

2023 Spencer Stuart Health Care Sector Snapshot

Boards of health care companies in the S&P 500 index tend to be smaller and older than S&P 500 boards. The sector — comprised of 64 companies — generally aligns with the S&P 500 on a variety of governance metrics.

- » The average age of independent directors on health care boards is 63.8 years, higher than the 63.3 year average for S&P 500 boards.
- » The youngest average age of a health care board is 57.2 years, the oldest is 70.9.
- » Health care boards average 10.4 directors, smaller than the 10.8 average of S&P 500 boards.
- » Independence of health care boards averages 86%, compared to 85% for S&P 500 boards.
- » The average board tenure of independent directors on health care boards is 7.7 years, compared to the 7.8 average for S&P 500.
- » The longest-tenured health care board averages 16.5 years.

New independent director backgrounds

Thirty-three health care companies — 52% of the sector — added at least one independent director over the past year, shy of the 53% for the S&P 500 universe. Appointees averaged 59.0 years of age, higher than the 58.0 average for all independent directors joining S&P 500 boards. First-time directors represented 24% of independent directors joining health care boards — below the 31% for the S&P 500.

Sixty percent (60%) of the 45 independent directors joining health care boards are actively employed, the second highest of all sectors and compared to half (50%) of independent directors joining S&P 500 boards this year.

Health care boards recruited in 2023 the highest percentage of academics and “other” (government experience and other professionals) of all sectors.

	2023 Health Care	2023 S&P 500
CEOs	25%	30%
<i>Active</i>	9%	14%
<i>Retired</i>	16%	16%
Chairs/presidents/COOs	0%	4%
<i>Active</i>	0%	2%
<i>Retired</i>	0%	2%
Functional leaders	20%	16%
P&L leaders	9%	10%
Financial backgrounds	18%	27%
<i>Financial executives/CFOs/treasurers</i>	11%	15%
<i>Investment managers/investors</i>	7%	7%
<i>Bankers/investment bankers</i>	0%	2%
<i>Public accounting executives</i>	0%	3%
Academics/nonprofit executives	11%	3%
Consultants	0%	2%
Legal	0%	3%
Others	18%	5%
Total		
<i>Active</i>	60%	50%
<i>Retired</i>	40%	50%

Board leadership

The chair and CEO roles are separated at 53% of health care boards — below the 59% for the S&P 500 index and second lowest of all sectors. Executive chairs are in place at 9% of health care boards, tied with the energy sector as the second lowest percentage of all primary sectors, versus 15% for the S&P 500. Health care boards have a similar percentage of independent board chairs compared to the S&P 500 (38% compared to 39% of the S&P 500). Two thirds (67%) of health care boards have an independent lead director, comparable to the 65% of S&P 500 boards.

Board organization and process

The health care sector ties with the information technology sector for having the lowest percentage of declassified boards.

	2023 Health Care	2023 S&P 500
Annual elections of directors	83%	89%
Majority voting for directors	89%	88%
Stock ownership requirements for directors	97%	93%

The average size and meeting frequency of health care committees aligns with the S&P 500.

	2023 Health Care	2023 S&P 500
Board		
Size (avg #)	10.4	10.8
Meetings (avg #)	8.3	7.6
Board committees (avg #)	4.3	4.2
Audit committee		
Size (avg #)	4.2	4.5
Meetings (avg #)	8.6	8.2
Compensation committee		
Size (avg #)	4.0	4.3
Meetings (avg #)	5.6	5.8
Nominating/governance committee		
Size (avg #)	4.3	4.4
Meetings (avg #)	4.8	4.6

The most common additional committees for the health care sector are: science/tech/cyber (the most of all sectors); legal (the most of all sectors); finance; and executive.

	2023 Health Care	2023 S&P 500
Committees		
Finance	25%	26%
Executive	19%	25%
Science/tech/cyber	36%	15%
Environmental/health/safety	6%	13%
Risk	6%	12%
Legal	28%	6%
Social responsibility	5%	6%
Investment	2%	3%
Strategy	3%	1%
Innovation	2%	1%
DEI	0%	1%

Turnover policies

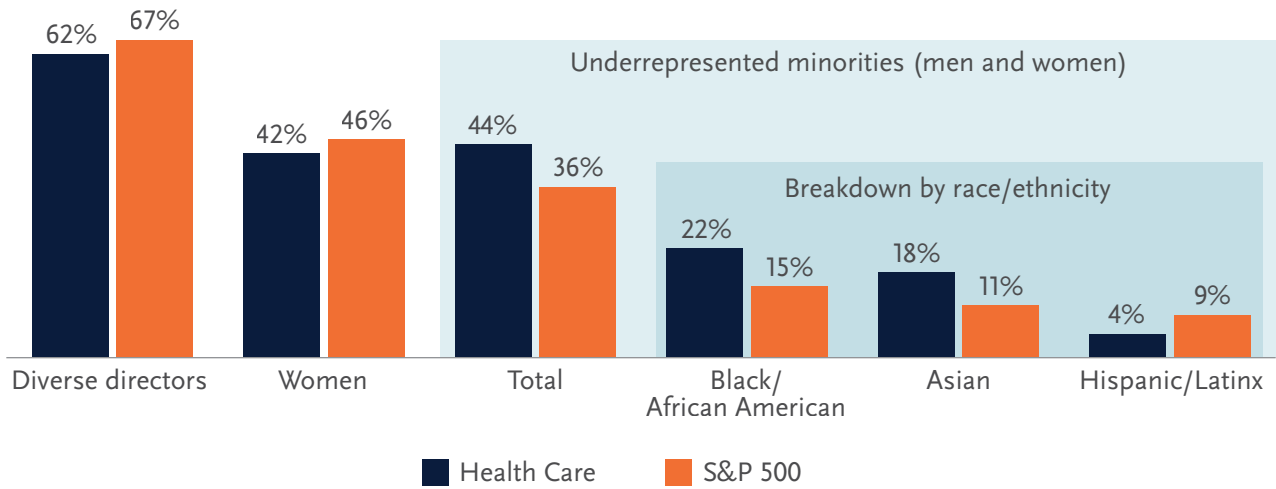
Health care boards are consistent with the overall S&P 500 index when it comes to formal turnover policies such as age caps, term limits and policies requiring the submission of a director's resignation in the event of a material change in circumstances.

	2023 Health Care	2023 S&P 500
Mandatory retirement policy		
% Companies	69%	69%
Retirement age (avg yrs)	74.1	74.0
Tenure policy		
% Companies	8%	8%
Tenure limit (avg yrs)	14.8	14.4
Material change resignation policy		
% Companies	88%	88%

Diversity — health care sector incoming class

Directors from diverse communities — defined using the Nasdaq definition of directors who self-identify as female and/or an underrepresented minority (Black or African American, Hispanic or Latinx, Asian, Native American or Alaska Native, Native Hawaiian or Pacific Islander, or two or more races or ethnicities), and/or LGBTQ+ — constituted 62% of the 45 independent directors joining health care boards over the past year, below the 67% of independent directors joining S&P 500 boards.

DIVERSITY OF INDEPENDENT DIRECTORS JOINING HEALTH CARE BOARDS



Diversity — health care boards

Health care boards are composed of a comparable percentage of diverse directors, including women and underrepresented minorities, as the S&P 500 index.

	Diverse directors	Women	Underrepresented minorities (men and women)				Boards with...	
			Black/African American	Asian	Hispanic/Latinx	Total	3 or more women	3 or more URM
Health Care	48%	34%	11%	8%	4%	23%	89%	47%
S&P 500	48%	33%	11%	6%	5%	24%	87%	48%

Diversity — board leadership

The health care sector has higher percentage of diverse board leaders compared to the S&P 500 with the exception of women independent chairs.

	2023 Health Care	2023 S&P 500
Independent chair		
% women	17%	18%
% underrepresented minority	13%	8%
Independent lead director		
% women	21%	15%
% underrepresented minority	14%	12%

Health Care companies

- » Abbott Laboratories
- » AbbVie
- » Agilent Technologies
- » Align Technology
- » AmerisourceBergen Corporation
- » Amgen
- » Baxter International
- » Becton, Dickinson and Company
- » Bio-Rad Laboratories
- » Bio-Techne Corporation
- » Biogen Idec
- » Boston Scientific Corporation
- » Bristol-Myers Squibb Company
- » Cardinal Health
- » Catalent
- » Centene Corporation
- » Charles River Laboratories International
- » CVS Health Corporation
- » Danaher Corporation
- » DaVita
- » Dentsply Sirona
- » DexCom
- » Edwards Lifesciences Corporation
- » Elevance Health
- » Eli Lilly & Company
- » GE HealthCare Technologies
- » Gilead Sciences
- » HCA Healthcare
- » Henry Schein
- » Hologic
- » Humana
- » IDEXX Laboratories
- » Incyte Corporation
- » Insulet Corporation
- » Intuitive Surgical
- » IQVIA Holdings
- » Johnson & Johnson
- » Laboratory Corporation of America Holdings
- » McKesson Corporation
- » Medtronic
- » Merck & Co.
- » Mettler-Toledo International
- » Moderna
- » Molina Healthcare
- » Organon & Co.
- » PerkinElmer
- » Pfizer
- » Quest Diagnostics
- » Regeneron Pharmaceuticals
- » ResMed
- » STERIS plc
- » Stryker Corporation
- » Teleflex
- » The Cigna Group
- » The Cooper Companies
- » Thermo Fisher Scientific
- » UnitedHealth Group
- » Universal Health Services
- » Vertex Pharmaceuticals
- » Viatis
- » Waters Corporation
- » West Pharmaceutical Services
- » Zimmer Biomet Holdings
- » Zoetis



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