



Interior Health

Interior Health Authority
Corporate Administration
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Norman Embree
Chair, Board of Directors
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June 11, 2014

Lee Doney
Interim President and CEO
Public Sector Employers Council Secretariat
PO Box 9400 Stn Prov Govt
Victoria, BC V8W 9V1
Suite 210, 880 Douglas Street

Dear Lee Doney:

In my capacity as Board Chair for the Interior Health Authority, I attest that:

- the attached Statement of Executive Compensation for the 2013 / 2014 fiscal year is an accurate reflection of the Interior Health Authority's compensation practice for the Chief Executive Officer, the Named Executives and its Executive Staff.
- the Board of the Interior Health Authority is aware of the executive compensation paid in 2013 / 2014.
- the information being disclosed within this Statement of Executive Compensation for 2013/2014 includes all compensation paid by the Interior Health Authority to the named executive officers.
- none of the named executive officers received any compensation from Foundations or any other organization related to or associated with the Interior Health Authority in the performance of their duties.
- the compensation provided the Chief Executive Officer, the Named Executives and its Executive Staff complies with the Health Employers' Association of BC's government approved compensation plan for the health sector in British Columbia.

Sincerely,

Norman Embree
Chair, Board of Director
Interior Health Authority

**Interior Health Authority
Statement of Executive Compensation
2013/2014**

PART TWO

Compensation Discussion and Analysis

Interior Health Authority is a member employer of the Health Employers Association of BC and the HEABC Compensation Reference Plan governs the compensation approach for non-union, management, and executive roles within the organization. This Plan was developed pursuant to the statutory requirements of the Public Sector Employers Act and is applied across the employer members of HEABC for non-union, management, and executive roles within healthcare (hereinafter referred to collectively as “non-contract employees”).

Compensation Principles

- Jobs not covered by collective agreements will be compensated in a fair and equitable manner.
- Levels of compensation will be valid and defensible to full disclosure, thus ensuring accountability to the public. Levels shall reflect those in an appropriate composite market.
- Compensation policies and practices include the total compensation for services through both traditional employer compensation policies and special employment contract relationships.
- To ensure equity, appropriate systems will measure and recognize the composite value of the skill, effort, responsibility, and working conditions involved in performing the duties of jobs across the healthcare sector.

Compensation Policy Objectives

Consistent with the above principles, healthcare’s non-contract compensation program has the following policy objectives:

- a. Healthcare’s non-contract compensation plan would address the expectations of trustees, employers, employees, and the Government.
- b. A defensible compensation system needs to respond to broad equity issues. The compensation system recognizes the responsibility of the healthcare sector to establish compensation levels that acknowledge fairness and the public’s ability to pay.
- c. Compensation levels will be at a level that ensures healthcare employers can attract, motivate, and retain qualified individuals. Fundamental to this statement is the fact that healthcare compensation practices cannot lead the market. This ensures that taxpayers receive the maximum benefits from qualified individuals occupying jobs within the healthcare sector.
- d. Compensation levels must be competitive to control unnecessary levels of turnover.

- e. Compensation levels will be based on an analysis of internal and external compensation levels. The comparison would consider the type and range of organizations from which healthcare sector employers must recruit and retain highly qualified individuals.
- f. Internal equity requires that compensation be relative to the worth of jobs as measured by the composite value of skill, effort, responsibility, and working conditions. External equity requires that compensation be relative to an acceptable composite market.
- g. Compensation should reinforce and reward performance. Employers shall establish measurable performance standards.
- h. Compensation policies should comply with the intent and requirements of legal obligations by being non-discriminatory in nature.
- i. Compensation policies and programs must be designed to be efficiently administered. The salary ranges will group jobs of similar value, common impact, and magnitude.

Compensation Surveys

The Compensation Reference Plan will be reflective of a representative market that is composed of an appropriate mix of employers from which healthcare must attract and retain qualified individuals.

HEABC is responsible for conducting an annual cash compensation survey to ensure appropriate internal and external equity are maintained.

Job market matches will be appropriate to the type of position: local for administrative support positions and provincial or national for managerial positions.

The comparison of compensation will be to relevant external labour markets.

The external markets will reflect the types of organizations from which healthcare employers must attract and retain individuals. This will include both the public and private sector. Compensation information will be collected based on job content, not job title.

HEABC will conduct a total compensation survey on a minimum of a three-year or as-needed cycle. Included in the survey will be: salaries, other cash, and incentives; prerequisites; holidays; vacations and other paid time off work; group benefits; retirement or savings benefits; and standard hours of work.

Compensation Reference Ranges

HEABC is responsible for providing healthcare employers with salary reference ranges. The salary reference ranges will be based on the 50th percentile of the blended healthcare and external market pay policy lines. The salary reference ranges will include provisions for an adequate range and spread of salary rates to reflect development, job standard, and above standard rates.

Employers are responsible for establishing salary ranges that conform to the salary reference ranges. Employers' salary ranges will be deemed to conform to the compensation reference ranges if the organization's overall comparison ratio is within 0.90 and 1.10 of the appropriate market reference rates.

The comparison ratio calculation is the total of the organization's actual salaries divided by the total of the appropriate market reference rates. Employers are responsible for administering salaries within the salary reference ranges.

Circumstances may require employers to establish job rates that exceed the recommended market reference rates. These circumstances typically are the result of supply and demand factors or unusual or emergent conditions within the organization. Employers, in consultation with HEABC, may establish job rates that exceed the recommended reference rates. The organization's overall comparison ratio should not exceed the recommended target.

Circumstances may require employers to extend geographic cost of living considerations in determining the final salaries of non-contract employees. Employers may include a geographic cost of living component provided the organization's overall comparison ratio does not exceed the recommended range.

Circumstances may require employers to address compression or inversion issues between non-contract employees and directly supervised bargaining unit employees. A premium differential of up to 15 percent may be established where there is a functional supervisory role with responsibility and accountability for outcomes. This premium differential does not form part of the comparison ratio calculation.

Organization Information Plan

The Organization Information Plan provides a means of grouping organizations with similar characteristics for comparing the pay practices of these groupings to a relevant external market. The grouping of organizations is determined by assessing certain characteristics that are inherent in all healthcare organizations.

HEABC is responsible for providing healthcare employers with a copy of the Organizational Information Questionnaire (OIQ), instructions on how it is used, and consulting assistance in order to complete and accurately collect the required information.

The healthcare employer is responsible for completing the questionnaire.

The healthcare employer's Board is responsible for approving the completed OIQ and returning the questionnaire to HEABC.

HEABC is responsible for reviewing all completed questionnaires for consistency in application and informing the healthcare employer of the final assessment.

The OIQ collects factual information on healthcare organizations.

Role Assessment Plan

The Role Assessment Plan provides a means of establishing an equitable hierarchy of jobs/roles within an organization as well as a comparison of jobs/roles across the healthcare sector. The hierarchy of jobs/roles is determined by assessing the skill, effort, responsibility, and working conditions inherent in all jobs/roles in healthcare.

HEABC is responsible for providing healthcare employers with copies of the Role Assessment Plan, the associated Questionnaire, and consulting advice on the application of the system. HEABC is responsible for educating healthcare employers on the use of the plan and providing consulting advice and assistance as required.

Healthcare employers are responsible for ensuring that non-contract employees complete the questionnaire and have their respective managers approve the questionnaire to ensure the information accurately reflects job content and requirements. The head of the healthcare employer, or designate, completes a final approval of the questionnaire.

HEABC is responsible for working with healthcare employers to ensure the consistent application of the plan through periodic reviews. HEABC is responsible to work with the healthcare employers to resolve any disputes on the application of the Plan.

Application for the Compensation Reference Plan

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

Interior Health Authority has established salary ranges and job rates consistent with the mandated 50th percentile of the blended market and HEABC reference salary ranges. Newly hired employees are placed on the appropriate salary range and at the appropriate range placement in accordance with their previous experience, competencies, and current labour market conditions. Salary Range Progression is based on the performance of the employee. A review of individual performance is conducted on an annual basis and salary range progression is granted on April 1st of each year. The key determinate of salary range progression is the annual performance review process during which individual performance is assessed.

The Chair of Interior Health Authority's Board of Directors approves the CEO's compensation levels in conjunction with the Ministry of Health. Included in the CEO's compensation is a *Pay at Risk* factor in which 10% of the CEO's 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 CEO assesses the performance of and sets the compensation levels for his direct reports, including the NEOs, in accordance with the plan described above; keeping the Board of Directors informed of the performance and compensation levels of these executive employees.

Benefits

All full time or regular part time employees are eligible to participate in the employer's Health and Welfare Benefit Plan as follows:

BC Medical Services Plan: This Provincial Government medical plan is open to all residents of British Columbia. The employer pays 100 percent of the premium for employees, spouses, and eligible dependents.

Group Flex Benefits Plan: This private group insurance plan provides extended health care, dental care, long-term disability, accidental death and dismemberment, and life insurance protection. The Plan consists of core (required) programs, supplemented with elective program coverage as selected by the employee.

Optional Programs: Employees may purchase additional optional life insurance and accidental death and dismemberment insurance coverage.

Pension: As a condition of employment, all full time employees over the age of 18 will become members of the Pension Plan. This Plan is funded through both employee payroll deductions and employer contributions. Enrolment for part time employees is at the employees' option.

Retirement Allowance: After age 55, Employees who retire having a minimum of 10 years of service are entitled to a Retirement Allowance of one week's pay for every two full years of regular employment to a maximum of 20 weeks.

Memberships

Interior Health Authority pays the dues for one or two professional memberships for each of the NEOs; such memberships must be applicable to the NEO's role at Interior Health. Specific applications of this benefit are contained in each NEO's Employment Contract.

Annual Leave

The Interior Health Authority provides its non-contract employees with annual leave in keeping with the organization's goal to cultivate a healthy workplace

Annual Vacation: The vacation-earning year runs from July 1st to June 30th of the following year. A vacation of 20 working days (150 hours) is provided after one year of continuous service. Vacation credits are earned commencing with the first day of employment on a pro rata basis. Vacation entitlement increases by one day (7.5 hours) per year commencing with an employee's fifth anniversary of employment up to a maximum of 35 days (262.5 hours).

The employer's Flex Benefit Program (see Clause 8) as designed requires one week (five days) vacation credits to be included in the Flex Benefit Program, as stipulated by Canada Revenue Agency regulations. As part of the selection process, an employee may elect to redirect those vacation credits into vacation leave entitlement.

Sick Leave: Full time and part-time non-contract employees are entitled to sick leave for sickness or accident requiring absence from work. Employees accumulate one and a half days paid sick leave per month from their date of employment up to a maximum of 156 days. An employee may be eligible for payout of a portion of unused sick leave benefits accumulated prior to December 31, 2002 upon retirement. Sick leave accumulated after December 31, 2002 is not entitled to payout.

Special Leave: Employees may be eligible for up to five days annual paid leave in a calendar year for the purpose of unexpected serious household, domestic emergencies or the serious illness of an individual significant to the employee.

Bereavement Leave: Paid bereavement leave of up to four days, and if required, an additional three days for travel purposes, may be granted in the event of the death of an immediate family member.

Summary Compensation Table I Fiscal 2013/2014

Name and Position (a)	Salary (b)	Bonus and / or Incentive Plan Compensation (c) (1)	Benefits (d)	Pension (e)	All Other Compensation (expanded below)	2013/14 Total	Previous Two Years Totals	
							2012 / 13 (s) (2)	2011 / 12 (t)
Robert Halpenny, CEO	\$ 315,900	\$ 35,100	\$ 15,872	\$ 32,459	\$ 9,209	\$ 408,540	\$ 413,217	\$ 399,756
Jeremy Etherington, VP Medicine & Quality	\$ 291,915	\$ -	\$ 15,044	\$ 26,994	\$ 3,420	\$ 337,373	\$ 332,540	\$ 332,842
Andrew Neuner, VP Community Integration	\$ 244,101	\$ -	\$ 16,766	\$ 22,573	\$ 10,808	\$ 294,248	\$ 280,894	\$ 273,348
Donna Lommer, VP Residential & CFO	\$ 244,101	\$ -	\$ 14,920	\$ 22,573	\$ 1,841	\$ 283,435	\$ 280,895	\$ 267,058
John Johnston, VP PEOPLE & CLINICAL SERVICES	\$ 249,776	\$ -	\$ 14,873	\$ 23,098	\$ 867	\$ 288,614	\$ 272,176	\$ -

See Page 7 for second table and Notes

Summary Compensation Table 2 Fiscal 2013/2014

Name and Position (a)	All Other Compensation	Severance (f) (3)	Vacation payout (g)	Leave payout (h)	Vehicle / Transporta- tion Allowance (i)	Perquisites / other Allowances (j) (4)	Other (k) (5)
Robert Halpenny, CEO	\$ 9,209	\$ -	\$ 5,425	\$ -	\$ -	\$ 309	\$ 3,475
Jeremy Etherington, VP Medicine & Quality (6)	\$ 3,420	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,420
Andrew Neuner, VP Community Integration	\$ 10,808	\$ -	\$ 10,365	\$ -	\$ -	\$ -	\$ 443
Donna Lommer, VP Residential & CFO	\$ 1,841	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,841
John Johnston, VP PEOPLE & CLINICAL SERVICES	\$ 867	\$ -	\$ -	\$ -	\$ -	\$ 309	\$ 558

Notes:

(1) (From Table 1) Included in the CEO's compensation is a Pay at Risk factor in which 10% of the CEO's annual salary is held back pending satisfactory achievement of pre-determined objectives. This is payment of the 2012/2013 Pay at Risk holdback.

(2) (From Table 1) In 2013 we reported \$305 less for Dr. Halpenny and \$283 less for John Johnston than shown above under the total for 2012/2013; we have amended our numbers to reflect the paid parking to be consistent with our reporting format for 2014.

(3) After age 55, Employees who retire having a minimum 10 years of service are entitled to a Retirement Allowance of one week's pay for every two full years of regular employment to a maximum of 20 weeks. In addition, if the employee retires after age 55 and completion of 10 years of service, they may be entitled to payout of sick leave benefits at a rate of 40% of sick leave accumulated prior to December 31, 2002.

(4) Paid parking

(5) Flex benefits (conversion of a portion of flex benefits monies to cash as enabled within the current plan); and Membership and Education Payments

(6) Dr. Etherington is a practicing physician with earnings paid by MSP and disclosed through the FIA requirements.