

**HEALTH SERVICES COMMITTEE**

January 21, 2021

TO THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

**1. APPROVAL OF UC DAVIS HEALTH LEADERSHIP APPOINTMENT AND/OR COMPENSATION ACTIONS FOR CERTAIN SENIOR MANAGEMENT GROUP EMPLOYEES, UC DAVIS HEALTH, DAVIS CAMPUS AS DISCUSSED IN CLOSED SESSION**

Recommendation

The President of the University recommends that the Health Services Committee approve the following items:

- A. Appointment of and compensation for David Lubarsky, M.D., as Vice Chancellor – Human Health Sciences and Chief Executive Officer – UC Davis Health, Davis campus, as follows:
- (1) Per policy, appointment of David Lubarsky, M.D., as Vice Chancellor – Human Health Sciences and Chief Executive Officer – UC Davis Health, Davis campus, at 100 percent time, in the Chief Executive Officer (UC Davis Medical Center) Market Reference Zone.
  - (2) Per policy, an annual base salary of \$772,500.
  - (3) Per policy, continued participation in the Health Sciences Compensation Plan with a negotiated “Y” payment of \$200,700.
  - (4) Per policy, eligibility for standard pension and health and welfare benefits and standard senior management benefits including eligibility for Senior Management Life insurance and Executive Salary Continuation for Disability (eligible after five consecutive years of Senior Management Group service).
  - (5) Per policy, eligibility to participate in the UC Employee Housing Assistance Program, subject to all applicable program requirements.
  - (6) Per policy, eligibility to accrue sabbatical credits as a member of tenured faculty, consistent with academic personnel policy.
  - (7) A research allowance in connection with his tenured faculty appointment. This allowance is not compensation, and Dr. Lubarsky will continue to use it only for those expenses related to his research as allowed under University policy.

- (8) Dr. Lubarsky will continue to comply with the Senior Management Group Outside Professional Activities (OPA) policy and reporting requirements.
  - (9) This action will be effective as of January 1, 2021.
- B. Market-based salary adjustment for Bradley Simmons as Chief Operating Officer, UC Davis Medical Center, Davis campus, as follows:
- (1) Per policy, a market-based salary adjustment of 20 percent, increasing Mr. Simmons's annual base salary from \$628,318 to \$754,000, as Chief Operating Officer, UC Davis Medical Center, Davis campus, at 100 percent time.
  - (2) Per policy, continued eligibility to participate in the Short Term Incentive (STI) component of the Clinical Enterprise Management Recognition Plan (CEMRP) with a target award of 15 percent (\$113,100) of base salary and a maximum potential award of 25 percent (\$188,500) of base salary, subject to all applicable plan requirements and Administrative Oversight Committee approval. Any actual award will be determined based on performance against pre-established objectives.
  - (3) Per policy, continued eligibility for standard pension and health and welfare benefits and standard senior management benefits including eligibility for Senior Management Life insurance and Executive Salary Continuation for Disability (eligible after five consecutive years of Senior Management Group service).
  - (4) Per policy, continued eligibility to participate in the UC Employee Housing Assistance Program, subject to all applicable program requirements.
  - (5) Continuation of monthly contribution to the Senior Management Supplemental Benefit Program.
  - (6) Mr. Simmons will continue to comply with the Senior Management Group Outside Professional Activities (OPA) policy and reporting requirements.
  - (7) This action will be effective as of January 1, 2021.

**COMPARATIVE ANALYSIS FOR DAVID LUBARSKY, M.D.**

**Recommended Compensation**

**Effective Date:** January 1, 2021

**Annual Base Salary:** \$772,500

**Health Sciences Compensation Plan:** Negotiated "Y" payment in the amount of \$200,700

**Total Cash Compensation:** \$973,200

**Funding:** Non-State-Funded (UC Davis Health Revenue)

**Prior Career Incumbent Compensation**

**Title:** Chief Executive Officer – UC Davis Medical Center

**Annual Base Salary:** \$904,788

**Clinical Enterprise Management Recognition Plan (CEMRP): Short Term Incentive (STI):** \$135,718 (at 15 percent target rate)

**Target Cash Compensation:\*** \$1,040,506

**Funding:** Non-State-Funded (UC Davis Health Revenue)

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

**COMPETITIVE ANALYSIS FOR VICE CHANCELLOR – HUMAN HEALTH  
SCIENCES AND CHIEF EXECUTIVE OFFICER - UC DAVIS HEALTH  
(MRZ TITLE: CHIEF EXECUTIVE OFFICER (UC DAVIS MEDICAL CENTER))**

	MARKET REFERENCE ZONE FOR BASE SALARY						MARKET COMPOSITE FOR TARGET CASH COMPENSATION				
Percentiles	25 <sup>th</sup>	50 <sup>th</sup>	60 <sup>th</sup>	75 <sup>th</sup>	90 <sup>th</sup>	Percentiles	25 <sup>th</sup>	50 <sup>th</sup>	60 <sup>th</sup>	75 <sup>th</sup>	90 <sup>th</sup>
Market Data	\$776.1k	\$1045.4k	\$1159.1k	\$1329.5k	\$1725.3k	Market Data	\$949.6k	\$1400.4k	\$1573.3k	\$1832.6k	\$2461k
% Difference from Market	-0.5%	-26.1%	-33.4%	-41.9%	-55.2%	% Difference from Market	2.5%	-30.5%	-38.1%	-46.9%	-60.5%

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

**COMPARATIVE ANALYSIS FOR BRADLEY SIMMONS**

**Recommended Compensation**

**Effective Date:** January 1, 2021

**Annual Base Salary:** \$754,000

**Clinical Enterprise Management Recognition Plan (CEMRP) – Short Term Incentive (STI):** \$113,100 (at 15 percent target rate)

**Target Cash Compensation:\*** \$867,100

**Funding:** Non-State-Funded (UC Davis Medical Center Revenue)

**Prior Compensation**

**Title:** Chief Operating Officer – UC Davis Medical Center

**Annual Base Salary:** \$628,318

**Clinical Enterprise Management Recognition Plan (CEMRP) – Short Term Incentive (STI):** \$94,248 (at 15 percent target rate)

**Target Cash Compensation:\*** \$722,566

**Funding:** Non-State-Funded (UC Davis Medical Center Revenue)

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

**COMPETITIVE ANALYSIS FOR CHIEF OPERATING OFFICER,  
UC DAVIS HEALTH  
(MRZ: CHIEF OPERATING OFFICER – UC DAVIS MEDICAL CENTER)**

	MARKET REFERENCE ZONE FOR BASE SALARY						MARKET COMPOSITE FOR TARGET CASH COMPENSATION				
Percentiles	25 <sup>th</sup>	50 <sup>th</sup>	60 <sup>th</sup>	75 <sup>th</sup>	90 <sup>th</sup>	Percentiles	25 <sup>th</sup>	50 <sup>th</sup>	60 <sup>th</sup>	75 <sup>th</sup>	90 <sup>th</sup>
Market Data	\$450.4k	\$663.3k	\$721.2k	\$808.0k	\$1071.7k	Market Data	\$528.6k	\$821.6k	\$881.6k	\$971.6k	\$1522.0k
% Difference from Market	67.4%	13.7%	4.5%	-6.7%	-29.6%	% Difference from Market	64.0%	5.5%	-1.6%	-10.8%	-43.0%

**Survey Sources:** Mercer Integrated Health Networks (IHN) Compensation Survey, 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 until modified by the Regents, President, or 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 requests approval for two actions: (1) the appointment of and compensation for David Lubarsky, M.D., as Vice Chancellor – Human Health Sciences and Chief Executive Officer – UC Davis Health (VC-HHS/CEO), in the Chief Executive Officer (UC Davis Medical Center) Market Reference Zone, due to a reorganization of the leadership structure for UC Davis Health; and (2) a market-based salary adjustment for Bradley Simmons, Chief Operating Officer, UC Davis Medical Center, in recognition of the significant and permanent expansion of the responsibilities of this position.

As the appointment and compensation action for Dr. Lubarsky is for a Level One Senior Management Group (SMG) position, approval by the Regents is required. For Mr. Simmons, due to the percentage increase of the market-based salary adjustment in relation to the placement in the Market Reference Zone, approval by the Regents is required.

The Davis campus is requesting that Dr. Lubarsky maintain his executive responsibility as the VC-HHS/CEO for the health sciences schools and the clinical delivery enterprise that constitute the UC Davis Health organization and request his appointment into the SMG Level One position in lieu of there being a separate CEO-Medical Center reporting into Dr. Lubarsky. He will continue to report directly to UC Davis Chancellor Gary May. Mr. Simmons' interim appointment as Interim CEO ended on December 31, 2020, and he will have a permanent and significant expansion to his job scope and responsibilities as Chief Operating Officer. Mr. Simmons will continue to report to Dr. Lubarsky.

The position utilizing Dr. Lubarsky's current Market Reference Zone (Vice Chancellor and Dean – School of Medicine) will not be backfilled at the Davis campus for the time being. The two actions being presented for approval will result in a net salary savings of \$743,048 for the Davis campus, including the increase in salary for Mr. Simmons.

Both positions serve UC Health, and the compensation for both positions 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 with no further action needed by the full Board.

Committee vote: Regents Drake, Lansing, Pérez, Sherman, and Zettel voting “aye.”

2. **APPROVAL OF MARKET-BASED SALARY ADJUSTMENT FOR JOHN DUNCAN CAMPBELL AS CHIEF OPERATING OFFICER – UCSD PHYSICIAN NETWORK, UC SAN DIEGO HEALTH, SAN DIEGO 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 John Duncan Campbell as Chief Operating Officer – UCSD Physician Network, UC San Diego Health, San Diego campus:

- A. Per policy, a market-based salary adjustment of 30 percent, increasing Mr. Campbell’s annual base salary from \$330,300 to \$429,500, as Chief Operating Officer – UCSD Physician Network, UC San Diego Health, San Diego campus, at 100 percent time.
- B. Per policy, continued eligibility to participate in the Short Term Incentive (STI) component of the Clinical Enterprise Management Recognition Plan (CEMRP) with a target award of 15 percent (\$64,425) of base salary and a maximum potential award of 25 percent (\$107,375) of base salary, subject to all applicable plan requirements and Administrative Oversight Committee approval. Any actual award will be determined based on performance against pre-established objectives that are established and approved annually in accordance with policy and plan requirements, including by the Health System CEO, Chancellor, and Administrative Oversight Committee.
- C. 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 and vested as a result of five or more consecutive years of Senior Management Group service).
- D. Per policy, continued eligibility to participate in the UC Employee Housing Assistance Program, subject to all applicable program requirements.

- E. Per policy, continuation of monthly contribution to the Senior Management Supplemental Benefit Program as Mr. Campbell retains his current position.
- F. Mr. Campbell will continue to comply with the Senior Management Group Outside Professional Activities (OPA) policy and reporting requirements.
- G. This action will be effective January 1, 2021.

### COMPARATIVE ANALYSIS

#### **Recommended Compensation**

**Effective Date:** January 1, 2021

**Annual Base Salary:** \$429,500

**Clinical Enterprise Management Recognition Plan (CEMRP): Short Term Incentive (STI):** \$64,425 (at 15 percent target rate)

**Target Cash Compensation:\*** \$493,925

**Funding:** Non-State-Funded (UC San Diego Health Revenue)

#### **Current Compensation**

**Title:** COO – UCSD Physician Network

**Annual Base Salary:** \$330,300

**Clinical Enterprise Management Recognition Plan (CEMRP): Short Term Incentive (STI):** \$49,545 (at 15 percent target rate)

**Target Cash Compensation:\*** \$379,845

**Funding:** Non-State-Funded (UC San Diego Health Revenue)

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

### COMPETITIVE ANALYSIS FOR CHIEF OPERATING OFFICER – UCSD HEALTH PHYSICIAN NETWORK (MRZ: EXECUTIVE DIRECTOR, UC SAN DIEGO MEDICAL GROUP))

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	\$285.6k	\$345.0k	\$369.2k	\$405.4k	\$466.2k	Market Data	\$343.5k	\$398.0k	\$429.8k	\$477.4k	\$665.5k
% Difference	50.4%	24.5%	16.3%	5.9%	-7.9%	% Difference	43.8%	24.1%	14.9%	3.5%	-25.8%

**Survey Source:** Mercer Integrated Health Networks (IHN) Compensation Survey, Towers Watson General Industry Executive Salary Survey, and Sullivan Cotter Manager and Executive Compensation Survey

The compensation described above shall constitute the University's total commitment until modified by the Regents, President, or 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

This item seeks approval for a market-based salary adjustment for John Duncan Campbell as Chief Operating Officer – UCSD Physician Network, UC San Diego Health, San Diego campus, to better align Mr. Campbell’s base salary with the criteria described in policy given his skills, experience and contributions as well as the significant and permanent expansion in the scope and complexity of his position.

The campus is requesting an increase of 30 percent (\$99,200), increasing Mr. Campbell’s annual base salary from \$330,300 to \$429,500, effective January 1, 2021. The proposed base salary is 5.9 percent above the 75th percentile (\$405,400) and 7.9 percent below the 90th percentile (\$466,200) of the position’s Market Reference Zone; therefore, the action requires Regental approval.

During calendar year 2020, UCSD Health streamlined and downsized payer contracting and business development, thereby eliminating three senior level positions. As a result, these business functions were reassigned to Mr. Campbell’s portfolio as his direct responsibility. The campus reports that the restructuring resulted in an annual savings of over \$1,668,000.

This 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 with no further action needed by the full Board.

Committee vote: Regents Blum, Drake, Guber, Lansing, Makarechian, Pérez, Sherman, and Zettel voting “aye.”