SullivanCotter

How Health Systems Are Adapting Executive Compensation and Talent Strategies in 2026

Health care organizations are navigating continued financial pressures, workforce challenges and rapid transformation across the industry. From succession planning and retention risk to artificial intelligence and operating model changes, leaders are reevaluating executive compensation and talent strategies to stay competitive and drive performance.

Explore key trends shaping executive decision-making and see how organizations are aligning leadership priorities with evolving business needs.

Annual Incentive Plans

45%

of organizations made changes to executive annual incentive plans in the most recent performance year

Most prevalent changes were to increase:

Financial Goal Weight: 33%
Weight on System Goals: 28%

Executive Governance Priorities

Organizations report an increased focus on:

Succession Planning	67%
Retention Risk/Continuity	64%
Strategic Goals/Metrics Design	56%
Market Competitiveness	53%
Pay for Performance Alignment	50%

Talent and Workforce Strategies

Organizations anticipate requiring external recruitment for the following capabilities:

Artificial Intelligence	63%
Growth Strategy/Expansion	46%
Operational Transformation	46%
Digital/Analytics	43%
Physician Alignment	40%

56%

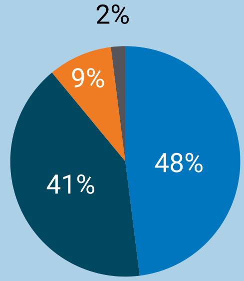
Have already made or are considering changes to the operating model

73%

Have reviewed or plan to review executive titling, leveling, career architecture and/or skills criteria by role

Leadership Pipeline for Key Roles
(Next 2-3 Years)

- Exists for some roles
- Limited/still developing
- Well-defined for most roles
- No clear pipeline



Source: SullivanCotter April 2026 *Executive Compensation Pulse Survey* (142 participating health systems; median revenue $4.3B).

Ready to transform your executive compensation strategy?

Learn more