

2022 Executive Compensation Pulse Survey

Data collected in February 2022



Health systems are navigating a very complex environment – managing significant business uncertainty, a competitive executive recruitment market, increasing leadership turnover and broader workforce challenges – all while facing financial challenges. SullivanCotter conducted a pulse survey to help participants understand how health systems are addressing FY2022 executive salary increase budgets, incentive awards for FY2021 performance and other actions to support executive recruitment and retention in this dynamic market.

Executive Recruitment and Retention

23% of health systems indicated that **executive turnover has increased** compared to pre-pandemic norms

39% of health systems are experiencing an **increase in recruiting efforts** compared to pre-pandemic levels

90% of health systems have already implemented or are considering **special arrangements to address recruitment and retention issues**

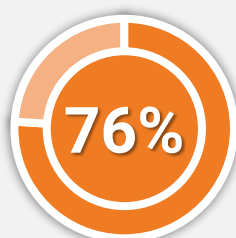
Most common special arrangements reported:

- More significant sign-on bonuses/relocation awards
- Special retention awards
- Remote work opportunities



FY2022 Executive Base Salary Increase Budgets

Median merit salary increase budgets for 2022: **3%**



76% of health systems are budgeting for additional market adjustments ranging from 0.5-3.1%

Anticipated 2022 total salary increase budgets for executives: **4-5%**

Incentive Awards for 2021 Performance

Median Projected Payouts:

Annual Plans: **104%** Long-Term Plans: **100%**



Two-thirds of health systems are using business judgement when determining incentive awards, including:

- Applying **general discretion** to plan results
- Adjusting **performance goals** or outcomes
- Including a **formal discretionary component** in the incentive plan

Executive Workforce Considerations

When addressing recruitment and retention challenges, health systems should consider the following actions:

- Understand that **compensation strategy alone will not be adequate** – culture, career growth, work-life balance, recognition, development, and health and well-being are also critical components of an executive retention strategy
- Ensure **competitive compensation opportunities**, particularly base salary, given the dynamic market for experienced and resilient leaders
- Address **work-life balance and flexibility**; encourage leaders to take time off to recharge where possible
- **Reassess succession plans and career pathways** to ensure leadership continuity and a sufficient internal pipeline of future executives by providing opportunities for professional and personal development
- **Differentiate benefits** based on executive preferences and well-being needs
- Review the **“holding power”** of long-term incentives, deferred compensation/executive retirement plans and special retention awards

Source: SullivanCotter 2022 Executive Compensation Pulse Survey Report (n = 109; Median Net Revenue = \$3.1B)

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