



# Interior Health

Interior Health Authority  
Corporate Administration  
220 – 1815 Kirschner Road  
Kelowna, BC V1Y 4N7

Erwin J. Malzer  
Chair, Board of Directors  
Phone: (250) 862-4005  
E-Mail: [erwin.malzer@interiorhealth.ca](mailto:erwin.malzer@interiorhealth.ca)

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May 1, 2015

Ms. Christina Zacharuk  
Interim President & Chief Executive Officer  
Public Sector Employers Council Secretariat  
Suite 210, 880 Douglas St  
Victoria, BC V8W 2B7

Dear Ms Zacharuk:

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

- the attached Statement of Executive Compensation for the 2014 / 2015 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 2014 / 2015
- the information being disclosed within this Statement of Executive Compensation for 2014 / 2015 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

Yours truly,

A handwritten signature in black ink, appearing to read "Erwin J. Malzer".

Erwin J. Malzer  
Chair, Board of Directors  
Interior Health Authority

**Interior Health Authority  
Statement of Executive Compensation  
2014 / 2015**

**PART TWO**

The Interior Health Authority (IH) was established as one of five geographically-based health authorities in 2001 by the Government of British Columbia. It is responsible for ensuring publicly funded health services are provided to the people of the Southern Interior. Our key areas of service include: Acute Care, Community Integrated Health Services, Public Health and Corporate Supports.

IH serves a large geographic area covering almost 215-thousand square kilometres and includes larger cities such as Kelowna, Kamloops, Cranbrook, Penticton and Vernon, and a multitude of rural and remote communities.

Within IH, services are delivered through a complex regional "network of care" that includes hospitals, community health centres, residential assisted living facilities, mental health housing, primary health clinics, homes, schools, and other community settings.

**Compensation Discussion and Analysis**

IH is a member employer of the Health Employers Association of BC and the HEABC Compensation Reference Plan (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.

**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.



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 50<sup>th</sup> 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 executive and 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 staff 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.

### **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 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 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 50<sup>th</sup> 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 1<sup>st</sup> 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 the NEO's and other executive employees.

### **Benefits**

All full time or regular part time executive and non-contract 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.

*Modular 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.

*Optional Programs:* Employees may purchase additional optional life insurance and accidental death and dismemberment insurance coverage, at their own expense.

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

**Interior Health Authority**  
**Statement of Executive Compensation**  
**Summary Compensation Table at FISCAL, 2015**

Name and Position (a)	Salary (b)	Bonus and / or Incentive Plan Compensation (c)	Benefits (d)	Pension (e)	All Other Compensation (expanded below)	2014/15 Total	Previous Two Years Totals	
							2013/14	2012/13
Robert Halpenny, CEO	\$ 315,900	\$ 35,100	\$ 20,144	\$ 34,130	\$ 5,083	\$ 410,357	\$ 408,540	\$ 413,217
Jeremy Etherington, VP Medicine & Quality	\$ 291,915	\$ -	\$ 16,142	\$ 28,538	\$ 2,653	\$ 339,248	\$ 337,373	\$ 332,540
Andrew Neuner, VP Community Integration	\$ 118,548	\$ -	\$ 6,303	\$ 11,346	\$ 7,367	\$ 143,564	\$ 294,248	\$ 280,894
Donna Lommer, VP Residential & CFO	\$ 244,101	\$ -	\$ 15,889	\$ 23,864	\$ 2,424	\$ 286,278	\$ 283,435	\$ 280,895
John Johnston, VP PEOPLE & CLINICAL	\$ 249,776	\$ -	\$ 15,674	\$ 24,418	\$ 244	\$ 290,111	\$ 288,614	\$ 272,176
Wendy Hansson, VP Community Integration	\$ 27,019	\$ -	\$ 4,338	\$ 2,694	\$ 48	\$ 34,099	\$ -	\$ -

**Summary Other Compensation Table at FISCAL, 2015**

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	\$ 5,083	\$ -	\$ 2,669	\$ -	\$ -	\$ 2,318	\$ 96
Jeremy Etherington, VP Medicine & Quality	\$ 2,653	\$ -	\$ -	\$ -	\$ -	\$ 2,608	\$ 45
Andrew Neuner, VP Community Integration	\$ 7,367	\$ -	\$ 7,367	\$ -	\$ -	\$ -	\$ -
Wendy Hansson, VP Community Integration	\$ 2,424	\$ -	\$ -	\$ -	\$ -	\$ 1,721	\$ 703
Donna Lommer, VP Residential & CFO	\$ 244	\$ -	\$ -	\$ -	\$ -	\$ 92	\$ 152
John Johnston, VP PEOPLE & CLINICAL SERVICES	\$ 48	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48

**Interior Health Authority  
Statement of Executive Compensation**

**Notes:**

Robert Halpenny, CEO	<p>c) 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. This is payment of the 2013/2014 Pay at Risk holdback.</p> <p>g) 16.47 hours of unscheduled vacation were paid out</p> <p>j) Perquisites consist of: Paid Parking \$310; Professional Memberships for the College of Family Physicians \$418.00 and College of Physicians and Surgeons \$1590</p> <p>k) Residual from Flex Benefit Plan Conversion</p>
Jeremy Etherington, VP Medicine & Quality	<p>b) Dr. Etherington is a practicing physician with earnings paid by MSP and disclosed through the FIA requirements</p> <p>j) Perquisites consist of: Professional Memberships for the Doctors of BC and CMA \$1018 and College of Physicians and Surgeons of BC \$1590</p> <p>k) Residual from Flex Benefit Plan Conversion</p>
Andrew Neuner, VP Community Integration	<p>g) 58.85 hours of unused vacation were paid out upon Mr. Neuner resigning from Interior Health on Sept 14, 2014</p>
Wendy Hansson, VP Community Integration	<p>a) Wendy Hansson was hired to replace Andrew Neuner as Vice President Community Integration on Jan 29, 2015</p> <p>a) Wendy Hansson received \$18,750 in reimburseable moving expenses to relocate to Kelowna from Vancouver</p>
Donna Lommer, VP Residential & CFO	<p>j) Perquisites consist of Professional Memberships for the Certified General Accounts Association of Canada \$1721</p> <p>k) Residual from Flex Benefit Plan Conversion \$703</p>
John Johnston, VP PEOPLE & CLINICAL SERVICES	<p>j) Perquisites consist of: Professional Memberships for the BC HR Management Association \$399 and conversion of parking from</p> <p>k) Residual from Flex Benefit Conversion</p>