Interior Health Authority
Corporate Administration
505 Doyle Avenue
Kelowna, BC V1Y OC5

Doug Cochrane
Chair, Board of Directors
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June 8, 2018

Christina Zacharuk
President & Chief Executive Officer
Public Sector Employers' Council Secretariat
Suite 210- 880 Douglas Street
Victoria, BC V8W 2B7

via email Christina.Zacharuk@gov.bc.ca

Dear Ms. Zacharuk:

Interior Health Authority
Public Sector Executive Compensation Disclosure

I attest that:

a. The Board Chair of the Interior Health Authority is aware of the executive compensation paid in the fiscal year ending March 31, 2018.
b. The compensation information being disclosed is accurate and includes **all** compensation paid by the employer, foundations, subsidiaries or any other organization related to or associated with the Interior Health Authority.
c. The compensation information being disclosed also includes the value of any pre or post-employment payments made during the 12 month period before or after the term of employment.
d. Compensation provided was within approved compensation plans and complies with these guidelines.

Sincerely,

Doug Cochrane
Chair, Board of Directors
Interior Health Authority

INTERIOR HEALTH AUTHORITY

Statement of Executive Compensation for the Fiscal Year 2017 ⁞ 2018

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, 2018.

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 details of payment of Salary Holdback or "Pay at Risk"

Section 1: Organization Overview

Interior Health is mandated by the Health Authorities Act to plan, deliver, monitor and report on publicly funded health services for the people that live within its boundaries. Interior Health's Vision, Mission, Values and Guiding principles inform how it delivers on its legislated mandate.

Interior Health provides health services to over 750,000 people across a large geographic area covering almost 215,000 square kilometres, the geography of which includes larger cities and a multitude of rural and remote communities. Interior Health is also home to 54 First Nations communities and 16 Metis communities, representing 7.7% of Interior Health's total population. Population health needs across the continuum of care drive the mix of services and enabling supports Interior Health provides. This continuum includes staying health, getting better, living with illness and copping with end of life.

Interior Health has several service delivery streams and support departments. **Key service streams include**: Allied Health, Hospitals, Laboratory Services, Pharmacy, Primary and Community Care, and Residential Care. A variety of **support departments** enable the delivery of care and include: Communications, Financial Services, Housekeeping, Human Resources, Infection Prevention and Control, Information Management / Information Technology, Medical Affairs, Planning and Professional Practice.

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

Interior Health 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 Interior Health's short and long term success while remaining aligned with its responsibilities to Government and stakeholders.

The day-to-day operations of Interior Health are led by the Chief Executive Officer and a team of senior executives. The Senior Executive Team is responsible for leading strategic and operational services for the health authority and for meeting the health needs of residents and communities in an effective and sustainable manner. Further information about Interior Health's services streams, Senior Executive Team and board

policies that may be of interest to stakeholders can be accessed at www.interiorhealth.ca

Our goals, objectives, strategies and performance measures are detailed in the Interior Health Authority 2016 ⋮ 2017 – 2018 ⋮ 2019 Service Plan at Interior Health 2016-17_2018-19 Service Plan

Section 2: Compensation Discussion and Analysis

Interior Health 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 Interior Health 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 Interior Health 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	• Knowledge Gained Through Education and Training • Knowledge Gained Through Previous Experience • Internal Communications and Contacts • External Communication and Contacts
Effort	• Effort as a Result of Concentration • Effort as a Result of Physical Exertion
Responsibility	• Complexity of Decision Making • Impact of Decision Making • Nature of Responsibility of Financial Resources • Magnitude of Financial Resources • Nature of Leadership • Magnitude of Leadership
Working Conditions	• Conditions Under which the Work is Performed

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 a consistent performance management practice 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: Payment of the "Salary Holdback ⁞ Pay at Risk" for Chris Mazurkewich: President & Chief Executive Officer

Mr. Mazurkewich received a "hold back or pay at risk" payment during the fiscal year ending March 31, 2018 in the amount of $ 34,500 for achieving performance objectives for the period April 1, 2016 to March 31st, 2017.

Mr. Mazurkewich's 2016/17 performance objectives were as follows:

1. Trusted stakeholder engagement with key stakeholders and partners in a collaborative manner on a regular basis.
2. Demonstrate success in balancing portfolio / department budget and reducing overtime.
3. Embed a leadership development and succession planning discipline for the employees within the portfolio / department.
4. Demonstrate achievement of one or more of the IH 5 Key Strategies, Nursing Bargaining Association, MAID, and Overdose deaths reduction.
5. Support Board to maximize its ability to govern well within the context of a provincial health system.

These performance objectives were measured in order to determine the "hold back or pay at risk" payment made to Mr. Mazurkewich.

Interior Health Authority

Summary Compensation Table at 2018

Name and Position	Salary	Holdback/Bonus/ Incentive Plan Compensation	Benefits	Pension	All Other Compensation (expanded below)	2017/2018 Total Compensation	Previous Two Years Totals Total Compensation	
							2016/2017	2015/2016
Chris Mazurkewich, President & CEO	$ 310,498	$ 34,500	$ 24,033	-	$ 8,435	$ 377,466	$ 371,035	$ 147,190
Susan Brown, Vice President, Hospitals & Communities Integrated Services	$ 261,318	-	$ 21,144	$ 25,881	$ 3,323	$ 311,666	$ 316,343	$ 293,607
Trevor Corneil, Vice President, Population Health & Chief Medical Health Officer	$ 270,326	-	$ 17,123	$ 26,773	$ 14,923	$ 329,145	$ 371,630	
Mike Ertel, Vice President, Medicine & Quality	$ 228,358	-	$ 15,672	$ 23,098	$ 7,606	$ 274,734		
Wendy Hansson, Vice President, Community Integration	$ 7,199	-	$ 479	$ 714	-	$ 8,392	$ 216,347	$ 301,121
John Johnston, Vice President, People & Clinical Services	$ 35,545	-	$ 1,061	$ 3,526	$ 2,960	$ 43,092	$ 302,600	$ 290,629
Donna Lommer, Vice President Support Services & Chief Financial Officer	$ 253,834	-	$ 20,897	$ 25,139	$ 2,963	$ 302,833	$ 305,321	$ 288,799
Alan Stewart, Vice President, Medicine & Quality	$ 49,344	-	$ 2,373	$ 5,207	-	$ 56,924	$ 329,166	

Summary Other Compensation Table at 2018

Name And Position	All Other Compensation	Severance	Vacation payout	Leave payout	Vehicle / Transportation Allowance	Perquisites / other Allowances	Other
Chris Mazurkewich, President & CEO	$ 8,435	-	-	-	$ 7,266	$ 1,169	-
Susan Brown, Vice President, Hospitals & Communities Integrated Services	$ 3,323	-	$ 2,867	-	-	-	$ 456
Trevor Corneil, Vice President, Population Health & Chief Medical Health Officer	$ 14,923	-	-	-	-	-	$ 14,923
Mike Ertel, Vice President, Medicine & Quality	$ 7,606	-	-	-	-	-	$ 7,606
Wendy Hansson, Vice President, Community Integration	-	-	-	-	-	-	-
John Johnston, Vice President, People & Clinical Services	$ 2,960	-	$ 2,960	-	-	-	-
Donna Lommer, Vice President Support Services & Chief Financial Officer	$ 2,963	-	-	-	-	-	$ 2,963
Alan Stewart, Vice President, Medicine & Quality	-	-	-	-	-	-	-

Notes

Chris Mazurkewich, President & CEO	**General Note:** Employees with 10 years service who leave the work force (for reasons other than cause) after their 55th birthday are entitled to a Retiring Allowance based on the following: 1 week of pay for every 2 years of service to a maximum of 20 week's pay. 2.5 days pay was accrued during the fiscal year. Total accrual = 6.07 days pay. **Perquisite/Other Allowance Note:** Vehicle Transportation Allowance: Monthly car lease (including GST) less taxable benefit. Perquisite Other Allowance: Taxable benefit for personal car use
Susan Brown, Vice President, Hospitals & Communities Integrated Services	**General Note:** Employees with 10 years service who leave the work force (for reasons other than cause) after their 55th birthday are entitled to a Retiring Allowance based on the following: 1 week of pay for every 2 years of service to a maximum of 20 week's pay. 2.5 days pay was accrued during the fiscal year. Total accrual = 67.41 days pay. **Other Note:** CCHL Membership Dues.
Trevor Corneil, Vice President, Population Health & Chief Medical Health Officer	**General Note:** Employees with 10 years service who leave the work force (for reasons other than cause) after their 55th birthday are entitled to a Retiring Allowance based on the following: 1 week of pay for every 2 years of service to a maximum of 20 week's pay. 2.5 days pay was accrued during the fiscal year. Total accrual = 9.5 days pay. **Other Note:** Retroactive payment per Physician Master Agreement= $278. On call per Physician Master Agreement= $11,510. $3,413 Membership Fees- (Canadian Public Health Association: $385.31; College of Physicians: $1,622.57; College of Family Physicians: $509.57; Royal College of Physicians and Surgeons of Canada: $895.85)
Mike Ertel, Vice President, Medicine & Quality	**General Note:** Employees with 10 years service who leave the work force (for reasons other than cause) after their 55th birthday are entitled to a Retiring Allowance based on the following: 1 week of pay for every 2 years of service to a maximum of 20 week's pay. 1.97 days pay was accrued during the fiscal year. Total accrual =4.5 days pay. **Other Note:** Medical On-Call Availability Program (MOCAP) $1,643.52; Cardiology Diagnostics $2,742.27; ER Physician Triage Service/Sessional Contracts $3,220.28= $7,606.07 Dr. Ertel is a practicing physician with additional clinical earnings paid by MSP and disclosed through the Financial Information Act requirements. Dr Ertel's previous year data is not available as he was not a top 5 decision maker in FY 2016/17.
Wendy Hansson, Vice President, Community Integration	**General Note:** Vice President Community Integration: position eliminated Nov 23, 2015 Provided with 18 months working notice terminating May 23, 2017 Seconded to the Ministry of Health effective Jan 4, 2016 for the balance of the working notice period Actual Base Salary: Accepted position with Providence Health Care effective Oct 3, 2016 Annual salary $211,911 Interior Health to top up the difference between the $255,456 and $211,911 for the remainder of the notice period (May 23, 2017)
John Johnston, Vice President, People & Clinical Services	**General Note:** Employment terminated January 15, 2016. Provided with a notice period of 16 months terminating May 15, 2017 (Salary Continuance).
Donna Lommer, Vice President Support Services & Chief Financial Officer	**General Note:** Employees with 10 years service who leave the work force (for reasons other than cause) after their 55th birthday are entitled to a Retiring Allowance based on the following: 1 week of pay for every 2 years of service to a maximum of 20 week's pay. 2.5 days pay was accrued during the fiscal year. Total accrual = 68.26 days pay. **Other Note:** BCCPA Membership Dues 2017 (940.32); BCCPA Membership Dues 2018 (960.54); Institute of Corporate Directors Fees (1062.01)= $2962.87
Alan Stewart, Vice President, Medicine & Quality	**General Note:** Employee transferred to a different position in Interior Health effective May 30, 2017