

Office of the President

TO MEMBERS OF THE HEALTH SERVICES COMMITTEE:

ACTION ITEM

For Meeting of May 17, 2023

APPROVAL OF MARKET-BASED SALARY ADJUSTMENTS FOR MEDICAL CENTER CHIEF EXECUTIVE OFFICERS AT UCLA HEALTH, UC SAN DIEGO HEALTH, UC IRVINE HEALTH, AND UC DAVIS HEALTH; AND CHANGE TO ADDITIONAL ELEMENTS OF COMPENSATION FOR CHIEF EXECUTIVE OFFICER, UC DAVIS HEALTH AS DISCUSSED IN CLOSED SESSION

EXECUTIVE SUMMARY

The President recommends approval for the following changes in compensation for four Medical Center Chief Executive Officers:

- A. A market-based salary adjustment of 16.8 percent (\$251,646) for Johnese Spisso as President, UCLA Health System and Chief Executive Officer, UCLA Hospital System, Los Angeles campus, increasing her base salary from \$1,499,371 to \$1,751,017. The proposed base salary for Ms. Spisso will be 21.9 percent above the 25th percentile (\$1,436,100) and equal to the 50th percentile (\$1,751,000) of the position's Market Reference Zone (MRZ).
- B. A market-based salary adjustment of 39.7 percent (\$398,913) for Patricia Maysent as Chief Executive Officer, UC San Diego Health System, San Diego campus, increasing her base salary from \$1,005,789 to \$1,404,702. The proposed base salary for Ms. Maysent is 47.1 percent above the 25th percentile (\$954,800) and equal to the 50th percentile (\$1,404,700) of the position's Market Reference Zone.
- C. A market-based salary adjustment of five percent (\$47,438) for Chad Lefteris as Chief Executive Officer, UC Irvine Health System, Irvine campus, increasing his base salary from \$952,570 to \$1,000,008. The proposed base salary for Mr. Lefteris is 24.6 percent above the 25th percentile (\$802,800) and 4.3 percent below the 50th percentile (\$1,045,200) of the position's Market Reference Zone, placing his salary at the 45th percentile of the MRZ.
- D. A market-based salary adjustment of 45.1 percent (\$375,216) for David Lubarsky, M.D., as Vice Chancellor – Human Health Sciences and Chief Executive Officer – UC Davis Health, Davis campus, increasing his base salary from \$831,492 to \$1,206,708. The

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proposed base salary for Dr. Lubarsky is 4.7 percent above the 25th percentile (\$954,800) and 28.8 percent below the 50th percentile (\$1,404,700) of the position's Market Reference Zone, placing his salary at the 39th percentile of the MRZ. In order to align his compensation components to his CEO peers, Dr. Lubarsky will begin eligibility to participate in the Clinical Enterprise Management Recognition Plan (CEMRP) as of July 1, 2023, which is the start of the CEMRP 2023-24 plan year. His target cash compensation will increase from \$1,032,200 (base salary plus fixed HSCP "Y" of \$200,700) to \$1,568,720 (base salary plus CEMRP Short Term and Long Term Incentives at target). His eligibility to participate in the Health Sciences Compensation Plan (HSCP) will end as of June 30, 2023. Possible CEMRP Short Term Incentive awards will start after the end of the 2023-24 plan year, and possible Long Term Incentive awards will start after the end of the 2023-26 performance period. Additionally, due to Dr. Lubarsky's HSCP eligibility ending as of June 30, 2023 and his first possible CEMRP award payment not occurring until after July 2024, an increase to his HSCP "Y" component of \$200,700 through June 30, 2023 is being proposed to be paid out in two lump sums (\$100,350 each) for May 2023 and June 2023 in addition to his two remaining HSCP "Y" monthly payments for May 2023 and June 2023 (\$16,725 each), for a total of \$234,150 in remaining HSCP "Y" payments.

The proposed effective date for the market-based salary adjustments is July 1, 2023, and if approved, the market-based salary adjustments will preclude eligibility for the 2023-24 general increase of 4.6 percent of base salary.

The market-based salary adjustments are being proposed in order to better align base salaries with the guidelines in Regents Policy 7701, Senior Management Group Appointment and Compensation, as these four CEOs have fallen below the comparative market for their clinical enterprise leadership positions. Additionally, the transition to CEMRP for Dr. Lubarsky aligns to the incentive compensation of his UC Health CEO peers in that they collectively and individually have responsibility for achievement of systemwide and location specific objectives.

The Medical Center Chief Executive Officer positions are classified as Level One positions in the Senior Management Group, therefore, Regents' approval is required. These positions serve UC Health, and the compensation for each position will be paid solely from sources other than State General Fund support to the University.

RECOMMENDATION

The Committee recommends approval of the following items in connection with the market-based salary adjustments for Medical Center Chief Executive Officers at UCLA Health, UC San Diego Health, UC Irvine Health, and UC Davis Health; and change to additional elements of compensation for the Chief Executive Officer, UC Davis Health:

- A. Per policy, a market-based salary adjustment of 16.8 percent (\$251,646), increasing Johnese Spisso's base salary from \$1,499,371 to \$1,751,017 as President, UCLA Health System and Chief Executive Officer, UCLA Hospital System, Los Angeles campus, at

100 percent time.

- B. Per policy, continued eligibility for Ms. Spisso to participate in the Clinical Enterprise Management Recognition Plan's (CEMRP) Short Term Incentive (STI) component, with a target award of 20 percent of base salary (\$350,203) and a maximum potential award of 30 percent of base salary (\$525,305), subject to all applicable plan requirements and Administrative Oversight Committee approval. Any actual award will be determined based on performance against pre-established objectives.
- C. Per policy, continued eligibility for Ms. Spisso to participate in the Clinical Enterprise Management Recognition Plan's (CEMRP) Long Term Incentive (LTI) component, with a target award of ten percent of base salary (\$175,102) and a maximum potential award of 15 percent of base salary (\$262,652) 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.
- D. Per policy, a market-based salary adjustment of 39.7 percent (\$398,913), increasing Patricia Maysent's base salary from \$1,005,789 to \$1,404,702 as Chief Executive Officer, UC San Diego Health System, San Diego campus, at 100 percent time.
- E. Per policy, continued eligibility for Ms. Maysent to participate in the Clinical Enterprise Management Recognition Plan's (CEMRP) Short Term Incentive (STI) component, with a target award of 20 percent of base salary (\$280,940) and a maximum potential award of 30 percent of base salary (\$421,410), subject to all applicable plan requirements and Administrative Oversight Committee approval. Any actual award will be determined based on performance against pre-established objectives.
- F. Per policy, continued eligibility for Ms. Maysent to participate in the Clinical Enterprise Management Recognition Plan's (CEMRP) Long Term Incentive (LTI) component, with a target award of ten percent of base salary (\$140,470) and a maximum potential award of 15 percent of base salary (\$210,705) 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.
- G. Per policy, for Ms. Spisso and Ms. Maysent, continuation of the monthly contribution to the Senior Management Supplemental Benefit Program, subject to all applicable program requirements.
- H. Per policy, for Ms. Spisso and Ms. Maysent, continuation of an annual automobile allowance of \$8,916 each.
- I. Per policy, a market-based salary adjustment of 5.0 percent (\$47,438), increasing Chad Lefteris's base salary from \$952,570 to \$1,000,008 as Chief Executive Officer, UC Irvine

Health System, Irvine campus, at 100 percent time.

- J. Per policy, continued eligibility for Mr. Lefteris to participate in the Clinical Enterprise Management Recognition Plan's (CEMRP) Short Term Incentive (STI) component, with a target award of 20 percent of base salary (\$200,002) and a maximum potential award of 30 percent of base salary (\$300,002), subject to all applicable plan requirements and Administrative Oversight Committee approval. Any actual award will be determined based on performance against pre-established objectives.
- K. Per policy, continued eligibility for Mr. Lefteris to participate in the Clinical Enterprise Management Recognition Plan's (CEMRP) Long Term Incentive (LTI) component, with a target award of ten percent of base salary (\$100,001) and a maximum potential award of 15 percent of base salary (\$150,001), 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.
- L. Per policy, a market-based salary adjustment of 45.1 percent (\$375,216), increasing Dr. David Lubarsky's base salary from \$831,492 to \$1,206,708 as Vice Chancellor – Human Health Sciences and Chief Executive Officer – UC Davis Health, Davis campus, at 100 percent time.
- M. Per policy, continued participation for Dr. Lubarsky, until June 30, 2023, in the Health Sciences Compensation Plan (HSCP) with an increase to his HSCP "Y" component of \$200,700 to be paid out in two lump sums (\$100,350 each) for May 2023 and June 2023 in addition to his two remaining HSCP "Y" monthly payments for May 2023 and June 2023 (\$16,725 each), for a total of \$234,150 in remaining HSCP "Y" payments. After June 30, 2023, Dr. Lubarsky will no longer be eligible to participate in HSCP.
- N. Per policy and starting in the 2023-24 plan year, eligibility for Dr. Lubarsky to participate in the Clinical Enterprise Management Recognition Plan's (CEMRP) Short Term Incentive (STI) component, with a target award of 20 percent of base salary (\$241,342) and a maximum potential award of 30 percent of base salary (\$362,012), subject to all applicable plan requirements and Administrative Oversight Committee approval. The 2023-24 plan year starts on July 1, 2023, and ends on June 30, 2024, and the first possible short term incentive award will be distributed following the close of the 2023-24 plan year. Any actual award will be determined based on performance against pre-established objectives and may be prorated in his first year of participation.
- O. Per policy and starting in the 2023-26 performance period, eligibility for Dr. Lubarsky to participate in the Clinical Enterprise Management Recognition Plan's (CEMRP) Long Term Incentive (LTI) component, with a target award of ten percent of base salary (\$120,670) and a maximum potential award of 15 percent of base salary (\$181,006), subject to all applicable plan requirements and Administrative Oversight Committee approval. The 2023-26 performance period starts on July 1, 2023, and ends on June 30, 2026, and the first possible long term incentive award will be distributed following the

close of the 2023-26 performance period. 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.

- P. Per policy, continuation for Dr. Lubarsky of eligibility to accrue sabbatical credits as a member of tenured faculty, consistent with academic personnel policy.
- Q. Per policy, continuation for Dr. Lubarsky of 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.
- R. Per policy, continuation for Ms. Spisso, Ms. Maysent, Mr. Lefteris, and Dr. Lubarsky of standard pension and health and welfare benefits and standard senior management benefits including eligibility for senior manager life insurance and executive salary continuation for disability (eligible after five or more consecutive years of Senior Management Group service).
- S. Per policy, continuation of eligibility for Ms. Spisso, Ms. Maysent, Mr. Lefteris, and Dr. Lubarsky to participate in the UC Employee Housing Assistance Program, subject to all applicable program requirements.
- T. Ms. Spisso, Ms. Maysent, Mr. Lefteris, and Dr. Lubarsky will continue to comply with the Senior Management Group Outside Professional Activities (OPA) policy and reporting requirements.
- U. These market-based salary adjustments will be effective July 1, 2023, and Ms. Spisso, Ms. Maysent, Mr. Lefteris, and Dr. Lubarsky will not be eligible for the 2023-24 systemwide salary program increase.
- V. Dr. Lubarsky's eligibility to participate in the Health Sciences Compensation Plan will end on June 30, 2023, and his eligibility to participate in the Clinical Enterprise Management Recognition Plan will start on July 1, 2023.

**COMPARATIVE ANALYSIS
PRESIDENT, UCLA HEALTH SYSTEM AND CHIEF EXECUTIVE
OFFICER, UCLA HOSPITAL SYSTEM, LOS ANGELES CAMPUS**

Recommended Compensation

Effective Date: July 1, 2023 (Precludes eligibility for 2023-24 general increase)

Annual Base Salary: \$1,751,017

Clinical Enterprise Management Recognition Plan (CEMRP) – Short Term Incentive (STI):

\$350,203 (at 20 percent target rate); 2022-23 CEMRP STI award will be calculated using salary effective June 30, 2023 (\$1,499,731 x 20 percent target rate = \$299,874)

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

\$175,102 (at 10 percent target rate); 2022-23 CEMRP LTI award will be calculated using salary effective June 30, 2023 (\$1,499,731 x 10 percent target rate = \$149,937)

Target Cash Compensation after 7/1/23 Increase:* \$2,276,322 including possible LTI awards

Funding: UCLA Health System revenue

Current Compensation

Title: President, UCLA Health System and Chief Executive Officer, UCLA Hospital System, Los Angeles campus

Annual Base Salary: \$1,499,371

Clinical Enterprise Management Recognition Plan (CEMRP) – Short Term Incentive (STI):

\$299,874 (at 20 percent target rate)

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

\$149,937 (at 10 percent target rate)

Target Cash Compensation:* \$1,949,182 including possible LTI awards

Funding: UCLA Health System revenue

* Target Cash Compensation consists of base salary and, if applicable, short-term and long-term incentives and/or stipends.

**COMPETITIVE ANALYSIS FOR
PRESIDENT, UCLA HEALTH SYSTEM AND CHIEF EXECUTIVE
OFFICER, UCLA HOSPITAL SYSTEM, LOS ANGELES CAMPUS
(MRZ TITLE: CHIEF EXECUTIVE OFFICER,
(MEDICAL CENTER) – UCLA HEALTH)**

	MARKET REFERENCE ZONE FOR BASE SALARY						MARKET COMPOSITE FOR TARGET CASH COMPENSATION*				
Percentiles	25 th	50 th	60 th	75 th	90 th	Percentiles	25 th	50 th	60 th	75 th	90 th
Market Data	\$1436.1k	\$1751.0k	\$1862.6k	\$2030.0k	\$2644.4k	Market Data	\$1779.3	\$2271.4k	\$2696.8k	\$3334.8k	\$4462.9k
% Difference from Market	21.9%	0.0%	-6.0%	-13.7%	-33.8%	% Difference from Market	27.9%	0.2%	-15.6%	-31.7%	-49.0%

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

* Base Salary plus 20% CEMRP STI Target and 10% CEMRP LTI Target award

**COMPARATIVE ANALYSIS
CHIEF EXECUTIVE OFFICER, UC SAN DIEGO HEALTH
SYSTEM,
SAN DIEGO CAMPUS**

Recommended Compensation

Effective Date: July 1, 2023 (Precludes eligibility for 2023-24 general increase)

Annual Base Salary: \$1,404,702

Clinical Enterprise Management Recognition Plan (CEMRP) – Short Term Incentive (STI):

\$280,940 (at 20 percent target rate); 2022-23 CEMRP STI award will be calculated using salary effective June 30, 2023 (\$1,005,790 x 20 percent target rate = \$201,158)

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

\$140,470 (at 10 percent target rate); 2022-23 CEMRP LTI award will be calculated using salary effective June 30, 2023 (\$1,005,790 x 10 percent target rate = \$100,579)

Target Cash Compensation after 7/1/23 Increase:* \$1,826,112 including possible LTI awards

Funding: UCSD Health System revenue

Current Compensation

Title: Chief Executive Officer, UC San Diego Health System, San Diego campus

Annual Base Salary: \$1,005,790

Clinical Enterprise Management Recognition Plan (CEMRP) – Short Term Incentive (STI):

\$201,158 (at 20 percent target rate)

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

\$100,579 (at 10 percent target rate)

Target Cash Compensation:* \$1,307,527 including possible LTI awards

Funding: UCSD Health System revenue

* Target Cash Compensation consists of base salary and, if applicable, short-term and long-term incentives and/or stipends.

**COMPETITIVE ANALYSIS FOR
CHIEF EXECUTIVE OFFICER, UC SAN DIEGO HEALTH
SYSTEM,
SAN DIEGO CAMPUS
(MRZ TITLE: CHIEF EXECUTIVE OFFICER,
(MEDICAL CENTER) – UCSD HEALTH)**

MARKET REFERENCE ZONE FOR BASE SALARY						MARKET COMPOSITE FOR TARGET CASH COMPENSATION*					
Percentiles	25 th	50 th	60 th	75 th	90 th	Percentiles	25 th	50 th	60 th	75 th	90 th
Market Data	\$954.8k	\$1404.7k	\$1524.1k	\$1703.2k	\$1996.0k	Market Data	\$1153.7k	\$1560.7k	\$1819.6k	\$2208.0k	\$3022.6k
% Difference from Market	47.1%	0.0%	-7.8%	-17.5%	-29.6%	% Difference from Market	58.3%	17.0%	0.4%	-17.3%	-39.6%

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

* Base Salary plus 20% CEMRP STI Target and 10% CEMRP LTI Target award

**COMPARATIVE ANALYSIS
CHIEF EXECUTIVE OFFICER, UC IRVINE HEALTH SYSTEM,
IRVINE CAMPUS**

Recommended Compensation

Effective Date: July 1, 2023 (Precludes eligibility for 2023-24 general increase)

Annual Base Salary: \$1,000,008

Clinical Enterprise Management Recognition Plan (CEMRP) – Short Term Incentive (STI):

\$200,001 (at 20 percent target rate); 2022-23 CEMRP STI award will be calculated using salary effective June 30, 2023 (\$952,570 x 20 percent target rate = \$190,514)

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

\$100,001 (at 10 percent target rate); 2022-23 CEMRP LTI award will be calculated using salary effective June 30, 2023 (\$952,570 x 10 percent target rate = \$95,257)

Target Cash Compensation after 7/1/23 Increase:* \$1,300,010 including possible LTI awards

Funding: UCI Health System revenue

Current Compensation

Title: Chief Executive Officer, UC Irvine Health System, Irvine campus

Annual Base Salary: \$952,570

Clinical Enterprise Management Recognition Plan (CEMRP) – Short Term Incentive (STI):

\$190,514 (at 20 percent target rate)

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

\$95,257 (at 10 percent target rate)

Target Cash Compensation:* \$1,238,341 including possible LTI awards

Funding: UCI Health System revenue

* Target Cash Compensation consists of base salary and, if applicable, short-term and long-term incentives and/or stipends.

**COMPETITIVE ANALYSIS FOR
CHIEF EXECUTIVE OFFICER, UC IRVINE HEALTH SYSTEM,
IRVINE CAMPUS
(MRZ TITLE: CHIEF EXECUTIVE OFFICER,
(MEDICAL CENTER) – UCI HEALTH)**

	MARKET REFERENCE ZONE FOR BASE SALARY						MARKET COMPOSITE FOR TARGET CASH COMPENSATION*				
Percentiles	25 th	50 th	60 th	75 th	90 th	Percentiles	25 th	50 th	60 th	75 th	90 th
Market Data	\$802.8k	\$1045.2k	\$1167.2k	\$1350.1k	\$1531.3k	Market Data	\$868.8k	\$1155.0k	\$1278.3k	\$1463.3k	\$1839.1k
% Difference from Market	24.6%	-4.3%	-14.3%	-25.9%	-34.7%	% Difference from Market	49.6%	12.6%	1.7%	-11.2%	-29.3%

May 17, 2023

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

* Base Salary plus 20% CEMRP STI Target and 10% CEMRP LTI Target award

**COMPARATIVE ANALYSIS
VICE CHANCELLOR – HUMAN HEALTH SCIENCES AND
CHIEF EXECUTIVE OFFICER – UC DAVIS HEALTH,
DAVIS CAMPUS**

Recommended Compensation

Effective Date: July 1, 2023 (Precludes eligibility for 2023-24 general increase)

Annual Base Salary: \$1,206,708

Clinical Enterprise Management Recognition Plan (CEMRP) – Short Term Incentive (STI):

\$241,342 (at 20 percent target rate) with the first possible payment to occur after the end of the 2023-24 plan year

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

\$120,670 (at 10 percent target rate) with the first possible payment to occur after the end of the 2023-26 performance period

Target Cash Compensation after 7/1/23 Increase:* \$1,568,720 including possible LTI awards starting after the end of the 2023-26 performance period (*Proposed base salary (\$1,206,708) plus May/June 2023 HSCP Y payments (\$234,150) equals cash compensation of \$1,440,858 prior to first possible CEMRP award payout in 2024.*)

Funding: UCD Health System revenue

Current Compensation

Title: Vice Chancellor – Human Health Sciences and Chief Executive Officer – UC Davis Health, Davis Campus

Annual Base Salary: \$831,492

Health Sciences Compensation Plan: Negotiated “Y” component in the amount of \$200,700

Total Cash Compensation: \$1,032,192 (Base Salary plus HSCP “Y”)

Funding: UCD Health System Revenue

* Target Cash Compensation consists of base salary and, if applicable, short-term incentive and long-term incentives and/or stipend.

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

MARKET REFERENCE ZONE FOR BASE SALARY	MARKET COMPOSITE FOR TARGET CASH COMPENSATION*
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Percentiles	25 th	50 th	60 th	75 th	90 th	Percentiles	25 th	50 th	60 th	75 th	90 th
Market Data	\$954.8k	\$1404.7k	\$1524.1k	\$1703.2k	\$1996.0k	Market Data	\$1153.7k	\$1560.7k	\$1819.6k	\$2208.0k	\$3022.6k
% Difference from Market	4.7%	-28.8%	-34.4%	-41.3%	-49.9%	% Difference from Market	36.0%	0.5%	-13.8%	-29.0%	-48.1%

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

* Base Salary plus 20% CEMRP STI Target and 10% CEMRP LTI Target award

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