



Broader Public Sector Executive Compensation Program

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 Services de santé de Chapleau Health Services (SSCHS).

The Executive Compensation Framework Regulation (the Regulation), established under the BPSECA, sets out requirements that designated broader public sector (BPS) employers must meet when determining executive compensation programs.

The Regulation requires all designated employers to seek overseeing Minister approval on two components of proposed executive compensation programs – the comparator organizations used to benchmark compensation caps for executive positions and the proposed maximum rate of increase to the executive compensation envelope. Services de santé de Chapleau Health Services has received approval from the Ministry of Health and Long-Term Care on both the selected comparator organizations and the proposed maximum rate of increase to the executive salary and performance-related pay envelope.

The approved 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 that the communities we serve depend on us to deliver high quality, safe and compassionate care. We meet these commitments while demonstrating a commitment to be 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

A. Compensation Philosophy

Compensation is a key element in attracting and retaining the leadership talent 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 that the communities we serve depend on us to deliver high quality, safe and compassionate care. We meet these commitments while demonstrating a commitment to be good stewards of the resources entrusted to us by the taxpayers of Ontario.

The Chapleau Health Services compensation philosophy is designed to ensure that the organization able to attract, retain, and motivate executive leadership talent in a manner that is competitive, affordable and aligned with our mandate and strategic priorities.

Chapleau Health Services' compensation philosophy is based on the following guiding principles:

1. External Competitiveness
2. Internal Equity
3. Reward for Performance
4. Accountability
5. Stewardship of Public Resources

A portion of executive compensation is linked to the achievement of the organization's Quality Improvement Plan targets which align with strategic objectives.

Third party experts in compensation practices were engaged to provide expertise and knowledge in order to develop this Executive Compensation Program.

B. Designated Executive Positions

The following are the designated executive positions as they relate to the salary and performance-related pay structure in the executive compensation program:

- Chief Executive Officer
- Patient Care Manager
- Human Resources & Finance Manager

C. Salary and Performance-Related Pay: Comparator Selection

The following is information on the comparators used to benchmark salary and performance-related pay at the designated employer for each designated executive position or class of positions:

Comparators 1 – Positions/Classes of Positions

Top Executive Officer/Chief Executive Officers

Canadian Public Sector or Broader Public Sector Comparators

Geraldton District Hospital, Manitoulin Health Centre, Atikokan General Hospital, Mattawa Hospital, Smooth Rock Falls Hospital, Red Lake Margaret Cochenour Memorial Hospital, Lady Dunn Health Centre, North Shore Health Network, Notre-Dame Hospital, North of Superior Healthcare Group, Deep River and District Hospital, Espanola Regional Hospital, Sensenbrenner Hospital.

Comparators 2 – Positions/Classes of Positions

Top Nursing Executive/Top Clinical Executive/Chief Nursing Executives

Canadian Public Sector or Broader Public Sector Comparators

Manitoulin Health Centre, Atikokan General Hospital, Mattawa Hospital, Smooth Rock Falls Hospital, Red Lake Margaret Cochenour Memorial Hospital, Lady Dunn Health Centre, North Shore Health Network, North of Superior Healthcare Group, Deep River and District Hospital, Espanola Regional Hospital, Sensenbrenner Hospital.

Comparators 3 – Positions/Classes of Positions

Top Human Resources & Top Finance Executive/ Directors of Human Resources/Chief Financial Officers

Canadian Public Sector or Broader Public Sector Comparators

Manitoulin Health Centre, Manitowadge General Hospital, Mattawa Hospital, Glengarry Memorial Hospital, Smooth Rock Falls Hospital, Lady Dunn Health Centre, North Shore Health Network, Hornepayne Community Hospital, Notre-Dame Hospital, North of Superior Healthcare Group, Deep River and District Hospital, Espanola Regional Hospital, Sensenbrenner Hospital

Rationale for Selected Comparators

Selected comparator organizations comply with the conditions established in the Executive Compensation Framework Regulation as follows:

A. The scope of responsibilities of the organization's executives. The scope of responsibilities for the executives at all of the comparator organizations selected is directly comparable. The Ontario Hospital Association 2016 Designated Executive Survey was utilized to screen potential comparator organizations and provided standardized job class definitions to support comparison of the scope of responsibilities of designated executives.

B. The type of operations the organization engages in. The comparator organizations are all Ontario hospitals and engaged in the delivery of healthcare services to the communities which they serve. Comparators are generally northern, remote and/or rural hospitals.

C. The industries within which the organization competes for executives. The comparator organizations are all within the healthcare industry and are all Ontario hospitals.

D. The size of the organization. The comparator organizations reflect an appropriate comparison in relation to size. Benchmarking considered organizations within the same or related Ontario Hospital Association categories and ranges in terms of both budget and staffing. Comparators reflect a balance of similar, slightly larger and smaller organizations. The Ontario Hospital Association 2016 Designated Executive Survey provides organization profile information to assist with determining comparators, including: organization-specific information (e.g., city, OHA region, LHIN, organization type, operating budget, number of FTEs, etc.).

E. The location of the organization. The comparator organizations are an appropriate comparison in terms of location. All comparator organizations are within the province of Ontario, are predominately located in Northern Ontario and all are in the Northeast LHIN, Northwest LHIN or Champlain LHIN defined regions. The comparator organizations all are located in and/or serve smaller rural and/or remote communities.

All of the comparators utilized are Canadian public sector or broader public sector organizations.

C. Salary and Performance-Related Pay: Comparative Analysis Details

The following is information on the percentile used to benchmark the salary and performance-related pay cap for each designated executive position or class of positions:

1. Determine the maximum amount of annual base salary and performance-related pay available to comparable positions from appropriate comparator organizations.
2. Determine the amount in the range of comparator compensation values that is no greater than the 50th percentile.
3. This value set the cap for the position or class of positions being evaluated.

The following information from the comparative analysis is presented in this executive compensation program:

- A list of the comparable organizations used to calculate each cap on salary and performance-related pay.
- A description of how the comparable positions chosen are comparable to the designated executive position or class of positions.
- A description of how the comparator organizations are comparable to the designated employer with respect to the selection criteria set out in The Executive Compensation Framework regulation (O. Reg. 304/16).
- The percentile values used to benchmark salary and performance-related pay in each calculation (must be no more than the 50th percentile). The percentile value utilized in this program was 50%.

Benchmarking considers organizations within the same or related Ontario Hospital Association categories and ranges in terms of both budget and staffing. Comparators reflect a balance of similar, slightly larger and smaller organizations. The Ontario Hospital Association 2016 Designated Executive Survey provides organization profile information to assist with determining comparators, including: organization-specific information (e.g., city, OHA region, LHIN, organization type, operating budget, number of FTEs, etc.).

C. Salary and Performance-Related Pay Structure

Executive Position of Class of Positions	Salary Range Minimum (\$)	Salary Range Maximum (\$)	Maximum Annual Performance-Related Pay (% of Salary)	Salary and Performance-Related Pay Cap (\$)
Top Executive Officer	140,190.50	152,381.00	5.0	160,000.00
Patient Care Manager	104,683.00	113,785.50	3.0	117,199.00
HR & Finance Manager	96,145.00	104,506.00	3.0	107,641.00

D. Salary and Performance-Related Pay Envelope

The sum of salary and performance-related pay paid to designated executives for the most recently completed pay year is as follows:

Sum of Salary and Performance-Related Pay for the Most Recently Completed Pay Year (\$)	Maximum Rate of Increase to Envelope (%)
364,773.00	5.0

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 Chapleau Health Services 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 Chapleau Health Services executive compensation rates are lower than the median of the comparators indicating a need to improve competitive positioning in the industry in which it competes for executive talent.
3. Chapleau Health Services 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 and northern hospital with significant scope of responsibilities and the need to maintain market competitiveness demonstrates the appropriateness of the proposed rate of increase.
4. 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 Chapleau Health Services, these measures have resulted in significant compression of compensation between non-bargaining unit and bargaining unit employees particularly with respect unionized employees who are at the top of their salary range and who can collect substantial premium pay. Compensation compression tends to discourage individuals (including doctors and nurses) 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.