

Muskoka Algonquin Healthcare's Executive Compensation Framework

2017



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Introduction

Muskoka Algonquin Healthcare (MAHC) is a multi-site healthcare organization created in 2005 through the amalgamation of South Muskoka Memorial Hospital and Algonquin Health Services. MAHC provides services at Burk's Falls and District Health Centre in addition to those provided at the Huntsville District Memorial Hospital and South Muskoka Memorial Hospital.

MAHC's Board of Directors recognizes the significant value of human resources in fulfilling its mission and realizing its vision. One of MAHC's strategic enablers is investing in people. The Board of Directors wants to ensure that the compensation program for its executive management is current, competitive, in line with current legislation, and appropriate to attract and retain the senior talent necessary to lead the organization.

The Province of Ontario introduced The Broader Public Sector Accountability Act in 2010 (BPSAA), which introduced controls on compensation, expenses, perquisites, business documents and procurement in the Broader Public Sector (BPS). This included an immediate freeze on certain executive compensation. In 2012 the Act was amended to extend the freeze to all elements of compensation for designated executives and certain office holders. This 2012 amendment was made to apply until a new provincial compensation framework for the BPS becomes effective. The BPSAA applied to all public designated employers including hospitals, universities, colleges, and school boards. This included Muskoka Algonquin Healthcare.

In 2014, the Province began the process of developing public sector compensation frameworks to manage executive compensation in the BPS. The Broader Public Sector Executive Compensation Act of 2014 (BPSECA) authorized the government to establish frameworks, and set out principles that all designated employers must follow. These included ensuring that there is a consistent and evidence based approach to setting compensation, ensuring that there is a balance between managing compensation costs while allowing employers to attract and retain the talent they seek, and ensuring that there is transparency in how executive compensation decisions are made.

Following consultation with multiple stakeholders in the BPS, in 2016 the Province introduced Ontario Regulation 304/16 in support of the BPSECA, effective September 6, 2016. This Regulation lays out the details and implementation timelines for executive compensation for all employers within the BPS.

The Regulation states that all BPS employers must have a compensation framework in place for designated executives within a maximum of one year of the Regulation coming into effect, meaning September 5, 2017. The framework must be compliant with the Regulation, and have been available for community feedback for a thirty-day period. Upon the date that the employer's framework becomes effective, there is a three-year Transition Period during which all designated employees must transition to the framework if their current compensation package is not compliant. On the date that the final compensation framework is publicly posted, Hospital designated executives who were subject to the constraints imposed by the 2012 amendment to the BPSAA will no longer be subject to those 2012 constraints.

This document represents an agreed to philosophy and strategy that has been developed to ensure good governance practice in offering competitive executive compensation. The requirements of the BPSECA and Ontario Regulation 304/16 have been considered, and the following Policy developed to

ensure that Muskoka Algonquin Healthcare is compliant with the requirements.

Compensation Philosophy

Historically, Muskoka Algonquin Healthcare has had an Executive Compensation Philosophy in place since 2011, which outlines the compensation practices for pay at risk for designated executives of Muskoka Algonquin Healthcare, as well as guiding principles for cash compensation and benefits.

The overarching Executive Compensation Philosophy supports the establishment of competitive compensation based on market practices; drives organizational performance and behaviours to realize desired results as measured against defined objectives; and, ensures compliance with current legislative requirements.

Our compensation philosophy is supported by an identified target market, which includes hospitals of similar size and complexity.

Regulation 304/16 provides guidance on conducting comparative analysis. The regulation requires that compensation levels must be determined by selecting a minimum of eight comparator institutions, and setting the salary of the Designated Executives to be at a level not to exceed the 50th percentile of the comparator group. The specific requirement in Regulation 304/16 regarding how to select comparator institutions includes five factors. The comparator organization must be similar to Muskoka Algonquin Healthcare by meeting most of the required factors. Muskoka Algonquin Healthcare defines “Most” as three or more similarities from the factors listed below in no order of relevance:

- A. The scope of responsibilities of the organization’s executives
- B. The type of operations the organization engages in
- C. The size of the organization
- D. The location of the organization
- E. The industries with which the organization competes for executives (ie. Health Care, Colleges and Universities, Private Sector Organizations, etc.)

The Board of Directors will approve the appropriate comparator hospitals for each Designated Executive and will review compensation data from those comparators to determine their ongoing applicability on an annual basis.

Cash Compensation and Benefits

Cash compensation and practices at MAHC will:

1. Be aligned with and reinforce the short and long term strategies and objectives of the organization
2. Serve to align executive performance with the business goals of MAHC, and to motivate executives to meet and exceed strategic and operational objectives
3. Enable the organization to attract, motivate and retain high caliber leadership
4. Be developed in accordance with all applicable legislative requirements, particularly the Excellent Care for All Act (ECFAA), and Regulation 304/16
5. Be simple in design and efficient to administer
6. Be communicated clearly and applied consistently in partnership with the CEO and the Board

Benefits

The benefits offered will be the same as those offered to all MAHC management employees. Appendix A.

Performance Based Compensation

MAHC is committed to rewarding the strategic accountabilities of the CEO, COS and the Senior Leadership Team by providing an incentive plan that:

1. Engages the CEO, COS and Senior Leadership Team in the business of the organization;
2. Encourages long term and short term “results orientation”;
3. Maximizes the commitment to achieve key strategic and operational objectives;
4. Ensures individual performance is quality focused; and
5. Creates a team focused approach to corporate goals

The Performance Based Compensation is a program that provides for compensation opportunities that are appropriate to the CEO, COS roles and the Senior Leadership Team, in terms of their ability to contribute to the success of the organization. The Performance Based Compensation program is based on the principle of “pay for performance”. Award levels will be differentiated in order to recognize and reward varying levels of performance. Performance targets may vary between strategic goals and program specific deliverables based on the long term and short term plans, objectives and activities of MAHC.

The CEO, COS, and Senior Leadership Team will participate in the program. The program includes a target opportunity for achievement of expected levels of performance as well as an opportunity to earn more for performance which exceeds the expected levels. The setting of performance goals for the CEO, COS, and Senior Leadership Team positions will occur as close to the start of the fiscal year as possible, to enable application and measurement over the course of the fiscal year. Performance check-ins will occur on the following schedule:

- CEO/COS performance related to annual personal business commitments will be reviewed on a six month basis by The Executive Committee
- The Senior Leadership Team performance related to annual personal business commitment indicators will be reviewed on a six-month basis by the CEO

While it is the intent to award performance based compensation on pre-determined goals and performance relating to achieving these goals, discretion will be retained by the Executive Committee of the Board for the CEO and COS in determining the actual performance pay amount to be recommended to the Board for any exceptional circumstances that may arise during the fiscal period. For the CEO and COS positions, performance goals will be based on key strategic goals/initiatives (e.g. quality) aligned to the business strategy of MAHC. For the Senior Leadership Team, relevant goals will be determined by the CEO and the individuals concerned.

In order to ensure that expected levels of performance are clearly articulated and understood; measures are identified and calibrated to the varying levels of performance. This calibration is meaningful yet simple, and can be articulated using the following illustration:

Performance Assessment Category	Does Not Meet	Almost Fully Achieved	Fully Achieved	Exceeded Targets
Weighted Payment of 3% At Risk	0	50%	90%	100%
Goal #1 Quality (50% weighting)	0	0.75%	1.35%	1.5%
Goal #2 Financial (30% weighting)	0	0.45%	0.81%	0.90%
Goal #3 Strategic/Significant Initiative (20% weighting)	0	0.30%	0.54%	0.60%

As an example, if Goal 1 is Fully Achieved, Goal 2 is Almost Fully Achieved, and Goal 3 is Fully Achieved, the calculation of incentive would be 1.35% + 0.45% + 0.54% = 2.34% of base salary.

Discretion will be maintained by Executive Committee of the Board in recommending to the Board the CEO's and COS' actual incentive amount to allow for exceptional circumstances.

Policy

Muskoka Algonquin Healthcare's Executive Compensation Plan adheres to the Ontario Regulation 304/16, which includes: designated executive identification, maximum total cash compensation, limitations on other elements of compensation, transition period and transparency.

Designated Executives

The policy currently applies to the following designated executives at Muskoka Algonquin Healthcare:

- i) Chief Executive Officer
- ii) Chief Executive, Clinical Services
- iii) Chief Executive, Corporate Services, Risk & Chief Financial Officer
- iv) Chief Executive, Diagnostics, Ambulatory & Planning
- v) Chief Executive, Human Resources & Support Services
- vi) Chief Quality & Nursing Executive
- vii) Chief of Staff

Transition

For individuals currently holding these positions at the time this Policy comes into effect, any elements of their compensation that exceed those in this Policy and in Regulation 304/16 after the three-year Transition Period will be rolled back to the point where they are compliant. As of the date this Policy comes into effect, all new incumbents to these positions will not be eligible to use the Transition Period, and will begin their employment with terms that are consistent with this Policy and the Regulation. Any new positions introduced subsequent to this policy that meet the definition

of executive will be covered by this policy.

Limitations on Other Elements of Compensation

The following items are not eligible forms of compensation for designated executives at MAHC:

- Signing or retention bonus
- Cash housing allowance
- Payments or benefits in lieu of perquisites
- Insured benefits or enhancements not generally provided to *non-executive managers
- Paid administrative leave or payments in lieu of administrative leave **
- Termination payments, including payments in lieu of notice of termination, and severance payments that in total equal more than 24 months of the designated executive's salary
- Termination or severance payments that are payable in the event of termination for cause

**Non-executive managers are defined as employees and office holders who exercise managerial functions and who directly report to one or more designated executives.*

*** Paid Administrative Leave: A leave that accrues at a rate greater than 10.4 weeks per year, generally referred to as a sabbatical within the education sector.*

In addition, no designated employee shall receive an element of compensation, other than salary and performance-related pay, unless the element is also generally provided, in the same manner and relative amount, to non-executive managers. The only exception to this is if the element is required for the performance of the designated executive's job, or is otherwise required for critical business reasons. A business rationale will be provided for any elements of compensation provided to Executives that are not consistent with non-executive managers.

Eligible types of compensation

Compensation of designated executives will include salary, performance based compensation, as well as all Muskoka Algonquin Healthcare's benefit and pension provisions available to non-executive managerial staff. Designated executives may also be entitled to be reimbursed for reasonable moving expenses, limited to travel costs and costs for moving personal belongings. In order to attract talent to this non-urban area for high level executive leadership it is imperative to assist in making any required moves to the Muskoka service area a reality by removing this financial barrier. Past executive leadership has been recruited a travel distance of greater than 3 hours away from Muskoka. This reimbursement of moving expenses is imperative to attract top talent away from their current home as commuting is generally not an option based on the geographic location of MAHC.

Maximum Total Cash Compensation

The maximum total cash compensation allowable to designated executives is calculated in the following manner:

1. Determine the maximum amounts of salary and performance-related pay available to designated executives of the comparator organizations who hold comparable positions to Muskoka Algonquin Healthcare's executives;
2. Select the 50th percentile (median) of the above amounts determined;
3. Calculate the job rate that is at the 50th percentile

This calculation will occur for each designated executive of Muskoka Algonquin Healthcare's executive team.

The salary for the Designated Executive will be no greater than the 50th percentile of comparator salaries.

Comparable Position Salary Review

Muskoka Algonquin Healthcare's comparator group includes seventeen (17) Ontario Hospitals of a medium size and similar operations to MAHC. The Comparator Group includes hospitals from within our geographic area and hospitals from communities of comparable size. The Comparator Group includes the following hospitals: Norfolk General Hospital & West Haldimand, Orillia Soldiers' Memorial Hospital, Renfrew Victoria Hospital, Northumberland Hills Hospital, Timmins & District Hospital, Ross Memorial, Huron Perth Healthcare Alliance, Pembroke Regional Hospital, South Bruce Grey Health Services, Cornwall Community Hospital, Brockville General Hospital, Collingwood General & Marine Hospital, Perth & Smiths Falls District Hospital, St. Thomas Elgin General Hospital, Leamington District Hospital, Headwaters Health Care Centre and Woodstock General Hospital.

The selection criteria of comparable organizations were based on the following:

- Scope of responsibilities of the organization's executives. Each of the comparable organizations are hospitals that have similar executive roles, and are generally similar with respect to the essential competencies (knowledge, skills, and abilities), relative complexity and the level of accountability associated with the position.
- Type of operations the organization engages in. All comparable organizations are medium size Ontario hospitals, or comparable in terms of acute care hospital services provided.
- Industries within which the organization competes for executives. All comparator organizations are public hospitals located in Ontario. Therefore, these are all industries in which MAHC competes for talent.
- Size of the organization. Almost all of the comparator organizations are similarly sized in terms of number of beds, staff headcount and operations budgets.
- Location of the organization. All comparator organizations are Ontario hospitals.

Salary for the comparable position of Chief Executive Officer

Organization Name	Sector						Comparator Title	Reported Salar	At Risk
		Scope of Responsibilities of the Executive	Type of operations the organization engages in	The industries within which the organization competes for executives	The size of the organization	The location of the organization			
Norfolk General Hospital & West Haldimand	Public Hospital	X	X	X	X	X	Chief Executive Officer	\$251,043.00	
Orillia Soldiers Memorial	Public Hospital	X	X	X		X	Chief Executive Officer	\$270,000.00	
Refrew Victoria Hospital	Public Hospital	X	X	X	X	X	Chief Executive Officer	\$273,000.00	
Northumberland Hills Hospital	Public Hospital	X	X	X	X	X	Chief Executive Officer	\$275,000.00	10%
Timmins & District Hospital	Public Hospital	X	X	X	X		Chief Executive Officer	\$280,000.00	3%
Ross Memorial	Public Hospital	X	X	X	X	X	Chief Executive Officer	\$290,500.00	4%
Huron Perth Healthcare Alliance	Public Hospital	X	X	X	X	X	Chief Executive Officer	\$294,860.00	
Pembroke Regional Hospital	Public Hospital	X	X	X	X	X	Chief Executive Officer	\$308,255.00	5%
Median (50th Percentile)								\$277,500.00	5%

Salary for the comparable position of Chief of Medical Staff

Organization Name	Sector						Comparator Title	Reported Salar	At Risk
		Scope of Responsibilities of the Executive	Type of operations the organization engages in	The industries within which the organization competes for executives	The size of the organization	The location of the organization			
South Bruce Grey Health Services	Public Hospital	X	X	X	X	X	Chief of Staff	243,750	5%
Orillia Soldiers Memorial	Public Hospital	X	X	X		X	Chief of Staff	275808	
Cornwall Community Hospital	Public Hospital	X	X	X	X		Chief of Staff	300000	
Norfolk General Hospital & West Haldimand	Public Hospital	X	X	X	X	X	Chief of Staff	301250.4	
Ross Memorial	Public Hospital	X	X	X	X	X	Chief of Staff	310000	3%
Pembroke Regional Hospital	Public Hospital	X	X	X	X	X	Chief of Staff	315000	5%
Brockville General	Public Hospital	X	X	X	X	X	Chief of Staff	375000	3%
Collingwood General	Public Hospital	X	X	X	X	X	Chief of Staff	379166	12%
Median (50th Percentile)								305,625	5%

Salary for the comparable position of Chief Executive, Clinical Services

Organization Name	Sector	Scope of Responsibilities of the Executive Type of operations the organization engages in The industries within which the organization competes for executives The size of the organization The location of the organization						Comparator Title	Reported Salar	At Risk
Cornwall Community Hospital	Public Hospital	X	X	X	X			Senior Director, Emergency & Operating Rooms	129792	
Smithfalls & Perth District Hospital	Public Hospital	X	X	X	X			VP Clinical Services	144066	
Orillia Soldiers Memorial	Public Hospital	X	X	X		X		VP, Regional Patient Programs	150000	
Pembroke Regional Hospital	Public Hospital	X	X	X	X	X		VP Patient Services - Seniors and Community Care	157500	5%
Ross Memorial	Public Hospital	X	X	X	X	X		VP, Diagnostics, Procurement, Special Projects	160000	7%
Brockville General	Public Hospital	X	X	X	X	X		VP Clinical Services	164800	3%
St. Thomas Elgin General Hospital	Public Hospital	X	X	X	X	X		VP Clinical & Planning	175000	
Huron Perth Healthcare Alliance	Public Hospital	X	X	X	X	X		VP Partnerships & Patient Experience	177899	
Median (50th Percentile)									158750	5%

Salary for the comparable position of Chief Executive, Diagnostics, Ambulatory & Planning

Organization Name	Sector	Scope of Responsibilities of the Executive Type of operations the organization engages in The industries within which the organization competes for executives The size of the organization The location of the organization						Comparator Title	Reported Salar	At Risk
Cornwall Community Hospital	Public Hospital	X	X	X	X			Senior Director, Emergency & Operating Rooms	129792	
Smithfalls & Perth District Hospital	Public Hospital	X	X	X	X	X		VP Clinical Services	144066	
Orillia Soldiers Memorial	Public Hospital	X	X	X		X		VP, Regional Patient Programs	150000	
Brockville General	Public Hospital	X	X	X	X	X		Senior Director, Ambulatory, DI & Therapeutics	155682	3%
Pembroke Regional Hospital	Public Hospital	X	X	X	X	X		VP Patient Services - Seniors and Community Care	157500	5%
Ross Memorial	Public Hospital	X	X	X	X	X		VP, Diagnostics, Procurement, Special Projects	160000	7%
St. Thomas Elgin General Hospital	Public Hospital	X	X	X	X	X		VP Clinical & Planning	175000	
Huron Perth Healthcare Alliance	Public Hospital	X	X	X	X	X		VP Clinical & Planning	177899	
Median (50th Percentile)									156591	5%

Salary for the comparable position of Chief Executive, Corporate Services, Risk & Chief Financial Officer

Organization Name	Sector	Scope of Responsibilities of the Executive Type of operations the organization engages in The industries within which the organization competes for executives The size of the organization The location of the organization						Comparator Title	Reported Salar	At Risk
Leamington District Memorial	Public Hospital	X	X	X	X			CFO	162337	
Timmins & District Hospital	Public Hospital	X	X	X	X			VP Stewardship & Accountability/CFO	165732	2%
Cornwall Community Hospital	Public Hospital	X	X	X	X			Chief Financial & Information Officer	177500	
Huron Perth Healthcare Alliance	Public Hospital	X	X	X	X	X		VP, Performance & Fiscal Health	177899	
Orillia Soldiers Memorial	Public Hospital	X	X	X		X		EVP, Corporate Services & CFO	180000	
Pembroke Regional Hospital	Public Hospital	X	X	X	X	X		Sr. VP Corporate & Support Services CFO/CIO	182297	5%
Ross Memorial	Public Hospital	X	X	X	X	X		Regional CFO	185000	6%
Norfolk General Hospital & West Haldimand	Public Hospital	X	X	X	X	X		VP of Finance	191627	
Median (50th Percentile)									178949.5	5%

Salary for the comparable position of Chief Executive, Human Resources & Support Services

Organization Name	Sector	Scope of Responsibilities of the Executive Type of operations the organization engages in The industries within which the organization competes for executives The size of the organization The location of the organization						Comparator Title	Reported Salar	At Risk
Northumberland Hills Hospital	Public Hospital	X	X	X	X	X		VP Human Resources & Quality	136314	
Headwaters Health Care Centre	Public Hospital	X	X	X	X	X		VP Corporate Services	140233	1.79%
Huron Perth Healthcare Alliance	Public Hospital	X	X	X	X	X		VP, People & Workplace Health	148902	
South Bruce Grey Health Services	Public Hospital	X	X	X	X	X		VP People & Organizational Effectiveness/CHRO	153000	5%
Timmins & District Hospital	Public Hospital	X	X	X	X			VP People/Director of Support Services	157097	2%
Brockville General	Public Hospital	X	X	X	X	X		Vice President and Chief Human Resources Officer	164800	3%
Cornwall Community Hospital	Public Hospital	X	X	X	X			VP of Operations	185000	2%
Woodstock General Hospital	Public Hospital	X	X	X	X	X		Chief Operating Officer	213996	
Median (50th Percentile)									155048.5	2%

Salary for the comparable position of Chief Quality & Nursing position:

Organization Name	Sector						Comparator Title	Reported Salar	At Risk
		Scope of Responsibilities of the Executive	Type of operations the organization engages in	The industries within which the organization competes for executives	The size of the organization	The location of the organization			
Pembroke Regional Hospital	Public Hospital	X	X	X	X	X	VP of Patient Services - Acute Care and CNE	157500	5%
Ross Memorial	Public Hospital	X	X	X	X	X	VP, Patient Care & CNO	160000	7%
Woodstock General Hospital	Public Hospital	X	X	X	X	X	VP Patient Care	161142	
Leamington District Memorial	Public Hospital	X	X	X	X		CNE	162337	
Brockville General	Public Hospital	X	X	X	X	X	VP & CNO	164800	3%
Norfolk General Hospital & West Haldimand	Public Hospital	X	X	X	X	X	VP Clinical & Chief Nursing Executive	168617	5%
St. Thomas Elgin General Hospital	Public Hospital	X	X	X	X	X	VP & CNE	175000	
Timmins & District Hospital	Public Hospital	X	X	X	X		VP Clinical/CNE	176330	2%
Median (50th Percentile)								163568.5	5%

Maximum Total Cash Compensation for Designated Executives

Of the amount that is designated pay at risk, on an annual basis, the Board for the Chief Executive Officer and Chief of Staff, and the Chief Executive Officer for the Senior Executive Staff may at its sole discretion determine the amount of pay at risk payable to each designated executive subject to the achievement of identified goals and objectives each year, as required by the ECFAA and MAHC’s Performance Based Compensation program. The determination of the amount of Pay at Risk will be based upon successful achievement of performance objectives and will be paid in a lump sum basis and will be considered part of base salary. The payment of any Pay at Risk can be awarded to the Designated Executive at the discretion of the Board for the Chief Executive Officer and the Chief of Staff. The Chief Executive Officer will determine the payment of any Pay at Risk provided for the Senior Executive Staff provided that the total compensation to the individual Designated Executive does not exceed the 50th percentile of total compensation for the applicable comparator group.

The position of *Chief Executive, Corporate Services, Risk & Chief Financial Officer* demonstrates an increase from current salary to the 50th Percentile Maximum Total Cash Compensation of approximately 28%. By comparison with other like hospitals within MAHC’s geographic area, the job requirements of a top financial position within the hospital sector, along with the high level of responsibility, it is evident that the position at MAHC has been underpaid by comparison. In order to ensure MAHC has the ability to attract and retain top talent, particularly with a strong financial background and business acumen within health services, it is important for the compensation for this role to be competitive.

The following table represents the performance pay allotment for MAHC's designated Executives:

<i>Title</i>	<i>Maximum Percentage of Base Salary Available Through Pay at Risk</i>
Chief Executive Officer	3%
Other Designated Executives	3%

The following table represents the 50th percentile total cash compensation available within Muskoka Algonquin Healthcare's Executive Compensation Plan:

Title	Salary Range Minimum	Salary Range Maximum	Target Annual Incentive	50th Percentile Maximum Total Cash Compensation (Base Salary + Performance Based Compensation)
Chief Executive Officer	\$214,124.05	\$269,175.00	3%	\$277,500.00
Chief of Staff <i>(Position is Part Time - paid at 0.6 FTE)</i>	\$248,734.08	\$296,456.25	3%	\$305,625.00
Chief Executive, Clinical Services	\$120,205.84	\$153,987.50	3%	\$158,750.00
Chief Executive, Corporate Services, Risk & Chief Financial Officer	\$120,205.84	\$173,581.02	3%	\$178,949.50
Chief Executive, Diagnostics, Ambulatory & Planning	\$117,438.39	\$151,893.27	3%	\$156,591.00
Chief Executive, Human Resources & Support Services	\$117,202.87	\$150,397.05	3%	\$155,048.50
Chief Quality & Nursing Executive	\$120,205.84	\$158,661.45	3%	\$163,568.50

Executive salary and performance-related pay envelope

In the 2016/2017 fiscal year, the total executive salary and performance-related pay envelope was \$1,083,806.33.

Each year, MAHC may increase the envelope, this increase will not exceed the approved maximum rate of increase.

Determining the maximum rate of increase

As set out in the regulation, MAHC has determined the maximum rate of increase to the executive salary and performance-related pay envelope, which applies to all executives to be 5.0%. The

amount associated with this increase will address compensation inequities, recruitment and retention, public sector trends in settlements, and expanding portfolios that did not constitute a reorganization. The executive salary and performance-related pay envelope that will include this adjustment will not exceed the maximum total cash compensation allowable under the MAHC framework.

The Board of MAHC recognizes that the salary and performance related pay envelope does not achieve parity with the 50th percentile Maximum Total Cash Compensation for the Executives as outlined in the “Maximum Total Cash Compensation for Designated Executives” section of MAHC’s Executive Compensation Framework.

In considering all relevant factors to determine the maximum rate of increase, the MAHC Board considered the following:

- Internal Equity. Internally to MAHC there are wage discrepancies amongst some of the designated executives holding comparable positions. These historical inequities within the designated executive class will be amended within the maximum rate of increase.
- The financial priorities of the Ontario Government have been considered when reviewing the public sector settlement trend over the last five years. Additionally, the unionized and non-unionized management increases within the health care sector have also been taken under advisement when establishing the maximum rate of increase. No designated executive will receive an increase less than what has been determined as the appropriate settlement trend.
- The current comparison between MAHC’s operating budget and spend on executive salary and performance related pay is 1.39%. This represents 2.8% of all salaries at MAHC. For the breadth and depth of leadership and management required of designated executives at MAHC the increases approved by the MAHC Board takes into consideration fiscal restraint while attempting to offer a competitive compensation package within the hospital sector. With the aforementioned maximum rate of increase implemented the adjustment to the executive pay envelope represents 1.46% of MAHC’s total operational budget.
- Attracting and retaining talent at the executive level is often challenging. MAHC has experienced significant turnover of the designated executive class in recent years. In the last 7 years there has been 85% turnover within the designated executive class at MAHC. It is imperative for MAHC to provide competitive wages to attract top talent within the health sector, but also ensure internal equity to retain current experienced executives. Among certain classes of executives, wage compression is becoming increasingly evident and it has been exacerbated by the internal compensation equity concerns among the executive class. Ensuring MAHC is compensating at a competitive salary is important to ensure stable leadership for the future.
- There has been no significant expansion in operations that would constitute an organizational restructuring, but since the advent of a salary freeze among the class of designated executives, portfolios of some executives have expanded in some cases, and

additional responsibilities related to capital redevelopment have resulted in an expansion of roles and responsibilities for the designated executives of MAHC.

Salary Adjustments for Designated Executives

Annual salary adjustment for the designated executives will be approved by the Board of Directors and made effective on April 1st each year following the date at which the policy comes into effect. Adjustments will be consistent with Regulation 304/16. Salary adjustments must not exceed the annual maximum rate of increase and shall not exceed the 50th percentile of total compensation for the applicable comparator group.

Once every year, beginning one year after this executive compensation program is in effect, the MAHC Board may elect to adjust the maximum salary and performance-related pay caps for designated executive positions by the lesser of:

- The rate of increase in salary and performance-related pay provided to MAHC's non-executive managers
- 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.

NOTE: This action does not require reposting of the Executive Compensation Plan and public consultation

Compensation set out in this Executive Compensation Plan must be recalculated in the event of a significant organizational restructuring, and may be recalculated at any other time where circumstances warrant, such as:

- Incorporating new designated executive positions or classes of designated executive positions;
- Accounting for significant changes in responsibilities for a designated executive or class of designated executives; and
- Any other situation that results in a discrepancy between the responsibilities of a designated executive position or class of designated executive positions and an established cap.

If revisions are necessary, compensation programs will be updated to reflect the changes and reposted on the employer's website with the new effective date. Public consultation will occur prior to posting a revised plan and each time Muskoka Algonquin Healthcare recalculates outlined in the table above.

Compliance

The Board Chair will attest to MAHC's compliance with the Regulation. The compliance directives sets out two distinct reporting requirements that each designated employer must satisfy. They are:

1. Executive Compensation Program Compliance (*these attestations are only required when a new or updated executive compensation program is implemented*)
2. Annual Executive Compensation Compliance

The required attestations will be submitted to the Ministry of Health & Long Term Care liaison.

Administering the Plan

MAHC Human Resources Department will support the Executive Committee of the Board to ensure that the plan is administered in a timely fashion.

Appendix A

Benefits Program - Non-Union Management Employees includes:

Life Insurance

- Basic Life Insurance in accordance with Hospitals of Ontario Group Life Insurance Plan
- Optional Life Insurance in accordance with Hospitals of Ontario Voluntary Life Insurance Plan

Health Insurance

- Semi-private Hospitalization
- Extended Health Care
- Dental Coverage

Income Protection

- Short Term Disability in accordance with the Hospitals of Ontario Disability Insurance Plan (Part A)
- Employment Insurance Sick Pay provided through E.I. from 16th to 30th weeks of longer illness
- Long Term Disability in accordance with Hospitals of Ontario Disability Insurance Plan (Part B)
- Hospitals of Ontario Pension Plan (HOOPP) in accordance with plan rules and regulations

Rest & Relaxation

- Vacation:
 - 4 Weeks after 1 Year
 - 5 Weeks after 3 Years
 - 6 Weeks after 15 Years
 - 7 Weeks after 25 Years
- Public Holidays 11 fixed holidays and 1 float day annually