Treasure Valley health systems' CEOs earn about $800K

The top executives at the Treasure Valley’s two nonprofit health systems earned compensation packages around the median for the country in 2011, according to those systems’ latest federal tax filings.

For the first year in a while, those CEOs had a full year of pay to report to the federal government, and only one executive was a major outlier because of retirement pay. At both systems, compensation is set by board members and is based in part on what executives’ peers make in comparable settings around the country. Bonuses played a significant role in pay packages for some of the top-paid health care workers in southern Idaho.

For executives, both Saint Alphonsus and St. Luke’s health systems based a significant amount of their total compensation packages on job performance and whether they meet goals in areas such as patient-care quality and financial performance.

Sally Jeffcoat, CEO of Saint Alphonsus Health System, added about one-third as much to her base pay through bonuses. St. Luke’s executives earned little or no bonus pay, though their base salaries took into account how well they performed and met goals. Some St. Luke’s physicians received bonuses, including a cardiologist whose performance-based bonuses boosted his pay by about 50 percent.

CEOs at both St. Luke’s and Saint Alphonsus earned compensation packages at the low end of the spectrum for CEOs at the 25 highest-grossing nonprofit hospitals in the country.

The 25 highest-grossing U.S. hospitals brought in about $4 billion to about $10 billion — vastly more than Treasure Valley hospitals — and their CEOs earned between about $500,000 and about $10 million, according to Beckers Hospital Review, a trade publication. Most, but not all, CEOs at the highest-grossing hospitals in the U.S. earned at least twice as much as Treasure Valley hospital CEOs. David Pate, the CEO of $1.5 billion-grossing St. Luke’s, made about $800,000; Jeffcoat, the CEO of $511 million-grossing Saint Alphonsus, made about $780,000.

But their pay isn’t based on how much money they bring in, spokesmen said. “We don’t have revenue-based pay,” said Ken Dey, spokesman for St. Luke’s. “It’s (based) more on quality and overall performance.”

DOCTOR PAY

Tax filings by nonprofit hospitals generally report only the five highest-paid physicians. Based on filings for 2011 from three local nonprofit health care entities — St. Luke’s, Saint Alphonsus and the Idaho Elks Hospital pay 1
Rehabilitation Hospital — some of the highest-paid primary-care doctors in the Treasure Valley earned less than $200,000, while specialists — in neurosurgery, urology and cardiology — earned around $1 million.

The median pay for doctors rose across the country in 2011. Internal medicine doctors, who provide primary care, earned a median pay of about $205,000 to $216,000, according to national survey results. Some national experts say a shortage of primary care physicians has helped to boost their income.

Median-pay information isn’t part of the public tax filings. However, Dey said internal medicine doctors at St. Luke’s earn a median salary of $216,000, and family medicine doctors earn a median salary of $200,000. Saint Alphonsus did not provide median salary information for its doctors.

The way local doctors earn their money varies depending on their employment contracts and, to some extent, on the system they work for.

St. Luke’s Health System is moving toward a pay model that bases some of a doctor’s base pay on how well he or she performs, as measured by criteria such as whether a patient must be readmitted to the hospital or how long it takes to get a patient the treatment he or she needs. That reflects a national shift toward paying health care providers based on what they do, not based on how much they do. “That’s ultimately the goal,” said Dey. “We’ll be rolling out (outcomes-based pay) in heart and other departments ... probably within in the next fiscal year.”

There are many doctors at St. Luke’s — urologists, for example — whose annual take-home still depends on their output, or the volume of procedures they do. Longtime employees of St. Luke’s also get paid back for some of the sick time they don’t take, if they hit a certain benchmark for unused sick leave. That incentive for staying with the system and not using up sick time accounted for part of the compensation packages for St. Luke’s top earners, Dey said. Saint Alphonsus does not allow nonmedical employees to accumulate sick and vacation time, said spokeswoman Elizabeth Duncan.

Saint Alphonsus Health System, a unit of the nationwide Trinity Health system, also pays its employed doctors some bonuses based on how well they perform, as opposed to how much they do. “Every specialty has a different median compensation. Saint Alphonsus Health System is developing compensation templates by specialty,” said Blaine Petersen, the system’s chief financial officer.

**WHERE THE FIGURES COME FROM**

This story obtained pay information from tax documents filed by the nonprofit institutions. The documents, IRS Form 990, include revenues, expenses, investments, income, charitable spending and salaries. All nonprofits with 501(c)3 tax-exempt status are legally required to file these forms. They can be downloaded at www.guidestar.org (free registration required).