

Broader Public Sector - Executive Compensation Program

Section A - Compensation Philosophy

Provide information on the designated employer's compensation philosophy including details on how the executive compensation program supports the employer's strategic objectives and what the program, including its approach to performance-related pay, is designed to reward.

ABOUT ST. THOMAS ELGIN GENERAL HOSPITAL

St. Thomas Elgin General Hospital ("STEGH") is committed to our vision to deliver an excellent patient experience – every time in ways that demonstrate our CARES values – compassion, accountability, respect, excellence and safety - with each and every patient and family encounter.

We are grounded in our mission of delivering patient and family centered care that involves patients in the decision-making about their care. We provide an inclusive and accessible environment that identifies, removes and prevents barriers to inclusion, and encourages full participation for all members of our community; coordinates patients' access to other health service providers within the continuum of care, and fosters partnering with other hospitals and non-healthcare service agencies in our region.

STEGH is a leader in pursuing continuous improvement through its hospital-wide use of LEAN methodologies and adoption of care practices to improve the quality of care and operational efficiency of the hospital. Improvements to date include achieving the best emergency wait times in Ontario, implementation of evidence-based practices and improved integration of care provided within and outside the hospital. STEGH's significant success is critically dependent on the quality and commitment of our executive leadership team to pursuing STEGH's continuing journey of improvement as an acute care hospital, enhancing integration of home, community and hospital-based care, and achieving improved population health outcomes for Elgin and area.

STEGH is a 162-bed facility providing comprehensive 24-hour coverage in Internal Medicine, Surgery, Obstetrics, Paediatrics, Anaesthesia, Emergency, Mental Health and Family Medicine. These beds include 105 acute care, 30 complex continuing care, 12 rehabilitation, and 15 mental health. In addition, STEGH is classified as a large volume community hospital with over 51,000 Emergency visits annually. As a fully accredited hospital, we are proud to serve the City of St Thomas and all eight municipalities within the County of Elgin.

More than 850 employees work at STEGH and over 200 credentialed Professional Staff (physicians, dentists, midwives) provide care ensuring that we provide the highest quality of care to each and every patient that walks through our doors. STEGH is also supported by 150 volunteers and 150 students.

COMPENSATION PHILOSOPHY

The Board of Governors of STEGH understands the vital role our hospital plays in our community by providing high quality, patient centered care in a safe and compassionate environment. Critical to STEGH's ability to fulfill its vision and mission are the skills and dedication of everyone who works at the hospital – our employees, professional staff and volunteers.

To achieve this, the Board recognizes the importance of having an Executive Team who possess the expertise and commitment to provide strategic leadership and commitment to our LEAN operating system. This is essential to ensuring STEGH's continuing ability to provide our catchment area with excellent hospital-based care within the fiscal guidelines aligned to legislative requirements.

It is our leaders who define the hospital's direction and guide our staff to achieve success. The quality of our leaders translates directly to the quality of care received by the patients we serve.

The key principles of STEGH's compensation philosophy are:

- To provide all of our executives with compensation that is fair and equitable in comparison to similar Ontario Hospitals and job market forces, complies with provincial executive compensation directive, framework and guide issued under the Broader Public Sector Executive Compensation Act, 2014, and reflects the scope of responsibilities and job duties of each Executive.
- To motivate our Executives to effectively manage the delivery of high quality clinical services, pursue continuous improvement through LEAN and evidence-based care, achieve the hospital's annual Quality Improvement Plan objectives, and coordinate care delivery with the wide range of health service providers that serve Elgin County residents.
- Provide market competitive total compensation for executives that reflect the hospital's affordability and accountability. This includes capping executive compensation at the 50th percentile of the maximum amounts of salary and performance-related pay offered by comparable hospitals.
- Benchmark its executive compensation against appropriate comparators selected for similarity and fit related to factors such as scope of responsibilities for executives, industries within which STEGH competes for executive talent, size of the organization, type of operations the organization engages in, and location of the organization

EXECUTIVE COMPENSATION PACKAGE

The executive total compensation program is composed of direct compensation (salary and performance-related pay) and non-cash compensation (i.e., benefits and pension). An effective and active compensation program is crucial to successfully ensuring internal equity and maintaining the principles of pay equity within the salary administration program.

STEGH's Executive performance-related pay is the portion of the executive compensation that is linked to the achievement of the hospital's Quality Improvement Plan (QIP) as required by the Excellent Care for All Act (ECFAA). In compliance with ECFAA, a portion of each executive's compensation is set aside and linked to the QIP. At the completion of each fiscal year, the Board of Governors evaluates the success of the Executive Team in achieving the targets identified in the QIP and awards the performance-related pay up to the maximum percentage set out each year in the QIP.

Section B - Designated Executive Positions

List all designated executives at the designated employer. If applicable, indicate the class or category of each designated executive position as it relates to the salary and performance-related pay structure in the executive compensation program.

Full Job Title	Class of Position
President and Chief Executive Officer (CEO)	n/a
Chief of Staff (COS)	n/a
Vice President Clinical Services (VP)	VP Clinical
Vice President Clinical Services (VP)	VP Clinical
Chief Financial Officer (CFO)	n/a
Chief People Officer (CPO)	n/a

Section C – Part 1 Salary and Performance-related Pay – Comparator Selection

Provide 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. Provide a rationale for the chosen comparators.

Comparators 1

Executive Positions or Classes of Positions Benchmarked

1. President and Chief Executive Officer
2. Chief of Staff
3. VP Clinical
4. Chief Financial Officer
5. Chief People Officer

Canadian Public Sector or Broader Public Sector Comparators

Organizations

- A. Bluewater Health – for positions 1, 2, 3
- B. Brant Community Healthcare System – for positions 1, 2, 4
- C. Brockville General – for positions 1, 2, 3, 4, 5
- D. Joseph Brant Hospital – for positions 1, 2, 4, 5
- E. Cambridge Memorial Hospital – for positions 1, 2, 3, 4
- F. Chatham-Kent Health Alliance – for positions 1, 2, 3, 4, 5
- G. Cornwall Community Hospital – for positions 1, 2, 3, 4, 5
- H. Grey Bruce Health Services – for positions 1, 2, 3, 4, 5
- I. Guelph General Hospital – for positions 1, 2, 4, 5
- J. Huron Perth Healthcare Alliance – for positions 1, 2, 3, 4, 5
- K. Ross Memorial Hospital – for positions 1, 2, 3, 4
- L. Pembroke Regional Hospital – for positions 1, 2, 3, 4
- M. Timmins' District Hospital – for positions 1, 2, 4, 5
- N. Woodstock Hospital – for positions 1, 4

Positions or Classes of Positions

President and Chief Executive Officer: President & CEO; CEO

Chief of Staff: Chief of Staff; Chief of Professional Staff; VP Medical Affairs/Chief of Staff; Chief of Medical Staff; Chief of Staff/VP Medicine

VP Clinical: VP, Clinical Programs & CNE (Chief Nursing Executive); VP, Operations; VP Patient Care & Acute Care & CNE; VP, & CNO (Chief Nursing Officer); VP & CNE; VP Community Programs; VP, Partnerships & Patient Experience; VP, Diagnostics, Procurement & Special Projects; VP, Clinical Services

Chief Financial Officer: CFO; VP & CFO; VP Corporate Affairs & CFO; Senior Director of Finance & CFO; VP Finance, Corporate Services & CFO; VP Finance & Corporate Finance; Chief Financial & Information Officer; VP Corporate & Diagnostic Services, CFO; Chief Financial Officer / Chief Information Officer; VP, Performance & Fiscal Health; Regional CFO; Senior VP Corporate & Support Services CFO (Chief Financial Officer)/CIO (Chief Information Officer)

Chief People Officer: CHRO; VP, HR; VP & CHRO (Chief Human Resources Officer); VP HR (Human Resources) and Support Services; VP People & Workplace Health; Chief of HR

Rationale for Selected Comparators

STEGH's comparator group includes 14 medium sized community hospitals in Ontario. The comparator organizations were selected based on their similarities with STEGH with respect to most or all the factors specified within the Executive Compensation Framework ("Framework"):

- **Scope of responsibilities of the organization's executives:**

All comparator organizations have two or more relevant number of comparable positions to STEGH's executive positions with respect to essential competencies (knowledge, skills, abilities), and share similar levels of complexity and accountability

- Each comparator has a role of CEO comparable to STEGH.
- Thirteen comparators have a similar role with the title of Chief of Staff or VP Medical Affairs and Chief of Staff comparable to STEGH.
- Nine comparators have a role similar to VP Clinical. Although the title varies, the responsibilities of the role include oversight of clinical programs, professional practice, clinical support programs, service programs and the patient experience.
- Thirteen comparators have a role similar to Chief Financial Officer. Although the title varies, the roles include oversight of finance, budget, facilities, IT, capital projects and an element of clinical support programs such as health records and pharmacy.
- Eight of the comparators have a role similar to Chief People Officer. Although the titles vary, the responsibilities include oversight of human resources, corporate learning, volunteers, occupational health, safety and wellness as well as corporate staffing and scheduling.

- **Type of operations the organization engages in:**

All comparator organizations are medium-sized community hospitals that provide full service, 24/7, secondary level care and have a complexity and volume of patient services similar to STEGH. In addition, STEGH has the following specialized services:

- Designated Stroke Centre
- Level II Special Care Nursery
- Closed model Level III Intensive Care Unit
- Schedule I Mental Health Facility

- **Industries within which the organization competes for executives:**

All comparator organizations are within the Ontario Healthcare industry from which STEGH competes for executive talent.

- **Size of the organization:**

Represents a balanced sample of organizations that are smaller and larger than STEGH with respect to operating budget, number of beds and headcounts.

- STEGH's total annual revenue is \$95.5 M. The P50 annual revenue for the comparator group is \$110 M, ranging from \$76 M to \$182 M.
- STEGH has 626 Full-Time Equivalent Employees and a head count over 850. The P50 for FTE count for comparator hospitals is 787.
- STEGH annually has 46,587 total inpatient days and 51,605 emergency visits. The P50 for inpatient days is 55,584 and the P50 for emergency visits for the comparator hospitals is 51,600.
- STEGH has 107,326 total ambulatory visits. The P50 total ambulatory visits for the comparator groups is 107,973.

- **Location of the organization:**

All comparator organizations are within Ontario and approximately 65% are located in the South West LHIN or neighbouring LHINs.

The STEGH Board of Governors believes this group of hospitals fulfills the above-mentioned criteria and is an appropriate group of comparator organizations.

Section C – Part 2 Salary and Performance-related Pay – Comparative Analysis Details

Provide information on the percentile used to benchmark the salary and performance-related pay cap for each designated executive position or class of positions. Additional information on the methodology used to determine salary and performance-related pay can provide useful context.

STEGH positions were benchmarked against jobs with similar job titles and a similar nature of responsibilities and scope of portfolios.

The results of the comparative analysis were used to determine the maximum cash compensation that STEGH executives may earn. The total cash compensation caps for all executives, with the exception of the CEO, were established at the 50th percentile of the comparator market maximum total cash compensation (maximum base salary plus maximum performance-related pay). The CEO salary is capped at the 16th percentile. The minimum base salary has been established at 80% of the maximum base salary plus maximum performance related pay. The performance-related pay of up to a maximum of 5% reflects STEGH's existing practice of pay-at-risk.

Comparative Analysis Details

Comparator Hospital	President and CEO	Comparator Hospital	Chief of Staff *	Comparator Hospital	Vice President Clinical Services	Comparator Hospital	Chief Finance Officer	Comparator Hospital	Chief People Officer
C	\$216,444	M	\$187,500	G	\$137,027	M	\$150,833	J	\$148,902
G	\$236,400	J	\$187,500	L	\$157,500	C	\$155,682	M	\$149,097
N	\$250,000	F	\$250,000	K	\$160,500	N	\$161,142	H	\$153,231
M	\$280,000	H	\$250,715	C	\$164,800	H	\$174,447	G	\$154,524
F	\$285,000	A	\$346,800	F	\$177,625	I	\$176,000	C	\$164,800
K	\$291,720	E	Confidential (below \$350k)	J	\$177,899	G	\$177,500	I	\$168,000
J	\$294,860	B	\$350,000	A	\$179,925	F	\$177,625	F	\$177,625
A	\$299,882	C	\$375,000	H	\$180,166	J	\$177,899	D	\$189,525
I	\$304,337	D	\$375,005	E	\$182,000	E	\$182,000	E	
H	\$304,500	K	\$387,500	M		L	\$182,297	N	
L	\$308,255	I	\$390,000	B		K	\$185,500	L	
E	\$342,000	L	\$393,750	D		D	\$195,234	K	
B	\$350,000	G	\$400,000	I		B	\$212,687	B	
D	\$356,195	N		N		A		A	
STEGH	\$205,569		\$307,500		\$175,000		\$150,000		\$150,000
<i>* annualized salary; represents 0.4 FTE</i>									
N	14		13		9		13		8
P50	\$297,371		\$350,000		\$177,625		\$177,625		\$159,662
P16	\$252,400		\$235,000		\$158,340		\$160,705		\$149,593
P10	\$240,480		\$193,750		\$153,405		\$156,774		\$149,039

Section C – Part 3 Salary and Performance-related Pay Structure

Provide information on the salary and performance-related pay cap for each designated executive position or class of positions. Additional information on salary ranges and performance-related pay structure can provide useful context.

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)	Salary and Performance-related Pay Cap (\$)
President and Chief Executive Officer***	\$201,920	-	\$240,381	-	5%	\$252,400
Chief of Staff *	\$280,000	-	\$333,333	-	5%	\$350,000
VP Clinical	\$142,100	-	\$169,167	-	5%	\$177,625
Chief Financial Officer	\$142,100	-	\$169,167	-	5%	\$177,625
Chief People Officer	\$127,730	-	\$152,059	-	5%	\$159,662

**Chief of Staff compensation is annualized; this position represents a 0.4 FTE role at STEGH with a corresponding 40% of the annualized salary.*

*** The Maximum Annual Performance-Related Pay is based solely on the achievement of key performance indicators, including the QIP (Quality Improvement Plan).*

**** The CEO Salary is capped at P16.*

The minimum salary rate is established at 80% of the total salary and performance-related pay cap.

Section D - Salary and Performance-related Pay Envelope

Provide the sum of salary and performance-related pay paid to designated executives for the most recently completed pay year. In addition, provide the maximum rate of increase to the salary and performance-related pay envelope. Additional information on why changes are necessary and how they were determined can provide useful context.

Sum of Salary and Performance-related Pay for the Most Recently Completed Pay Year (\$)	Maximum Rate of Increase to Envelope (%)
\$1,013,942.65	2.4%

Rationale for the Proposed Maximum Rate of Increase:

The proposed 2.4% rate of increase is necessary to adjust the annual compensation of STEGH's executives to reflect the annual salary ranges documented in Section C, Part 3 based on performance, to retain and motivate the executive team, or address any internal/external inequities that have risen. The most significant adjustment that is required is to the annual compensation for the President and CEO position.

In determining the requested 2.4% rate of increase, STEGH considered 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 STEGH's executive compensation needs and organization-specific circumstances.

- Financial and compensation priorities of the Ontario Government**
 Based on the 2016 Ontario Economic Outlook and Fiscal Review, transforming healthcare is one of the primary priorities for Ontario. STEGH's leadership in implementing its LEAN system and evidence-based care practices, and in pursuing innovative partnerships with community service providers and other hospitals is a model of healthcare transformation that requires a strong and determined executive team to continue.
- Compensation trends**
 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. The executive compensation has identified that all of STEGH's executive positions are under fair market levels, the most egregious being the President and CEO position.
- Portion of operating budget used for executive compensation**
 In 2016/17 St. Thomas Elgin General Hospital invested 69% of its budget to direct patient areas, 30% in Patient Care Support and 1% in Executive Administration. Given the size of STEGH's executive team, the salary and performance-related pay envelope is reasonable as a percentage of the hospital's budget.
- Impact of salary compression on attracting and retaining talent.**
 The leadership and commitment of STEGH's CEO is critical to the championing and overseeing of the continued implementation of LEAN in the ongoing improvement of all organization systems that continue to contribute to STEGH's success in improving operational and financial efficiencies and most importantly in improving the patient care experience.

Review of STEGH's current Executive compensation reveals that the President and CEO salary is \$35,000 below the 10th percentile for similar medium sized hospitals.

Currently at STEGH, the difference in percentage between the President & CEO's salary and the highest paid executive reporting into this role is 14%. However, 10 of the 14-comparator organizations have a pay gap of at least 30% between their highest paid executive and President & CEO equivalent. This is another indicator of a significant gap that exists in the current salary range for the STEGH President and CEO.

The last adjustment to the President and CEO salary was in April of 2009 prior to the first public sector executive wage freeze and in 2012 when the wage freeze was lifted, the President & CEO's salary was not adjusted to market as the President and CEO at that time was in a fixed and final employment contract.

Keeping in mind the vast difference between comparator hospital salaries and the compression issue between the President/CEO and the other executives, the majority of the increase to the envelope in the first year will be reflected within the President & CEO's salary. This would allow STEGH to be competitive with the selected comparator group.

STEGH's recent experience (2015-2016) recruiting a new President and CEO demonstrated the significant ongoing risk to the hospital of not being able to correct its deficiency in Executive Compensation, especially for the CEO position. It was evident during the process that qualified external candidates lost interest in the position primarily due to the uncompetitive CEO salary cap that, as noted above, has not changed since 2009. Failure to establish a comparable salary range for the President and CEO position is seen by the Board of Governors as one of the highest risks facing the hospital in terms of the ability of the Board to retain the current CEO or to successfully recruit a fully qualified person to fill this position in the future.

Expansion in the operations

Since 2009, under the President & CEO's leadership, STEGH has seen a significant increase in the complexity of care provided with the addition of numerous programs to the organization. These include:

- The addition of a Schedule 1 mental health facility with 15 inpatient mental health beds and associated outpatient services in January 2014.
- An expansion of a special care nursery in December 2015, to include 4 level 2B beds fully staffed by paediatricians 24/7
- The addition of a designated stroke center with a 10-bed integrated stroke unit providing acute and rehabilitation care as well as an outpatient stroke clinic, in April 2016.
- Changed to a closed model Intensive Care Unit (ICU) in July 2014, with subsequent marked increase in complexity of ICU care provided 24/7 by specialty trained and designated Intensivists. The data confirms an increase in complexity and an overall 91% increase in ICU vented days for the period covering 2014 to 2017.
- In November 2015, construction of the Great Expansion of our hospital moved forward, adding over 100,000 square feet to our current structure, indicating the growth in our community, and the additional responsibility for our leadership team.
- STEGH is experiencing significant expansion in the scope and volume of its clinical operations in part due to additional services and the increased prevalence of chronic disease in Elgin County, which has one of the highest incident rates in the province.
- STEGH continues to be successful in leading the hospital sector for reduced wait times in emergency room visits in the province. Most recently, STEGH was recognized as maintaining the lowest 90th percentile ED length of stay for all patients for the fourth year in a row. With this improved efficiency our emergency patient visits have increased from 37,000 in 2009, to over 51,000 in 2016.

Section E - Other Elements of Compensation

Provide information on any compensation elements, other than salary and performance-related pay, that would be provided to designated executive positions or classes of positions but that are not generally provided in the same manner and relative amount to non-executive managers.

Include rationale outlining the critical business reasons that justify the provision of each element of compensation.

Element 1

Element of Compensation

STEGH provides executive roles and non-executive managers with a healthcare spending account that can be used to cover actual eligible extended health and dental costs not covered by other benefits up to an annual maximum amount. Currently, executives receive a \$3,000 HCSA which is different than the limit for managers, who receive a \$1,000 HCSA. STEGH will transition the HCSA to the same value of 1% of annual salary determined each April 1st. This common standard will apply to individuals in management and executive roles. The existing three executive positions will transition after 3 years of grandfathering.

Positions or Classes of Positions

Management and Executive

Rationale

STEGH believes that this is generally provided to non-executive managers in the same manner and relative amount as provided to the executives.
