

Pay for nonprofit hospital CEOs varies around US; Average more than \$500k

October 14 2013

Compensation for chief executive officers at nonprofit hospitals varies around the country but averaged almost \$600,000 in a study of top executives at nearly 2,700 hospitals, according to a study published by *JAMA Internal Medicine*.

Little information is known about how hospital CEOs are paid and the factors that affect their compensation, according to the study background.

Karen E. Joynt, M.D., M.P.H., of the Harvard School of Public Health, Boston, and colleagues examined seven data sources, including publicly available tax forms for nonprofit hospitals in 2009. Their study included 1,877 CEOs responsible for 2,681 hospitals.

The CEOs had an average compensation of \$595,781 in 2009, according to the study findings. The CEOs paid the least (median compensation of \$117,933) were mainly responsible for small, nonteaching hospitals in rural areas. The highest paid CEOs (median compensation of more than \$1.6 million) oversaw larger, urban hospitals that were often teaching institutions.

Hospitals with higher [patient satisfaction](#) scores tended to [pay](#) their CEOs more and advanced technology at a hospital was also associated with substantially higher CEO pay, according to the study results. However, a hospital's provision of charity care was not associated with CEO compensation and there were no significant association between

compensation and a hospital's financial performance or performance on process quality, mortality or readmission rates.

"Among the quality metrics we examined, only patient satisfaction was consistently associated with CEO compensation," the study concludes.

In a related commentary, Warren S. Browner, M.D., M.P.H., of the California Pacific Medical Center, San Francisco, writes: "Not surprisingly, the authors found that bigger, glitzier, and more prestigious hospitals – the Yankees and Dodgers of health care – pay their CEOs a lot more money compared with other hospitals."

"Their conclusion that advanced technology drives CEO pay might be right, but an observational design cannot rule out alternatives, such as CEOs at fancier hospitals earn more because they are worth more, or because the members of the board compensation committees at glitzy hospitals are more accustomed to higher incomes," Browner continues.

"On the surface, their most disturbing finding was that CEO pay correlated with patient satisfaction, but not with quality. They see this as a missed opportunity and recommend that hospital boards provide incentives for CEOs to meet quality goals. That advice seems strange, since every [hospital](#) CEO I know who receives incentive [compensation](#) already has quality-related goals. ... By contrast, patient satisfaction correlated with CEO pay, likely because the subjective experience called patient satisfaction is easy to measure, even though what it actually means is unclear," Browner concludes.

More information: *JAMA Intern Med.* Published online October 14, 2013. [DOI: 10.1001/jamainternmed.2013.11537](https://doi.org/10.1001/jamainternmed.2013.11537)
JAMA Intern Med. Published online October 14, 2013. [DOI: 10.1001/jamainternmed.2013.7669](https://doi.org/10.1001/jamainternmed.2013.7669)

Provided by The JAMA Network Journals

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