



| | | | |
|---------------|---------|---------------|------------------------|
| Origination | 05/2004 | Initiator | Board of Directors |
| Last Approved | 04/2006 | Areas | Administration |
| Effective | 04/2006 | Applicability | Parrish Medical Center |
| Last Revised | 04/2006 | | |
| Next Review | 04/2009 | Tags | 9500 |

Chief Executive Officer Compensation Policy

POLICY TYPE: ADMINISTRATIVE

I. POLICY STATEMENT

Parrish Medical Center believes in the dignity of the CEO and the importance of compensating him/her in a just, fair and competitive manner to reflect his/her position at Parrish Medical Center, his/her scope of responsibility, his/her commitment, and his/her contribution to Parrish Medical Center.

II. PURPOSE

The purpose of this Policy is to identify (i) criteria used by the Board of Directors (the "Board") to establish the base salary for the CEO, and (ii) other components of compensation that the CEO is eligible to receive.

III. SCOPE

This Policy applies to the President/Chief Executive Officer ("CEO") of Parrish Medical Center.

IV. PROCEDURES

Parrish Medical Center's compensation plan for the CEO is intended to be competitive since Parrish Medical Center strives to be an employer of choice. As part of its compensation philosophy, Parrish Medical Center shall also rely on a formal written employment agreement with the CEO to address compensation. The Board shall engage the services of its legal counsel or such other consultants as deemed appropriate in preparing any such employment agreements and in assisting in an evaluation of compensation on a regular basis.

A. COMPENSATION STRUCTURE:

In order to attract outstanding leadership, Parrish Medical Center will offer a compensation package that, in addition to a base salary, will include incentives, fringe benefits, and prerequisites that reflect the important role the CEO plays in the organization.

B. BASE SALARY:

1. In order to ensure that the Base Salary paid each year to the CEO is competitive and appropriate to the size, complexity and scope of responsibilities for this position, the Board shall review regional market assessment reports that include a base salary survey of comparably situated senior hospital executives. The salary survey should specifically identify, at a minimum, three (3) similarly situated hospitals on the basis of revenue and expense budgets, full-time equivalent personnel, number of beds, and services and programs offered. In the alternative, the Board may use a blend of several surveys containing information regarding base salary and fringe benefits of similarly situated hospital executives.¹ Parrish Medical Center shall strive to set the annual base salary to equal or exceed the average base salary (adjusted for outliers) reported in such market analysis, as reported on an annual basis. In addition, on an annual basis, legal counsel to the Board shall obtain feedback from the Board of Directors pursuant to the Policy on Chief Executive Officer Performance Appraisal, Administrative Policy No. 9500-300.
2. On an annual basis, Parrish Medical Center, through the Board's Compensation Committee for the President/Chief Executive Officer, shall also strive to have an open and direct conversation with the CEO or with individuals being recruited for the CEO position regarding compensation needs and expectations. The Base Salary may take into consideration the results of such conversation.
3. **FRINGE BENEFITS:**

The compensation package of the CEO may include the following fringe benefits in accordance with (i) the terms and conditions of such program as approved by the Board from time to time, and (ii) applicable Florida law that may govern the provision of such benefits by special districts to its employees.

- a. Deferred Compensation
- b. Supplemental Retirement Benefits
- c. Personal Leave Days
- d. Tuition Reimbursement
- e. Fees for education seminars and associated travel
- f. Professional Dues and Business Expense Reimbursement
- g. Life Insurance with a death benefit
- h. Health insurance
- i. Long-term disability insurance
- j. Accidental death or dismemberment insurance
- k. Automobile allowance

4. COMPENSATION REVIEW:

On an annual basis, the Board shall review the compensation of the CEO in order to ensure that such compensation:

- a. is administered consistently according to the Parrish Medical Center Compensation philosophy;
- b. is reasonably linked to Parrish Medical Center's purposes and the mission of the North Brevard County Hospital District;
- c. is reasonable and reflects the job performance appraisal by the Board; and
- d. qualifies as reasonable in light of salaries paid to other senior executive hospital staff similarly situated.

V. RESPONSIBILITY

A. ROLE OF COMPENSATION COMMITTEE FOR THE PRESIDENT/CHIEF EXECUTIVE OFFICER:

The Board shall delegate the administration of this Policy to the Compensation Committee for the President/Chief Executive Officer, provided that the Board shall retain authority to approve or reject the recommendations of this Compensation Committee.

B. FUNCTIONS OF THE COMPENSATION COMMITTEE FOR THE PRESIDENT/CHIEF EXECUTIVE OFFICER:

1. Periodically (at least annually) review and analyze the compensation arrangements with the CEO under this Policy.
2. Work with Parrish Medical Center's legal counsel, or external consultants to evaluate and compare hospital senior management compensation trends on national, regional, and local levels to ensure that the CEO compensation is reasonable and appropriately established under this Policy.
3. Develop Parrish Medical Center compensation arrangements and programs for the CEO, including the base salary, systems for incentive compensation, non-cash compensation, and other supplemental compensation programs for approval by the Board.
4. Negotiate, on behalf of the Board, compensation arrangements regarding the CEO employment contracts and/or severance and retirement packages.

¹ Examples include executive compensation surveys produced by VHA, Inc. and Modern Healthcare.

All Revision Dates

04/2006

Approval Signatures

| Step Description | Approver | Date |
|------------------|----------|------|
| | | |

Applicability

Parrish Medical Center

COPY