



## FY23 Certification Follow-up: Executive Compensation

In its letter dated May 9, 2023, the GMCB requested the following information:

1. **All metrics, both numerical and narrative, for each of OneCare’s FY 2022 corporate goals.**  
&
2. **A detailed description including any numerical scoring used to determine how the achievement or partial achievement of the goals are scored to correlate with the amount of variable pay awarded for FY 2022.**
  - See Appendix A - 2022 Corporate Goals.
  - See OneCare’s response to question 5.a. regarding 2022 awarded variable pay.
  - For scoring methodology, see OneCare’s March 31, 2023 response to the GMCB’s certification document request, Attachment B - Description of FY23 Corporate Goal Variable Compensation Scoring Methodology.
3. **Any materials or reports related to OneCare’s Board of Managers review and approval of the FY 2022 corporate goals.**  
&
4. **Any materials or reports related to OneCare’s Board of Managers’ and the Executive Committee of the Board’s review, evaluation, any recommendations, and approval of the variable pay awarded for FY 2022 as referenced in OneCare’s FY 2023 Certification Form submission.**

See excerpts from OneCare’s Board of Managers public approvals in the following documents:

- Appendix B: October 2022 Board Meeting Agenda
  - Appendix C: October 2022 Board Meeting Minutes
  - Appendix D: November 2022 Board Meeting Agenda
  - Appendix E: November 2022 Board Meeting Minutes
5. **The GMCB seeks to understand how base pay and variable awarded to eligible executive positions compares to that of non-executive positions. Please submit:**
    - a. **The actual amount of base pay and variable pay available to all OneCare eligible executive positions by position type (e.g., for CEO, VPs and Director-level positions) and non-executive positions for all years that OneCare has been certified (FY 2018 – FY 2022), and the percent of variable pay awarded out of the maximum amount of variable pay possible for these positions.**

The following tables present the distribution of variable pay by position-type from 2018 through 2022. The variable pay component is incorporated into the compensation package of director-level positions and above, which means that there is no variable pay for non-executive positions.

When preparing the tables, emphasis was placed on ensuring consistent presentation of the percentage of variable pay distributed relative to the amount available for the eligible roles. Despite this goal, there have been many leadership position changes that complicate the tables. For example, due to ordinary staff turnover and transitions, one employee may have occupied multiple positions or position-types in a year and the variable pay

distribution will reflect a prorated mix of both. There are also years where a position was filled mid-year and variable pay was prorated accordingly. The ordinary staffing dynamics also mean that there were a different number of positions eligible for variable pay each year.

Because efforts were made to present a clean presentation of variable pay distributed, please note that the totals will not reconcile to OneCare financial statements, tax filings or W2s.

Additionally, there have been several changes to the variable pay model. Specifically:

- In 2020, director positions were subject to a 5% base pay reduction and VP and above positions were subject to a 10% base pay reduction for a portion of the year. Additionally, there were no variable pay distributions. These adjustments were made to help accommodate the pandemic-related financial stresses on the health care system that funds OneCare.
- In 2022, variable pay was based solely on OneCare corporate goals rather than a mix of departmental and/or individual goals as in previous years.

<b>2018</b>	<b>Base Pay</b>	<b>Potential Variable Pay</b>	<b>Awarded Variable Pay *</b>	<b>% Variable of Pay Awarded</b>
CEO	\$405,469	\$212,871		
VPs	\$888,618	\$266,585	\$170,089	64%
Directors	\$713,960	\$107,094	\$78,579	73%
<b>Total</b>		<b>\$586,551</b>		

<b>2019</b>	<b>Base Pay</b>	<b>Potential Variable Pay</b>	<b>Awarded Variable Pay *</b>	<b>% Variable of Pay Awarded</b>
CEO	\$375,000	\$196,875		
VPs	\$632,464	\$189,739	\$127,252	67%
Directors	\$1,069,705	\$160,456	\$100,299	63%
<b>Total</b>		<b>\$547,070</b>		

<b>2020</b>	<b>Base Pay</b>	<b>Actual Base Pay (Reduced ^)</b>	<b>Potential Variable Pay</b>	<b>Awarded Variable Pay * ~</b>	<b>% Variable of Pay Awarded</b>
CEO	\$375,000	\$360,577	\$93,750	\$0	0%
VPs	\$940,278	\$904,113	\$188,056	\$0	0%
Directors	\$1,110,782	\$1,089,421	\$111,078	\$0	0%
<b>Total</b>			<b>\$392,884</b>	<b>\$0</b>	<b>0%</b>

<b>2021</b>	<b>Base Pay</b>	<b>Potential Variable Pay</b>	<b>Awarded Variable Pay *</b>	<b>% Variable of Pay Awarded</b>
CEO	\$375,000	\$93,750		
VPs	\$499,600	\$99,920	\$84,214	84%
Directors	\$646,485	\$64,648	\$55,956	87%
<b>Total</b>		<b>\$258,318</b>		

<b>2022</b>	<b>Base Pay</b>	<b>Potential Variable Pay</b>	<b>Awarded Variable Pay *</b>	<b>% of Variable Pay Awarded</b>
CEO	\$384,375	\$96,094		
VPs	\$805,963	\$161,193	\$161,193	100%
Directors	\$995,322	\$99,532	\$99,532	100%
<b>Total</b>		<b>\$356,819</b>		

\* Impacted by the date of hire in the position and whether the previous position was eligible for variable pay. For example, if a position was filled mid-year the employee is eligible for a prorated portion of variable pay.

^ Reduced to help accommodate the pandemic-related financial stresses on the health care system that funds OneCare.

~ Eliminated to help accommodate the pandemic-related financial stresses on the health care system that funds OneCare.

**b. The salary and compensation benchmarks used by OneCare for all OneCare non-executive positions for FY 2022.**

The UVMHN uses a variety of surveys to determine salary benchmarks for roles across the network. When looking at market data the UVMHN targets the market 50th percentile (median) and uses that rate when determining the competitiveness of range midpoints and actual pay. Depending on the level of the positions they look at market data based on the size of the organization (revenues) or on regional data (generally Northeast or New England).

There are four main third-party market survey providers, and each provider has multiple surveys that the UVMHN participates in and receives results from:

- Gallagher/Integrated Healthcare Strategies
  - National Healthcare Staff Compensation Survey
  - National Healthcare Leadership Compensation Survey
  - National Nursing Compensation Survey
  - National Advanced Practice Provider Compensation Survey
  - New England and Boston Teaching Hospitals
  - Northern New England Healthcare Organization Survey
  - UNC Academic Medical Center Survey
- Mercer
  - US IHN Healthcare System and Hospital Compensation Suite (includes around 10 surveys)
- Sullivan Cotter
  - Healthcare Workforce Survey Suite Bundle (includes 4 surveys)
- Willis Towers Watson
  - Healthcare Executive Compensation Survey
  - Healthcare Middle Management, Professional and Support Compensation Survey

In addition to the above, UVMHN participates in numerous salary planning surveys and “instant surveys” for particular positions.

**c. Please explain the basis for the salary and compensation benchmarks used by OneCare for eligible executive positions by position type (e.g., for CEO, VPs, and Director-level positions) and non-executive positions, and why those benchmarks are appropriate for OneCare.**

As stated in OneCare’s March 31, 2023 response to the GMCB’s certification document request, the University of Vermont Health Network (UVMHN) uses a variety of third-

party surveys to determine salary benchmarks, including: Mercer IHN – Healthcare System and Hospital Executives; Gallagher/Integrated Healthcare Strategies – National Healthcare Leadership Survey; Towers Watson – Health Care Executive Survey Report; and Sullivan Cotter & Associates – Health Care Management & Executive Compensation Survey Report. These include comparisons to ACO executives where data exist. For example, for OneCare’s CEO, the following title matches were used:

- Accountable Care Organization (ACO) Executive/President;
- Head of Accountable Care Organization;
- Top Accountable Care Organization (ACO) Executive; and
- Top Accountable Care Organization Executive.

**d. Any data OneCare relies on to determine the salary and compensation benchmarks used by OneCare for eligible executive positions by position type (e.g., for CEO, VPs and Director-level positions) and non-executive positions.**

For executive positions, see OneCare’s March 31, 2023 response to the GMCB’s certification document request. Specifically:

- [FY23 Certification Follow-up, Attachment B - Description of FY23 Corporate Goal Variable Compensation Scoring Methodology](#)
- [FY23 Certification Follow-up, Attachment C - Description of UVMHN Salary Benchmarks](#)

As stated in OneCare’s FY22 Certification narrative, for non-executive pay, the University of Vermont Medical Center (UVMHC) targets the market median (50th percentile).

**e. The projected base pay and variable pay for FY 2023 for all non-executive positions.**

The variable pay component is incorporated into the compensation package of director-level positions and above, which means that there is no variable pay potential for non-executive positions. The positions not eligible for variable pay are targeted to market based solely on the base pay level, while the positions eligible for variable pay are targeted to market based on base pay plus variable pay potential. Note that the figures below were sourced from the 2023 budget. Other factors such as staff turnover and family leave will affect the final figures.

	<b>Base Pay</b>	<b>Projected Variable Pay</b>	<b>Fringe</b>	<b>Total</b>
Positions Not Eligible for Variable Pay	\$2,929,549	\$0	\$884,724	\$3,814,273