

# Geraldton District Hospital

## Executive Compensation Framework Program



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## Executive Compensation Framework Program



*The following document details the proposed executive compensation program for the Chief Executive Officer (CEO), Chief Nursing Officer, Chief Financial Officer and Chief of Clinical Services of the Geraldton District Hospital (GDH) as required by the Boarder Public Sector Executive Compensation Act (BPSECA) and O. Reg. 304/16.*

### INTRODUCTION

Geraldton District Hospital is a fully accredited, progressive health care organization committed to providing high quality services to residents of Greenstone (Beardmore, Caramat, Geraldton, Longlac, Nakina) and surrounding First Nations communities.

The Hospital has 23 acute care beds, 26 long-term care beds, and a 24-hour emergency department and has recently been approved for a Palliative Care bed. To allow the core services to function, GDH has an array of clinical support services including inpatient pharmacy, diagnostic imaging (x-ray and ultrasound) and a fully functioning laboratory that is part of the Northshore District Laboratory Program. The laboratory functions as a community lab for the area, as it is the only lab within Greenstone.

GDH also operates satellite programs which eliminates patient travel to Thunder Bay and supports the Patients First Act, 2016. Satellite programs available at GDH include outpatient chemotherapy, Ontario Telemedicine Network services, and an ambulatory clinic that is run through the both the emergency and rehab departments.

The hospital also oversees a fully functioning day clinic (also referred to as a primary care clinic) located in the northern community of Nakina. The clinic open 8 hours a day, five days a week, offer any and all primary care services and is highly used with over 2,000 visits per year.

#### Our Mission

- Community-based culturally-sensitive quality care

#### Our Vision

- Co-ordinated quality healthcare though established working linkages and partnerships

#### Our Values

- To provide safe client-centered multi-disciplinary quality care
- To respect the dignity and diversity of our clients and human resources
- To practice continuous quality improvement
- To provide a safe, healthy and accessible environment for clients, staff, volunteers and visitors
- To be legally, ethically, fiscally and environmentally accountable
- To learn and to evolve

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### COMPENSATION PHILOSOPHY

Geraldton District Hospital's (GDH) compensation and benefit program is intended to reward employees for their individual and collective efforts in executing on the Hospital's mission, vision and values. GDH is committed to and recognizes the necessity of providing a competitive compensation structure to enhance recruitment and retention of talented and qualified designated executive leadership. Our executive compensation structure supports the principles of continuous improvement and fiscal accountability, throughout the entire organization.

GDH will provide competitive compensation to attract and/or retain the right people in the Executive leadership roles. The mission, vision and values of Geraldton District Hospital have provided the framework for the following Executive compensation program.

#### *Affordability / Fiscal Accountability*

The program will be designed such that it is affordable considering budgetary constraints and limitations. The program will set a reasonable budget for compensation within GDH's financial resources.

#### *Flexibility*

The program will be designed to be flexible to accommodate shifting priorities, talent market pressures and organization objectives.

#### *Pay Equity*

GDH is committed to providing equitable compensation and benefits levels for positions with the same value (scope/complexity) to the organization. Internal relativity among various jobs at the same level will be considered; however, market rates will drive compensation levels for different skillsets – segmentation and individual differentiation is important in this program

#### *Target Positioning*

Compensation programs (salary + performance based pay) target the 50th percentile of the market on a target compensation basis. Actual pay may be above/below target subject to maximum under the Regulation (i.e. cannot be higher than the market 50th percentile maximum salary + performance based pay).

#### *Talent Markets*

For GDH's executives, our talent market is defined as hospitals:

- With annual operating budgets between 0.5x and 2x compared to GDH
- Located in Ontario
- Organization type: Small
- Less than 50 beds

#### *External Perspective*

The compensation structure acknowledges the challenge of recruiting executive leadership to work in the public healthcare sector of any small Northern community, including Geraldton. The compensation

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structure acknowledges the need to provide a competitive salary that will incent relocation/retention for the purposes of leading this organization.

### DESIGNATED EXECUTIVE POSITIONS

This Executive Compensation program applies to the following designated executives:

- Chief Executive Officer
- Chief Nursing Officer
- Chief of Clinical Services
- Chief of Financial Services

### COMPARATOR GROUP CRITERIA

The criteria for selection of the comparator organizations will be driven from the above talent markets, as described and outlined under the new Compensation Framework Regulation under the Broader Public Sector Accountability Act (BPSECA).

A minimum of eight (8) comparators must be selected and must be comparable with respect to most or all of the following factors outlined in the Regulation:

- **The scope of responsibilities of the organization's executives.** Each of the comparable organizations are hospitals/health centres that have similar executive roles and are similar with respect to essential competencies, relative complexity and the level of accountability associated with the position. Each comparator had the positions of Chief Executive Officer, Chief Nursing Officer, and Chief of Financial Services. The position of Chief of Clinical Services, while unique to GDH, was compared to other executive positions with a similar scope of responsibilities.
- **The type of operations the organization engages in.** All comparable organizations are healthcare organizations within Ontario. Geraldton District Hospital is a healthcare organization providing acute care, complex continuing care, ELDCAP/long-term care, hospice, ER, ambulatory clinics, laboratory, diagnostic imaging, and rehab. Organizations that were selected as comparators all engage in the same or similar operations.
- **The industries within which the organization competes for executives.** All comparator organizations are healthcare organization within Ontario which Geraldton District Hospital competes for designated executives. Other comparator organizations were included from Northern Ontario which GDH would more specifically compete for designated executives.
- **The size of the organization.** All of the comparator organizations are similarly sized matching the following criteria:
  - Organization Type: Small
  - Number of Beds: Less than 50
  - Annual Operating Budget: \$5 Million to < \$25 Million. In 2015-16 GDH had total operating expenses of \$13,040,927, while the average of the comparator group was \$13,904,138.
  - Number of Staff: < 250 FTEs. GDH has 108 FTEs while the average of the comparator group was 99 FTEs.
- **The location of the organization.** All comparator organizations are healthcare organizations within Ontario. Geraldton District Hospital is part of the North West LHIN and 9 of the 13

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- comparator organizations are part of the North West or North East LHINs. The remaining healthcare organizations are from other regions in Ontario however they match other criteria to be considered comparators.

### COMPARATOR ORGANIZATIONS

The following have been determined to be comparator organizations for Geraldton District Hospital:

Manitoulin Health Centre  
Hanover and District Hospital  
Manitouwadge General Hospital  
Atikokan General Hospital  
Englehart and District Hospital  
Hôpital de Mattawa Hospital  
Red Lake Margaret Cochenour Memorial Hospital  
Lady Dunn Health Centre  
Hôpital Notre-Dame Hospital  
Deep River and District Hospital  
Haldimand War Memorial Hospital  
Kempville District Hospital  
Espanola General Hospital

### COMPARATIVE ANALYSIS DETAILS

Geraldton District Hospital has followed the following requirements when developing its executive compensation program:

- Salary and performance-related pay is capped at no more than the 50<sup>th</sup> percentile of appropriate comparators.
- The rate of increase to the executive salary and performance related-pay envelope is capped at the maximum approved rate of increase.

### COMPENSATION STRUCTURE

Total compensation has two components:

1. Cash compensation
  - a. Performance Incentive – a portion of compensation for executives in the achievement of performance targets set out in the annual quality improvement plan (QIP). This amount is determined by the Board of Directors and is a portion of the current base salary that can be earned back.
  - b. Base Salary – Base salary paid to an executive in the year shall be determined by adjusting their salary based on the percentage of performance incentive.
2. Benefits – Benefits will be provided for all executives equal to the GDH's management terms of

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 employment.



**TOTAL COMPENSATION FOR DESIGNATED EXECUTIVES**

<b>Executive Position</b>	<b>Salary Range Maximum</b>	<b>Ratio of Base Salary to Performance Pay</b>	<b>Salary and Performance-Related Pay Cap (50<sup>th</sup> Percentile)</b>
CEO	\$ 164,706	98% base 2% performance	\$ 168,000
Chief Nursing Officer	\$ 116,424	99% base 1% performance	\$ 117,588
Chief of Clinical Services	\$ 113,130	99% base 1% performance	\$ 114,261
Chief Financial Officer	\$ 113,130	99% base 1% performance	\$ 114,261

**SALARY AND PERFORMANCE-RELATED PAY ENVELOPE**

The hospital's total pay envelope for designated executives for the most recently completed pay year was \$434,956. The board proposes that the maximum rate by which this envelope could be increased in each year be set at 5%. In proposing the amount of 5%, the Board considered the five factors articulated in the Directive, which are summarized below.

- **Financial and compensation priorities of the Ontario government.** The Ontario government has approved a balanced budget in 2017-18.
- **Compensation trends.** 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 increase for progress through the rank up to the maximum of their salary ranges.
- **Proportion of the operating budget used for executive compensation.** Approximately 3.6% of Geraldton District Hospital's operating budget is used for executive compensation (based on current executive salaries).
- **Impact of salary compression on attracting and retaining talent.** The salary compression significantly affects the hospital's ability to attract and retain talent. With the remote location of Geraldton it proves difficult to attract and retain talent without competitive salaries. GDH is unable to attract potential executives from their current positions, to a remote isolated area, such as Geraldton, for wages that are similar or less. Also, recruitment to executive leadership positions is challenging without incentive to leave front line or management positions.
- **Expansion in the Operations.** Compensation of designated executives has been frozen since 2009. Since then the operations of Geraldton District Hospital continue to expand. In particular, GDH's total ALC days have increased from 5,665 in April 2015 to 6,719 in March 2017. As a result of this increase additional resources are being allocated to ALC patients, limiting overall hospital resources to dedicate to acute care and emergency services. Thus, significant executive resources are required to manage this ongoing issue.

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### PUBLIC CONSULTATION

**PLEASE DIRECT ANY COMMENTS IN REGARD TO THE  
EXECUTIVE COMPENSATION PROGRAM TO:**

[jmcpherson@geraldtondh.com](mailto:jmcpherson@geraldtondh.com)

Prior to the end of the 30 day posting period.

To ensure that your comments receive the appropriate consideration you will be required to provide your name, telephone number and email address. Comments without this information will not be considered.