

OPTN Finance Committee

Meeting Summary

April 6, 2022

WebEx

Brad Kornfeld, Chair

Dale Smith, Director of Finance

Introduction

The OPTN Finance Committee met via WebEx teleconference on 4/6/2022 to discuss the following agenda items:

1. Policy Oversight Committee
2. Multi-year Projection
3. OPTN Financial Review

The following is a summary of the Committee's discussions.

Brad Kornfeld started the meeting by welcoming everyone in attendance, emphasized the desire to further engage the committee, and focus on the future. Mr. Kornfeld introduced Jennifer Prinz, Vice-Chair of the Policy Oversight Committee (POC).

1. Policy Oversight Committee

Jennifer Prinz explained the work that the POC does, the OPTN policy development process, and the work prioritization process. Ms. Prinz explained that the amount of work projected to be needed over the next 5 years exceeds the resources available to perform the work. Many of the planned projects are aligned with the strategic policy priorities, are both large and technical, and rely heavily on Software Engineers to implement. The current implementation capacity by Software Engineers is approximately 30,000 hours per year and the forecasted capacity needed is 60,000 hours per year. The workload is expected to be ongoing and not just temporary. Ms. Prinz explained that the POC is working to better define project benefits, manage the scope of projects, and evaluate the technical implementation.

Mr. Kornfeld thanked Ms. Prinz for her presentation and emphasized that the projected workload is only based on known work and doesn't take into account all of the additional work that will certainly come up over time.

Chris McLaughlin asked about product by board meeting. What is the overall level of effort for all projects over the next 5 years? Ms. Prinz clarified if Mr. McLaughlin was asking about the level of effort between board cycles as well as during each board cycle. Mr. McLaughlin asked about how the 15,000 hours of effort has worked out consistently across the years. Courtney Jett responded that 15,000 hours has consistently been the historical work load. Mr. McLaughlin asked whether there was specific documentation supporting the increase in the level of effort. Ms. Prinz explained that the historical workload has been relatively consistent and explained that the actual level of effort is usually higher than expected and almost never lower than expected. Lauren Mauk explained that the hours in slide 8 represent the IT team's best estimate for the total number of hours that will be needed for each project. Ms. Jett explained that the POC has reviewed each future forecasted hours and agreed that the forecasted hours were reasonable. Mr. McLaughlin explained that he needs documentation that provides justification for the new capacity. Ms. Prinz responded that the much greater level of detail

that was reviewed by the POC would probably be helpful in providing the support and data that Mr. McLaughlin needs to document the capacity request.

Brian Shepard emphasized that the POC evaluated each committee request regarding whether it was really needed and determined that they were needed. There aren't necessarily more project requests coming in, just that the projects with the most impact are bigger and more technical. Most of the requested capacity increase is IT, but there will be other departments that also need to increase capacity. Mr. Shepard asked Ms. Prinz to explain how the POC holds projects within budget. Ms. Prinz shared a recent example of when the POC managed scope creep with a project sponsored by the OPO committee. Ms. Mauk explained that each project is a range estimate based off of the best estimate that IT could develop at the time.

Andrea Tietjen thanked the POC for the work they have been doing. She asked whether other anticipated costs have been factored in such as hardware, servers, and other resources. Dale Smith replied that in the presentation, the Software Engineering was called out specifically but other departments will also be increased. This meeting is just to start the conversation and to find out if the committee is open to additional discussions or if this sounds like it will be too much of an increase. Mr. Smith then offered a preliminary estimate of \$4-6 million over the next couple of years. The increase in costs will result in an estimated \$60-100 increase in the OPTN registration fee over the next couple of years. Mr. Shepard reminded the committee that they were not being asked for approval on the increase, but to engage the committee earlier in the budget process and get their reaction to the proposal. Ms. Prinz stated that the community is asking for these resources and a slowdown in the project timelines will impact the community.

Alex Tulchinsky responded to Ms. Tietjen's question about servers and explained that the IT department has already shifted to a cloud environment so the number of software subscriptions would go up over time, but there would not be a need to purchase additional servers.

Mr. Kornfeld asked if anyone else had any questions. No one spoke up with a question so he thanked Ms. Prinz and concluded this discussion.

2. Multi-year Projection

Dale Smith explained that the purpose of presenting projected budgets for future years is to engage the committee earlier in the process, share assumptions that are being factored into the calculations, and encourage the committee to ask questions and make suggestions regarding factors that might need to be considered or incorporated into the projections. Mr. Smith showed the fiscal year 2022 OPTN budget by task, the assumptions used to calculate the fiscal year 2023 projection, and then asked the committee for questions or reactions to the assumptions.

Mr. Kornfeld asked whether historical activity accurately informs future budgets or if it is obsolete. Mr. Smith replied that history is definitely useful, but also using judgment regarding what will take place in the coming year. Ms. Tietjen emphasized that she is in full support of the proposed initiatives and the expenses being shared are reasonable. She then offered her perspective about the impact that OPTN fee increases have on transplant programs and the cost constraints that they operate under. Small and midsize transplant programs often have to deal with cost increases by laying off staff, which decreases the effectiveness of the program.

Barry Massa asked whether the POC had a project priority list that the Finance Committee could review in order to recommend expanding implementation capacity in smaller increments or phases to keep costs down. Mr. Shepard answered that yes, the POC does have a project priority list which he will share

with the committee. He emphasized that the list has been pared down to a list that is transformative for the community.

Jeff Orlowski asked whether there was an opportunity to reduce expenses related to committee meetings, travel, and educational programs. He also asked whether there might be a need for a list of projects that are necessary, contract-specific projects, as opposed to nice-to-have projects which would require a lot more justification to invest resources into them. Mr. Shepard replied that the POC will provide the full list of projects for the Finance Committee to review and determine whether they are supportive of approving the funding for all of the projects. He addressed the question about committee meetings and travel by explaining that meetings and travel are a relatively small part of the overall budget. We are open to scaling back on in-person committee meetings if it is determined that the committees are just as effective when meeting virtually. Mr. Shepard pointed out that currently all committees are treated the same and get 2 meetings per year. It is possible that this could be evaluated and the meeting arrangements become unique to each committee and change each year. Mr. Smith explained that budget meetings will be held with departments that share “value streams” including travel and meetings and there could be some potential savings that can be discussed in future committee meetings.

Mr. McLaughlin expressed appreciation for the discussion and the engagement with the committee ahead of the formal budget discussions. He asked the committee to consider what information they need in order to evaluate the decisions that are coming during the budget cycle.

3. OPTN Finance Review

Mr. Smith pointed out that he was almost out of time and quickly walked the committee through the financials and emphasized that the OPTN’s financial condition continues to be very strong.

He then shared the results of the external audit for fiscal year 2021 which was completed by the accounting firm Cherry Bekaert. Cherry Bekaert provided a summary of the audit results stating that there were no material misstatements, no internal control issues, or other issues. Mr. Smith asked the committee to let him know if they would like to have the external auditors present the results in the next committee meeting.

Mr. Kornfeld wrapped up by encouraging the committee members who have questions about the financials or the audit report to reach out to him or Mr. Smith.

Upcoming Meetings

- May 2022
- June 2022

Attendance

- Committee Members
 - Brad Kornfeld
 - Linda Cendales
 - Barry Massa
 - Jeffrey Orłowski
 - Andrea Tietjen
- HRSA Representatives
 - Chris McLaughlin
 - Vanessa Arriola
 - Shannon Taitt
- UNOS Staff
 - Dale Smith
 - Steve Harms
 - Brian Shepard
 - Susie Sprinson
 - Kim Uccellini
 - Kristen Sisaithong
 - Lauren Mauk
 - Mary Beth Murphy
 - Roger Brown
 - Carrie Caumont
 - Alex Tulchinsky
 - Matt Rowland
 - Darby Harris
 - Janis Rosenberg
 - Liz Robbins
 - Courtney Jett
 - Amber Fritz