

## Healthcare Leaders Meeting the Challenge

### AUTHOR



**Steve Sullivan**  
*Managing Director*

The COVID-19 pandemic is profoundly disrupting care models across many US healthcare providers and altering the day-to-day roles and responsibilities of leaders, direct care providers, and administrative staff. These disruptions will be ongoing as the US continues to address the myriad issues brought on by the coronavirus.

Before the current crisis, ambulatory care and the provision of outpatient elective procedures had become the new norm in US healthcare. Now, it is precisely those two more lucrative healthcare delivery avenues (along with other non-essential procedures) that most hospitals and healthcare systems have had to discontinue in order to focus on serving COVID-19 patients, preserving personal protective equipment, and complying with state-issued mandates.

Those medical personnel and administrative staff previously dedicated to providing the temporarily discontinued services are being either redeployed to other jobs related to the coronavirus or are being furloughed, mostly without pay but with continued benefits. Among larger, multi-state health systems, the number of impacted employees is well into the thousands.

What about healthcare executives and physicians? Many in the senior management ranks are taking temporary base salary reductions ranging from 15% to 30%, with a few CEOs taking a 50% base pay cut. The duration of these reductions is often three months. Similarly, some physicians are forfeiting bonus awards and/or annual employer contributions to their retirement plans.

The rationale for these reductions, which is being disclosed on many healthcare industry websites and in industry periodicals, is the loss of revenue associated with the cancelled procedures and closing of ambulatory clinics. However, a number of executives have also said that they're taking the reductions in order to lead by example for the sacrifices being made by all staff in dealing with the pandemic.

Most states have mandated that all health insurers must cover all COVID-19 testing and treatment with no patient cost-sharing of any kind. Additionally, \$200B from the CARES Act is going to hospitals, along with a 20% bonus for costs incurred to treat COVID-19. It remains to be seen how this situation will impact provider financials, but for the time being, many hospital leaders and physicians seem willing make some restitution for the hardship being endured by clinical and administrative staff in dealing with this unprecedented medical crisis.

## About the Author

Steve Sullivan, a managing director in Pearl Meyer's Chicago office, has more than 20 years of consulting and industry experience assisting clients in executing their strategic human resources and compensation initiatives. His focus has been in the areas of executive compensation program benchmarking, design, and oversight in the healthcare industry and for tax-exempt businesses.

## About Pearl Meyer

Pearl Meyer is the leading advisor to boards and senior management on the alignment of executive compensation with business and leadership strategy, making pay programs a powerful catalyst for value creation and competitive advantage. Pearl Meyer's global clients stand at the forefront of their industries and range from emerging high-growth, not-for-profit, and private companies to the Fortune 500 and FTSE 350. The firm has offices in Atlanta, Boston, Charlotte, Chicago, Houston, London, Los Angeles, New York, Raleigh, and San Jose.



# Pearl Meyer

---

**ATLANTA**  
(770) 261-4080  
atlanta@pearlmeyer.com

**BOSTON**  
(508) 460-9600  
boston@pearlmeyer.com

**CHARLOTTE**  
(704) 844-6626  
charlotte@pearlmeyer.com

**CHICAGO**  
(312) 242-3050  
chicago@pearlmeyer.com

**HOUSTON**  
(713) 568-2200  
houston@pearlmeyer.com

**LONDON**  
+44 (0)20 3384 6711  
london@pearlmeyer.com

**LOS ANGELES**  
(213) 438-6500  
losangeles@pearlmeyer.com

**NEW YORK**  
(212) 644-2300  
newyork@pearlmeyer.com

**RALEIGH**  
(919) 644-6962  
raleigh@pearlmeyer.com

**SAN JOSE**  
(669) 800-5074  
sanjose@pearlmeyer.com

**For more information on  
Pearl Meyer, visit us at  
[www.pearlmeyer.com](http://www.pearlmeyer.com) or  
contact us at (212) 644-2300.**