



Broader Public Sector Executive Compensation
Executive Compensation Program
Lennox Addington County General Hospital (LACGH)

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DRAFT EXECUTIVE COMPENSATION PROGRAM Public Consultation Document

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 a Broader Public Sector 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 Board of Directors of Lennox and Addington County General Hospital 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;
- Submit by September 29, 2017 to the Ministry of Health and Long Term Care the proposed Executive Compensation Program;
- After receiving approval by the Ministry to do so, seek public comment by posting its proposed Executive Compensation Program 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 Executive Compensation Program and post it on its website.

Designated Executives

This Executive Compensation Program applies to the following designated executives at Lennox and Addington County General Hospital:

- Chief Executive Officer (CEO)
- Chief Nursing Office (CNO)/Director of Patient Care
- Chief Financial Officer (CFO)
- Director of Quality and Operational Efficiencies
- Director of Human Resources
- Director of Support Services/Project Management
- Chief of Staff (COS)

Compensation Philosophy

As a small community based hospital, the Lennox and Addington Community General Hospital's (LACGH) mission is to be a progressive hospital, meeting the needs of our local communities through our people. Our values are focused on Teamwork, Respect and Communication. In line with our mission and values, LACGH is committed to attracting, retaining, and motivating highly talented executives with competitive total compensation packages in order that we can meet our strategic and business objectives and lead the organization through the challenges of providing healthcare services today and into the future, contributing to the advancement of health care, and education. The mission and values of the Hospital have provided the framework for the following executive total compensation strategy:

1. Mission Driven - Our hospital values staff as its most vital resource for advancing its mission and programs. Compensation policies and procedures will align with the hospital's overall mission and support the hospital's long-term direction.
2. External Competitiveness - Our compensation, policies, and procedures will be competitive with comparable hospitals based on appropriate external markets. LACGH will provide opportunities that integrate pay with the Hospital's annual and long-term performance goals.
3. Equity - Strive to ensure a balance between internal equity and external competitiveness.
4. Financial Sustainability – LACGH will design and administer compensation packages in a financially sustainable manner to ensure good stewardship of our resources and financial stability, while encouraging the achievement of strategic objectives and creation of shareholder value.
5. Transparency – LACGH will administer the compensation program in a transparent manner. The hospital will clearly communicate the compensation policies, structures, and performance criteria in an open and collaborative process and will strive to administer its compensation plan in a competent, consistent, and impartial fashion.



LACGH will meet all legislative and salary disclosure requirements, and in particular, comply with the Excellent Care for All Act, 2010 by linking a portion of compensation for executives to the achievement of performance targets set out in the annual Quality Improvement Plan (QIP).

LACGH seeks to target executive compensation at approximately the 50th percentile of the market median of the compensation paid for such roles that it believes to be consistent with others within the community hospital sector and external market pay policy guidelines. The salary reference ranges will include provisions for an adequate range and spread of salary rates to reflect developmental, job standard, and above standard rates.

Determining Compensation Levels

Comparator Group and Comparative Analysis Details

Lennox and Addington County General Hospital's (LACGH) Comparator Group includes a minimum of eight (8) Ontario hospitals for each of the designated positions.

The Comparator Group for the Chief Executive Officer (CEO) included the following Hospitals:

- Organization 1 – Leamington District Memorial Hospital
- Organization 2 – Kirkland and District Hospital
- Organization 3 – Collingwood General and Marine Hospital
- Organization 4 – Northumberland Hills Hospital
- Organization 5 – Simcoe Norfolk General Hospital
- Organization 6 – Winchester District Memorial Hospital
- Organization 7 - Renfrew Victoria Hospital
- Organization 8 - Exeter South Huron Hospital

The Comparator Group for the Chief Nursing Office (CNO)/Director of Care included the following Hospitals:

- Organization 1 – Georgian Bay General Hospital
- Organization 2 – Renfrew Victoria Hospital
- Organization 3 – Winchester District Memorial Hospital
- Organization 4 – Sioux Lookout Meno Ya Win Health Centre
- Organization 5 - Coburg Northumberland Hills Hospital
- Organization 6 - Collingwood General and Marine Hospital
- Organization 7 - Hopital General de Hawkesbury and District General Hospital
- Organization 8 - Leamington District Memorial Hospital

The Comparator Group for the Chief Financial Officer included the following Hospitals:

- Organization 1 - Kemptville District Hospital
- Organization 2 – Perth and Smiths Falls District Hospital
- Organization 3 - Leamington District Memorial Hospital
- Organization 4 - Renfrew Victoria Hospital
- Organization 5 – Winchester District Memorial Hospital
- Organization 6 – Collingwood General and Marine Hospital



Organization 7 – Georgian Bay General Hospital
Organization 8 – Northumberland Hills Hospital
Organization 9 – Sioux Lookout Meno Ya Win Health Centre
Organization 10 – Norfolk General Hospital

The Comparator Group for the Director of Quality/Operational Efficiencies included the following Hospitals:

Organization 1 - Temiskaming Hospital
Organization 2 - Matheson/Iroquios Falls/Cochrane Group
Organization 3 - Collingwood General and Marine Hospital
Organization 4 - Leamington District Memorial Hospital
Organization 5 - Simcoe Norfolk General Hospital
Organization 6 – Norfolk General Hospital
Organization 7 – Almonte General Hospital
Organization 8 - Dryden Regional Health
Organization 9 – Sioux Lookout Meno Ya Win Health Centre
Organization 10 – Renfrew Victoria Hospital

The Comparator Group for the Director of Human Resources included the following Hospitals:

Organization 1 – Sioux Lookout Meno Ya Win Health Centre
Organization 2 – Riverside Health Care Facilities Inc.
Organization 3 – Arnprior Regional Health
Organization 4 – Listowel Memorial Hospital
Organization 5 – Leamington District Memorial Hospital
Organization 6 – Norfolk General Hospital
Organization 7 – Northumberland Hills Hospital
Organization 8 – Wellington-Dufferin-Guelph Health Unit

The Comparator Group for the Director of Support Services/Project Management included the following Hospitals:

Organization 1 – Middlesex – London Health Unit
Organization 2 – Georgian Bay General Hospital
Organization 3 – Sioux Lookout Meno Ya Win Health Centre
Organization 4 – Riverside Health Care Facilities Inc.
Organization 5 – Leamington District Memorial Hospital
Organization 6 - Norfolk General Hospital
Organization 7 – Dryden Regional Health Centre
Organization 8 – Renfrew Victoria Hospital

The Comparator Group for the Chief of Staff (COS) included the following Hospitals:

Organization 1 – Perth and Smiths Fall District Hospital
Organization 2 – Wellington Health Care Alliance
Organization 3 – Headwaters Health Care Centre
Organization 4 – Erie Shores Health Care
Organization 5 – Sioux Lookout Meno Ya Win Health Centre
Organization 6 – Lake of the Woods District Hospital
Organization 7 – Collingwood General and Marine Hospital

Organization 8 – Georgian Bay General Hospital

The Comparator Groups that were selected were relevant healthcare organizations, in terms of:

- Designation as a "Community" Hospital.
All comparator groups that were considered are classified, under the Ministry of Health Long Term Care, as "community" hospitals or "small" hospitals.
- Number of Patient Beds (50-99).
The comparator groups that were considered in this exercise are designated, under the Ministry of Health Long Term Care, as hospitals of similar bed size, which is 50 – 99 beds.
- Annual Operating Budget (\$25M to < \$150M).
The comparator groups that were considered have an Annual Operating Budget, as determined by the Ministry of Health Long Term Care of \$25M to less than \$150M.
- Lennox Addington County General Hospital operates within the Southeast LHIN. There are very few similar sized hospitals within the Southeast LHIN. Given the lack of appropriate comparators within a close geographic proximity, along with the mobility of talent and the number of personal factors that can influence where people live and work, consideration was given to similar hospitals (based on size, operations and complexity) throughout Ontario.

Comparative Analysis Details

The salary information and benchmarked position in the following tables reflects the most recent twelve (12) month data, inclusive of both salary and performance related pay that could be obtained publically, as reported annually pursuant to the Public Sector Salary Disclosure Act, 1996 or provided directly by the comparator organization at September 11, 2017.

Comparator Group	CEO Salary
Leamington District Memorial Hospital, Chief Executive Officer	\$231,294.48
Kirkland and District Hospital, Chief Executive	\$232,337.24
Collingwood General and Marine Hospital, Chief Executive Officer	\$239,702.46
Northumberland Hills Hospital, President, Chief Executive Officer	\$249,999.88
Simcoe Norfolk General Hospital, President and Chief Executive Officer	\$259,219.94
Winchester District Memorial Hospital, Chief Executive Officer	\$270,000.00



Renfrew Victoria I Hospital, President and Chief Executive Officer	\$273,000.00
Exeter South Huron Hospital, President and Chief Executive Officer	\$294,859.62
50th Percentile	\$254,609.91

Comparator Group	Chief Nursing Officer/Director of Care
Georgian Bay General Hospital, Vice President of Patient Care and Clinical Services, Chief Nursing Executive	\$139,887.09
Renfrew Victoria Hospital, Vice President, Patient Services	\$141,613.43
Winchester District Memorial Hospital, Senior Vice-President, Clinical Services and Chief Nursing Executive	\$141,829.40
Sioux Lookout Meno Ya Win Health Centre, Vice President Health Services, Chief Nursing Officer	\$147,171.90
Coburg Northumberland Hills Hospital, Chief Nursing Executive and Vice President, Patient Services	\$153,266.25
Collingwood General and Marine Hospital, Vice President, Patient Services and Chief Nursing Officer	\$155,207.80
Hôpital Général de Hawkesbury and District General Hospital, Vice President Nursing Administration	\$163,969.06
Leamington District Memorial Hospital, Chief Nursing Executive	\$175,297.40
50th Percentile	\$150,219.08

Comparator Group	Director Finance/Utilization Management
Kemptville District Hospital, Chief Financial Officer	\$119,053.34
Perth and Smiths Falls District Hospital, Vice President Financial and Support Services	\$133,516.65
Leamington District Memorial Hospital, Chief Financial Officer	\$134,042.97
Renfrew Victoria Hospital, Vice President, Financial Services	\$135,883.93



Winchester District Memorial Hospital, SVP, Corporate and Information Management Services and Chief Financial Officer	\$141,829.03
Collingwood General and Marine Hospital, Vice President, Corporate Services and Chief Financial Officer	\$142,656.00
Georgian Bay General Hospital, Vice President of Corporate and Support Services, Chief Financial Officer	\$147,982.91
Northumberland Hills Hospital, Vice President Finance and Information Systems, Chief Financial Officer	\$156,941.26
Sioux Lookout Meno Ya Win Health Centre, Vice President Corporate and Performance, Chief Operating Officer	\$167,114.37
Norfolk General Hospital, Vice President Finance	\$202,325.71
50th Percentile	\$142,242.52

Comparator Group	Director, Quality & Operational Efficiencies
Temiskaming Hospital, Corporate and Support Services Manager	\$102,953.77
Matheson /Iroquois Falls / Cochrane Group, Director Quality Risk Management	\$104,080.48
Collingwood General and Marine Hospital, Chief of Performance and Clinical Systems	\$113,286.00
Leamington District Memorial Hospital, Senior Director Corporate Services	\$117,634.15
Simcoe Norfolk General Hospital, Director Support Services	\$117,707.99
Norfolk General Hospital, Director – Quality and Clinical Practice	\$119,570.06
Almonte General Hospital, Vice President Corporate Services	\$119,736.98
Dryden Regional Health, Vice President Chief Operating Officer	\$120,873.22
Sioux Lookout Meno Ya Win Health Centre, Corporate and Support Services Manager	\$136,244.70
Renfrew Victoria Hospital, Vice President Corporate Services	\$141,613.42
50th Percentile	\$118,639.03



Comparator Group	Director Human Resources
Sioux Lookout Meno Ya Win Health Centre, Director of Staff Resources	\$109,023.22
Riverside Health Care Facilities Inc., Director Human Resources	\$112,265.86
Arnprior Regional Health, Vice President Human Resources	\$112,278.75
Listowel Memorial Hospital, Chief Human Resources Office/Manager Nutrition and Food Services	\$118,782.42
Leamington District Memorial Hospital, Director Human Resources	\$118,941.86
Norfolk General Hospital, Director – Human Resources	\$122,939.20
Northumberland Hills Hospital, Vice President, Human Resources and Quality	\$129,499.67
Wellington-Dufferin-Guelph Health Unit, Director	\$141,713.25
50th Percentile	\$118,862.14

Comparator Group	Director Support Services/Project Management
Middlesex – London Health Unit, Program Manager	\$104,493.50
Georgian Bay General Hospital, Director of Performance Excellence	\$108,203.20
Sioux Lookout Meno Ya Win Health Centre, Director of Environmental Services	\$108,773.08
Riverside Health Care Facilities Inc., Director Capital Planning, Engineering and Environmental Services	\$112,008.00
Leamington District Memorial Hospital, Director of Development	\$117,634.15
Norfolk General Hospital, Director – Support Services	\$117,707.99
Dryden Regional Health Centre, Vice President Chief Operating Officer	\$120,873.22
Middlesex – London Health Unit, Director	\$128,419.90
Renfrew Victoria Hospital, Vice President, Corporate Services	\$141,613.42
50th Percentile	\$117,671.07



Comparator Group	Chief of Staff
Perth and Smiths Fall District Hospital, Chief of Staff	\$237,500.00
Wellington Health Care Alliance, Chief of Staff	\$250,000.00
Headwaters Health Care Centre, Chief of Staff	\$300,000.00
Erie Shores Health Care, Chief of Staff	\$316,250.00
Sioux Lookout Meno Ya Win Health Centre, Chief of Staff	\$325,000.00
Lake of the Woods District Hospital, Chief of Staff	\$331,500.00
Collingwood General and Marine Hospital, Chief of Staff	\$345,500.00
Georgian Bay General Hospital, Chief of Staff	\$400,000.00
50th Percentile	\$320,625.00

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 minimum and maximum compensation for each designated executive is outlined in the chart below:



Designated Executives	Minimum of Salary and Performance-Related Pay	Maximum Salary Range	Proposed Maximum Performance-Related Pay (%)	Salary and Performance-Related Pay Caps (50 th percentile of comparators)
Chief Executive Officer (CEO)	\$203,689.00	\$246,971.61	3%*	\$254,609.01**
Chief Nursing Office (CNO)/Director of Care	\$120,234.00	\$145,782.35	3%*	\$150,219.08**
Chief Financial Officer (CFO)	\$113,794.00	\$137,975.24	3%*	\$142,242.52**
Director Quality and Operational Efficiencies	\$94,911.00	\$115,079.83	3%*	\$118,639.03**
Director of Human Resources	\$95,090.00	\$115,296.14	3%*	\$118,862.14**
Director Support Services/Project Management	\$94,137.00	\$114,140.87	3%*	117,671.07**
Chief of Staff	\$256,000	\$311,006.25	3%*	\$320,625.00**

**All executive positions' current salaries are subject to a 3% pay at risk (or rollback) as per the Excellent Care for All Act (ECFAA) and pending the achievement of assigned weighted goals*

*** Represents the 50th percentile (that is no greater than the point in the range which half the values fall below).*

**** Salary and performance-related pay is capped at no more than the 50th percentile of appropriate comparators. Progression to the next step on the grid occurs annually and total amount allocated for all positions each year must be within the defined Salary and Performance-related pay envelope. Pay at risk of 3% will continue to be in effect as part of the new salary range*

Adjustments to the salary and performance-related pay cap

Once per year, pursuant to Regulation, Lennox and Addington County General Hospital (LACGH) may increase the salary and performance-related pay cap for a designated executive position by a rate that does not exceed the lesser of the following:

- The average rate of increase in salary and performance-related pay of the designated employer's non-executive managers for the most recent one-year period in respect of which LACGH determined the salary and performance-related pay to be paid to the non-executive managers.
- The public sector wage settlement trend in Ontario.



Designated Executive Salary and Performance-Related Pay Envelope

The Hospital’s total pay envelope for designated executives for the period of April 1, 2016 to March 31, 2017 was \$1,130,197.00. The Board of Directors proposed that the maximum rate by which this envelope could be increased in each year be set at 3%. In proposing the amount of 3%, the Board considered the following factors, which are summarized below:

- 1. **Financial priorities and compensation priorities of the Ontario Government**, including: Treasury Board, The Speech from the Throne, The Budget, and the Economic Outlook and Fiscal Review:

LACGH reviewed the following trends and averaged each of their performance since 2012, which was when the Government mandated a pay freeze for executive compensation:

1. Bank of Canada Average Rate of Inflation since 2012	1.41%
2. Labour Program Forecast for average annual wage	1.8%
Total Average of the above factors	1.60%
Executive Compensation Trend	3%

- 2. Recent **compensation trends** in the part of the Canadian public sector and broader public sector that is in the industry within which the designated employer competes for executives:

According to the Ontario Ministry of Labour, the 11-year average from 2006 to 2016 of the annual wage base increase for the provincial public sector was 1.82%. Most of these employees also receive annual increases for progress-through-the-ranks up to the maximum of their salary ranges. The local union average settlements since the 2012 LACGH executive salary pay freeze include:

Paramed Average Wage Increase since 2012	1.625%
ONA Average Wage Increase since 2012	1.67%
SEIU – Office/Clerical Average Wage Increase since 2012	1.1%
SEIU – Service Workers Average Wage Increase since 2012	1.1%
Non-Union Average Wage Increase since 2012	1.7%
Total Average of the above factors	1.44%

- 3. **Comparison between percentage of budget of the designated employer’s operating budget that is used for executive salary and performance-related pay and percentage of operating budgets** of comparator organizations used for executive salary:

In 2016-2017 LACGH invested approximately 3.2% of the operating budget toward executive salary and performance-related pay. Other local area hospitals invest approximately 4.7% of the operating budget toward executive salary and performance-related pay.

In addition, services at LACGH have only increased, which in turn has increased the operating budget, while the executive salary and performance-related pay has remained static.

4. **Impact of salary compression on attracting and retaining talent.**

In 2016-2017 the Hospital has at least two non-executive managers reporting to designated executives whose base salary is at least equivalent to the base salary of the designated executives.

In addition, one of the Hospital's six designated executives have announced their departure in November 2017 and this position will be the subject of recruitment by early 2018. The Hospital is physically situated between two large hospitals, including Kingston Health Science and Quinte Healthcare. LAGCH compensation must be at the 50th percentile to ensure that there is a significant pool of experienced candidates for this role.

Furthermore, LACGH may require the ability to address compression or inversion issues between the Executive Group and the non-unionized managers and directly supervised bargaining unit employees, given their average year-over-year increase of 1.7% for the past seven years and the government mandated pay freeze for executive compensation. This is clearly evident with those executive positions that are currently situated at the targeted 50th percentile.

5. Any significant **expansion in the operations** of the designated employer that is not the result of a significant organizational restructuring:

Compensation of designated executives has been frozen at LACGH going as far back as 2012. Since then, the hospital has opened a Long Term Care Home for which the current designated executive positions are managing. The Hospital acquired two allied buildings in 2012 and 2014 which house health related programs in the form of a health hub. In addition, the Hospital introduced a greater number of services including a Chemotherapy Program and a Cardiac Rehab Program. None of these services existed in 2011-2012.

LACGH is recommending a 3% Maximum Rate of Increase, as that is a representation of the current executive compensation trend. The 2017 long term executive trend range is 2.5% - 3.5%, which is consistent with recent years and a low inflation rate, however, it is important to note that the majority of organizations do not exceed a 4% increase in their executive compensation.

Of important note, at the completion of the comparator exercise, all LACGH executives fall within the proposed range of the 50th percentile.

Please note that the salary assigned to all of the executive positions is in line with the level of skills, knowledge and abilities that the individuals bring to the positions. The majority of the individuals have a long-standing career in hospital management, many



hold a post graduate degree and Long Term Care Administrator designation. In addition to the hospital positions, all individuals have a portion of Long Term Care Administration as part of their portfolio.

The 3% increase request to the pay envelope, that LACGH is requesting, will not target a specific individual or position but rather increase the pay envelope to allow for flexibility in recognizing performance.

There are no other compensation elements that are provided to designated executive positions or classes of positions that are not generally provided in the same manner and relative amount to non-executive managers.

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

Other Elements of Compensation

To confirm, there are no other elements of compensation available to designated executives that is not generally provided in the same manner and relative amount to non-executive managers.

Comments/Feedback

The Values of LACGH are Teamwork, Respect and Communication and as such, we value feedback from our community. Our draft executive compensation framework is being posted for public consultation. The public comment period is an opportunity for all interested parties to provide input into LACGH's draft framework. The consultation period will last a total of 30 days and all comments are due by April 5, 2018. LACGH continues to support and encourage a fair and balanced approach to all public sector compensation. LACGH will continue to work with government, understanding that this is a time of accountability, transparency and consistency in compensation for all executives throughout the Broader Public Sector.

Please direct any comments/feedback regarding this draft executive compensation program to ECPConsult@lacgh.napanee.on.ca. Please include your name and telephone number.