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The Average Salary of a CEO of a Large Hospital

Work | Career Advice | Salary and Compensation

By [Fraser Sherman](#) Updated May 19, 2020

A health care CEO's salary in large American hospitals runs above \$1 million a year. A 2019 *Forbes* report found only eight of 82 nonprofit hospitals paid their CEO less, and some paid as much as \$21 million. A 2018 study in the *Clinical Orthopaedics and Related Research* journal found that pay increases for CEOs and other hospital executives have grown steadily throughout the 21st century.

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Tip

Although large hospitals pay more than **\$1 million**, the average 2020 health care CEO salary is **\$153,084**, according to [Payscale](#), with more than 11,000 individuals self-reporting their income. With bonuses, profit-sharing and commissions, salaries typically range from **\$72,000** to **\$392,000**.

Hospital CEO Job Description

Health care CEO compensation is high because the job is demanding. Any top-level position at a large, bustling organization puts high-pressure demands on the person who fills it. As the [BoardEffect](#) website explains, CEOs run organizations in an industry where profit margins are tight, regulations are exceptionally strict, and the workforce is increasingly diverse.

Top hospital management also deals with a world of constant change. For example, a 2020 article from the *Journal of the American Medical Association* describes how COVID-19 is affecting the industry. People who'd usually go into a hospital or clinic are staying away unless their condition is serious, and unemployed workers who've lost their insurance can't afford medical care.

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Hospital management has to deal with these financial challenges to keep their organizations open.

Several CEOs told [Becker's Hospital Review](#) in 2020 about what they consider the key parts of their job duties:

- Sharing their vision of the hospital's mission with staff
- Keeping staff focused on goals and strategies that accomplish the company's mission
- Developing a great staff and putting top performers in the right positions
- Empowering their team to take responsibility for their duties
- Being open to new ideas and encouraging staff to try them out
- Set the tone of the hospital's culture

Hospital CEO Education Requirements

If you're aspiring to earn a health care CEO salary someday, the [MHA Online](#) website says you need to meet the education requirements. Your choice of undergraduate degree isn't particularly important as long as you have one. At the graduate level, your best bet is a Masters of Health Administration, a Masters of Public Health, or a similar degree program such as an MBA with a focus on health care administration.

Experience in the industry is essential. It may take a decade of work in lower-ranked administrative roles before you can shoot for a hospital CEO position. It's not just the knowledge you gain that qualifies you but also the networking and



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connections you forge with the players who make the hiring decisions. While accreditation isn't a requirement, it can buff up your resume.

Hospital CEO Dr. David Pate told MHA Online that students who aren't out to become medical professionals should consider volunteering at a local hospital. Knowing what the work is like on the front lines will give them a better perspective on the people working under them.

Hospital CEO Industry

Becker's Hospital Review reported in 2017 that the industry includes more than 5,000 hospitals across the United States. That includes federal hospitals, psychiatric hospitals, hospitals for long-term care, and institutions dealing with alcohol and drug rehab. More than half the industry is nonprofit.

The industry landscape ranges from multimillion-dollar health care systems down to small rural hospitals struggling to stay above water. Your choice of employer is going to affect your health care CEO compensation. The magazine *Modern Healthcare* said in 2019 that competition is intensifying for top talent, so if you qualify, you may receive generous health care CEO compensation offers.



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How Much Does a Chairman of a Hospital Make?

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By **Amber Collins**

Rather than relying on hospital quality measures or patient outcomes, the salaries of hospital chairmen are often determined by the size of the hospital. Chairmen of large teaching hospitals typically receive the highest median salary of hospital executives, at a median of \$1.66 million per year, while rural executives receive the lowest, with a median of \$117,933 per year.



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Depending on a hospital's organizational structure, the role of chairman of the board may be held by the organization's chief executive officer or another member of the executive management team. CEO salaries vary slightly by region.

According to the Bureau of Labor Statistics, CEOs in the western state of California earned an annual mean salary of \$197,060. Southern CEOs earned an annual mean salary of \$200,380, according to data provided for CEOs in the state of North Carolina. Northeastern CEOs earned a mean salary of \$210,070 per year, as reported by the state of Connecticut. CEOs in the midwestern state of Minnesota reported a mean salary of \$173,810 per year.

Average Hospital Salaries

The BLS reported that, in 2012, the mean annual salary of CEOs for all hospital types was \$198,340 per year. The BLS also reported that the median annual salary for top executives was \$140,140. This figure includes the salaries for CEOs and top executives of all private, state and local government general, surgical, specialty and substance-abuse hospitals.

General Medical and Surgical Hospital Salaries

General medical and surgical hospitals include nonprofit and for-profit private, state, and local government hospitals that treat patients with all types of ailments and conditions. According to the BLS, general medical and surgical hospital CEOs had a 2012 mean salary of \$201,100, while top executives had a mean salary of \$141,860. Becker's Hospital Review reported that CEOs at the largest nonprofit

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general hospitals earned an average salary of more than \$1 million in 2010.

Psychiatric and Substance Abuse Hospital Salaries

Psychiatric hospitals diagnose and treat patients with mental illnesses.

Psychiatric and substance abuse hospitals may be privately run or run by the state or local government. The BLS reported a 2012 mean income of \$167,020 for CEOs of psychiatric and substance abuse hospitals. Top executives were reported to have a mean salary of \$117,720.

Specialty Hospitals

Specialty hospitals are few in number but provide critical care to patients in specialties such as cardiac care and pediatrics. CEOs of specialty hospitals earned a mean salary of \$193,440 per year, according to the BLS. The BLS also reported a mean annual salary of \$139,520 for top executives in 2012. CEOs at the largest children's hospitals were reported by Kaiser Health News to have earned salaries in excess of \$1 million per year.

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The Average CEO Salary in the U.S. Insurance Industry

By [Rick Suttle](#)

Insurance company CEOs are primarily responsible for establishing and implementing organizational goals, policies and procedures, overseeing the creation of new insurance products and ensuring their companies maximize profits. They also consult with other executives on operational



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procedures, appoint new department heads and analyze financial statements, costs and sales reports. Insurance company CEOs earn salaries averaging between \$140,000 and \$150,000 annually.

Salary and Qualifications

While top-paid insurance company CEOs such as Daniel P. Amos of Aflac, Arthur F. Ryan of Prudential and Glen M. Renwick of Progressive earn tens of millions in salaries and stock options, according to Forbes, many more small and independent insurance company CEOs earn significantly less. The average annual salary for an insurance industry CEO was \$145,000 as of 2013, according to the job site Indeed. Most of these top executives have at least a bachelor's degree in business, marketing, finance or public administration, and many have master's degrees. Other essential qualifications for this top-level job include good time-management, communication, leadership, management, problem-solving and decision-making skills.

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Salary by Region

In 2013, average salaries for insurance industry CEOs varied the most in the West, according to Indeed, where they earned the highest salaries of \$157,000 in California and the lowest of \$96,000 in Hawaii. Those in the Northeast made \$124,000 to \$175,000 per year in Maine and New York, respectively. Insurance industry CEOs earned \$124,000 to \$171,000 in Louisiana and Washington, D.C., which were the lowest and highest salaries in the South. In the Midwest, they made the most in Illinois and the least in Nebraska and South Dakota -- \$158,000 and \$109,000, respectively.

Contributing Factors

Most CEOs in the insurance industry earn higher incomes working for larger companies. For example, CEOs in some of the largest insurance companies -- Cigna, Humana, Health Systems, Aetna and Wellpoint -- earned average incomes of \$10.9 million, according to the latest data from Creators Syndicate. The \$10.9 million average includes both salaries, benefits and stock options for these top insurance company executives. Insurance company CEOs also earn more in New York and California because living costs are higher in those two states. A CEO earning \$145,000 in Cincinnati, Ohio, would need to make \$340,042 in New York City to maintain the same living standard, according to CNN Money's "Cost of Living" calculator. In San Francisco, that same CEO would need to earn \$252,856, or approximately 74 percent more.

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Job Outlook

The U.S. Bureau of Labor Statistics only predicts a 5 percent increase for top executives, including those in the insurance industry, until 2020, which is slower than the 14 percent growth rate for all occupations. Jobs for CEOs do not typically grow as fast as those of other employees, as fewer of these positions exist. Insurance company CEOs may find more job opportunities with the introduction of new health organizations, especially as new healthcare laws are passed.

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Pay Scale for a Chief Financial Officer of a Hospital

By [Eric Strauss](#)

The chief financial officer at a hospital, also called the financial manager, is responsible for the business aspects of the facility, from accounting and cost analysis to budgeting. The CFO likely has a lengthy business background and education, but does not need to have a medical degree. This is a top-level executive position that typically pays a good salary.



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General Hospitals

Financial managers at all types of hospitals were paid a mean annual wage of \$114,530 as of May 2011, according to the Bureau of Labor Statistics. Those at the most common type of hospital, the general medical and surgical hospital, were paid a similar \$114,750, according to the bureau. These managers were the fourth-highest-paid of the 28 management categories in the survey, trailing only the chief executive officer -- the CFO's boss -- as well as the operations manager and higher education administration manager. The 9,510 financial managers at general hospitals comprised the bulk of the 10,400 hospital finance leaders surveyed.

Specialty Hospitals

The financial chiefs at specialty hospitals were paid a mean annual wage of \$117,040, according to the BLS. At these hospitals, the financial executives were paid the highest average wage among management occupations outside of the CEO. There only were 520 financial managers included in the survey. The pay level exceeded the overall hospital average.

Psychiatric Hospitals

At psychiatric and substance abuse hospitals, the chief financial officer was paid

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a mean annual wage of \$105,370, according to the bureau. The 370 finance managers in the survey had the second-highest management salaries at these hospitals as well, trailing only the CEO.

Comparisons

Overall management salaries at hospitals averaged \$104,210 per year, according to the BLS, with the CEO paid an average of \$195,460. The mean annual wage for all financial managers in the BLS database was \$120,450, nearly \$6,000 per year more than the mean wage for those employed in the hospital industry.

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Salary of Directors of Hospitals

By [Mary Dowd](#) Updated June 21, 2021

Hospital directors are chief executive officers (CEOs) ultimately responsible for the reputation, profitability, quality, regulatory compliance and growth of the healthcare facilities they oversee. This high-pressure job pays well to compensate hospital directors for the scope and weight of their responsibilities. According to [Discover Health Admin](#), hospital administrators must exercise due diligence in performing their duties because mistakes or lapses in judgment can result in litigation, criminal prosecution and substantial fines. Hospital directors generally earn six-figure incomes with a generous base salary plus bonuses for special achievement in areas of key importance to the hospital's governing board.

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Hospital Director Qualifications

Salary is commensurate with education, experience and size of the hospital or healthcare system. Minimally, a hospital CEO holds a bachelor's degree in business, nursing, health administration or public health. The Economic Research Institute, or [ERI](#), reports that 54 percent of hospital directors have a master's degree and 4 percent have a doctorate in a field closely related to hospital administration. The ERI further indicates that their average salaries range somewhere between **\$229,170** and **\$627,189** as of June 2021.

Educational preparation at the undergraduate and graduate level includes classes in business management, accounting, health informatics, human resources, ethics, laws, government regulations and strategic planning. Hospital directors are not required to have a state license but many voluntarily seek administrative healthcare certifications through professional organizations such as the American Hospital Association ([AHA](#)) and the American Association of Healthcare Administrative Management ([AAHAM](#)).

Healthcare C-Suite Executive Salaries

Chief executive officers working in U.S. hospitals earned a median annual wage of **\$214,550** per year, or **\$103.15** per hour, as of May 2020, according to the U.S. Bureau of Labor Statistics, or [BLS](#). They earned higher average salaries than hospital operations directors and other lower-level managers who made **\$153,290** and **\$129,250**, respectively. Hospital directors also earned higher

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salaries than some physicians, including internal medicine physicians who earned **\$172,130** and pediatricians who averaged **\$169,450** per year.

Director Salaries by Hospital Type

Hospital director salaries vary somewhat according to the type of hospital where they work. For example, chief executive officers in charge of general medical and surgical hospitals averaged **\$213,500** per year or **\$102.67** per hour, according to [BLS](#). Those employed by substance abuse and psychiatric hospitals annually averaged **\$207,870** per year, or **\$99.94** per hour. Salaries were even better at other types of specialty hospitals, where hospital CEOs averaged **\$234,840** per year, or **\$112.91** per hour. Examples of specialty hospitals include children's hospitals, cancer treatment centers and cardiac care hospitals.

Additional Annual Compensation

A hospital director's earned income can be much higher than average if they have skills that are in high demand and perform exceptionally well on the job. To attract and retain top talent, hospital governing boards offer employment contracts that typically include a guaranteed salary plus incentive pay in the form of hefty bonuses. For example, the Washington Hospital Healthcare System in Fremont, California, offered a CEO [contract](#) in 2019 with a starting salary of **\$712,000** per year along with incentive compensation capped at 25 percent of base salary for potential annual earnings in excess of **\$1 million dollars**. Other perks included in this contract included comprehensive fringe benefits and a \$1,500 monthly car allowance.

Hospital Director Job Outlook

Job opportunities in healthcare look strong in the years ahead as the aging Baby



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Boomer population continues to seek unprecedented levels of medical care and services. Highly skilled healthcare managers will be needed to manage costs and maintain quality. The [BLS](#) projects that demand for healthcare managers overall will grow an impressive 32 percent through 2029, much faster than the 4 percent anticipated growth of all occupations. Healthcare systems are also expected to become larger and more complex. Job opportunities will be best for managers and hospital directors familiar with technology and healthcare IT systems.

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How to Be a Successful Hospital Manager

By [Dr. Kelly S. Meier](#) Updated October 07, 2020

Strong managerial experience, negotiation skills and policy expertise are just a few of the traits needed to be a successful hospital manager. As a growing industry, health care has become an increasingly complex career field. In addition to undergraduate and graduate degrees in health care administration, you'll need several years of experience in a hospital management system to secure a top job.

Job Description

Unlike physicians and nurses, a hospital manager has little or no interaction with patients. Instead, the function of hospital management is to ensure that the

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overall operation runs smoothly. Each day presents new problems to solve and a focus on the financial health of the organization. Other hospital management responsibilities include:

- Providing a vision for the facility
- Setting short- and long-term goals
- Establishing a budget
- Overseeing billing
- Meeting with prospective donors
- Running staff meetings
- Working with governing boards
- Meeting with investors
- Monitoring budget expenditures for supplies, equipment and staffing
- Marketing the services of the hospital
- Interacting with bargaining units and staff representatives

A successful hospital manager must consider the needs of the facility, patient safety and the fiscal realities of operating a multifaceted organization. Often, difficult decisions must be made that require input from several departments. For example, in a tight budgetary situation, a hospital manager must consider the hospital staff-to-bed ratio. This reality can change at any moment and can cause friction between the staffing on the front lines and the bottom line of the organization.

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Education Requirements

If you want to be a hospital manager, you'll need to begin by earning a college degree. Choose a health care administration program that will provide you with a comprehensive understanding of the hospital management system. For example, [California State University, Long Beach](#), offers a bachelor of science in health care administration that features the following courses:

- Medical Terminology
- Legal Aspects of Health Administration
- Marketing for Health Services organizations
- Management and Information Systems
- Quality Assurance in Health Care
- Principles of Risk Management and Patient Safety
- Financial Management of Health Care Institutions
- Analysis and Evaluation of Health Care Services
- Economics of Health
- Global Issues in Health Services
- Technology, Ethics and Society

Some programs may include an internship or practicum in a health care setting. Volunteering or gaining practical experience will bolster your application to graduate school.

Master of Healthcare Administration: In order to be a successful hospital manager, you'll need to pursue graduate school. Expect to spend two years in a program that combines classroom learning with practical experience. The [University of Minnesota](#) offers an executive-level program in this area that offers

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these competencies:

- Healthcare Delivery, Financing and Public Policy
- Population Health Measurement and Management
- Foundations of a Value-Based Healthcare System
- Community Collaboration
- Quantitative Analysis and Performance Measurement
- Economic Analysis and Application
- Financial Management
- Process Improvement, Quality Improvement and Operations Management
- Information Management
- Organizational Awareness
- Collaboration
- Leading and Managing People
- Project Management
- Working in and Leading Teams

The culmination of your education will be a research or practical project that demonstrates special expertise.

Industry

The median annual pay for health and medical services managers was **\$100,980** or **\$48.55**, per hour, according to the [U.S. Bureau of Labor Statistics](#) in 2019. The top reported salary was **\$189,000**, and the lowest was **\$58,820**. Hospital and government jobs paid the most.

Years of Experience

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Experience will set you apart in the job market. After graduating, you'll likely start in an assistant manager job or as a manger of a hospital in a smaller market. Once you're seasoned, you can secure a job that oversees one or more hospitals. Experience will add to your ability to secure a higher salary.

Job Outlook

The hospital management system and health care operations are growing much faster than most occupations. You can expect a 32 percent increase in available jobs between now and 2029. An aging population has increased the need for more medical facilities, and this almost assures a booming job market in this field.



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Hospital Administrator Careers

By **Forest Time**

Hospital administrators coordinate the services offered by a single department within a hospital or several departments, or they may manage an entire hospital. This job may be a good fit for someone with strong business and organizational skills, as well as extensive experience in the health care industry. This career offers a very positive job outlook and a competitive salary.



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Preparation and Education

Hospital administrators don't typically start the job directly after college; years of experience in the field of health care is usually a prerequisite. In addition, hospital administration jobs require at least a bachelor's degree in health administration or a closely related field. According to Florida Tech University, many employers look for a candidate with a master's in business administration with a concentration in health care management. Hospital administrators usually begin their administrative careers as assistant administrators or department heads before moving on to higher-paying positions that entail more responsibility.

Job Duties

Hospital administrators perform a wide range of duties. Some are financial, such as keeping and organizing records of a hospital or department's finances, and making changes to a hospital's fiscal policy when needed. Top administrators act as liaisons between a hospital's governing board, potential investors and department heads. Administrators are tasked with not only ensuring that a facility runs smoothly, but also with maximizing profits: providing the best possible care in the most efficient manner.

Pay Information

According to the Bureau of Labor Statistics, health care managers earned an average of \$96,030 per year in 2011. Those working for psychiatric and substance

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abuse hospitals reported an average annual income of \$93,290, while those employed by general and surgical hospitals reported an average annual income of \$102,040. In general, hospital administrators working in the Northeast and far West tended to earn the most, with Massachusetts, Rhode Island, New Jersey, New York and Washington reporting the highest average incomes by state.

Career Outlook

While the Bureau of Labor Statistics projects an average job growth rate of 14 percent for the American economy between 2010 and 2020, jobs in the health care industry are projected to grow even faster as the elderly live longer and require more extensive care. As a result, the bureau projects an employment growth rate of 22 percent among health care managers and administrators between 2010 and 2020, resulting in an estimated 68,000 new jobs over the decade. In addition to hospitals, aspiring administrators can seek employment with physicians' offices and outpatient centers.

2016 Salary Information for Medical and Health Services Managers

Medical and health services managers earned a median annual salary of \$96,540 in 2016, according to the U.S. Bureau of Labor Statistics. On the low end, medical and health services managers earned a 25th percentile salary of \$73,710, meaning 75 percent earned more than this amount. The 75th percentile salary is \$127,030, meaning 25 percent earn more. In 2016, 352,200 people were employed in the U.S. as medical and health services managers.

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