

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



In response to COVID-19, hospitals and health systems have taken various actions related to compensation and workforce practices to help mitigate certain financial challenges and plan for the “new normal.” As the pandemic continues, organizations are starting to revert to pre-COVID-19 compensation levels while at the same time preparing for potential future surges by building a more flexible workforce.

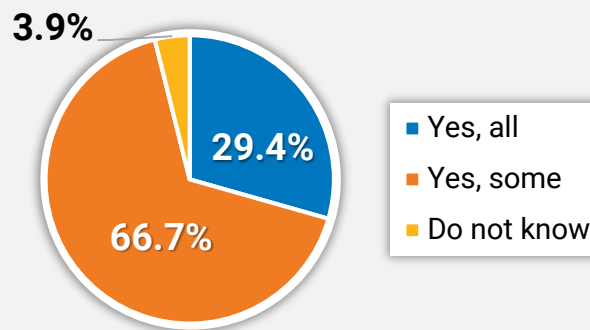
SullivanCotter’s **COVID-19 Executive and Employee Compensation Practices Survey** series, which includes data from 108 hospitals and health systems, highlights the compensation and workforce-related actions organizations have implemented or are considering.

We expect that workforce practices will continue to evolve as the calendar year-end approaches and organizations begin planning for 2021. To keep our clients up to date, SullivanCotter will continue to monitor developments. **Data reflect responses as of August 13-20, 2020.**

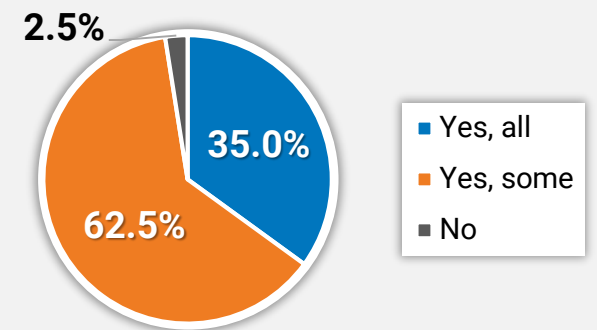
Organization-Wide Practices

By August, nearly all participating organizations **returned either some or all of furloughed employees to work and reinstated normal work hours.**

Have the employees who were furloughed returned to work?



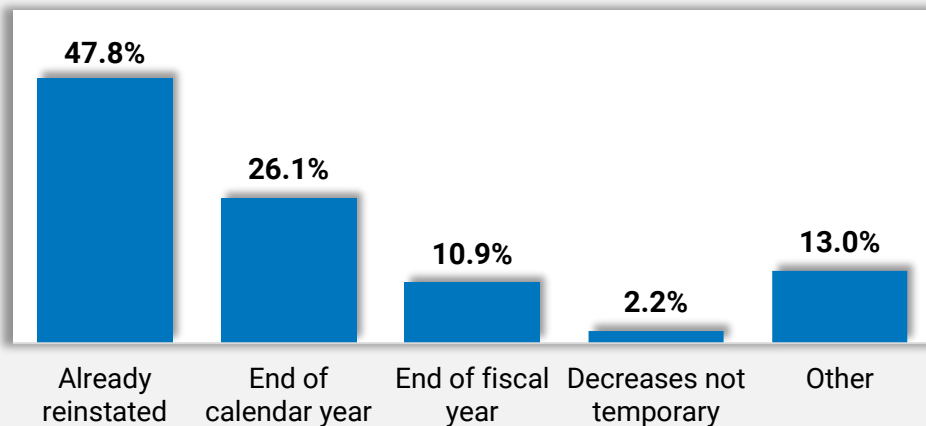
Have work hour reductions been reversed?



Executives

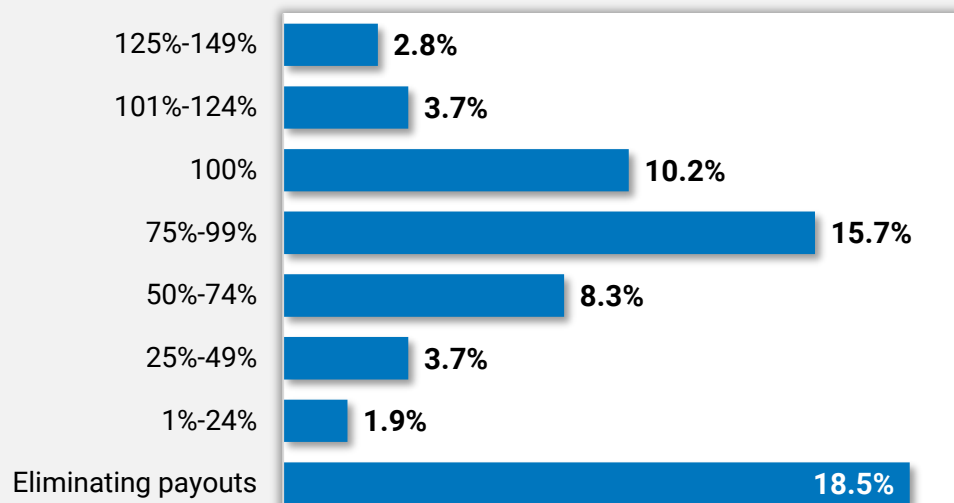
With most reporting the action as temporary, 45% of participating organizations have **reduced executive base salaries** since March. Almost half of these have already **reinstated previous salaries.**

Base Salary Reductions and Reinstatements



While one-third of participating organizations do not yet know how they will handle their FY2020 annual incentive payouts, approximately **20% are eliminating payouts**, nearly **30% expect to pay below target**, and almost **20% expect to pay at target or above.**

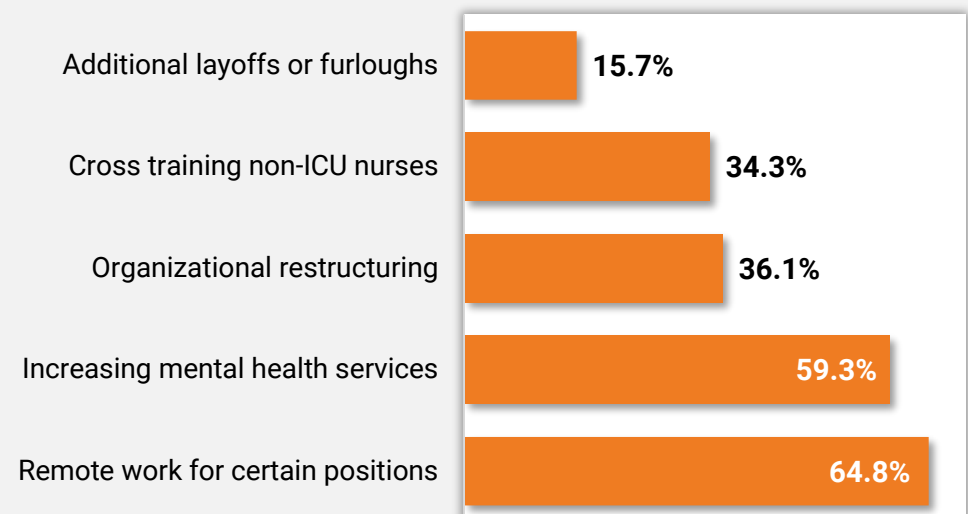
Expected FY2020 Annual Incentive Plan Payouts
Percentage of Target



Employees

Many organizations are preparing for potential future surges in COVID-19 by **building a more flexible workforce** and looking for ways to **enhance employee and community well-being.**

Additional COVID-19 Plans



Approximately **one-third of organizations implemented additional pay** for COVID-19 – mostly in the form of **premiums added to base rates.** Just over half have **discontinued this practice.**

Additional Pay for Efforts During COVID-19

