



COMMITTEE ON HEALTH SERVICES  
August 11, 2016

TO THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

**A. SALARY ADJUSTMENTS USING NON-STATE FUNDS FOR MARK LARET AS CHIEF EXECUTIVE OFFICER, UCSF HEALTH AND ANN MADDEN RICE AS CHIEF EXECUTIVE OFFICER, UC DAVIS HEALTH SYSTEM**

Recommendation

The President of the University recommends that the Committee on Health Services approve the following merit-based salary adjustments, effective on or about July 1, 2016, consistent with local processing schedules.

Last Name	First Name	Working Title	Current Annual Base Salary	Proposed Salary Increase %	Appointed On/After 1/1/2016 (Y/N)	Proposed Annual Base Salary	Funding Source
*Laret	Mark	Chief Executive Officer	\$991,946	5%	N	\$1,041,543	Non-State
*Rice	Ann Madden	Chief Executive Officer	\$848,720	3.5%	N	\$878,425	Non-State

\* These positions are eligible for incentive pay authorized by the Regents.

The base salary described above shall constitute the University’s total commitment for base salary until modified by the Regents, the President, or the Chancellor, as applicable under Regents policy, and shall supersede all previous oral and written commitments. Compensation recommendations and final actions will be released to the public as required in accordance with the standard procedures of the Board of Regents.

**Submitted by: President Napolitano**  
**Reviewed by: Committee on Health Services Chair Lansing**  
**Office of the President, Human Resources**

Background to Recommendation

Consistent with the 2016 salary program for non-represented staff at all levels, the President of the University recommends approval of a base salary adjustment for Mark Laret, Chief Executive Officer, UCSF Health and for Ann Madden Rice, Chief Executive Officer, UC Davis Health System.

The Chief Executive Officer position is a Level One position in the Senior Management Group (SMG). Level One SMG members have had three general salary increases in the past nine years. Over this period, since 2007, wages within the Western region labor market increased by approximately 30 percent and the cost of living increased by more than 17 percent. The general lack of salary or merit programs during this period has had a detrimental impact on the University's competitive position, making it more difficult to recruit and retain employees for senior leadership and staff positions.

Participation by the SMG members in this organization-wide, non-represented staff salary program will allow the University to keep pace with general salary movement in the labor market. This program also aligns with President Napolitano's movement toward a more predictable salary program, consistent with the budget agreement reached with the Governor that provided for four years of stable funding.

**B. SALARY ADJUSTMENT USING NON-STATE FUNDS FOR BARRIE E. STRICKLAND AS SENIOR VICE PRESIDENT – FINANCE AND CHIEF FINANCIAL OFFICER, UCSF HEALTH, SAN FRANCISCO CAMPUS**

Recommendation

The President of the University recommends that the Committee on Health Services approve the following item in connection with the salary adjustment for Barrie E. Strickland as Senior Vice President – Finance and Chief Financial Officer, UCSF Health, San Francisco campus:

A. Per policy, an adjustment to Ms. Strickland's annual base salary to \$720,000.

All other aspects of Ms. Strickland's compensation are within policy and will continue unchanged. Ms. Strickland will continue to be eligible to participate in the Clinical Enterprise Management Recognition Plan's Short Term Incentive (STI) component, with a target award of 15 percent of base salary (\$108,000) and maximum potential award of 25 percent of base salary (\$180,000). Actual award will be determined based on performance against pre-established objectives.

Funding for this position will continue to come exclusively from medical center revenues. No State or UC general funds will be used. This action will be effective upon Regental approval.

**COMPARATIVE ANALYSIS**

**Recommended Compensation**

**Effective Date :** upon Regental approval

**Annual Base Salary:** \$720,000

**Clinical Enterprise Management Recognition Plan (CEMRP) – Short Term Incentive (STI):** \$108,000 (at 15 percent target rate)

**Target Cash Compensation:\*** \$828,000

**Funding:** non-State-funded (UCSF Health revenue)

**Budget &/or Prior Incumbent Data**

**Title:** Senior Vice President – Finance and Chief Financial Officer

**Annual Base Salary:** \$656,250

**Clinical Enterprise Management Recognition Plan (CEMRP):** \$98,438 (at 15 percent target rate)

**Target Cash Compensation:\*** \$754,688

**Funding:** non-State-funded (UCSF Health revenue)

\* Target Cash Compensation consists of base salary and, if applicable, incentive and/or stipend.

**COMPETITIVE ANALYSIS FOR SENIOR VICE PRESIDENT-FINANCE/CHIEF FINANCIAL OFFICER  
(MRZ TITLE: CHIEF FINANCIAL OFFICER-HEALTH SYSTEMS AND CAMPUS)**

Percentiles	MARKET REFERENCE ZONE FOR BASE SALARY					Percentiles	MARKET COMPOSITE FOR TARGET CASH COMPENSATION				
	25 <sup>th</sup>	50 <sup>th</sup>	60 <sup>th</sup>	75 <sup>th</sup>	90 <sup>th</sup>		25 <sup>th</sup>	50 <sup>th</sup>	60 <sup>th</sup>	75 <sup>th</sup>	90 <sup>th</sup>
Market Data	\$481K	\$557K	\$590K	\$643K	\$736K	Market Data	\$528K	\$660K	\$720K	\$818K	\$1,007K
% Difference from Market	49.7%	29.3%	22.1%	11.1%	-2.1%	% Difference from Market	56.9%	25.5%	15.0%	1.3%	-17.7%

**Survey Source:** Mercer Integrated Health Networks (IHN) Compensation Survey - Module 4A, Integrated Health Care Strategies National Healthcare Leadership Compensation Survey and Sullivan Cotter Manager and Executive Compensation

The compensation described above shall constitute the University’s total commitment for base salary until modified by the Regents, the President, or the Chancellor, as applicable under Regents policy, and shall supersede all previous oral and written commitments. Compensation recommendations and final actions will be released to the public as required in accordance with the standard procedures of the Board of Regents.

**Submitted by:** UCSF Chancellor Hawgood  
**Reviewed by:** Committee on Health Services Chair Lansing  
 Office of the President, Human Resources

**Background to Recommendation**

The President of the University recommends approval of a salary adjustment of 15.2 percent, inclusive of this year’s salary program increase, for Barrie E. Strickland as Senior Vice President – Finance and Chief Financial Officer, UCSF Health, San Francisco campus. UCSF Chancellor Hawgood and Chief Executive Officer Laret propose increasing Ms. Strickland’s base salary from \$625,000 to \$720,000 to retain Ms. Strickland in her current role as she continues building on her accomplishments to create a strong and efficient financial organization to support UCSF Health system’s

growth and strategic direction. Another premier academic health center has been aggressively pursuing Ms. Strickland. The proposed salary adjustment would place her base salary at 2.1 percent below the 90th percentile of the Market Reference Zone (MRZ) for this position, which is warranted for an incumbent with extensive senior management experience and reflects the increasing scope and complexity of the UCSF Health system. Funding for this position will come exclusively from non-State funds, specifically from UCSF Health revenue.

Ms. Strickland has overseen the transition from a single hospital to a health system and from a \$1.7 billion enterprise to what is now an approximately \$4 billion enterprise. When she was appointed as Senior Vice President – Finance and Chief Financial Officer, UCSF Health in July 2015, after having served as Chief Financial Officer for the UCSF Medical Center, Ms. Strickland's staff headcount increased from 387 to 691 and her budget increased from \$268,257,000 to \$341,082,717.

Ms. Strickland has overall fiduciary responsibility for all financial functions throughout the expanded UCSF Health system, plus new physician foundations (Bay Health and Benioff Children's Physicians) as well as the newly formed Accountable Care Organization, Canopy, which is critical to the UCSF Health system's strategy and market expansion. Canopy now has over 4,000 physicians and has added seven hospitals to its network throughout the Bay Area. Within the last 12 months, Ms. Strickland has reorganized the finance teams to support the combined Children's hospitals, UCSF's Cancer organization, and the Faculty Practice. In addition, she has created and launched a consolidated shared financial services system for UC Health systemwide, overseeing all accounting and revenue cycle responsibilities for the UC Health enterprise.

Ms. Strickland has been and continues to be central to the successful transition from a single hospital to a health system. She has built a health system financial infrastructure and senior finance team to meet the needs of the health system, supporting adult, pediatric, cancer, faculty practice and system affiliates, while maintaining strong relationships with the Chancellor, Office of the President, Deans, and campus as well as systemwide finance colleagues. UCSF Health's agenda for the next several years includes cutting costs and integrating affiliates, which Ms. Strickland and her team will oversee.

Ms. Strickland has 30 years of solid financial management experience. Prior to UCSF, Ms. Strickland served ten years as Chief Financial Officer for Memorial Hermann Healthcare System (Houston, Texas) as well as ten years in lead finance positions for Columbia/HCA (Houston, Texas). Ms. Strickland has additional experience as an Adjunct Professor in the Masters of Healthcare Administration program for Texas Woman's University (Houston, Texas), Controller/EnterCorp for Sisters of Charity Healthcare System (Houston, Texas), and Audit Manager at Ernst & Young (Houston, Texas).

The Regents' approval is required because the base salary exceeds the 75th percentile of the MRZ for this Level Two position in the Senior Management Group (SMG). Ms. Strickland's salary, after the proposed adjustment, will be 2.1 percent below the 90th

percentile of the MRZ, which is consistent with the following guidance from Regents Policy 7701:

“A salary near the 90th percentile of the MRZ will be assigned to SMGs who have highly specialized credentials, professional accomplishments and expertise that set them apart from internal and external peers. In addition, a salary near the 90th percentile may be assigned where the SMG’s position is highly complex and significantly broader in scope than that of peer positions or the benchmark position(s) used in surveys of the applicable market. A salary near the 90th percentile may also be assigned in situations where a very scarce candidate pool for the position exists and unique skill sets are critical.”