

Patient-Centered Outcomes Research Institute Finance, Audit, and Administration Committee (FAAC) Report

PCORI Board of Governors
Baltimore MD
Monday March 5, 2012



- SCCOI Nominations
- GAO Oversight and Compliance
- Financial Statement Audit
- Managing Cash Flow

Proposal for Membership (Ethicist) on the SCCOI:

- Bernard Lo, MD
 - President, The Greenwall Foundation
 - Emeritus Professor of Medicine, UCSF
 - Emeritus Director, Program in Medical Ethics, UCSF



About Dr. Bernard Lo

Education and Training

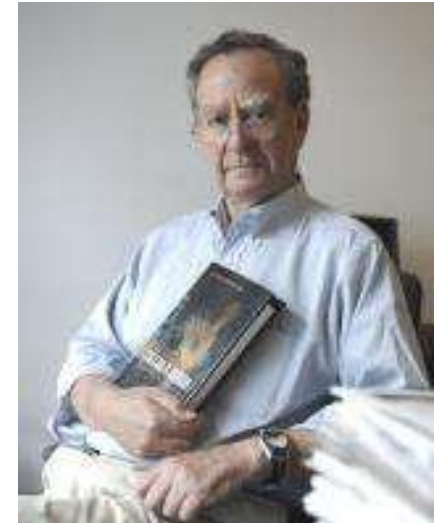
- Medical School: Stanford University
- Residency: University of California, Los Angeles; Stanford University
- Fellowship: Robert Wood Johnson Clinical Scholars Program, Stanford University

Current Academic and/or Research Activities

- Dr. Lo's general research area is clinical medical ethics. Specific interests include: end-of-life care; talking to patients about palliative care; the doctor-patient relationship, particularly the impact of the Internet; ethical issues regarding HIV infection; ethical issues in clinical and translational research, particularly stem cell research; conflicts of interest in research, clinical care, and medical education.
- 197 peer-reviewed publications
- *See Appendix for CV*

Proposal for Membership (Consumer Member) on the SCCOI:

- Arthur Aaron Levin, MPH
 - Co-founder and the Director of the Center for Medical Consumers
 - Member of Institute of Medicine's Committee on the Quality of Health Care (CQHC)
 - Past chair of the NQF *Consensus Standards Approval Committee (CSAC)*
 - Co-chair of the NCQA *Committee on Performance Measures (CPM)*



About Arthur Levin

Education and Training

- Master of Public Health, Columbia University School of Public Health
- Bachelor of Arts in Philosophy, Reed College

Activities

- The Center for Medical Consumers is a New York City-based nonprofit organization committed to informed consumer and patient health care decision-making; patient safety; evidence-based, high quality medicine and health care system transparency.
- Interests: transparency and conflict of interest as it affects clinical guideline development, the FDA advisory committee process, and other aspects of standard-setting in healthcare.
- *See Appendix for Biography*

Proposal for Membership (Patient/Consumer Member) on the SCCOI:

- Annette Bar-Cohen, MA, MPH
 - Executive Director, Center for NBCC Advocacy Training
 - Former Education Director, Cancer Control Center, Minnesota Department of Health
 - Member, Steering Committee, Electronic Data Methods Forum, Academy Health



About Annette Bar-Cohen

Education and Training

- Master of Public Health, School of Public Health, University of Minnesota
- Master of Arts in Psychology, Goddard College/Fellow, Medical School, Tufts University
- Bachelor of Arts in Journalism, Northeastern University

Activities

- The Center for NBCC Advocacy Training provides leadership and direction for science, education, and training programs including Project LEAD
- 2011 AHRQ Annual Meeting: Leading Through Innovation and Collaboration
- ECRI Institute's 18th Annual Conference on the Use of Evidence in Policy and Practice
- *See Appendix for CV*

Proposal to serve as legal counsel to the SCCOI:



- The highly credentialed Harris Beach team's strong prosecutorial and ethics backgrounds have made it the firm of choice for organizations of all sizes to handle their high-risk, high-visibility federal and state investigation and compliance matters.

Karl J. Sleight Government Compliance and Investigations Team

- Mr. Sleight served as the Executive Director of the New York State Ethics Commission from March 2001 through March 2007. During his tenure, he was responsible for conducting investigations of high ranking government officials and private sector entities that interact with government officials. Mr. Sleight also provided advice and interpretation of the states ethics and integrity laws to statewide elected officials, including the governor and attorney general as well as private sector business leaders that interacted with the government.

- Mr. Sleight chaired the Due Process and Investigations Subcommittee for the NYS Bar Association's 2011 Task Force on Government Ethics. The Subcommittee's recommendations have been credited with influencing important aspects of the groundbreaking Public Integrity Reform Act of 2011. Mr. Sleight has also served as Special Counsel to the New York State Legislative Ethics Commission and is a frequent commentator on issues involving ethics and compliance in the media.
- Mr. Sleight advises clients on matters related to corporate compliance and government investigations, and federal and state regulatory actions.
- *See Appendix for Harris Beach materials*

Request Motion to Accept Nominees

Nominations for Acceptance

- Bernard Lo, MD
- Arthur Levin, MPH
- Harris Beach PLLC



U.S. Government Accountability Office (GAO)



Responsibility

The GAO is responsible for conducting a review of the audit of PCORI’s financial statements.

Comptroller General

The Comptroller General of the United States must report to the Congress on the results of PCORI’s financial statement audit no later than April 1 of each year.

Legal Counsel

GAO legal counsel to provide insight into compliance regulations that PCORI is subject to (e.g., 2 CFR, Part 230/OMB Circular A-122 & OMB Circular A-133, and Form 990).



McGladrey & Pullen, LLP



Engagement

McGladrey & Pullen has been engaged to perform the audit of the PCORI financial statements for the years ending December 31, 2010 and 2011.

Work Time Frame

The field work has begun and will be complete by March 12, 2012.

GAO Review

GAO will review the audit of PCORI's financial statements in order to prepare its annual report to Congress due April 1, 2012.

Discussion of the Issues

In preparation for developing a cash flow model, there are several assumptions and there are a number of decisions that need to be made.

Set announcement, commitment, and funding dates so that deadlines can be anticipated

There will be three funding cycles; July, November, March

The review process will take four to six months

Consider funding strategies that commit more funding in early years in order to increase PCORI's impact

Assumptions for Cash Flow Model

- The model was created using three-year awards for illustrative purposes only.
- When we make awards, we pay approximately 50% in the first year, then 25% in years 2 and 3 of the award.
- Dollars available for awards are best estimates of funds available from PCORI Trust.
 - 2012 Funding = \$90M
 - \$112M less 20% Operations = \$90M
 - 2013 Funding = \$250M
 - \$72M plus \$240M in fees = \$312M less 20% Operations = \$250M
 - 2014 to 2019 Funding = \$403M/year
 - \$24M plus \$480M in fees = \$504M less 20% Operations = \$403M

** All dollars are in millions.*



Multi-Year Cash Flow Model

- We can make commitments prior to receiving money in the PCORI Trust.

In millions

Year	Award Commitments	Award								>>>>	
		2012	2013	2014	2015	2016	2017	2018	2019		
2012	\$210	\$90	\$60	\$60							
2013	\$380		190	95	95						
2014	\$496			248	124	124					
2015	\$368				184	92	92				
2016	\$375					187	94	94			
2017	\$434						217	109	109		
2018	\$300							200	100		
2019	\$194									194	
Funding	\$2,757	\$90	\$250	\$403	\$403	\$403	\$403	\$403	\$403	\$403	\$2,757



Annual Cash Flow Model

- We can make commitments only with monies already in the PCORI Trust

In millions

Year	Award Commitments	Award									
		2012	2013	2014	2015	2016	2017	2018	2019	>>>>	
2012	\$90	\$45	\$23	\$23							
2013	\$250		125	63	63						
2014	\$403			202	101	101					
2015	\$403				202	101	101				
2016	\$403					202	101	101			
2017	\$403						202	101	101		
2018	\$403							202	101	101	
2019	\$403								202	201	
Funding	\$2,757	\$45	\$148	\$287	\$365	\$403	\$403	\$403	\$403	\$302	\$2,757

Questions for Discussion

- Should we plan to make grant commitments ahead of funds available in the PCORI Trust?
- If we pursue this strategy, do we commit ahead of funding only in the early years of PCORI, or carry out this strategy through 2019?
- How do we manage the risks of this strategy; specifically, the risk of making funding commitments against dollars not yet transferred to the PCORI Trust?
- What level of refinement for the strategic plan and research agenda do we want to implement this strategy?
- If we pursue this strategy, how aggressively should we commit ahead of funding?