

Approved

HEALTH SERVICES COMMITTEE

January 25, 2024

TO THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

APPROVAL OF APPOINTMENT OF AND COMPENSATION FOR NICHOLAS HOLMES, M.D. AS SENIOR VICE PRESIDENT – CHILDREN’S SERVICES AND PRESIDENT, UCSF BENIOFF CHILDREN’S HOSPITALS, UCSF HEALTH, SAN FRANCISCO CAMPUS AS DISCUSSED IN CLOSED SESSION

Recommendation

The Committee recommends approval of the following items in connection with the appointment of and compensation for Nicholas Holmes, M.D. as Senior Vice President – Children’s Services and President, UCSF Benioff Children’s Hospitals, UCSF Health, San Francisco campus:

- A. Per policy, appointment of Nicholas Holmes, M.D. as Senior Vice President – Children’s Services and President, UCSF Benioff Children’s Hospitals, UCSF Health, San Francisco campus, at 100 percent time.
- B. Per policy, an annual base salary of \$1.2 million.
- C. Per policy, a hiring bonus of 20 percent of base salary (\$240,000), which is intended to make the hiring offer market-competitive and to assist in securing Dr. Holmes’s acceptance of the offer. The hiring bonus will be paid in a lump sum subject to the following repayment schedule if Dr. Holmes separates from the University or accepts an appointment at another University of California location within two years of his appointment: 100 percent if separation occurs within the first year of employment, and 50 percent if separation occurs within the second year of employment, subject to the limitations under policy.
- D. Per policy, and starting in the 2024-25 plan year, eligibility to participate in the Clinical Enterprise Management Recognition Plan’s (CEMRP) Short Term Incentive (STI) component with a target award of 15 percent of base salary (\$180,000) and maximum potential award of 25 percent of base salary (\$300,000) subject to all applicable plan requirements and Administrative Oversight Committee approval. The 2024-25 plan year starts on July 1, 2024 and ends on June 30, 2025, and the first possible short term incentive award will be determined following the close of the 2024-25 plan year. Any actual award will be determined based on performance against pre-established objectives and may be prorated in the first year of participation.
- E. Per policy, reimbursement of actual and reasonable moving and relocation expenses associated with relocating Dr. Holmes’s primary residence, subject to the limitations under Regents Policy 7710, Senior Management Group Moving Reimbursement. If Dr. Holmes voluntarily separates from this position prior to completing one year of service or accepts an appointment at another University of California location within 12 months of

his initial date of appointment, he will be required to pay back 100 percent of these moving and relocation expenses.

- F. Per policy, eligibility to participate in the UC Employee Housing Assistance Program, subject to all applicable program requirements.
- G. Per policy, standard pension and health and welfare benefits and standard senior management benefits, including eligibility for senior manager life insurance and eligibility for executive salary continuation for disability after five consecutive years of Senior Management Group service.
- H. For any outside professional activities, Dr. Holmes will comply with the Senior Management Group Outside Professional Activities (OPA) policy and reporting requirements.
- I. This action will be effective as of Dr. Holmes's hire date, estimated to be on or about March 1, 2024.

COMPARATIVE ANALYSIS

Recommended Compensation

Effective Date: Date of hire, estimated to be on or about March 1, 2024

Annual Base Salary: \$1,200,000

Clinical Enterprise Management Recognition Plan (CEMRP) – Short Term Incentive (STI): \$180,000 at 15 percent target rate; with first possible payment to occur after the end of the 2024-25 plan year.

Clinical Enterprise Management Recognition Plan (CEMRP) – Long Term Incentive (LTI): N/A

Target Cash Compensation:* \$1,380,000 (annualized)

Funding: Other than State general funds

Prior Career Incumbent Data

Title: Senior Vice President – Children's Services and President, Benioff Children's Hospital, UCSF Health

Annual Base Salary: \$1,120,253

Clinical Enterprise Management Recognition Plan (CEMRP) – Short Term Incentive (STI): \$168,038 at 15 Percent target rate

Clinical Enterprise Management Recognition Plan (CEMRP) – Long Term Incentive (LTI): N/A

Target Cash Compensation:* \$1,288,291 (annualized)

Funding: Other than State general funds

*Target Cash Compensation consists of base salary and, if applicable, stipends, HSCP components, and/or short term and long term CEMRP incentives. Excludes one-time Hiring Bonus.

COMPETITIVE ANALYSIS FOR SENIOR VICE PRESIDENT – CHILDREN’S SERVICES AND PRESIDENT, UCSF BENIOFF CHILDREN’S HOSPITALS, UCSF HEALTH
(MRZ TITLE: SR. VICE PRESIDENT, CHILDREN'S SERVICES, UCSF HEALTH)

Percentiles	MARKET REFERENCE ZONE FOR BASE SALARY					Percentiles	MARKET COMPOSITE FOR TARGET CASH COMPENSATION*				
	25 th	50 th	60 th	75 th	90 th		25 th	50 th	60 th	75 th	90 th
Market Data	\$724,000	\$840,400	\$892,400	\$970,500	\$1,099,800	Market Data	\$899,400	\$1,060,200	\$1,168,000	\$1,329,500	\$1,590,600
% Difference	65.7%	42.8%	34.5%	23.6%	9.1%	% Difference	53.4%	30.2%	18.2%	3.8%	-13.2%

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.

* Base Salary plus 15% CEMRP STI Target award; Excludes one-time Hiring Bonus

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 the appointment of and compensation for Nicholas Holmes, M.D. as Senior Vice President – Children’s Services and President, UCSF Benioff Children’s Hospitals, UCSF Health, San Francisco campus, at 100 percent time, with a proposed base salary of \$1.2 million, effective on his start date, which is estimated to be on or about March 1, 2024.

This position is classified as a Level Two position in the Senior Management Group (SMG). The proposed base salary exceeds the 75th percentile of the Market Reference Zone (MRZ) for this position; therefore, this action requires approval by the Regents. The position serves UC Health, and the compensation will be paid solely from sources other than State general fund support to the University. Therefore, the Health Services Committee may review and approve this item without further Regents’ action.

The previous incumbent, Matthew Cook, announced in 2023 that he would be stepping down, and Joan Zoltanski, M.D., Chief Medical Officer for UCSF Benioff Children’s Hospitals, has been serving as the Interim Senior Vice President – Children’s Services and Interim President of UCSF Benioff Children’s Hospitals since August 2023. Upon the hiring of a new career incumbent by UCSF, Dr. Zoltanski will continue in her career position as Chief Medical Officer, UCSF Health.

The campus launched an open, competitive recruitment, and Dr. Holmes was identified as the top candidate from a diverse applicant pool.

The Senior Vice President – Children’s Services and President, UCSF Benioff Children’s Hospitals is a Level Two Senior Management Group position. The proposed base salary of \$1.2 million is 9.1 percent above the 90th percentile (\$1,099,800) of the position’s Market Reference Zone (MRZ) and 7.1 percent above the prior career incumbent’s salary (\$1,120,253).

The proposed placement in the MRZ is consistent with Regents Policy 7701, Senior Management Group Appointment and Compensation, and reflects an appropriate base salary, taking into account Dr. Holmes’s highly specialized credentials, professional accomplishments and expertise that set him apart from industry peers. There is a scarce candidate pool and a very competitive market for pediatric hospital system executives with the critical unique skill sets required for this role. Additionally, this role is highly complex and significantly broader in scope than that of the benchmark positions used in surveys of the applicable market as UCSF Benioff Children’s Hospitals operate as an independent hospital system rather than as a smaller subsidiary unit within the UCSF Health system.

Additionally, within policy, the President recommends approval of a hiring bonus in the amount of \$240,000, which is 20 percent of the proposed base salary in compliance with the policy requirements for a hiring bonus.

Committee vote: Regents Drake, Leib, Park, Pérez, Sherman, and Sures voting “aye.”

Board vote: Pursuant to Bylaw 27.5, approved on behalf of the Board via interim action by Regent Leib, Chair of the Board and the Governance Committee, and Regent Elliott, Vice Chair of the Governance Committee.