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How systems are changing compensation to attract executive talent

BY CAROLINE HUDSON

Hospitals and health systems have a tall order: find exceptional executive talent in a competitive market and employ their skills to successfully navigate a challenging operating environment.

Given their limited budgets, organizations must ensure they are directing dollars toward the most critical leadership positions, said Bruce Greenblatt, executive workforce practice leader at consulting firm SullivanCotter.

Organizations are paying higher salaries, reassessing incentives, redefining leadership roles and investing

more in key positions to optimize operations, according to SullivanCotter. The firm provides data from more than 2,100 health systems, hospitals, medical groups and health plans for Modern Healthcare's annual Executive Compensation Survey.

Here are five takeaways from the survey findings.

EXECUTIVE COMPENSATION BY ORGANIZATION SIZE

Key titles by organization revenue (\$ in thousands)

TITLE	BASE			MEDIAN TOTAL CASH COMPENSATION			AVERAGE TOTAL CASH COMPENSATION		
	2024	2023	CHANGE	2024	2023	CHANGE	2024	2023	CHANGE
SYSTEMS WITH NET REVENUE OF \$3 BILLION OR MORE									
President/CEO	\$2,000.0	\$1,849.0	8.2%	\$2,951.8	\$2,613.4	12.9%	\$3,562.2	\$3,152.0	13.0%
Chief operating officer	1,145.9	1,081.6	5.9	1,455.2	1,440.3	1.0	1,680.3	1,581.6	6.2
Chief medical officer	779.1	733.3	6.2	970.7	964.1	0.7	1,092.6	1,009.7	8.2
Chief financial officer	1,017.3	951.0	7.0	1,373.4	1,210.1	13.5	1,419.8	1,292.7	9.8
SYSTEMS WITH NET REVENUE OF \$1 BILLION TO \$3 BILLION									
President/CEO	\$1,326.0	\$1,242.7	6.7%	\$1,632.0	\$1,583.6	3.1%	\$1,722.0	\$1,636.5	5.2%
Chief operating officer	765.5	710.4	7.7	900.4	818.7	10.0	930.3	879.8	5.7
Chief medical officer	642.3	611.4	5.1	737.4	707.2	4.3	759.3	731.7	3.8
Chief financial officer	682.0	650.0	4.9	833.9	769.0	8.4	862.7	803.2	7.4
SYSTEMS WITH NET REVENUE OF LESS THAN \$1 BILLION									
President/CEO	\$850.0	\$849.4	0.1%	\$1,010.8	\$992.7	1.8%	\$1,019.5	\$1,002.5	1.7%
Chief operating officer	471.0	462.0	1.9	502.2	524.4	-4.2	524.5	514.5	1.9
Chief medical officer	502.9	500.1	0.6	563.4	573.0	-1.7	590.1	584.8	0.9
Chief financial officer	467.7	445.8	4.9	505.6	503.3	0.5	513.6	506.7	1.4
HOSPITALS WITH NET REVENUE OF \$300 MILLION OR MORE									
President/CEO	\$508.0	\$494.4	2.7%	\$630.8	\$610.7	3.3%	\$736.6	\$683.0	7.8%
Chief operating officer	318.6	311.7	2.2	380.6	359.2	6.0	404.6	379.6	6.6
Chief medical officer	423.7	406.4	4.2	501.9	467.5	7.4	520.1	490.0	6.1
Chief financial officer	290.4	284.8	2.0	355.8	320.5	11.0	373.0	342.8	8.8
HOSPITALS WITH NET REVENUE OF LESS THAN \$300 MILLION									
President/CEO	\$325.0	\$319.7	1.6%	\$429.5	\$385.0	11.6%	\$448.5	\$409.7	9.5%
Chief operating officer	220.7	214.2	3.0	265.0	244.1	8.5	277.8	259.4	7.1
Chief medical officer	389.4	375.0	3.8	440.0	415.6	5.9	443.5	418.0	6.1
Chief financial officer	210.0	210.5	-0.3	254.4	230.2	10.5	259.4	238.4	8.8

Source: SullivanCotter

EXECUTIVE COMPENSATION-HOSPITALS

Selected titles (\$ in thousands)

TITLE	MEDIAN			AVERAGE						
	BASE		CHANGE	TOTAL CASH COMPENSATION		CHANGE	TOTAL CASH COMPENSATION			
	2024	2023		2024	2023		2024	2023	2024	2023
C-SUITE EXECUTIVES										
President/CEO	\$414.0	\$406.4	1.9%	\$538.4	\$497.0	8.3%	\$598.2	\$551.7	8.4%	
Chief medical officer	408.3	398.5	2.5	480.7	443.9	8.3	495.8	467.5	6.1	
Chief operating officer	270.6	263.3	2.8	320.1	304.8	5.0	357.7	334.9	6.8	
Chief financial officer	259.5	250.0	3.8	312.6	285.6	9.5	327.9	301.4	8.8	
Chief nursing officer/top patient-care executive	245.5	240.1	2.2	292.2	268.9	8.7	301.6	283.4	6.4	
OTHER TOP EXECUTIVES										
Hospital administrator	\$291.6	\$282.3	3.3%	\$346.0	\$326.6	5.9%	\$387.2	\$359.9	7.6%	
Foundation or fund development	264.1	257.7	2.5	323.7	302.7	7.0	333.1	313.7	6.2	
Human resources	257.3	250.0	2.9	292.6	280.0	4.5	313.4	301.7	3.9	
Operations	235.9	231.0	2.1	282.3	260.9	8.2	299.2	281.7	6.2	
Professional services	235.1	228.1	3.1	278.3	265.2	5.0	292.2	279.7	4.5	

Source: SullivanCotter



RISING BASE SALARIES REFLECT ONGOING LABOR CHALLENGES.

Median base salaries for all healthcare executives increased 3.8% in this year’s survey, compared with 4.1% in 2023. The survey findings were calculated by comparing salaries as of Jan. 1, 2024, with those as of Jan. 1, 2023.

“I think we still have talent challenges where people are trying to recruit in the market, so it’s requiring some adjustments to compensation,” said Tom Pavlik, executive workforce managing principal at SullivanCotter.

Salaries for all health system executives grew 4.5%, outpacing the 2.9% salary increase for executives at subsidiary hospitals. Last year, salaries for health system executives grew 4.8%, compared with 3.9% for hospital executives.

The higher increases for system executives reflect the complexity of those jobs, as systems deal with inflation, ongoing workforce shortages and other operating pressures, according to survey results.

Pavlik said continued growth and integration at health systems also add to the complexity.

Among health systems, salaries rose 7.8% for presidents and CEOs, 3.8% for chief operating officers and 5.5% for chief administrative officers. Among subsidiary hospitals, salaries rose 1.9% for presidents and CEOs, 2.8% for COOs and 3.3% for hospital administrators.



SYSTEMS ARE REALIGNING INCENTIVE PACKAGES AS PERFORMANCE IMPROVES.

Median total cash compensation among health system executives rose 6.5% in the last year, faster than the 4.5% rate for salaries, the survey found. Incentive plan payouts at or above target levels for 2023 are driving this trend and reflect an improved operating environment compared with past years, though it remains challenging, Greenblatt said.

As a result, many healthcare

EXECUTIVE COMPENSATION-HEALTHCARE SYSTEMS

Selected titles (\$ in thousands)

TITLE	BASE			MEDIAN TOTAL CASH COMPENSATION			AVERAGE TOTAL CASH COMPENSATION		
	2024	2023	CHANGE	2024	2023	CHANGE	2024	2023	CHANGE
C-SUITE EXECUTIVES									
President/CEO	\$1,401.9	\$1,300.0	7.8%	\$1,813.5	\$1,677.1	8.1%	\$2,268.2	\$2,072.0	9.5%
Chief operating officer	807.3	777.7	3.8	988.0	915.0	8.0	1,180.6	1,116.9	5.7
Chief financial officer	705.7	679.0	3.9	864.0	825.0	4.7	988.7	916.7	7.8
Chief administrative officer	682.1	646.4	5.5	835.6	815.1	2.5	909.2	881.5	3.1
Chief medical officer	657.2	631.4	4.1	777.5	756.0	2.8	848.9	804.9	5.5
Chief strategy officer	646.8	590.8	9.5	761.3	747.3	1.9	823.5	786.1	4.8
Legal services (general counsel)	590.6	550.0	7.4	720.2	673.4	6.9	825.6	765.1	7.9
Chief information officer	503.9	486.4	3.6	610.0	575.7	6.0	692.6	642.6	7.8
Chief nursing officer/patient care exec.	423.2	406.0	4.2	506.8	461.1	9.9	557.4	519.2	7.4
Chief patient experience officer	357.1	340.7	4.8	412.4	395.0	4.4	484.3	451.3	7.3
Chief diversity officer	343.2	327.8	4.7	411.3	373.8	10.0	449.7	411.1	9.4
Chief technology officer	336.2	325.0	3.4	411.0	378.9	8.5	438.1	404.6	8.3
TOP CORPORATE DEPARTMENT EXECUTIVES									
Chief physician	\$891.1	\$870.5	2.4%	\$1,203.1	\$1,099.1	9.5%	\$1,423.4	\$1,274.8	11.7%
Population health	534.5	509.0	5.0	658.8	603.7	9.1	714.6	661.0	8.1
Academic affairs	513.8	500.1	2.7	587.5	533.8	10.1	984.2	868.7	13.3
Quality (M.D.)	507.3	484.9	4.6	593.1	553.6	7.1	614.9	574.7	7.0
Clinical integration/transformation	489.5	488.0	0.3	573.9	562.2	2.1	636.8	610.8	4.3
Clinical research	477.3	455.6	4.8	551.6	567.2	-2.8	729.8	674.0	8.3
Human resources	465.8	450.0	3.5	563.0	532.9	5.6	647.7	608.5	6.5
Medical informatics	431.3	421.8	2.2	519.6	499.7	4.0	537.5	510.3	5.3
Ambulatory care	426.3	407.6	4.6	490.3	492.2	-0.4	519.5	490.2	6.0
Foundation/fund development	417.9	403.0	3.7	516.6	457.1	13.0	597.7	547.7	9.1
Business development	406.2	388.3	4.6	494.7	480.3	3.0	564.1	542.8	3.9
Managed care	403.7	384.4	5.0	487.0	448.9	8.5	570.2	519.2	9.8
Operations	390.0	375.0	4.0	436.5	423.2	3.1	544.5	517.3	5.3
Marketing executive	366.9	350.0	4.8	452.4	415.0	9.0	496.2	464.3	6.9
Professional services	363.3	343.6	5.7	425.9	396.2	7.5	475.9	449.7	5.8
Supply chain management	354.3	339.2	4.5	415.7	385.9	7.7	457.9	430.2	6.4
Revenue cycle	354.2	342.1	3.5	418.8	388.2	7.9	445.1	421.3	5.6
Facilities	339.7	334.1	1.7	404.4	399.3	1.3	514.0	490.5	4.8
Facilities planning/construction	339.6	328.9	3.2	416.2	387.3	7.5	432.6	407.0	6.3
Government relations	339.3	325.0	4.4	404.7	374.9	7.9	437.9	402.8	8.7
Compliance	334.2	315.2	6.0	385.7	359.6	7.3	419.6	391.8	7.1
Planning	329.4	314.6	4.7	395.3	370.8	6.6	409.6	388.8	5.4
Risk management	322.4	313.0	3.0	408.8	381.1	7.3	415.4	405.2	2.5
Support services	321.8	317.4	1.4	361.0	342.9	5.3	381.7	357.1	6.9
Pharmacy	319.3	307.0	4.0	379.6	362.9	4.6	390.5	370.7	5.4
Information security	319.0	300.3	6.2	355.6	321.1	10.7	392.0	361.7	8.4
Quality (Non-M.D.)	305.6	291.0	5.0	353.7	327.0	8.2	378.8	348.9	8.6
Internal audit	301.9	283.3	6.6	357.4	337.5	5.9	399.0	366.6	8.8

Source: SullivanCotter

organizations are reassessing their incentive arrangements.

More than half of the 130 organizations that participated in a May Pulse Survey — also from SullivanCotter — reported making adjustments to their plans. They are incorporating more incentives to reward financial sustainability and other enterprise priorities such as quality of care and patient access, consultants say.

Longer-term incentive plans covering three to four years also are becoming more common across organizations of all sizes, said Alexander Yaffe, managing director at consulting firm Pearl Meyer.



INFORMATION TECHNOLOGY AND CYBERSECURITY EXECUTIVES ARE BECOMING A NECESSITY.

Consultants say technology and information security executives are becoming increasingly important as more healthcare organizations fall victim to cyberattacks.

The high-demand positions are difficult to fill, forcing healthcare organizations to recruit outside the industry in areas such as finance and retail, Greenblatt said.

Increased demand usually coincides with higher compensation. Median base salaries for chief technology officers at health systems rose 3.4% in the past year, and total cash compensation increased 8.5%. Base salaries for

information security executives grew 6.2%, and total cash compensation rose 10.7%, according to the executive compensation survey.



ORGANIZATIONS ARE REASSESSING THEIR STRUCTURE AND REDEFINING LEADERSHIP ROLES.

Many hospitals and health systems are taking a closer look at their organizational structure by reviewing headcount, layers of management and hiring practices, in addition to clarifying what executive titles entail.

Almost 90% of health systems have recently assessed or plan to assess the effectiveness of their organizational structure, according to the May Pulse Survey.

Pearl Meyer's Yaffe noted the hospital president role as one example. As more hospitals join systems, the position has sometimes been retitled as chief operating officer or administrator to reflect a regional decision-making hierarchy.

Yaffe said organizations need to avoid giving a false impression of where a role stands in the larger leadership structure and how it is compensated.

"Titling cuts both ways," he said. "You can give someone a title and it may attract them to a certain place because they have a title that they can put on their

resume, but if the job requirements don't match that title, then individuals feel sort of shortchanged."

Greenblatt said redefining leadership roles also is a way to retain talent because it can show career progression — hospital vice president to regional vice president to enterprise vice president, for example.



LEADERS ARE GOING BEYOND COMPENSATION TO CULTIVATE INTERNAL TALENT.

Consultants say increasing pay is not always enough to retain executive talent.

Organizations can recruit and retain talent by offering professional development opportunities such as different management responsibilities or appointments to special committees with C-suite executives, Greenblatt said. Mentorship, continuing education and internal leadership programs are other possibilities.

Yaffe said many organizations start early and look at director- or manager-level roles to identify future senior leadership candidates.

He said some organizations are using "360-degree" evaluations for leadership candidates, in which an employer collects feedback from the candidates and their colleagues to help determine their strengths and what they want to do next. ■