key Performance Indicator (KPI):</p> <p style="margin-left: 40px;">1) Productivity: Total Hours Worked per CMI (Case Mix Index) Adjusted Discharge.</p> <p>Measure Notes:</p> <ul style="list-style-type: none"> ● Previously developed objective dashboard will be utilized to track progress for all campus health systems and for auditing purposes. This dashboard will be provided to executive leadership at UC Health on a quarterly basis. ● Improvement baseline will be based on FY17-18 actual productivity performance 	<u>Team</u>	<u>Threshold (\$M)</u>	<u>Target (\$M)</u>	<u>Maximum (\$M)</u>	Total Supply Chain- LSfV	150	175	200	<p>Labor Management -LSfV- Measure Notes:</p> <ul style="list-style-type: none"> ● Previously developed objective dashboard will be utilized to track progress for all campus health systems and for auditing purposes. This dashboard will be provided to executive leadership at UC Health on a quarterly basis. ● Improvement baseline will be based on FY17-18 actual productivity performance
<u>Team</u>	<u>Threshold (\$M)</u>	<u>Target (\$M)</u>	<u>Maximum (\$M)</u>							
Total Supply Chain- LSfV	150	175	200							

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<p>1. LEVERAGING SCALE FOR VALUE AT UC HEALTH (continued)</p>	<ul style="list-style-type: none"> ● Actual results will be based on outcomes from the Action OI database ● Any additional expenses related to labor disputes or campus-wide EPIC implementations will be excluded from the actual results. ● IT contract labor will be excluded from total contract hours <table border="1" style="width: 100%; border-collapse: collapse; margin: 10px 0;"> <thead> <tr> <th style="text-align: center;"><u>Team</u></th> <th style="text-align: center;"><u>Threshold (\$M)</u></th> <th style="text-align: center;"><u>Target (\$M)</u></th> <th style="text-align: center;"><u>Maximum (\$M)</u></th> </tr> </thead> <tbody> <tr> <td>Labor Management - LSfV</td> <td style="text-align: center;">25</td> <td style="text-align: center;">36</td> <td style="text-align: center;">50</td> </tr> </tbody> </table> <p><u>Information Technology - LSfV:</u></p> <p><i>The Information Technology – LSfV leadership team will continue their efforts to coordinate infrastructure development, systems management, and strategic planning. As a result of these joint efforts, ongoing spend will be reduced and resources will be developed more efficiently.</i></p> <table border="1" style="width: 100%; border-collapse: collapse; margin: 10px 0;"> <thead> <tr> <th style="text-align: center;"><u>Team</u></th> <th style="text-align: center;"><u>Threshold (\$M)</u></th> <th style="text-align: center;"><u>Target (\$M)</u></th> <th style="text-align: center;"><u>Maximum (\$M)</u></th> </tr> </thead> <tbody> <tr> <td>Information Technology – LSfV</td> <td style="text-align: center;">22</td> <td style="text-align: center;">24</td> <td style="text-align: center;">26</td> </tr> </tbody> </table>	<u>Team</u>	<u>Threshold (\$M)</u>	<u>Target (\$M)</u>	<u>Maximum (\$M)</u>	Labor Management - LSfV	25	36	50	<u>Team</u>	<u>Threshold (\$M)</u>	<u>Target (\$M)</u>	<u>Maximum (\$M)</u>	Information Technology – LSfV	22	24	26	
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Information Technology – LSfV	22	24	26															
<p>2. ADDRESSING ADMINISTRATIVE PENALTIES – CALIFORNIA DEPT OF PUBLIC HEALTH</p> <p>Almost yearly, one or more of the University’s medical centers has received an “immediate jeopardy” administrative penalty or some other enforcement action, for a lapse in the institution’s adherence to</p>	<p>1) By July 1, 2019, establish a group of experienced individuals from each of the health systems that can develop a UC Health approach to best practices in areas that are regulated by the CDPH. These practices will include those for which any of the health systems have been cited by CDPH over the last 5-years. This group will develop best practices for monitoring these practices and ensuring compliance throughout UC Health. The group will have identified at least one area of vulnerability and have developed best practices for compliance in at least one area.</p>																	

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<p>2.ADDRESSING ADMINISTRATIVE PENALTIES – CALIFORNIA DEPT OF PUBLIC HEALTH (continued)</p> <p>regulatory guidance issued, by the California Department of Public Health (CDPH). While penalties issued under CDPH present a modest financial risk (immediate jeopardy administrative penalty: \$25,000 – \$125,000; medical breach administrative penalty: up to \$250,000), they represent a substantial reputational and patient safety risk. To prevent lapses such as these in the future, we would find it useful to develop a systemwide, UC Health approach, to the problem. This would involve asking individuals from each medical center to come together to identify areas of vulnerability and then best practices to address them.</p>	<p>2) By July 1, 2019, the group will have identified at least two areas of vulnerability and have developed best practices for compliance in these two areas.</p> <p>3) By July 1, 2019, the group will have identified at least three areas of vulnerability and have developed best practices for compliance in these three areas.</p> <table border="1" style="margin-left: auto; margin-right: auto; border-collapse: collapse; text-align: center;"> <thead> <tr> <th style="width: 25%;"><u>Team</u></th> <th style="width: 25%;"><u>Threshold</u></th> <th style="width: 25%;"><u>Target</u></th> <th style="width: 25%;"><u>Maximum</u></th> </tr> </thead> <tbody> <tr> <td>Addressing Administrative Penalties - CDPH</td> <td>Attainment of the first (#1) milestone</td> <td>Attainment of the first two (#1 & #2) milestones</td> <td>Attainment of the three (#1, #2, & #3) milestones</td> </tr> </tbody> </table>	<u>Team</u>	<u>Threshold</u>	<u>Target</u>	<u>Maximum</u>	Addressing Administrative Penalties - CDPH	Attainment of the first (#1) milestone	Attainment of the first two (#1 & #2) milestones	Attainment of the three (#1, #2, & #3) milestones	
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Addressing Administrative Penalties - CDPH	Attainment of the first (#1) milestone	Attainment of the first two (#1 & #2) milestones	Attainment of the three (#1, #2, & #3) milestones							
<p>3. CLINICAL IMPROVEMENT:</p> <p>A. The purpose of the UC Health enterprise clinical objective is to develop sustainable, system-wide initiatives resulting</p>	<p>A. Background:</p> <p>Despite the fact that each UC Medical Center achieved more than the 4% reduction in excess bed days in FY17 and FY18, the UC medical centers consistently hovered at or near maximum hospital bed capacity. High demand for inpatient care continues to be a challenge - even though we created the ability to absorb well over 800 additional admissions in FY17 and FY18. We know that opportunities still exist for excess bed day reduction and there is a strong desire to remain focused on this effort during FY19. However, we recognize that further success will be much more difficult and targeted.</p>	<p>Measure notes: “Excess Bed Days” results will be grouped by UC’s Vizient reporting entities.</p> <p>Measure source: Vizient Clinical Data Base/Resource Manager Tool, Patient Outcomes report.</p> <p>Improvement Baseline: “Excess Bed</p>								

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<p>3.CLINICAL IMPROVEMENT (continued):</p> <p>In significantly improved clinical quality outcomes.</p> <p>To support this system-wide approach, the Clinical Improvement Objective for FY19 will be a combination of Reduction in Excess Bed Days (50%) and a new, shared Prime Measure (50%).</p>	<p>Improvement Measure: “Excess Bed Days” will be grouped by Vizient reporting medical centers (i.e, UCD Health, UCI Health, UCLA Ronald Reagan MC, UCLA Santa Monica MC, UCSD Health, and UCSF Health) and defined as:</p> $\frac{\text{Vizient Observed LOS} - \text{Vizient Expected LOS (2016 Risk Model (AMC))}}{\text{Number of Patients}}$ <p>Measure source: Vizient Clinical Data Base/Resource Manager Tool, Patient Outcomes report.</p> <p>Exclusions: Patients admitted for Psychiatry, Obstetrics, Neonatology, and Rehabilitation services.</p> <p>Improvement Baseline: The baseline period for “Excess Bed Days” will be July 1 2017 through March 31, 2018) grouped by Vizient reporting medical centers. A 4% reduction in the number of excess bed days per 1000 cases compared to the measurement period will be used to determine targeted improvement (see below).</p> <p>Success for this goal: Similar to FY17 and FY18, only the best 8 of the 10 months (July through April) will be reported in order to reduce outliers and accurate trends.</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="text-align: center;"><u>Team</u></th> <th style="text-align: center;"><u>Threshold</u></th> <th style="text-align: center;"><u>Target</u></th> <th style="text-align: center;"><u>Maximum</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Reduction in Excess Bed Days</td> <td>3 out of 6 grouped medical centers achieve a 4% reduction in excess bed days.</td> <td>4 out of 6 grouped medical centers achieve a 4% reduction in excess bed days</td> <td>5 out of 6 grouped medical centers achieve a 4% reduction in excess bed days.</td> </tr> </tbody> </table>	<u>Team</u>	<u>Threshold</u>	<u>Target</u>	<u>Maximum</u>	Reduction in Excess Bed Days	3 out of 6 grouped medical centers achieve a 4% reduction in excess bed days.	4 out of 6 grouped medical centers achieve a 4% reduction in excess bed days	5 out of 6 grouped medical centers achieve a 4% reduction in excess bed days.	<p>Days” baseline will be July 1 2017 through March 31, 2018 grouped by Vizient reporting medical centers.</p> <p>Success for this objective will be: A 4% “Excess Bed Days” measure reduction from the corresponding group’s baseline.</p>
<u>Team</u>	<u>Threshold</u>	<u>Target</u>	<u>Maximum</u>							
Reduction in Excess Bed Days	3 out of 6 grouped medical centers achieve a 4% reduction in excess bed days.	4 out of 6 grouped medical centers achieve a 4% reduction in excess bed days	5 out of 6 grouped medical centers achieve a 4% reduction in excess bed days.							

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<p>3.CLINICAL IMPROVEMENT (continued): B. PRIME project</p> <p>The PRIME project would represent 50% of the clinical objective and was strongly recommended by the CMO/CNO group for the following reasons:</p> <p>PRIME tends to favor ambulatory measures and would therefore complement the inpatient-focused reduction of excess bed days.</p> <p>PRIME is a combination of pay-for-reporting and pay-for-performance and is associated with significant revenue for all five UC Medical Centers.</p>	<p>B. The five PRIME objectives recommended are as follows: Colorectal screening, blood pressure control, diabetes care, tobacco cessation, and cesarean section rate.</p> <p>Improvement Measure: A measure is considered “complete” if the UC medical Center:</p> <ul style="list-style-type: none"> • Achieves the 25th percentile, if the baseline measure was initially below that threshold • Achieves the 10% Closure Gap if the baseline measure was between the 25th and 90th percentile • Achieves or maintains the 90th percentile <p>Success for this component: The measures will be reported as a 12-month rolling average in October, January, and April. The best reporting period will be used to determine if threshold, target, or maximum has been attained (see below):</p> <table border="1" style="width: 100%; text-align: center; border-collapse: collapse;"> <thead> <tr> <th style="width: 25%;"><u>Team</u></th> <th style="width: 25%;"><u>Threshold</u></th> <th style="width: 25%;"><u>Target</u></th> <th style="width: 25%;"><u>Maximum</u></th> </tr> </thead> <tbody> <tr> <td>PRIME Measure</td> <td>Complete at least 16 out of 25 measures</td> <td>Complete at least 18 out of 25 measures</td> <td>Complete at least 20 out of 25 measures</td> </tr> </tbody> </table>	<u>Team</u>	<u>Threshold</u>	<u>Target</u>	<u>Maximum</u>	PRIME Measure	Complete at least 16 out of 25 measures	Complete at least 18 out of 25 measures	Complete at least 20 out of 25 measures	
<u>Team</u>	<u>Threshold</u>	<u>Target</u>	<u>Maximum</u>							
PRIME Measure	Complete at least 16 out of 25 measures	Complete at least 18 out of 25 measures	Complete at least 20 out of 25 measures							
Long Term Objective										
<p>UC Health Data Warehouse (UCHDW) UCHDW is run and developed by the new UC Health Center for Data-Driven Insights and Innovation (CDII).</p>	<p>Following are the three key milestones representing full attainment of the Long Term Objective:</p> <ul style="list-style-type: none"> • <i>Milestone #1:</i> Use the UCHDW data to identify 3-5 core variations in diabetes prevention and/or care across the campuses that, if reconciled, would improve patient care, achieve better outcomes, and reduce costs. 	<p>UC Health Data Warehouse (“UCHDW”) dashboards (to be developed)</p>								

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<p>UC Health Data Warehouse (UCHDW) (continued)</p> <p>Since both diabetes and hypertension are two of the most prevalent and costly chronic conditions, this objective focuses on using the UCHDW to improve our medical centers' prevention and treatment of these conditions</p>	<ul style="list-style-type: none"> • <i>Milestone #2:</i> Develop the "UC Way" for at least three diabetes prevention / care management protocols across the campuses. Use the UCHDW data to identify 3-5 core variations in hypertension prevention and/or care across the campuses that, if reconciled, would improve patient care, achieve better outcomes, and reduce costs. • <i>Milestone #3:</i> Develop the "UC Way" for at least three hypertension prevention / care management protocols across the campuses. Implement the new protocols for both diabetes and hypertension, and establish criteria and a mechanism for measuring the impact on related morbidity and mortality, as well as costs. <p>Achievement will be judged at the end of the FY 20-21 year and graded as follows: Threshold: Achievement of the first milestone Target: Achievement of the first and second milestones Maximum: Achievement of all three of the milestones</p>	
Medical Centers – Institutional		
<p>UC Davis</p> <p>1. Patient Satisfaction: Improve Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS): Care Transition Score</p>	<p>UC Davis Medical Center is setting ambitious objectives to ensure that we place the patient's experience as one of our top priorities for this fiscal year. Because the Care Transition domain encompasses subsets of questions and covers multiple areas within the hospital, process improvement work must focus on each of these questions, and tremendous resources will need to be deployed. Focusing on care transition will provide several benefits for the institution. Emphasis on process improvements may create non-quantifiable benefits such as better communication across the organization, improved collaboration, and further commitment to ensure that the patient is at the center of care. In addition, the improvements made as a result of efforts in this domain may cause a positive cascade effect, improving our other HCAHPS domains, all of which will be tied to our strategies to be well positioned for value-based care. Our most desired benefit is to increase employee and physician engagement within the UC Davis Medical Center. Our exceptional people give us the</p>	<p>Press Ganey Tool</p> <p>Baseline is FY18 Care Transition Score: 57.0%</p>

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<p>UC Davis</p> <p>1. Patient Satisfaction (continued)</p>	<p>advantage over like facilities across the nation. Our target performance for care transition puts us at or near high- performing top quartiles in engagement performance.</p> <table border="1" data-bbox="548 462 1451 662"> <thead> <tr> <th>Threshold</th> <th>Target</th> <th>Maximum</th> </tr> </thead> <tbody> <tr> <td>Maintain Progress of Care Transition: 57.0% score</td> <td>Achieve 1.0% improvement inCare Transition Score: 57.6% score</td> <td>Achieve 2.0% improvement inCare Transition Score: 58.0% score</td> </tr> </tbody> </table>	Threshold	Target	Maximum	Maintain Progress of Care Transition: 57.0% score	Achieve 1.0% improvement inCare Transition Score: 57.6% score	Achieve 2.0% improvement inCare Transition Score: 58.0% score	
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Maintain Progress of Care Transition: 57.0% score	Achieve 1.0% improvement inCare Transition Score: 57.6% score	Achieve 2.0% improvement inCare Transition Score: 58.0% score						
<p>UC Davis</p> <p>2. Quality Improvement:</p> <p>Reduce Hospital Mortality Index. An aggregate Mortality Metric to measure overall performance (Data) and Vizient (Benchmarking)</p>	<p>Reducing hospital mortality is essential to achieving high-performance in public reporting and benchmarking in Patient Safety Domains and critical in maintaining a positive operating margin that will enable UC Davis Medical Center to continue its mission of improving lives and transforming healthcare. UC Davis Medical Center will set the mortality metric to 0.434 (1% reduction) to perform at threshold. To outperform this ratio under the new 2016 Vizient risk model for academic medical centers, UC Davis Medical Center will set its target objective at 0.432 (1.5% reduction). To achieve maximum objective, UC Davis Medical Center will strive to achieve 0.430 (2.0% reduction), which is the Vizient median for academic medical center hospitals. Improving the mortality metric also provides UC Davis Medical Center an opportunity to increase diagnosis and treatment of pre-existing conditions through a collaborative improvement effort that includes other University of California medical centers. Improvement will contribute to higher quality, revenue, patient safety, and overall care.</p> <table border="1" data-bbox="533 1214 1465 1435"> <thead> <tr> <th>Threshold</th> <th>Target</th> <th>Maximum</th> </tr> </thead> <tbody> <tr> <td>Achieve 1.0% improvement in hospital mortality index: 0.91</td> <td>Achieve 2.0% improvement in hospital mortality index: 0.90</td> <td>Achieve 3.0% improvement in hospital mortality index: 0.89</td> </tr> </tbody> </table>	Threshold	Target	Maximum	Achieve 1.0% improvement in hospital mortality index: 0.91	Achieve 2.0% improvement in hospital mortality index: 0.90	Achieve 3.0% improvement in hospital mortality index: 0.89	<p>Vizient: Mortality index to 0.91 to perform at threshold., UC Davis Medical Center will set its target performance at 0.90. To achieve maximum objective, UC Davis Medical Center will strive to achieve 0.89.</p> <p>FY18 result - 0.92 mortality index</p>
Threshold	Target	Maximum						
Achieve 1.0% improvement in hospital mortality index: 0.91	Achieve 2.0% improvement in hospital mortality index: 0.90	Achieve 3.0% improvement in hospital mortality index: 0.89						

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<p>UC Davis 3. Financial Performance Reduce Length of Stay</p>	<p>Reducing the LOS index is critical to UC Davis Medical Center's mission of improving lives and transforming healthcare. UC Davis Medical Center will set the LOS metric to 0.180 (1.0% reduction) to perform at threshold. Reducing the LOS metric provides UC Davis Medical Center an opportunity to lower costs, increase revenue, and reduce clinical variation to improve quality, strengthen margins, protect patient safety, enhance patient access to inpatient care, and provide higher value care. Smoothing the flow of patients in and out of hospitals and other health care settings can help to reduce overcrowding, prevent poor handoffs, and avoid delays.</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="width: 33%;">Threshold</th> <th style="width: 33%;">Target</th> <th style="width: 33%;">Maximum</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Achieve .5% improvement in Length of Stay index: 1.010</td> <td style="text-align: center;">Achieve 1.0% improvement in Length of Stay index: 1.005</td> <td style="text-align: center;">Achieve 1.5% improvement in Length of Stay index: 1.000</td> </tr> </tbody> </table>	Threshold	Target	Maximum	Achieve .5% improvement in Length of Stay index: 1.010	Achieve 1.0% improvement in Length of Stay index: 1.005	Achieve 1.5% improvement in Length of Stay index: 1.000	<p>Index: Internal Financial Reporting Tools (Data) and Vizient (Benchmarking)</p> <p>FY18 result - 1.020 length of stay metric</p>
Threshold	Target	Maximum						
Achieve .5% improvement in Length of Stay index: 1.010	Achieve 1.0% improvement in Length of Stay index: 1.005	Achieve 1.5% improvement in Length of Stay index: 1.000						
<p>UC Irvine 1. Quality Improvement A) Decrease mortality - directly linked to the quality of care provided at UCI Health, our public hospital quality reputation ratings and the incentive / penalties from CMS. B) Achieve prime - The California Public Hospital Redesign and Incentives in Medi-Cal (PRIME) Program is</p>	<p>A) Decreasing inpatient mortality is directly linked to the quality of care provided at UCI Health, our public hospital quality reputation ratings and the incentive / penalties from CMS.</p> <p>B) Increase the PRIME entities' ability to provide patient-centered, data-driven, team-based care to high utilizers and those at risk of becoming high utilizers; Improve the PRIME entities' capacity to provide point-of-care services, complex care management, and population health management by strengthening their data analytic capacity. Improve population health and health outcomes for Medi-Cal beneficiaries, qualifying primary and secondary care patients and across the UCI spectrum of care, as demonstrated by the achievement of performance goals related to clinical improvements, preventive interventions, and patient experience metrics; and Improve participating PRIME entities' ability to provide high quality care that integrates physical and behavioral health and coordinates care across different settings.</p>	<p>Vizient (June 1 2018 to May 31 2019 (in July 2019, only data through May will be available) and PRIME report for the year</p> <p>Baseline: FY18 results– A) 0.97 through April 2018 (Vizient 2017 Model 58th Percentile)</p> <p>B) \$14.54M (80% of 18.2M DY14)</p>						

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<p>UC Irvine 1. Quality Improvement (continued) a five-year initiative that builds upon the Delivery System Reform Incentive Payment (DSRIP) program. The goal of PRIME is to continue significant improvement in the way care is delivered through California’s safety net hospital system.</p>	<table border="1" style="width: 100%; border-collapse: collapse; margin-bottom: 10px;"> <thead> <tr> <th style="width: 33%;">Threshold</th> <th style="width: 33%;">Target</th> <th style="width: 33%;">Maximum</th> </tr> </thead> <tbody> <tr> <td>A) 0.95 (53rd %ile) B) \$13.11M (80%)</td> <td>A) 0.93 (48th %ile) B) \$13.93M(85%)</td> <td>A) 0.91 (45th %ile) B) \$14.75M (90%)</td> </tr> </tbody> </table>	Threshold	Target	Maximum	A) 0.95 (53rd %ile) B) \$13.11M (80%)	A) 0.93 (48th %ile) B) \$13.93M(85%)	A) 0.91 (45th %ile) B) \$14.75M (90%)	
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<p>UC Irvine 2. Patient Satisfaction A. Improve HCAHPS overall hospital rating. B. Improve CG-CAHPS “Recommend this Provider Office” score</p>	<p>Improving these two metrics are directly linked to the quality of care provided at the facility and potential incentive / penalties from Centers for Medicare & Medicaid Services (CMS). Improvement will result in financial reimbursement, improved quality of care (evidence-based), and patient loyalty to UC Irvine Health through an improved patient experience.</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="width: 33%;">Threshold</th> <th style="width: 33%;">Target</th> <th style="width: 33%;">Maximum</th> </tr> </thead> <tbody> <tr> <td>A. 75.9% B. 90.7%</td> <td>A. 77.1% B. 91.6%</td> <td>A. 78.7% B. 93.0%</td> </tr> </tbody> </table>	Threshold	Target	Maximum	A. 75.9% B. 90.7%	A. 77.1% B. 91.6%	A. 78.7% B. 93.0%	<p>A. All Press Ganey database B. All Facilities database (exclude Anaheim & Santa Ana FHC).</p> <p>FY18 Actual - A. 76% B. 90%</p>
Threshold	Target	Maximum						
A. 75.9% B. 90.7%	A. 77.1% B. 91.6%	A. 78.7% B. 93.0%						
<p>UC Irvine 3. Financial Performance Increase Budgeted Modified Operating Earnings Before Interest, Depreciation and Amortization (EBIDA)</p>	<p>This metric excludes those expenses where investment and debt decisions have already occurred such as depreciation and interest. By focusing on Modified EBIDA (Operating Earnings Before Interest, Depreciation and Amortization), we will directly align with our current improvement initiatives vs. past decisions. This metric is further modified by eliminating Actuarial based pensions and health care retiree costs where the cost can fluctuate based on estimates, market drivers and decisions made at the</p>	<p>Monthly UC Irvine Medical Center financial statements prepared by UC Irvine Medical Center Finance Department.</p> <p>Results through June 2018: 17.25%</p>						

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<p>UC Irvine 3. Financial Performance (continued)</p>	<p>UCOP level. Again, the focus is on Operations and controllable revenue and costs thereby eliminating costs not related to current operations and one-time events.</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="width: 33%;">Threshold</th> <th style="width: 33%;">Target</th> <th style="width: 33%;">Maximum</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">15.52% (90% of FY19 Budget target)</td> <td style="text-align: center;">16.38% (95% of FY19 Budget target)</td> <td style="text-align: center;">17.25% (100% of FY19 Budget target)</td> </tr> </tbody> </table>	Threshold	Target	Maximum	15.52% (90% of FY19 Budget target)	16.38% (95% of FY19 Budget target)	17.25% (100% of FY19 Budget target)	
Threshold	Target	Maximum						
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<p>UCLA 1. Quality Improvement Movers Quality Initiatives</p>	<p>Over the last 4 years, UCLA adopted a "MOVERS" Quality scorecard. MOVERS is an acronym that captures key publicly reported quality measures and strategic performance goals. The six domains of MOVERS in FY19 are described as follows: (1) Mortality or Risk-Adjusted Mortality; (2) Outcomes, including CMS Value-Based Purchasing Measures, Population-Based MSSP Quality Gate Measures, and HBIPS (Psychiatry); (3) Value-Based Care Redesign, with a focus on reducing length of stay (LOS) (the best of either LOS actual days vs. LOS Index), Emergency Department (ED) Throughput (Door to Discharge), and selected PRIME Measures (colorectal screening, blood pressure control, diabetes control, tobacco cessation, and C-section rates); (4) Experience, including Overall Rating for Ronald Reagan UCLA Medical Center, UCLA Medical Center, Santa Monica, and Resnick Neuropsychiatric Hospital plus the Overall Rating for our Physicians (using weighted contribution to an overall Health System score); (5) Readmissions Reduction (unplanned); and (6) Patient Safety, including the PSI-90 and CAUTI and CLABSI rates. The MOVERS scorecard represents a substantial improvement in the way UCLA visibly tracks and manages clinical outcomes for the purpose of improving quality and ensuring value and is modified annually to meet our strategic goals.</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="width: 33%;">Threshold</th> <th style="width: 33%;">Target</th> <th style="width: 33%;">Maximum</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Status = 12 Quality Rating Points</td> <td style="text-align: center;">Status = 21 Quality Rating Points</td> <td style="text-align: center;">Status = 25+ Quality Rating Points</td> </tr> </tbody> </table>	Threshold	Target	Maximum	Status = 12 Quality Rating Points	Status = 21 Quality Rating Points	Status = 25+ Quality Rating Points	
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Performance Objectives	Objective Description or Measure (Condensed)	Benchmark / Baseline						
<p>UCLA 2. Key Initiative Supporting Strategic Plan</p>	<p>Hospital Capacity: Reduce UCLA Health Case Mix Index (CMI)-Adjusted Average Length of Stay (ALOS) Hospital Access: Increase inpatient (IP) discharges Ambulatory Access: Increase the total number of outpatient encounters (less ED encounters) Ambulatory Access: Maintain the FY17-18 new appointment lag time baseline</p> <table border="1" style="margin-left: auto; margin-right: auto; border-collapse: collapse; text-align: center;"> <thead> <tr> <th style="width: 33%;">Threshold</th> <th style="width: 33%;">Target</th> <th style="width: 33%;">Maximum</th> </tr> </thead> <tbody> <tr> <td>Successfully achieve 1 of 4 objectives</td> <td>Successfully achieve 2 of 4 objectives</td> <td>Successfully achieve 3 or 4 objectives</td> </tr> </tbody> </table>	Threshold	Target	Maximum	Successfully achieve 1 of 4 objectives	Successfully achieve 2 of 4 objectives	Successfully achieve 3 or 4 objectives	<p>Hospital Capacity - CMI-Adjusted ALOS Goal: Vizient Risk-Adjusted CMI and ALOS data Hospital Access - IP Discharges Across all IP Settings: Audited financial statements Ambulatory Access - OP Encounters Across all OP Settings (less ED encounters): Audited financial statements Ambulatory Access - Reduce Average New Patient Appointment Lag Time: CareConnect/Clarity encounter data FY18: 1. Hospital Capacity/CMI-Adjusted ALOS: 3.08 days 2. Hospital Access/IP discharges: 40,253 3. Ambulatory Access/Outpatient encounters (less ED encounters): 1,848,444 4. Ambulatory Access/New appointment lag time: 16.01 days</p>
Threshold	Target	Maximum						
Successfully achieve 1 of 4 objectives	Successfully achieve 2 of 4 objectives	Successfully achieve 3 or 4 objectives						
<p>UCLA 3. Financial Performance</p> <p>The Hospital System is the major funding engine of the UCLA Health. Achieving this goal will allow the System to continue to invest in the overall strategic plans, meet necessary capital financial requirements, meet its debt obligations, support the clinical</p>	<p>Achieve Net Operating Margin (margin before non-operating revenue/expense) Budget Target to Sustain Needs of UCLA Health (*excludes non-cash expenses for pension/post-retirement health, all new UCOP system-wide professional fee contracts and any strike related costs). Dollars presented in millions.</p>	<p>Audited Financial Statements</p> <p>FY18 projected to be \$155.7 = 6.2% Net Operating Margin</p>						

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<p>UCLA 3. Financial Performance (continued)</p> <p>departments of the School of Medicine and purchase vital clinical equipment.</p>	<table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="width: 33%;">Threshold</th> <th style="width: 33%;">Target</th> <th style="width: 33%;">Maximum</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">\$170.3 = 6.3%</td> <td style="text-align: center;">\$175.3M = 6.5%</td> <td style="text-align: center;">\$180.3 = 6.6%</td> </tr> <tr> <td style="text-align: center;">Net Operating Margin</td> <td style="text-align: center;">Net Operating Margin</td> <td style="text-align: center;">Net Operating Margin</td> </tr> </tbody> </table>	Threshold	Target	Maximum	\$170.3 = 6.3%	\$175.3M = 6.5%	\$180.3 = 6.6%	Net Operating Margin	Net Operating Margin	Net Operating Margin	
Threshold	Target	Maximum									
\$170.3 = 6.3%	\$175.3M = 6.5%	\$180.3 = 6.6%									
Net Operating Margin	Net Operating Margin	Net Operating Margin									
<p>UC San Diego 1. Quality Improvement</p> <p>Achieve Top 10 designation in the Vizient Q&A Leadership Award</p>	<p>The Vizient Quality and Accountability Leadership Award is aligned with the IOM Model of Quality Care (STEEEP - Safe, Timely, Effective, Efficient, Equitable, and Patient Centered Care). Improving performance across the six domains of the IOM Model for Quality will improve the care provided to our patients. This improvement will be evidenced via our progress on the quarterly Vizient Q&A Scorecard which mimics these six domains. The domains of the Vizient Q&A Scorecard are: Mortality, Safety, Effectiveness, Patient Centeredness, Equity, and Efficiency. The specific measures include: Mortality, Safety Score (PSIs, HAIs, ADEs, and Complications), HCAHPS, Readmissions, Excess Days, Throughput, Direct Cost, LOS, and Equity.</p> <p>The Vizient Q&A Leadership Award is released in October of each year. Therefore, for this measure, goals will be set and performance measured against the 3Q performance that is released each June.</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="width: 33%;">Threshold</th> <th style="width: 33%;">Target</th> <th style="width: 33%;">Maximum</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Achieve a ranking better than 55 in the Q&A Leadership Award.</td> <td style="text-align: center;">Achieve a ranking better than 50 in the Q&A Leadership Award.</td> <td style="text-align: center;">Achieve a ranking better than 45 in the Q&A Leadership Award.</td> </tr> </tbody> </table>	Threshold	Target	Maximum	Achieve a ranking better than 55 in the Q&A Leadership Award.	Achieve a ranking better than 50 in the Q&A Leadership Award.	Achieve a ranking better than 45 in the Q&A Leadership Award.	<p>Vizient report</p> <p>2018 Vizient Q&A Q3 (Jan-Mar 18) ranking of 53</p>			
Threshold	Target	Maximum									
Achieve a ranking better than 55 in the Q&A Leadership Award.	Achieve a ranking better than 50 in the Q&A Leadership Award.	Achieve a ranking better than 45 in the Q&A Leadership Award.									

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<p>UC San Diego 2. Patient Satisfaction</p> <p>Create an exceptional Experience for Our Patients & Families</p>	<p>Healthcare organizations with high patient satisfaction scores see a multitude of benefits. High patient satisfaction scores result in higher reimbursement payments from CMS, better patient retention rates, and the assurance for hospital staff that they fostered a positive experience for patients. The importance of improving patient satisfaction scores is well-founded. These scores help inform CMS value-based reimbursements and hospital ratings published on the CMS website. UCSD Health also use these scores to inform their own internal practice improvement processes.</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="width: 33%;">Threshold</th> <th style="width: 33%;">Target</th> <th style="width: 33%;">Maximum</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">50% of units improved at least one percentile ranking or maintained 80th percentile or above.</td> <td style="text-align: center;">50% of units improved two percentile rankings or maintained 80th percentile or above.</td> <td style="text-align: center;">50% of units improved three percentile rankings or maintained 80th percentile or above.</td> </tr> </tbody> </table>	Threshold	Target	Maximum	50% of units improved at least one percentile ranking or maintained 80th percentile or above.	50% of units improved two percentile rankings or maintained 80th percentile or above.	50% of units improved three percentile rankings or maintained 80th percentile or above.	<p>Patient Experience Surveys – likelihood to recommend category</p> <p>Press Ganey reporting tool by Office of Experience Data Analytics Team</p>
Threshold	Target	Maximum						
50% of units improved at least one percentile ranking or maintained 80th percentile or above.	50% of units improved two percentile rankings or maintained 80th percentile or above.	50% of units improved three percentile rankings or maintained 80th percentile or above.						
<p>UC San Diego 3. Financial Performance – Improve efficiency</p>	<p>Reducing the cost of care is a key strategic priority and essential for future success in the evolving healthcare environment.</p>	<p>DBS General Ledger for Gross Revenue and Expense factoring in our Case Mix Index (CMI).</p> <p>FY18 projected- UC San Diego Health - \$ 14,000 Meeting threshold will represent a \$ 24 Million dollar or 1.4 % improvement over our baseline which is FY18 Projected</p>						

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<p>UCSF 1. Quality Improvement</p> <p>With an overarching goal to Achieve Zero Harm, in FY19 providers and staff at UCSF Health will decrease the total number of events that cause harm to patients and employees from the FY18 harm events baseline.</p>	<p>Reducing harm has significant implications on the value of care delivered at UCSF Health with value being defined as quality plus experience divided by cost (Value = (Quality + Experience) / Cost). Financial models are currently being developed to better estimate the savings associated with harm prevention.</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="width: 33%;">Threshold</th> <th style="width: 33%;">Target</th> <th style="width: 33%;">Maximum</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Decrease harm events from FY18 baseline by 50 events, adjusted for volume.</td> <td style="text-align: center;">Decrease harm events from FY18 baseline by 75 events, adjusted for volume.</td> <td style="text-align: center;">Decrease harm events from FY18 baseline by 100 events, adjusted for volume.</td> </tr> </tbody> </table>	Threshold	Target	Maximum	Decrease harm events from FY18 baseline by 50 events, adjusted for volume.	Decrease harm events from FY18 baseline by 75 events, adjusted for volume.	Decrease harm events from FY18 baseline by 100 events, adjusted for volume.	<p>Metrics are collected through a variety of sources including: Hospital Epidemiology & Infection Control (HEIC) surveillance monitoring, validation & reporting, Patient falls reported in Incident Reporting system and referred to Nursing Performance Improvement for review/validation, etc.</p> <p>FY18 harm events reduced to 1000.</p>
Threshold	Target	Maximum						
Decrease harm events from FY18 baseline by 50 events, adjusted for volume.	Decrease harm events from FY18 baseline by 75 events, adjusted for volume.	Decrease harm events from FY18 baseline by 100 events, adjusted for volume.						
<p>UCSF 2. Patient Satisfaction</p>	<p>Improvements in patient experience scores indicate improvements in patients' and their families' experience. These scores are important as 30% of our HCAHPS patient survey results are factored into our Medicare reimbursement each year. It also indicates the level of our patients' loyalty and UCSF's reputation in the community.</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="width: 33%;">Threshold</th> <th style="width: 33%;">Target</th> <th style="width: 33%;">Maximum</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">54% improved (19 of 35 groups)</td> <td style="text-align: center;">57% improved (20 of 35 groups)</td> <td style="text-align: center;">60%> improved (21 of 35 groups)</td> </tr> </tbody> </table>	Threshold	Target	Maximum	54% improved (19 of 35 groups)	57% improved (20 of 35 groups)	60%> improved (21 of 35 groups)	<p>Press Ganey and Consumer Assessment of Healthcare Providers and Systems (CAHPS) survey process.</p> <p>FY18 – 45 out of 76 (59%)</p>
Threshold	Target	Maximum						
54% improved (19 of 35 groups)	57% improved (20 of 35 groups)	60%> improved (21 of 35 groups)						
<p>UCSF 3. Financial Performance</p> <p>Reduce Operating Cost Per Case* *Discharges adjusted for outpatient activity and acuity.</p>	<p>In FY 2019, UCSF invested \$38M over two years to deliver \$162M of net benefit. Lowering the cost of healthcare delivery helps us achieve the financial strength necessary to borrow \$1-\$1.5B for the UCSF Helen Diller Medical replacement, further facilitating our growth at UCSF Health.</p>	<p>Peoplesoft General Ledger</p> <p>FY18 actual operating cost per case for UCSF Health – \$24,081</p>						

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UCSF 3. Financial Performance (continued)	Threshold	Target	Maximum	Over past 2 years, the cost per case has decreased by 0.4% for UCSF Health and by 1.6% for the West Bay. Goal is to achieve the 75 th percentile among University Health System Consortium (UHC) peer group & break even on Medicare reimbursement.
	Achieve budget for UCSF Health operating cost per case.	Achieve 0.5% reduction from UCSF Health budgeted operating cost per case.	Achieve 1.0% reduction from UCSF Health budgeted operating cost per case	

NOTABLE OBSERVATIONS
Institutional and Systemwide objectives relate either to improving care or reducing costs.