**Achieving Our Goals: How Ascension’s Approach Supports Providing Quality, Affordable Care for All**

It used to be so much easier to define – there were organizations that operated hospitals and there were insurance companies that paid them for their services.

Now, in today’s value-based healthcare environment – as the lines blur between provider and payer, and as disruptive retail brick-and-mortar and web-based companies enter the care delivery space – it’s more challenging than ever to categorize the players.

For three years, I have served on the board of St. Louis-based Ascension, as well as on the board’s executive compensation committee. Ascension is a “new model” healthcare system – in many aspects, a “health-system-plus.” The organizational structure and diverse portfolio of Ascension make it a unique and innovative business requiring well-appointed leadership.

The Ascension Healthcare Division is focused on value-based efforts to deliver exceptional health outcomes, an exceptional experience for the people it serves and an exceptional experience for providers, at an affordable cost. That work is accomplished through 150,000 dedicated providers and caregivers serving around the country in more than 2,500 sites of care, including 141 hospitals as well as more than 30 senior living facilities.

Last year, the organization provided $1.8 billion in care of persons living in poverty and other community benefit programs – averaging nearly $5 million per day – on $22 billion in revenue. By almost any measure, Ascension is a leading healthcare delivery system and one of the largest nonprofit organizations in the United States.

The “plus” part of Ascension is its unique Solutions Division. A number of Ascension subsidiaries provide value not only to Ascension healthcare operations, but in many cases to additional customers as well.

The Ascension Solutions Division includes an investment management subsidiary with $34 billion in total assets under management, including $4.5 billion from institutional investors outside of Ascension. The division also includes a venture investing subsidiary with more than $800 million in investments under management and a dozen limited partners that operate more than 470 of their own hospitals.

The Solutions Division includes an information technology subsidiary, with its own budget in excess of $1 billion this year. It also includes a contracting subsidiary that operates a group purchasing organization for Ascension and other entities. Last year, Ascension spent more than $4.5 billion on supplies and services.

As you can see, Ascension today is much more than a hospital operator. In light of this, the Ascension compensation committee has set a challenge to design a compensation structure that will address our stewardship objectives while appropriately attracting and retaining talented executive leaders who possess the professional business skills, abilities, experience and leadership necessary to manage and oversee the largest nonprofit diversified healthcare organizations in the country.

We recognize that we must compete for executive leaders at the highest levels throughout the country, but we also know that Ascension’s unique Mission and Values – and our commitment to the common good – are attractive to many candidates.

The Ascension board, working with leading independent compensation consultants, establishes the organization’s goals and executive compensation to ensure socially responsible and equitable compensation that is competitive and consistent within the healthcare industry as well as among others in our unique space.

Our executive compensation framework places a premium on compensation that is “at risk,” with 70 percent tied to Ascension meeting goals related to safe, high-quality care, and improving the community health needs for those we serve, and the remaining 30 percent of the at-risk compensation focused on financial stewardship of the organization.

Not many organizations – nonprofit or otherwise – commit the time and resources that we do to ensure that our compensation framework passes the test for reasonableness. And this framework is part of a continuum that starts with the industry-leading $11 an hour socially just minimum wage for our employees that we introduced in 2015, as well as the supplemental support we offer those who have difficulty covering their portion of the cost of Ascension health insurance benefits for themselves and their family.

Ascension can be described as a diverse national healthcare organization involved in a variety of related and supportive ventures. But at its core, Ascension exists to provide compassionate, personalized care for all, with special attention to persons living in poverty and those most vulnerable. That Mission is at the heart of all we do – and with good stewardship will continue well into the future.

**– By Stephen M. Dufilho, a member of the Ascension Board of Directors and Chair of the Executive Compensation Committee**