

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



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Sheryl Vacca
SENIOR VICE PRESIDENT
CHIEF COMPLIANCE AND AUDIT OFFICER

April 20, 2016

**EXECUTIVE VICE PRESIDENT NAVA
EXECUTIVE VICE PRESIDENT STOBO**

**RE: Final Report Project No. P16A006: Clinical Enterprise Management
Recognition Plan (CEMRP)**

Attached is a copy of the final report for: Project No. Advisory Services Project No. P16A006 Clinical Enterprise Management Recognition Plan (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 Vacca
Vice President Duckett
Executive Director Larsen
Manager Cataldo
Compensation Specialist Rodriguez
Contractor Harrigan
Data Manager Zorn

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. P16A006
November 2015

Work Performed by:
Contract Auditor Harrigan
Data Manager Zorn

Work Reviewed by:
Systemwide Audit Manager Cataldo
Systemwide Audit Director Hicks

Executive Summary

Introduction

We have completed an audit of the Clinical Enterprise Management Recognition Plan (CEMRP) for the five medical centers and Health Sciences and Services (HSS).

CEMRP (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, which number 96, 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 centers, University of California (UC) HSS-systemwide 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 \$301,000, awards are reported to the Regents. Also, any awards to executive officers must be approved by the Regents.

The AOC is assigned oversight of the plan, including development, governance and interpretation. CEMRP AOC membership includes the Executive Vice President – Business Operations, Vice President Human Resources, Executive Director – Compensation Programs and Strategy, and the Chancellors from the five campuses that have medical centers. The Executive Vice President UC Health and three representatives from a UC medical center are consultants to the AOC. 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 Committees on Compensation and Health Services.

In FY12, Internal Audit conducted its first assessment of CEMRP and has continued to do so annually. Audit assesses the accuracy of award calculations and compliance with the plan. These reviews identified some overarching areas for improvement:

1. Conduct an assessment of quantitative objectives against relevant industry benchmarks.
2. Require support that “Target Opportunity through Maximum Opportunity” objectives are stretch objectives.

Internal Audit has observed some improvement over past few years in these two areas but they continue to be noted as areas in need of further improvement each year.

In 2013, the AOC retained Sullivan, Cotter and Associates, Inc. (SullivanCotter) to aid in the program. SullivanCotter specializes in providing consulting services on executive, employee and physician compensation and benefits for the health care industry. The scope of their work was to assess the overall design, performance measures, and effectiveness of the incentive compensation program for the five UC Health Systems and develop recommendations. Again 2015, they were

retained by all of the medical centers except UC Irvine to review the medical center (institutional) and participant objectives. Subsequent to the retention of SullivanCotter, we noted improvement in the quality of the medical centers' descriptions and justifications of objectives. In addition, we noted improved consistency of the submissions between the medical centers.

Objective and Scope

The primary objective of this audit was to assess the accuracy of FY15 CEMRP 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 all award calculations that were based on the data provided by medical center management and we tested a sample of FY15 participant performance results.

Another objective was to assess the FY16 performance objectives for participants, medical centers and systemwide for compliance with the Plan.

Overall Conclusion

Based on the information provided, we did not identify any errors in calculations of CEMRP FY15 award recommendations that were presented for approval to the AOC or the Regents Committee on Compensation.

We noted an additional positive observation in which several locations had common objectives among the "C" level executives (see Appendix H).

However, we noted that certain actions planned in response to the audit three years ago still were not completed at the time of our fieldwork this year:

UC systemwide HR-Compensation will revise practices or the Plan:

- Regarding number of participant objectives – As the Plan requirement was intended to reduce the number of objectives to three or fewer, edit Plan wording to "no more than" three objectives.
- Regarding approval of objectives - will discuss with AOC revising the plan to require that the AOC review CEO and HSS objectives and indicate all other participant objectives will be available for review.

Original Target Date: June 30, 2013

Per discussion with UC systemwide HR-Compensation, the plan is under review and any revisions will be approved by the AOC. If there are any material revisions, these will need to be submitted to and approved by the Regents.

We also noted the following opportunities for improvement:

- There were errors, irregularities and inconsistencies in the initial award data submitted by Medical Center HR to systemwide HR-Compensation. This is a repeat issue from the audits of the prior two years. Due to some revised submissions after the scheduled deadline, HR and Audit reviewed select awards and objectives concurrently and additional errors were noted. While HR required and received corrections from the locations prior to submission to the AOC, this observation indicates that the current medical center quality review process at several locations needs to be enhanced.
- Some FY16 performance objectives had inconsistencies and variances from the Plan requirements. These are detailed in the Appendices.
- To reduce the risk of unauthorized or errant changes to objectives and award data, in FY14 Systemwide HR-Compensation created and distributed a template for CEMRP participant objectives and award calculations that had password protected calculation

cells; only data in the data entry cells can be entered or changed. As we noted in the FY14 audit, some locations continue to utilize an outdated form that does not have the calculations locked and subsequently requires additional effort by systemwide HR and Audit to verify that the award calculations are correct. In addition, there were variances between some locations for the award calculation at the clinical enterprise level (systemwide). Systemwide HR Compensation management should consider ways to streamline and enhance control over the process such as having online forms available via SharePoint or other software.

For a detailed discussion of the issues, please refer to the subsequent pages of this report.

As part of this review, we performed analyses of FY15 awards and FY16 objectives which are included in the appendices to this report:

- Participant organization and position titles (see Appendix A).
- Average FY15 awards by tier (see Appendix B).
- Participant total awards by location and by Tier (see Appendix C).
- Number of participant awards at each level (Threshold, Target or Maximum) by component: systemwide, institutional, individual (see Appendix D).
- Utilization of baselines, benchmarks, and stretch objectives (see Appendices E and F).
- Common C-level executive participant objectives (see Appendix G).

Opportunities for Improvement and Action Plans

1. Medical center HR departments do not perform adequate quality assurance reviews over award data submitted to systemwide HR-Compensation.

This is a repeat issue from the prior two years audits. Both Internal Audit and systemwide HR-Compensation noted several errors or irregularities in the award data submitted by the medical centers. Although corrections were requested and received prior to submission to the AOC, these errors indicate that the current quality review process at several locations remains inadequate. Observations are as follows:

- At UC San Diego, one participant retired during the year and the original award calculation correctly pro-rated her salary 45.21%. However, when updated award workbooks were submitted for all UCSD participants, we noted her salary was at 100%. If this was left uncorrected, it would have resulted in an overpayment of \$16,461.58.
- At UCSF, three participants had an Individual objective where the “Actual Outcome” indicated “Not Met” which meant no award. This was at variance with the indicated “Resultant Score” fields which indicated “Maximum”. As Audit verified that the Maximum result was the correct result, this would not have resulted in an over or under payment if not corrected. UCSF corrected these workbooks and resubmitted them.
- At UC Irvine, for one participant, the “Actual Outcome” field was consistent with a “Target” rating but the “Resultant Score” field indicated “Not Met.” This was updated and as the score field was correct, it would not have resulted in an over or under payment. UC Irvine corrected this workbook and resubmitted it.

All of these errors were corrected in advance of AOC approval and payout.

Action Plan:

UC systemwide HR-Compensation will meet with the AOC and discuss implementing review and signoff protocols to ensure accuracy and accountability of the parties validating data prior to submission to the Office of the President. The CHRO at each Medical Center is the accountable individual for ensuring accuracy, timeliness, and verifying participant objectives are stretch and include benchmarks and metrics.

Target date:

July 1, 2016

2. Some practices are not consistent with Plan requirements.

This is a repeat issue from the FY12 and FY14 audits.

- The plan specifies that objectives must be specific, measurable, and stretch. We noted some objectives that may not meet all of these criteria.

Institutional Objectives (Appendix E):

- UCLA and UCSF Benioff Children's Hospital Oakland (BCHO) each have an objective with a Threshold objective that is below prior year performance which appears to indicate that deterioration in results from the prior year would result in an award. If a lower threshold objective is appropriate given changes in the business, further explanation needs to be provided by the campus in support of the objective.
- UCSF and UCSF BCHO objectives could be enhanced by including baselines or benchmarks for their objectives.
- At UCSF, five participants joined the plan during FY15 and received incentive awards but no documentation was provided that any FY15 performance objectives were submitted to or approved by the AOC, as required by the plan. Three of the five were appointed to new positions not previously included in the plan.¹
- The FY16 plan specifies the number (three) and type of performance objectives² and award opportunities as a percentage of salary. We noted an inconsistency as the EVP UC Health has four FY16 objectives, each weighted 25%.

Action Plan:

UC systemwide HR-Compensation will discuss and reinforce with the Chief Human Resources Officers the plan requirements.

Target date:

June 1, 2016

3. Some locations did not utilize the calculation template provided by HR Compensation.

HR Compensation provides the medical centers a calculation workbook template which has password protection on all fields except those that require data entry by the medical center. We noted that some locations submitted workbooks that were not password protected. This makes it difficult to verify the integrity of the results and to consolidate the data as the script is written to include only legitimate responses. Four locations (UC Irvine, UC San Diego, UCLA, UCSF) submitted participant worksheets which were not password protected which means either they broke the password protection or they created their own calculation workbooks. Also, at UCLA we noted that for one participant, one individual objective was missing the input cell for "Expected Current Year Measure" but had an alternate name, while the other two objective worksheets had the correct name for the input cell. Also, verbiage was included in the field rather than the measure (the template's intended content for that field).

¹ The plan requires (page 5) "...Objectives for participants in this Plan must be submitted to the AOC which will review and approve the objectives..."

² The plan requires (page 4): "(1) Three objectives relating to the performance of the Clinical Enterprise (defined as systemwide); (2) Three objectives relating to the performance of the Institutions (defined as the participant's Medical Center); (3) Three objectives relating to Individual performance..."

Action Plan:

In advance of the FY17 plan year, HR Compensation will distribute an example template to the medical centers for review and feedback. UC systemwide HR-Compensation will discuss and reinforce with the Chief Human Resources Officers of the need to utilize the standard template to help ensure accuracy.

Target date:

July 1, 2016

FY16 CEMRP Eligible Position Titles and Tiers
as of August 2015

APPENDIX A

POSITION	UC Davis	UC Irvine	UCLA	UCSD	UCSF	UCOP-HSS
Associate CFO			Tier II			
Associate Dean Financial Affairs					Tier III	
AVC Med Sciences Fin. & Admin & Sr. Assoc Dean			Tier II			
AVC Health Sciences Development & Alumni Relations				Tier II		
AVP, UC Health Procurement						Tier II
Chief Admin. Officer			Tier II	4 @ Tier II	Tier II	
Chief Ambulatory Officer/Chief Admin Officer Ambulatory Care (UCSD)		Tier II		Tier II		
Chief Clinical Officer or Chief Clinical /Support Svcs Officer				Tier II		
Chief Compliance Officer/Dir. Clinical Enterprise Compliance (UCSF)			Tier II	Tier II	Tier III	
Chief Contracting Officer		Tier II		Tier II		
Chief Counsel/Assoc Counsel/Assoc Dir Legal		Tier II	Tier II			
CEO/CEO CHO (UCSF) / President Health System (UCLA,UCI, UCSD vacant)	Tier I	Tier I	Tier I	Tier I	2 @Tier I	
CFO/CFO CHO (UCSF)/CFO UCSD Health Sciences (UCSD) (UC Irvine vacant)	Tier II	Tier II	Tier II	2 @Tier II	2@ Tier II	
Chief HR Officer/Chief Admin & HR Officer (UCSF) (UCSD vacant)		Tier II		Tier II		
Chief Quality Officer				Tier II		
CIO /Exec Dir Clinical IT (SF) (UCLA vacant)	Tier II	Tier II	Tier II	Tier II	Tier II	
CMO/CMO CHO	Tier II	Tier II	Tier II	Tier II	2@ Tier II	
Chief Medical Information Officer		Tier II				
CNO / Chief (UCLA) or Chief (UCD) Patient Care Svcs Officer (UC Irvine vacant)	Tier II	Tier II	Tier II		Tier II	
Chief of Staff/Exec. Dir. Chief of Staff to CEO				Tier II	Tier II	
COO - Medical Center/CHO/Health System	Tier II	Tier II	Tier II		2@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	Tier II	2 @Tier II	
Controller/ Controller CHO	Tier III				Tier II	
Director Clinical Ops, Managed Care	Tier II					
Director Finance/Exec. Dir. Financial Ops	Tier III					
Director Health System Contracts	Tier II					
Dir Patient Care Services	4 @Tier III					
Dir. Patient Accts Admin.	Tier III					
Exec. Dir. Ambulatory Care Svc/Practices			Tier II		Tier II	
Exec. Dir. UCSF Benioff Children's Hospital					Tier II	

FY16 CEMRP Eligible Position Titles and Tiers
as of August 2015

POSITION	UC Davis	UC Irvine	UCLA	UCSD	UCSF	UCOP-HSS
Exec. Dir. Clinical Facilities Planning-Mission Bay					Tier II	
Exec. Dir. Clinical Systems					Tier II	
Exec. Dir. Clinical Svcs					Tier II	
Exec. Dir. Enterprise Network					Tier II	
Exec. Dir. Facilities /Assoc Admin Fac (UCSD)					Tier II	
Exec. Dir. Financial Operations					Tier II	
Exec. Dir. Govm't Healthcare Programs/ Dir Govm't Rel.	Tier III	Tier II				
Exec. Dir. Human Resources	Tier II				Tier II	
Exec. Dir. Patient Experience	Tier III					
Exec. Dir. Quality & Patient Safety					Tier II	
Exec. Dir. Supply Chain/Support Services					Tier II	
Exec Dir. UCSD Medical Group & Health Phys. Network				Tier II		
SVP Health Sciences and Services - UCOP						Tier I
Vice President, Business Development					Tier II	
Vice President, Revenue Cycle					Tier II	
					Total Eligible Positions	FY16 # Participants
NOTABLE OBSERVATIONS	UCD	1	9	9	19	19
<ul style="list-style-type: none"> - UCSF has significantly more participants in the Plan than any other location. - UC Davis has significantly more Tier III positions. - Benioff Children's Hospital Oakland (CHO) is run almost as a separate Health System from the rest of UCSF. - At three locations, the CEO position is vacant. 	UCI	1	12	0	13	10
	UCLA	1	12	0	13	11
	UCSD	1	18	0	19	17
	UCSF	2	26	2	30	30
	UCOP - HSS	1	1	0	2	2
	Total	7	78	11	96	89
	Note: "Eligible Positions" counts includes vacancies (2-UCSD, 3-UCI, 2 UCLA)					

**FY15 CEMRP Awards
Average Award as a Percent of Salary by Location**



FY15 NOTABLE OBSERVATIONS

- All of the CEO/President's awards were in the Maximum range.
- UCI had the lowest average award % in both Tier I and Tier II.
- At UCSD, average awards were below Target for Tier III, similar to FY13 and FY14.
- UCI and UCOP do not have any Tier III participants.

Note: FY15 Medical Center details supporting this chart are in Appendix C.

Participant Total Awards by Location by Tier

Tier I	# of Participants FY15	Total Salaries (stipends included)	Average Salary	Total Awards (\$)	Average Award (\$)	Average Award (%)	Target as % of Salary	Max as % of Salary	Low %	High %	Low \$	High \$
OP-HSS	1	\$ 580,000.00	\$ 580,000.00	\$ 174,000.00	\$ 174,000.00	30.00%	20%	30%	n/a	n/a	n/a	n/a
UCSF	2	\$ 1,678,044.00	\$ 839,022.00	\$ 425,727.17	\$ 212,863.59	25.37%	20%	30%	21.93%	30.00%	\$ 211,228.97	\$ 214,498.20
UCD	1	\$ 824,000.00	\$ 824,000.00	\$ 203,253.33	\$ 203,253.33	24.67%	20%	30%	n/a	n/a	n/a	n/a
UCI	1	\$ 741,260.04	\$ 741,260.04	\$ 149,289.77	\$ 149,289.77	20.14%	20%	30%	n/a	n/a	n/a	n/a
UCSD	1	\$ 741,595.00	\$ 741,595.00	\$ 163,210.23	\$ 163,210.23	22.01%	20%	30%	n/a	n/a	n/a	n/a
UCLA	0*	\$ -	\$ -	0	\$ -	0.00%	20%	30%	n/a	n/a	n/a	n/a
TOTAL	6	\$ 4,564,899.04	\$ 760,816.51	\$ 1,115,480.50	\$ 185,913.42	24.44%						
Tier II												
UCLA	10	\$ 3,715,593.12	\$ 371,559.31	\$ 905,761.64	\$ 90,576.16	24.38%	15%	25%	23.17%	25.00%	\$ 59,007.64	\$ 130,092.84
UCSF	20	\$ 7,048,053.00	\$ 352,402.65	\$ 1,532,883.19	\$ 76,644.16	21.75%	15%	25%	20.08%	24.33%	\$ 49,251.72	\$ 122,192.93
UCD	9	\$ 3,047,582.00	\$ 338,620.22	\$ 552,398.28	\$ 61,377.59	18.13%	15%	25%	16.17%	19.17%	\$ 41,748.64	\$ 98,343.46
UCI	9	\$ 2,853,150.38	\$ 317,016.71	\$ 412,261.61	\$ 45,806.85	14.45%	15%	25%	14.19%	15.84%	\$ 32,280.66	\$ 65,967.91
UCSD	12	\$ 3,715,463.00	\$ 309,621.92	\$ 557,380.56	\$ 46,448.38	15.00%	15%	25%	12.17%	16.68%	\$ 30,042.12	\$ 57,148.30
TOTAL	60	\$ 20,379,841.50	\$ 339,664.03	\$3,960,685.28	\$ 66,011.42	19.43%						
Tier III UCI and OP- HSS did not have any Tier III participants.												
UCLA	3	\$ 796,697.32	\$ 265,565.77	\$ 158,012.96	\$ 52,670.99	19.83%	15%	20%	19.50%	20.00%	\$ 42,827.41	\$ 63,441.80
UCD	9	\$ 2,004,991.00	\$ 222,776.78	\$ 300,553.41	\$ 33,394.82	14.99%	15%	20%	14.60%	15.83%	\$ 27,241.41	\$ 39,828.91
UCSF	2	\$ 526,301.00	\$ 263,150.50	\$ 77,430.41	\$ 38,715.21	14.71%	15%	20%	12.37%	16.60%	\$ 29,059.65	\$ 48,370.76
UCSD	1	\$ 234,461.00	\$ 234,461.00	\$ 31,277.10	\$ 31,277.10	13.34%	15%	20%	n/a	n/a	n/a	n/a
TOTAL	15	\$ 3,562,450.32	\$ 237,496.69	\$ 567,273.88	\$ 37,818.26	15.92%						
Tier IV No other location has a Tier IV participant and it is not compliant with the Plan												
UCI	1	\$ 259,920.60	\$ 259,920.60	\$ 28,558.78	\$ 28,558.78	10.99%	9%	15%	n/a	n/a	n/a	n/a
Tiers above, campuses below sorted by Average Award %				*NOTE: For 12 participants, due to retirement or less that one year in position, awards were pro-rated. These awards are not included in the analyses on this schedule.								

	# of Participants FY15	Total Salaries	Average Salary	Total Awards (\$)	Average Award (\$)	Average Award (%)	Range of Awards %		Range of Awards \$		
							Low %	High %	Low \$	High \$	
OP-HSS	1	\$ 580,000.00	\$ 580,000.00	\$ 174,000.00	\$ 174,000.00	30.00%	OP-HSS	30.00%	30.00%	\$ 174,000.00	\$ 174,000.00
UCSF	24	\$ 9,252,398.00	\$ 385,516.58	\$ 2,036,040.77	\$ 84,835.03	22.01%	UCSF	12.37%	30.00%	\$ 29,059.65	\$214,498.20 II
UCLA	13	\$ 4,512,290.44	\$ 347,099.26	\$ 1,063,774.60	\$ 81,828.82	23.58%	UCLA	23.17%	25.00%	\$ 42,837.41	\$ 130,092.84
UCSD	14	\$ 4,691,519.00	\$ 335,108.50	\$ 751,867.89	\$ 53,704.85	16.03%	UCSD	12.17%	22.01%	\$ 31,277.10	\$ 163,210.23
UCD	19	\$ 5,876,573.00	\$ 309,293.32	\$ 852,951.69	\$ 44,892.19	14.51%	UCD	14.99%	24.67%	\$ 27,241.41	\$ 203,253.33

Participant Total Awards by Location by Tier

UCI	11	\$ 3,854,331.02	\$ 350,393.73	\$ 590,110.16	\$ 53,646.38	15.31%
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UCI	10.99%	20.14%	\$ 28,558.78	\$ 149,289.77
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	# of Participants FY15	Total Salaries	Average Salary	Total Awards (\$)	Average Award (\$)	Average Award (%)	Target as % of Salary	Max as % of Salary	Range of Awards (%)		Range of Awards (\$)	
									Low	High	Low	High
OP - HS												
Tier I	1	\$ 580,000.00	\$ 580,000.00	\$ 174,000.00	\$ 174,000.00	30.00%	20%	30%	n/a	n/a	n/a	n/a
UCLA												
Tier I	0*	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Tier II	10	\$ 3,715,593.12	\$ 371,559.31	\$ 905,761.64	\$ 90,576.16	24.38%	15%	25%	23.17%	25.00%	\$ 59,007.64	\$ 130,092.84
Tier III	3	\$ 796,697.32	\$ 265,565.77	\$ 158,012.96	\$ 52,670.99	19.83%	15%	20%	19.50%	20.00%	\$ 42,827.41	\$ 63,441.80
UCSF												
Tier I	2	\$ 1,678,044.00	\$ 839,022.00	\$ 425,727.17	\$ 212,863.59	25.37%	20%	30%	21.93%	30.00%	\$ 211,228.97	\$ 214,498.20
Tier II	20	\$ 7,048,053.00	\$ 352,402.65	\$ 1,532,883.19	\$ 76,644.16	21.75%	15%	25%	20.08%	24.33%	\$ 49,251.72	\$ 122,192.93
Tier III	2	\$ 526,301.00	\$ 263,150.50	\$ 77,430.41	\$ 38,715.21	14.71%	15%	20%	12.37%	16.60%	\$ 29,059.65	\$ 48,370.76
UC Davis												
Tier I	1	\$ 824,000.00	\$ 824,000.00	\$ 203,253.33	\$ 203,253.33	24.67%	20%	30%	n/a	n/a	n/a	n/a
Tier II	9	\$ 3,047,582.00	\$ 338,620.22	\$ 552,398.28	\$ 61,377.59	18.13%	15%	25%	16.17%	19.17%	\$ 41,748.64	\$ 98,343.46
Tier III	9	\$ 2,004,991.00	\$ 222,776.78	\$ 300,553.41	\$ 33,394.82	14.99%	15%	20%	14.60%	15.83%	\$ 27,241.41	\$ 39,828.91
UCI												
Tier I	1	\$ 741,260.04	\$ 741,260.04	\$ 149,289.77	\$ 149,289.77	20.14%	20%	30%	n/a	n/a	n/a	n/a
Tier II	9	\$ 2,853,150.38	\$ 317,016.71	\$ 482,877.07	\$ 45,806.85	14.45%	15%	25%	14.19%	15.84%	\$ 32,280.66	\$ 65,967.91
Tier IV	1	\$ 259,920.60	\$ 259,920.60	\$ 28,558.78	\$ 28,558.78	10.99%	9%	15%	n/a	n/a	n/a	n/a
UCSD												
Tier I	1	\$ 741,595.00	\$ 741,595.00	\$ 163,210.23	\$ 163,210.23	22.01%	20%	30%	n/a	n/a	n/a	n/a
Tier II	12	\$ 3,715,463.00	\$ 309,621.92	\$ 557,380.56	\$ 46,448.38	15.00%	15%	25%	12.17%	16.68%	\$ 30,042.12	\$ 57,148.30
Tier III	1	\$ 234,461.00	\$ 234,461.00	\$ 31,277.10	\$ 31,277.10	13.34%	15%	20%	n/a	n/a	n/a	n/a

NOTABLE OBSERVATIONS

- UCSF has the highest average award amount in Tier I
- UC Irvine has the lowest average award amount in Tiers I and II
- UCSF had the greatest variance between the highest and lowest awards

FY15 CEMRP 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)

Location	Tier I				NOTABLE OBSERVATIONS
	Not Met 0%	Thres .1-10%	Target 10.1-20%	Max 20.1-30%	
UCD				1	Percentages indicate the maximum percent of salary that can be awards for the indicated level of results. All Tier I participants received awards in the Maximum range.
UCI				1	
UCLA				1	
UCSD				1	
UCSF				1	
UCOP-HSS				1	

Location	Tier II				NOTABLE OBSERVATIONS
	Not Met 0%	Thres .1-7.5%	Target 7.6-15%	Max 15.1-25%	
UCD				9	At 4 locations, all Tier II participants received awards in the Maximum range. This is a similar result to the prior year.
UCI			6	3	
UCLA				10	
UCSD			5	7	
UCSF				11	

Location	Tier III				NOTABLE OBSERVATIONS
	Not Met 0%	Thres .1-7.5%	Target 7.6-15%	Max 15.1-20%	
UCD			2	7	At UCLA, all Tier III participants received awards in the Maximum range.
UCI	No Tier III participants.				
UCLA				3	
UCSD			1		
UCSF			1	1	
UCOP-HSS	No Tier III participants.				

FY15 CEMRP Participant Total Awards, Individual Awards, and Institutional Results
 % at each Opportunity Level by Medical Center and by Tier

Tier IV				
Not Met 0%	Thres .1-4.5%	Target 4.6-9%	Max 9.1-15%	
				The Plan does not allow for custom ranges but UCI created an opportunity level unique to their location.
UCI (Tier IV)			1	

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

	>Not met =Thres	>Thres =Target	>Tar = Max	
	Not Met	Threshold Range	Target Range	Max Range
				NOTABLE OBSERVATIONS
UCD	1		1	UCLA and UCSD had the same results as the prior year
UCI	1.5	1		UCLA was the only location with all 3 results in the Max range
UCLA			3	UCOP-HSS does not have institutional objectives/results
UCSD		1	1	3 locations had an objective or objective component that was "Not Met"
UCSF	0.5		0.5	2

FY15 CEMRP Participant Total Awards, Individual Awards, and Institutional Results
 % at each Opportunity Level by Medical Center and by Tier

Individual component of Participant Awards (Based on individual's performance)

	>Not met =Thres	>Thres =Target	>Tar = Max	
Tier I				
Location	Not Met	Thres	Target	Max
UCD				1
UCI				1
UCLA				1
UCSD				1
UCSF		1		
UCOP-HSS				1
NOTABLE OBSERVATIONS				
UCSF was the only location where the individual component was not in Max range				

Tier II				
	Not Met	Thres	Target	Max
UCD			2	7
UCI		1	2	6
UCLA				10
UCSD		3	2	8
UCSF			1	19
UCLA is the only location where all participants were in Max range				
UCSD was the only location with multiple participants at Threshold level				

Tier III				
	Not Met	Thres	Target	Max
UCD		1		8
UCI	No Tier III participants.			
UCLA				3
UCSD				1
UCSF		1		1
Of the 15 participants, only 2 were not in Max range				

Tier IV				
	Not Met	Thres	Target	Max
UCI				1

FY16 CEMRP PERFORMANCE OBJECTIVES
SYSTEMWIDE AND INSTITUTIONAL
BASELINE and BENCHMARK ANALYSIS

APPENDIX E

Performance Objectives	Objective Description or Measure	Benchmark / Baseline
Systemwide-Entity		
1.ACCELERATE THE TRANSFORMATION OF UC Leveraging Scale For Value (LSFV)	LSFV IMPROVEMENTS 1.1 SUPPLY CHAIN AND PROCUREMENT SAVINGS - MEET OR EXCEED \$100 M in FY16 Threshold: \$90 M Target: \$100 M Maximum: \$110 M 1.2 REVENUE CYCLE PERFORMANCE SAVINGS - MEET OR EXCEED \$100 M in FY16 Threshold: \$100 M Target: \$115 M Maximum: \$130 M	None provided.
2.CLINICAL IMPROVEMENT GOALS	REDUCTION OF INPATIENT READMISSIONS Goal will be calculated based on rates for July 1 st , 2015-March 31 st , 2016. Threshold: Decrease by 1.0% (11.28 to 11.17) Target: Decrease by 1.5% (11.28 to 11.11) Maximum: Decrease by 2.0% (11.28 to 11.06%).	Baseline: FY15 readmission rate as measured by the UHC All Cause 30 Day Readmission metric (the metric used for the FY15 CEMRP goal) for July 14-March 15 is 11.28%
3.LSFV: STATEWIDE CLINICAL STRATEGY DEVELOPMENT	3.1 <u>Statewide Medi-Cal Strategy</u> - Develop a written document that provides a strategic plan for UC Health to address the needs of a rapidly increasing Medi-Cal population. This plan should include: 1) an approach for UC Health to effectively manage the health of this population, 2) a plan for UC Health to become more involved in and a leader of California state policy for delivering system and payment reform related to the Medi-Cal population. 3.2 <u>Statewide Pediatric Service Delivery Plan</u> Develop a California state strategy for UC Health to address the health needs of the pediatric population across the state, including developing a relationship/partnership with other, non UC pediatric providers. 3.3 <u>UC Health Inland Empire Service Delivery</u> Identify and execute a coherent strategy to address the healthcare needs of residents of the Inland Empire region of California and ensure the vitality of the UCR School of Medicine. Completion of this goal will be achieved by having a plan approved by the UC Health leadership.	None Provided.

FY16 CEMRP PERFORMANCE OBJECTIVES
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Performance Objectives	Objective Description or Measure	Benchmark / Baseline
	<p>Threshold: Achieving any one of objectives 3.1, 3.2, or 3.3</p> <p>Target: Achieving any two</p> <p>Maximum: Achieving all three</p>	
4. ACHIEVE THREE GOALS	<ul style="list-style-type: none"> • UC Care and Blue & Gold health insurance plans break even or better \pm 1%, including IBNR • Implement the recommendations of the RAND report, i.e. a UC Health Board comprised of sitting Regents, outside experts and campus leadership with delegated authority • Develop a succession plan for UC Health leadership <p>Threshold: 1 goal</p> <p>Target: 2 goals</p> <p>Maximum: all 3 goals</p>	
Medical Centers – Institutional		
UC Davis	<p>Improve Patient Satisfaction - Reduce median time from ED arrival to ED departure for admitted ED patients.</p> <p>Threshold: 407 minutes (5% Reduction)</p> <p>Target: 386 minutes (10% Reduction from FY14 reported result)</p> <p>Maximum: 349 minutes (50th percentile of most recent yearly report of UHC)</p>	Baseline: 429 min- University HealthSystem Consortium (UHC) FY14 reported: March-May 2014
	<p>Improve People and Other Resource Management- Reduce the average length of stay (all patients).</p> <p>Threshold: 1.00 (FY14 reported result)</p> <p>Target: 0.99 (Above UHC median for most recent data)</p> <p>Maximum: 0.97 (Above UHC best quartile for most recent data)</p>	Baseline: Observed/Expected LOS: 1.0 (FY14 reported result)
	<p>Quality Improvement - Increase patient satisfaction by improving our scores in 9 key HCAHPS domains.</p> <p>Threshold: Minimum of 4 points (1 point for domains falling within 50-90th CMS percentile, and 2 points for domains falling above 90th)</p> <p>Target: Minimum of 6 points</p> <p>Maximum: Minimum of 9 points</p>	Baseline: 2 points (July '13 - March '14) improvement in scores Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS)

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APPENDIX E

Performance Objectives	Objective Description or Measure	Benchmark / Baseline
<p>UC Irvine</p>	<p>Financial Performance – A. Achieve budgeted cost per adjusted discharge of \$14,600 (excludes depreciation, non-cash pension liability, Primary Care/Specialty Ambulatory Subsidies) B. Achieve budgeted Operating Margin (Includes Primary Care/Specialty Ambulatory Subsidies) of 6.38% <u>Note:</u> A & B are each weighted 16.5%, totally 33% Threshold: A.\$14,600 B. 6.38% Target: A.\$14,231 B. 6.69% Maximum: A.\$13,866 B.6.82%</p>	<p>None provided.</p>
	<p>Quality Improvement - Hand Hygiene Compliance (Percent improvement over baseline)</p> <p>Threshold: 10% above baseline Target: 15% Maximum: 20%</p>	<p>“UCI has no baseline yet with this new methodology; however, a recent CDPH nurse auditor reported 60% compliance during her observations. Given the CDC's national reported average compliance of 40% and UCI's recent evaluation at 60%, the goals of improvement above baseline at 10%, 15% and 20% are appropriately and scientifically rigorous and valid.”</p>
	<p>Patient Satisfaction – A. Improve HCAHPS "Staff Responsiveness" domain score B. Improve CGCAHPS "Access Domain" score <u>Note:</u> A & B are each weighted 16.5%, totally 33%</p> <p>Threshold: A. 65.4% B. 53.6% Target: A. 66.9% B. 54.6% Maximum: A. 67.0% B. 56.6%</p>	<p>Benchmark: Current Press Ganey Large Hospital Benchmark HCAHPS & CGCAHPS respectively 25% percentile A. 59.8% B. 59.2% 50% percentile A. 64.1% B. 63.8% 75% percentile A. 68.0% B. 67.4% 2014-2015 UCI Achievement A. 59th percentile B. 12th percentile (The benchmarks are established in real time as organizations report their performance; therefore, there is no current benchmark to report. Benchmarks based on most current means and ranks report available through Press Ganey; for HCAHPS based on large hospital database (hospitals > 100 beds) and for CGCAHPS based on national facilities (not individual practices).)</p>
<p>UCLA</p>	<p>Quality Improvement – “MOVERS” Quality Grid (an internal tool that pulls together key aspects of clinical quality and patient outcomes from publicly reported data.) Threshold: Status = 12 Quality Rating Points Target: Status = 21 Quality Rating Points Maximum: Status = 25+ Quality Rating Points</p> <p>Patient Satisfaction – Preserve standing in patient experience as measured by HCAHPS & CG-CAHPS related metrics.</p>	<p>Benchmark: Targets are largely set at “Threshold” equaling industry median performance with “Target” and “Maximum” set correspondingly higher.</p> <p>Baseline: Prior Year Measure = 85th percentile</p> <p>Note: “Patient scores must continue to</p>

FY16 CEMRP PERFORMANCE OBJECTIVES
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Performance Objectives	Objective Description or Measure	Benchmark / Baseline
	Threshold: 80 th %tile Target: 85 th %tile Maximum: 87 th %tile	improve 0.5 points just to maintain the present HCAHPS percentile ranking.”
	Financial Performance - Achieve Net Gain Budget Target to sustain needs of health sciences Threshold: FY15-1 Case Scenario \$80.0M = 4.3% Operating Margin* Target: \$90.0M = 4.8% Operating Margin Maximum: \$95.0M=5.0% Operating Margin	Baseline: Prior Year Measure \$240.0M (estimated pending audited financial statements) Benchmark: Not Applicable
UCSD	Key Initiative Supporting Strategic Plan- Improve System-wide Patient Satisfaction and Patient Experience Scores. Metric: "Willingness to Recommend" Both HCAHPS and CGCAHPS Threshold: CGCAHPS: 36% HCAHPS: 75% Target: CGCAHPS: 43% HCAHPS: 79% Maximum: CGCAHPS: 50% HCAHPS: 82%	Baseline: Prior year measures: CGCAHPS: 36% HCAHPS: 75% [Clinician and Group Consumer Assessment of Healthcare Providers and Systems (CGCAHPS)]
	Key Initiative Supporting Strategic Plan- Organizational growth as measured by increased inpatient & outpatient (combined) discharges. Threshold: 55,239 Target: 56,075 Maximum: 56,635	Baseline: Prior Year Measure = 54,964 (May 2015 YTD annualized) Benchmark: Not Applicable
	Financial Performance – Organizational Productivity based on Pd Hour Per Adjusted Patient Day Threshold: 37.4 Target: 37.2 Maximum: 36.8	Baseline: Prior Year Measure = 37.6 Benchmark: None Provided.
UCSF	Quality Improvement – -Reduce hospital onset clostridium difficile infection by 5% to 11.1 /10,000 patient days. -Reduce all cause 30 day readmissions by 1.5% to 11.6%. -57% of new patients will be seen within 14 days of appointment request. Threshold: Achieve 1 Quality and Safety goal Target: Achieve 2 Maximum: Achieve 3	None provided.
	Patient Satisfaction - For the survey question "would you recommend" UCSF to family or friends, achieve the following percentage of patients rating "yes definitely" (top box) or mean score for FY 2016: • Inpatient adult (HCAHPS): top box of 84.1% • Outpatient (CGCAHPS): top box of 89.2% • Pediatric (Press Ganey): mean score of 93.1 • ED (Press Ganey): mean score of 85.2 • Ambulatory Surgery (Press Ganey) mean score of 94.9 Threshold: 2 goals met	None provided.

FY16 CEMRP PERFORMANCE OBJECTIVES
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APPENDIX E

Performance Objectives	Objective Description or Measure	Benchmark / Baseline
	Target: 4 goals met Maximum: 5 goals met	
	Financial Performance - 1) Discharges, adjusted for outpatient activity 2) Operating Cost per Case Threshold: 1) Budget: 65,003 adj. discharges 2) Budget: \$26,458 per adj. discharge Target: 1) Budget plus .5%: 65,328 2) Budget less .5%: \$26,326 Maximum: 1) Budget plus 1%: 65,653 2) Budget less 1%: \$26,193	No benchmarks or baselines provided.
UCSF Benioff Oakland Children's Hospital	Quality Improvement - Reduce the risk of infection by completion of Hand Hygiene Compliance program components for FY15. Improve overall compliance with handwashing at CHO by increasing handwashing compliance rates Threshold:85% Target: 87% Maximum:90%	No baseline or benchmark is provided. Prior Year Measure of 87%
	Patient Satisfaction - Improve the Patient and Family Experience at UCSF Benioff Children's Hospital Oakland by increasing the NRC Picker Overall score Threshold: 67% Target: 71% Maximum: 74%	Baseline: Prior Year Measure of 67%
	Financial Performance 1) Inpatient Admissions (50%) 2) Cost per discharge (50%) Threshold: 1) Budget 2) Budget Target: 1) Budget +0.5% 2) Budget -0.5% Maximum: 1) Budget +1 2) Budget -1	

NOTABLE OBSERVATIONS

UCSF and UCSF BCHO: Neither baselines nor benchmarks were provided for any of the objectives.

UCLA and UCSF BCHO: One objective has a Threshold level achievement that is below prior year performance.

Other: Sullivan and Cotter consultants were retained for assistance with institutional objectives by all medical centers except UC Irvine. It appeared that UC Irvine objectives were on a par or superior to the other locations.

NOTE

*UCLA's comment: Current Benchmark excluding \$20.0M one-time extraordinary expense, UCLA is matching above 3.5% all hospital operating margin benchmark at Threshold as well as the COTH/AAMC median of 4.2%

Med Ctr	Position	Tier	Support Institutional Objectives?	Specific	Measurable	Stretch *	Benchmarks	Comments
UCD	Sr. Patient Care Svcs Officer	II	0 of 3	3 of 3	3 of 3	3 of 3	1 of 3	All 3 Individual Objectives are identical to the Dir, Patient Care Svcs
	Dir, Health System Contracts	II	0 of 3	3 of 3	3 of 3	3 of 3	1 of 3	For one objective, In the benchmark cell, the participant lists a baseline "prior year" but the amount is not provided.
	Dir, Patient Care Svcs	III	0 of 3	3 of 3	3 of 3	3 of 3	1 of 3	All 3 Individual Objectives are the same as the Sr. Patient Care Svcs Officer
	Chief Medical Officer	II	0 of 3	3 of 3	3 of 3	3 of 3	0 of 3	
	Dir Clinical Operations	II	0 of 3	3 of 3	3 of 3	3 of 3	3 of 3	
UCI	Chief Contracting Officer	II	0 of 3	3 of 3	3 of 3	3 of 3	1 of 3	
	Chief Medical Officer	II	0 of 3	3 of 3	3 of 3	3 of 3	0 of 3	
	Chief Operating Officer	II	1 of 3	3 of 3	3 of 3	3 of 3	0 of 3	
UCLA	Chief Compliance Officer	II	0 of 3	3 of 3	2 of 3	2 of 3	0 of 3	
	CFO	II	2 of 3	3 of 3	3 of 3	3 of 3	0 of 3	All objectives identified as "new initiative" with no baselines
	Exec Dir Ambulatory Svcs	III	0 of 3	3 of 3	3 of 3	3 of 3	0 of 3	2 of 3 have baselines
* Note: Auditor reviewed for "stretch" as movement from prior year or year 1 of new initiative. If industry benchmark was not provided, reviewed baseline or prior year to evaluate "stretch."								

Med Ctr	Position	Tier	Support Institutional Objectives?	Specific	Measurable	Stretch*	Benchmarks	Comments
UCSD	Chief Medical Officer	II	0 of 3	3 of 3	3 of 3	3 of 3	2 of 3	
	Chief Administrative Officer	II	1 of 3	3 of 3	3 of 3	3 of 3	0 of 3	
	Chief Clinical Officer	II	2 of 3	3 of 3	3 of 3	3 of 3	0 of 3	
	Chief Contracting Officer	II	0 of 3	3 of 3	3 of 3	3 of 3	1 of 3	
UCSF	Exec Dir, Ambulatory Care	II	1 of 3	3 of 3	3 of 3	3 of 3	0 of 3	
	Exec Dir, Clinical Svcs	II	2 of 3	3 of 3	3 of 3	3 of 3	0 of 3	
	Interim Exec Dir, Clinical Systems	II	0 of 3	3 of 3	3 of 3	3 of 3	1 of 3	
	Chief Medical Officer UCSF Med Ctr	II	0 of 3	3 of 3	3 of 3	3 of 3	1 of 3	
	Chief Nursing Officer	II	0 of 3	3 of 3	3 of 3	3 of 3	2 of 3	

NOTABLE OBSERVATIONS

- At UC Davis, the three objectives for two participants were exactly the same.
- At all five locations, all participants reviewed had 1 or more objectives with no benchmark except for one participant from UC Davis who had benchmarks for all
- There appears to be confusion regarding the request for a benchmark (eg industry standard) vs a baseline (performance measure internal to the insitution such as prior year actual results)

C-Level Executive Participants Common Objectives

Position	Common Participant Objectives	Location
CEO	Create Additional Affiliation Partners	UC Davis, UCSF (position is vacant at UCLA, UC Irvine, and UC San Diego)
COO Medical Ctr / Health Sys	Implement clinical network of community providers/Expand size and geographical reach of UCSD physicians in network.	UCSF, UC San Diego
CFO	Improve Revenue Recognition and Analysis/ Build high performing revenue cycle team and improve collection rate	UC San Diego, UC Davis, UCLA (position is vacant at UC Irvine)
CMO	Increase number of ambulatory visits.	CEOs at UCSF and UCSF Benioff Children's Hospital Oakland
CNO/Chief Patient Care Svcs/Chief Clinical Officer	No common objectives	UC Davis and UCSF (position is vacant at UCLA, UC San Diego and UC Irvine)

NOTABLE OBSERVATIONS

- More "Chief" level positions are vacant than in prior years.
- At UCSF, the COO and the CMO had two individual objectives that were identical.