

SURVEY:
EXECUTIVE
COMPENSATION

Health systems boost pay in competitive market for executives

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BY CAROLINE HUDSON

Turnover in healthcare leadership positions is up, with more executives looking to retire after years of COVID-19. At the same time, health systems have become more complex as they consolidate, requiring additional levels of experience.

Healthcare organizations face stiff competition in their search for executive talent as a result—leading decision-makers to boost compensation and shift resources toward emerging needs.

Nearly 40% of healthcare organizations said they have increased efforts to recruit more executives over the past year, according to consulting firm SullivanCotter, which provides data from more than 2,000 health systems, hospitals, medical groups and health plans of varying sizes for Modern Healthcare's annual Management and Executive Compensation Survey.

"The pandemic created the perfect storm, requiring

organizations to meaningfully address their evolving workforce and talent strategies ... along with the overdue equity needs of their teams and patient populations," said Jessica Homann, vice president at recruiting firm Furst Group.

RISING SALARIES

Health systems are willing to pay more for the best talent, as they work to balance the reality of a competitive market with ongoing financial pressures.

Median base salaries have increased for dozens of leadership positions, according to the SullivanCotter survey.

Human resources executives saw the highest bump in median base pay across all health systems, rising 7.3% from early 2021 to 2022.

At systems with less than \$1 billion in net revenue, chief information officers—tasked with leading IT initiatives—had the highest year-over-year increase in median base salary at 8.4%.

SURVEY: EXECUTIVE COMPENSATION

EXECUTIVE COMPENSATION BY ORGANIZATION SIZE

Key titles by organization revenue (\$ in thousands)

TITLE	MEDIAN			TOTAL CASH COMPENSATION			AVERAGE		
	BASE	TOTAL CASH COMPENSATION		TOTAL CASH COMPENSATION			TOTAL CASH COMPENSATION		
	2022	2021	CHANGE	2022	2021	CHANGE	2022	2021	CHANGE
SYSTEMS WITH NET REVENUE OF \$3 BILLION OR MORE									
President/CEO	\$1,703.4	\$1,633.5	4.3%	\$2,728.9	\$2,329.8	17.1%	\$3,203.5	\$2,779.4	15.3%
Chief operating officer	1,050.0	975.0	7.7	1,478.5	1,300.0	13.7	1,630.5	1,399.7	16.5
Chief medical officer	726.6	703.4	3.3	1,047.3	923.6	13.4	1,097.4	1,034.3	6.1
Chief financial officer	927.0	896.2	3.4	1,283.7	1,115.1	15.1	1,436.3	1,276.9	12.5
SYSTEMS WITH NET REVENUE OF \$1 BILLION TO \$3 BILLION									
President/CEO	\$1,167.0	\$1,133.0	3.0%	\$1,517.9	\$1,350.8	12.4%	\$1,578.2	\$1,409.3	12.0%
Chief operating officer	707.7	683.0	3.6	838.2	770.0	8.9	909.3	843.3	7.8
Chief medical officer	600.0	573.9	4.5	739.3	656.5	12.6	734.0	658.0	11.6
Chief financial officer	625.0	586.7	6.5	792.2	686.5	15.4	804.5	722.1	11.4
SYSTEMS WITH NET REVENUE OF LESS THAN \$1 BILLION									
President/CEO	\$828.8	\$780.4	6.2%	\$934.3	\$863.2	8.2%	\$1,015.5	\$894.3	13.6%
Chief operating officer	450.0	442.9	1.6	488.4	470.4	3.8	509.1	470.5	8.2
Chief medical officer	466.7	451.1	3.5	530.5	481.6	10.2	541.2	498.8	8.5
Chief financial officer	443.6	420.6	5.5	503.3	463.5	8.6	513.0	474.0	8.2
HOSPITALS WITH NET REVENUE OF \$300 MILLION OR MORE									
President/CEO	\$480.0	\$460.0	4.3%	\$658.7	\$541.0	21.7%	\$706.1	\$600.9	17.5%
Chief operating officer	294.4	283.1	4.0	367.5	318.3	15.5	399.9	351.3	13.8
Chief medical officer	396.2	379.1	4.5	481.3	435.6	10.5	504.5	444.3	13.5
Chief financial officer	278.9	270.3	3.2	352.0	298.9	17.8	368.7	318.1	15.9
HOSPITALS WITH NET REVENUE OF LESS THAN \$300 MILLION									
President/CEO	\$330.1	\$320.3	3.1%	\$443.1	\$397.8	11.4%	\$453.4	\$415.3	9.2%
Chief operating officer	192.7	186.1	3.5	252.2	200.2	26.0	257.3	223.6	15.1
Chief medical officer	348.8	340.9	2.3	411.6	386.1	6.6	421.8	388.9	8.5
Chief financial officer	208.9	203.9	2.5	255.0	210.3	21.3	261.4	225.9	15.7

Source: SullivanCotter

EXECUTIVE COMPENSATION-HOSPITALS

Selected titles (\$ in thousands)

TITLE	BASE			MEDIAN TOTAL CASH COMPENSATION			AVERAGE TOTAL CASH COMPENSATION		
	2022	2021	CHANGE	2022	2021	CHANGE	2022	2021	CHANGE
C-SUITE EXECUTIVES									
President/CEO	\$409.5	\$395.4	3.6%	\$539.0	\$459.8	17.2%	\$582.3	\$509.9	14.2%
Chief operating officer	255.0	247.6	3.0	313.2	273.0	14.8	352.7	309.1	14.1
Chief medical officer	382.0	369.9	3.3	458.7	400.0	14.7	476.7	425.7	12.0
Chief financial officer	244.4	236.0	3.6	306.7	256.0	19.8	318.0	274.6	15.8
Chief nursing officer/top patient-care executive	229.5	221.4	3.6	276.4	241.7	14.3	290.7	259.8	11.9
OTHER TOP EXECUTIVES									
Foundation or fund development	\$281.1	\$270.3	4.0%	\$335.5	\$301.1	11.4%	\$323.6	\$301.8	7.2%
Human resources	233.7	226.7	3.1	289.6	266.3	8.8	299.6	280.1	6.9
Professional services	232.4	214.5	8.3	285.3	244.1	16.8	295.9	268.5	10.2
Hospital administrator	225.0	221.6	1.5	262.2	232.2	12.9	323.0	298.2	8.3
Operations	212.2	205.0	3.5	248.2	222.2	11.7	270.6	248.2	9.0

Source: SullivanCotter

Systems with between \$1 billion and \$3 billion in net revenue raised base pay the most for government relations executives, who act as policy liaisons for their employers' interests.

And at systems exceeding \$3 billion in net revenue, information security executives reported the biggest year-over-year increase in median base salary at 9.7%, closely followed by chief nursing officers or top patient care executives at 9.5%. The roles have taken on renewed significance at a time when systems are vulnerable to cyberattacks and front-line staff shortages.

"Healthcare leadership jobs are challenging. They're difficult in the best of circumstances, but in this post-COVID world, the challenges for healthcare executives, I think, are higher and more challenging than they've ever been," said Lisa O'Connor, a former nurse executive and a senior managing director in the health solutions segment at business advisory firm FTI Consulting.

Median total cash compensation for executives is increasing at a higher rate than base salary, signaling movement in incentives. The SullivanCotter survey included incentives awarded for 2021 performance.

The higher incentives reflect performance improvement among health systems after revenue dropped off when COVID-19 hit, said Bruce Greenblatt, managing director at SullivanCotter. Market uncertainty makes it difficult to

determine how this trend will play out in the coming years.

Health systems with successful recruiting programs consider the total reward structure when offering compensation, said Bill Dixon, managing director of consultancy Pearl Meyer.

Base salary increases can be reactionary and a temporary solution, Dixon said, adding that incentive plans can evolve past traditional financial, quality and experience metrics. For example, health systems might formulate incentives around progress made toward their larger strategic vision.

SHIFTING PRIORITIES

Healthcare organizations have adjusted their tactics in response to changing demands, especially throughout COVID-19.

Compensation numbers reflect operations leaders' importance in navigating pandemic-era changes. Health systems' top operations executives, defined as those handling three or more significant clinical and support functions, saw the highest increase in median total cash compensation across all system sizes, with a 21% jump, according to the SullivanCotter survey.

Median total compensation for health system chief operating officers rose by 7.6% year-over-year; it went up almost 14% for support services executives.

EXECUTIVE COMPENSATION-HEALTH SYSTEMS

Selected titles (\$ in thousands)

TITLE	MEDIAN						AVERAGE		
	BASE		CHANGE	TOTAL CASH COMPENSATION			TOTAL CASH COMPENSATION		
	2022	2021		2022	2021	CHANGE	2022	2021	CHANGE
C-SUITE EXECUTIVES									
President/CEO	\$1,198.4	\$1,158.0	3.5%	\$1,593.4	\$1,405.3	13.4%	\$1,934.1	\$1,697.9	13.9%
Chief operating officer	750.0	707.7	6.0	926.2	861.0	7.6	1,088.3	966.9	12.6
Chief medical officer	594.3	562.1	5.7	739.3	656.5	12.6	796.4	735.2	8.3
Chief financial officer	649.3	616.6	5.3	814.5	715.0	13.9	943.6	846.4	11.5
Chief administrative officer	552.1	537.9	2.6	729.9	655.4	11.4	824.4	724.5	13.8
Chief strategy officer	532.0	515.0	3.3	685.5	593.0	15.6	769.5	682.1	12.8
Chief information officer	459.2	436.0	5.3	564.3	514.0	9.8	612.0	546.0	12.1
Chief nursing officer/patient-care exec.	396.1	379.8	4.3	481.5	434.0	10.9	498.4	459.9	8.4
Chief technology officer	302.6	293.9	3.0	358.3	342.7	4.5	376.4	355.0	6.0
Chief patient experience officer	330.5	310.2	6.5	409.1	372.0	10.0	437.8	388.5	12.7
Chief diversity officer	319.0	300.0	6.3	400.6	348.6	14.9	419.7	387.3	8.4
TOP CORPORATE DEPARTMENT EXECUTIVES									
Physician	\$799.5	\$775.8	3.0%	\$1,071.5	\$956.8	12.0%	\$1,167.0	\$1,043.4	11.9%
Legal services (general counsel)	527.4	500.0	5.5	659.0	597.0	10.4	743.9	670.9	10.9
Academic affairs	501.3	523.5	-4.2	564.4	583.1	-3.2	787.3	721.6	9.1
Quality (M.D.)	470.7	441.9	6.5	523.7	494.0	6.0	545.1	526.5	3.5
Population health	461.3	447.4	3.1	555.7	533.2	4.2	632.0	582.4	8.5
Human resources	435.6	406.1	7.3	525.2	464.4	13.1	598.6	535.7	11.7
Clinical integration/transformation	427.0	421.7	1.3	538.4	523.0	2.9	611.4	574.9	6.3
Medical informatics	399.4	383.5	4.1	475.4	433.9	9.6	492.3	459.2	7.2
Ambulatory care	388.0	369.3	5.1	445.4	411.4	8.3	466.0	430.1	8.3
Clinical research	385.1	373.9	3.0	450.7	456.7	-1.3	583.8	551.1	5.9
Foundation/fund development	363.7	349.5	4.1	431.8	398.2	8.4	515.4	465.8	10.6
Managed care	357.5	347.5	2.9	434.4	408.3	6.4	482.3	436.6	10.5
Business development	357.0	342.6	4.2	452.7	415.3	9.0	504.9	473.9	6.5
Revenue cycle	339.9	319.2	6.5	393.4	373.0	5.5	421.1	389.1	8.2
Marketing	339.5	317.1	7.1	408.8	375.0	9.0	471.9	424.9	11.1
Supply chain management	320.3	308.6	3.8	382.2	350.0	9.2	420.2	381.0	10.3
Professional services	315.2	304.3	3.6	390.0	363.3	7.3	434.9	395.3	10.0
Facilities planning/construction	314.7	298.0	5.6	386.0	379.0	1.9	406.3	376.9	7.8
Operations	313.9	296.0	6.0	395.5	327.0	21.0	437.0	395.7	10.4
Facilities	312.2	299.2	4.3	369.9	331.3	11.7	441.7	396.5	11.4
Government relations	311.3	297.2	4.7	381.0	358.2	6.4	401.3	375.0	7.0
Planning	306.5	288.0	6.4	366.0	318.3	15.0	407.8	380.5	7.2
Compliance	301.3	288.2	4.5	354.2	326.1	8.6	381.6	344.9	10.7
Risk management	300.3	288.8	4.0	330.0	303.2	8.9	398.2	365.9	8.8
Information security	298.4	287.8	3.7	366.8	327.8	11.9	371.0	332.3	11.6
Pharmacy	291.4	274.2	6.3	340.9	324.5	5.1	353.1	329.1	7.3
Support services	284.4	267.7	6.3	340.4	298.8	13.9	373.0	339.6	9.8
Quality (Non-M.D.)	270.3	260.0	4.0	327.0	298.7	9.5	338.6	315.6	7.3
Internal audit	265.8	256.9	3.5	317.9	295.0	7.8	326.9	313.1	4.4

Source: SullivanCotter



Consultants say employers expect results from investing in executives: high-performance business acumen, with developed interpersonal skills to match.

“These are the folks who really have borne the brunt of addressing the pandemic and workforce shortages, and because of that, the need for the talent has been significant and the supply in talent in some cases has been curtailed because of the stress,” Greenblatt said.

Healthcare organizations say operations executives have been vital during the public health crisis.

Leaders at Norfolk, Virginia-based Sentara Healthcare created a COVID-19 task force to implement changes and process improvements, including on infection control, said Becky Sawyer, chief people officer at Sentara.

The executives helped open vaccine clinics and the first drive-thru testing sites in the state. They assisted with the start of an in-house COVID-19 testing lab to reduce wait times and with the procurement of new personal protective equipment suppliers, Sawyer said.

HCA Houston Healthcare Clear Lake’s operations team helped update supply counts every couple of hours and track the consumption rate for PPE in the early days of the pandemic, said Hannah Gelbs-Gadd, an operations executive whose promotion to COO at the Woman’s Hospital of Texas, part of HCA Houston, takes effect this month.

“We did have to be nimble as we received [COVID-19] guidance. We’re very fortunate at HCA to have exceptional subject-matter experts who did provide us that guidance,” Gelbs-Gadd said.

Human resources and diversity, equity and inclusion roles have also been critical amid elevated staffing needs. Median total compensation rose by 13.1% for HR officers year-over-year, and by 14.9% for diversity, equity and inclusion officers, the survey found.

Medical schools, which sometimes share talent with health systems, have evolved their approaches to attracting high-level employees too.

The University of Alabama at Birmingham’s Heersink School of Medicine established a recruiting office for its leaders, including department chairs or center directors—considered C-level positions at the school, said Josh Carter, executive director for strategic leadership recruitment.

The process has multiple touchpoints, from initial qualification reviews to on-campus visits that allow finalists to set the itinerary to get a better idea of the role, Carter said. The recruiting office, with help from a partner agency, moved much of the process to a digital platform during the pandemic, including virtual tours of historical sites and housing in the city to get candidates acclimated.

Overlaps can exist between the school and UAB Health System, Carter said.

Early this year, Dr. Selwyn Vickers, senior vice president for medicine and dean of the Heersink School of Medicine, became CEO of the health system and the UAB/Ascension St. Vincent’s Alliance. In September, he will transition to his new role as president and CEO at Memorial Sloan Kettering Cancer Center in New York.

Consultants say employers expect results from investing in executives: high-performance business acumen, with developed interpersonal skills to match. Leaders are likely to weather additional regulatory scrutiny moving ahead as care models change and pandemic-era policy relaxations return to normal, O’Connor said.

“I think the wish list [for the ideal candidates] is getting longer,” said Michelle Johnson, a senior partner in healthcare at executive search firm WittKieffer. “We’ve seen what works well, what doesn’t work as well, and ... there isn’t the cushion from an organizational perspective—[financially], operationally. We need really the absolute top-shelf leaders.” ■