

# LEE MEMORIAL HEALTH SYSTEM BOARD OF DIRECTORS POLICY MANUAL

no. 40.02G

supersedes no. 40.02F

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category: Employee Relations

title: President/CEO Compensation & Performance Review

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## PURPOSE:

To provide for the establishment and periodic review of the compensation of the President/CEO of the Lee Memorial Health System and for an annual review of his or her performance.

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## POLICY:

1. The Board shall conduct a review on at least an annual basis of the compensation of the President/CEO.
2. In establishing the compensation of the President/CEO, the following shall apply:
  - a. In evaluating the compensation of the President/CEO, it shall be the Board's goal that the base pay compensation shall be no less than the 50th percentile or median base pay compensation for chief executive officers of health care systems of similar size as reported by a recognized national survey of health care executive salaries and compensation. The survey data will provide for a geographic weight equal to the following: national data (2/3 weight) and southeastern United States data (1/3 weight). Human Resources is responsible for compiling competitive market compensation information and data for the Board.
  - b. No System leadership or management employee, as such positions are defined by System policy, shall receive total cash compensation in excess of 80% of the President/CEO's total cash compensation.
  - c. If the President/CEO is employed pursuant to a written contract, the provisions of that contract related to compensation shall prevail and supersede this Policy during the term of the contract.

3. The Board shall provide the President/CEO with the following incentive compensation opportunity (as a percentage of his/her base salary) utilizing the Leadership Pay Plan guidelines:
  - 10% Incentive Payout based on achieving the strategic goal for Finance
  - 10% Incentive Payout based on achieving the strategic goal for Service
4. Annually, the Board shall review/develop and approve a set of written performance expectations and job description for the President/CEO. The comments of the President/CEO shall be taken into consideration in the development of his or her respective expectations, but the Board shall have the final decision with regard to the performance expectations.
5. Annually, the Board shall conduct a performance evaluation of the President/CEO using the written performance expectations previously developed and approved by the Board. The Chairman of the Board shall have the responsibility to request Human Resources to compile any factual or statistical information necessary to determining outcomes with particular performance expectations. The Board may elect to have each Director complete an evaluation form in advance and send to Human Resources for tabulation and summation. Human Resources will combine the evaluations into one document, reflecting the rating data and documents.
6. The Board shall meet with the President/CEO, discuss the results of the Board's evaluations and provide the President/CEO with any additional feedback on his/her annual performance. At the conclusion of such meetings, the Board shall accept the President/CEO's evaluation and determine any changes to the President/CEO's job description or performance evaluation document for the next fiscal year. Unless determined otherwise, compensation will be adjusted to meet the goal of #2a of this Policy and comply with the President/CEO's contract.