

# How systems are attracting exec talent in a competitive market

BY CAROLINE HUDSON



**H**ospitals and health systems are vying for top executive talent to lead through operational challenges and strategy shifts, while also investing in developing talent internally.

Healthcare organizations are spending more on executive compensation, zeroing in on complex skill sets and working to keep turnover rates low, according to consulting firm SullivanCotter. The company provided data from more than 2,300 health systems, hospitals, medical groups and health plans for Modern Healthcare's 2025 Executive Compensation Survey.

Many organizations saw financial improvement over the past year, but volatile market conditions and more than \$1 trillion in upcoming cuts to federal healthcare funding are ushering in new challenges for leaders — and

highlighting the need for top-notch expertise in 2025 and beyond.

Here are five takeaways from the survey findings.

## **1 TOTAL CASH COMPENSATION IS RISING.**

Total cash compensation, which includes base salaries and annual incentives, grew 7% at hospitals and health systems in this year's survey, an increase from 6.5% in the previous year. Median base salaries rose 4.4%, compared with 3.8% a year ago.

The growth stems in part from higher performance-based incentives for quality, patient experience, cost efficiency and other measures that reflect stronger operational performance across the industry, said Bruce Greenblatt, executive workforce practice leader at SullivanCotter. Incentives are based on 2024 performance.

Incentive plans paid out about 10% more on average than the prior year, said Jeff Sprague, principal at SullivanCotter.

## 2 OPERATIONAL AND STRATEGIC ROLES ARE MORE IMPORTANT THAN EVER.

Sprague said jobs that are core to financial operations and efficiency measures, including pharmacy or ambulatory care executives, are seeing higher demand. Digital leaders have also become an important part of strategic initiatives as organizations try to reposition themselves in the market, he said.

“There is less margin for error,” said Alexander Yaffe, managing director at consulting firm Pearl Meyer. “The sense among my clients is, even if they’re financially healthy, who knows what’s coming down the pike, and we need to be on top of our game.”

Higher demand often translates into higher compensation to attract needed talent.

For example, median base salaries for chief operating officers at health systems rose 11%, while median total compensation increased 13%. The largest systems — those with annual revenue above \$3 billion — saw the biggest jump in COO median total compensation, at 21%.

Median base salaries for chief strategy officers grew 8% at health systems, while total compensation grew 13%.

## 3 EXECUTIVE TURNOVER REMAINS A CHALLENGE.

Almost 80% of health systems reported the same or increased executive turnover from a year ago, and 91% reported the same or increased recruiting activity, according to SullivanCotter’s April 2025 Executive Compensation Pulse Survey.

Executive turnover is driven by several factors, including financial pressures leading to administrative cuts, structural changes from mergers, competing compensation offers and retirements, according to consultants.

The mismatch between executive talent supply and demand is also driving up compensation, making it harder to attract and retain leaders.

“Organizations are balancing what is a complex,

challenging operating and financial environment with what is still a highly competitive executive talent market,” Greenblatt said.

High turnover slows an organization’s momentum in implementing strategies, so organizations are trying to improve compensation packages and delve into succession planning to combat the negative effects, Yaffe said.

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## 4 EXECUTIVE POSITIONS ARE BECOMING MORE COMPLEX.

Organizations need more from their leaders than financial skills alone, consultants say.

Greenblatt said they’re seeking executives who are adaptable and capable of leading innovation and growth initiatives.

Softer skills such as critical thinking and collaboration, along with traits like integrity, are in high demand, said Michelle Johnson, senior partner at executive search firm WittKieffer.

The rise of chief medical information officers, who have technological skills but are also in tune with the patient care side, is one example of added complexity.

“The need to focus on medical information, what clinicians and providers and advanced practitioners have access to, what they’re able to do and how that interfaces with patients, are primary to just general (knowledge of) information technology,” Yaffe said.

## 5 ORGANIZATIONS STILL WANT TO PROMOTE FROM WITHIN.

Amid the challenges of a competitive labor market, many organizations are focusing on developing talent from within and building the skills they need, Greenblatt said.

Growing talent internally is often a more cost-effective strategy. It saves recruiting time and reduces the learning curve that comes with onboarding new employees. It also allows organizations to customize development programs to their specific needs.

Organizations can develop talent in many ways, Johnson said, including one-on-one coaching, team-based cohort learning, and assessments to identify employees with growth potential.

“It’s an aspect that has been deprioritized, frankly,” she said. “While bandwidth and discretionary funds are at an all-time low, it is still something that we need to prioritize because there’s a very significant return on investment when it’s done well.” ■