



Broader Public Sector - Executive Compensation Program

Dear Community Member:

In 2014, the Government of Ontario began the process of developing public sector compensation frameworks to ensure a transparent and consistent approach to executive compensation. The Broader Public Sector Executive Compensation Act of 2014 ("BPSECA"), introduced by the Ontario Government, applies to all Ontario public sector designated employers, including universities, colleges, hospitals, and school boards. This includes Hôpital Glengarry Memorial Hospital (HGMH).

HGMH is committed to meeting the intent and goals of the Ontario Government, Treasury Board Secretariat and the Ministry of Health and Long-Term Care to ensure responsible and transparent executive compensation management in the Ontario broader public sector.

In compliance with the Act, Ontario Regulation 204/16 - Executive Compensation Framework, and Ontario Regulation 187/17 ("the Regulations"), the HGMH Board of Directors developed a comprehensive proposed Executive Compensation Program to support accountable and responsible executive compensation management practices for designated executive positions.

The proposed Executive Compensation Program sets out a rational compensation approach for designated executive positions consistent with the BPSECA.

In the health sector, a competitive, fair, responsible, and accountable Executive Compensation Program is vital for attracting and retaining the talented leadership essential to deliver high quality healthcare while managing public dollars responsibly. Excellent leaders have a significant positive impact on the effectiveness and productivity of hospitals, the quality of care, and the ability of hospitals and the healthcare system to meet the evolving needs of Ontarians. We know the communities we serve depend on us to deliver high quality, safe, and compassionate care. We meet these commitments while demonstrating a commitment to the good stewards of the resources entrusted to us by the taxpayers of Ontario.

Key sections in our proposed Executive Compensation Program include:

- Executive Compensation Philosophy
- Designated Executive Positions
- Proposed Comparator Organizations
- Proposed Executive Compensation Framework
- Executive Pay Envelope and Maximum Rate of Increase

As part of the Government Regulations, all Ontario broader public sector employers are required to conduct a 30-day public consultation on their proposed Executive Compensation Program. Following consultation and review of the input, the final Executive Compensation Program will be posted.

If you have feedback on the Program, please email jmattice@hgmh.on.ca. We will be accepting public input until May 9, 2018. All feedback is appreciated and will be kept on record.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Corey Kalsi', written over a circular stamp.

Corey Kalsi
Chair, Board of Directors

CK/jm



Glengarry Memorial Hospital
Hôpital Glengarry Memorial



HÔPITAL GLENGARRY MEMORIAL HOSPITAL
EXECUTIVE COMPENSATION PROGRAM

HÔPITAL GLENGARRY MEMORIAL HOSPITAL **EXECUTIVE COMPENSATION PROGRAM**

A - Background

In 2010, the Province legislated a two-year compensation freeze for all non-unionized employees in the Broader Public Sector which prohibited increases to compensation. 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, including performance pay envelopes. In 2014, the Province approved the Broader Public Sector Executive Compensation Act, 2014, which provided for the establishment of compensation frameworks. In September, 2016, the government released the Executive Compensation Framework Regulation which set out the process to be followed to determine the maximum amount of salary and performance pay that will be available for executives throughout the Province. As requested, here is Hôpital Glengarry Memorial Hospital's Executive Compensation Program.

B - Compensation Philosophy

Our executive compensation framework reflects:

- The complexity and scope of responsibilities of our executives. Even though our organization is small, it is still expected to fulfill the same requirements as a larger hospital but with a smaller number of employees.
- Their experience in that position at HGMH, CEO, 11 years, CNO/VP, 11 yrs , CFO / VP, 13 years, COS, 2 years
- Their achievement of our strategic objectives, and operational goals: (1. Build and leverage partnerships with area healthcare providers to continually improve our delivery model. 2. Align services and bridge the gaps to meet the changing needs of our economic reality. 3. Commit to the experience: Continue to elevate the personal touch with patient and family centered delivery. 4. Foster an enthused, enabled, and engaged workplace culture. 5. Master sustainability and efficiency. 6. Continue to inspire community support and involvement. 7. Pursue the viability of the Carrefour Glengarry Hub.) and the achievement of our Quality Improvement Plan selected indicators.
- Their commitment to on-going professional development,
- Their work above and beyond expectation ,
- The fact that their present salaries are not reflective of the work accomplished. Executives have not had a salary increase in the last seven years. Some of our nurses receive a bigger salary than our CEO
- Should we need to attract future candidates to executive positions, and we will in the very near future, the salary offered must be competitive.

C - Designated Executive Positions

Based on the Broader Public Sector Executive Compensation Act (BPSECA) and the Executive Compensation Framework Regulation (Regulation) released on September 6, 2016, HGMH has identified four designated executives and office holders: the Chief Executive Officer (CEO), the Chief Nursing Officer (CNO / VP), and the Chief Financial Officer (CFO / VP), and the Chief of Staff (COS).

The CEO is accountable to the Board and the sole official connection to the operations of the organization is through the CEO. The Board delegates to the CEO authority to manage and direct the business and affairs of the Corporation except such matters and duties as must be transacted or performed by the Board by law or by the provisions of the Corporation's by-laws. In addition, the CEO ensures that:

- The Corporation's practices, activities and decisions are undertaken prudently, lawfully, and in an equitable and reasonable manner congruent with commonly accepted business practices and professional ethics.
- The Corporation's assets are protected, adequately maintained and not unnecessarily placed at risk.
- The Board-approved priorities are reflected in the allocation of resources.
- Budgeting is based on generally accepted financial planning practices that balance expenditures in any fiscal year against expected revenues
- A healthy work environment for staff and volunteers that is consistent with the corporation's values is promoted

Our CEO's present salary is \$123,532

The CNO, who reports to the CEO, is in charge of all clinical services.

- The CNO is responsible for the organization and management of the Nursing, Cardio Diagnostics and Clerical services for the Emergency, Admitting Care Clinics, Sterile Processing, and the Complex Continuing Care Departments.
- The CNO establishes the vision for and provides leadership in the delivery of the strategic direction of the organization and in the achievement of a variety of facility/regional/ provincial initiatives.
- The CNO advises the CEO, the senior executive team, the medical staff and others concerning the implications of decisions and impact on the quality of patient care, nursing practice and nursing care providers.
- The CNO ensures that the Board of Directors , through the CEO, is apprised of clinical information impacting HGMH or community at large

- The CNO assists nurse managers and health care providers within the responsible programs to translate the goals and objectives of HGMH into effective action, fosters the development and implementation of improvement methodologies.
- The CNO leads the Internal Quality, Patient Safety and Utilization Committee and oversees the Patient Safety Coordinator

The CNO / VP's present salary is \$112,530

The CFO, who reports to the CEO, is in charge of all financial services and is the VP of Support Services. This includes dietary, procurement, house services, health information pool and the business office. The VP supports managers and providers within the responsible programs to translate the goals and objectives of HGMH into action. The CFO supervises the finances of the hospital, assists in all matters as they relate to budget management, cost benefit analysis , internal controls and financial reporting requirements. In addition, the CFO is responsible for:

- Accounting, statistics/ratios and financials
- Internal controls
- Budgeting
- Strategy and team management
- French language services program

The CFO / VP's present salary is \$110,637

The COS, who reports to the Board, is:

- Is accountable to the Board
- Organizes the medical and dental staff to ensure that the quality of the medical and dental care given to all patients of the Hospital is in accordance with policies established by the Board
- Chairs the Medical Advisory committee
- Advises the MAC and the board with respect to the quality of medical diagnosis, care and treatment provided to the patients of the Hospital
- Reports regularly to the Board and medical staff about the activities , recommendations and actions of the MAC and any other matters about which they should have knowledge
- Assigns or delegates the assignment of a member of the medical staff for any period of time and to make a written report to the chief of the appropriate department
- Assigns or delegates the assignment of a member of the medical staff to discuss in detail with any other member of the medical staff any matter

which is of concern to the COS and to report the discussion to the chief of the appropriate department

- In consultation with the CEO, designates an alternate to act during an absence
- Supervise the professional care provided by all members of the medical and dental staff
- Is responsible to the Board and with the CEO for the appropriate utilization of resources by all medical departments
- Reports to the MAC the plan medical manpower needs of the Hospital in accordance with the Hospital's strategic plan.
- Participates in the development of the Hospital's mission, objectives, and strategic plan
- Participates in Hospital resource allocation decisions
- Works with the MAC to plan medical manpower needs of the Hospital in accordance with the Hospital's strategic plan
- Ensures a process for the regular review of the performance of the Chiefs of Department
- Assures there is a process for participation in continuing medical and dental education
- Receives and reviews recommendations from Chiefs of Department regarding changes in privileges
- Receives and reviews the performance evaluations and recommendations from Chiefs of Department concerning re-appointments. Ensures that the evaluations and recommendations are forwarded to the MAC. Notify the Credentials committee of the completion of the evaluations and the completion of the recommendations
- Advises the medical and dental staff on current Hospital policies, objectives and rules
- Delegates appropriate responsibility to the Chiefs of Department
- Ensures that standards regarding application and re-application for staff appointments are established and followed.
- Is responsible for the effective discharge of medical staff organizational functions; for the overall supervision of the medical staff; and be the chief medical advocate of quality patient care.
- Is responsible for ensuring compliance with the medical staff by-laws, rules and regulations, and hospital policies, and ensure the regular review of the contents of these to facilitate the goals and objectives of the Hospital
- Is responsible for overseeing medical staff discipline and conduct, as laid down in the Hospital by-laws and CMA Code of Ethics

- The COS's regular communication to the Board includes a written report. This documentation may include such items as credentials, audits/reviews, and other quality assurance activities.
- The COS reports infractions of the Hospital by-laws, rules and regulations and Hospital policies to the CEO, and keep the CEO informed of corrective and/or disciplinary steps.
- The COS is the spokesman for the medical staff in discussion with offending doctors who have allegedly broken the Rules and Regulations.
- Reviews promptly all matters in dispute involving the competence, conduct, ability or capacity of a member of the medical staff where such dispute remains unresolved between the Chief of the Service and the medical staff member involved. Failing resolution, the COS will refer this matter to the MAC for consideration.
- Works in close cooperation with the CEO, utilizing that person to provide background information and ongoing support.
- Assists in the development and control of annual operating budgets and the determination of medical equipment needs and the impact of such on hospital operations
- Participates in COS OHA and OMA sponsored seminars and workshops when required.
- Performs such other duties as directed from time to time by the Board

The COS's present salary is \$250,000 annualized

D - Salary and Performance Related Pay Caps

The eight comparators selected to benchmark salary and performance related pay for our executives are all from the public hospital realm and exhibit comparable factors.

- **Scope of Responsibilities**

Each of the comparable organizations are hospitals that 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. Each comparator has a role of CEO, CNO/VP clinical services, CFO/VP Support Services, COS, associated with the positions. Although the title of the positions may somewhat vary from hospital to hospital, in general, the oversight of the core portfolios is the same.

- **Type of Operations the Organization Engages In**

All comparable organizations selected have a primary care inpatient medical unit, an emergency department, ambulatory care clinics, a laboratory unit, a pharmacy unit, and a rehabilitation unit. Some offer special services such as cardiac stress testing, pulmonary function testing, clinical nutrition, endoscopy, OTN, and infection control.

- **Industries Within Which the Organization Competes for Executives**

All comparator organizations are publicly-assisted medical institutions (hospitals) all located in Ontario. Along with the other remaining hospitals in Ontario, the selected comparator organizations make up the industries within which HGMH competes for designated executives.

- **Size of the Organization**

As indicated in Appendix 1, the selected comparable organizations were similar in the number of beds <50, organizational headcount <200, annual operating budget \$5M < \$25M, annual total inpatient volume <25,000, and physician with privileges <50

- **Location of the Organization**

For the designated positions of the CEO, CFO and CNO, three of the comparable organizations are part of the Champlain LHIN. The remaining five are from various LHINs in Ontario. For the COS position, 6 are from the Champlain LHIN and 2 from other LHINs.

Based on the above-stated criteria, and the information available, HGMH selected the following eight comparators: (See Appendix)

<u>CEO</u>	<u>CNO</u>	<u>CFO</u>	<u>COS</u>
Hanover	Hanover	Hanover	Arnprior
Mattawa	Mattawa	Mattawa	Hanover
Ingersoll	Ingersoll	Ingersoll	Almonte
Englehart	Englehart	Englehart	Deep River
Goderich	Goderich	Goderich	St. Francis
Kemptville	Kemptville	Kemptville	Renfrew
Blind River	Blind River	Blind River	Kemptville
Deep River	Deep River	Deep River	Mattawa

As prescribed by the ECFR, HGMH selected eight comparable hospitals, mentioned in Step 2, determined the maximum amounts of salary available to designated executives of the comparator organizations who held comparable positions to HGMH’s executives,

selected the median / 50th percentile for the above, and calculated the compensations for HGMH’s executives to be the following: (See Appendix 1) To find the median when using eight comparators, we calculated the difference between the 4th and 5th comparators of the comparators selected, divided by two, added it to the 4th comparator and established that as our median. Example CEO:

- 4th comparator selected was \$181,292 Blind River
- 5th comparator selected was \$218,212 Mattawa
- The difference between the two, \$36,920 divided by 2 was \$18,460 which we added to the \$181,292, to produce a possible total cash compensation of \$199,752

We proceeded in the same fashion to obtain our total cash compensation for the other three executives. See attached appendix

- **CEO** \$199,752 which includes a 3% Performance Pay, if awarded
- **CNO / VP** \$127,969 which includes a 3% Performance Pay if awarded
- **CFO / VP** \$125,433 which includes a 3% Performance Pay if awarded
- **COS** \$269,000 which includes a 3% Performance Pay, if awarded

E - Salary and Performance-Related Pay Envelope

The performance pay of our executives is tied to specific indicators which are selected from our annual QIP. A maximum of 3% may be payable if the chosen indicators are met. For example, if 3 indicators are chosen and each represents 1%, they would need to meet three indicators to get their 3%.

The sum of salary and performance-related pay paid to our designated executives for the most recent completed pay year 2016-2017 was \$596,699.00 which represents 3.67% of our total 2016-2017 budget of \$16,226,212

The sum of the recommended salary and performance-related pay to our designated executives going forward would be \$626,533.95, which represents an increase of 5% or \$29,834.95.

The minimum and maximum compensation, based on our comparators for each designated executive as outlined in the chart below, will be reached progressively until the 50th percentile is achieved:

<u>Designated Executives</u>	<u>Minimum of Salary and Performance-Related Pay</u>	<u>Salary and Performance-Related Pay Caps</u>
CEO	\$150,000	\$199,752
CNO	\$115,000	\$127,969
CFO	\$115,000	\$125,433
COS	\$250,000	\$269,000

Rationale for the Proposed Maximum Rate of Increase

1. The proposed designated executive pay caps and the proposed maximum rate of increase are consistent with the Managing Compensation section of the 2017 Ontario budget. The proposed maximum rate of increase to the salary and performance-rated pay envelope will moderate wage increases. This will support government in the goal expressed in the budget of meeting fiscal commitments without compromising the quality of public services. This approach will ensure that Hôpital Glengarry Memorial Hospital is accountable for compensation decisions and is able to attract and retain the necessary executive leadership talent to deliver high-quality healthcare services while managing public dollars responsibly.
2. The comparative analysis details provide evidence that HGMH executive compensation rates are lower than the 50th percentile of the comparators indicating a need to improve competitive positioning in the industry in which it competes for executive talent.
3. There is limited data available regarding comparative percentage of operating budget used for executive salary and performance related pay and the percentages of the operating budgets for the designated employer's comparator organizations that are used for executive salary and performance-related pay. However, the current levels are viewed as highly comparative.
4. HGMH is a small rural hospital with significant community responsibilities for the delivery of quality care. The organization has a lean executive structure. At the present time, limited data is publicly available to support a comparison of the percentage of the designated employer's operating budget that is used for executive salary and performance-related pay and the percentages of the operating budgets of the designated employer's comparator organizations. However, the current lean executive leadership structure in the context of a small rural hospital with significant scope of responsibilities and the need to maintain market competitiveness demonstrates the appropriateness of the proposed rate of increase.
5. The Ontario government has introduced a number of measures that directly or indirectly impacted hospital executive compensation rates including salary freezes since 2010. It is noted that particularly for small hospitals such as HGMH, these measures have resulted in significant compression of compensation between non-bargaining unit and bargaining unit employees particularly with respect to unionized employees who are at the top of their salary

range and who can collect substantial premium pay. Compensation compression tends to discourage individuals from taking on leadership positions for which the financial rewards are minimal and the quality of life trade-offs are significant, creating attraction and retention issues that can be further exacerbated by aging hospital leadership demographics provincially

F - Other Elements of Compensation

HGMH is not providing any benefits or other elements of compensation that would not generally be provided to non-executive managers.

**APPENDIX
CEO EXECUTIVE**

Hospital Code	Hospital Name	# of Beds	Head-count	Annual Operating Budget	Physicians with privileges	Earnings	Annual Max. Performance Pay (above base)	Calculated total
6088	HGMH	< 50	< 200	\$5M to < \$25M	< 50	\$123,532	0%	\$123,532
4977	Englehart	< 50	<200	\$5M to < \$25M	50 to < 250	\$230,003	0%	\$230,003
1680	Hanover	< 50	< 200	\$5M to < \$25M	50 to < 250	\$225,479	0%	\$225,479
7337	Ingersoll	< 50	200-399	\$5M to < \$25M	< 50	\$209,000	5%	\$220,000
5530	Mattawa	<50	<200	\$5M to < \$25M	<50	\$207,821	5%	\$218,212
5937	Goderich	50-99	200-399	\$5M to < \$25M	< 50	\$181,292	0%	\$181,292
9571	Kemptville	< 50	200-399	\$5M to < \$25M	50-250	\$160,000	5%	\$168,000
7860	Blind River	< 50	200-399	\$5M to < \$25M	<50	\$156,508	0%	\$156,508
9025	Deep River	<50	<200	\$5M to < \$25M	<50	\$141,921	9%	\$154,694

CHIEF FINANCIAL EXECUTIVE

Hospital Code	Hospital Name	# of Beds	Head-count	Annual Operating Budget	Physicians with privileges	Earnings	Annual Max. Performance Pay (above base)	Calculated total
6088	HGMH	< 50	< 200	\$5M to < \$25M	< 50	\$110,633	0%	\$110,633
1680	Hanover	< 50	<200	\$5-25M	50- 250	\$140,586	0%	\$140,586
5530	Mattawa	< 50	< 200	\$5M to < \$25M	<50	\$144,124	0%	\$144,124
7337	Ingersoll	< 50	200-399	\$5M to < \$25M	< 50	\$137,500	0%	\$137,500
4977	Englehart	<50	<200	\$5M to < \$25M	50 to < 250	\$126,906	0%	\$126,906
5937	Goderich	50-99	200-399	\$5M to < \$25M	< 50	\$123,981	0%	\$123,981
9571	Kemptville	< 50	200-399	\$5M to < \$25M	50 to < 250	\$121,056	0%	\$121,056
7860	Blind River	< 50	200-399	\$5M to < \$25M	< 50	\$107,641	0%	\$107,641
9025	Deep River	< 50	< 200	\$5M to < \$25M	< 50	\$104,208	3%	\$106,813

CHIEF NURSING EXECUTIVE

Hospital Code	Hospital Name	# of Beds	Head-count	Annual Operating Budget	Physicians with privileges	Earnings	Annual Max. Performance Pay (above base)	Calculated total
6088	HGMH	< 50	< 200	\$5M to < \$25M	< 50	\$112,522	0 %	\$112,522
1680	Hanover	< 50	<200	\$5M to < \$25M	50 to < 250	\$148,337	0%	\$148,337
5530	Mattawa	< 50	< 200	\$5M to < \$25M	< 50	\$144,124	0%	\$144,124
7337	Ingersoll	<50	200-399	\$5M to < \$25M	< 50	\$137,500	0%	\$137,500
4977	Englehart	<50	<200	\$5M to < \$25M	50 to < 250	\$131,957	0%	\$131,957
5937	Goderich	50-99	200-399	\$5M to < \$25M	< 50	\$123,981	0%	\$123,981
9571	Kemptville	<50	200-399	\$5M to < \$25M	50 to < 250	\$118,677	0%	\$118,677
7860	Blind River	< 50	200-399	\$5M to < \$25M	< 50	\$118,877	0%	\$118,877
9025	Deep River	< 50	< 200	\$5M to < \$25M	< 50	\$105,399	3%	\$108,034

CHIEF OF STAFF

Hospital Name	Approx. Hours / Year	Stipend	Assumed Annualized Earnings	Annual Max. Performance Pay (above base)	Calculated total
HGMH	390	\$50,000	\$250,000	0 %	\$250,000
Arnprior	520	\$65,000	\$325,000	0%	\$325,000
Hanover	208	\$30,717	\$307,177	0%	\$307,177
Almonte	520	\$60,000	\$300,000	0%	\$300,000
Deep River	208	\$30,750	\$288,288	0%	\$288,288
St. Francis	Not available	Not available	\$250,000	0%	\$250,000
Renfrew	585	\$60,000	\$200,000	0%	\$200,000
Kemptville	240	\$25,000	\$189,280	0%	\$189,280
Mattawa	390	\$24,000	\$120,000	0%	\$120,000

The information above indicates that our comparators also have a COS role with varying levels of commitment with respect to required working hours. None of the organizations above require a COS functioning on a full-time basis but provides a maximum yearly salary/stipend of less than \$100,000. Should the role be that of a full-time nature, an approximate annualized salary (to 1950 hours) is assumed based on the current salary and approximate hours worked (where applicable).

Based on the assumptions and information above, it appears as though the COS at HGMH is compensated below the 50th percentile for the assumed annualized compensation of the comparator group. The HGMH Executive Compensation Program, however, is not considering an amendment to the current level of compensation for the COS at this time.