

**HEALTH SERVICES COMMITTEE
GOVERNANCE COMMITTEE**

July 17, 2024

The Health Services Committee and the Governance Committee met on the above date at the UCSF–Mission Bay Conference Center, San Francisco campus and by teleconference meeting conducted in accordance with California Government Code §§ 11133.

Members present: Representing the Health Services Committee: Regents Batchlor, Makarechian, Sherman, and Sures; Ex officio members Drake and Reilly; Executive Vice President Rubin; Chancellors Hawgood, Khosla, and Wilcox

Representing the Governance Committee: Regents Drake, Hernandez, Leib, Reilly, Robinson, Sarris, and Sures

In attendance: Regents Beharry, Elliott, Lee, Pack, and Salazar, Regents-designate Brooks, Komoto, and Wang, Faculty Representatives Cheung and Steintrager, Secretary and Chief of Staff Lyall, General Counsel Robinson, Vice President Lloyd, and Recording Secretary Johns

The meeting convened at 10:05 a.m. with Governance Committee Chair Reilly presiding.

2024 BENCHMARKING FRAMEWORK FOR NON-STATE-FUNDED UC HEALTH SENIOR MANAGEMENT GROUP POSITIONS

The President of the University recommended that the Health Services Committee and the Governance Committee approve the 2024 benchmarking framework as shown in Chart 1 below.

Chart 1

- The **2022 Benchmarking Framework** utilized market data for positions at **academic medical centers across the country with operating revenue of 0.5 to 2 times of the revenue for each UC medical center**. The revenue data included relevant Faculty Practice Group revenue as reported by each Health System. Following a review of refreshed 2024 data, within the current benchmarking framework, the resulting peer groups continue to represent the organizations with which UC competes for talent. Therefore, the **2024 Benchmarking Framework** remains unchanged in terms of utilizing operating revenue as a key parameter.
- There are **seven core Med Center SMG positions as noted in the blue box below**. In 2022, based on revenue size, UCLA and UCSF shared the same MRZ data for the seven core positions, and the same was true for UCD and UCSD. UCI had a distinct MRZ for each of the seven core positions. For 2024, two median operating revenue peer groups were identified: Tier 1 as a \$6.6B Median Peer Group and Tier 2 as a \$3.8B Median Peer Group. Therefore due to size, UCLA and UCSF are assigned to Tier 1, and UCD, UCSD, and UCI are assigned to Tier 2. Due to the continued growth of the health systems, as each Tier 2 medical center (UCD, UCI, and UCSD) increases to a median revenue size of \$6.6B, their seven core positions can be assigned to the Tier 1 MRZs for those positions.

Seven Core Med Ctr SMG Positions		Median Operating Revenue*		
Chief Executive Officer Chief Financial Officer Chief Information Officer Chief Medical Officer Chief Nursing Officer Chief Operating Officer Chief Strategy Officer		UCSF Health - Med Center	\$6.8	Tier 1 \$6.6B Median Peer Group
		UCLA Health - Med Center	\$6.4	
		UCD Health - Med Center	\$3.8	Tier 2 \$3.8B Median Peer Group
		UCSD Health - Med Center	\$3.8	
		UCI Health - Med Center	\$2.4	
		UCR Health - Comm. Based	\$0.3	CEO Only Not yet in Tiers 1/2
		<i>*From audited financials plus FPG revenues as provided by UC Health at OP. Does not include projected revenue for recently completed or anticipated acquisitions. UCI is included in the same tier as UCD and UCSD in consideration of the four hospitals that were recently acquired and the new medical facilities under construction and/or recently opened.</i>		

- For the UCR Health CEO and nine other SMG positions unique to their respective locations, appropriate market matches were identified utilizing the 2024 Benchmarking Framework, to reflect the difference in scope and responsibilities from the seven core Med Center SMG positions listed above.

[Background material was provided to Regents in advance of the meeting, and a copy is on file in the Office of the Secretary and Chief of Staff.]

Vice President Lloyd introduced the item, the proposed 2024 benchmarking framework for non-State-funded UC Health Senior Management Group (SMG) positions, which would be used to identify peer institutions against which UC Health competes for high-level positions and the comparative external salary data for SMG positions paid solely from sources other than the State General Fund. The charters of the Health Services Committee and the Governance Committee state that the benchmarking framework for UC Health compensation shall be reviewed and approved by both committees at least every two years.

Associate Vice President Jay Henderson recalled that the Health Services Committee and the Governance Committee approved the current benchmarking framework for these UC Health SMG positions in 2022. No changes to the methodology were being proposed for 2024. For UC Health-specific roles, the variance in the comparative market was highly dependent on the size of the institutions when considering market data for executive-level positions. Therefore, the current method of using operating revenue for market comparison would remain unchanged. The resulting Market Reference Zones (MRZs) would be presented to the Governance Committee later that day. The average market data movement at the 50th percentile between the 2022 and the proposed 2024 MRZs was 12 percent. On average, medical center SMG incumbents were at the 62nd percentile in the 2022 MRZs and at the 49th percentile of the proposed 2024 MRZs. Mr. Henderson noted

that the 49th percentile estimate was based on the assumption that these employees would receive the 4.2 percent salary increase for UC policy-covered staff.

Upon motion duly made and seconded, the Committees approved the President's recommendation with the following vote.

Vote by the Health Services Committee: Regents Batchlor, Makarechian, Reilly, Sherman, and Sures voting "aye."

Vote by the Governance Committee: Regents Hernandez, Reilly, Robinson, Sarris, and Sures voting "aye."

The meeting adjourned at 10:08 a.m.

Attest:

Secretary and Chief of Staff