



Pay Rises for 'Transformational' Leaders



With the shift towards value-based care, a new report shows that pay raises are targeting executives who can lead hospitals and health systems successfully through the industry's transformation to favour value over volume.

C-suite executives' compensation continues to rise and are expected to maintain that pace as organisations search for a narrowing set of qualified executives to lead more complex operations across a consolidating healthcare landscape.

According to the report, median total cash compensation across 36 health system executive positions rose 6% from 2016 to 2017, compared with a 3.1% annual increase for 11 hospital executive positions analysed. It was the third consecutive year that health system administrators took home raises that mirrored pre-recession rates of about 6% to 8%, up from around 2% in 2014.

The report is based on data gathered from Modern Healthcare's 37th annual Executive Compensation Survey. About 1,200 healthcare organisations, including 831 hospitals and 360 health systems, were covered by the survey.

Survey results showed that the biggest pay hikes were being given to those who are leading changes in strategy, clinical transformation, operational integration and patient experience to comply with reimbursement models that favour a value-based system. For example, the chief strategy officer's compensation rose 13.9% to \$548,900 a year. Other significant pay increases were doled out to: the top clinical research executive, up 11% to \$455,300; top facilities executive, which increased 10% to \$285,000; top compliance executive, climbing 9.2% to \$291,000, and the chief operating officer, 8.7% higher at \$701,000.

The pay increases and expanded roles represent the most sought-after expertise in an evolving healthcare landscape. Three years ago, IT leaders received some of the largest raises as organisations focused on integrating electronic health records, said Tom Pavlik, a managing principal at Sullivan Cotter.

Several new positions were added to the survey in 2017, including chief nursing officer/top patient care executive, chief technology officer, top public affairs executive, top community health executive, top clinical information/transformation executive and top quality executive.

"There is increasing demand for physician leaders to take on quality, clinical informatics, integration, network development and other activities to redefine clinical care," said Bruce Greenblatt, managing principal at

Sullivan, Cotter and Associates, the compensation consulting firm that has supplied data for Modern Healthcare's annual surveys since 2003. "That's where there is a limited number of physicians who have the management skills to lead these missions and where we're seeing upward pay pressure."

Source: [Modern Healthcare](#)

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