

JOB EVALUATION AND MARKET ANALYSIS

Minnesota Department of Human
Services

August 12, 2019



KORN FERRY®

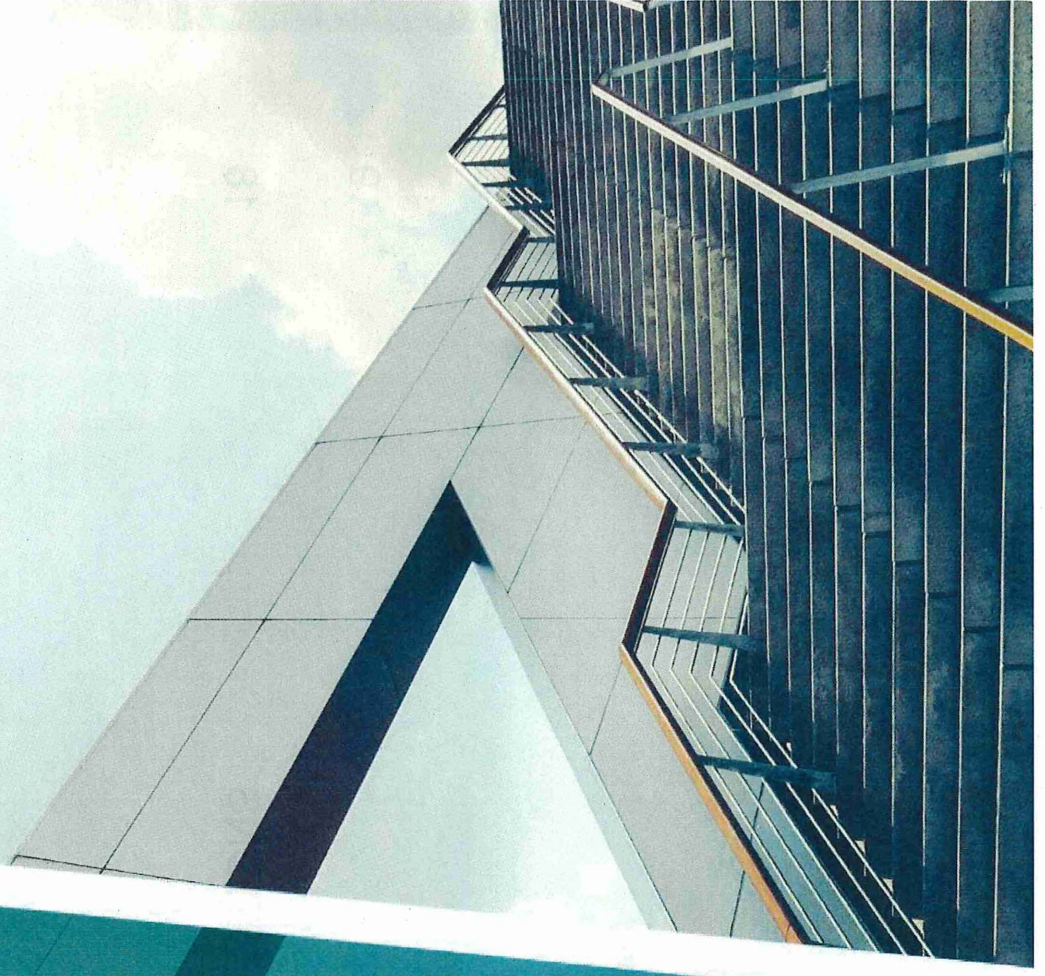


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Introduction and Project Steps



Introduction and Project Steps

Minnesota Department of Human Services (“MNDHS”) engaged Korn Ferry (“KF”) to review and evaluate 34 positions using the Korn Ferry Hay Guide Chart – Profile Method SM and conduct a competitive market analysis of the 34 incumbents included in the study.

Project Steps:

1. MNDHS provided Korn Ferry with job descriptions, organizational charts, compensation data and financial data for purposes of evaluating the roles and gaining a strong understanding of the organization
2. Korn Ferry had interviews with the Health System Chief Executive Officer and five of his direct reports in May 2019 to gather more information about each department and the roles. KF provided MNDHS with key themes gathered from the interviews*
3. Korn Ferry evaluated 34 positions in June 2019 and had discussions with MNDHS Human Resources about the resulting job evaluations
4. Korn Ferry worked with MNDHS to establish and agree upon the relevant market comparators for purposes of benchmarking pay (the healthcare market and the public sector)
5. Korn Ferry conducted a market analysis to see how competitively MNDHS base salaries are paid relative to the market

This report contains KF’s findings of the job evaluation exercise and the competitive market analysis.



**Interview themes were provided to MNDHS under a separate cover.*

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Job Evaluation



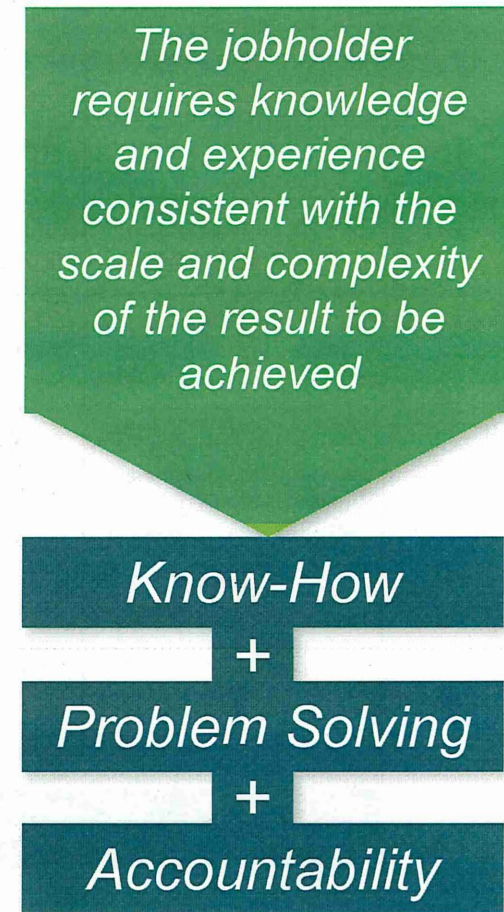
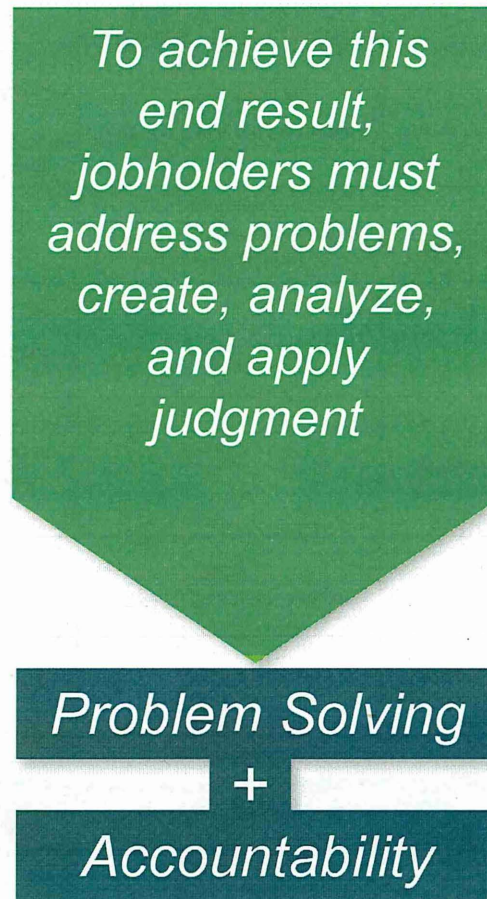
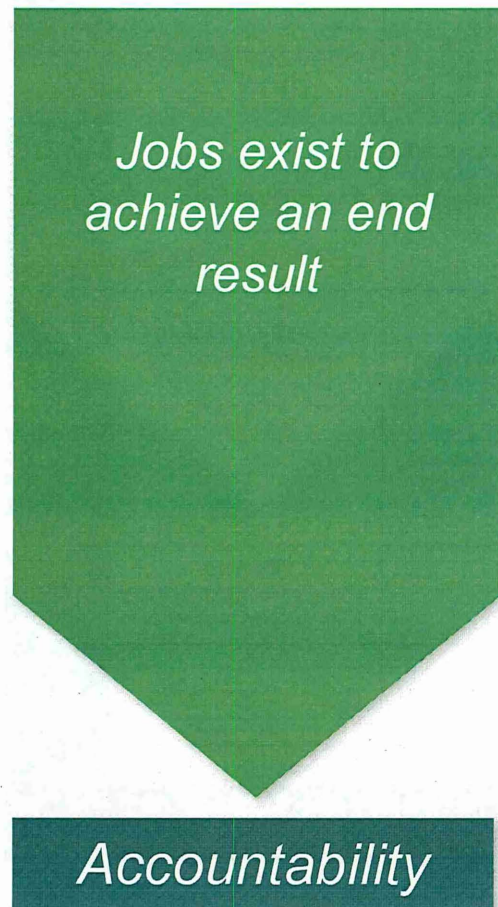
Job Evaluation

The intent of the job evaluation exercise is to ensure the MNDHS roles included in this study are “leveled” correctly based on a consistent and valid methodology.

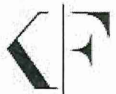
- KF’s **Job Evaluation** methodology forms the foundation of the competitive market analysis, yielding results from which pay decisions can be based.
- Job Evaluation is used to reflect the “value” of each job in terms of its contribution to the organization. KF’s methodology considers the size of the organization and the individual job’s responsibilities and organizational impact. Job Evaluation measures three key factors of a job:
 - **Knowledge required (input)**
 - **Problem solving involved (throughput)**
 - **Results expected (output)**
- Each MNDHS job was evaluated and assigned to a new “grade”.
 - KF evaluated **34** positions covering **34** employees.
 - Proposed grades were reviewed and approved by MNDHS Human Resources and leadership.
 - Slide 8 shows each MNDHS job slotted into a job level “matrix,” which depicts the relativities and differences between jobs in an organization.
 - The job level matrix is a useful tool for organizations to reference when grading new or changed positions.



Factors used in the Korn Ferry Hay Guide Chart – Profile Method SM



The Korn Ferry Hay Methodology uses three universal compensable elements to measure the relative size of jobs.



MNDHS Job Level Matrix

KF RL	Community Based Services	Forensic Services	Mental Health & Substance Abuse Treatment Services	MN Sex Offender Program	DCT Wide (roles report to CEO)
24	CEO Health System (Smith)				
23					
22	Executive Director of Community Based Services (Chandler)		MHSATS Executive Director (Brost)		Chief Operating Officer (Storkamp)
21		Executive Director of Forensics Services (Olson)		Executive Director of the Minnesota Sex Offender Program (Johnston)	Behavioral Health Executive Medical Director (Stevens) Pharmacy Services Executive Director (Lembke) Chief Quality Officer (Carey)
20	Business Operations Director (Hohmann)	Chief Operations Officer (Melby)	Chief Operations Officer (Jones)	MSOP Deputy Director (Berg)	Executive Director of Ambulatory Care & Physician Services (Greupner)
19	MSOCS Director (Nelson-Williams)		Anoka-Metro Regional Treatment Center Administrator (Fischer)	Facility Director of Moose Lake (Moser)	Chief Compliance Officer (Brunner)
18		Forensics Mental Health Program Admin (Vanderveen-Nagel) Executive Director of Security Services (Christensen)	Southern Regional Operations Director (Betner)	Assistant Facility Director (Kneisel)	
17	Southeast Residential Region Program Manager (Vandewalker) Southern Vocational Manager (Murphy)	Forensic Nursing Home Administrator (Chalin) Rehabilitation Services Director (Kennedy)	Child and Adolescent Behavioral Health Services Hospital Administrator (Gallagher) Residential Program Administrator (Thorson) Community Behavioral Hospital Administrator (Westrum) Residential Program Administrator (Sellner)	Reintegration Director (Halvorson) Facilities Security Director of Moose Lake (Linkert)	
16	CSS Southern Regional Manager (Ott) MITH Director (Binsfeld)				

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Market Analysis



Analysis Approach

1. **Developed the market data using a blend of job content and position matching from the surveys listed below (all data projected to 7/1/2019 at a rate of 2.5% per annum):**
 - *2018 Korn Ferry Integrated Healthcare System and Hospital Survey*
 - Although MNDHS is a government entity, the organization operates similar to a health system. Therefore, at the request of MNDHS, KF used both title matches and job content data from our healthcare database, where applicable, when benchmarking MNDHS base salaries.
 - *2018 Korn Ferry General Industry Survey*
 - The database represents a broad national market of public sector positions.
 - MNDHS roles were benchmarked using job content data from this survey.
 - Due to the robustness of this database, the market is stable and reliable for setting compensation policies.
2. **Matched the enterprise/hospital positions to market data according to the operating budget (\$460 million for FY2018) and each role's individual operating budget, which varied by position.**



Market Competitiveness

MNDHS Base Salaries vs. the Market				
Levels:	No. of Employees	Variance to P10	Variance to P25	Variance to P37.5
Ref Levels 20 - 24	13	102%	85%	77%
Ref Levels 16 - 19	20	120%	104%	97%
Overall	33	112%	96%	89%

Any variance of +/- 100% is highlighted

Red box denotes positioning

- In aggregate, MNDHS base salaries trends **slightly below the 25th percentile** of the market (-4% below the 25th percentile).
- However, as shown above, market competitiveness varies within different employee groups.
 - For executive levels (KF reference levels 20 – 24), pay trends **-15% below** the 25th percentile of the market.
 - For non-executive roles (KF reference levels 16 – 19), pay trends **+4%** above the 25th percentile of the market, indicating these salaries are more competitively positioned than roles at executive levels.
- KF notes that for a government entity like MNDHS, trending along the 25th percentile is common.
- The healthcare data used in this analysis contained a mix of for-profit and not-for-profit entities; as such, the healthcare data was higher than the public sector data, especially for executive-level roles.



Note: The Behavioral Health Executive Medical Director was excluded from the compensation study, as this role is an outlier and mostly market supply and demand influence pay for the role.

Market Competitiveness by Reference Level

The table below shows the average base salaries as a % of each market reference point by KF reference level:

KF Ref Level	No. of Incumbents	Average of Base as a % of P10	Average of Base as a % of P25	Average of Base as a % of P37.5
24	1	87%	72%	64%
22	3	91%	76%	68%
21	4	101%	87%	78%
20	5	105%	90%	81%
19	4	117%	99%	91%
18	4	115%	101%	95%
17	10	119%	103%	97%
16	2	142%	123%	116%
Total:	33	112%	96%	89%

Note: Any variance +/- 20% of 100% is highlighted

- Base salaries in reference levels 19 and below are generally more competitive than base salaries in reference levels 20 and above.

Market Competitiveness by Department

Direct Care and Treatment

The table below shows how the base salaries of the roles in Direct Care and Treatment compare to the market data:

Incumbent	Title	KF Ref Level	Annual Base Salary	Base Salary Market Data			Market Comparison		
				10th Percentile	25th Percentile	37.5th Percentile	Base as a % of P10	Base as a % of P25	Base as a % of P37.5
Marshall E. Smith	Health Systems CEO	24	\$215,461	\$246,286	\$297,642	\$336,656	87%	72%	64%
Storkamp, Daniel R	DCT Chief Operating Officer	22	\$137,599	\$167,578	\$200,042	\$226,578	82%	69%	61%
Carey, Terra J	DCT Chief Quality Officer	21	\$125,071	\$152,650	\$175,396	\$194,248	82%	71%	64%
Lembke, Melissa A	Pharmacy Services Executive Director/Pharmacist Senior	21	\$142,944	\$149,246	\$167,594	\$185,235	96%	85%	77%
Greupner, Jared	Behavioral Health Executive Medical Director	20	\$115,258	\$125,555	\$146,196	\$162,524	92%	79%	71%
Brunner, Jay A	Chief Compliance Officer	19	\$119,496	\$110,727	\$136,695	\$148,401	108%	87%	81%
Aggregate:			\$855,829	\$952,042	\$1,123,565	\$1,253,642	90%	76%	68%

Note: Any variance +/- 20% of 100% is highlighted

The Behavioral Health Executive Medical Director was excluded from the compensation study, as this role is an outlier and mostly market supply and demand influence pay for the role.

- In aggregate, base salaries are 90% of the 10th percentile of the market and 76% of the 25th percentile of the market.



Market Competitiveness by Department

Community Based Services

The table below shows how the base salaries of the roles in Community Based Services compare to the market data:

Incumbent	Title	KF RL	Annual Base Salary	Base Salary Market Data			Market Comparison		
				10th Percentile	25th Percentile	37.5th Percentile	Base as a % of P10	Base as a % of P25	Base as a % of P37.5
Chandler, Donovan	Executive Director of Community Based Services	22	\$152,424	\$162,870	\$194,820	\$217,252	94%	78%	70%
Hohmann, Dan	Business Operations Director	20	\$125,155	\$122,082	\$141,411	\$156,896	103%	89%	80%
Nelson-Williams, Shirley	MSOCS Director	19	\$123,756	\$106,932	\$125,230	\$136,718	116%	99%	91%
Vandewalker, John	Southeast Residential Region Program Manager	17	\$107,344	\$87,690	\$100,645	\$107,292	122%	107%	100%
Murphy, James D	Southern Vocational Manager	17	\$100,182	\$87,690	\$100,645	\$107,292	114%	100%	93%
Ott, Robert	CSS Southern Regional Manager	16	\$107,323	\$72,818	\$84,348	\$89,686	147%	127%	120%
Binsfeld, Gary	MN Intensive Therapeutic Homes (MITH) Director	16	\$100,078	\$72,818	\$84,348	\$89,686	137%	119%	112%
Aggregate:			\$816,262	\$712,900	\$831,448	\$904,820	114%	98%	90%

Note: Any variance +/- 20% of 100% is highlighted

- In aggregate, base salaries are 114% of the 10th percentile of the market and 98% of the 25th percentile of the market.



Market Competitiveness by Department

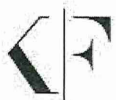
Forensics Services

The table below shows how the base salaries of the roles in Forensics Services compare to the market data:

Incumbent	Title	KF RL	Annual Base Salary	Base Salary Market Data			Market Comparison		
				10th Percentile	25th Percentile	37.5th Percentile	Base as a % of P10	Base as a % of P25	Base as a % of P37.5
Olson, Carol	Executive Director of Forensics Services	21	\$158,103	\$139,817	\$166,138	\$183,925	113%	95%	86%
Melby, Scott	Chief Operations Officer	20	\$133,945	\$122,082	\$141,411	\$156,896	110%	95%	85%
Vanderveen-Nagel, Lisa	Forensics Mental Health Program Admin	18	\$115,258	\$99,326	\$112,570	\$119,976	116%	102%	96%
Christensen, Thomas R	Exec Dir of Security Services	18	\$115,258	\$99,326	\$112,570	\$119,976	116%	102%	96%
Chalin, Michelle	Forensic Nursing Home Administrator	17	\$115,258	\$85,402	\$98,633	\$105,506	135%	117%	109%
Kennedy, Kelly	Rehabilitation Services Director	17	\$100,078	\$85,402	\$98,633	\$105,506	117%	101%	95%
Aggregate:			\$737,900	\$631,355	\$729,956	\$791,785	117%	101%	93%

Note: Any variance +/- 20% of 100% is highlighted

- In aggregate, base salaries are 117% of the 10th percentile and 101% of the 25th percentile of the market.



Market Competitiveness by Department

Mental Health & Substance Abuse Treatment Services

The table below shows how the base salaries of the roles in Mental Health and Substance Abuse Treatment Services compare to the market data:

Incumbent	Title	KF RL	Annual Base Salary	Base Salary Market Data			Market Comparison		
				10th Percentile	25th Percentile	37.5th Percentile	Base as a % of P10	Base as a % of P25	Base as a % of P37.5
Brost, Wade	MHSATS Executive Director	22	\$158,103	\$162,870	\$194,820	\$217,252	97%	81%	73%
Jones, Derrick	Chief Operations Officer	20	\$136,827	\$122,082	\$141,411	\$156,896	112%	97%	87%
Fischer, Rochelle	Anoka-Metro Regional Treatment Center Administrator	19	\$125,155	\$106,932	\$125,230	\$136,718	117%	100%	92%
Bettner, Frederick	Southern Regional Operations Director	18	\$114,777	\$98,784	\$114,186	\$122,768	116%	101%	93%
Sellner, Lorraine	Residential Program Administrator	17	\$77,799	\$85,402	\$98,633	\$105,506	91%	79%	74%
Gallagher, Michael	Child & Adolescent Behavioral Health Svcs Hosp Administrator	17	\$107,344	\$85,402	\$98,633	\$105,506	126%	109%	102%
Westrum, Jennifer	Hospital Administrator	17	\$107,344	\$85,402	\$98,633	\$105,506	126%	109%	102%
Thorson, Brooke	Residential Program Administrator	17	\$86,443	\$85,402	\$98,633	\$105,506	101%	88%	82%
Aggregate:			\$913,792	\$832,275	\$970,179	\$1,055,658	110%	94%	87%

Note: Any variance +/- 20% of 100% is highlighted

- In aggregate, base salaries are 110% of the 10th percentile and 94% of the 25th percentile of the market.



Market Competitiveness by Department

Sex Offender Program

The table below shows how the base salaries of the roles in the Sex Offender Program compare to the market data:

Incumbent	Title	KF RL	Annual Base Salary	Base Salary Market Data			Market Comparison		
				10th Percentile	25th Percentile	37.5th Percentile	Base as a % of P10	Base as a % of P25	Base as a % of P37.5
Johnston, Nancy	Executive Director of the Minnesota Sex Offender Program	21	\$158,103	\$139,817	\$166,138	\$183,925	113%	95%	86%
Berg, Jim	MSOP Deputy Director	20	\$130,041	\$122,082	\$141,411	\$156,896	107%	92%	83%
Moser, Kevin	Facility Director	19	\$137,599	\$106,932	\$125,230	\$136,718	129%	110%	101%
Kneisel, Terry	Assistant Facility Director	18	\$111,082	\$99,326	\$112,570	\$119,976	112%	99%	93%
Halvorson, Scott	Reintegration Director	17	\$113,629	\$85,402	\$98,633	\$105,506	133%	115%	108%
Linkert, Ann	Security Director	17	\$107,344	\$85,402	\$98,633	\$105,506	126%	109%	102%
Aggregate:			\$757,798	\$638,961	\$742,616	\$808,527	119%	102%	94%

Note: Any variance +/- 20% of 100% is highlighted

- In aggregate, base salaries are 119% of the 10th percentile and 102% of the 25th percentile of the market.



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Key Observations and Recommendations



Key Observations and Considerations

- Overall, the base salaries of executive roles included in this study (jobs in KF reference levels 20 and above) are less competitive than base salaries of jobs in non-executive roles (jobs in KF reference levels 19 and below) when compared to the market.
 - In government and non-profit organizations, it is not atypical for base salary competitiveness to trend along the 10th to the 25th percentiles of the market, especially in leadership roles.
 - Although compensation in non-profit organizations typically falls below market 50th percentile, benefits are often richer (i.e. pension plan) and typically balance out the overall total rewards packages (NOTE: KF did not review MNDHS' benefit plans as part of this study).
- KF included clinical roles in this study that might need additional review:
 - The Behavioral Health Executive Medical Director is a physician and pay levels are largely driven by market supply and demand for physicians, not job size. As such, reference level data for this role is not reflective of the pay demanded in the market.
 - The Pharmacy Services Executive Director is also a Pharmacist, but the market data was generally aligned with the size of this job.
- KF used a blend of job content and title matching from our Integrated Health Systems survey and General Industry survey for the public sector.
 - The healthcare data was generally higher than the public sector data used in our study, most notably for executive roles.
- KF believes this data is aligned with the Health System Chief Executive Officer's three-year strategic plan to achieve excellence in seven domains: Quality, Service, People, Growth, Finance, Service, Technology, and Legislative Support.

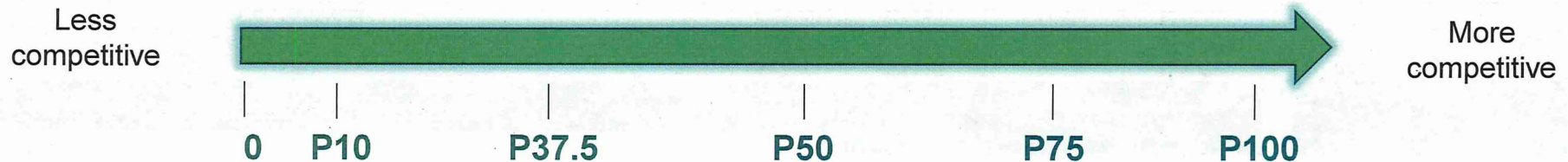


Appendices



A: Market Definitions

- **10th percentile (P10)** – the line above which 90% of organizations pay, it represents the dividing line between the top 90% and the bottom 10% of the market
- **25th Percentile (P25)** – the line above which 75% of organizations pay, it represents the dividing line between the top 75% and the bottom 25% of the market
- **37.5th Percentile (P37.5)** – the line above which 62.5% of organizations pay, it represents the dividing line between the top 62.5% and the bottom 37.5% of the market
- **Median / 50th Percentile (P50)** – the dividing line between the top 50% and the bottom 50% of what the market pays
- **75th Percentile (P75)** – the line above which 25% of organizations pay, it represents the dividing line between the top 25% and the bottom 75% of the market



B: Market Competitiveness by Incumbent

Incumbent	Title	KF RL	Annual Base Salary	Base Salary Market Data		
				10th Percentile	25th Percentile	37.5th Percentile
Marshall E. Smith	Health Systems CEO	24	\$215,461	\$246,286	\$297,642	\$336,656
Chandler, Donovan	Executive Director of Community Based Services	22	\$152,424	\$162,870	\$194,820	\$217,252
Brost, Wade	MHSATS Executive Director	22	\$158,103	\$162,870	\$194,820	\$217,252
Storkamp, Daniel R	DCT Chief Operating Officer	22	\$137,599	\$167,578	\$200,042	\$226,578
Johnston, Nancy	Executive Director of the Minnesota Sex Offender Program	21	\$158,103	\$139,817	\$166,138	\$183,925
Olson, Carol	Executive Director of Forensics Services	21	\$158,103	\$139,817	\$166,138	\$183,925
Carey, Terra J	DCT Chief Quality Officer	21	\$125,071	\$152,650	\$175,396	\$194,248
Lembke, Melissa A	Pharmacy Services Executive Director/Pharmacist Senior	21	\$142,944	\$149,246	\$167,594	\$185,235
Greupner, Jared	Executive Director of Ambulatory Care & Physician Services	20	\$115,258	\$125,555	\$146,196	\$162,524
Berg, Jim	MSOP Deputy Director	20	\$130,041	\$122,082	\$141,411	\$156,896
Hohmann, Dan	Business Operations Director	20	\$125,155	\$122,082	\$141,411	\$156,896
Melby, Scott	Chief Operations Officer	20	\$133,945	\$122,082	\$141,411	\$156,896
Jones, Derrick	Chief Operations Officer	20	\$136,827	\$122,082	\$141,411	\$156,896
Fischer, Rochelle	Anoka-Metro Regional Treatment Center Administrator	19	\$125,155	\$106,932	\$125,230	\$136,718
Moser, Kevin	Facility Director	19	\$137,599	\$106,932	\$125,230	\$136,718
Nelson-Williams, Shirley	MSOCS Director	19	\$123,756	\$106,932	\$125,230	\$136,718
Brunner, Jay A	Chief Compliance Officer	19	\$119,496	\$110,727	\$136,695	\$148,401
Bettner, Frederick	Southern Regional Operations Director	18	\$114,777	\$98,784	\$114,186	\$122,768
Kneisel, Terry	Assistant Facility Director	18	\$111,082	\$99,326	\$112,570	\$119,976
Vanderveen-Nagel, Lisa	Forensics Mental Health Program Admin	18	\$115,258	\$99,326	\$112,570	\$119,976
Christensen, Thomas R	Exec Dir of Security Services	18	\$115,258	\$99,326	\$112,570	\$119,976
Vandewalker, John	Southeast Residential Region Program Manager	17	\$107,344	\$87,690	\$100,645	\$107,292
Murphy, James D	Southern Vocational Manager	17	\$100,182	\$87,690	\$100,645	\$107,292
Chalin, Michelle	Forensic Nursing Home Administrator	17	\$115,258	\$85,402	\$98,633	\$105,506
Halvorson, Scott	Reintegration Director	17	\$113,629	\$85,402	\$98,633	\$105,506
Sellner, Lorraine	Residential Program Administrator	17	\$77,799	\$85,402	\$98,633	\$105,506
Gallagher, Michael	Child & Adolescent Behavioral Health Svcs Hosp Administrator	17	\$107,344	\$85,402	\$98,633	\$105,506
Westrum, Jennifer	Hospital Administrator	17	\$107,344	\$85,402	\$98,633	\$105,506
Linkert, Ann	Security Director	17	\$107,344	\$85,402	\$98,633	\$105,506
Kennedy, Kelly	Rehabilitation Services Director	17	\$100,078	\$85,402	\$98,633	\$105,506
Thorson, Brooke	Residential Program Administrator	17	\$86,443	\$85,402	\$98,633	\$105,506
Ott, Robert	CSS Southern Regional Manager	16	\$107,323	\$72,818	\$84,348	\$89,686
Binsfeld, Gary	MN Intensive Therapeutic Homes (MITH) Director	16	\$100,078	\$72,818	\$84,348	\$89,686

Market Comparison		
Base as a % of P10	Base as a % of P25	Base as a % of P37.5
87%	72%	64%
94%	78%	70%
97%	81%	73%
82%	69%	61%
113%	95%	86%
113%	95%	86%
82%	71%	64%
96%	85%	77%
92%	79%	71%
107%	92%	83%
103%	89%	80%
110%	95%	85%
112%	97%	87%
117%	100%	92%
129%	110%	101%
116%	99%	91%
108%	87%	81%
116%	101%	93%
112%	99%	93%
116%	102%	96%
116%	102%	96%
122%	107%	100%
114%	100%	93%
135%	117%	109%
133%	115%	108%
91%	79%	74%
126%	109%	102%
126%	109%	102%
126%	109%	102%
117%	101%	95%
101%	88%	82%
147%	127%	120%
137%	119%	112%

Aggregate: \$4,081,581 \$3,767,533 \$4,397,764 \$4,814,431

112% 96% 89%

Notes: Any variance +/- 20% of 100% is highlighted
 The Behavioral Health Executive Medical Director was excluded from the compensation study, as this is an outlier and mostly market supply and demand influence for the role.

C: KF General Industry Private Sector Market Data

Midwest States

MNDHS asked Korn Ferry to provide private sector market data for incumbents located in the Midwest. This market data was not used in our analysis, and should be used by MNDHS as supplemental data to the healthcare and public sector market data we provided:

Korn Ferry Reference Levels	Base Salary - P25	Base Salary - P37.5	Base Salary - P50	Base Salary - P75
Korn Ferry Reference Level 24 (1508 - 1800)	\$267,597	\$289,274	\$310,951	\$353,164
Korn Ferry Reference Level 23 (1261 - 1507)	\$225,844	\$244,287	\$262,731	\$298,924
Korn Ferry Reference Level 22 (1056 - 1260)	\$190,895	\$206,632	\$222,369	\$253,524
Korn Ferry Reference Level 21 (880 - 1055)	\$161,514	\$174,975	\$188,436	\$215,355
Korn Ferry Reference Level 20 (735 - 879)	\$136,616	\$148,149	\$159,683	\$183,012
Korn Ferry Reference Level 19 (614 - 734)	\$116,049	\$125,989	\$135,930	\$156,294
Korn Ferry Reference Level 18 (519 - 613)	\$99,348	\$107,995	\$116,642	\$134,598
Korn Ferry Reference Level 17 (439 - 518)	\$85,740	\$93,333	\$100,925	\$116,920
Korn Ferry Reference Level 16 (371 - 438)	\$74,296	\$81,003	\$87,710	\$102,054

Notes:

- This market data includes compensation data from incumbents in the following states: Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota and Wisconsin
- The KF General Industry Public Sector market data used in our analysis is national data








D: Dental Market Data

MNDHS asked Korn Ferry to provide market data for Dentists in several Midwestern states. Below is the resulting market data:

Area Name	10th Percentile	25th Percentile	Median	75th Percentile	90th Percentile
Illinois - State Average	\$150,974	\$170,298	\$193,745	\$224,715	\$252,220
Indiana - State Average	\$147,821	\$169,509	\$193,459	\$224,321	\$251,479
Iowa - State Average	\$141,519	\$163,060	\$186,669	\$216,984	\$243,704
Kansas - State Average	\$139,073	\$160,274	\$183,858	\$214,231	\$241,115
Michigan - State Average	\$148,378	\$168,865	\$192,626	\$223,654	\$251,142
Minnesota - State Average	\$152,843	\$173,841	\$197,952	\$229,356	\$257,076
Missouri - State Average	\$141,666	\$162,203	\$185,730	\$216,280	\$243,384
Nebraska - State Average	\$140,559	\$162,326	\$186,051	\$216,488	\$243,346
North Dakota - State Average	\$145,148	\$166,752	\$190,556	\$221,204	\$248,203
Ohio - State Average	\$146,486	\$167,743	\$191,648	\$222,575	\$249,889
South Dakota - State Average	\$139,953	\$162,799	\$187,262	\$218,364	\$245,802
Wisconsin - State Average	\$150,765	\$172,127	\$196,267	\$227,561	\$255,159
Average of All States:	\$145,432	\$166,650	\$190,485	\$221,311	\$248,543

- Data is reported from Economic Research Institute, effective 7/1/2019.

E: Healthcare Trends

Healthcare Trends	People, Pay and Performance Implications
Policy & tax considerations 	<ul style="list-style-type: none"> ▪ Greater use of committee discretion in incentive plan payments as goal-setting becomes more challenging ▪ Managing costs, using data to make better decisions, engaging and satisfying patients, and shifting toward population health will remain the focus for organizations ▪ New Tax Act and related excise taxes encourage a review of entire executive compensation program for senior executives
Growing influence of for-profit pay practices 	<ul style="list-style-type: none"> ▪ Greater leverage of long-term incentive plans ▪ Increased conversations around CEO pay ratios and incentive plan claw backs resulting from Dodd-Frank legislation ▪ Interest in providing compensation to the board to attract diverse and qualified board members
Race for innovation/ Business diversification 	<ul style="list-style-type: none"> ▪ Need to adapt “traditional” executive compensation programs to attract and retain talent from new labor markets ▪ Emergence of “phantom stock” or “profit interest” incentive plan design for select roles
Increasingly challenging performance environment 	<ul style="list-style-type: none"> ▪ Greater focus by stakeholders on the relationship between executive pay and organizational performance ▪ Many healthcare organizations and compensation committees are revisiting their executive compensation philosophies due to market dynamics ▪ Moderation of incentive plan payouts
Creation of new and unique business arrangements 	<ul style="list-style-type: none"> ▪ Unique business affiliations will likely require new and different leadership styles and competencies. The ability for leadership to transition from creating change through “command and control” to “influence and persuade” will be critical going forward ▪ Active assessment of change-in-control provisions in existing employment agreements and incentive plans

Thank you

