

Name of Employer  
Quinte Healthcare Corporation

On behalf of the above-named employer I certify that, to the best of my knowledge and belief, the posted compensation program conforms to the requirements of the Executive Compensation Framework in accordance with subsection 4(2) of O. Reg. 304/16. In particular, with respect to the framework requirements set out in section 2, I attest that:

- As contemplated in paragraph 1 of section 2, salary and performance-related pay caps in the executive compensation program were calculated under section 3 of O. Reg. 304/16 for each designated executive position or class of positions;
- As contemplated in paragraph 1.1 of section 2, the salary and performance-related pay envelope in the executive compensation program was determined under section 3.2 of O. Reg. 304/16;
- Other elements of compensation within the executive compensation program were determined in accordance with paragraphs 3-5 of section 2 for each designated executive position or class of positions; and
- Public consultation was conducted in accordance with paragraph 7 of section 2.

I have exercised care and diligence in making this attestation. This includes review of the government's expectation that the requirement for public consultation be met by posting the draft compensation program for public comment on the employer's public-facing website for a minimum of 30 days.

**Board Chair or Equivalent Highest Ranking Officer**

Last Name Wright	First Name Stuart	Middle Initial
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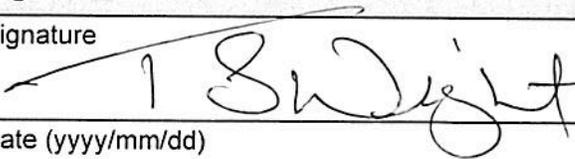
Title  
Board Chair

Date of Posting of Executive Compensation Program (yyyy/mm/dd)  
2018/02/28

Executive Compensation Program Website Address  
<http://www.qhc.on.ca/executive-compensation-at-qhc-p100.php>

**Signature**

Signature



Date (yyyy/mm/dd)  
2018/02/28

**If you have any questions regarding this compliance report please contact your overseeing ministry liaison.**



## QHC Executive Compensation Plan

*For final submission to the Ministry of Health and Long-Term Care  
February 28, 2018*

### Background

Executive compensation at Quinte Health Care (QHC) has been frozen since 2008 for the Vice President positions and since 2010 for the CEO and COS positions. Under the Broader Public Sector Executive Compensation Act (BPSECA), executive salary restraint measures remain in place until a compensation framework becomes effective. In September 2016, the government filed Regulation 304/16 under the BPSECA, which sets out the details for public sector employers – including hospitals – to establish an executive compensation framework. The process was further clarified by Ontario Regulation 187/17 and the Broader Public Sector Executive Compensation Program Directive.

Under these regulations and directive, the QHC Board of Directors is responsible to:

- Develop a written executive compensation program that sets out:
  - o The QHC executive compensation philosophy;
  - o Salary and performance pay caps based on an analysis of each designated executive position using at least 8 comparable organizations;
  - o The maximum rate that the total executive compensation pay envelope can increase each year; and
  - o Any elements of compensation provided exclusively to designated executives with rationale.
  
- Cap the maximum total cash compensation for each executive position at the 50th percentile of similar executive positions at a minimum of 8 comparable public sector organizations. The selection criteria for comparable organizations must be based on most or all of the following factors:
  - o Scope of responsibilities for the organization’s executives
  - o Type of operations the organization engages in
  - o Industries within which the organization competes for executives
  - o Size of the organization
  - o Location of the organization
  
- Continue performance-based compensation linked to quality improvement under the *Excellent Care for All Act*.
  
- Ensure executive compensation does not include: a signing or retention bonus, cash housing allowance, payments or benefits in lieu of perquisites, or insured benefits or enhancements that are not generally provided to non-executive managers. Elements of compensation that are given exclusively to executives, such as a car allowance, must be accompanied with a business rationale explaining why the element is necessary for the performance of the role or a “critical business need.” Termination payments (including payments in lieu of notice of termination) and

severance payments cannot total more than 24 times the average monthly salary of the executive.

- Approve all wage increases for designated executives. There will be a three-year grandfathering period for existing executives (including contract renewals) from the date the hospital's compensation program is posted. The compensation of new executives or existing executives who move into another executive role must immediately follow the new framework.

The approval process for this executive compensation program is set-out in the Directive as follows:

- The draft program must be submitted to the Ministry of Health and Long-Term Care (MOHLTC) by September 29, 2017.
- After receiving Ministry approval, QHC must post the proposed executive compensation program on its web site for at least 30 days to receive public comment.
- The executive compensation program is resubmitted to the MOHLTC with a summary of the public feedback received and any changes being made.
- The QHC Board must receive approval from the Minister of Health and Long-Term Care on the comparator organizations and proposed maximum rate of increase.
- The final executive compensation program is posted on the QHC web site, at which point it can be implemented. Until the final executive compensation program is posted on the QHC web site, executive compensation at QHC remains frozen.

## Plan Development

When Regulation 304/16 was announced in September 2016, the QHC Board of Directors undertook a comprehensive process to create the proposed QHC executive compensation plan. This was led by the Senior Leadership Evaluation and Compensation Ad-Hoc Committee of the Board, with the support of an external human resources consultant. The following steps were undertaken:

1. Confirmed the definition of “designated executives” as it applied to QHC leadership positions. This confirmed which positions needed to be included in the compensation plan.
2. Determined 10 comparable organizations to QHC, based on the criteria set out in the Regulation.
3. Conducted an analysis of similar executive class positions at each organization and determined salary caps based on the 50<sup>th</sup> percentile of similar executive positions at a minimum of 8 comparable organizations.
4. Determined the minimum and maximum compensation for each executive class at QHC, up to the salary cap.
5. Determined the total executive compensation pay envelope and the maximum annual rate of increase.
6. Ensured the QHC benefits and other forms of compensation were aligned with the BPSECA and Regulation 304/16.

There was considerable discussion by the entire Board throughout the process and this draft plan has been approved by the Board.

## Designated Executives

The Board of Directors has determined that the executive compensation plan applies to the following positions at QHC:

<b>Designated Executive</b>	<b>Executive Class</b>
President & CEO	President & CEO
Chief of Staff	Chief of Staff
Vice President & Chief Nursing Officer	Vice President
Vice President & Chief Financial Officer	
Vice President	
Senior Director, Governance & Strategy	Senior Director
Senior Director, Communications, Human Resources & Medical Affairs	

QHC will maintain its commitment to internal equity and the pay equity legislation by establishing a common maximum rate of compensation for its Vice President executive class, and a common maximum rate of compensation for its Senior Director executive class.

## QHC Executive Compensation Philosophy

Quinte Health Care believes it is important for the benefit of its patients that QHC is able to attract and retain executives who are competent, possess the requisite skills to support the achievement of the strategic plan and operating goals, and share the values of QHC. Accordingly, the QHC Board is committed to creating an Executive Compensation Plan that is competitive within the marketplace and balanced with the need to be responsible as a publicly-funded institution operating within an environment of fiscal restraint.

Additionally, the executive compensation plan must ensure QHC is well positioned to continue its mission of an integrated system of four hospitals working with its partners to provide exceptional care to the people of our communities. This includes continuing the positive momentum QHC has achieved over the past five years, such as:

- Establishing a comprehensive approach to patient quality and safety of care.
- Improving admission and discharge processes and working with our partners to create more effective care transitions for patients both within QHC and with the community.
- Implementing interprofessional care teams and increasing patient and family engagement.
- Developing a long-term clinical services plan based on comprehensive community engagement.
- Implementing a thorough enterprise risk management program.
- Launching an organization-wide culture change journey to support continuous quality and process improvement, based on lean principles.
- Working with regional partners on key integration activities, such as a potential regional health information system.
- Ensuring QHC remained financially stable through the health system funding reform that heavily and negatively impacted the organization.
- Enhancing the learning and development opportunities for staff, physicians and volunteers, including a leadership development program.
- Implementing a more comprehensive safety program to enhance work place safety for staff and volunteers.
- Addressing long-term challenges with staff and physicians, particularly for difficult-to-recruit positions.
- Creating a new physician leadership structure, with leadership development support.

The executive compensation plan must also reflect the challenges within the current health care and hospital sector environment, in addition to unique challenges impacting QHC:

- The added complexity of operating a multi-hospital system in four distinct communities.
- The size of the area served (7,000 sq kms) within two LHIN sub regions. QHC covers one of the largest geographical areas of any multi-hospital system in Ontario.
- Serving a population that is the oldest in the province and with high incidence of chronic disease and other health issues.
- A funding challenge that has necessitated the removal of more than \$25 million worth of operating expenses since 2013.
- The recent, ongoing and future redevelopment of multiple hospital facilities.

Additionally, the more rural location of QHC, away from larger urban centres, creates additional executive recruitment and retention challenges.

Taking into account the priorities and factors listed above, the executive compensation plan is designed to reward by:

- Offering comprehensive compensation packages including salary, performance-related pay and vacation for all executive positions, and pension and benefit packages for staff executives.
- Supporting succession planning through talent management, career development and education opportunities.
- Reinforcing a results-based culture by recognizing the achievement of annual quality improvement plan objectives.
- Administering a compensation program that is consistent, fair and free from discrimination.
- Continuing to ensure consistency in the compensation of executives at the Vice President level and at the Senior Director level.
- Reflecting the provincial market for hospital executives by ensuring QHC compensation is aligned with that of its comparators.

## Proposed Comparator Organizations

QHC used information provided by the Ontario Hospital Association and publicly available through hospital web sites to select the following 10 hospital organizations in Ontario that are comparable to QHC:

1. Brant Community Healthcare System
2. Chatham Kent Health Alliance
3. Joseph Brant Hospital
4. Markham Stouffville Hospital
5. Michael Garron Hospital (Toronto East General Hospital)
6. Montfort Hospital
7. Peterborough Regional Health Centre
8. Providence Care (Kingston)
9. St. Joseph's Health Centre (Toronto)
10. Sault Area Hospital

The same comparator group is used for the CEO, Chief of Staff and Vice President positions. The comparator organizations do not all have comparable positions to the Senior Director executive class at QHC, so a sub-set of 8 comparator organizations was used for this executive class, as further detailed below.

The selection criteria for these comparator organizations was based on the following:

**Types of operations:** All 10 comparator organizations are public hospital organizations operating within Ontario. In addition:

- All operate a mix of inpatient beds, similar to QHC.
- 9 of the 10 operate at least one emergency department. QHC has 4 emergency departments.
- 8 are community hospitals; 1 is a CCC and Rehab Hospital and 1 is an Acute Teaching Hospital. QHC is a community hospital with a teaching affiliation with Queen's University.
- Although Providence Care is a CCC/Rehab hospital, it has been included as the comparator within the South East Local Health Integration Network that is most similar in size to QHC.
- 4 operate more than 1 hospital. QHC is a 4 hospital system.

**Organization size:** To determine similar-sized hospitals, QHC analyzed the operating budget, staff head count, number of inpatient beds and number of distinct hospital sites.

- The budgets of the comparator organizations range between \$127 million and \$288 million, with a median budget of \$203 million. QHC's total budget for 2017/18 is \$205 million.
- The number of inpatient beds range between 260 and 812 with a median of 309 beds. QHC operates 252 beds.
- Staff head counts range between 1,600 and 2,600 with a median of 1,800 staff members. QHC has 1,700 staff.

**Location of the organization:** All the comparator organizations are Ontario hospitals. There are a mix of hospitals in rural and smaller urban communities, similar to the communities where QHC operates, and large cities (both Greater Toronto Area and Ottawa), recognizing that the majority of the recent QHC

executive recruitment has been from these larger centres. Providence Care is within the same Local Health Integration Network as QHC and Peterborough is within the geographic region.

**Scope of responsibilities of the organization's executives:** Each of the organizations have similar executive roles with respect to the: required knowledge, skills and abilities of the executive; relative complexity of the role; and level of accountability associated with the position. Appendix A specifies the exact roles benchmarked at each hospital.

- Each comparator has a President & CEO position similar to Quinte Health Care.
- Each comparator has a Chief of Staff and/or Vice President of Medical Affairs comparable to Quinte Health Care. As with most Chiefs of Staff, the QHC position is part-time, and compensated for 3.5 days per week. The compensation benchmark for the comparator positions have been annualized to be equivalent to 3.5 days per week.
- Each of the three QHC Vice Presidents have responsibility for at least one significant clinical program, in addition to other responsibilities:
  - o Vice President & Chief Nursing Office – portfolio includes Medicine & Critical Care; Family Medicine/Rehab/BSTU; Maternal Child; Mental Health; Quality & Professional Practice
  - o Vice President & Chief Financial Officer – portfolio includes Surgery; Finance; Decision Support; Health Records; Information Technology; Capital Project
  - o Vice President – portfolio includes Emergency & Primary Care; Diagnostic Imaging; Pharmacy and all Support Services functions
- As a result of these clinical responsibilities, QHC has used the top clinical executive role (typically called the VP Patient services or Chief Nursing Executive), as the comparator role for all QHC Vice Presidents. Each of the 10 comparator organizations has an equivalent to the top clinical executive role.
- The two Senior Directors at Quinte Health Care have the following executive-level accountabilities:
  - o Senior Director – portfolio includes Communications; Human Resources; Occupational Health & Safety; Medical Affairs; Volunteer Services; Spiritual Care
  - o Senior Director – portfolio includes Strategy; Governance; Organizational Development; Improvement; Purchasing
- Since both Senior Directors have broad strategic, long-term planning, and organization-wide human resources responsibilities, QHC has used the Chief Human Resource Executive as the comparator role for both Senior Directors. 8 of the 10 comparator organizations have an equivalent role, as shown in the following table.

### Comparative Analysis Details

Hospital	President & CEO	Hospital	Chief of Staff*	Hospital	Vice President	Hospital	Senior Director
J	\$285,000	H	\$227,542	J	\$174,000	D	\$155,246
I	\$297,251	A	\$241,546	I	\$180,000	J	\$174,000
C	\$350,000	J	\$250,000	E	\$214,854	I	\$176,787
E	\$356,195	C	\$280,000	A	\$217,130	H	\$182,520
A	\$357,608	I	\$327,600	D	\$230,000	E	\$189,525
D	\$380,000	G	\$328,126	B	\$234,300	A	\$201,176
H	\$420,900	B	\$344,850	C	\$239,597	F	\$209,000
B	\$425,000	F	\$371,181	G	\$222,784	G	\$210,000
F	\$462,000	D	\$375,000	H	\$250,008		
G	\$481,200	E	\$375,000	F	\$269,500		
<b>Median</b>	<b>\$368,804</b>		<b>\$327,863</b>		<b>\$226,392</b>		<b>\$186,023</b>

\*The QHC Chief of Staff (COS) is compensated for 3.5 days per week. However, all COS comparator compensation amounts shown above have been adjusted for the equivalent of 5 days per week.

The salary information in the above noted table is from the Ontario Hospital Association executive salary survey released in January 2017 or from the actual executive contract that is available on the hospital's web site. The hospitals are labelled as A through I in order to protect confidentiality of individual salary information. Actual hospital names are included as Appendix A.

## Salary and Performance-Related Pay

Pursuant to the Regulation, the maximum salary and performance-related pay cap for each designated executive can be no higher than the 50<sup>th</sup> percentile of the total salary available for the comparable organization as shown above. The minimum and maximum compensation for each executive class at QHC is shown below.

<b>Designated Executives</b>	<b>Comparator Positions 50<sup>th</sup> Percentile Salary and Performance Related Pay</b>	<b>QHC Minimum Salary and Performance Related Pay</b>	<b>QHC Maximum Salary and Performance Related Pay</b>
President & CEO	\$368,804	\$341,250	\$368,804
Chief of Staff*	\$327,863	\$327,863	\$327,863
Vice Presidents	\$226,392	\$195,140	\$216,822
Senior Directors	\$186,023	\$153,213	\$170,237

\*The QHC Chief of Staff is a 3.5 day/week position. The comparator position compensation amounts have all been prorated to be equivalent to 5 days/week. Since the COS position current compensation is higher than the 50<sup>th</sup> percentile benchmark, the compensation will be reduced to the 50<sup>th</sup> percentile salary and performance-related pay (\$327,863) following a three-year grandfathering period.

QHC will maintain its commitment to continuous quality improvement and the Excellent Care for All legislation. As such, a portion of executive compensation will be linked to the achievement of annual Quality Improvement Plan objectives that are determined annually by the Board of Directors. The minimum and maximum compensation amounts shown above are inclusive of the following pay-for-performance amounts:

- CEO and Chief of Staff up to 5% of base salary
- Vice Presidents up to 3% of base salary
- Senior Directors up to 1% of base salary

### Adjustments to Salary and Performance-Related Pay Cap

Pursuant to the Regulations, once per year the QHC Board may increase the maximum salary and performance-related pay for a designated executive position by a rate that does not exceed the lesser of: the average rate of increase in salary and performance-related pay of QHC's non-executive managers; and the Ontario public sector wage settlement trend.

## Executive Pay Envelope and Proposed Rate of Increase

The total pay envelope for designated executives for April 1, 2016 to March 31, 2017 was \$1,460,601. The Board of Directors proposes the maximum rate of increase to the total pay envelope could be increased in each year at a maximum of 5%.

Envelope	Proposed Maximum Rate of Increase
\$1,460,601	5.0%

In proposing the 5% increase, the Board considered the factors listed in the Directive:

- **Ontario government financial and compensation priorities:** The Ontario government has identified the need to have a balanced approach to public sector executive compensation to enable a stable and high-performing hospital system, while also ensuring responsible use of tax dollars. The QHC Board believes this executive compensation framework appropriately balances these two priorities by ensuring QHC will be able to attract and retain the necessary talent to continue leading the hospital organization through its transformation, while also managing public dollars responsibly.
- **Compensation trends:** According to the 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 up to the maximum of their salary ranges. The QHC Vice President positions were frozen in 2008 and the CEO and Chief of Staff in 2010. The Senior Director positions did not exist at the executive level at that time.
- **Comparison of percentage of operating budget for executive salaries:** As a percentage of the total operating budget, QHC invests 0.7% in its executive compensation. The Board believes the total executive compensation envelope is appropriate given the complexity of the organization. In future years, the Board will be able to access publicly available executive compensation frameworks from other hospitals to again consider appropriateness of executive compensation as a percentage of the operating budget in comparison to the other hospitals.
- **Ability to attract and retain executive talent:** 6 of the 7 executive positions have turned over since the salary freeze came into effect and, given its historically lower executive compensation levels and location outside of large urban centres, QHC had difficulty attracting people into the positions with previous experience at the executive level of similar organizations.
- **Expansion in the operations:** All QHC executives have taken on broader portfolios and/or increased responsibilities over the past five years while dealing with increasing patient volumes and acuity; added complexities; reduced funding; and delivering on the strategic plan in order to enhance the quality of care, patient experience and staff work life.

Progression toward the maximum rate of compensation for each executive and any future increases to the executive pay envelope will be approved by the Board of Directors.

## **Other Elements of Compensation**

The QHC CEO, Vice Presidents and Senior Directors currently receive the same benefits, pension and vacation entitlement as all non-unionized staff members. As an independent contractor, the Chief of Staff role is not eligible for benefits or pension plan contributions.

There are two additional compensation elements that are not currently made available to QHC non-executive management:

- The CEO and COS receive a monthly car allowance; and,
- Three of the executives receive membership fees and dues for enrollment in professional associations related to their responsibilities.

These compensation elements will be continued during the three-year term of the Executive Compensation Plan implementation period, after which they will be discontinued. Following the implementation period, all elements of executive compensation will be consistent with the Regulations and Directive.

## Appendix A: Specific Roles Benchmarked at Each Comparator Hospital

Hospitals	Positions Benchmarked for the President & CEO	Positions Benchmarked for the Chief of Staff	Positions Benchmarked for the Vice Presidents	Positions Benchmarked for the Senior Directors
<b>Brant Community Healthcare System</b>	President & CEO	Chief of Staff	COO/CNE	
<b>Chatham Kent Health Alliance</b>	President & CEO	Chief of Staff	Vice President & Chief Nursing	VP & Chief Human Resources Officer
<b>Joseph Brant Hospital</b>	President & CEO	Chief of Staff	VP Patient Care Services and CNE	VP HR
<b>Markham Stouffville Hospital</b>	President & CEO	Chief of Staff	EVP Patient Services and Chief Practice Officer	CHRO
<b>Michael Garron Hospital</b>	President & CEO	Chief of Staff	CNE	
<b>Montfort Hospital</b>	President & CEO	Chief of Staff	VP Patient Experience, Clinical Programs CNE	Chief HR Executive
<b>Peterborough Regional Health Centre</b>	President & CEO	VP and Chief Medical Officer	VP, CNE and CIO	Associate VP & CHRO
<b>Providence Care</b>	President & CEO	VP, Medical & Academic Programs	VP Patient and Clinical Care and CNE	VP Mission, Values and People
<b>St. Joseph's Health Centre</b>	President & CEO	VP, Medical	VP Clinical Services	VP HR
<b>Sault Area Hospital</b>	President & CEO	Chief of Staff	VP Clinical Operations	VP of Human Resources