University of California
Clinical Enterprise Management Recognition Plan 2 (CEMRP2)
For Plan Year July 1, 2026, through June 30, 2027,
As Implemented at UCI Health

This is the CEMRP2 Plan Document for implementation at the University of California, Irvine Health (UCI Health). The University of California Clinical Enterprise Management Recognition Plan 2 ("Plan") is governed by *Personnel Policies for Staff Members 34 (Incentive and Recognition Award Plans – Managers & Senior Professionals and Professional & Support Staff).*

Plan Purpose

The purpose of the UCI Health CEMRP2 Plan is to provide the opportunity for at risk variable financial incentives to those employees below the Senior Management Group level responsible for attaining or exceeding key Clinical Enterprise objectives. Achievement is measured based on specific financial and/or non-financial objectives, e.g., quality of care or patient safety, and strategic objectives which relate to the Clinical Enterprise's mission.

The Plan encourages the teamwork required to meet challenging institutional objectives. The Plan also uses individual performance objectives to encourage non-represented participants to maximize their personal effort and to demonstrate individual excellence and Departmental objectives to encourage represented participants to maximize team and individual efforts.

Plan Oversight

Development, governance, and interpretation of the Plan will be overseen by an independent Administrative Oversight Committee (AOC) comprised as follows:

- Executive Vice President–Business Operations
- Chancellor of every campus with a medical center
- Vice President–Human Resources
- Executive Director–Compensation Programs and Strategy

The AOC, in its deliberations pertaining to the development or revision of the Plan, will consult with the Senior Vice President–Health Sciences and Services, and representatives from the health systems comprised of a Chief Medical Officer, a Chief Nursing Officer, and a Chief Human Resources Officer each selected from a UC health system. The Senior Vice President–Chief Compliance and Audit Officer will assure that periodic auditing and monitoring will occur, as appropriate.

Plan Approval

The Plan will be subject to an annual review conducted by the AOC to address design issues and market alignment. Once approved by the President of the University, the Plan will be implemented each year upon the approval of the AOC if no changes to the Plan are being recommended. If the AOC recommends any substantive or material changes to the Plan, including, but not limited to, changes in the award opportunity levels, the AOC will obtain the approval of the President before implementing such changes. Reasonable efforts, given all circumstances, will be made to delay implementing

substantive or material Plan changes until after the end of the current Plan year. However, if changes are implemented during the Plan year that would affect the award calculations, changes will only be applied prospectively to the remaining portion of the Plan year. Plan changes recommended by the AOC that are not material or substantive, or are deemed to be technical corrections, may be approved by the AOC after consultation with the President and will then be implemented by the AOC at an appropriate time. The President will receive reports of all changes to the Plan.

Once approved by AOC, this Local CEMRP2 Plan document will govern the implementation of the Plan at UCI Health.

Plan Year

The Plan year will correspond to the University's fiscal year, beginning July 1 and ending the following June 30.

Eligibility

Employees in the following classifications who make contributions that enable their medical center to attain or exceed key Clinical Enterprise objectives are eligible to participate in the Plan:

- Participation in the program will include both career non-represented and represented UCI Health employees* hired before January 1st of the Plan year and on active or approved leave status as of the last day of the fiscal year. In addition, employees must be employed in a career position and in a 50% or greater appointment at UCI Health or UCI campus on the date of payout. Employees that separate before the last day of the fiscal year are ineligible, unless they have separated from the UCI Health due to retirement, death or total disability, or involuntary separation due to reorganization or restructure as set forth in the Separation from the UCI Health provision appearing later in this Plan document.

  **Provided that Plan participation is not prohibited by the applicable collective bargaining agreement.*

- Senior Management Group (SMG) members and members of the Executive Leadership Team who are participants in the CEMRP1 are not eligible to participate. In addition, any other titles excluded by the AOC are not eligible to participate.

- Each employee must demonstrate competence to fulfill job duties to be considered for an award under the Plan. A non-represented participant who was identified in the performance management system as not demonstrating competence during the most recent annual job description validation process will not be eligible for any portion of the award. A represented participant whose most recent performance evaluation for the Plan year reflects an overall performance rating of "Needs Improvement" will not be eligible for any portion of the award.

- Employees with an appointment type of limited, per diem or contract status are not eligible to participate unless there is a specific provision in the employment contract relative to Plan participation.

- Campus and/or health system Office of General Counsel, members of Ethics, Compliance and Audit teams, co-workers assigned to work in Acute Rehabilitation and members of development/fundraising teams are not eligible to participate in this Plan.

- A participant who has been found to have committed a serious violation of state or federal law or a serious violation of University or UCI Health policy at any time prior to the distribution of an incentive award will not be eligible to receive an incentive award for the Plan year. If such allegations against a participant are pending investigation at the time of the incentive award distribution, the participant's award for that Plan year may be withheld pending the outcome of the investigation.

- Employees who hold dual appointments with the School of Medicine (SOM) or UCI Campus or another Campus and where the UCI Health is not the home department are not eligible for the UCI Health CEMRP2 Clinical Incentive Plan. If UCI Health is the home department, award eligibility will be prorated based on the percentage of appointment for work performed for the UCI Health.

- Employees who transfer within the UCI Health prior to January 1st may elect to change their individual or departmental objectives if the manager deems there is adequate time to establish and achieve new objectives. New objectives will need to be established and approved no later than January 31st.

    - If new objectives are not established, the Participant will receive an Incentive Plan award based on objective achievement for the cost center where they were previously assigned.

    - Represented employees who transfer to a non-represented position within UCI Health prior to January 1st but fail to establish individual performance objectives, will receive an award based on the department objective achievement.

    - Non-represented employees who transfer to a represented position within UCI Health prior to January 1st will receive a CEMRP2 Plan award based on objective achievement for the cost center to which they are assigned as of June 30th.

- Eligible participants at UCI Health hired prior to January 1st who transfer to UCI Campus before June 30th and remain active in a career position until the payout date are eligible to receive an award.

- Plan participation in any one year does not provide any right or guarantee of eligibility or participation in any subsequent year of the Plan.

- Employees who are otherwise eligible and are on approved leave of absence on the last day of the fiscal year and fail to return from approved leave of absence prior to separation from the University will be ineligible to receive an award.

As close to the beginning of the Plan year as is practical, the Chief Human Resources Officer (CHRO) will submit a spreadsheet to the AOC that provides a detailed summary of information regarding the population eligible to participate in the Plan at their location. The Executive Director–Compensation Programs and Strategy will provide the template for the CHRO to use.

Award Opportunity Levels

Plan participants are assigned Threshold, Target, and Maximum Potential (Outstanding) award opportunity levels. These award opportunity levels serve to motivate performance toward annually established objectives. Target award opportunity levels will be calibrated to expected results while Maximum Potential (Outstanding) award opportunity levels will only be granted for superior performance against established performance standards, e.g., demands breakthrough performance to achieve.

Non-Represented Employees

A participant's award opportunity level will depend on the tier to which the participant is assigned. Each location will determine which tier in the table below applies to each participant based, in part, on the participant's position within the organization, the relative scope of the participant's responsibilities, and the potential impact of the participant's decisions. The award opportunity levels shown in the table below for Threshold, Target, and Maximum Potential (Outstanding) represent the highest award opportunities available for each level of performance for the participants in each tier.

Actual awards to individual Plan participants may not exceed the levels stated in the table below for the Plan participant's tier and actual performance level during the Plan year. A Plan participant's tier may be amended during the Plan year if the participant changes positions within the organization and the new position is of a higher or lower tier. The participant's new position must be eligible to participate in the Plan for the tier to be adjusted. In the event of such a transfer, the participant's actual award should be determined based on the tier in which the participant spent the majority of the Plan year.

Position within Organization	Career Tracks Category/Level	Threshold Opportunity (as % of Salary)	Target Opportunity (as % of Salary)	Maximum Potential Opportunity (as % of Salary)
Tier A	M3-M4	5%	10%	15%
Tier B	M1-M2, P4-P5 and S2	4%	7.5%	10%
Tier C	P1-3 and S1	2%	3.5%	5%

For the purpose of calculating awards using the table above, "salary" is defined as a participant's annual base salary and excludes stipends. Awards are calculated on the designated salary in effect at the end of the Plan year.

Represented Employees

Actual awards to individual Plan participants may not exceed the levels stated in the following table for the Plan participant's performance level:

	Threshold	Target	Maximum Potential	Percent	Total %
Health Institutional Objective 1	$80	$140	$300	16.66%	50%
Health Institutional Objective 2	$80	$140	$300	16.66%	
Health Institutional Objective 3	$80	$140	$300	16.66%	
Departmental or Unit Objective	**$240**	$420	$900	50%	50%
Max Award	**$480**	**$840**	**$1,800**	100%	100%

**Note: The three UCI Health institutional objectives (e.g., "Health Objective 1") may each be comprised of multiple components. For example, if there are two objective components for "Health Objective 1", they would each have a contributing weighting of ~8.33% towards the entire award calculation (adding up to 16.67% as illustrated above). Each fiscal year, the approved institutional objective composition will be shared with Plan participants.*

All Plan participants may participate concurrently in this Plan and a University recognition award plan. However, a participant's combined award amount (cash awards under this Plan and the recognition award plan) for a Plan year may not exceed the Maximum Potential Award opportunity level of the Plan participant's CEMRP2 tier.

Performance Standards

Each Plan participant will be assigned Individual Performance Objectives (non-represented employees) or Departmental Objectives (represented employees) which have standards of performance defined as Threshold, Target, and Maximum Potential (Outstanding) performance consistent with the following:

Threshold Performance – Represents the minimum acceptable performance standard for which a recognition award can be paid. This level represents satisfactory results, but less than full achievement of stretch objectives.

Target Performance – Represents successful attainment of expected level of performance against stretch objectives.

Maximum Potential (Outstanding) Performance – Represents results which clearly and significantly exceed all performance expectations for the year. This level of accomplishment should be rare, e.g., require breakthrough performance to achieve.

Non-represented participants must achieve at least threshold for at least one goal to receive a payout; represented participants may receive a payout for Institutional Objective achievement regardless of achievement on the department goal.

Performance Objectives

Institutional Performance Objectives

As close to the beginning of each fiscal year as is practical, financial and/or non-financial objectives will be established consistent with the UCI Health mission and objectives. UCI Health will determine no more than three institutional performance objectives that fall into the categories below. Objectives should each relate to one of the following:

- Financial Performance
- Quality Improvements
- Patient Satisfaction
- Key Initiatives in Support of the Strategic Plan
- People and other Resource Management

**Note: The potential three UCI Health institutional objectives may each be comprised of multiple components. For example, if there are two objective components for an objective in one of the aforementioned categories, each component would each have an equal contributing weighting towards the greater categorical objective. Each fiscal year, the approved institutional objective composition will be shared with Plan participants.*

Individual Performance Objectives / Departmental or Unit Objectives

In addition to the three Institutional Performance Objectives mentioned above, each plan participant will be assigned individual or departmental objectives as follows:

- Each non-represented plan participant will be assigned no more than three individual performance objectives. The participant's performance toward their assigned objectives will be measured across two levels when appropriate: Institutional (defined as UCI Health), and Individual. Institutional objectives encourage cross-departmental teamwork and recognize the joint effort needed to meet challenging institutional goals. Individual objectives are designed to encourage participants' maximum effort and demonstration of individual excellence. At UCI Health, half of the award will be based on institutional achievement of objectives and half will be based on individual achievement of objectives.

- Each represented plan participant's performance toward assigned objectives will be measured across two levels: Institutional (defined as UCI Health), and Departmental or Unit (defined as the participant's department or unit if more appropriate). Institutional objectives encourage cross-departmental teamwork and recognize the joint effort needed to meet challenging institutional

goals. Departmental objectives encourage team and individual efforts. At UCI Health, objectives for the Staff Plan will be weighted at 50% institutional and 50% departmental/unit.

Annual objectives at the UCI Health level will be established and administered by the CEO in consultation with the Vice Chancellor–Health Sciences and Chancellor. Individual performance objectives (non-represented employees) will be established and assessed by each participant's supervisor in consultation with the manager or director. Departmental objectives (represented employees) will be approved by executive leadership. Contributions of individuals toward the departmental objectives will be identified and monitored by each participant's supervisor in consultation with the manager or director.

Objectives must be established for each participant in advance of or shortly after the beginning of the Plan year. Objectives must be specific, measurable, and stretch. Assessment of participants' performance and contribution relative to these objectives will determine their actual award amount. The Chief Human Resources Officer will be responsible for monitoring the objectives for their location's participants to ensure they are established in a timely manner and that they represent stretch objectives.

The AOC will periodically request that the Senior Vice President–Chief Compliance and Audit Officer, in an independent advisory capacity, review a sampling of Plan participants' objectives to ensure that objectives are being set appropriately.

Financial Standards and Plan Funding

A financial target will be set by UCI Health for the Plan year. The financial target will be reviewed by the AOC in consultation with the Senior Vice President–Health Sciences and Services and the Executive Vice President and Chief Financial Officer and approved by the President in advance and/or as close to the beginning of the Plan year as is feasible.

Full funding of awards for participants at UCI Health in the Plan year is contingent upon the health system's ability to pay out the awards while maintaining a positive net cash flow from operations before intra-institutional transfers. In the event that UCI Health cannot meet that financial standard for the Plan year, but attains key Institutional non-financial objectives, the AOC may consider and approve, in consultation with the Chancellor and Senior Vice President–Health Sciences and Services, partial award payouts for some or all of UCI Health Plan participants based on the Award Opportunity Levels defined above and participants' achievement of their assigned objectives for the Plan year.

Administrative Provisions and Award Approval

The Plan will be administered under the purview of the Executive Director–Compensation Programs and Strategy, at the Office of the President, consistent with the Plan features outlined above, and as approved by the President. The Plan features and provisions outlined in this document will supersede any other Plan summary.

The assigned Description of Service (DOS) code of "XCI" specific to this Plan **must** be used when paying awards to employees.

Each Plan participant will be provided an annual Terms and Conditions document that (a) identifies the participant's performance objectives for the Plan year, (b) defines the standards that will be used to measure Threshold, Target, and Maximum Potential performance for each objective, and (c) assigns any performance weightings to the participant's objectives. The Terms and Conditions document should state that administration of the Plan is governed by this Document and should either attach a copy of or provide the web address for this Document.

When questions about Plan eligibility or award determination arise and are not clearly described they will be directed to the Executive Director–Compensation Programs and Strategy.

At the end of each fiscal year, the CHRO will update the participant spreadsheet previously submitted to the Executive Director–Compensation Programs and Strategy to reflect each participant's proposed award and most recent performance results as defined under Eligibility. Award recommendations must be approved by the CEO, Vice Chancellor, and Chancellor, prior to being submitted to the Executive Director–Compensation Programs and Strategy for presentation to the AOC for final approval. If any participants become eligible to participate in the Plan after the start of the Plan year, they should be included on this spreadsheet with a notation indicating that they were not included on the spreadsheet submitted at the beginning of the Plan year.

Review and approval of all awards under the Plan will be the responsibility of the AOC, which will review recommended awards within 60 days of the end of the Plan year. Approved awards will be processed as soon as possible unless they have been deferred pursuant to the provision set forth below. The AOC will consult the Senior Vice President–Chief Compliance and Audit Officer in an independent advisory capacity during its review of proposed awards.

The Executive Director–Compensation Programs and Strategy will provide the President with an analysis of the award recommendations before the awards are scheduled to be paid. The awards will be reported annually to the President and/or the Regents consistent with applicable reporting requirements.

Annual UCI Health CEMRP2 Plan awards will be payable in cash, subject to appropriate taxes and pursuant to normal University payroll procedures. Stipends will not be included in the calculation of award payments. The University will not place restrictions or conditions on an employee's use of any cash awarded under this Plan.

This Plan may be terminated or replaced at any time for any reason by the President, in consultation with the AOC and the Senior Vice President–Health Sciences and Services. Reasonable efforts, given all circumstances, will be made to delay Plan termination until after the current Plan year has concluded. However, if the Plan is terminated during the Plan year, awards for the current year will still be processed based on participants' performance during the portion of the Plan year prior to termination.

Notwithstanding any other term in the Plan, current year awards may be deferred if the Regents issue a declaration of extreme financial emergency upon the recommendation of the President or if the Clinical Enterprise experiences a system-wide negative cash flow. In such situations, the deferral would be made upon the recommendation of the AOC and require the approval of the President. In such a case the deferred awards will earn interest at the Short-Term Investment Pool (STIP) rate. Award payments

that have been approved, but deferred, will be processed and distributed as soon as possible. In no event will awards be deferred longer than one year.

The University may require repayment of an award that has been made as a result of inappropriate circumstances. For example, if there is an inadvertent overpayment, the employee will be required to repay the overage. If an employee has not made the repayment before an award for that employee for a subsequent Plan year is approved, the outstanding amount may be deducted from the employee's subsequent award.

Separation from the UCI Health

Participants who retire or who separate due to total disability or who involuntary separate due to reorganization or restructure during the current Plan year are eligible to receive a prorated incentive award for the current Plan year based on achievement of objectives and the date of separation from the UCI Health. Retirement and total disability status will be determined based upon applicable University policies. To determine the most accurate award for the current Plan year, prorated payments will be calculated at the end of the Plan year and issued in accordance with the normal processing schedule.

Participants whose employment terminates as a result of death during the current Plan year are similarly eligible to receive a prorated incentive award for the current Plan year based on achievement of objectives and the date of death. In this situation, award payments will be made to the estate of the deceased participant. To determine the most accurate award for the current Plan year, prorated payments will be calculated at the end of the Plan year and issued to the estate of the deceased participant in accordance with the normal processing schedule.

Involuntary separation during the current Plan year for any other reason will be handled on a case-by-case basis.

Partial Year Awards

Participants must have a minimum of six months of University service during the Plan year to participate in the Plan, except in cases of death, retirement, or disability. Eligible participants may receive a prorated award based on their date of eligibility.

Treatment for Benefit Purposes

Incentive awards under this Plan are not considered to be compensation for University benefit purposes, such as the University of California Retirement Plan or employee life insurance programs.

Tax Treatment and Reporting

Under Internal Revenue Service Regulations, payment of CEMRP2 incentive awards must be included in the employee's income as wages subject to withholding for federal and state income taxes and applicable FICA taxes. The payment is reportable on the employee's Form W-2 in the year paid.