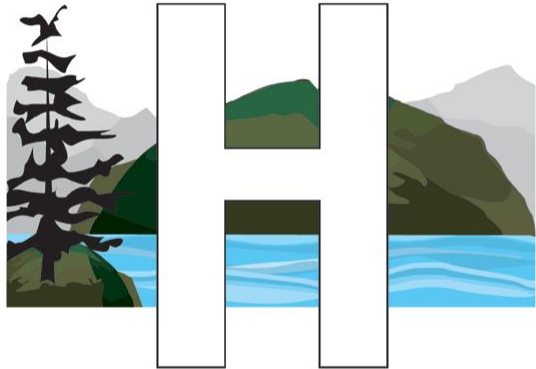


Deep River and District



Hospital

Executive Compensation Program

DEEP RIVER & DISTRICT HOSPITAL

Executive Compensation Program

Background

In 2010, the Province legislated a two-year compensation freeze for all non-unionized employees in the Broader Public Sector (BPS) which prohibited increases to compensation, including rates of pay, pay ranges, benefits, perquisites and other payments, but allowed for employees to progress through the ranks if their terms and conditions of employment included a salary grid. In 2012, the Province lifted the compensation freeze for all non-unionized employees but continued a freeze on all elements of compensation for designated executives and certain office holders, including performance pay envelopes. These compensation restraint measures continue to apply until a compensation framework becomes effective for an employer, or by proclamation of the Lieutenant Governor.

In 2014, the Province approved the *Broader Public Sector Executive Compensation Act, 2014* (BPSECA) which provides for the establishment of compensation frameworks, the details of which are outlined in Ontario Regulation 304/16, as amended by Ontario Regulation 187/17 (the Regulations), and the Broader Public Sector Executive Compensation Program Directive (the Directive).

Under the Regulations and the Directive, the Deep River and District Hospital Board is responsible for:

- Approving all wage increases for designated executives;
- Developing an Executive Compensation Program (ECP) that includes a compensation philosophy, sets salary and performance related caps based on a comparative analysis of each designated executive position using at least eight (8) comparable organizations, specifies a maximum rate by which the total designated executive salary and performance-related pay envelope could be increased in each year, and outlines any elements of compensation provided exclusively to designated executives with a corresponding rationale;
- Submitting by September 29, 2017 to the Ministry of Health and Long-Term Care the proposed ECP;
- After receiving approval by the Ministry to do so, seek public comment by posting its proposed
- ECP on its public-facing website for a minimum of 30 days;
- Submit to the Ministry the summary of the public feedback received and any changes being
- made to the program;
- Secure approval by the Minister of comparator organizations and of the proposed maximum
- rate of increase to its salary and performance-related pay envelope;
- Approve the final ECP and post it on its website.

Designated Executive

This Executive Compensation Program applies to the following designated executives:

- President and CEO
- Vice Presidents (VP Clinical Services/Chief Nursing Officer and VP Operations/Chief Financial Officer)

Executive Compensation Philosophy

The Executive Compensation Framework of DRDH is designed to retain and attract highly talented individuals who have a breadth of knowledge and experience in healthcare, and who will lead the organization through the challenges and opportunities of today and into the future. The framework is designed to reward executives based on the alignment of their efforts to support the achievement of DRDH's mission, vision, values, strategic priorities, and standards of behaviour.

The purpose of the Executive Compensation Philosophy is to set out the guiding principles that drive compensation decision-making for executive Compensation for the DRDH.

This framework is compliant with and reflects the requirements and spirit of the Broader Public Sector Executive Compensation Act, 2014 ("BPSECA") -- Regulation 304/16: Executive Compensation Framework.

As part of the framework, executives (President and CEO, VP of Operations and CFO, VP of Clinical Services and CNO, and Chief of Staff) will be entitled to receive compensation and benefits based on market practices, internal equity and organizational performance which drives the desired results within DRDH, while recognizing individual performance against defined objectives.

Therefore, the ECP is designed to reward by:

- Offering comprehensive compensation including salary, performance-related pay, pension, benefits, vacation and other leaves;
- Reinforcing a results-oriented culture that recognizes both the accomplishment of pre-established performance goals and the means by which an individual accomplishes results;
- Establishing consistency in the design of compensation programs, while recognizing the need to reflect local, and provincial markets;
- Administering compensation programs in a manner that is consistent, fair, equitable and free of discrimination;
- Supporting succession plans through talent management and career development;
- Ensuring the hospital is aligned with its comparators;
- Preserving as much flexibility as possible as an employer to be able to adapt to circumstances, seize opportunities and attract talented professionals;
- Maintaining internal equity.

Performance Based Pay

The DRDH program will provide for compensation opportunities that are appropriate to the executives (President and CEO, VP of Operations and CFO, VP of Clinical Services and CNO, and Chief of Staff) in terms of its potential/ability to contribute to the success of the organization.

Performance based programs will be based on the principle of “pay for performance” – award levels will be differentiated in order to recognize and reward varying levels of performance. Performance targets may vary between strategic and non-strategic goals based on the long term and short term plans, objectives and activities of DRDH. Based on information obtained for the performance pay from comparator organizations, a reasonable percentage was determined based on the data from comparator organizations. The Performance related pay for the President and CEO and Vice Presidents will be 5%. The Performance related pay for the Chief of Staff will be 2.5%.

Determining Compensation Levels

Comparator Group and Comparative Analysis Details

DRDH Comparator groups for the President and CEO and Vice Presidents were selected from the 130+ hospitals in Ontario who participated in the OHA 2016 CEO & Designated Executive Survey. Hospitals were filtered by the benchmarks that also include DRDH: i) small Organization type ii) annual operating budget of \$5M to < \$25M iii) number of beds less than 50 and finally iv) the number of Full Time Equivalent (FTE) Staff

The selection criteria of comparable organizations were based on the following:

- **Scope of responsibilities of the organization’s executives:** Each of the comparable organizations are Small Hospitals as defined by the Ministry of Health and Long Term Care and have similar executive roles, separate or combined, and are generally similar with respect to essential competencies (knowledge, skills, and abilities), relative complexity and the level of accountability associated with the position.
- **Type of operations the organization engages in:** All comparable organizations are classified by the Ministry of Health and Long Term Care to be Small Ontario Hospitals, a classification which also includes DRDH
- **Size of the Organization:** All comparators have less than 50 beds and less than 200 FTE Staff which is the same size as DRDH
- **Location of the Organization:** All comparators are located in Ontario, and in small communities.

Comparative Analysis Details

President and CEO Position and Hospital Comparators	Maximum Salary	Vice Presidents Position and Hospital Comparators	Maximum Salary
President & Chief Executive Officer Carleton Place and District Memorial Hospital	\$250,805.00	VP Patient Services & CNE Carleton Place and District Memorial Hospital	\$144,200.00
President & Chief Executive Officer/Administrator Mattawa Hospital	\$218,212.00	VP Clinical Services & CNO Mattawa Hospital	\$144,124.00
President & Chief Executive Officer Manitoulin Health Centre	\$192,390.00	Vice President Corporate Services & Chief Financial Officer	\$144,124.00

		Mattawa Hospital	
Chief Executive Officer Atikokan General Hospital	\$170,500.00	Vice President of Finance & Operations Hanover and District Hospital	\$140,556.00
Chief Executive Officer Kemptville District Hospital	\$165,205.00	Integrated CNO Englehart and District Hospital	\$131,957.00
President & Chief Executive Officer Campbellford Memorial Hospital	\$165,000.00	Integrated Chief Financial Officer Englehart and District Hospital	\$126,906.00
Chief Executive Officer Notre Dame Hospital (Hearst)	\$157,494.00	Chief Nursing Executive Arnprior Regional Health	\$124,555.00
Chief Executive Officer Geraldton District Hospital	\$149,100.00	Chief Nursing Officer Kemptville District Hospital	\$123,663.00
President & Chief Executive Officer Red Lake Margaret Cochenour Memorial Hospital	\$149,000.00	Chief Financial Officer Kemptville District Hospital	\$119,053.00
Chief Executive Officer Lady Dunn Health Centre	\$138,000.00	Chief Financial Officer Notre Dame Hospital (Hearst)	\$118,521.00
President & Chief Executive Officer Manitouwadge General Hospital	\$120,000.00	Vice President Finance & Chief Financial Officer Carleton Place and District Memorial Hospital	\$117,753.00
		Chief Nursing Officer Campbellford Memorial Hospital	\$114,480.00
50th Percentile	\$165,000.00		\$125,730.00

In order to gather the required data for the Chief of Staff comparators a survey of peer hospitals was conducted to obtain Salary information. Comparative data was obtained from hospitals in the area.

The selection criteria of comparable organizations were based on the following:

- **Commitment of Hours (FTE):** Comparator organizations employ their Chief of Staff at three (3) to eleven (11) hours per week. DRDH Chief of Staff has a commitment of four (4) hours per week.
- **Type of operations the organization engages in:** Over 70% of comparable organizations are classified by the Ministry of Health and Long Term Care to be Small Ontario Hospitals, a classification which also includes DRDH.
- **Location of the Organization:** All comparators are located in Ontario, and in small communities and 60% of comparators are located within the same LHIN (Champlain) as DRDH.

Comparative Analysis Details

Chief of Staff Position and Hospital Comparators	Maximum Salary
Chief of Staff Haldimand War Memorial Hospital	\$421,875.00
Chief of Staff	\$325,000.00

Glengarry Memorial Hospital	
Chief of Staff Dryden Regional Health Centre	\$270,000.00
Chief of Staff Lennox & Addington County General Hospital	\$253,125.00
Chief of Staff St Francis Memorial Hospital	\$250,000.00
Chief of Staff Arnprior Regional Hospital	\$243,750.00
Chief of Staff Almonte General Hospital	\$225,000.00
Chief of Staff Carleton Place and District Memorial Hospital	\$183,750.00
50th Percentile	\$251,562.50

All Chief of Staff comparator compensation amounts shown above have been adjusted for the equivalent of full time (5 days per week). The DRDH Chief of Staff is compensated based on four (4) hours per week.

Salary and Performance-Related Pay

Pursuant to the Regulations, the maximum salary and performance-related pay caps for each designated executive is based on the 50th percentile of the total salary paid for similar positions of the comparable organizations as outlined above.

The maximum compensation for each designated executive is outlined below:

President and CEO:	\$165,000
Vice Presidents:	\$125,000 (reduced to the closest \$5,000)
Chief of Staff	\$250,000 (reduced to the closest \$5,000)

Adjustments to the salary and performance-related pay cap

Once per pay year, the organization will plan (in keeping with legislation and subject to Board approval) to adjust the maximum salary and performance-related pay caps by the lesser of:

- The rate of increase in salary and performance-related pay provided to the designated employer's non-executive managers in the most recent one-year period.
- The provincial public sector wage trend set out in the Ontario Budget, the Economic Outlook and Fiscal Review or the public documents of the Crown in right of Ontario, the Cabinet, the Treasury Board or the Management Board of Cabinet.

Designated Executive Salary and Performance-Related Pay Envelope

The Hospitals total pay envelope for designated executives for the period of April 1, 2017 to March 31, 2018 is \$398,051.34. The Board proposes that the maximum rate by which this envelope could be increased in each year be set at 5%.

The following rates will be implemented once the plan has been endorsed:

President and CEO:	\$162,434.00
Vice Presidents:	\$112,759.80
Chief of Staff:	the current salary will be grandfathered at \$281,250.00 for three (3) years at which time the salary will be reduced to the maximum compensation allowable

In proposing the amount of 5%, the five factors outlined in the Directive were considered:

- **The financial priorities and the compensation priorities of the Government of Ontario-** The plan proposed is in alignment with current legislation and direction provided by the Ministry.
- **Recent executive compensation trends-**Multi-year pay freeze was legislated for executives of hospitals. Over this time, unionized staff have received salary increases.
- **Percentage of operating budget used for executive compensation-** All Hospitals in Ontario are reviewing and updating their executive compensation package in keeping with legislation and with guidance provided by the Ontario Hospitals Association. With the updated plan, executive compensation will be 3.0% of the operating budgets. The average for the Champlain LHIN is 5.7% as of 2014.
- **Effect on attracting and retaining talent-**The ability to attract and retain executives is imperative to the ongoing success of the organization and to ensure the provision of quality patient care. Currently, some front line staff earn a salary at least equivalent to current executive leadership salaries.
- **Expansion in operations-**The demands placed on the executive team has increased over past years in response to increased: legislation, patient volumes, guidelines, reporting requirements and day to day complexities of the role.

Any adjustments in salary for a designated executive shall be approved by the Board of Governors and any adjustments to the salary and performance-related pay envelope, by way of proration, shall also be determined by the Board.

Other Eligible Elements of Compensation

Benefits

A designated executive will not receive an additional element of compensation unless the element is also generally provided in the same manner and relative amount to non-executive managers, unless otherwise noted. Benefits program for Executive team will mirror that of ONA contract including, but not limited to: Extended Health and Dental benefits, Pension, Retiree Benefits, Leaves of Absences, Supplemental Unemployment Plan, Short/Long Term Disability, ADD, and Life Insurance.

Professional Development

The Executive Team members will be eligible to receive reimbursement for Professional Memberships that are required in order to perform the base duties of their position, subject to

Deep River & District Hospital Executive Compensation Program

approval. This does not include dues paid to maintain a Regulated Professional Membership. In addition, an analysis of peer group organizations will be utilized to determine any time allocation that should be included in an executives professional developments (e.g. participation in Accreditation, regional programs, professional organizations/development).

Public Consultation

The draft Executive Compensation Program was posted on the Deep River and District Hospital website for Public consultation from February 28, 2018-March 26, 2018. There were no comments received throughout the consultation period.