

OPTN Finance Committee

Meeting Summary

October 11, 2022

WebEx

Brad Kornfeld, Chair

Dale Smith, Chief Financial Officer

Introduction

The OPTN Finance Committee met via WebEx teleconference on 10/11/2022 to discuss the following agenda items:

1. Fiscal Year 2023 OPTN Operating Budget
2. Meetings & Travel Budget Discussion
3. Policy Oversight Committee Capacity Increase

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

1. Fiscal Year 2023 OPTN Operating Budget

Brad Kornfeld started the meeting by welcoming everyone in attendance and explained that the main purpose of the meeting was to discuss the fiscal year 2023 budget. As background, Mr. Kornfeld explained that the Board approved a FY23 budget in June 2022, but HRSA did not approve the OPTN Patient Registration Fee. Based on conversations with HRSA, contractor leadership, and the Board Presidents, it was determined that HRSA wanted to ensure that the Board specifically voted on some of the areas with cost increases, particularly the in-person meetings and IT capacity increases. Mr. Kornfeld that this IT work is for policy changes as the system continues to grow and the community does more transplants. Mr. Kornfeld explained that in spring 2022 an additional meeting was added for the Finance Committee to review the budget. A committee member confirmed that the fee increase was just under 10% from FY 2022, and asked whether there was a way to avoid approving a budget and then navigating a potentially revised budget after HRSA denied the fee increase three months later. Mr. Kornfeld explained that he reminded HRSA that they are members of the committee and encouraged their input earlier in the process moving forward. A HRSA representative explained that they understand the challenge, and that HRSA brought up some of these questions in the budget development process, but acknowledged that they can be more clear about their concerns earlier. He noted that the Finance Committee needs to be more engaged and more clearly looking at some parts of the budget. He shared that there will be additional detail regarding the IT increase provided today. A committee member said that HRSA can be more direct with their feedback. Mr. Kornfeld noted that the Vice Chair of the Policy Oversight Committee (POC) visited the Finance Committee in the spring to review all upcoming projects. He noted that this is an opportunity for continuous improvement over the budget process.

2. Meetings & Travel Budget Discussion

Mr. Smith began the discussion with the in-person meetings and travel budget. He explained that approximately 96% of the OPTN meetings held in FY22 were held virtually. He noted that this is a long-standing practice, and not due to the COVID-19 pandemic. A committee member asked how that compares to pre-COVID statistics. Roger Brown, Director of Policy & Community Relations, replied that he did not have those statistics available, but the vast majority of the meetings would have been held

virtually. Mr. Smith summarized the assumptions that went into the meeting and travel budget. He then showed five options for potential changes to the budget and the estimated dollar impact on the overall budget and per-patient OPTN Fee.

Summary of Discussion:

Mr. Kornfeld thanked Mr. Smith for the analysis. He said that prior to the meeting, he had spoken with committee chairs to get their feedback on the quality of the in-person meetings (level of engagement, participation, dialogue, side conversations, etc.). The committee chairs overwhelmingly favored the in-person meetings with a virtual option. Mr. Kornfeld suggested that an option to reduce expenses, could be to look at less expensive locations. A committee member questioned the end goal, and explained that if the end goal was to lower the fee, that will drive their decision. Mr. Kornfeld referenced the comparison of OPTN fees over the past six or seven years that was shown in the original budget meetings. He noted that the Finance Committee did not receive any feedback that the fee was too high. Mr. Kornfeld said the discussion should focus on what will make the OPTN most effective and see what the resulting fee is, and that it is important to very mindful of cost. He shared that it is important that there is value in the budget and that the OPTN doesn't pass on unnecessary expense to members. Mr. Smith suggested that the Finance Committee review the options, and Mr. McLaughlin agreed that the discussions from the Finance Committee meeting should be shared with the full Board next week. A committee member commented that their recent experience was that the vast majority of participation came from the people attending in-person compared to those attending virtually. They asked whether it would be possible to limit the number of in-person attendees on a first come, first served basis and all others would attend virtually. Another committee member asked if the assumptions were based on 100% attendance. Mr. Smith explained that the assumption was not based on 100% attendance, but recent experience has shown that the initial assumption of in-person attendance was a little high. A committee member asked whether we had looked at who normally participates and whether they would participate as much virtually. He stated that there is a "social capital" aspect where people meet in-person for the first time that is enormously valuable. They further stated, that the non-verbal cues are much greater in-person and recommended that any meetings with topics that we anticipate to be highly controversial, be held in-person. Mr. Kornfeld reminded the members that all meetings will have a virtual option if people are unable to attend in person. Mr. Smith explained that the contractor is looking into using purchasing power to negotiate lower rates from large chains. Mr. McLaughlin stated that reducing the committee and regional meetings to one in-person meeting each, would be HRSA's preferred option. They explained that the ultimate decision belongs with the Board, but there needs to be a justification for why going back to in-person meetings is worth the expense. A committee member responded that the value of the social capital from in-person meetings is hard to quantify. Another committee member encouraged everyone to look at the big picture and that the needs of the budget will change year-to-year.

3. Policy Oversight Committee Capacity Increase

Mr. Smith summarized the background on the Policy Oversight Committee's (POC) request for additional IT capacity. He noted that there are large projects coming that exceed the existing IT capacity. A HRSA representative shared that the Finance Committee needs to understand the resources available and ask if there is flexibility about the policy work. They shared that it is HRSA's expectation that the committee reviews that level of detail. Mr. Smith shared a graph, showing the projects prioritized by the POC over the next several board cycle and the level of effort required to complete the projects. He walked through a graph showing the expected completion based on the ramp up in capacity. He then shared a display of the timeline for completion of those projects without increasing capacity. The current list of projects

would be delayed by a year. Mr. Smith emphasized that the list was only of projects known and prioritized at this time; additional projects will undoubtedly arise.

Summary of Discussion:

A committee member noted that some of the projects were very large and complex and wondered whether the need for the additional resources would be relatively short-term. If that is the case, has there been any discussion of using OPTN reserves to get the projects done. Mr. Smith responded that there had not been specific discussions about dipping into reserves. He explained that the governing rules require specific levels of reserves to be maintained. A committee member asked whether HRSA had an opinion on whether reserves could be used in this context. Christopher McLaughlin responded that he could not give a final decision, but that from his perspective, it sounds like it could be a reasonable use of reserves. Mr. Smith explained that the expectation is that the capacity would not be needed indefinitely and the plan is to reduce the number of IT resources through natural attrition once the need has passed. He explained that this is likely a spike in the need for resources, the long-term capacity requirements are not known right now, but it is not likely to be 30,000 software engineering hours per Board cycle permanently. Mr. Kornfeld expressed the opinion that reserves are for unanticipated emergencies. In his opinion, if the fee is too high, the OPTN should let the community know that the amount of work being requested cannot be completed with the funds available. Mr. Kornfeld stated that using reserves for this kind of work is “kicking the can down the road” because reserves need to be replenished which would require a fee increase. A committee member agreed with Mr. Kornfeld’s perspective but suggested that the request to implement continuous distribution on a short timeline meets the threshold for dipping into reserves. He suggested that the reserves be replenished with a smaller reserve fee over a longer period of time, for example a 10-year period.

Next Steps:

UNOS staff shared that they would distribute a recap of the budget revision options with a survey for each committee member to provide feedback. A committee member asked for clarification on whether HRSA is asking us to decrease costs or to revisit the cost increase and justify it. Mr. Kornfeld replied that based on his conversations with HRSA, they want the budget discussion to be explicit and to make sure that everyone knows exactly what they are voting on and approving, but there is not a requirement to reduce the fee. Mr. Kornfeld thanked everyone for their participation and concluded the meeting.

Attendance

- **Committee Members**
 - Andrea Tietjen
 - Barry Massa
 - Brad Kornfeld
 - Renee Bennett
 - Stuart Sweet
- **HRSA Representatives**
 - Chris McLaughlin
 - Vanessa Arriola
- **UNOS Staff**
 - Alex Tulchinsky
 - Amy Putnam
 - Dale Smith
 - Jason Livingston
 - Liz Robbins Callahan
 - Mary Beth Murphy
 - Matt Rowland
 - Maureen McBride
 - Morgan Jupe
 - Roger Brown
 - Ryan Ehrensberger
 - Susie Sprinson
 - Tony Ponsiglione