



March 30, 2018

Executive Compensation Framework Program Public Consultation Process

In 2014, the Ontario Government began to develop public sector compensation framework to ensure a transparent and consistent approach to executive compensation. The Broader Public Sector Executive Compensation Act of 2014 (“BPSECA”) applies to all Ontario public sector designated employers and this legislation includes Riverside Health Care Facilities Inc. (RHC).

The Executive Compensation Framework Regulation (the Regulation), established under the Broader Public Sector Executive Compensation Act, 2014 (BPSECA), sets out requirements that designated broader public sector (BPS) employers must meet when determining executive compensation programs.

The Regulation requires designated employers to obtain Minister approval for two components of the proposed Executive Compensation Program:

- the comparator organizations used to benchmark compensation caps for executive positions; and
- the proposed maximum rate of increase to the executive compensation envelope.

The Ministry of Health and Long-Term Care (the “ministry”) has reviewed RHC’s proposed executive compensation program and granted public posting approval. Our program includes our Executive Compensation Plan, selected comparator organizations and contains both the proposed maximum rate of increase to executive salaries and the performance-related pay envelope in alignment with the BPSECA.

RHC’s executive compensation program is intended to recruit and retain qualified and motivated executives to guide and carry out RHCs mission, vision, values, and strategic goals. Riverside Health Care is a 263 bed multi-site multi continuum organization that operates three hospitals (one medium and two small), a long term care facility, district community, assisted living and mental health services and a housing corporation. Our organization offers inpatient, surgical, emergency, outpatient, specialist, long term care, convalescent care, eldcap, community support, assisted living, mental health and supportive housing services and is highly integrated by provincial standards. Given the number of facilities and different aspects of the health care continuum that we serve it is essential that we provide fair, appropriate and competitive compensation relative to the complexity of the organization and the competing talent markets both in healthcare and other industries from which appropriate talent can be found.

Key sections of our executive compensation program include:

- Executive Compensation Philosophy
- Designated Executive Positions
- Salary and Performance Related Pay Caps, including
 - Comparator Selection
 - Comparative Analysis Details
 - Salary and Performance Related Pay Structure
- Salary and Performance Related Pay Envelope
 - Maximum Rate of Increase to Envelope
 - Rationale for the Proposed Maximum Rate of Increase

- Other Elements of Compensation

Public Consultation

The BPSECA identifies Public Consultation as a required component of the Executive Compensation Framework. The attached document presents the Executive Compensation Framework Program for Riverside Health Care Facilities Inc. (RHC).

We value feedback from our communities and this public posting period is an opportunity for all interested parties to provide input into our proposed executive compensation plan.

The consultation period will last a total of 30 days and all comments should be submitted prior to April 30, 2018.

RHC continues to support and encourage a fair and balanced approach to all public sector compensation. RHC will continue to work with the provincial government, understanding that this is a time of accountability, transparency, and consistency in compensation for all executives throughout the broader public sector.

Please send any comments regarding RHC's Executive Compensation Plan prior to the end of the 30 day posting period (April 30, 2018) to:

Attention of: Janice Beazley
Board Chair
Riverside Health Care
110 Victoria Ave.
Fort Frances, ON
P9A 2B7
riverside@rhcf.on.ca

To ensure 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 in the plan.

Provide the information required for each section. Refer to the [Broader Public Sector Executive Compensation Guide](#) for additional instructions and assistance with completing this form.

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.
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.
C. Salary and Performance-related Pay Caps	
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.
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.
Structure	Provide information on the salary and performance-related pay cap for each designated executive position or class of positions. Additional information on the salary ranges and performance-related pay structure can provide useful context.
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.
E. Other Elements of Compensation	<p>Provide information on any proposed 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.</p> <p>Include rationale outlining the critical business reasons that justify the provision of each proposed element of compensation.</p>
F. Supplemental Information	Provide any additional information required to support or explain the information included in the executive compensation program.

Provide the contact information of the person completing this program.

Contact Information

Organization (Full Name)

Riverside Health Care Facilities Inc.

Completed By

Last Name

Gauthier

First Name

Henry

Middle Initial

D

Job Title

VP, Corporate Services, Chief Operating & Financial Officer

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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.

Riverside Health Care Facilities Inc. (RHC) Compensation Philosophy

Overall:

RHCs executive compensation program is intended to recruit and retain qualified and motivated executives to guide and carry out RHCs mission, vision, values, and strategic goals.

Riverside Health Care is a 263 bed multi-site multi continuum organization that operates three hospitals (one medium and two small), a long term care facility, district community, assisted living and mental health services and a housing corporation. All of the communities we serve are between 400 and 500 kilometers from our nearest Ontario tertiary centre. Our organization offers inpatient, surgical, emergency, outpatient, specialist, long term care, convalescent care, eldcap, community support, assisted living, mental health and supportive housing services and is highly integrated by provincial standards.

Given the number of facilities and different aspects of the health care continuum that we serve it is essential that we provide fair, appropriate and competitive compensation relative to the complexity of the organization and the competing talent markets both in healthcare and other industries from which appropriate talent can be found.

Talent Markets:

For the CEO, clinical and functional executives, our talent market is primarily defined as other organizations in Ontario with multi-site, multi-continuum based complexity, with annual operating budgets and FTE staff between 0.5x and 2.0x. RHCs current annual operating budget is \$45,594,116 and includes FTE staff of 428.

Targeted Positioning:

Based on the requirements set out in the Executive Compensation Framework Regulation and the Broader Public Sector Executive Compensation Program Directive the maximum salary + performance related pay targets will be comparable to the 50th percentile of the appropriate market comparators in order to be competitive with our external comparators at the same time maintaining internal equitably within the executive group. Our vice presidents are included in the same band/class given the similarity in responsibilities.

Flexibility:

The program is designed to be flexible to accommodate changes required due to shifting priorities, talent market pressures, organizational objectives, and pay equity.

Pay Equity:

RHC is committed to providing equitable compensation and benefit 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 skill sets - segmentation and individual differentiation is important in this program.

Pay for Performance:

The programs will support and reinforce behaviors consistent with a high performance culture by rewarding employees based on both individual and hospital performance.

Affordability:

The programs will be designed such that they are affordable considering budgetary constraints.

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
E.g. Chief Operating Officer	E.g. VP-1
President & Chief Executive Officer	President & CEO
VP, Corporate Services, COO & CFO	Vice President
VP, Health Services & Chief Nursing Executive	Vice President

C. 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
President & CEO

Canadian Public Sector or Broader Public Sector Comparators

Organizations (e.g. Organization 1, Organization 2, Organization 3, etc.)

Riverside Health Care has proposed the following comparators, which are all Ontario hospitals:

7830 Napanee Lennox & Addington
6362 Leamington District Memorial Hospital
7184 Weeneebayko Area Health Authority
4499 Simcoe Norfolk
8666 Perth & Smith Falls District Hospital
9279 Pembroke Regional Hospital
9441 Temiskaming Hospital
0000 Hawkesbury and District General Hospital

Positions or Classes of Positions (e.g. Chief Financial Executives)

(01) Top Executive Officer

Rationale for Selected Comparators

All comparators utilized by RHC provide hospital services in rural Ontario. Other indicators used to identify our comparators were the type of operations provided, budget, full time equivalent staff, number of locations (sites) and number of beds. A reasonable range was identified for each indicator and consideration was given for variation in these indicators, as appropriate. For example, RHC operates a 263 bed organization but only 46 of these beds are acute. As a result, comparators that managed fewer total beds but more acute care beds were deemed appropriate comparators for RHC. Similarly, some organizations with larger budgets were selected but these organizations only provide hospital services and at a single location.

In selecting our comparators RHC had to address the challenge of identifying multi-site organizations that also provide a continuum of health care services beyond hospital services only. As a result, RHC selected some comparators that have both smaller and larger budgets and/or numbers of staff but only provide hospital services at a single location. Where feasible, similar size multi-site organizations were included amongst our comparators.

Keeping in mind the intent of this exercise is to establish fair and equitable compensation programs that will support the recruitment and retention of leadership required to ensure the growth and sustainability of the services provided to the patients, residents, and clients served, selection of comparators was based on organizations in Ontario most similar to RHC in the following:

1. Funding, total FTE, # of sites, type or organization, number beds
2. Geographical factors including urban vs rural location within Ontario, number of sites and locations in single or multiple communities.
3. Industries / organizations we would compete with in the recruitment and retention of leadership positions.
4. The multiple and diverse health care services provided which in addition to hospital include, eld cap, long term care, mental health & addictions, community support services (assisted living and home support), and the operation of a separate and district supportive housing operation, or a combination of these and other services equal in complexity and diversity with respective diversity in agreements with the LHIN (HSAA, MSAA, LSAA), the management of fund type 1, 2, and 3 programs, etc., all of which results in additional reporting requirements, and adds complexity to the operations of the organization. Large single sight organization that are larger from an

economy of scale perspective but less complex in terms of continuum of services.

The designated employer received approval from the President of the Treasury Board to use private sector and/or international comparators for these executive positions or classes of positions.

Comparators 2

Executive Positions or Classes of Positions Benchmarked

Vice President, Corporate Services, Chief Operating and Financial Officer
(Vice President Class)

Canadian Public Sector or Broader Public Sector Comparators

Organizations (e.g. Organization 1, Organization 2, Organization 3, etc.)
as noted in Comparator 1

Positions or Classes of Positions (e.g. Chief Financial Executives)

Top Executive Officer Next To CEO
General Executive Officers
Top Finance Executive

Rationale for Selected Comparators

As noted in Comparator 1. In addition to the CFO role and oversight of all support services the COO role also accounts for added responsibilities (3+job capsule).

The designated employer received approval from the President of the Treasury Board to use private sector and/or international comparators for these executive positions or classes of positions.

Comparators 3

Executive Positions or Classes of Positions Benchmarked

Vice President, Health Services and Chief Nursing Executive
(Vice President Class)

Canadian Public Sector or Broader Public Sector Comparators

Organizations (e.g. Organization 1, Organization 2, Organization 3, etc.)

As noted in Comparator 1. In addition to nursing, has oversight of allied health, mental health, and supportive housing.

Positions or Classes of Positions (e.g. Chief Financial Executives)

Top Clinical Executive (not an MD)
Top Nursing Executive
Top Clinical Support Services Executive (not an MD)

Rationale for Selected Comparators

The designated employer received approval from the President of the Treasury Board to use private sector and/or international comparators for these executive positions or classes of positions.

C. 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.

For all executive positions (President & CEO and Vice Presidents) the requirements of the BPS Executive Compensation Framework regulation (O.Reg. 304/16) and the MOHLTC Executive Compensation Data Tool were followed to establish the framework, process, and comparison criteria.

Of the identified comparators, the 50th Percentile was used to establish the RHC Executive Compensation Program. However it must be said that to ensure RHC offers a fair, equitable, and competitive executive compensation, it was difficult with the level of data readily available to establish comparators with the same complexity that exists within RHC. What makes RHC complex when compared to other health care organizations is that it is an organization that includes multiple types of operations (hospitals, Eldcap beds, a long term care home, community support services including assisted living and home care/support, mental health & addiction services, and supportive housing). With this variety of services comes multiple funding types as well as a variety of reporting and accountability requirements. These factors combined with the services spanning 5 sites in 4 different communities across a traveling distance of 241 km in rural north western Ontario, increases the complexity of doing business that other similar organizations (based on budget and FTE) would not encounter.

Many sources were used to gather data, including but not limited to the Ontario Hospital Association surveys and reports, government/health care reporting, websites, along with direct contact with other organizations. It was difficult to identify the existence of similar comparators using the multiple criteria that exists with RHC. It was also difficult to establish a methodology of comparison based on the criteria in the Regulation combined with the lack of data available at the detail required to comprehensively analyze the comparators in a way that would reflect those factors that exist within RHC that collectively impacts the level of leadership required to sustain an organization with this level of complexity.

It is worth noting the level of competency and accountability RHC requires from its leaders to manage these additional complexities within RHC could be a deterrent to potential candidates or existing executives when opportunities exist within other organizations with the same compensation and without the additional challenges that exist in being a multi-site, multi-community, multi-service type organization, funded through multi-funding types and accountabilities.

Of the 8 comparator organizations, the comparators selected for each position class were those that fell within the 50th percentile and are noted as follows:

President & CEO: Weeneebayko, Hawkesbury

Vice President, Corporate Services, Chief Operating and Financial Officer: Leamington, Temiskaming

Vice President, Health Services and Chief Nursing Executive: Temiskaming, Pembroke

C. 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 (\$)
E.g. President	E.g. 200,000	E.g. 220,000	E.g. 240,000	E.g. 7.5	E.g. 10	E.g. 264,000
President & CEO	\$227,896	\$232,454	\$232,454	2.0	2.0	\$237,103
VP, Corporate Services, COO & CFO	\$153,682	\$156,756	\$156,756	2.0	2.0	\$159,891
VP, Health Services & Chief Nursing Executive	\$153,682	\$156,756	\$156,756	2.0	2.0	\$159,891

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 (%)
\$441,250	5.0

Rationale for the Proposed Maximum Rate of Increase:

Riverside Health Care Facilities Inc. (RHC) executive compensation levels are currently approximately 26.2% below the 50th percentile of organizations with which RHC competes within healthcare when attracting, retaining, and engaging executive talent. In addition to the already lower than average compensation levels and the compensation freeze enacted in the Broader Public Sector Accountability Act, 2010 and subsequently in the BPS Executive Compensation Act, 2014, the RHC executives have experienced compensation reductions in the carving out of performance pay as a result of the ECFA legislation.

The rural north western Ontario location creates challenges in recruiting from comparable organizations in less rural and southern Ontario located organizations. Unless it can offer fair and competitive salaries to its executives RHC will have difficulty retaining current executives and attracting qualified executives to fill senior management positions.

Union increases (often as the result of Awards through HLDAA) have created a compression issue between front line, management and executive staff.

RHC requires competitive compensation levels to retain and attract the talent needed to continue to manage the complex operations which it provides.

RHC's pay envelope for the most recent pay year is \$441,250 and it is proposed by our Board of Trustees that the envelope be increased in each year by 5%, with advanced consideration for the five factors identified in the Directive, as summarized below:

Financial and Compensation priorities of the Ontario Government - to achieve a balanced budget in 2017-18 for the first time since 2008-09.

Compensation Trends - The Ontario Ministry of Labour noted that from 2006 to 2016 that the provincial public sector annual wage increase was 1.82% , not including wage grid movements by employees.

Proportion of the operating budget used for executive compensation - RHC uses 1% of its budget to fund executive salaries. With three executives overseeing three hospitals, one long term care site, community services, assisted living and supportive housing across much of the Rainy River District we are, through historical integration, much leaner in terms of executive leadership positions than most of our system partners.

Impact of Salary Compression on attracting and retaining talent - RHC has 17 non-executive managers reporting to one of three designated executives and there is considerable compression forming as demonstrated by the diminishing salary gaps between non-executive managers and executives. In the 2017 year three non-executive managers announced their retirement and compression posed a challenge in recruitment efforts as it became clear that RHC, when considering its complexity, is generally not competitive with like organizations in the public sector (multi-site, continuum wide) as it relates to compensation and work life balance challenges.

Expansion in the Operations

RHC has not expanded its operations during the wage freeze; however, we continue to manage a multi-site organization that includes three hospitals, a long term care home, mental health and addictions, supportive housing, community support services, assisted living, transportation and centralized back office services serving most of the District.

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

Dues for professional affiliation membership(s) required by the position.

Positions or Classes of Positions

President/CEO, Vice Presidents

Rationale

Professional memberships deemed necessary to meet the responsibilities of the position(s).

The President & CEO has no memberships reimbursed at this time.

The VP, Corporate Services, Chief Operating and Financial Officer has the Certified Public Accountant membership reimbursed annually as it is deemed a requirement of the Chief Financial Officer role.

The VP, Health Services and Chief Nursing Executive has annual memberships for the College of Nurses of Ontario and the Registered Nurses' Association of Ontario reimbursed as they are deemed a requirement of the Chief Nursing Executive role.

Element 2

Element of Compensation

Positions or Classes of Positions

Rationale

F. Supplementary Information

Provide any additional information required to support or explain the information included in the executive compensation program.

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