



EXECUTIVE COMPENSATION PROGRAM

BACKGROUND:

In 2010, the Province legislated a 2-year compensation freeze for all non-unionized employees in the Broader Public Sector (BPS), which included hospitals, and which prohibited increases to compensation, including rates of pay, pay ranges, benefits, perquisites and other payments. It did however allow employees to advance through the salary scale if the terms and conditions of their employment included a salary grid. In 2012, the Province lifted the compensation freeze for all non-union employees except for certain Designated Executives (e.g. C-suite office holders – CEO, VP etc.) whose pay maximums, including performance pay were frozen. These compensation restraint measures continue to apply until Compensation Framework is approved and becomes effective for an employer.

In 2014, the Province enacted 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 and the Broader Public Sector Executive Compensation Program Directive.

Under the Regulations and the Directive, the Board of Governors of Georgian Bay General Hospital (GBGH) is responsible for:

- Approving all wage increases for Designated Executives (DE);
- Developing an Executive Compensation Program (ECP) that includes a compensation philosophy, sets salary and performance related caps based on a comparative analysis of each DE position using a minimum of eight (8) comparable organizations, specifies a maximum rate by which the total DE salary and performance-related pay envelope could be increased each year, and outlines any elements of compensations provided exclusively to DE positions with corresponding rationale;
- Submitting to the Ministry of Health and Long Term Care the proposed ECP by September 29, 2017;
- 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 ECP;
- 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 EXECUTIVES:

The Executive Compensation Program applies to the following DE positions:

FULL JOB TITLE	CLASS OF POSITION
President & CEO	CEO
VP Patient Experience & CNE	VP 1
VP Corporate Services & CFO	VP 1
VP Human Resources & CHRO	VP 2
Chief Performance & Clinical Systems Officer	VP 2

President & CEO (“CEO”), VP Patient Experience & CNE (“CNE”), VP Corporate Services & CFO (“CFO”), Chief Human Resources Executive (“CHRE”), Chief Performance & Clinical Systems Officer (“CPQRO”)

COMPENSATION PHILOSOPHY:

The ECP is designed to support the achievement of GBGH’s strategic goals and initiatives by ensuring our regional and provincial competitiveness to attract, retain and motivate top-level executive talent. ***The ability to attract and retain top DE talent is of particular concern to GBGH. Its inability to retain top DE talent has constrained the organization’s ability to fully achieve its strategic objectives. Since 2010 GBGH has had six (6) different CEOs which has significantly hampered the progress of many strategic priorities for the organization and the community we serve, including:***

- Acute mental health planning
- OBS/GYN care
- Information technology initiatives
- Leadership development
- French language services
- LHIN wide partnership arrangements (e.g. Obstetrics, Dialysis, Rehabilitation)
- Financial sustainability

The ECP must reflect the challenges GBGH faces in recruiting top level talent as a small community hospital and the critical importance of securing DE leaders with extensive knowledge and experience in the Ontario health care system so as to be able to effectively lead, advocate and partner with other health service providers to meet the health care needs of our community.

Therefore, the ECP is designed to attract, retain and reward top DE talent by:

- Offering comprehensive and competitive compensation including salary, performance-based pay, benefits and perquisites;
- Ensuring the Hospital is aligned with its comparators locally and provincially;
- Reinforcing an accountability culture that objectively rewards individual and team accomplishments and outcomes directly tied to the organization’s strategic goals;
- Adherence to the principles of consistency, fairness, equity, standardization and transparency;
- Supporting the organization’s leadership talent management and succession plans;

- Supporting the Hospital’s desired position in the delivery of health care services within the LHIN, Sub-Region, and Provincially
- Maintaining flexibility to adapt to unforeseen circumstances, seize opportunities consistent with our mission and attract talented professionals;
- Responsibly managing compensation costs in times of economic restraint and transformational change.

In accordance with the new regulation, GBGH’s Board of Directors have decided that the updated executive compensation structure will be benchmarked against the 50th percentile of the selected comparator market’s maximum total cash compensation, which is the sum of base salary and performance-related pay. Executives will be capped at this rate, as determined by the comparator group market. Executives will be eligible to receive annual increases, provided room is available in the pay and performance-related pay envelope, until the executive reaches the 50th percentile of the comparator market. The pay mix will be composed of base salary and a performance-related pay which incorporates the current Quality Improvement Plan (“QIP”). All DE incumbents are eligible for re-earnable performance related pay to a maximum of 8% of the DE position’s base salary. Failure to achieve annual performance goals will result in a reduction of the executive’s total annual cash compensation.

DETERMINING COMPENSATION LEVELS:

Comparator Group & Comparative Analysis Details

Georgian Bay General Hospital comparator group includes twenty-two (22) hospitals throughout Ontario, including the five (5) public hospitals within the North Simcoe Muskoka LHIN where we compete for DE talent. The organizations chosen are primarily community hospitals, with some specialty hospitals as consideration for some of the specialty programs offered at GBGH, such as intensive care, surgery, mental health, and rehabilitation services. GBGH’s executives were benchmarked against jobs with a similar job title, job requirements, and job responsibilities. The organizations selected reflect GBGH’s unique operating cycle, with busy seasons during the long weekends and holidays.

The same comparator group was used for four (4) of the five (5) Designated Executives where a good match for the position could be found. In the case of the CPQRO position, GBGH’s current VP level pay band was also considered as there were less than 8 comparable job matches within the comparator group. The selection criteria for determining comparable organizations was based on the following:

- **Scope of Responsibilities.** Each of the comparable organizations are hospitals that have similar executive roles and are generally the same with respect to the essential leadership competencies, complexity, accountability and scope of responsibility. *Appendix A –Executive Compensation Data Tool* specifies the exact roles benchmarked for each DE at each comparator hospital.
- **Type of Organizations.** All comparable organizations are public hospitals operating in the Province of Ontario. Most are community acute care organizations offering the same range of services as offered by GBGH. We have included three (3) chronic care and rehabilitation facilities given GBGH does provide inpatient complex chronic care and rehabilitation services. We have also included the only Mental Health facility within our LHIN who because of our proximity we work very closely with in the care of mental health patients.

- **Organizations We Compete for Executive Talent.** All comparator organizations are ones with which GBGH competes for DE talent. The competition for DE talent is greater for GBGH particularly within our LHIN given the current disparity in compensation, and particularly at the CEO level.
- **Size of Organizations.** All comparator organizations are public hospitals in the province of Ontario. GBGH has an operating budget of \$58M.
- **Location of Organizations.** All comparator organizations are public hospitals within the Province of Ontario, including all public hospitals within the NSM LHIN

Comparative Analysis Details

Hospital	President & CEO	VP Patient Care & CNE	VP Corporate Services & CFO	VP Human Resources & CHRO	Chief Performance, Quality & Risk Officer
Royal Victoria Regional Health Centre	\$ 290,577	\$ 220,000	\$ 245,250	\$ 190,620	
Waypoint Centre for Mental Health Care	\$ 325,000	\$ 196,800	\$ 196,800	\$ 164,000	
Providence Care	\$ 357,608	\$ 217,130	\$ 217,039	\$ 201,176	
Orillia Soldiers' Memorial Hospital	\$ 270,000	\$ 150,000	\$ 180,000	NC	
Cornwall Community Hospital	\$ 236,400	\$ 154,524	\$ 177,500	NC	
Timmins and District Hospital	\$ 280,000	\$ 161,031	\$ 150,833	\$ 149,097	
Ross Memorial Hospital	\$ 291,720	\$ 160,500	\$ 185,500	NC	
Pembroke Regional Hospital	\$ 308,255	\$ 157,500	NC	NC	
Holland Bloorview Kids Rehabilitation Hospital	\$ 478,573	\$ 149,691	NC	\$ 223,300	
Brockville General Hospital	\$ 216,444	\$ 164,800	\$ 155,682	NC	
Muskoka Algonquin Healthcare	\$ 242,256	\$ 139,999	\$ 140,001	\$ 132,600	
Weeneebayko Area Health Authority	\$ 240,000	\$ 155,000	\$ 150,000	NC	\$ 155,000
Northumberland Hills Hospital	\$ 275,000	\$ 153,265	NC	NC	
Collingwood General & Marine Hospital	\$ 241,500	\$ 155,844	\$ 143,208	\$ 122,148	
Perth and Smiths Falls District Hospital	\$ 205,000	\$ 144,066	\$ 144,066	NC	
St. Joseph's Health Centre, Guelph	\$ 244,385	\$ 140,839	\$ 171,173	\$ 140,839	
West Parry Sound Health Centre	\$ 190,000	\$ 133,906	NC	NC	
Renfrew Victoria Hospital	\$ 273,000	\$ 141,541	\$ 141,541	NC	
Hotel Dieu Shaver Health and Rehabilitation Centre	\$ 257,660	\$ 174,400	NC	NC	
Runnymede Healthcare Centre	\$ 389,750	\$ 216,000	\$ 216,000	\$ 216,000	\$ 216,000
Almonte General Hospital	\$ 250,805	\$ 144,200	\$ 110,916	NC	
Manitoulin Health Centre	\$ 192,390	NC	NC	NC	
GBGH	\$ 208,000	\$ 144,418	\$ 144,418	\$ 140,400	\$ 132,300
50th Percentile of Comparators	\$ 263,830	\$ 154,762	\$ 163,428	\$ 156,549	NC
VP 1 Maximum*		\$ 159,095			
VP 2 Maximum**				\$ 148,474	

Salary & Performance Related Pay

GBGH performed a comparative analysis for the purposes of benchmarking the salary and performance-related pay cap for each designated executive position. The results of the comparative analysis were

used to determine the maximum compensation that GBGH executives may earn, as the pay cap has been established at the 50th percentile of the comparator market.

The CEO position was benchmarked against jobs with similar job titles and nature of responsibilities and accountability. The maximum salary and performance related pay cap for the CEO position was determined at the 50th percentile of hospital comparators

The VP Patient Care Services & CNE and the VP Corporate Services & CFO have, through a job evaluation process, been evaluated equally at GBGH as a result the maximum salary and performance related pay cap for the VP 1* salary grade was determined by averaging the median compensation for both positions.

In the market benchmarking exercise, less than 8 appropriate job matches were found for the CPQRO. Based on job evaluations performed by GBGH, the role was similar in job size to the CHRO, so the two positions were grouped together within the VP 2** class. The salary and performance-related pay cap for the VP 2 class was determined using an average of the median compensation for comparable Human Resources roles and the maximum step of GBGH’s existing pay band for the CPQRO.

The total cash compensation caps for all executives were established at the 50th percentile of the comparator market maximum total cash compensation (maximum base salary plus maximum performance-related pay).

Executive Position or Class of Positions	Salary Range Minimum (\$)	Job Rate (\$)	Salary Range Maximum (\$)	Target Annual Performance-related pay (% of Salary)	Maximum Annual Performance-related Pay (% of Salary)	Maximum Salary and Performance-related Pay Cap (\$) (50 th percentile of comparators)
President & CEO	\$207,644	\$244,290	\$244,290	8%	8%	\$263,830
VP Patient Experience & CNE	\$125,120	\$147,310	\$147,310	8%	8%	\$159,095
VP Corporate Services & CFO	\$125,120	\$147,310	\$147,310	8%	8%	\$159,095
Chief Human Resources Executive	\$116,640	\$137,476	\$137,476	8%	8%	\$148,474
Chief Performance, Quality & Risk Officer	\$116,640	\$137,476	\$137,476	8%	8%	\$148,474

Adjustments to Salary & Performance-Related Pay Cap

Once per fiscal year, pursuant to the Regulations, GBGH may increase the salary and performance pay cap for a DE position by a rate that does not exceed the lesser of the following:

- The average rate of increase in cash compensation awarded to GBGH's non-executive leaders for the fiscal year.
- The public hospital sector wage settlement trend in Ontario

Designated Executive Salary & Performance Pay Envelope

GBGH's total pay envelope for DE positions for the fiscal year ending March 31, 2017 was **\$768,665**. The Board of Governors proposes that the maximum rate by which this envelope could be increased in each year be set at 5%. In determining the requested 5.0% maximum rate of increase, GBGH has considered all of the factors outlined in section 3.3 of the BPSEC Framework Regulation. Although all the factors were considered, some factors were given more attention due to data availability and/or relative impact on GBGH's executive compensation needs and organization-specific circumstances. The following factors were the primary determinants:

- **Financial and compensation priorities of the Ontario Government** as indicated in the most recently published 2017 Ontario Budget. Based on the 2016 Ontario Economic Outlook and Fiscal Review, transforming healthcare is one of the primary priorities for Ontario. GBGH's role in the health system is crucial to its operating region as the primary healthcare provider to Midland and its surrounding area, particularly during long weekends and holidays throughout the year. GBGH also anticipates its operating size to increase in the few years with the expansion of its Emergency Department and the addition of 20 mental health beds to accommodate increased demand in the area. The proposed maximum rate of increase would allow GBGH to attract, retain, and motivate executives that are critical to leading the delivery and execution of GBGH's mandate in its LHIN. The proposed rate also considers the organization's future compensation requirements to remain market-competitive with hospitals of similar size and complexity.
- **Recent executive compensation trends** in the part of the Canadian public sector and BPS that is in the industry within which the designated employer competes for executives. The Korn Ferry Hay Group's 2016 Executive Market Trends report indicates a cumulative increase in actual base salary from 2012 to 2016 of approximately 10%, or a compound annual growth rate of 1.9% for executives in the national broader public sector. GBGH and other Ontario BPS organizations have maintained the same salaries for the last 7 years. The proposed increase to the envelope will allow for annual compensation adjustments to continue to attract, retain and motivate the executive team.
- **Significant restructuring of the organization.** GBGH is undergoing a multi-million dollar expansion of its Emergency Department and is completing its Stage 2 submission for the addition of 20 mental health beds. The redevelopment is anticipated to continue for the next several years, and will increase GBGH bed count to 125. The operating budget is also forecasted to grow from \$57 million to \$75 million over time. In addition, with its partial French designation

and high First Nations population GBGH will play a significant leadership role within the LHIN in the development of LHIN-wide initiatives serving these populations.

Considering this significant redevelopment, expansion, and growth, the proposed 5.0% maximum rate of increase will be essential to attracting, retaining, and motivating top executives to support GBGH’s future operating complexities.

The proposed maximum rate would allow GBGH to make adjustments to its existing executive compensation and lessen the gap to market. In doing so, GBGH can provide motivation and further retain its existing executive team, all of whom are highly talented with valuable experiences and skillsets to bring to the organization.

OTHER ELIGIBLE ELEMENTS OF COMPENSATION:

GBGH’s executive benefit packages, including pension, insurance, health and dental plans, are provided in the same manner and relative amount to non-executive managers at GBGH.

GBGH does not provide other perquisites, severance levels, or benefits that are not aligned to the new framework.

Appendix A – Specific Roles Benchmarked at Each Comparator Organization

Hospital	President and CEO	VP Patient Experience & CNE	VP Corporate Services & CFO	Chief Human Resources Executive	Chief Performance & Clinical Systems Officer
Royal Victoria Regional Health Centre	President & CEO	VP, Patient Programs & CNE	VP, Corporate Services & CFO	VP, CHRO	
Quinte Health Care	President & CEO		VP & CFO		Senior Director, Strategy & Governance
Queensway-Carleton Hospital	President & CEO	VP Patient Care	VP Finance & Corporate Services	VP HR & Organizational Effectiveness	
Sault Area Hospital	President & CEO	VP Clinical Operations & CNO	VP & CFO	VP Transformation & CHRO	
Grey Bruce Health Services	President & CEO	VP, Clinical Services	VP Corporate & Diagnostic Services, CFO	CHRO	
Bruyere Continuing Care	President & CEO	Senior VP, Clinical Programs, CNE & Allied Health	Senior VP, Corporate Services & CFO	VP, HR & Organizational Development	
Waypoint Centre for Mental Health Care	President & CEO	VP, Clinical Services Division	VP, Corporate Services Division	VP, HR & Organizational Development Division	
Huron Perth Healthcare Alliance	President & CEO	VP, Partnerships & Patient Experience	VP, Performance & Fiscal Health	VP, People & Workplace Health	
Providence Care	President & CEO	VP, Patient & Client Care & CNE	VP, Finance, Information	VP Mission, Values & People	

			Management & CFO		
Orillia Soldiers' Memorial Hospital	President & CEO	VP, Regional Patient Programs	EVP, Corporate Services & CFO		
Woodstock Hospital	CEO	VP Patient Care	CFO		
Cornwall Community Hospital	President & CEO	VP Patient Services & CNO	Chief Financial & Information Officer		
Timmins and District Hospital	CEO	CNO/Senior Director of Patient Care	CFO	Chief of HR	
St. Thomas Elgin General Hospital	President & CEO	VP & CNE			
Ross Memorial Hospital	President & CEO	VP Patient Care & CNO	Regional CFO		
Pembroke Regional Hospital	President & CEO	VP Patient Services - Acute Care & CNE; VP Patient Services - Seniors & Community Care			
Brockville General Hospital	President & CEO	VP & CNO	Senior Director of Finance & CFO		
Muskoka Algonquin Healthcare	CEO	Chief Quality & Nursing Executive	Chief Executive, Corporate Services, Risk & CFO	Chief Executive, HR & Support Services	
Weeneebayko Area Health Authority	President & CEO	VP Patient Care & CNE	VP, Corporate Services & CFO	VP HR	Chief Quality Officer
Northumberland Hills Hospital	President & CEO	VP, Patient Services & CNE		VP HR & Quality	
Collingwood General & Marine Hospital	President & CEO	VP Patient Services & CNE	VP, Corporate Services & CFO	Chief Human Resources Officer	Chief Performance & Clinical Systems