

St. Joseph's Care Group

Executive Compensation Program

January 2018



Contact Information:

Organization: St. Joseph's Care Group

Completed by: Tom Shortreed

Title: Director, Employee Relations, Safety and Wellness

Address: 580 N. Algoma St.

P.O. Box 2930

Thunder Bay, Ontario

P7B 5G4

Telephone: 807-343-4324

Email: shortret@tbh.net

St. Joseph's Care Group Context:

In 1884, the Sisters of St. Joseph of Sault Ste. Marie opened the first hospital in Port Arthur to meet the needs of the men working on the railroad. Since then, St. Joseph's Care Group (SJCG) has responded to the unmet needs of the community by changing over time and delivering new and innovative programs.

Programs and services are provided throughout the community and at 8 different sites, including: Balmoral Centre, Behavioural Sciences Centre, Hogarth Riverview Manor, Lakehead Psychiatric Hospital, Sister Margaret Smith Centre, St. Joseph's Health Centre, St. Joseph's Heritage and St. Joseph's Hospital. SJCG has perhaps the largest senior portfolio in Ontario including 656 Long Term Care beds and 313 apartments for Senior Supportive Housing.

These facilities are sponsored by the Catholic Health Sponsors of Ontario and managed by a local volunteer Board of Directors.

SJCG's broad program areas are: Physical Rehabilitation & Complex Care, Mental Health & Addiction Services, and Long-Term Care Services. SJCG has approximately 2300 employees, 400 volunteers and an annual operating budget of over \$180 Million.

Designated Executive Positions

This Executive Compensation Program outlines the manner in which compensation is determined for Designated Executives (i.e., members of the Senior Leadership Team), which consists of the following positions:

Full Job Title	Class of Position
President & Chief Executive Officer (CEO)	President & Chief Executive Officer
Vice President, People, Mission & Values	Vice President
Vice President, Infrastructure & Planning and Chief Financial Officer (CFO)	Vice President
Vice President, Addictions & Mental Health	Vice President
Vice President, Rehabilitative Care & Chronic Disease Management	Vice President
Vice President, Seniors' Health	Vice President

St. Joseph's Care Group's Compensation Philosophy:

SJCG is committed to ensure all employees are appropriately compensated for the work performed within the framework of government policy and legislation related to compensation for executive staff within the public sector.

SJCG's compensation philosophy guides the development of all compensation elements in the development of SJCG's Executive Compensation Program, and is comprised of five key principles:

Align with Mission, Vision & Core Values: The compensation program is designed to attract, retain, and motivate qualified executives, and to reward them for working together to fulfill SJCG's mission, vision, and values, and to achieve its operating goals and strategic objectives.

Accountable to Stakeholders: The compensation program is designed to consider the requirements and expectations of SJCG's stakeholders (e.g. clients, employees, government, donors, sponsors, funding sources, etc.). As per the Excellent Care for All Act (ECFAA), a portion of executive pay is at risk, subject to performance related to the organization's Quality Improvement Plan (QIP).

External Competitiveness: Compensation is set competitively, compared to labour markets (which SJCG could gain talent from, or lose talent to), in order to support the recruitment and retention of qualified executives.

Internal Equity: Compensation is set similarly for those executives who provide similar value to the organization; compensation level-setting considers the pay differential between executives and their direct reports.

Transparent and Understandable: The compensation program clearly articulates the purpose and value of each component, and should be easy for executives and stakeholders to understand.

Comparators:

Executive compensation is determined through an analysis of appropriate comparable positions at comparator organizations selected by SJCG for purposes of determining the maximum salary and performance-based pay available to each designated executive or class of executives. The comparator group must include a minimum of eight (8) organizations and consider at least three of the following five factors as outlined in the regulation in the selection of the comparator organizations:

- **Scope of responsibility of the organization’s executives** – Each of the comparable organizations are hospitals in Ontario that have similar executive roles, separate or combined, and are generally similar with respect to essential competencies (knowledge, skills, and abilities), relative complexity and the level of accountability associated with each position. Appendix A identifies the exact roles benchmarked at each comparator organization.
 - Each comparator has a role of President and/or CEO comparable to St. Joseph’s Care Group. The role is similar and generally includes accountability for the results and overall direction of the entire organization; directs the efforts of senior executives; and reports to the Board of Directors.
 - Most comparators have the equivalent of a Vice President, People, Mission, Values. The role is similar and generally includes accountability for organization-wide aspects of the human resources function including policy formulation and administration for human resources functions; overall accountability for typical HR activities such as employment, labour relations, compensation and benefits administration, training and development, recruitment, retention, performance management, organizational effectiveness, occupational health and safety and ethics.
 - Most comparators have the equivalent of a Vice President, Infrastructure and Planning. The role is similar and generally includes accountability for the current and continuing financial effectiveness of the organization; overall accountability for typical financial activities such as payables, receivables, budgeting, accounting, internal audits, investment and debt management, Ministry, Board and management reporting. May also include accountability for related services (ie. materials management, purchasing services, payroll, information management, facilities redevelopment).
 - Most comparators have the equivalent of a Vice President Addictions & Mental Health / Vice President Rehabilitative Care & Chronic Disease Management / Vice President Seniors Health (considered the Top Clinical Executive). The roles are similar and generally include accountability for overall management and direction of patient care programs and activities: overall accountability for in-patient and out-patient nursing areas including all functions such as nursing and allied health (i.e. PT, OT, Audiology, Speech, Social Work, etc.).

- **Type of operations the organization engages in** – SJCG’s program areas include Physical Rehabilitation and Complex Care, Mental Health and Addictions Services, Community Services and Long Term Care Services. Almost all comparator organizations specialize in complex continuing care and rehabilitation, community services or addictions and mental health. SJCG is an exceptionally complex and unique organization because of the range of services provided throughout the community in a number of discrete sites (8) plus community living homes within Thunder Bay.
- **Industries within which the organization competes for executives** – All comparator organizations are hospitals located in Ontario. Along with other Northwestern Ontario healthcare organizations and other broader public sector organizations, these comparator organizations are part of the industry within which SJCG competes for designated executives.
- **Size of the organization** – SJCG has 324 Complex Continuing Care, Rehabilitation, Mental Health and Addiction beds, 656 Long Term Care Beds and 402 Supportive Housing Beds (including Senior Supportive Housing and Mental Health Supportive Housing). All comparator organizations are hospitals with 200 or more beds, an operating budget of approximately half to two times that of SJCG and have more than one discrete site.
- **Location of the organization** – All comparator organizations are within Ontario.

To support SJCG in the recruitment and retention of executive talent, comparator organizations within Ontario’s public healthcare sector with similar scope and complexity to that of SJCG were selected as the primary comparator group.

The following criteria were used to select the proposed comparator group for SJCG:

- **Operating budget:** Operating budget was restricted to between approximately half to two times that of SJCG.
- **Local Health Integration Network (LHIN)/Region:** Focus on Northern Ontario. In order to ensure sufficient comparators, the restriction was waived for those with similar operating models.
- **Type of care provided:** Preference was given to organizations specializing in complex continuing care and rehabilitation, or addictions and mental health. In addition, SJCG has perhaps the largest senior portfolio in Ontario including 656 Long Term Care beds and 313 apartments for Senior Supportive Housing.
- **Discrete sites:** Restricted to hospitals with greater than one discrete site.
- **Number of beds:** SJCG has over 500 beds. Comparators restricted to hospitals with greater than 200 beds.

Based on a review of these factors, SJCG selected the following as its comparators:

- Thunder Bay Regional Health Sciences Centre
- Royal Ottawa Health Care Group
- Baycrest Health Sciences
- North Bay Regional Health Centre
- Sault Area Hospital
- Waypoint Centre for Mental Health Care
- Ontario Shores Centre for Mental Sciences
- Bruyere Continuing Care
- West Park Healthcare Centre
- Providence Care
- St. Joseph's Health Centre, Guelph

Overall the comparator organizations represent a range in terms of location, size and complexity that are, on balance, comparable to SJCG and reflective of the organizations that we attract executives from or to whom we could lose executives. Each designated executive position has been matched to a comparable position with the comparator organizations based on the underlying position responsibilities and accountabilities.

Comparative Analysis Details

The salary and performance-based pay caps established by the Regulation are based on the 50th percentile maximum salary plus maximum performance-based pay within the comparator organizations which is defined as the top of the salary range plus maximum performance-based pay.

SJCG gathered data and conducted a pay benchmarking analysis for comparator positions and organizations sourced from the Ontario Hospital Association’s executive compensation survey. Specific roles benchmarked at each comparator organization are attached in Appendix A. Executive positions or classes of positions benchmarked included:

Organization	President & CEO	Organization	Vice President
K	244,998	K	140,996
E	297,251	F	164,000
F	325,000	K	171,327
D	325,125	B	187,602
J	357,608	A	195,000
A	375,000	F	196,800
B	380,445	F	196,800
I	397,800	J	201,176
H	397,900	H	205,200
G	406,250	D	207,585
C	722,875	I	207,882
		I	207,882
		E	207,900
		E	207,900
		E	207,900
		A	212,226
		J	217,039
		J	217,130
		A	236,999
		H	239,400
		G	241,500
		G	253,000
		H	262,200
		C	277,000
		C	312,640
		C	325,000
SJCG	308,997	SJCG	173,355
50 th Percentile	375,000	50 th Percentile	207,900

Each position or class of executives was matched to a survey benchmark based on the role responsibilities. Based on the competitive data, market caps were established at the 50th percentile of the comparators for each executive position or class.

Pay Structure:

The following is information on the salary and performance-related pay for each designated executive position or class of positions.

Executive Position	Salary Range Minimum (\$) <i>Does not include at risk pay</i>	Job Rate (\$)	Salary Range Maximum (\$) <i>Does not include at risk pay</i>	Target Annual Performance-related pay (% of Salary)	Salary and Performance-related Pay Cap (\$) <i>Includes at risk pay</i>
President & CEO	\$288,672.00	N/A	\$363,750.00	3.09%	\$375,000
VP, People, Mission & Values	\$160,040.00	N/A	\$201,663.00	3.09%	\$207,900
VP, Infrastructure & Planning and CFO	\$160,040.00	N/A	\$201,663.00	3.09%	\$207,900
VP, Addictions & Mental Health	\$160,040.00	N/A	\$201,663.00	3.09%	\$207,900
VP, Rehab Care & Chronic Disease Mgmt	\$160,040.00	N/A	\$201,663.00	3.09%	\$207,900
VP, Seniors Health	\$160,040.00	N/A	\$201,663.00	3.09%	\$207,900

Once every pay year St. Joseph's Care Group may elect to adjust the maximum salary and performance-related pay caps for a designated executive position or class of positions by the lesser of:

- The rate of increase in salary and performance-related pay provided to the designated non-executive managers in the most recent pay period.
- The provincial public sector wage trend set out in the Ontario Budget, the Economic Outlook and Fiscal Review or the public documents of the Crown in right of Ontario, the Cabinet, the Treasury Board or the Management Board of Cabinet.

Salary and Performance-Related Pay Envelope

The pay envelope is determined based on actual pay (salary + performance pay) to all designated executives for the most recent completed pay year. An annual maximum rate of increase can be applied to the pay envelope for all designated executives given Ministry approval.

SJCG's pay envelope based on the most recent completed pay year is \$1,149,720.00.

The proposed maximum rate of annual increase is 5% based on the consideration of a number of factors, including:

- The financial and compensation priorities of the Ontario government;
 - In the November 2016 budget, the Ontario government reported that real Gross Domestic Product (GDP) growth and Consumer Price Index (CPI) inflation are expected to be modest at 2.25% and 2% on average, respectively. At the same time, the Ontario government reported that the average annual negotiated wage increase from 2012 to 2016 has been between 0.6% and 1.9% depending on the sector.
- Recent compensation trends in the public and broader public sector (including Ontario Hospital Association compensation data);
 - Willis Towers Watson's 2016/17 Salary Budget Planning Survey reports average forecasted 2017 salary increase of 2.7% for executives in the associations, foundations, education and government sector. The 2016 average actual salary increase was 3% for the same sector.
- Compression issues between executives and non-executive managers;
 - The annual economic increases provided to non-executive management at SJCG over the past 8 years has been as follows:
2010 - 0%; 2011 - 0%; 2012 - 3%; 2013 - 2%; 2014 - 1.5%; 2015 - 1.5%; 2016 - 1.4%; 2017 - 1.4%.
Executives have not received any increases over the same period of time.
- Attraction and retention of key talent in designated executive positions, given our remote location in Ontario;
 - St. Joseph's Care Group competes with healthcare organizations across Ontario for its executive talent, and in its experience has had challenges to attract talent to Thunder Bay from more southern regions of the province. For example, it took approximately nine months to recruit for our last Vice President vacancy given our location.

- Growth in operating budget related to the addition of long term care beds;
- The President & CEO is well below the 25th percentile and the Vice President class of positions is well below the 15th percentile relative to their market for talent.
- Executive compensation accounts for approximately 0.63% of SJCG's operating revenue budget.

Other Elements of Compensation:

Members of the Senior Leadership Team receive group health insurance benefits and pension coverage under a defined benefit pension plan on the same basis as non-executive managers at SJCG. The Senior Leadership Team receives the following compensation elements that are not available to most non-executive managers:

- Early Retirement Benefits at an enhanced cost share;
- Annual dues associated with professional associations;
- Vehicle allowance (President and CEO only).

These elements of compensation will be “grandfathered” at this time and eliminated in three years.

Other elements of compensation are provided in a similar manner and relative amount to those provided to non-executive managers.

Appendix A – Specific Roles Benchmarked at Each Comparator Organization

Comparator Organization	Positions Benchmarked for President & CEO	Positions Benchmarked for Vice President Class of Positions
Thunder Bay Regional Health Sciences Centre	President & CEO	VP Human Resources EVP Corp. Serv. & Oper. EVP Patient Serv. & CNE
Royal Ottawa Health Care Group	President & CEO	VP Patient Care Serv.
Baycrest Health Sciences	President & CEO	EVP Corporate Service & CHRO VP Finance & CFO EVP Clin. Prog. & CNE
North Bay Regional Health Centre	CEO	VP Clin. & CNE
Sault Area Hospital	President & CEO	VP Transformation & CHRO VP & CFO VP Clin. Oper. & CNO
Waypoint Centre for Mental Health Care	President & CEO	VP Human Resources and Org. Development VP Corp. Serv. Div. VP Clin. Serv. Div.
Ontario Shores Centre for Mental Sciences	President & CEO	VP Fin. & Supp. Serv., CFO VP Clin. Serv.
Bruyere Continuing Care	President & CEO	VP Human Resources and Org. Development Sen. VP Corp. Serv. & CFO Sen. VP Clin. Prog., CNE & Allied Health
West Park Healthcare Centre	CEO & President	VP of Corp. Serv. & CFO VP of Prog.
Providence Care	President & CEO	VP, Mission Values, People VP, Fin, Information Mgmt. & CFO VP Patient & Client Care & CNE
St. Joseph's Health Centre, Guelph	President & CEO	VP People & Strategy VP Fin. & Info. Serv.