

Approved

HEALTH SERVICES COMMITTEE

December 13, 2023

TO THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

APPROVAL OF MARKET-BASED SALARY ADJUSTMENT FOR CHAD LEFTERIS AS CHIEF EXECUTIVE OFFICER, UC IRVINE HEALTH SYSTEM, IRVINE CAMPUS AS DISCUSSED IN CLOSED SESSION

Recommendation

The President of the University recommends that the Health Services Committee approve the following items in connection with the market-based salary adjustment for Chad Lefteris as Chief Executive Officer, UC Irvine Health System, Irvine campus:

- A. Per policy, a market-based salary adjustment of 20 percent (\$199,992), increasing Mr. Lefteris's annual base salary from \$1,000,008 to \$1.2 million as Chief Executive Officer, UC Irvine Health System, Irvine campus, at 100 percent time. Mr. Lefteris will be eligible for consideration for systemwide salary program increases in accordance with University-wide guidelines.
- B. Per policy, continued eligibility to participate in the Clinical Enterprise Management Recognition Plan's (CEMRP) Short Term Incentive (STI) component, with a target award of 20 percent of base salary (\$240,000) and a maximum potential award of 30 percent of base salary (\$360,000), subject to all applicable plan requirements and Administrative Oversight Committee approval. Any actual award will be determined based on performance against pre-established objectives.
- C. Per policy, continued eligibility to participate in the Clinical Enterprise Management Recognition Plan's (CEMRP) Long Term Incentive (LTI) component, with a target award of ten percent (\$120,000) of base salary and a maximum potential award of 15 percent (\$180,000) of base salary, subject to all applicable plan requirements and Administrative Oversight Committee approval. The LTI uses rolling three-year performance periods, and any actual award will be determined based on performance against pre-established objectives over each three-year LTI performance period.
- D. Per policy, continuation of standard pension and health and welfare benefits and standard senior management benefits, including continuation of eligibility for senior management life insurance and executive salary continuation for disability (eligible after five or more consecutive years of Senior Management Group service).
- E. Per policy, continued eligibility to participate in the UC Employee Housing Assistance Program, subject to all applicable program requirements.
- F. Mr. Lefteris will continue to comply with the Senior Management Group Outside Professional Activities (OPA) policy and reporting requirements.

G. This action will be effective December 1, 2023.

COMPARATIVE ANALYSIS

Recommended Compensation

Effective Date: December 1, 2023

Annual Base Salary: \$1,200,000

Clinical Enterprise Management Recognition Plan (CEMRP) – Short Term Incentive (STI):
\$240,000 (at 20 percent target rate)

Clinical Enterprise Management Recognition Plan (CEMRP) – Long Term Incentive (LTI):
\$120,000 (at 10 percent target rate)

Target Cash Compensation:* \$1,560,000

Funding: Health Revenues; no general funds will be used

Current Compensation

Title: Chief Executive Officer, UCI Health System, Irvine campus

Annual Base Salary: \$1,000,008

Clinical Enterprise Management Recognition Plan (CEMRP) - Short Term Incentive (STI):
\$200,001 (at 20 percent target rate)

Clinical Enterprise Management Recognition Plan (CEMRP) – Long Term Incentive (LTI):
\$100,000 (at 10 percent target rate)

Target Cash Compensation:* \$1,300,010

Funding: Health Revenues; no general funds will be used

*Target Cash Compensation consists of base salary and, if applicable, short term and long term incentives and/or stipend.

**COMPETITIVE ANALYSIS FOR
CHIEF EXECUTIVE OFFICER – UCI HEALTH SYSTEM, IRVINE CAMPUS
(MRZ Title: Chief Executive Officer (Medical Center) UCI Health)**

Percentiles	MARKET REFERENCE ZONE FOR BASE SALARY				
	25 th	50 th	60 th	75 th	90 th
Market Data	\$802,800	\$1,045,200	\$1,167,200	\$1,350,100	\$1,531,300
% Difference	49.5%	14.8%	2.8%	-11.1%	-21.6%

Percentiles	MARKET COMPOSITE FOR TARGET CASH COMPENSATION*				
	25 th	50 th	60 th	75 th	90 th
Market Data	\$868,800	\$1,155,000	\$1,278,300	\$1,463,300	\$1,839,100
% Difference	79.6%	35.1%	22.0%	6.6%	-15.2%

* Base Salary plus 20% CEMRP STI Target award and 10% CEMRP LTI Target award

Survey Source: Mercer Integrated Health Networks (IHN) Compensation Survey, Integrated Healthcare Strategies National Healthcare Leadership Compensation Survey, and Sullivan Cotter Survey of Manager and Executive Compensation.

The compensation described above shall constitute the University's total commitment 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.

Background to Recommendation

The President of the University recommends approval for a market-based salary adjustment for Chad Lefteris as Chief Executive Officer, UC Irvine Health System, Irvine campus in order to provide a level of compensation that is more market-competitive.

The market-based salary adjustment will bring his salary from \$1,000,008 to \$1.2 million, which is a 20 percent (\$199,992) increase in base salary, effective December 1, 2023, bringing his base salary from the 45th to the 63rd percentile of the position's Market Reference Zone, which better aligns Mr. Lefteris's base salary to the relevant market.

UC Irvine Health is entering a critical juncture as a new hospital is being constructed and the health system continues to expand and grow. Therefore, the Chief Executive Officer, UCI Health System, position is now broader and more complex than that of peer positions and the benchmark positions used for the Market Reference Zone for this role that was approved in 2022. Amid the major expansion for UC Irvine Health, there are other health institutions that are actively pursuing Mr. Lefteris, one of which has invited Mr. Lefteris to visit with its Board directly to discuss an opportunity to lead their health system. The proposed market-based salary adjustment will help to ensure continuity of leadership during a critical time for the UCI Health System.

As Mr. Lefteris is in a Level One Senior Management Group role, any compensation requests require Regental approval. For employees, such as Mr. Lefteris, in positions that serve UC Health or any of its components, whose compensation is paid solely from sources other than State general fund support to the University, appointment and/or compensation actions that would otherwise require approval from the Regents or a Committee of the Regents may be reviewed and approved by the Health Services Committee without further action by the Regents.

No other changes to Mr. Lefteris's compensation components or benefits are being requested, and he will be eligible for consideration for systemwide salary program increases, i.e., merit and/or general increases, in accordance with University-wide guidelines.

Committee vote: Regents Leib, Makarechian, Park, Pérez, Reilly, and Sherman voting "aye."