

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.

<b>A. Compensation Philosophy</b>	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>B. Designated Executive Positions</b>	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.
<b>C. Salary and Performance-related Pay Caps</b>	
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.
<b>D. Salary and Performance-related Pay Envelope</b>	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.
<b>E. Other Elements of Compensation</b>	<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>
<b>F. Supplemental Information</b>	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)  
Cambridge Memorial Hospital

**Completed By**

Last Name Gaskin	First Name Patrick	Middle Initial M
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Job Title  
President & CEO

**Address**

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City/Town Cambridge	Province Ontario	Postal Code N1R 3G2
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## A. Compensation Philosophy

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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.

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Cambridge Memorial Hospital ("CMH") is a community hospital serving the residents of Cambridge, the township of North Dumfries and the Region of Waterloo. A wide range of acute care services are offered at CMH, including surgery, emergency care, birthing, women and children's care, medical care, intensive care, mental health care, diagnostic services and laboratory services. The capital redevelopment and transformation project, started in fall 2014, is currently a major priority for the hospital. The project involves the construction of a brand new patient care wing and extensive renovations to the existing hospital. The project is well underway with the new Wing A (approximately 240,000 sqft in size) anticipated to be ready for occupation in 2018. Once the move to the new wing is complete, renovations to the existing Wing B will begin.

Through the recent assessment of their strategic priorities, CMH has identified a goal of becoming an exceptional community-based hospital by building on its strong community and local relationships, and further developing a diverse set of programs for its community of care. Part of the program development will be concentrated on providing services related to 4 "petals of care" - specialized surgical services, specialized medical services, woman and children services and mental health services.

### Compensation Philosophy

In order to drive the achievement of the strategic priorities, CMH's compensation philosophy incorporates guiding principles that enable compensation decision-making and is designed to:

- Align executives' commitment and effort to support the achievement of CMH's mission, vision and strategic goals
- Allow CMH to attract, retain, and motivate excellent and engaged individuals who will lead the organization to achieving its mandate
- Maintain a reasonable degree of competitiveness within the market and to be a hospital of choice for staff of all disciplines by benchmarking compensation against an appropriate comparator market group, with an additional view to internal equity
- Reward executives through an appropriate mix of fixed and performance-based variable pay for the scope of their responsibilities and the delivery of high-quality public services, in addition to annual objectives
- Provide market-competitive total compensation for executives, while respecting budgets, supporting accountability, and avoiding excessive pay levels and other unwarranted compensation elements that follow the new regulation. This includes capping executive compensation at the 50th percentile of the maximum amounts of salary and performance-related pay of the relevant market

In accordance with the new regulation, the Board of Directors at CMH has decided that the new executive compensation structure will be benchmarked to cap at the 50th percentile of the selected comparator market's maximum total cash compensation, the sum of base salary and performance-related pay. All executives will be eligible to receive annual increases, given availability of the pay and performance-related pay envelope, until the executive reaches the 50th percentile of the comparator market.

Under the new executive compensation structure, the pay mix will be composed of base salary and a performance-related pay which incorporates the Quality Improvement Plan ("QIP") and other performance metrics, as defined by the Ministry, as applicable, and by the Board of Directors. The President & CEO is subject to 20% of base salary as performance-related pay, and the remaining executives are subject to 5% of base salary.

**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	N/A
Chief of Staff & Vice President Medical Affairs	N/A
Vice President Finance & Corporate Services, CFO & CIO	N/A
Vice President Clinical Services & Chief Nursing Executive	N/A

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### C. Salary and Performance-related Pay – Comparator Selection

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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.

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#### Comparators 1

Executive Positions or Classes of Positions Benchmarked

President & CEO ("CEO"), Chief of Staff & VP Medical Affairs ("COS"), VP Finance & Corporate Services, CFO & CIO ("CFO"), VP Clinical Services & Chief Nursing Executive ("CNE")

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#### Canadian Public Sector or Broader Public Sector Comparators

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

For the CEO: Grand River Hospital, Quinte Health Care, Grey Bruce Health Services, Brant Community Healthcare System, Joseph Brant Hospital, St. Mary's General Hospital, Guelph General Hospital, Huron Perth Healthcare Alliance, Woodstock Hospital, St. Joseph's Health Centre, Toronto, Michael Garron Hospital, Mackenzie Health, Markham Stouffville Hospital, Ross Memorial Hospital, Ontario Shores Centre for Mental Health Sciences, Providence Healthcare

For the Chief of Staff (COS): Grand River Hospital, Quinte Health Care, Grey Bruce Health Services, Brant Community Healthcare System, Joseph Brant Hospital, Guelph General Hospital, St. Thomas Elgin General Hospital, St. Joseph's Health Centre, Toronto, Michael Garron Hospital, Mackenzie Health, Markham Stouffville Hospital, Ross Memorial Hospital, Ontario Shores Centre for Mental Health Sciences, Providence Healthcare

For the Vice-President Finance & Corporate Services (CFO): Grand River Hospital, Quinte Health Care, Joseph Brant Hospital, St. Mary's General Hospital, Guelph General Hospital, Huron Perth Healthcare Alliance, St. Joseph's Health Centre, Toronto, Michael Garron Hospital, Mackenzie Health, Markham Stouffville Hospital, Ontario Shores Centre for Mental Health Sciences

For the Vice-President Clinical Programs & CNE: Grand River Hospital, Quinte Health Care, Grey Bruce Health Services, Brant Community Healthcare System, Joseph Brant Hospital, St. Mary's General Hospital, Guelph General Hospital, Huron Perth Healthcare Alliance, Woodstock Hospital, St. Joseph's Health Centre, Toronto, Michael Garron Hospital, Mackenzie Health, Markham Stouffville Hospital, Ontario Shores Centre for Mental Health Sciences, Ross Memorial Hospital, Providence Healthcare, St. Thomas General Hospital

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

CEO is compared to President & CEO

COS is compared to Chief of Staffs and VP Medical Affairs Executives

CFO is compared to Corporate Services & Chief Financial Executives, Information Technology Executives, Chief Administrative Officers, and Chiefs of Planning & Development (see more discussion about the expanded responsibilities of CMH's CFO under Section C, Salary and Performance-related Pay - Comparative Analysis Details)

CNE is compared to Patient Care/Services Executives, Clinical Programs Executives, Chief Nursing Executives

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#### Rationale for Selected Comparators

17 comparator organizations were selected based on the factors specified within the Executive Compensation Framework (the "Framework"):

- Scope of responsibilities of the organization's executives: CMH's executives were benchmarked against jobs within the comparator group which have a similar job title, job requirements, and job responsibilities
  - Type of operations the organization engages in: The organizations chosen are primarily community hospitals, with some limited specialty hospitals considered based on one of CMH's targeted focus - mental health and psychiatry
  - Industries within which the organization competes for executives: All selected organizations are Ontario hospitals
  - Size of the organization: CMH selected organizations that have an operating budget in a similar range as CMH. The majority of the comparators are within 0.5x to 2x operating budget of CMH. Four comparators had an operating budget outside that range and were selected because of the strong similarity to the type of operations provided at those hospitals and/or their proximity to CMH and as a result, compete directly with CMH for talent.
  - Location of the organization: The comparator group is comprised of hospitals within the same and neighbouring regions of CMH, as well as hospitals in the broader Greater Toronto Area ("GTA") region. The regions covered by the comparator group are reflective of current and past executive hires to CMH, who have come from the nearby
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regions, Toronto, and the GTA.

- Benchmarking hospitals: Some organizations within the group were also selected as they are part of CMH's comparator group for benchmarking the hospital's cost per case. The hospital has used this comparator group for doing analysis and at times, has interacted with the leadership at these hospitals (site visits, strategy sharing, surveys)

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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.

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### **C. Salary and Performance-related Pay – Comparative Analysis Details**

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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.

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CMH performed a comparative analysis for the purposes of benchmarking the salary and performance-related pay cap for each designated executive position. The pay cap has been established at the 50th percentile of the comparator market. The results of the comparative analysis will be used to determine the maximum compensation that CMH executives may earn.

Generally, all executives were benchmarked against jobs with similar job titles and a similar nature of responsibilities and scope of portfolios.

The CFO position has a wide breadth of responsibilities in addition to finance, with a large component for project infrastructure (including leading the capital planning and redevelopment project). The overall portfolio of the role includes finance, human resources, health information management, privacy & decision support, information management & technology, pharmacy, diagnostic imaging, lab and cardiac services, facilities and project infrastructure. The incumbent is responsible for providing strategic leadership and oversight to the \$252 million capital redevelopment project by working with various external stakeholders including the contractor, lender's agent, consultants, Ministry of Health, Infrastructure Ontario, and the Waterloo Wellington Local Health Integration Network ("LHIN"). Based on the significant non-finance related responsibilities undertaken by CMH's CFO, only Finance and Corporate Services Executives with additional responsibilities were identified as appropriate matches for this role. From the selected comparator group, 11 out of 17 organizations were determined to have suitable and comparable positions to CMH's CFO, having a portfolio of departments which expanded beyond pure finance and corporate services. As a result, the CFO role was matched to those roles identified at the 11 organizations, as opposed to Finance and Corporate Services Executives at all 17 organizations within the comparator group.

The total cash compensation caps for all executives were established at the 50th percentile of the comparator market maximum total cash compensation (maximum base salary plus maximum performance-related pay).

### 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	\$250,011		\$294,167		20.0	\$353,000
Chief of Staff & VP Medical Affairs (\$ shown reflects 1.0 FTE. Current incumbent is a 0.75 FTE)	\$300,458		\$353,524		5.0	\$371,200
VP Finance & Corporate Services, CFO & CIO	\$182,121		\$214,286		5.0	\$225,000
VP Clinical Services & CNE	\$163,423		\$192,286		5.0	\$201,900



## 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 (%)
\$959,200	5.0

### Rationale for the Proposed Maximum Rate of Increase:

In determining the requested maximum rate of increase, CMH has considered all of the factors outlined in section 3.3 of the BPSEC Framework Regulation. Although all the factors were considered, some factors were given more attention due to data availability and/or relative impact on CMH's executive compensation needs and organization-specific circumstances.

**Factor 1:** The financial priorities and the compensation priorities of the Ontario Government as indicated in the most recently published 2017 Ontario Budget. Given that transforming healthcare is one of the primary priorities for Ontario (2016 Ontario Economic Outlook and Fiscal Review), CMH's role in the health system is essential to its region as a primary healthcare provider to the communities of Cambridge, North Dumfries and other communities within the Region of Waterloo. CMH receives approximate 70% of all inpatient acute care patients for the Cambridge catchment region. From an assessment of the strategic plan, CMH identified that several clinical areas need to be better served through the growth of services planned for CMH. This includes mental health and addictions patients that are not well served within the region and are a prioritized area of care for healthcare providers, which offers an opportunity for CMH to improve its levels of care. In addition, expansions are planned for the woman & child program, enhanced specialized surgical services (with a focus on minimally invasive surgery) and enhanced specialized medical services. In fall 2014, CMH began a transformation project, part of which involves the expansion of all its services (described in more detail in Factor 5). The proposed maximum rate of increase would allow CMH to attract, retain, and motivate executives that are critical to leading the delivery and execution of CMH's expanded capacity and mandate within the region.

**Factor 2:** Recent executive compensation trends in the part of the Canadian public sector and BPS that is in the industry within which the designated employer competes for executives.

Korn Ferry Hay Group's Executive Market Trends report indicates that executives in national broader public sector have received an average increase of approximately 1.9% annually to actual base salary between 2012 to 2017. CMH and other Ontario BPS organizations have maintained the same salaries for the last 7 years. The proposed increase to the envelope will allow for updated compensation levels to get closer to the 50th percentile of our comparators and to continue to attract, retain and motivate the executive team.

**Factor 3:** CMH's operating budget used for executive compensation as compared to the comparator organizations CMH has made efforts to obtain data and analyze information regarding to this factor. However, at this time, detailed information is not readily available. The hospital had access to operating budget ranges for each of the comparator organizations and used this data accordingly. We believe that our executive compensation portion with respect to our operating budget is well within the predicted benchmarking amounts of other hospital organizations.

**Factor 4:** The difference between the salary and performance-related pay range for executive positions and the salary and performance-related pay ranges for the employees or office holders who directly report to those positions. Based on the maximum salary ranges at the manager and director level, compression issues do exist within CMH's current structure. There are individuals who work at CMH and report to the CFO who earn a higher salary than the CFO's existing salary. The proposed maximum rate of increase would help alleviate the current compression issues, allow CMH to deal with the situation proactively, and ensure reasonable pay gaps between the executives and non-executives.

### Factor 5: Significant restructuring of the organization

Currently, existing hospital facilities are unable to service all the needs and demands of local patients – for example, the Emergency Department was built to accommodate 34,000 patients per year, yet more than 56,000 patients actually visit the Emergency Department per year. To meet the needs of CMH staff, patients, and the growing

community, CMH is currently undertaking a significant expansion project which involves the building of a brand new hospital, construction of a new patient care wing, and extensive renovations to the existing building. Once the project is finished, the hospital will have expanded clinical services, including the emergency department, surgery services, medicine, mental health, obstetrics and rehabilitation, as well as expanded clinical support services, including laboratory, diagnostic imaging, and central supply services. In addition, a new medical education campus will be constructed. A significant number of beds will be added to several programs including the expansion of the mental health program (from 20 to 25 beds), the intensive care unit (from 7 to 12 beds), rehabilitation program (from 14 to 31 beds) and expanded operating rooms, to name a few. In total the number of beds will increase to 197 acute and rehabilitation beds for the hospital (currently CMH has 145 beds)

The total cost of the project is \$252 million and will result in 240,000 square feet of new construction (Wing A - set for occupancy in 2018), as well as 150,000 square feet of renovations to the current Wing B. Full completion of the project is scheduled for 2020. CMH's post construction operating budget will approach \$150 million based on the expanded services in the new/renovated hospital. Once all renovations and buildings are finished, CMH will also be the most modern hospital in the region.

Considering the significant expansion and growth of CMH, the proposed 5.0% maximum annual rate of increase to the envelope will be essential to attracting, retaining, and motivating top executives to support completion of the project and CMH's future operating complexities.

Overall, the proposed maximum rate would allow CMH to make adjustments to its existing executive compensation and reduce the gap to market. In doing so, CMH can provide motivation and further retain its existing executive team, all of whom are highly talented with valuable experiences and skillsets to bring to the organization.

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## **E. Other Elements of Compensation**

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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.

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### **Element 1**

Element of Compensation

Health Care Spending Account (HSCA)

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Positions or Classes of Positions

CEO, CFO, CNE

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Rationale

The current entitlements (CEO - \$5,000 per annum; CFO & CNE - \$2,500 per annum) will be reduced to be in the same manner and relative amount as provided to the non-executive managers (directors). This will occur within the required timeframe to be compliant with the Ministry directive.

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### **Element 2**

Element of Compensation

Car Allowance

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Positions or Classes of Positions

CEO

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Rationale

The current entitlement (\$12,000 per annum) will be eliminated within the required timeframe to be compliant with the Ministry directive.

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### **Element 3**

Element of Compensation

Professional Memberships

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Positions or Classes of Positions

CEO

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Rationale

The CEO is entitled to reimbursement for up to 3 professional membership on an annual basis. The CFO and CNE positions are entitled to reimbursement for up to 2 memberships. Professional memberships are essential requirements for members of the executive team. For the CFO and CNE positions, the 2 memberships generally include a membership in a professional body (College of Nurses, for example) and in a health leadership organization (such as the Canadian College of Health Leaders). These memberships provide access to education programs and resources that can be used and applied within CMH. These memberships enable the executives to keep informed and educated on the latest industry and professional standards as well as the emerging trends and issues within the hospital and healthcare sector. The membership has enabled networking with colleagues and the sharing of information and expertise among hospitals. The additional membership is critical for the position of President & CEO. It is an expectation that the CEO maintains active membership and certification in the relevant health care professional associations (including the Canadian College of Health Leaders) and, when appropriate, membership in a CEO forum group.

CMH firmly believes providing the CEO with 3 professional memberships is beneficial and essential to performing the job responsibilities and assist in attracting top executive talent for the role in the future. As noted above for the CFO and CNE roles, access to these organizations provides a number of benefits to the hospital. This has included access to education programs for the CEO and for others within CMH and development resources for the CEO and other CMH leaders (membership often enables access to these resources for a reduced fee or at no charge).

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Through these memberships, the hospital has gained access to resources from other members within the professional organization (usually at no charge). The networking among member organizations within these associations is beneficial to CMH as the hospital gains access to the learnings and resources of the members through the networking and the established collaboration forums.

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**Element 4**

**Element of Compensation**

The CEO currently receives \$17,000 for professional development and the COS receives \$10,000. Professional development for the CNE and CFO, along with the directors, is reviewed on a case by case basis.

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**Positions or Classes of Positions**

CEO, COS

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**Rationale**

Going forward, CMH will eliminate the dollar amount allocation for the CEO and the COS. CMH will apply the same policy for the executives and the directors. In the case of the CEO and the COS, their professional development will be reviewed and approved by the Board on a case by case basis.

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**F. Supplementary Information**

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

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	Total Size	0	
	Number of Attachments	0	

