

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



Health care organizations across the United States continue to face a number of unprecedented challenges due to the COVID-19 pandemic. As the crisis evolves and the industry makes plans for financial recovery and operational transformation, many changes are expected that will, in turn, affect the workforce and cause additional disruption in an already uncertain environment.

SullivanCotter's **COVID-19 Executive and Employee Compensation Practices Survey series**, which includes information from more than 110 leading hospitals and health systems, highlights the compensation and workforce-related actions organizations are currently implementing or considering in response.

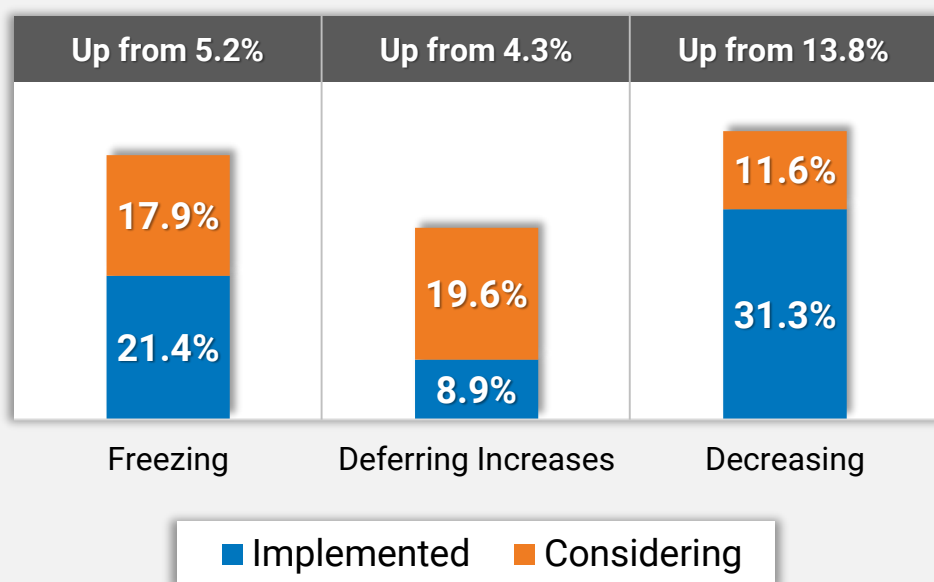
We expect that workforce practices will continue to evolve. In order to keep health care organizations up to date on emerging trends related to COVID-19, we will monitor developments in real time. **Please note: Data reflect responses as of early May 2020.**

Executives

Base Salaries

Between early April and early May, a greater number of organizations are considering or have implemented **changes to executive base salaries**. **Nearly all expect these actions to be temporary.**

Prevalence of Executive Base Salary Actions

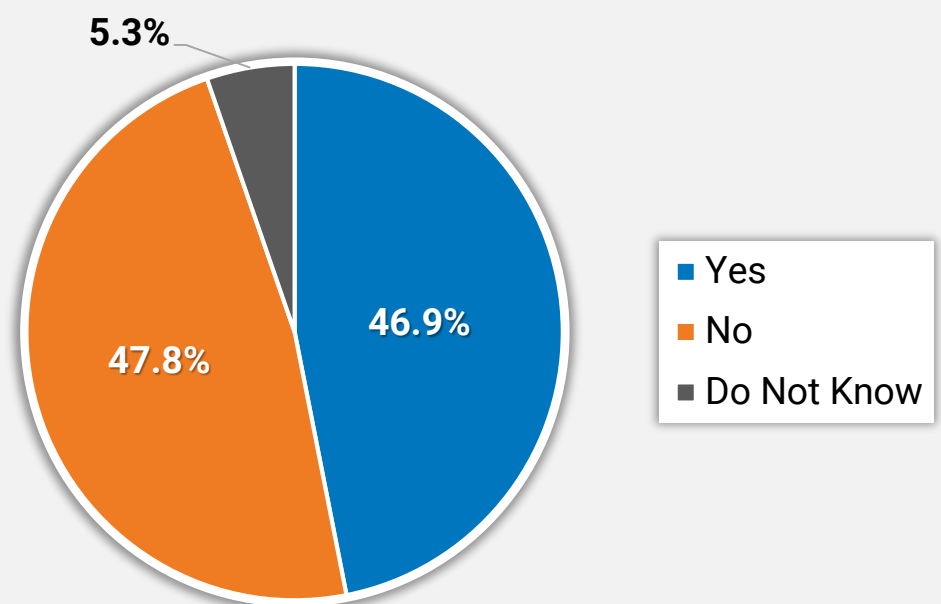


Employees

Furloughs and Layoffs

Almost half of organizations are considering or have implemented **furloughs and/or layoffs**. **The non-management and non-clinical employee workforce has been impacted the most.**

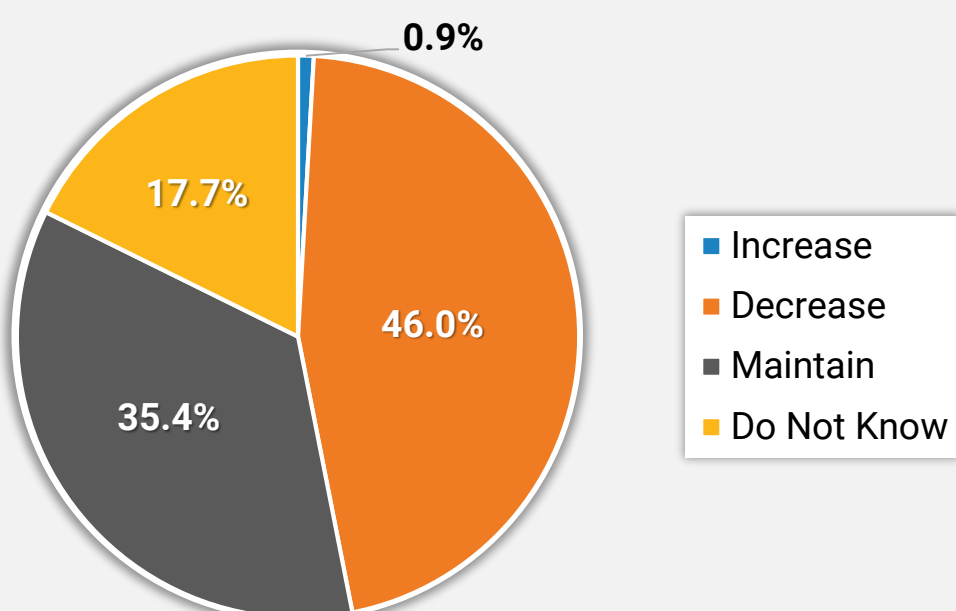
Prevalence of Furloughs or Layoffs



Total Cash Compensation

Due to financial concerns, performance and the desire to align with related actions taken for other parts of the workforce, nearly half of organizations **expect decreases in executive total cash compensation** (base salary plus incentives).

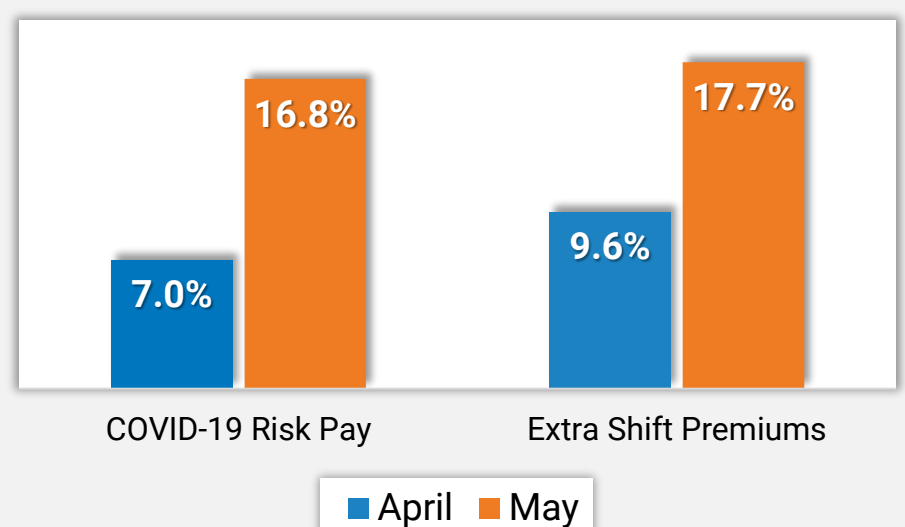
Expectations for Total Cash Compensation Levels



Premium Compensation

Between early April and early May, more organizations have implemented additional pay arrangements for certain employees. These include **premiums for working extra shifts** and **additional compensation for COVID-19-related risks**.

Prevalence of Additional Premium Pay Arrangements



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