

Carnahan Group Special Topics Review

Medical Staff Leadership Compensation

March 2023

BACKGROUND

Medical Staff Leadership positions are vital roles for hospital and health system operations. These positions are responsible for overseeing the practice of medicine within the hospital, which includes ensuring that staff is well-trained and competent to provide quality patient care, that policies and procedures are in place to support best practices, and that medical staff members are held accountable to ethical and professional standards. Medical staff leadership also works to ensure that all staff members are valued and respected within the hospital.

Medical staff are typically separate from hospitals and governed by their own set of rules and regulations.

The most common medical staff leadership positions include the Chief of Staff (or President), Vice Chief of Staff (Vice President), Committee Chairs, and Secretary/Treasurer. Other positions may include Medical Directors and Quality Assurance and Credentialing Officers. Medical staff leadership works with hospital management to promote patient safety and satisfaction, create a positive and collaborative culture, and ensure that the hospital complies with all applicable laws and regulations.

Historically, medical staff leaders were volunteers who viewed serving in their roles as a professional obligation. Limited compensation, usually in the form of stipends, was paid only to the Chief or President as recognition for their devotion of time and effort on behalf of the medical staff. Over time, and as hospitals have grown and become more complicated organizations, the duties of medical staff leaders have expanded. Consequently, hospitals and their associated medical staff organizations have found it necessary to offer more leadership positions remuneration and in greater sums.

COMPENSATION

Limited data are available on annual compensation amounts for medical staff leaders. Carnahan Group observes that many hospitals still rely on volunteers, and compensation is primarily based on monthly or annual stipends. Given the necessity and broad industry establishment of medical leadership positions, the commercial reasonableness is generally well demonstrated. Many organizations do not seek opinions of fair market value ("FMV") related to medical staff compensation, presumably because the stipend amounts are relatively low or the remuneration is funded solely through their associated medical staff organization. However, FMV risks may still exist, especially if there is a stacking issue for employed physicians serving in leadership roles or the compensation amount is significantly greater than what other organizations offer. Improper stacking can result in total compensation exceeding fair market value ("FMV").

In order to help provide insights into prevailing compensation levels for medical staff leaders, Carnahan Group conducted research on publicly available sources (Form 990 disclosures) to identify a market sample of relevant compensation rates. While the data reported below do not represent FMV for any particular position, they are intended to help provide a useful reference point and inform decision-making. Contact the Carnahan Group if you have questions regarding reasonable compensation for your medical staff leaders.

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Page 2 of 2

MEDICAL STAFF COMPENSATION MARKET DATA

Table 1 – Medical Staff Affairs Leadership Compensation

Position	Annual Market Compensation Range			
	25 th %tile	50 th %tile	75 th %tile	90 th %tile
President	\$18,100	\$24,500	\$49,000	\$60,500
Vice President	\$5,000	\$14,700	\$20,900	\$32,600
Chief of Staff	\$14,900	\$42,900	\$50,000	\$66,000
Vice Chief of Staff	\$2,200	\$4,800	\$12,800	\$21,000
Combined President & Chief of Staff	\$17,300	\$33,500	\$50,000	\$65,000
Department Chair	\$3,800	\$5,900	\$11,800	\$12,000

METHODOLOGY AND LIMITATIONS

In March 2023, Carnahan Group reviewed the most recently available IRS Form 990 disclosures for tax-exempt hospitals, health systems, and medical staff organizations nationally. The study identified compensation arrangements across all positions. A sample size of 30 was applied to compute the statistics in Table 1 for the President, Vice President, Chief of Staff, Combined President & Chief of Staff, and Department Chair. Due to the limited sample size, only a sample size of 24 was applied to compute statistics for the Vice Chief of Staff. Although the data were evaluated to determine whether there was a correlation between hospital bed size or medical staff size and compensation levels, a significant association was not identified.

HOW CAN WE HELP

Carnahan Group has assisted numerous organizations with developing compensation systems for medical staff leaders as well as assessing the reasonableness and compliance of current compensation arrangements. If your organization is seeking additional information or assistance in connection with medical staff compensation terms, please contact the Carnahan Group to discover how we can help.

Carnahan Group is a national healthcare consulting firm specializing in strategic, business, and compensation valuation services. The firm also performs Community Health Needs Assessments (CHNAs), Physician Workforce Analyses, Planning, and strategic advisory services. Carnahan Group's clients encompass largely integrated and academic health systems, physician practices, ambulatory care providers, rural hospitals, and pharmaceutical and device companies.

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