Our board requires the assistance of standing committees to effectively/efficiently meet its obligations, fulfill its responsibilities and perform its roles because: some aspects of governance work are best tackled by small groups; and our board does not have enough time, when it meets, to accomplish everything required of it. Excluding noted exceptions, standing committees are not authorized to formulate policies or make decisions on behalf of our board. Rather, committees are charged with performing governance “staff work” that leverages our board’s time and effort.

purposes

✔ assist our board to fulfill its responsibility for ensuring high levels of executive performance and contribution

✔ assist our board formulating policies regarding, making decisions about and overseeing executive compensation

Our board’s only direct report is the President/CEO; the committee focuses exclusively on this position and the person holding it.

tasks

✔ develop an annual committee work plan; forward to the executive committee for review/input and approval

✔ make a recommendation to our board regarding the retention of an executive compensation consultant

✔ periodically, undertake a review of the President/CEO succession plan; forward, with recommendations, to the board for discussion/action
✔ periodically, undertake a review of the President/CEO retention plan; forward, with recommendations, to the board for discussion/action

✔ draft policies and decisions regarding President/CEO evaluation and compensation; forward to the board for discussion/action

✔ in consultation with the incumbent, draft annual President/CEO performance and outcome objectives; forward to the board for discussion/action

✔ design and periodically review methods for evaluating President/CEO performance and contributions

✔ direct and oversee our board’s annual President/CEO assessment process; forward results, with analyses and recommendations, to the board for discussion/action

✔ facilitate the chair’s (or other designee’s) discussion of performance/contribution feedback to the President/CEO

✔ annually, draft recommendations regarding adjustments in the President’s/CEO’s compensation and bonus distribution; forward to the board for discussion/action

✔ evaluate our board’s compliance with legal/regulatory mandates regarding executive compensation; forward recommendations, as needed, to the board for discussion/action

✔ annually, receive and review a report from the President/CEO regarding the performance/contributions and compensation of: all senior corporate officers; and Presidents/CEOs of subsidiary organizations
✓ when needed, screen executive search firms and forward a recommendation regarding selection to the executive committee

✓ as needed, coordinate its work with other board committees

✓ perform other tasks associated with President/CEO performance/contributions and compensation assigned by our board

✓ annually, forward a report to the executive committee: detailing the committee’s activities/accomplishment; assessing its performance; making recommendations for altering functions, processes and procedures

meetings

✓ quarterly, four times per year

✓ expected duration: two hours

✓ agenda books and background materials will be distributed to committee members at least ____ days prior to the meeting

composition

✓ board chair

✓ four directors (from whom the chair will be selected)

✓ all members of the committee must be independent directors

staffing

✓ professional: as appropriate, retain executive compensation expertise

✓ administrative/secretarial: individual selected by the Vice President for Human Resources Management
NOTES:

A charter assists in directing and structuring committee work. This illustrative charter is crafted for the executive performance and compensation committee of a free-standing hospital board based on current best practices; modifications would need to be made for: health system (parent) boards; boards of hospitals which are system subsidiaries; and boards of other healthcare organizations (e.g., medical group, health plan).

*This is an illustration* and not meant to be comprehensive or inclusive. It is provided as a template, and point of departure, for formulating your board’s executive performance and compensation committee charter.

The charter is grounded on a model of healthcare organization governance forwarded in *Board Work* by Dennis Pointer and James Orlikoff (Jossey-Bass, 1999).

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Reviewed and Updated in 2016