



NORTHUMBERLAND HILLS HOSPITAL

BOARD OF DIRECTORS MANUAL

CATEGORY:	GOVERNANCE	NUMBER: I-009
ISSUED BY:	CEO & COS EVALUATION AND COMPENSATION	
APPROVED BY:	BOARD OF DIRECTORS	PAGE: 1 of 2
DATE OF ISSUE:	NOVEMBER 2011	

CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF OF STAFF (COS) EVALUATION AND COMPENSATION

Policy:

Each year the *CEO and COS Evaluation and Compensation Committee* will review and recommend changes to the compensation plan for the CEO and COS. The compensation plans shall take into account the market conditions for similar positions and responsibility, and include a performance-based compensation component. Annual performance evaluations shall be completed for the CEO and COS by the Board.

Purpose:

To ensure that the compensation packages for the CEO and COS are fair, competitive and are consistent with the current responsibilities of the position. The plans will also reflect achievement level of performance goals. Annual performance evaluations are necessary to ensure opportunities for improvement can be adequately identified and addressed.

Compensation Plans:

Key principles relating to compensation plans for the CEO and COS are as follows:

- The market, used for comparison purposes, includes hospitals of similar size and programs, other health service providers having similar budgets and staff. It may also include equivalent position reviews within the public sector where salary, stipends and benefits can be corroborated. Ontario should be the focal area of interest.
- The compensation plans shall be reviewed and established on an annual basis. Changes to the plans will be approved by the Board.
- The compensation plans shall include the following components: an overall compensation strategy, base salary, performance-based compensation, and evaluation process.
- To attract and retain executives the recommended salary level should be at the 75th quartile (25% of the market pays more, 75% pays less). NHH is in a highly competitive market where there is limited availability of skilled executives in similar sized hospitals.

NOTE: This is a CONTROLLED document as are all management system files on this server. Any documents appearing in paper form are not controlled and should ALWAYS be checked against the server file version (electronic version) prior to use.

- Use of timely accredited Human Resource specialist research is recommended to establish benchmark compensation.

Performance Evaluation:

An annual performance evaluation of the CEO and COS shall be conducted, taking into consideration their respective responsibilities described in the Hospital By-laws.

In the case of the CEO using the following principles and process:

- Objective evaluation tool(s) shall be used, including an assessment of achieving Board-approved goals of the Annual Quality Improvement Plan and the HayGroup CEO 360-Degree Competency Assessment (or equivalent) for the Chief Executive Officer.
- The 360 Degree Competency Assessment shall include evaluators representing members of the Board, the CEO's self-assessment, an assessment by subordinates and peers.

Similar tools and approach shall be used for the COS, based on the availability of such tools and leading practices.

Committee Composition:

The *CEO and COS Evaluation and Compensation Committee* shall include the Board Chair, the Vice Chairs and the Chairs of all standing Board Committees. At minimum, the Committee shall include five elected Board Directors, one of whom shall be appointed by the Board Chair as Committee Chair. A community representative with expertise in executive compensation may be substituted for one of the Directors, if deemed appropriate.

Procedure:

1. Through the CEO, obtain all current CEO compensation and Chief of Staff stipend information from the NHH Human Resources and Administration Departments.
2. Obtain the competitive market information from the OHA, the Public Sector Salary Disclosure Act, and any current professional Human Resources consultancy market data that may be available.
3. Establish the current base compensation for the CEO and the stipend base for the Chief of Staff.
4. Recommend to the Board any changes in compensation plans and related contracts to reflect the above market data.
5. Ensure an annual evaluation of the CEO and the Chief of Staff is completed and reviewed with the respective individuals.

Approved:

March 28, 2006
May 2006
January 2008
November 2011

NOTE: This is a CONTROLLED document as are all management system files on this server. Any documents appearing in paper form are not controlled and should ALWAYS be checked against the server file version (electronic version) prior to use.