

# H2

**Office of the President**

**TO MEMBERS OF THE HEALTH SERVICES COMMITTEE:**

**Compensation Item/Type: Executive Compensation Program**

**Funding: Non-State-Funded**

## **ACTION ITEM**

*For Meeting of August 13, 2019*

**APPROVAL OF 2019 BENCHMARKING FRAMEWORK/MARKET REFERENCE ZONES FOR NON-STATE-FUNDED UC HEALTH POSITIONS IN THE SENIOR MANAGEMENT GROUP**

## **RECOMMENDATION**

Contingent upon approval by the Governance Committee, the President of the University recommends that the Health Services Committee approve the 2019 Benchmarking Framework/Market Reference Zones for non-State-funded UC Health positions in the Senior Management Group, as shown in Attachment 1.

## **BACKGROUND**

In late 2016, a workgroup of the Health Services Committee was formed to develop a benchmarking framework for use in evaluating compensation proposals for UC Health positions in the Senior Management Group. The workgroup was comprised of two Regents and two Health Services Committee Advisory members with outside consulting services provided by Sullivan Cotter to provide third-party validation of the methodology and resulting Market Reference Zone (MRZ) data.

The benchmarking framework approved in 2018 identified peer comparator organizations comprised of public and not-for-profit academic medical centers (AMCs) of similar size and complexity to each UC Health location and included a review of each UC Health position in the Senior Management Group (SMG) in relation to organizational structure, scope of responsibilities, span of control, and other job-matching factors to determine comparable positions within the peer comparator organizations. The benchmarking framework provides the basis for determining the 25th, 50th, 60th, 75th, and 90th percentiles for each MRZ, wherein each percentile reflects the percentage of peer comparator organizations that pay below a particular percentile for a specific comparable position. The proposed updates to the MRZs presented in this item reflect current market data (as of July 1, 2019) with no changes to the

benchmarking framework as developed by the Health Services Committee workgroup that resulted in the MRZs approved in early 2018.

The shift in percentiles was varied among the 30 MRZs being presented for approval, resulting in an average increase of 6.6 percent at the 25th percentile, 9.8 percent at the 50th percentile, 12 percent at the 60th percentile, 14.8 percent at the 75th percentile, and 16.3 percent at the 90th percentile. Attachment 2 provides the comparison between each current and proposed updated MRZ. Attachment 3 provides a visual comparison of current and proposed MRZs.

There are no individual salary adjustments being recommended in connection with this item, and the governance mechanism that determines which actions are subject to Regents' approval remains intact and unchanged.

If approved by the Health Services Committee, this action will be presented to the Governance Committee for approval in September 2019.

Additionally, there are five UC Health, Office of the President, positions in the Senior Management Group that are funded at least partially by State funds; therefore, the respective MRZs for those positions will be presented to the Regents for approval at the September 2019 meeting. The positions are: Executive Vice President – UC Health; Medical Director, Student Health Insurance Plan; Senior Vice President, Health Sciences; Chief Strategy Officer; and Chief Legal Counsel for Health Services.

Attachments:

- Attachment 1:** 2019 Benchmarking Framework/Market Reference Zones (MRZs) for Non-State-Funded UC Health Positions in the Senior Management Group
- Attachment 2:** Comparison of Current and Proposed MRZs
- Attachment 3:** Visual Comparison of Current and Proposed MRZs