

Ensuring the Effective Governance of Executive Compensation

Elements of a Compensation Committee Handbook

As health care continues to evolve and **leadership roles grow increasingly complex**, organizations must take the necessary steps to ensure the **effective governance of executive compensation**.

SullivanCotter recommends **developing a Compensation Committee Handbook** — a valuable resource that can be made available to all Committee members. Suggested documents to include in the handbook are shown below.



Executive Summary

Describe key areas of focus:

- Committee roles and responsibilities
- Positions under Committee's purview
- Compensation philosophy guidelines
- Compensation program descriptions

Compensation Program Documentation

- Description of all compensation and benefits provided
- Individual employment contracts
- Special compensation (housing loans, retention plans, etc.)
- Outside income earned
- Short- and long-term incentive plan details and goals

Organizational Information

- Financial and demographic information from most recent fiscal year
 - Net revenue, FTEs, number of employed providers, etc.
- Corporate/system organizational chart
- Compensation disclosures from IRS Form 990
- List of recent organizational awards and recognitions

Committee Documents

- Committee membership list and contact information
- Advisors list and contact information, including copies of service agreements in place
- Committee charter
- Conflict of interest policy
- Calendar/annual work plan
- Approved executive compensation philosophy
- Committee self-evaluation form

Additional Items

- CEO evaluation form
- Summary of applicable regulations and governance best practices
- Media strategy
- Most recent third-party analysis of executive compensation
- Meeting minutes for past 12 months