

Market Response to COVID-19: Executive and Employee Compensation Practices



Health care organizations across the United States face immediate and unprecedented financial and workforce challenges due to the COVID-19 pandemic. Whether located in a current virus “hot spot” or waiting for the surge in areas that have yet to reach their peak, hospitals and health care systems are being forced to address the influx of related challenges.

SullivanCotter recently conducted the **2020 COVID-19 Executive and Employee Compensation Practices Survey**, which includes information from 116 leading organizations, to understand the compensation-related actions organizations are implementing.

The COVID-19 situation is extremely fluid, as is the response of health care providers across the country, and we anticipate that workforce practices will evolve over the coming weeks and months. **Please note: Data reflect responses as of early April 2020.**

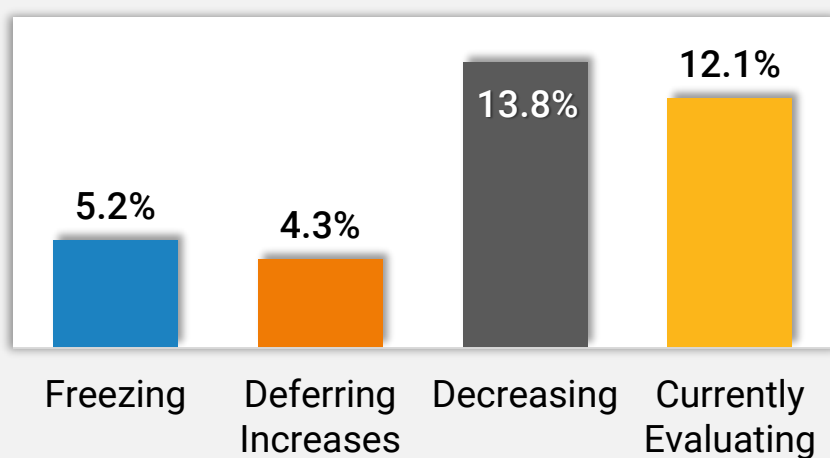
Executives

Employees

Base Salaries

As the pandemic continues to unfold, significant financial stress, cash flow needs and workforce layoffs/furloughs will continue to impact the prevalence of **temporary executive salary decreases**.

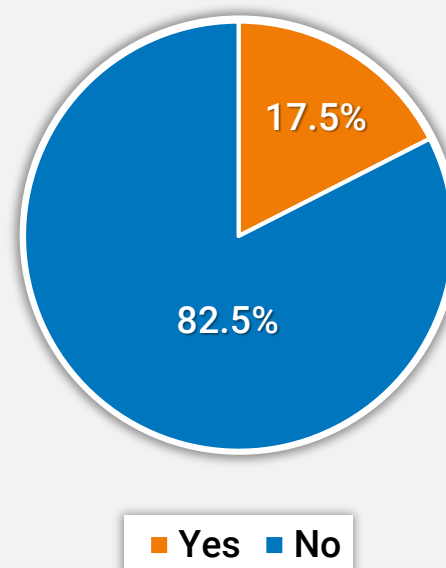
Prevalence of Specific Executive Base Salary Actions



Premium Compensation

Less than one-fifth of organizations are providing **additional premium compensation** for front line staff working in **high-risk COVID-19 departments**. The data continue to evolve, however, as practices quickly shift.





Prevalence of Additional Premium Pay Arrangements



Incentive Plan Payouts

Health systems on **academic fiscal years** (e.g. July 1, 2019 to June 30, 2020) are ahead of the curve in considering how to address **incentive plan payouts** and assess **executive performance**.

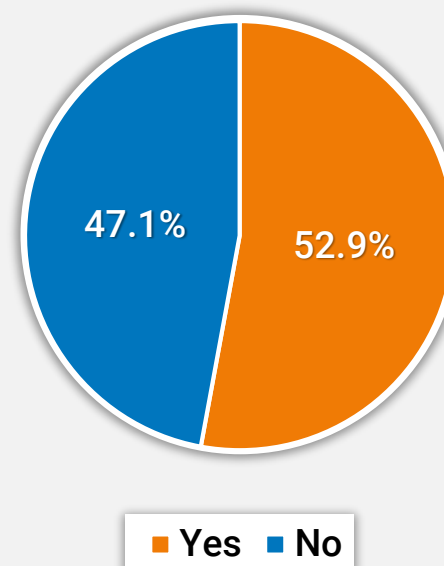
Considerations include:

-  Assessing performance pre- and post-COVID-19 and modeling various payout scenarios according to plan metrics currently in place
-  Moving to discretionary payouts for partial or entire year with possible incentive scenarios based on projections for fiscal year-end
-  Deferring payouts until later in the year
-  Evaluating the impact of no payouts

Paid Time Off (PTO)

For staff not in high-risk COVID-19 departments who are **furloughed or facing reduced hours**, many organizations are **adjusting PTO policies to help maintain income**.

Prevalence of Time-Off Policy Adjustments



Source: SullivanCotter 2020 COVID-19 Executive and Employee Compensation Practices Survey Report

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