

FY23 Certification Follow-up: Executive Compensation

Attachment B

Description of FY23 Corporate Goal Variable Compensation Scoring Methodology

Note that variable compensation may consist of multiple components such as corporate goal achievement, individual goals, or other factors as determined by the UVMHN compensation committee. These components and weights may vary from year-to-year and by level of leadership. For 2023, 100% of variable compensation is tied to OneCare corporate goal achievement.

The following process is used to establish goal weights, monitor progress, and assign scores:

1. The OneCare Board of Managers (BOM) assigns a weight to each corporate goal (see Attachment A for assigned weights)
2. The OneCare BOM sets performance expectations for “threshold” and “target” performance:

Metric completion is determined by validating completion of each component of measurement in each category (i.e. Threshold completion = 50% x Weight). The Board has latitude to adjust goals and weights if circumstances or priorities change during the year.

Meeting Threshold indicates modest reward for good, “satisfactory performance” marked by substantial progress or improvement and noteworthy achievements. P50 represents median salary within pay band.

Meeting Target indicates reward for “strong performance” marked by achieving the target goal; multiple goals within each performance category may be weighted. P65 represents competitive salary (e.g. 65th %ile) within pay band.

3. The OneCare BOM reviews progress towards corporate goals throughout the year; if a change to corporate goal(s) is warranted, a vote of the BOM is taken and any subsequent adjustments are documented
4. During the final quarter of the calendar year, the OneCare BOM reviews cumulative performance against target and thresholds. The BOM determines which corporate goals have been met and at what level (see example below). For 2023, threshold and target achievement are each assigned 50% of the possible total, such that 100% achievement of both threshold and target means the assigned goal has been fully achieved (aka Goal Achievement; see example calculation number 1 below). The Goal Achievement rate is then multiplied by the Assigned Goal Weight to calculate a corporate goal achievement percentage (aka Calculated Weighted Achievement; see example calculation number 2 below). Finally, Total Achievement is calculated as the sum of the Calculated Weighted Achievement value for all corporate goals. A vote is taken to approve the determination of achievement towards corporate goals. The decision is documented in BOM minutes.

By way of example only:

Goal #	Assigned Goal Weight	Threshold Achievement (50% weight)	Target Achievement (50% weight)	Goal Achievement	Calculated Weighted Achievement
1	10%	100%	60%	80%	8%
2	40%	100%	100%	100%	40%
3	25%	90%	0%	45%	11.25%
4	25%	100%	100%	100%	25%

Total Achievement: 84.25%

Calculation:

1. Goal Achievement = (50% x Threshold Achievement) + (50% x Target Achievement)
 2. Calculated Weighted Achievement = Assigned Goal Weight x Goal Achievement
 3. Total Achievement = Sum(Calculated Weighted Achievement 1:4)
5. For 2023, variable pay is then calculated as the % of eligible variable pay (i.e. 10-25%) by role multiplied by the Total Achievement for a final result. For example, if total possible variable pay for a particular role is 20% and Total Achievement is 84.25%, 16.85% variable pay is earned.