



# INTERIOR HEALTH AUTHORITY

## **Statement of Executive Compensation for the Fiscal Year 2015 † 2016**

The Interior Health Authority must disclose all compensation provided to the President and Chief Executive Officer and the next four highest ranking executives for the services they have provided to the organization. This document outlines the governance, design, and total value of executive compensation for the fiscal year ending March 31, 2016.

- Section 1 Provides an Organization Overview
- Section 2 Provides the Compensation Discussion and Analysis
- Section 3 Provides details of the Health Sector's Compensation Reference Plan
- Section 4 Provides the Summary Compensation Information and Notes
- Section 5 Provides details of payment of Salary Holdback or "Pay at Risk"

## Section 1: Organization Overview

The Interior Health Authority (IH) was established as one of five geographically based health authorities in 2001 by the Government of British Columbia. IH is responsible for ensuring publicly funded health services are provided to the people of the Southern Interior.

IH provides services to over 725,000 people across a large geographic area covering almost 215,000 square kilometers, the geography of which includes larger cities and a multitude of rural and remote communities. Population health needs across the continuum of care drive the mix of services and enabling supports IH provides. This continuum includes staying healthy, getting better, living with illness and coping with end of life.

Service delivery is coordinated through a regional “network of care” that includes: hospitals, community health centres, residential and assisted living facilities, housing supports for people with mental health and substance use issue, primary health clinics, homes, schools and other community settings. Health services are provided by IH staff and through contracted providers.

IH is governed by a nine-member Board of Directors appointed by and responsible to the Provincial Government. The primary responsibility of the Board is to foster IH’s short and long term success while remaining aligned with its responsibilities to government and stakeholders. Our goals, objectives, strategies and performance measures are detailed in the Interior Health Authority 2015 ; 2016 – 2017 ; 2018 Service Plan at <https://www.interiorhealth.ca/AboutUs/Accountability/Documents/Service%20Plan.pdf>

## Section 2: Compensation Discussion and Analysis

IH is a member employer of the Health Employers Association of BC (HEABC) and the HEABC Compensation Reference Plan (Plan) governs the compensation approach for non-union, management and executive roles within the organization. The Plan was developed pursuant to the statutory requirements of the Public Sector Employers Act and is applied across the employer members of HEABC.

For each of the Named Executive Officers (NEOs) reported in the Summary Compensation Table of this disclosure IH has applied the Plan, working with HEABC for the necessary approvals. The base salary and total compensation provided to each NEO is consistent with the principles and policy objectives, as mandated by the Public Sector Employers’ Council in accordance with the Public Sector Employers Act.

The Chair of the IH Board of Directors approves the President and Chief Executive Officer's compensation levels in conjunction with the Ministry of Health. Included in the President and Chief Executive Officer's compensation is a *Pay at Risk* factor in which 10% of the annual salary is "held back" pending satisfactory achievement of pre-determined objectives subject to annual approval for payment by the Chief Administrative officer of the Ministry of Health.

The President and Chief Executive Officer sets the compensation levels and assesses the performance of his direct reports, including the NEOs, in accordance with the Plan; keeping the Board of Directors informed of the compensation levels and performance of the NEOs and other executive staff.

### Section 3: Compensation Reference Plan

The Compensation Reference Plan (Plan) promotes the accountability of health care employers to the public, and enhances the credibility of management in the health sector by providing a framework within which appropriate compensation practices are consistently managed.

All member organizations of the Health Employers Association of BC are required to use the Compensation Reference Plan in establishing compensation levels for the executive and non-contract positions in their organizations.

#### **Compensation Reference Plan Philosophy**

To support the delivery of health services to the people of British Columbia the Plan establishes a fair, defensible and competitive total compensation package designed to attract and retain a qualified, diverse and engaged workforce that strives to achieve high levels of performance.

#### **Compensation Reference Plan Core Principles**

**Performance:** The Plan supports and promotes a performance-based (merit) culture with in-range salary progression to recognize performance.

**Differentiation:** Differentiation of salary is supported where there are differences in the scope of a position and the assignment of the position to the appropriate salary range. Differentiation of salary is also supported based on superior individual or team contributions.

**Accountability:** Compensation decisions are objective and based upon a clear and well documented business rationale that demonstrates the appropriate expenditure of public funds.

**Transparency:** The Plan is designed, managed and communicated in a manner that ensures the program is clearly understood by government, trustees, employers, employees and the public while protecting individual personal information.

### **Compensation Reference Plan Policy Objectives**

Consistent with the Core Principles, the Plan has the following policy objectives:

1. A defensible compensation system recognizes the responsibility of the health sector to establish compensation levels that acknowledge fairness and the public's ability to pay. Compensation levels in the health sector will reflect the market average and will not lead the market. This ensures that taxpayers receive the maximum benefits from qualified individuals occupying jobs in the health sector.
2. External equity requires competitive levels of compensation be established, that address issues of attraction and retention, by analyzing compensation practices in relevant labour markets including British Columbia health sector bargaining associations.
3. Internal equity requires the relative worth of jobs be established by measuring the composite value of skill, effort, responsibility and working conditions.
4. Compensation will reinforce and reward performance through measurable performance standards that support and promote a performance based culture.
5. Compensation policies will comply with the intent and requirements of legislation and be non-discriminatory in nature.

### **Compensation Reference Plan Modules**

The Plan promotes the accountability of employers in the health sector to the public, and enhances the credibility of management in the health sector by providing a framework within which appropriate compensation practices are consistently managed.

All member organizations of the HEABC are required to use the Compensation Reference Plan in establishing compensation levels for the executive and non-contract positions in their organizations. The Plan consists of three components that, working in concert, assign jobs to the appropriate salary range.

The three components of the Plan are: the Organization Information Plan, the Role Assessment Plan and the Reference Salary Ranges.

**The Organization Information Plan** provides a means of grouping organizations with similar characteristics for the purpose comparing pay practices of the employer groups to their relevant labour markets and establishing discrete salary ranges for each of the employer groups. There are five employer groups.

The grouping of organizations is determined by assessing certain characteristics that are inherent in all member organizations of HEABC. The factors employed in assessing the organizational characteristics are:

- Diversity of Program Delivery
- Research Activities
- Education Activities
- Work Force Characteristics
- Sources & Stability of Funding

Responsibilities and Accountabilities:

1. HEABC will provide employers in the health sector with the Organizational Information Questionnaire (OIQ), instructions on how it's used, and consulting assistance in order to complete and accurately collect the required information.
2. Employers in the health sector will complete the OIQ.
3. The Board Chair of employers in the health sector will approve the completed OIQ and return the questionnaire to HEABC.
4. HEABC will review all completed questionnaires for consistency in application and inform the employers in the health sector of the final assessment.

**The Role Assessment Plan** (a point factor job evaluation plan) is the tool that allows employers to describe the jobs in their organizations. The Role Assessment Plan provides a means of establishing an equitable hierarchy of jobs within an organization, as well as a comparison of jobs across the health sector. The hierarchy of jobs is determined by assessing the skill, effort, responsibility and working conditions inherent in all jobs in HEABC member organizations. The factors employed in assessing the skill, effort, responsibility and working conditions are described in the table that follows on page 5.

## Role Assessment Plan Factors

Skill	<ul style="list-style-type: none"><li>• Knowledge Gained Through Education and Training</li><li>• Knowledge Gained Through Previous Experience</li><li>• Internal Communications and Contacts</li><li>• External Communication and Contacts</li></ul>
Effort	<ul style="list-style-type: none"><li>• Effort as a Result of Concentration</li><li>• Effort as a Result of Physical Exertion</li></ul>
Responsibility	<ul style="list-style-type: none"><li>• Complexity of Decision Making</li><li>• Impact of Decision Making</li><li>• Nature of Responsibility of Financial Resources</li><li>• Magnitude of Financial Resources</li><li>• Nature of Leadership</li><li>• Magnitude of Leadership</li></ul>
Working Conditions	<ul style="list-style-type: none"><li>• Conditions Under which the Work is Performed</li></ul>

### Responsibilities and Accountabilities

1. HEABC will provide employers in the health sector with consulting advice on the application of the Role Assessment Plan.
2. Employers in the health sector will ensure that all executive and non-contract jobs are assessed using the Role Assessment Plan.
3. HEABC will work with employers in the health sector to ensure the consistent application of the plan through periodic reviews.
4. HEABC will work with employers in the health sector to resolve any disputes on the application of the Plan.

**Reference Salary Ranges:** A defensible compensation system responds to broad equity issues. The Plan recognizes the responsibility of the health sector to establish compensation levels that acknowledge fairness and the public's ability to pay, re-enforcing the notion of accountability. Fundamental to this statement is the fact that compensation practices in the health sector cannot lead the market, while providing appropriate levels of compensation that support recruitment and retention needs. This ensures that taxpayers receive the maximum benefits from qualified individuals occupying jobs within the health care sector, further re-enforcing the notion of accountability.

## Responsibilities and Accountabilities

1. HEABC will provide employers in the health sector with reference salary ranges.
  - 1.1. The reference salary ranges will be based on the 50th percentile of the blended market survey.
  - 1.2. The reference salary ranges will include provisions for an adequate range and spread of salary rates to differentiate developmental, job standard, and above standard rates.
2. Employers will administer salaries within the reference salary ranges.
  - 2.1. Circumstances may require employers to address compression or inversion issues between non-contract staff and directly supervised bargaining unit employees.

A differential of up to 15% may be established where there is a functional supervisory role, with responsibility and accountability for outcomes. This differential does not form part of the comparison ratio calculation.
  - 2.2. Employers compensation practices will be deemed to conform to the reference salary ranges if the organization's overall comparison ratio is within 0.90 and 1.10 of the appropriate salary control points.
  - 2.3. The comparison ratio calculation is the total of the organization's actual salaries divided by the total of the appropriate salary control points.

### **Compensation Reference Plan Benchmarking the Reference Salary Ranges**

- 1 The Plan will be reflective of a representative market that shall be composed of an appropriate mix of employers from which the health sector must attract and retain qualified individuals.
- 2 The composite market is based on consideration of:
  - 2.1 Size of organization, as this drives the span of control and scope of accountability.
  - 2.2 The industry, as organizations operating in the broad public sector likely have jobs that require similar skills and capabilities.
  - 2.3 Geography, considers the locations where qualified talent could be sourced from when recruiting and where current employees could potentially leave to join other organizations.
  - 2.4 Ownership type, for example public sector, health sector where jobs that require similar skills and capabilities form part of the recruitment/retention matrix.

- 3 This mix is to include:
  - 3.1 B.C. Public Sector Organizations – Crown corporations, health sector, K-12 education, community social services, regional government, municipalities and the public service.
  - 3.2 Other provincial jurisdictions (including the health sector) where relevant, excluding territories.
  - 3.3 Private Sector – to be utilized only in cases of talent in high demand with significant recruitment pressure from the private sector.
- 4 HEABC will conduct total cash and total compensation surveys to ensure appropriate internal and external equity are maintained.

**Compensation Reference Plan Performance Based Pay**

- 1 Employers in the health sector recognize that strengthening the linkage between individual performance and organizational objectives is a fundamental role for an organization’s compensation strategy.
- 2 Performance based pay programs would include documented objectives with clearly defined and measurable performance outcomes.
- 3 The Compensation Reference Plan’s salary ranges are applicable to a system of performance based pay. The salary ranges are structured to recognize competence, performance and exceptional market conditions. *Employers cannot establish salaries above the range maximum.*

Salary Structure Ranges 13 through 18

Range Minimum		Midpoint		Range Maximum	
80%	90%	90%	110%	110%	120%
Developmental Zone		Standard Zone		Advanced/Market Zone	

Salary Range Structure Ranges 5 through 12

Range Minimum		Midpoint		Range Maximum	
80%	90%	90%	110%	110%	115%
Developmental Zone		Standard Zone		Advanced/Market Zone	



Salary Range Structure Ranges 1 through 4

Range Minimum		Midpoint		Range Maximum	
80%	90%	90%	105%	n/a	n/a
Developmental Zone		Standard Zone			

**Developmental Zone:** Target pay for individuals who are new or developing in the job and are not yet performing the full breadth of duties and responsibilities expected of the job at this level. Accelerated progression through this portion of the salary range is common.

**Market Zone:** Target pay for employees who are fully seasoned in the job with the combination of experience and competencies needed to perform all duties and responsibilities expected of the job.

**Innovative Practice Zone:** Target pay for employees who consistently exceed all expectations through a unique and exceptional application of knowledge, skills and/or effort over a consistent and sustained period that justifies the use of this this Zone; or to address exceptional recruitment and retention market pressures.

- 4 Each job will have an assigned salary range. Employers in the health sector will place their employees on the applicable range for that job. Progression throughout the range is based on job proficiency or performance. Employers cannot establish salaries above the range maximum.
- 5 A Merit Matrix will be used to determine the amount of the approved salary increases to targeted groups of employees. The matrix addresses both the performance (performance based culture) and position in the range (internal equity) to differentiate salaries. The table that follows illustrates the grid. The position in range bands would be adjusted to reflect the actual width of the salary range. The grid becomes an effective tool when the salary ranges match the levels recommended by market surveys and there is consistent performance management practices and the level of increase for the base calculation provides a meaningful change in salary.

Illustrative Merit Matrix  Illustration: ex.1% increase)			Position on Range		
			80% to 90%	90% to 110%	110% to 120%
Performance Rating	5	Highest	2.0%	1.7%	1.3%
	4	Next Highest	1.7%	1.3%	1.0%
	3	Middle	1.3%	1.0%	.7%
	2	Low	.7%	.7%	0.0%
	1	Lowest	0.0%	0.0%	0.0%
	% increase cannot exceed the salary range maximum				

### Compensation Reference Plan Disclosure & Reporting Requirements

- 1 HEABC will coordinate the reporting of total compensation for executive and non-contract employees within the sector.
- 2 Employers in the health sector will provide HEABC with total compensation information and related compensation policy information to meet the reporting requirements of employers and employers' associations within the sectoral compensation guidelines. Full disclosure of public sector compensation is public policy in British Columbia. This policy serves two main purposes:
  - 2.1. Promotes the accountability of public sector employers to the public.
  - 2.2. Enhances the credibility of public sector management by providing a framework within which appropriate compensation practices can be explained to the public.

#### Section 4: Summary Compensation Table at FISCAL, 2016

Name and Position (a)	Salary (b)	Holdback / Bonus / Incentive Plan Compensation (c)	Benefits (d)	Pension (e)	All Other Compensation (expanded below)	2015/16 Total	Previous Two Years Totals	
							2014/15	2013/14
Robert Halpenny, CEO	\$ 195,615	\$ 35,100	\$ 5,111	\$ 19,492	\$ 165,536	\$420,854	\$ 410,357	\$408,540
Jeremy Etherington, VP Medicine & Quality	\$ 291,915	\$ -	\$ 16,098	\$ 29,083	\$ -	\$337,096	\$ 339,248	\$337,373
Wendy Hansson, VP Community Integration	\$ 255,450	\$ -	\$ 19,330	\$ 25,450	\$ 891	\$301,121	\$ 34,099	\$ -
Donna Lommer, VP Residential & CFO	\$ 244,101	\$ -	\$ 20,379	\$ 24,319	\$ -	\$288,799	\$ 286,278	\$283,435
John Johnston, VP People & Clinical Services	\$ 249,776	\$ -	\$ 15,623	\$ 24,884	\$ 346	\$290,629	\$ 290,111	\$288,614
Susan Brown, VP & COO Hospitals & Communities	\$ 247,716	\$ -	\$ 20,754	\$ 24,679	\$ 458	\$293,607	\$ -	\$ -
Chris Mazurkewich, CEO	\$ 118,228	\$ 11,823	\$ 14,082	\$ -	\$ 3,057	\$147,190	\$ -	\$ -

#### Section 4: Summary Other Compensation Table at FISCAL, 2016

Name and Position (a)	All Other Compensation	Severance (f)	Vacation payout (g)	Leave payout (h)	Vehicle / Transportation Allowance (i)	Perquisites / other Allowances (j)	Other (k)
Robert Halpenny, CEO	\$ 165,536	\$ -	\$ 73,819	\$ -	\$ -	\$ 206	\$ 91,511
Jeremy Etherington, VP Medicine & Quality	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Wendy Hansson, VP Community Integration	\$ 891	\$ -	\$ -	\$ -	\$ -	\$ 219	\$ 673
Donna Lommer, VP Residential & CFO	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
John Johnston, VP People & Clinical Services	\$ 346	\$ -	\$ -	\$ -	\$ -	\$ 290	\$ 56
Susan Brown, VP & COO Hospitals & Communities	\$ 458	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 458
Chris Mazurkewich, CEO	\$ 3,057	\$ -	\$ -	\$ -	\$ 3,057	\$ -	\$ -

## Section 4: Notes

Robert Halpenny, CEO	<b>Dr. Halpenny resigned on October 25, 2015. Mr. Mazurkewich replaced Dr. Halpenny as President &amp; Chief Executive Officer. All Other Compensation consists of: vacation earned but not taken prior to retirement in the amount of \$73,819; employer paid parking in the amount of \$206; a retiring allowance in the amount of \$71,531; and salary holdback payment in the amount of \$19,980 for the period April 1, 2015 to October 25, 2015.</b>
Jeremy Etherington, VP Medicine & Quality	<b>Dr. Jeremy Etherington resigned on March 15, 2016. There was no replacement named until April of 2016.</b>
Wendy Hansson, VP Community Integration	<b>All Other Compensation consists of: employer paid parking in the amount of \$219; CPHA Membership Dues = \$240.12; CRNBC Membership Dues = \$432.38.</b>
	<b>Ms. Hansson's position was eliminated in November 2015 as part of a re-structuring. Ms. Hansson was provided 18 months working notice and seconded to the Ministry Health. The working notice will continue until May 2017. Interior Health continues to be the "pay master".</b>
Donna Lommer, VP Residential & CFO	<b>N/A</b>
John Johnston, VP People & Clinical Services	<b>All Other Compensation consists of: employer paid parking in the amount of \$290; CHRP Recertification Fee = \$55.61.</b>
	<b>Mr. Johnston was placed on working notice in January 2016. The working notice will continue until May 2017.</b>
Susan Brown, VP & COO Hospitals & Communities	<b>All Other Compensation consists of: CCHL Membership Fee = \$457.55.</b>
Chris Mazurkewich, CEO	<b>Chris Mazurkewich replaced Dr. Halpenny on October 26, 2015 as President &amp; Chief Executive Officer. Value of a leased vehicle = \$3,057</b>

## Section 5: Payment of the “Salary Holdback | Pay at Risk” for Dr. Halpenny: President & Chief Executive Officer

Dr. Halpenny received two “hold back or pay at risk” payments during the fiscal year ending March 31, 2016:

- 1) \$35,100 for achieving performance objectives for the fiscal year ending March 31, 2015
- 2) \$19,980 for achieving performance objectives for the period April 1, 2015 to his retirement at October 25, 2015