HEALTH SERVICES COMMITTEE
October 10, 2019

1. APPROVAL OF INCENTIVE COMPENSATION USING HEALTH SYSTEM OPERATING REVENUES FOR JOHN STOBO, M.D., AS EXECUTIVE VICE PRESIDENT – UC HEALTH, OFFICE OF THE PRESIDENT AS DISCUSSED IN CLOSED SESSION

The President of the University recommends that the Health Services Committee approve the Clinical Enterprise Management Recognition Plan (CEMRP) incentive award for John Stobo, M.D., as Executive Vice President – UC Health, Office of the President, in the amount of $217,382, which includes a Short Term Incentive award of $152,102 for the 2018-19 CEMRP plan year and a Long Term Incentive award of $65,280 for the performance period of July 1, 2016 through June 30, 2019. The total recommended incentive award represents 33.3 percent of his annual base salary as of June 1, 2019.

Recommended Compensation
Effective Date: Upon approval
Base Salary: $652,800 (as of June 1, 2019)
Recommended CEMRP STI Award: $152,102 (23.3 percent of base salary)
Recommended CEMRP LTI Award: $65,280 (10.0 percent of base salary)
Target Cash Compensation:* $870,182
Funding Source: Recommended CEMRP awards are non-State funded (100 percent from clinical enterprise revenues).

Prior Year Data (2017-18 plan year)
Base Salary: $633,782 (as of June 1, 2018)
CEMRP STI Award: $140,700 (22.2 percent of base salary)
Target Cash Compensation:* $774,482, plus possible Long Term Incentive awards starting after the end of the 2018-19 Plan Year.
Funding Source: Recommended CEMRP awards are non-State funded (100 percent from clinical enterprise revenues).

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

The incentive compensation described shall constitute the University’s total commitment regarding incentive compensation until modified by the Regents or the President, 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.

Committee vote: Regents Guber, Lansing, Napolitano, Park, Sherman, and Zettel voting “aye.”
2. **APPROVAL OF MARKET-BASED SALARY ADJUSTMENT FOR JOHNSESE SPISSO AS PRESIDENT, UCLA HEALTH AND CHIEF EXECUTIVE OFFICER, UCLA HOSPITAL SYSTEM, LOS ANGELES CAMPUS AS DISCUSSED IN CLOSED SESSION**

The President of the University recommends that the Health Services Committee approve the following items in connection with the market-based salary adjustment for Johnese Spisso as President, UCLA Health and Chief Executive Officer, UCLA Hospital System, Los Angeles campus:

A. Per policy, a market-based salary adjustment of 27.6 percent, increasing Ms. Spisso’s base salary from $1,091,268 to $1,393,000, as President, UCLA Health and Chief Executive Officer, UCLA Hospital System, Los Angeles Campus, at 100 percent time. This will be funded by Health Enterprise revenues. No State funds will be used.

B. Per policy, continued eligibility to participate in the Clinical Enterprise Management Recognition Plan’s (CEMRP) annual Short Term Incentive (STI) component, with a target award of 20 percent of base salary ($278,600) and maximum potential award of 30 percent of base salary ($417,900), subject to all applicable plan requirements and Administrative Oversight Committee approval. Any actual award will be determined based on performance against pre-established objectives. CEMRP incentive awards are funded by Health Enterprise revenues. No State funds will be used.

C. Per policy, continued eligibility to participate in the CEMRP Long Term Incentive (LTI) component, with a target award of ten percent of base salary ($139,300) and maximum potential award of 15 percent of base salary ($208,950), 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 the three-year LTI performance period. CEMRP incentive awards are funded by Health Enterprise revenues. No State funds will be used.

D. Per policy, continuation of 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).

E. Per policy, continuation of a monthly contribution to the Senior Management Supplemental Benefit Program.

F. Per policy, continued annual automobile allowance of $8,916.

G. Per policy, continued eligibility to participate in the UC Employee Housing...
Assistance Program, subject to all program requirements

H. Ms. Spisso will continue to comply with the Senior Management Group Outside Professional Activities (OPA) policy and reporting requirements.

I. This action will be effective October 1, 2019.

**COMPARATIVE ANALYSIS**

**Recommended Compensation**

*Effective Date:* October 1, 2019

- **Annual Base Salary:** $1,393,000
- **Clinical Enterprise Management Recognition Plan (CEMRP): Short Term Incentive (STI):** $278,600 (at 20 percent target rate)
- **Clinical Enterprise Management Recognition Plan (CEMRP) – Long Term Incentive (LTI):** $139,300 (at 10 percent target rate)
- **Target Cash Compensation:** $1,810,900
- **Funding:** Non-State funded (Health Enterprise revenues)

**Current Compensation Data**

- **Annual Base Salary:** $1,091,268
- **Clinical Enterprise Management Recognition Plan (CEMRP) – Short Term Incentive (STI):** $218,253 (at 20 percent target rate)
- **Clinical Enterprise Management Recognition Plan (CEMRP) – Long Term Incentive (LTI):** $109,127 (at 10 percent target rate)
- **Target Cash Compensation:** $1,418,648
- **Funding:** Non-State funded (Health Enterprise revenues)

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

**COMPETITIVE ANALYSIS FOR PRESIDENT, UCLA HEALTH AND CHIEF EXECUTIVE OFFICER, UCLA HOSPITAL SYSTEM**

(MRZ TITLE: CHIEF EXECUTIVE OFFICER, UCLA HOSPITAL SYSTEM)

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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.

Committee vote: Regents Guber, Lansing, Napolitano, Park, Sherman, and Zettel voting “aye.”

3. **ESTABLISHMENT OF A NEW SENIOR MANAGEMENT GROUP POSITION OF CHIEF STRATEGY OFFICER, UCLA HEALTH, AND THE MARKET REFERENCE ZONE FOR THE POSITION, LOS ANGELES CAMPUS**

Contingent upon approval by the Governance Committee, the President of the University recommends that the Health Services Committee approve:

A. Establishment of a new Senior Management Group position of Chief Strategy Officer, UCLA Health, Los Angeles campus. This will be a Level Two position in the Senior Management Group.

B. Establishment of a Market Reference Zone for this position as follows: 25th percentile – $545,700, 50th percentile – $636,300, 60th percentile – $667,100, 75th percentile – $713,300, and 90th percentile – $783,400.

C. The position includes 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 and a maximum potential award of 25 percent of base salary, subject to all applicable plan requirements and Administrative Oversight Committee approval. Participation is reviewed and approved prior to the start of each CEMRP Plan Year.

D. This action will be effective upon approval.

Committee vote: Regents Guber, Lansing, Napolitano, Park, Sherman, and Zettel voting “aye.”
4. PROPOSED REQUEST FOR APPROVAL OF NEW SCHOOL OF MEDICINE EDUCATION BUILDING, RIVERSIDE CAMPUS

The President of the University recommends that the Health Services Committee authorize the Riverside campus to request approval from the Finance and Capital Strategies Committee at a future date to construct a new School of Medicine Education Building.

Committee vote: Regents Guber, Lansing, Napolitano, Park, Sherman, and Zettel voting “aye.”