

Executive Compensation in Pediatric Hospitals



In the current marketplace for talent, pediatric hospitals continue to experience challenges related to executive recruitment and retention. There is growing concern about burnout among experienced leaders, planned retirements and unanticipated resignations, greater search firm activity, an increasing number of remote work options, and competing employment opportunities outside the health care industry.

FY2022 Executive Base Salary Increase Budgets

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



Nearly **80%** of participating pediatric hospitals are budgeting for additional market adjustments ranging from 1-3%

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

Annual Incentive Awards

Projected payouts for annual incentive plans:

Median: **110%** Average: **102%**

Most common incentive actions:

- Adjusting **performance goals** or outcomes
- **Applying discretion/business judgement** when determining final awards
- Including a **formal discretionary component** in the incentive plan

Executive Recruitment and Retention

18%

of participating pediatric hospitals indicated that **executive turnover** has increased compared to pre-pandemic norms

35%

of participating pediatric hospitals are experiencing an **increase in recruiting efforts** compared to pre-pandemic levels

82%

of participating pediatric hospitals 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
- More focus on **professional development opportunities**



Executive Workforce Considerations

When addressing recruitment and retention challenges, pediatric hospitals should consider the following actions:

- Recognize that **compensation is only one aspect** of executive recruitment and retention
- Ensure **competitive compensation opportunities** — particularly base salary
- Periodically **reassess talent risk and succession plans** to ensure leadership continuity
- Provide opportunities for **professional and personal development** to ensure a sufficient internal pipeline of future executives and support retention
- Address **work-life balance and flexibility** and encourage executives to take time off to recharge
- **Differentiate benefits** based on executive preferences and well-being needs when feasible
- Review the 'holding power' of **deferred compensation/executive retirement plans** and explore unique approaches to reward and retain high performers

Source: SullivanCotter 2022 Executive Compensation Pulse Survey Report – Pediatric Organizations (n = 17; Median Net Revenue = \$1.42B)

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