

Office of the President

TO MEMBERS OF THE COMMITTEE ON COMPENSATION:

ACTION ITEM

For Meeting of January 21, 2010

APPROVAL OF COMPENSATION FOR SENIOR MANAGEMENT GROUP PARTICIPANTS OF THE CLINICAL ENTERPRISE MANAGEMENT RECOGNITION PLAN FOR FISCAL YEAR 2008-09 AS DISCUSSED IN CLOSED SESSION

It is common practice, prior to the beginning of each fiscal year, for the five UC medical centers to establish a series of financial and non-financial measures consistent with the mission and goals of each clinical enterprise and those of the system. The measures fall into the following categories and are commonly used among medical enterprises as a way of driving performance improvements:

- Quality Improvements
- Financial Performance
- Patient Satisfaction
- People and other Resource Management
- Key Achievements against the Strategic Plan

The systemwide goals established for fiscal year 2008-09 included 1) achievement of financial savings through joint purchasing, 2) increase in net revenue, and 3) a patient safety metric of a reduction in the catheter associated blood system infections. The medical centers were successful in all of these areas. The aggregate net revenue systemwide was double the projected amount and the patient safety metric was improved by 50 percent.

The Clinical Enterprise Management Recognition Plan (CEMRP) is an incentive plan that provides financial awards based on meeting or exceeding targets for quality of care, financial performance and other goals such as patient satisfaction for the health sciences and services system. The plan drives alignment of the five UC medical centers on the achievement of institutional, organizational and individual goals. Eligible participants are defined as the senior leadership of the clinical enterprise who have significant strategic impact and a broad span of control with the ability to affect enterprise-wide change and performance. Additional, parallel incentive programs that are aligned with this plan provide incentive opportunities to all levels of employees at the medical centers, including more than 22,000 represented and other staff – nurses, patient care technicians, service and other staff members – ensuring alignment of effort and performance throughout the enterprise. Incentive awards under all plans totaled \$33,705,034

for fiscal year 2008-09. This includes the awards recommended in this action, which total \$3,118,519, only 9.25 percent of the overall cost for all incentive plans at the medical centers.

The incentive payouts recommended for the 38 Senior Management Group (SMG) employees represented in the chart below will bring their total cash compensation to a market competitive level. It is common practice among our competitors to provide incentive opportunities to hospital employees. It is important to note that CEMRP puts a larger portion of pay at risk compared to the comparator institutions. As an example, a recent review of market data shows that the median total cash compensation for chief executive officers in the market leads the average base salaries of UC chief executive officers by 26.3 percent. However, after factoring in the incentive pay recommended below, the market median for total compensation for CEOs leads the UC average by just 1.8 percent. This pay-at-risk incentive concept allows the University to pay out awards only if goals are attained thereby rewarding for performance and improvements that benefit the system and the patients.

This incentive plan is funded exclusively through clinical revenue and no State funds are used in the payment of these awards.

RECOMMENDATION

The Committee recommends that awards under the Clinical Enterprise Management Recognition Plan (CEMRP), as proposed by the medical centers for 38 eligible Senior Management Group (SMG) participants and totaling \$3,118,519, be approved.

In accordance with the approval authority guidelines approved by the Regents at their September 2008 meeting, and with the new SMG Salary and Appointment Policy, also approved by the Regents at their September 2008 meeting, SMG Plan participants are presented for Regental approval. Additional CEMRP payouts under the authority of the chancellors will be presented in the Bi-monthly Transaction Monitoring Report.

Last Name	First Name	Title	Base Salary (as of 6/30/09)	Award as % of Base	Award Amount	Total Base + Award
<i>Irvine Campus</i>						
Zehntner	Maureen	CEO & AVC Health Affairs	\$ 555,000	15.00%	\$83,250	\$638,250
King	Ron	Chief Financial Officer	\$ 431,500	19.00%	\$83,903	\$515,403
Reiser	Lisa	Chief Patient Care Services Officer	\$ 243,000	18.00%	\$44,550	\$287,550
Rayburn	Susan	Executive Director, Contracting Svcs	\$ 212,700	19.00%	\$41,358	\$254,058
Spiritus	Eugene	Chief Medical Officer	\$ 310,000	15.00%	\$46,500	\$356,500
<i>Davis Campus</i>						
Madden Rice	Ann	Director/CEO	\$ 584,300	28.75%	\$ 167,986	\$752,286
McGowan	Bill	Chief Financial Officer	\$ 419,700	25.00%	\$ 104,925	\$524,625
Johnson	Vincent	COO	\$ 450,000	22.00%	\$ 99,000	\$549,000
Siefkin	Allan	Executive Dir., Clinical Affairs	\$ 342,000	25.00%	\$ 85,500	\$427,500

Davis Campus (continued)

Minear	Michael	Chief Information Services Officer	\$ 310,000	23.13%	\$ 71,688	\$381,688
Duruiseau	Shelton	Chief Pt. & Admin. Services Officer	\$ 278,320	22.50%	\$ 62,622	\$340,942
Robinson	Carol	Chief Pt. Care Services Officer	\$ 273,300	20.32%	\$ 55,548	\$328,848

Los Angeles Campus

Feinberg	David	CEO UCLA Medical Center	\$ 739,695	29.57%	\$ 218,728	\$958,423
Rubin	Amir	COO, UCLA Medical Center	\$ 547,599	24.78%	\$ 135,695	\$683,294
Rosenthal	J. Thomas	CMO, UCLA Medical Center	\$ 431,506	23.78%	\$ 102,612	\$534,118
Staton	Paul	CFO, Hospital System	\$ 380,016	24.78%	\$ 94,168	\$474,184
Crooks	Heidi	Senior Associate Director, Patient Care Services	\$ 266,805	22.78%	\$ 60,778	\$327,583
Shultz	James	COO, Practice Plan	\$ 238,199	24.78%	\$ 59,026	\$297,225
Carpenter	Posie	CAO, SMUCLA Medical Center	\$ 266,805	21.78%	\$ 58,110	\$324,915
Rothman	Judith	Associate V Chanc, Med Sciences/Sr Associate Fin & Admin	\$ 244,300	23.78%	\$ 58,095	\$302,395

San Diego Campus

Liekweg	Richard	CEO	\$ 660,500	20.62%	\$ 136,174	\$796,674
Jackiewicz	Thomas	Associate Vice Chancellor	\$ 490,000	23.12%	\$ 113,267	\$603,267
Mcafee	Thomas	Dean of Clinical Affairs	\$ 447,200	23.12%	\$ 103,374	\$550,574
Sonnenshein	Mona	COO	\$ 514,700	19.76%	\$ 101,711	\$616,411
Scioscia	Angela	Medical Director - Med Center	\$ 375,800	18.93%	\$ 71,132	\$446,932
Babakanian	Edward	Chief Information Officer	\$ 284,200	19.76%	\$ 56,161	\$340,361
Hogan	Robert	CFO-Retired but Remains Eligible	\$ 258,500	18.93%	\$ 48,929	\$307,429
Baggett	Margarita	CNO	\$ 252,000	18.93%	\$ 47,699	\$299,699
Giddings	Leland	Medical Director - Mgd Care	\$ 233,200	19.76%	\$ 46,083	\$279,283
Moran	Dennis	Chief Professional Services	\$ 212,700	14.16%	\$ 30,120	\$242,820

San Francisco Campus

Laret	Mark	Chief Executive Officer	\$ 739,700	24.50%	\$181,227	\$920,927
Jones	Ken	Chief Financial Officer (Interim COO)	\$ 470,200	18.96%	\$89,162	\$559,362
Lotenero	Larry	Chief Information Officer	\$ 310,800	21.25%	\$66,045	\$376,845
Harris	John	Chief Strategy and Business Development Officer	\$ 298,800	21.15%	\$63,196	\$361,996
Moore	Susan	Director, Finance (Interim CFO)	\$ 234,500	22.71%	\$53,261	\$287,761

<i>San Francisco Campus (continued)</i>						
Antrum	Sheila	Chief Nursing/Patient Care Svcs Officer	\$ 250,000	19.86%	\$49,656	\$299,656
<i>Office of the President</i>						
Stobo	John	Senior Vice President - Health Sciences	\$ 580,000	15.00%	\$87,000	\$667,000
Munoz	Santiago	Associate Vice President – Clinical Services Development	\$ 201,400	20.00%	\$40,280	\$241,680

The compensation described above shall constitute the University’s total commitment regarding incentive compensation until modified by the Regents 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.