**Please see meeting log-in information below**
Access Code: 517-951-597

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Minutes
Board Governance Committee
Thursday, August 5, 2021

TO: Board Governance Committee
MEETING DATE: Thursday, August 5, 2021
FROM: Nanette Irwin – Committee Secretary

Background: The minutes of the Board Governance Committee meeting held Tuesday, June 15, 2021 are respectfully submitted for approval.

Budget Impact: N/A
Staff Recommendation: Review/Approve
Committee Questions: N/A

COMMITTEE RECOMMENDATION:

Motion: X
Individual Action:
Information:
Required Time:
TO: Board Governance Committee

MEETING DATE: Thursday, August 5, 2021

FROM: Board Finance Committee
       Wednesday, July 28, 2021

BY: Laura Barry, Committee Chair

Background: Board Policy #27092 – Annual Adoption of Statement of Investment, has been reviewed and found to be applicable as written *(see attached)*.

Budget Impact: N/A

Staff Recommendation: Staff recommends re-adoption of the policy as written, with a recommendation for approval by the Board.

Committee Questions:

**COMMITTEE RECOMMENDATION:** The Board Finance Committee recommends re-adoption of the policy as written, with a recommendation for approval by the Board. Approval recommended 4 to 0 by the Committee; Board members 3 to 0; Absent: 2

Motion: X

Individual Action:

Information:

Required Time:
TO: Board Governance Committee

MEETING DATE: Thursday, August 5, 2021

FROM: Board Finance Committee
       Wednesday, July 28, 2021

BY: Laura Barry, Committee Chair

Background: Annually or as edits are needed, the Board Finance Committee reviews the Bylaws of Palomar Health as they relate to the Committee and recommends any necessary revisions.

Based on June 2021 organizational changes, the positions of Chief Nursing Officer for each of the campus were replaced with the position Chief Nurse Executive.

- That edit to §VIII.B.1.c. Non-Voting Membership is recommended and provided in both redline and clean version

Budget Impact: None

Staff Recommendation: Approval

Committee Questions:

COMMITTEE RECOMMENDATION: The Board Finance Committee recommends approval of the edits to §VIII.B.1.c. Non-Voting Membership as recommended. Approval recommended 4 to 0 by the Committee; Board members 3 to 0; Absent: 2

Motion: X

Individual Action:

Information:

Required Time:
TO: Board Governance Committee

MEETING DATE: Thursday, August 5, 2021

FROM: Board Strategic & Facilities Planning Committee, Tuesday, July 27, 2021

BY: Richard C. Engel, MD, Committee Chair

Background: Annually or as edits are needed, the Board Strategic & Facilities Planning Committee reviews the Bylaws of Palomar Health as they relate to the Committee and recommends any necessary revisions.

The following organizational changes occurred in June 2021:

- The positions of Chief Nursing Officer for each of the campuses were replaced with the position Chief Nurse Executive
- The position Senior Director of Managed Care and Business Development was created in order to develop a team focused on strategic business development

Therefore, the following edits to §VIII.B.5.b. Non-Voting Membership are being recommended:

- Removal of CNOs and addition of the Chief Nurse Executive
- Addition of the Senior Director of Managed Care and Business Development

The recommended edits are attached, both in redline and clean versions.

Budget Impact: None

Staff Recommendation: Approval

Committee Questions:

COMMITTEE RECOMMENDATION: The Board Strategic & Facilities Planning Committee recommends approval of the edits to §VIII.B.5.b. Non-Voting Membership as recommended. Approval recommended 6 to 0 by the Committee; Board members 3 to 0; Absent: 1 (Director Barry sat in as Alternate for Director Griffith).

Motion: X

Individual Action:

Information:

Required Time:
TO:       Board Governance Committee

MEETING DATE:  Thursday, August 5, 2021

FROM:  Carla Albright – Board Secretary, 
       Board Human Resources Committee

Background:  Succession Policy, Lucidoc #21780, edits and revisions are approved on June, 9 2021, at the Board Human Resources Committee Meeting, is respectfully submitted for approval to Board Governance Committee

Budget Impact:  N/A

Staff Recommendation:  Recommendation to approve the Succession Policy, Lucidoc 21780, edits and revisions as submitted

Committee Questions:  N/A

COMMITTEE RECOMMENDATION:

Motion:  X

Individual Action:

Information:

Required Time:
TO: Board Governance Committee
MEETING DATE: Thursday, August 5, 2021
FROM: Nanette Irwin – Committee Secretary

Background:
Budget Impact: N/A
Staff Recommendation: Review/Approve
Committee Questions: N/A

COMMITTEE RECOMMENDATION:

Motion: X
Individual Action:
Information:
Required Time:
TO: Board Governance Committee

MEETING DATE: Thursday, August 5, 2021

FROM: Nanette Irwin – Committee Secretary

Background:

Budget Impact: N/A

Staff Recommendation: Review/Approve

Committee Questions: N/A

COMMITTEE RECOMMENDATION:

Motion: X

Individual Action:

Information:

Required Time:
TO: Board Governance Committee

MEETING DATE: Thursday, August 5, 2021

FROM: Nanette Irwin – Committee Secretary

Background:

Budget Impact: N/A

Staff Recommendation: Review/Approve

Committee Questions: N/A

COMMITTEE RECOMMENDATION:

Motion: X

Individual Action:

Information:

Required Time:
Board Governance Committee
Policy Review: Physician Owned Medical Device (POD)
Company Arrangements #44692
Thursday, August 5, 2021

TO: Board Governance Committee
MEETING DATE: Thursday, August 5, 2021
FROM: Nanette Irwin – Committee Secretary

Background:
Budget Impact: N/A
Staff Recommendation: Review/Approve
Committee Questions: N/A

COMMITTEE RECOMMENDATION:
Motion: X
Individual Action:
Information:
Required Time:
Board Governance Committee
Policy Review: Board Member Misconduct and Sanctions #63355
Thursday, August 5, 2021

TO: Board Governance Committee
MEETING DATE: Thursday, August 5, 2021
FROM: Nanette Irwin – Committee Secretary

Background: N/A
Budget Impact: N/A
Staff Recommendation: Review/Approve
Committee Questions: N/A

COMMITTEE RECOMMENDATION:
Motion: X
Individual Action:
Information:
Required Time:
Board Governance Committee
Policy Review: Conflict of Interest Code #21800
Thursday, August 5, 2021

TO: Board Governance Committee
MEETING DATE: Thursday, August 5, 2021
FROM: Nanette Irwin – Committee Secretary

Background: N/A
Budget Impact: N/A
Staff Recommendation: Review/Approve
Committee Questions: N/A

COMMITTEE RECOMMENDATION:

Motion: X
Individual Action:
Information:
Required Time:
TO: Board Governance Committee

MEETING DATE: Thursday, August 5, 2021

FROM: Nanette Irwin – Committee Secretary

Background: N/A

Budget Impact: N/A

Staff Recommendation: Review/Approve

Committee Questions: N/A

COMMITTEE RECOMMENDATION:

Motion: X

Individual Action:

Information:

Required Time:
TO: Board Governance Committee

MEETING DATE: Thursday, August 5, 2021

FROM: Nanette Irwin – Committee Secretary

Background: N/A

Budget Impact: N/A

Staff Recommendation: Informational

Committee Questions: N/A

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information: Yes

Required Time:
TO:           Board Governance Committee

MEETING DATE: Thursday, August 5, 2021

FROM:          Nanette Irwin – Committee Secretary

Background:   N/A

Budget Impact: N/A

Staff Recommendation: Informational

Committee Questions: N/A

COMMITTEE RECOMMENDATION:

Motion: 

Individual Action:

Information: Yes

Required Time:
ADDENDUM A
# Governance Committee Meeting Minutes – Thursday, June 1, 2021

<table>
<thead>
<tr>
<th>Agenda Item</th>
<th>Conclusion/Action</th>
<th>Follow Up / Responsible Party</th>
<th>Final?</th>
</tr>
</thead>
</table>

## Discussion

### Notice of Meeting
Notice of upcoming meeting was posted Tuesday, May 25, 2021. Full agenda packet was posted on the Palomar Health website on Thursday, May 27, 2021.

### Call to Order
The meeting was held virtually via Go To Meeting pursuant to California Governor Newsom’s Executive Order N-29-20 and called to order at 2:00 p.m. by Committee Director Jeff Griffith.

### Establishment of Quorum
- Quorum comprised of: Chair, Jeff Griffith, Director Laura Barry and Director Terry Corrales
- Excused Absences: None

### Public Comments
- There were no public comments.

### *Follow-Up Items
- N/A

### *Action Items

1. *Minutes: Board Governance Committee Meeting – April 6, 2021

The committee reviewed the Tuesday, April 6, 2021 Board Governance Committee Meeting minutes and approved as written.

**MOTION** By Director Barry 2nd by Director Griffith to approve the April 6, 2021 meeting minutes as written. Roll call voting was utilized.

Director Barry - Aye
Director Corrales - Aye
Director Griffith - Aye

All in favor. None opposed.

**Discussion:** none.
2. Board Policies; Clarification of Dates Listed on the Bottom of Official Policies

**MOTION** By Director Barry 2nd by Director Griffith to approve use of the Lucidoc All Tab when producing official policies. Roll call voting was utilized. Director Barry- Aye Director Griffith- Aye Director Corrales- Aye

All in favor. None opposed.

Suggest using the All Tab Lucidoc option for published policies to the Full Board and committee secretaries using the Bylaws policy as an example for all policies.

**DISCUSSION:** The committee discussed using the Lucidoc ALL tab option when publishing policies to provide more detailed information.

3. Bylaws Policy #59212; Committee Charter Standardization

**MOTION:** By Director Corrales 2nd by Director Barry to approve Committee Charter Standardization updates as discussed. Roll call voting was utilized: Director Corrales- Aye Director Barry- Aye Director Griffith- Aye

All in favor. None opposed.

Suggest normalization of the Bylaw committee sections for the voting and non-voting membership descriptions to the committee secretaries.

Report to the full board during our regular board meeting and report that we made the suggested changes

**DISCUSSION:** The committee discussed and agreed to normalize the Bylaws policy voting and non-voting membership descriptions.

4. Committee Updates to the Bylaws Policy #59212
<table>
<thead>
<tr>
<th>Board Community Relations</th>
<th>Board Finance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>MOTION:</strong> By Director Corrales 2nd by Director Barry to accept the changes from the Board Community Relations Committee charter updates as presented. Roll call voting was utilized. Director Corrales- Aye Director Barry- Aye Director Griffith- Aye</td>
<td></td>
</tr>
<tr>
<td>All in favor. None opposed</td>
<td></td>
</tr>
<tr>
<td><strong>MOTION:</strong> By Director Barry 2nd by Director Corrales to accept the changes from the Board Finance committee charter updates as presented. Roll call voting was utilized. Director Corrales- Aye Director Barry- Aye Director Griffith- Aye</td>
<td></td>
</tr>
<tr>
<td>All in favor. None opposed</td>
<td></td>
</tr>
</tbody>
</table>

**DISCUSSION:** none

5. Policy Review; Extraordinary Event Management #58873

**MOTION:** By Director Corrales 2nd by Director Barry to accept the renewal of the Extraordinary Event Management policy as presented. Roll call voting was utilized. Director Corrales- Aye Director Barry- Aye Director Griffith- Aye

All in favor. None opposed

**DISCUSSION:** none

6. Policy Review; Public Comments and Attendance at Public Board Meetings #21790

**MOTION:** Extraordinary Event Management to be sent as is to the Full Board for vote and ratification.

Y
MOTION: By Director Corrales 2nd by Director Berry to accept one public comment period with optional second public comment period at the discretion of the Chair, to revise the public comment period to a cumulative 30 minutes and to add language for recording of public meetings. Roll call voting was utilized. Director Barry- Aye Director Corrales- Aye Director Griffith- Aye All in favor. None opposed

PUBLIC COMMENTS

There were no public comments.

FINAL ADJOURNMENT

Meeting adjourned by Director Griffith at 2:57 PM.

SIGNATURES:

ACTING COMMITTEE CHAIR

Jeff Griffith, EMT
ADDENDUM B
Annual Adoption of Statement of Investment

Disclaimer

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Approvals

- Signature: Carlos Bohorquez, Chief Financial Officer signed on 7/20/2020, 2:52:23 PM
- Signature: Kevin DeBruin, Associate General Counsel signed on 8/19/2020, 7:40:51 AM

Revision Insight

Document ID: 27092
Revision Number: 12
Owner: Michael Bogert, Chief Financial Officer
Revision Official Date: 8/19/2020

Revision Note:
Minor typo - not taken to Committee/Board (missing space between 2 words)[Owner changed from Bohorquez, Carlos to Bogert, Michael by Hernandez, Lisa on 14-DEC-2020]
Policy: Annual Adoption of Statement of Investment

I. PURPOSE:

A. This Statement of Investment Policy sets forth the investment guidelines for all of Palomar Health’s ("the District’s") investments purchased after March 1, 1996. The purpose of this policy is to ensure that the District’s funds are prudently invested according to the Board of Director’s objectives to preserve capital, provide necessary liquidity and to achieve a market-average rate of return through economic cycles.

B. The District may invest any portion of its Investable Funds, subject to the requirements of the California Government Code and this policy. If the provisions of the Government Code are or become more restrictive than those contained herein, such provisions shall govern, and are deemed incorporated into this policy upon taking effect.

C. Government Code Section 53600 et seq., authorizes local agencies to make investments in specified vehicles with money in a sinking fund of, or surplus money in, its treasury not required for the immediate needs of the agency.

D. The District is a "local agency" subject to the provision of Government Code Section 53600 et seq., which recommends that the District’s Board of Directors annually adopt a statement of its investment policy, and to consider any delegation of authority to make investments on its behalf by the Chief Financial Officer.

E. The Board of Directors of the District now desires to formally adopt this statement of investment policy, and to re-delegate to the Chief Financial Officer responsibility for all decisions regarding the sale or purchase of individual investments on behalf of the District.

II. DEFINITIONS:

A. Safety of Principal. Safety of principal is the foremost objective of the District. The safety and risk associated with an investment refers to the potential loss of principal, interest or a combination of these amounts. Each investment transaction shall seek to ensure that capital losses are avoided, whether from institutional default, broker-dealer default, or erosion of market value of securities. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

B. Liquidity. Liquidity is the second most important objective of the District. Liquidity refers to the ability to "cash in" at any moment in time with a minimal chance of losing some portion of principal or interest. Liquidity is an important investment quality especially when the need for unexpected funds occasionally occurs. The investment portfolio shall remain sufficiently liquid to enable the District to meet all operating requirements that might be reasonably anticipated.

C. Yield. Yield is the potential dollar earnings an investment can provide, and it is sometimes described as the rate of return. Within the limits of safety and liquidity, the District shall strive toward portfolio growth that exceeds the rate of inflation in order to preserve capital.

D. Investable Funds. Moneys in a sinking fund or moneys in its treasury not required for the immediate needs of the District.

III. TEXT / STANDARDS OF PRACTICE:

A. Delegation of Authority to Chief Financial Officer; Procedures to Implement Investment Policy

1. Delegation of authority to Chief Financial Officer: The District's Chief Financial Officer is delegated responsibility for all decisions regarding the sale or purchase of individual investments on behalf of the District. This delegation shall be reviewed annually by the Board through the Finance Committee. Any re-delegation shall be recorded in the minutes of those meetings. No person may engage in an investment transaction except as provided under the terms of this policy and any other procedures established by the Chief Financial Officer. The Chief Financial Officer shall be responsible for all actions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

B. This policy will be reviewed and updated as required or at least every year.

C. Document History:

1. Original Document Date: 7/14/95; Revision Number: 1 Dated: 6/06
2. Prior to 2006, this Policy was Board Policy 10-513
ADDENDUM C
B. **Standing Committees.** There shall be the following standing committees of the Board: Finance; Governance; Audit and Compliance; Human Resources; Strategic and Facilities; Community Relations; and Quality Review. Standing committees will be treated as the Board with respect to Article V of these bylaws. All provisions in Article V that apply to Board members shall apply to members of any standing committee.

1. Finance Committee.
   a. Chairperson. The Board Treasurer may serve as the Chairperson of the Board Finance Committee.
   b. Voting Membership. All recommendations must be ratified by the Board prior to any action taken. The Finance Committee shall consist of six voting members, three members of the Board, the President and Chief Executive Officer, and the Chief of Staff from each hospital. There shall be three alternate Committee members:
      i. One alternate shall be a member of the Board, also appointed by the Chairperson of the Board, who shall attend Committee meetings and enjoy voting rights on the Committee only when serving as an alternate for a voting Board Committee member; however, if the Board Member First Alternate is also not available another Board Member may attend as a voting member with Board Chair approval.
      ii. The second and third alternate Committee members shall be the Chiefs of Staff Elect from each hospital, who shall attend Committee meetings and enjoy voting rights on the Committee only when serving as an alternate for their respective Chief of Staff.
   c. Non-Voting Membership. The Chief Financial Officer, the Chief Operations Officer, the Chief Medical Officer, the Vice President of Finance, the Chief Nursing Officer Palomar Medical Center Escondido, and the Chief Nursing Officer Palomar Medical Center Poway Nurse Executive.
   d. Duties. Provide oversight to determine and facilitate the financial viability of the organization through the effective establishment of sound policies and development of a system of controls to safeguard the preservation and use of assets and resources. The duties of the Committee shall include but are not limited to:
      ii. Review and approve annual and long-range operating cash, operational and capital budgets for the District, and its system affiliates ("System").
      iii. Develop and maintain sound understanding of the services of the District's revenues and expenses and its economic environment.
      iv. Approve methods of financing major capital asset renovations, replacements, and additions.
      v. Review financial reports and operating statistics on a regular basis to provide organizational oversight regarding the appropriateness of actions in response to operating trends in achievement of financial goals.
      vi. Evaluate and approve financial plans for new business ventures, programs, and services and establish criteria to measure their ongoing viability.
      vii. Develop communications in order to enhance the understanding of other members in regard to financial matters of the system.
viii. Review the preliminary, annual operating budgets for the District and Facilities and other entities.

ix. Review and recommend to the Board the final, annual, operating budgets.

x. Review annually those policies and procedures within its purview and report the results of such review to the Board. Such reports shall include recommendations regarding the modification of existing or creation of new policies and procedures.

xi. Perform such other duties as may be assigned by the Board.
B. **Standing Committees.** There shall be the following standing committees of the Board: Finance; Governance; Audit and Compliance; Human Resources; Strategic and Facilities; Community Relations; and Quality Review. Standing committees will be treated as the Board with respect to Article V of these bylaws. All provisions in Article V that apply to Board members shall apply to members of any standing committee.

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   a. **Chairperson.** The Board Treasurer may serve as the Chairperson of the Board Finance Committee.
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      i. **One alternate shall be a member of the Board,** also appointed by the Chairperson of the Board, who shall attend Committee meetings and enjoy voting rights on the Committee only when serving as an alternate for a voting Board Committee member; however, if the Board Member First Alternate is also not available another Board Member may attend as a voting member with Board Chair approval. ii. **The second and third alternate Committee members shall be the Chiefs of Staff Elect from each hospital,** who shall attend Committee meetings and enjoy voting rights on the Committee only when serving as an alternate for their respective Chief of Staff.
   c. **Non-Voting Membership.** The Chief Financial Officer, the Chief Operations Officer, the Chief Medical Officer, the Vice President of Finance, and the Chief Nurse Executive.
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      i. **Review and approve annual and long-range operating cash, operational and capital budgets for the District, and its system affiliates ("System").**
      ii. **Develop and maintain sound understanding of the services of the District's revenues and expenses and its economic environment.**
      iii. **Approve methods of financing major capital asset renovations, replacements, and additions.**
      iv. **Review financial reports and operating statistics on a regular basis to provide organizational oversight regarding the appropriateness of actions in response to operating trends in achievement of financial goals.**
      v. **Evaluate and approve financial plans for new business ventures, programs, and services and establish criteria to measure their ongoing viability.**
      vi. **Develop communications in order to enhance the understanding of other members in regard to financial matters of the system.**
      vii. **Review the preliminary, annual operating budgets for the District and Facilities and other entities.**
ix. Review and recommend to the Board the final, annual, operating budgets.

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ADDENDUM D
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5. **Strategic and Facilities Planning Committee.**
   a. **Voting Membership.** All recommendations must be ratified by the full Board prior to any action taken. The Committee shall consist of six voting members: Three members of the Board, the President and Chief Executive Officer, and the Chief of Staff from each hospital. There shall be three alternate Committee members:
      i. One alternate shall be a member of the Board, also appointed by the Chairperson of the Board, who shall attend Committee meetings and enjoy voting rights on the Committee only when serving as an alternate for a voting Board Committee member; however, if the Board Member First Alternate is also not available, another member of the Board may attend with Board Chair approval.
      ii. The second and third alternate Committee members shall be the Chiefs of Staff elect from each hospital, who shall attend Committee meetings and enjoy voting rights on the Committee only when serving as an alternate for their respective Chief of Staff.
   b. **Non-Voting Membership.** The Chief Financial Officer, the Chief Operations Officer, the Chief Medical Officer, the Chief Nursing Officer Palomar Medical Center Escondido, the Chief Nursing Officer Palomar Medical Center Poway, Nurse Executive, the Chief Administrative Officer, the Chief Legal Officer, the Chief Human Resources Officer, the Vice President Philanthropy, the Senior Director of Managed Care and Business Development, and a board member of the Palomar Health Foundation, recommended by the Foundation and approved by the Committee Chairperson. As needed, other appropriate relevant staff in facilities, planning, and compliance may be requested to attend to facilitate the work of the Committee.
   c. **Duties.** The duties of the Committee shall include but are not limited to:
      i. Regarding the Strategic Function: Review, assess, and establish that the mission and vision of the Board are implemented in an effective and meaningful manner through the establishment and implementation of plans and programs that enhance the well-being of the citizens of the District.
         I. Review and make recommendations to the Board regarding the District’s short and long range strategic plans, master and facility plans, physician development plans, and strategic collaborative relationships.
         II. Review the development of new programs and system initiatives to ensure their direction is in accordance with the mission and vision of the organization and support the strategic plans of the District.
         III. Monitor completion of annual goals in order to ensure their effective completion on behalf of the system.
IV. Recommend educational programs and enhance Board members understanding of trends in the local, State, and National health care arena and issues affecting the system.

V. Review annually those policies within the Committee’s purview and report the results of such review to the Board. Such reports shall include recommendations regarding the modification of existing, or creation of new policies.

VI. Perform such other duties as may be assigned by the Board.

ii. Regarding the Facilities Function: Provide oversight for the development, expansion, modernization, and replacement of the Health System facilities and grounds in order to promote the physical life of the assets belonging to the District, and to ensure the safety and well-being of those working in and being served in the facilities and on the grounds.

I. Approve the annual Facilities Development Plan and regularly review updates on implementation of plan.

II. Receive a biannual Environment of Care report.

III. Perform such other duties as may be assigned by the Board.

IV. Advise the Finance Committee with respect to the need of adequate projects funding.

V. Ensure that the District is in compliance with governmental agency and accreditation requirements with respect to earthquake and disaster preparedness, fire and safety codes, environmental standards, and physical security needs, etc.

VI. Provide oversight regarding the maintenance of facilities and grounds and implementation of improvement projects.

VII. Ensure that a long-term facility plan is developed and updated regularly.

VIII. Perform such other duties as may be assigned by the Board.
B. **Standing Committees.** There shall be the following standing committees of the Board: Finance; Governance; Audit and Compliance; Human Resources; Strategic and Facilities; Community Relations; and Quality Review. Standing committees will be treated as the Board with respect to Article V of these bylaws. All provisions in Article V that apply to Board members shall apply to members of any standing committee.

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      ii. The second and third alternate Committee members shall be the Chiefs of Staff elect from each hospital, who shall attend Committee meetings and enjoy voting rights on the Committee only when serving as an alternate for their respective Chief of Staff.
   b. **Non-Voting Membership.** The Chief Financial Officer, the Chief Operations Officer, the Chief Medical Officer, the Chief Nurse Executive, the Chief Administrative Officer, the Chief Legal Officer, the Chief Human Resources Officer, the Vice President Philanthropy, the Senior Director of Managed Care and Business Development, and a board member of the Palomar Health Foundation, recommended by the Foundation and approved by the Committee Chairperson. As needed, other appropriate relevant staff in facilities, planning, and compliance may be requested to attend to facilitate the work of the Committee.
   c. **Duties.** The duties of the Committee shall include but are not limited to:
      i. Regarding the Strategic Function: Review, assess, and establish that the mission and vision of the Board are implemented in an effective and meaningful manner through the establishment and implementation of plans and programs that enhance the well-being of the citizens of the District.
         I. Review and make recommendations to the Board regarding the District’s short and long range strategic plans, master and facility plans, physician development plans, and strategic collaborative relationships.
         II. Review the development of new programs and system initiatives to ensure their direction is in accordance with the mission and vision of the organization and support the strategic plans of the District.
         III. Monitor completion of annual goals in order to ensure their effective completion on behalf of the system.
IV. Recommend educational programs and enhance Board members understanding of trends in the local, State, and National health care arena and issues affecting the system.

V. Review annually those policies within the Committee’s purview and report the results of such review to the Board. Such reports shall include recommendations regarding the modification of existing, or creation of new policies.

VI. Perform such other duties as may be assigned by the Board.

ii. Regarding the Facilities Function: Provide oversight for the development, expansion, modernization, and replacement of the Health System facilities and grounds in order to promote the physical life of the assets belonging to the District, and to ensure the safety and well-being of those working in and being served in the facilities and on the grounds.

I. Approve the annual Facilities Development Plan and regularly review updates on implementation of plan.

II. Receive a biannual Environment of Care report.

III. Perform such other duties as may be assigned by the Board.

IV. Advise the Finance Committee with respect to the need of adequate projects funding.

V. Ensure that the District is in compliance with governmental agency and accreditation requirements with respect to earthquake and disaster preparedness, fire and safety codes, environmental standards, and physical security needs, etc.

VI. Provide oversight regarding the maintenance of facilities and grounds and implementation of improvement projects.

VII. Ensure that a long-term facility plan is developed and updated regularly.

VIII. Perform such other duties as may be assigned by the Board.
ADDENDUM E
I. PURPOSE:

A. The Board of Directors of Palomar Health believes that it is good business practice to promulgate and maintain a "Succession Plan" for its Chief Executive Officer and senior management leadership team. Therefore, it has adopted the following policy to assist the Board in the event of:

1. An immediate vacancy, unanticipated short-term or long-term caused by the death or extended disability of the Chief Executive Officer; or key member of the management team.

2. An impending vacancy that will occur within several months caused by a notice of resignation.

3. An anticipated vacancy from a long-term notice by the Chief Executive Officer or member of the senior management team due to resignation or retirement.

B. The intent of this policy is to provide clarity to the transition process, with minimal disturbance to the performance and effectiveness of the Health District, subsidiaries and related organizations.

C. It is the further intent of this policy to encourage and enhance the professional growth and development of the Leadership Team. This may take the form of guidance, mentorship, consultation, support and outside educational programs.

II. DEFINITIONS:

III. TEXT / STANDARDS OF PRACTICE:

1. It is the responsibility of the Chief Executive Officer of the District in consultation with the Board Chair to develop and maintain this plan, and to review such with the Board on an annual basis as part of the incumbent's performance evaluation.

Chief Executive Officer incapacitation for more than thirty days but less than one year:

1. In the event of incapacitation of the Chief Executive Officer, the situation will be evaluated by the Chair and Vice-Chair of the Board in consultation with the Chiefs of Staff of Palomar Medical Center and Palomar Medical Center-Poway, and in turn, the full Board to determine the level of incapacitation and the need for the immediate appointment of an interim Chief Executive Officer.

2. Appropriate arrangements will be made through the District's legal counsel and Chief Financial Officer for the interim Chief Executive Officer to have the necessary signing authority where required.

3. Further, a communications plan will be developed by the Board Chair in consultation with the Director of Marketing and Communications Officer to notify senior management, Board members, members of the Leadership Council, Medical Staff and others in regard to the temporary appointment should such need to be made.

4. At the appropriate time during the period of incapacitation, the Board Chair, in consultation with the Vice President of Human Resources, will determine whether the incapacitation is temporary or permanent.
of Human Resources, will determine whether the incapacitation is temporary or permanent.

a. If temporary, the interim Chief Executive Officer will continue in that role until the determination is made that the Chief Executive Officer is in a position to resume her/his original role.

b. If permanent, the members of the Board will confer on the process to select and appoint a Search Committee to initiate the search for a new Chief Executive Officer.

5. Once a determination has been made, it will be the responsibility of the Board Chair to communicate the plan of action with the District leadership, medical staff, foundation, and employees the plan of action to be initiated in search of the new Chief Executive Officer. This may take the form of hot lines, special newsletters, e-mails, telephone calls, etc.

6. External audiences to be notified of the plan of action will include community and business leaders in the District, members of the press, affiliates and partners of Palomar Health, including Kaiser Permanente, Rady Children's Hospital, UCSD and social service agencies associated with the District.

7. During this period the Chief Marketing and Communications Officer will serve as the spokesperson for the District. All requests for information will be directed through this individual.

8. In the event of temporary incapacitation of the Chief Executive Officer, the following list identifies the positions and order that may be considered by the Board to fill the role for the period of the Chief Executive Officer’s incapacitation.

Chief Financial Officer;

Chief Operations Officer;

Other members of the senior leadership team.

C. Incapacitation of a member of the Executive Management Team.

1. The Chief Executive Officer will determine the level and extent of incapacitation of a member of the Executive Management Team in consultation with the Chief Human Resources Officer.

2. Should it be required that an interim Executive Management Team member be named, the Chief Executive Officer, after consultation with Board leadership, shall name an individual to fill the position.

3. The following table identifies positions that may be considered in filling key divisional roles:

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<tr>
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<tbody>
<tr>
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<td>Controller, Director of Financial Planning</td>
</tr>
<tr>
<td>Chief Operations Officer</td>
<td>Member of the Senior Leadership Team</td>
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<td>Chief Nursing Officer</td>
<td>Director, Clinical Resources</td>
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<tr>
<td>Vice President of Continuum of Care</td>
<td>Director of Rehabilitation Services</td>
</tr>
<tr>
<td>Vice President Human Resources Officer</td>
<td>Director, Human Resources</td>
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4. In the event that the Chief Executive Officer determines, during this period, that the incapacitation is permanent, he will initiate a formal search to replace the incumbent. This may take the form of naming the interim leader to the position or initiating a candidate search process to identify and select an individual for the position.

D. Impending Vacancy Caused By Resignation or Termination.

1. In the event of an impending vacancy in the Chief Executive Officer position, the Board shall meet as soon as practicable and initiate the following plan:

   a. In order to ensure stability at the time of an immediate vacancy (within 14 days) an interim Chief Executive Officer will be named.

   b. The Board, in consultation with the leadership of the medical staffs, shall determine whether the use of an outside management firm is appropriate or whether there is adequate internal leadership to assume responsibilities for the Chief Executive Officer.

   c. It is anticipated that the chart of succession leadership (III.B.8 above) will be used as a basis for making this decision.

2. The Chair of the Board in consultation with the Vice-Chair, Treasurer and Vice President of Human Resources will determine the level and extent of compensation (including any bonuses and/or benefits) to be paid to the individual assuming the interim Chief Executive Officer’s role during the period in question.

3. Within 30 days of notification by the Chief Executive Officer of his impending resignation or retirement or in the event of termination, the Board of Palomar Health shall form a Search Committee made up of a minimum of five and not more than eleven members; with the Chair to be named by the Chair of the Board of Palomar Health.

4. Representation on the Search Committee will include but may not be limited to:

   a. Staff Members of Palomar Health.
   b. Affiliated Partners;
   c. Community Leaders;
   d. Representation from the Palomar Health Foundation;
   e. Representation from the Medical Staff Leadership of Palomar Medical Center and Pomerado Hospital;
   f. Members of the Health District Board;

5. The role of the Search Committee will be to:

   a. Manage the search process, including initiation of RFPs for selection of a search firm;
   b. Interview and selection of a search firm, if appropriate;
   c. Review and approve the Success Profile (job description/requirements) for the Chief Executive Officer position:
      i. Interview candidates and screen references;
      ii. Recommend candidates to the Palomar Health Board for approval.
6. The Search Committee will meet within two weeks of their appointment to begin the selection process. The Vice President of Human Resources Officer will serve as staff to the committee.

7. Should the vacancy date be later than one year or longer, a Search Committee will be formed within six months of the Chief Executive Officer leaving the position to allow time for adequate selection of the incumbent's replacement and an effective transition to occur.

8. The Chair of the Search Committee will make regular and timely reports to the Board on the progress of the search.

9. Should the Chief Executive Officer be replacing a member of the senior management team, he will be expected to make regular reports to the Board and appropriate Board committees on the progress made to fill the position.

D. Palomar Health President and Chief Executive Officer Job Description.

1. Reporting to the Palomar Health District Board, the Chief Executive Officer is responsible for the strategic and day to day management of all programs, services and facilities of the Health District to effectively meet the health care needs of the citizens of the District, as defined in its mission and vision statement.

2. She/he is responsible for planning and goal development to ensure the effective stewardship and viability of the District, the organizational direction, control and use of resources and the effective management of staff to support and carry out the policies and directions of the Board.

3. The incumbent is further accountable for insuring that all necessary licensure, regulatory and accreditation requirements are met. He/she is responsible for developing and maintaining appropriate evaluation mechanisms to ensure the ongoing monitoring and improvement of the quality/safety of programs and services for Palomar Health in conjunction with the medical staff leadership of the District.

4. She/he is accountable for the creation of a working environment that encourages best practice, ethical management, high levels of productivity and a focus on those to be served by the District.

5. Minimum education will be a Master's Degree in Health Care Administration or related field.

6. Minimum Experience is 7-10 years progressive position growth in a Health Care District or related entity with CHE credential or equivalent. Preferred Experience will be 10-15 years progressive growth with previous CEO experience as a Chief Executive Officer of a large hospital or health system and fellowship credential of ACHE or equivalent.

7. Skill Requirements are included as Attachment A.

E. Success Profiles for the Chief Executive Officer and Executive Management Team Member.

1. On an annual basis the Board and Chief Executive Officer will review and update the job description and requirements for the incumbent's position. The Chief Executive Officer will do the same with his Executive Management Team. Executive Management Team position descriptions will be kept on file in the Chief Executive Officer's office.

2. These job descriptions will be used as a basis for evaluating the performance of the leadership group and to identify areas for growth and development of the incumbents who hold these positions.

F. This policy will be reviewed and updated as required or at least every three years.

IV. ADDENDUM:
V. PUBLICATION HISTORY:

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<td>Kathryn Huffstutler-Henderson, HR Manager</td>
<td>Review and update job titles. Update table to reflect current organizational structure and positions.</td>
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<td>The review date has been updated so policy will be reviewed in three years. [Owner changed from Sarti, Janine to Hemker, Bob by Avila, Julie on 04-JAN-2016] [Owner changed from Hemker, Bob to Neu, Mark by Avila, Julie on 14-FEB-2017] [Owner changed from Neu, Mark to Helm, Hala by Avila, Julie on 15-JUN-2018] [Owner changed from Helm, Hala to Huffstutler-Henderson, Kathryn by Avila, Julie on 02-NOV-2018]</td>
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<td>Ofer Barlev Legal Associate</td>
<td>Adding Brenda Fisher's revisions prior to Board Human Resources Committee approval. Updating section C.3.chart.</td>
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<td>Ofer Barlev Legal Associate</td>
<td>Not included in previous reviews. Reviewed and approved by Board 12/17/07. Added at review: No material change made to text of document. Updated signatures to current signers.</td>
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<td>James Neal Director of Corporate Integrity</td>
<td>Not included in previous reviews. Reviewed and approved by Board 12/17/07.</td>
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I. PURPOSE:

A. The Board of Directors of Palomar Health believes that it is good business practice to promulgate and maintain a "Succession Plan" for its Chief Executive Officer and senior management leadership team. Therefore, it has adopted the following policy to assist the Board in the event of:

1. An immediate vacancy, unanticipated short-term or long-term caused by the death or extended disability of the Chief Executive Officer; or key member of the management team.
2. An impending vacancy that will occur within several months caused by a notice of resignation.
3. An anticipated vacancy from a long-term notice by the Chief Executive Officer or member of the senior management team due to resignation or retirement.

B. The intent of this policy is to provide clarity to the transition process, with minimal disturbance to the performance and effectiveness of the Health District, subsidiaries and related organizations.

C. It is the further intent of this policy to encourage and enhance the professional growth and development of the Leadership Team. This may take the form of guidance, mentorship, consultation, support and outside educational programs.

II. DEFINITIONS:

III. TEXT / STANDARDS OF PRACTICE:

1. It is the responsibility of the Chief Executive Officer of the District in consultation with the Board Chair to develop and maintain this plan, and to review such with the Board on an annual basis as part of the incumbent's performance evaluation.

   Chief Executive Officer incapacitation for more than thirty days but less than one year:

   1. In the event of incapacitation of the Chief Executive Officer, the situation will be evaluated by the Chair and Vice-Chair of the Board in consultation with the Chiefs of Staff of Palomar Medical Center and Pomerado Hospital, and in turn, the full Board to determine the level of incapacitation and the need for the immediate appointment of an interim Chief Executive Officer.

   2. Appropriate arrangements will be made through the District's legal counsel and Chief Financial Officer for the interim Chief Executive Officer to have the necessary signing authority where required.

   3. Further, a communications plan will be developed by the Board Chair in consultation with the Director of Marketing and Communications Officer to notify senior management, Board members, members of the Leadership Council, Medical Staff and others in regard to the temporary appointment should such need to be made.
4. At the appropriate time during the period of incapacitation, the Board Chair, in consultation with the Chief Vice President of Human Resources Officer, will determine whether the incapacitation is temporary or permanent.

   a. If temporary, the interim Chief Executive Officer will continue in that role until the determination is made that the Chief Executive Officer is in a position to resume his/her original role.

   b. If permanent, the members of the Board will confer on the process to select and appoint a Search Committee to initiate the search for a new Chief Executive Officer.

5. Once a determination has been made, it will be the responsibility of the Board Chair to communicate the plan of action with the District leadership, medical staff, foundation, and employees the plan of action to be initiated in search of the new Chief Executive Officer. This may take the form of hot lines, special newsletters, e-mails, telephone calls, etc.

6. External audiences to be notified of the plan of action will include community and business leaders in the District, members of the press, affiliates and partners of Palomar Health, including Kaiser Permanente, Rady Children’s Hospital, UCSD and social service agencies associated with the District.

7. During this period the Chief Marketing and Communications Officer will serve as the spokesperson for the District. All requests for information will be directed through this individual.

8. In the event of temporary incapacitation of the Chief Executive Officer, the following list identifies the positions and order that may be considered by the Board to fill the role for the period of the Chief Executive Officer’s incapacitation.

   a. Chief Financial Officer;
   b. Chief Administrative Officer – Palomar Medical Center;
   c. Chief Administrative Officer – Pomerado Hospital;
   d. Chief Administrative Officer – Palomar Health Downtown Campus;
   e. Chief Nurse Executive;

   Other members of the senior leadership team.

C. Incapacitation of a member of the Executive Management Team.

1. The Chief Executive Officer will determine the level and extent of incapacitation of a member of the Executive Management Team in consultation with the Chief Human Resources Officer.

2. Should it be required that an interim Executive Management Team member be named, the Chief Executive Officer, after consultation with Board leadership, shall name an individual to fill the position.

3. The following table identifies positions that may be considered in filling key divisional roles:

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<td>Chief Administrative Operations Officer</td>
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</tr>
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<td>Pomerado Hospital</td>
<td>Chief Nurse Executive, Member of the Senior Leadership Team</td>
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   Other members of the senior leadership team.
D. Impending Vacancy Caused By Resignation or Termination.

1. In the event of an impending vacancy in the Chief Executive Officer position, the Board shall meet as soon as practicable and initiate the following plan:
   a. In order to ensure stability at the time of an immediate vacancy (within 14 days) an interim Chief Executive Officer will be named.
   b. The Board, in consultation with the leadership of the medical staffs, shall determine whether the use of an outside management firm is appropriate or whether there is adequate internal leadership to assume responsibilities for the Chief Executive Officer.
   c. It is anticipated that the chart of succession leadership (III.B.8 above) will be used as a basis for making this decision.

2. The Chair of the Board in consultation with the Vice-Chair, Treasurer and Chief Vice President of Human Resources Officer will determine the level and extent of compensation (including any bonuses and/or benefits) to be paid to the individual assuming the interim Chief Executive Officer’s role during the period in question.

3. Within 30 days of notification by the Chief Executive Officer of his impending resignation or retirement or in the event of termination, the Board of Palomar Health shall form a Search Committee made up of a minimum of five
4. Representation on the Search Committee will include but may not be limited to:

a. **Staff Members of the Palomar Health District Board**;
b. **Affiliated Partners**;
c. **Community Leaders**;
d. Representation from the Palomar Health Foundation;
e. Representation from the Medical Staff Leadership of Palomar Medical Center and Pomerado Hospital;
f. Representation from the Palomar Health Foundation District Board; Community Leaders; Affiliated Partners; Staff Members of Palomar Health.

5. The role of the Search Committee will be to:

a. Manage the search process, including initiation of RFPs for selection of a search firm;
b. Interview and selection of a search firm, if appropriate;
c. Review and approve the Success Profile (job description/requirements) for the Chief Executive Officer position:
   i. Interview candidates and screen references;
   ii. Recommend candidates to the Palomar Health Board for approval.

6. The Search Committee will meet within two weeks of their appointment to begin the selection process. The Chief Vice President of Human Resources Officer will serve as staff to the committee.

7. Should the vacancy date be later than one year or longer, a Search Committee will be formed within six months of the Chief Executive Officer leaving the position to allow time for adequate selection of the incumbent's replacement and an effective transition to occur.

8. The Chair of the Search Committee will make regular and timely reports to the Board on the progress of the search.

9. Should the Chief Executive Officer be replacing a member of the senior management team, he will be expected to make regular reports to the Board and appropriate Board committees on the progress made to fill the position.

D. Palomar Health President and Chief Executive Officer Job Description.

1. Reporting to the Palomar Health District Board, the Chief Executive Officer is responsible for the strategic and day to day management of all programs, services and facilities of the Health District to effectively meet the health care needs of the citizens of the District, as defined in its mission and vision statement.

2. **He**/ **she**/**he** is responsible for planning and goal development to ensure the effective stewardship and viability of the District, the organizational direction, control and use of resources and the effective management of staff to support and carry out the policies and directions of the Board.

3. The incumbent is further accountable for ensuring that all necessary licensure, regulatory and accreditation requirements are met. **He/she** is responsible for developing and maintaining appropriate evaluation mechanisms to ensure the ongoing monitoring and improvement of the quality/safety of programs and services for Palomar Health in conjunction with the medical staff leadership of the District.
4. __He/she/her-he_ is accountable for the creation of a working environment that encourages best practice, ethical management, high levels of productivity and a focus on those to be served by the District.

5. Minimum education will be a Master's Degree in Health Care Administration or related field.

6. Minimum Experience is 7-10 years progressive position growth in a Health Care District or related entity with CHE credential or equivalent. Preferred Experience will be 10-15 years progressive growth with previous CEO experience as a Chief Executive Officer of a large hospital or health system and fellowship credential of ACHE or equivalent.

7. Skill Requirements are included as Attachment A.

E. Success Profiles for the Chief Executive Officer and Executive Management Team Member.

1. On an annual basis the Board and Chief Executive Officer will review and update the job description and requirements for the incumbent's position. The Chief Executive Officer will do the same with his Executive Management Team. Executive Management Team position descriptions will be kept on file in the Chief Executive Officer's office.

2. These job descriptions will be used as a basis for evaluating the performance of the leadership group and to identify areas for growth and development of the incumbents who hold these positions.

F. This policy will be reviewed and updated as required or at least every three years.

IV. ADDENDUM:

V. PUBLICATION HISTORY:

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VI. REFERENCES:

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ADDENDUM F
Policy: Nursing and Patient Care

I. PURPOSE:
To provide direction from the Palomar Health Board of Directors relative to the organization's nursing service and to promote consistency in patient care practice across the continuum of care.

II. DEFINITIONS:

III. TEXT / STANDARDS OF PRACTICE:
A. Patient care shall be provided using an interdisciplinary, collaborative model with the highest priority of quality and safety, and should facilitate an excellent patient and family experience.
B. Patients with comparable needs receive the same standard of care, treatment, and services throughout the Palomar Health system.
C. The following elements are to be in place in order to support appropriate patient care:
   1. Appropriate Leadership and Oversight of Nursing
      a. The Chief Executive Officer, in consultation with the Chief Operations Officer of Palomar Medical Center Poway and Palomar Medical Center Escondido, shall designate a Chief Nursing Officer (CNO) to serve as a voice for nursing services at the senior leadership level and determine the term of such appointment.
      b. The designated CNO has the authority, responsibility, and accountability for the nursing service as described in a written job description and directs the following organizational functions:
         1. Development and implementation of the organization’s plan for providing nursing care, treatment and services to those patients requiring care, and authority over those nursing staff members who are providing the care, treatment and services.
         2. Oversight and approval of procedures involving nursing standards, nursing care, treatment and services at least every three years or more often, if necessary, and ensure that nursing staff have access to all of the nursing procedures and standards of nursing practice.
         3. Implementation of an effective ongoing program to measure, assess and improve the quality of nursing care, treatment and services delivered to patients.
         4. Ensures that standards of patient care and nursing practice are consistent with current research findings, nationally recognized professional standards, the California Nurse Practice Act, the American Nurses Association (ANA) Code of Ethics for Nurses, the ANA Bill of Rights for Registered Nurses, the ANA Scope and Standards for Nurse Administrators, the California Department of Public Health, the Joint Commission, and other regulatory agencies.
         5. Assume an active leadership role with the health system including scheduled representation at the full Board of Directors meeting.
   2. Qualification of Individuals
      a. All individuals charged with the provision of patient care shall have the appropriate competencies to perform their job duties.
      b. The CNO shall be licensed professional registered nurses that meet, at minimum, the qualifications as dictated in Title 22 and by the Joint Commission.
D. This policy will be reviewed and updated as required, or at least every three years.
Attachments:
(REFERENCED BY THIS DOCUMENT)

Paper copies of this document may not be current and should not be relied on for official purposes. The current version is in Lucidoc at
Differences between version 3 and 4.

I. PURPOSE:
To provide directions to the Chief Nurse Executive (CNE) from the PPH direction from the Palomar Health Board of Directors relative to the organization's nursing service and to promote consistency in patient care practice across the continuum of care.

II. DEFINITIONS:

III. TEXT / STANDARDS OF PRACTICE:
A. The Chief Nurse Executive directs the organization's nursing service and establishes procedures. Patient care shall be provided using an interdisciplinary, nursing standards of care collaborative model with the highest priority of quality and safety, treatment and services, and standards of nursing practice. The CNE is responsible for the provision of nursing services 24 hours a day, 7 days a week and should facilitate an excellent patient and family experience.

B. The CNE functions at the senior leadership level to provide effective leadership and to coordinate leaders to deliver nursing. Patients with comparable needs receive the same standard of care, treatment, and services throughout the Palomar Health system.

C. The CNE following elements are to be in place in order to support appropriate patient care:
   1. Appropriate Leadership and Oversight of Nursing:
      a. The Chief Executive Officer, in consultation with the Chief Operations Officer of Palomar Medical Center Poway and Palomar Medical Center Escondido, shall designate a Chief Nursing Officer (CNO) to serve as a voice for nursing services at the senior leadership level and determine the term of such appointment.
      b. The designated CNO has the authority, responsibility, and accountability for the organization's nursing service as defined described in a written job description. The CNE participates in defined and established meetings of the health system's governing board, executive management, medical staff, directors and other clinical leaders in the organization's decision-making structure and process. The Chief Nurse Executive is a licensed professional registered nurse qualified by advanced education and management experience. The qualifications of the CNE at PPH are to: Possess a current RN license in the state of California; Have a Master's Degree in Nursing with 5 years related clinical experience and 3-5 years progressive management experience. A doctoral degree in nursing or related healthcare field is preferred. Have prior financial management experience. When appointing the CNE, the health system considers the scope and complexity of the nursing care needs of the major patient population(s) served by the organization, as well as the availability of nursing and administrative staff and services needed to assist the CNE in the execution of his/her duties and responsibilities. The Chief Nurse Executive coordinates and directs the following organizational functions:
         1. Development of system-wide patient care programs and procedures that describe how patient's and implementation of the organization's plan for providing nursing care need, or the need of patient populations receiving care, treatment and services are assessed, evaluated, and met.
         2. Oversight and approval of procedures involving nursing standards, nursing care, treatment and services at least every three years or more often, and ensures if necessary and ensure that nursing staff have access to all of the nursing procedures and standards of nursing practice.
         3. Implementation of an effective ongoing program to measure, assess and improve the quality of nursing care, treatment and services delivered to patients.

4. Ensures that standards of patient care and nursing practice are consistent with current research findings, nationally recognized professional standards, the California Nurse Practice Act, the American Nurses Association (ANA) Code of Ethics for Nurses, the ANA Bill of Rights for Registered Nurses, the ANA Scope and Standards for Nurse Administrators, the California Department of Public Health, the Joint Commission, and other regulatory agencies.

5. Development and management of operating budgets for the nursing departments Assume an active leadership role with the health system including scheduled representation at the full Board of Directors meeting.

2. Qualification of Individuals
   a. All individuals charged with the provision of patient care shall have the appropriate competencies to perform their job duties.
   b. The CNO shall be licensed professional registered nurses that meet, at minimum, the qualifications as dictated in Title 22 and by the Joint Commission.

D. This policy will be reviewed and updated as required, or at least every three years.

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<td>Updated to reflect practice. Formatted by ja[Owner changed from Covert, Michael H to Hemker, Bob by Wolf, Torrey on 17-SEP-2014][Owner changed from Hemker, Bob to Neu, Mark by Avila, Julie on 14-FEB-2017]</td>
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<td>Michael H Covert, FACHE President &amp; Chief Executive Officer</td>
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Authorized Signer(s):

( 02/14/2012 02:52PM PST )
Ted Kleiter, Chairman, Board of Directors
( 02/09/2015 06:11AM PST )
Linda Greer, Chairman, Board of Directors

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Paper copies of this document may not be current and should not be relied on for official purposes. The current version is in Lucidoc at https://www.lucidoc.com/cgi/doc-gw.pl?ref=pphealth:11058$3&ref2=pphealth:11058$4.
ADDENDUM G
Policy : Revision of Policies

I. PURPOSE:
To ensure that current practice is consistent with written policies, and in recognition of the standards of The Joint Commission, timely and appropriate review of all Palomar Health ("PH") policies shall be accomplished regularly, systematically and in accordance with the following guidelines.

II. DEFINITIONS:
A. "Policy" means a Board-approved document that provides broad strategic direction, delegates authority, fulfills a non-delegable duty of the Board or sets out rules for the organization's operations.
B. "Procedure means a document describing a practice and/or steps for performing and agreed cause of action".

III. TEXT / STANDARDS OF PRACTICE:
A. Governing Board
1. Each Board committee shall review, create, and submit for Board approval the applicable policies.
2. A packet will be provided to the Assistant to the Board for Governance Committee review. This packet will include:
   a. A written summary of all changes;
   b. Copy of the old policy;
   c. Copy showing redline changes;
   d. Copy of new policy in Lucidoc format.
3. To assure that policies are kept current, the Executive Liaison shall, on a monthly basis, peruse all Board committee minutes, extracting information as appropriate either to formulate policy statements that may be directed by the committee or to provide the information to the appropriate personnel for completion of the policy statement. The completed policy statement is to be submitted to the full Board for approval and appropriately posted and communicated following approval.

B. Central Office, Hospitals, Related Entities, Volunteer Organizations
1. The policies of PH shall be reviewed, evaluated and revised as necessary at least once in a three-year period beginning with the effective date of this policy and at least once in each subsequent three-year period. Evidence of that review is to be made a permanent part of the policy.
2. In the interim, any policy requiring changes warranting a course of action, changes in the law, state of the art, current knowledge or technology or other factors, may be approved by the PH compliance officer on an interim basis after providing a redline copy of the revised policy reflecting those proposed interim changes and any related procedure linked to the policy to each member of the Governance Committee with an explanation as to why an interim change was required. The policy with the interim changes will be approved at the next scheduled meeting of the Full Board.
3. For purposes of this policy, PH shall include the central office, hospitals, skilled nursing facilities, medical staffs and all related legal entities.
4. The Board Governance Committee will receive an ongoing brief report from PH Compliance Officer confirming compliance with this Policy.
5. This policy will be reviewed and updated as required or at least every three years.

IV. DOCUMENT / PUBLICATION HISTORY:
Original Document Date: 1/93
Reviewed: 3/95; 1/99; 7/06; 3/07
Revision Number: 1 Dated: 1/20/05
Document Owner: Michael Covert
Authorized Promulgating Officers: Marcelo R. Rivera, Chairman
Prior to 2005, this policy was Board Policy 10-207

Source Administrator
DeBruin, Kevin

Document Owner
DeBruin, Kevin

Collaborators:
Sabrina Hashmi, Mark Neu, Dara Czerwonka, Elvira Simmons, Jerry Kaufman, Deborah Hollick, Joy Gorzeman, Julie Avila

Reviewers

Approvals
- Committees:

Original Effective Date

Revised
[01/20/2005 Rev. 1], [11/14/2007 Rev. 2], [11/14/2007 Rev. 3], [01/07/2011 Rev. 4], [04/19/2011 Rev. 5], [04/19/2011 Rev. 6], [03/11/2014 Rev. 7], [05/09/2014 Rev. 8], [06/27/2018 Rev. 9]

Reviewed
[01/07/2010 Rev. 3], [01/23/2012 Rev. 6]

Next Review Date
06/26/2021

Attachments:
(REFERENCED BY THIS DOCUMENT)

Other Documents:
(WHICH REFERENCE THIS DOCUMENT)

Document History

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(Revision) (this version)

Effective
06/27/2018

Document Owner at Publication
Hala Helm VP Risk Management

Description
Minor updates from 5-1-18 Board Governance and 6-11-18 Board of Directors Meeting to section II B. Approved by the Full Board on 6-11-18 with the noted edit.[Owner changed from Helm, Hala to DeBruin, Kevin by Hernandez, Lisa on 17-MAR-2020]

Revision 8

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Effective
05/09/2014

Document Owner at Publication
Janine Sarti General Counsel

Description
Reviewed and approved at the 3/10/14 Board of Director meeting. Edited use of "PH" after first use of Palomar Health. Additionally, corrected Board Governance Audit and Compliance Committee title throughout for consistency.[Owner changed from Sarti, Janine to Hemker, Bob by Avila, Julie on 04-JAN-2016][Owner changed from Hemker, Bob to Neu, Mark by Avila, Julie on 14-FEB-2017][Owner changed from Neu, Mark to Helm, Hala by Avila, Julie on 15-JUN-2018]

Signed By
Janine Sarti
Janine Sarti, Chief Legal Officer ( 05/08/2014 03:23PM PST )
Ted Kleiter
Ted Kleiter, Chairman, Board of Directors ( 05/09/2014 09:36AM PST )

Revision 7

Views
(Revision) (Changes)

Effective
03/11/2014

Document Owner at Publication
Janine Sarti General Counsel

Description
Correcting the organization name from PPH to Palomar Health

Signed By
Revision 6

Views: (Revision) (Changes)
Effective: 04/19/2011
Document Owner at Publication: Janine Sarti General Counsel
Description: Add definitions

[This document revision was generated to track review signatures and does not contain any changes from the previous revision.]
[Reviewed on 1/23/2012 by Nicole Adelberg: Set next review date to 10/22/2013]

Signed By:
Janine Sarti, General Counsel (03/11/2014 10:20AM PST)

Revision 5

Views: (Revision) (Changes)
Effective: 04/19/2011
Document Owner at Publication: Ofer Barlev Legal Associate
Description: Add definitions

Revision 4

Views: (Revision) (Changes)
Effective: 01/07/2011
Document Owner at Publication: Ofer Barlev Legal Associate
Description: grammatical edits

Signed By:
Janine Sarti, General Counsel (01/07/2011 04:44PM PST)
Bruce G Krider, Board Chairman, PPH Board (01/07/2011 11:13PM PST)

Revision 3

Views: (Revision) (Changes)
Effective: 11/14/2007
Document Owner at Publication: Ofer Barlev Legal Associate
Description: Board review
Added at review: No material change made to text of document. Updated signatures to current signers.

Signed By:
Janine Sarti, General Counsel (01/06/2010 12:00AM PST)
Bruce G Krider, Board Chairman, PPH Board (01/07/2010 12:00AM PST)

Revision 2

Views: (Revision) (Changes)
Effective: 11/14/2007
Document Owner at Publication: James Neal Director of Corporate Integrity
Description: Board review

Signed By:
James Neal, Director of Corporate Integrity (10/16/2007 12:00AM PST)
**Revision 1**

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**Signed By**

- Dr. Marcelo R Rivera (01/20/2005 12:00AM PST)
- James Neal, Director of Corporate Integrity (01/20/2005 12:00AM PST)

*Paper copies of this document may not be current and should not be relied on for official purposes. The current version is in Lucidoc at https://www.lucidoc.com/cgi/doc-gw.pl?ref=pphealth:21794.*
I. PURPOSE:
To ensure that current practice is consistent with written policies, and in recognition of the standards of The Joint Commission, timely and appropriate review of all Palomar Health ("PH") policies shall be accomplished regularly, systematically and in accordance with the following guidelines.

II. DEFINITIONS:
A. "Policy" means a Board-approved document that provides broad strategic direction, delegates authority, fulfills a non-delegable duty of the Board or sets out rules for the Board's organizations operations.
B. "Procedure" means a document describing a standard of care, practice and/or steps for performing an agreed cause of action.

III. TEXT / STANDARDS OF PRACTICE:
A. Governing Board
1. Each Board committee shall review, evaluate and revise as necessary create, and submit for Board approval the applicable policies.
2. A packet will be provided to the Assistant to the Board for Governance Audit and Compliance Committee review. This packet will include:
   a. A written summary of all changes;
   b. Copy of the old policy;
   c. Copy showing redline changes;
   d. Copy of new policy in LUCIDOC Lucidoc format.
3. To assure that policies are kept current, the Board Assistant, Executive Liaison shall, on a monthly basis, peruse all Board committee minutes, extracting information as appropriate either to formulate policy statements that may be directed by the committee or to provide the information to the appropriate personnel for completion of the policy statement. The completed policy statement is to be submitted to the full Board for approval and appropriately posted and communicated following approval.
B. Central Office, Hospitals, Related Entities, Volunteer Organizations
1. The policies of PH shall be reviewed, evaluated and revised as necessary at least once in a three-year period beginning with the effective date of this policy and at least once in each subsequent three-year period. Evidence of that review is to be made a permanent part of the policy.
2. In the interim, any policy requiring changes warranted on safety issues warranting a course of action, changes in the law, state of the art, current knowledge or technology or other factors, may be approved by the PH compliance officer on an interim basis after providing a redline copy of the revised policy reflecting those proposed interim changes and any related procedure linked to the policy to each member of the Governance Audit and Compliance Committee with an explanation as to why an interim change was required. The policy with the interim changes will be approved at the next scheduled meeting of the Governance Audit and Compliance Committee Full Board.
3. For purposes of this policy, PH shall include the central office, hospitals, convalescent facilities, skilled nursing facilities, foundation, medical staffs, auxiliaries and all related legal entities.
4. The Board Governance Audit and Compliance Committee will receive an ongoing brief report from PH Compliance Officer confirming compliance with this Policy.
5. This policy will be reviewed and updated as required or at least every three years.

IV. ADDENDUM:
V. DOCUMENT / PUBLICATION HISTORY:
Original Document Date: 1/93
Reviewed: 3/95; 1/99; 7/06; 3/07
Revision Number: 1 Dated: 1/20/05
Document Owner: Michael Covert
Authorized Promulgating Officers: Marcelo R. Rivera, Chairman
VI. CROSS REFERENCE DOCUMENTS:

Prior to 2005, this policy was Board Policy 10-207

V. PUBLICATION HISTORY:

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<td>04/19/2011</td>
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<td>Add definitions [This document revision was generated to track review signatures and does not contain any changes from the previous revision.] [Reviewed on 1/23/2012 by Nicole Adelberg: Set next review date to 10/22/2013]</td>
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<td>11/14/2007</td>
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Reviewers
Janine Sarti, Chief Legal Officer
(05/09/2014 09:36AM PST)
Ted Kleiter, Chairman, Board of Directors
(05/08/2014 03:23PM PST)

VI. REFERENCES:

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Paper copies of this document may not be current and should not be relied on for official purposes. The current version is in Lucidoc at https://www.lucidoc.com/cgi/doc-gw.pl?ref=pphealth:21794$8&ref2=pphealth:21794$9.
ADDENDUM H
I. PURPOSE:

A. To codify the process for the approval, review, or revision of organization policies.
B. Scope and Applicability: This is an organization-wide policy. It applies to all settings and services.

II. DEFINITIONS:

A. Policy: a required official course of action by the organization.
B. Guideline: a recommended course of action by the organization.
C. Scope of Service: includes inpatient and outpatient diagnosis and treatment as well as home health services. All departments collaborate to provide the best care possible for patients, to improve outcomes, and achieve the mission, vision and goals. Each individual area of the hospital will have a defined scope of service which includes the types and ages of patients served, the hours of operation, staffing, the types of services provided, and the goals or plans to improve quality of service.
D. Procedure: a sequence of steps or instructions taken to accomplish or implement a policy or guideline.

III. TEXT / STANDARDS OF PRACTICE:

A. Responsibility:
   1. The Board of Directors is responsible for ensuring that the organization develops and periodically reviews policies necessary for the safe and effective provision of care, treatment, and service.
   2. By approval of this policy, the Board of Directors – except where reserved – officially delegates its responsibility as follows:
      1. The Chief Executive Officer is delegated the responsibility to approve/revise all non-governance organizational policies, procedures, and guidelines.
      2. The Medical Executive Committee is delegated responsibility to approve/revise medical staff related policies, procedures, and guidelines.
      3. The CNOs are delegated the responsibility to approve/revise nursing and or patient care specific policies, procedures, guidelines, scopes of services and standardized procedures.
      4. Vice Presidents and Directors are delegated the responsibility to approve/revise unit specific policies, guidelines, and procedures, within their respective departments and services. This delegation includes but is not limited to Pharmacy, Dietary, Utilization, and other clinical departments.
      5. As required, those policies that require Board of Director approval will be sent to the Board as part of the agenda to receive final approval from the Board.

B. Approval / Revision Criteria:
   1. Policies, guidelines, scope of service, or procedures shall be approved / revised to ensure that they:
      1. Are consistent with the Mission and Values of Palomar Health.
      2. Meet applicable law, regulation, and related accreditation standards
      3. Are consistent with prevailing standards of care
      4. Are consistent with evidence-based practice

C. Frequency of Review:
   1. Unless otherwise noted, policies, guidelines, scope of service, and procedures must be reviewed – and if necessary revised – at least once every three years or more frequently if required to meet regulatory requirements or any changes in current clinical practice.

D. Board of Directors Oversight:
   1. In order to assure that the Board of Directors has appropriately delegated its responsibility, it shall receive on at least an annual basis a list of all policies have been approved and/or revised along with an attestation that said approval/revision was in accordance with the criteria established in this policy.
2. The Board of Directors reserves the right to further review, approve or revise any policies developed by the organization or the medical staff.

3. The Board of Directors shall have electronic access to the latest policies, guidelines, scoped of services and procedures currently in place.

E. References:
   1. CFR 482.12 - CMS Condition of Participation: Governing Body
   2. Joint Commission LD.04.01.07 - The hospital has policies and procedures that guide and support patient care, treatment, and services.

F. All Palomar Health Policies promulgated prior to the effective date of this Policy are hereby ratified to the extent they are not inconsistent with this Policy or each other and notwithstanding the manner in which they were promulgated.

G. This policy will be reviewed and updated as required or at least every three years.

Source Administrator: DeBruin, Kevin
Document Owner: DeBruin, Kevin

Collaborators:
- Douglas Moir, Thea McKenzie, Tanya L Howell, John Clark, Thomas Kumura, Linda Greer, Elvira M Simmons, Nancy Calabria, Deborah Hollick, Carla Albright, Sabrina Hashmi, Laurie Edwards-Tate, Richard Engel, Tina M Bassett, Gregory King, Diana Agraz-Baza, Jeffrey Griffith, Julie H Avila

Reviewers
- Hala Helm

Approvals
- Committees:
- Signers:

Original Effective Date: 11/14/2007

Reviewed
- [11/14/2007 Rev. 0], [12/04/2008 Rev. 1], [04/19/2011 Rev. 2], [01/10/2012 Rev. 3], [01/21/2015 Rev. 4], [07/20/2018 Rev. 5], [01/13/2020 Rev. 6]

Next Review Date: 09/10/2022

Attachments:
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Other Documents:
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Document History

Revision 6
Views (Revision) (this version)
Effective 01/13/2020
Document Owner at Publication Hala Helm Chief Risk & Compliance Office
Description Approved by the full Board on 12/8/19 with revisions to; Section III A.2.5 and added #3 to Section III D,[Owner changed from Helm, Hala to DeBruin, Kevin by Hernandez, Lisa on 17-MAR-2020]
Signed By Hala Helm

Revision 5
Views (Revision) (Changes)
Effective 07/20/2018
Document Owner at Publication Hala Helm VP Risk, Legal and Compliance
Description Approved as presented by the Full Board on July 9, 2018.

Revision 4
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<td>Policy was approved with the change to deleting the Pomerado in the Palomar Health entity name at the January 12, 2015 Board of Directors meeting.[Owner changed from Sarti, Janine to Hemker, Bob by Avila, Julie on 04-JAN-2016][Owner changed from Hemker, Bob to Neu, Mark by Avila, Julie on 14-FEB-2017][Owner changed from Neu, Mark to Helm, Hala by Avila, Julie on 15-JUN-2018]</td>
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| Revision 3 |
|---|---|
| Views | (Revision) (Changes) |
| Effective | 01/10/2012 |
| Document Owner at Publication | Janine Sarti General Counsel |
| Description | Revisions added from 12.20.11 Governance Committee meeting. |
| Signed By | Janine Sarti |
|  | Janine Sarti, General Counsel ( 01/09/2012 02:44PM PST ) |
|  | Ted Kleiter |
|  | Ted Kleiter, Chairman, Board of Directors ( 01/10/2012 10:40AM PST ) |

| Revision 2 |
|---|---|
| Views | (Revision) (Changes) |
| Effective | 04/19/2011 |
| Document Owner at Publication | Ofer Barlev Legal Associate |
| Description | signer revisions |

| Revision 1 |
|---|---|
| Views | (Revision) (Changes) |
| Effective | 12/04/2008 |
| Document Owner at Publication | Michele L. Gilmore Executive Assistant |
| Description | review and corrections to signors. Michele Gilmore 11/20/08 |
| Signed By | Janine Sarti |
|  | Janine Sarti, General Counsel ( 11/21/2008 12:00AM PST ) |
|  | Bruce G Krider |
|  | Bruce G Krider, Board Chairman, PPH Board ( 12/04/2008 12:00AM PST ) |

| Revision 0 |
|---|---|
| Views | (Revision) (Changes) |
| Effective | 11/14/2007 |
| Document Owner at Publication | James Neal Director of Corporate Integrity |
| Description | Review and update |
| Signed By | James Neal |
|  | James Neal, Director of Corporate Integrity ( 10/09/2007 12:00AM PST ) |
|  | Dr. Marcelo R Rivera |
|  | Dr. Marcelo R Rivera, Director, PPH Board ( 11/14/2007 12:00AM PST ) |

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Policy: Promulgation of Palomar Health Procedures

Differences between version 5 and 6.

I. PURPOSE:
To provide guidelines to clarify and standardize

A. To codify the process for the President and Chief Executive Officer and each member of the Senior Leadership Team to develop and independently promulgate procedures for the proper operation and administration of the District’s affairs approval, review, or revision of organization policies.

B. Scope and Applicability: This is an organization-wide policy. It applies to all settings and services.

II. DEFINITIONS:

A. “Policy” means a Board-approved document that provides broad strategic direction, delegates authority, fulfills a non-delegable duty of the Board or sets out rules for the Board’s operations. “Procedure” means a document describing a practice and/or steps for performing an agreed cause Policy: a required official course of action by the organization.

B. “Publication” means the reduction of a Policy or Procedure to writing and its subsequent distribution. Guideline: a recommended course of action by the organization.

C. Scope of Service: includes inpatient and outpatient diagnosis and treatment as well as home health services. All departments collaborate to provide the best care possible for patients, by the promulgating Authorized Signer to improve outcomes, via the Lucidoc document management system and achieve the mission, vision and goals. Each individual area of the hospital will have a defined scope of service which includes the types and ages of patients served, the hours of operation, staffing, the types of services provided, and the goals or plans to improve quality of service.

D. Procedure: a sequence of steps or instructions taken to accomplish or implement a policy or guideline.

III. TEXT / STANDARDS OF PRACTICE:

A. Senior Leadership Team members shall have the authority to develop and sign Procedures. Responsibility:

1. The Board of Directors is responsible for ensuring that the organization develops and periodically reviews policies necessary for the safe and effective provision of care, as appropriate in light of their respective areas of administrative responsibility. In no event shall any Senior Leadership Team member attempt to promulgate a Procedure that is inconsistent with a Policy or Bylaw.

2. The By approval of this policy, the Board, except where reserved, officially delegates its responsibility as follows:

   1. The Chief Executive Officer is delegated the responsibility to approve/revise all times non-governance organizational policies, in its discretion, procedures, have the sole and absolute authority to review and modify or rescind Procedures promulgated pursuant to this Policy, upon the request of the President and Chief Executive Officer or upon the Board’s own initiative. The CEO shall have authority and responsibility to establish a structure for the development and maintenance of Procedures and guidelines.

   2. Procedures will be created and maintained consistent with all applicable accrediting and regulatory entities. The Medical Executive Committee is delegated responsibility to approve/revise medical staff related policies, procedures, and guidelines.

   3. A Procedure developed pursuant to this Policy shall become effective and binding immediately upon its approval and publication in Lucidoc by the promulgating Senior Leadership Team signer. The CNOs are delegated the responsibility to approve/revise nursing and or patient care specific policies, procedures, guidelines, scopes of services and standardized procedures.

   4. The Authorized Senior Leadership Team signer responsible for promulgating any Procedure pursuant to this Policy. Vice Presidents and Directors are delegated the responsibility to approve/revise unit specific policies, guidelines, and procedures, within their respective departments and services. This delegation includes but is not limited to Pharmacy, Dietary, Utilization, and other clinical departments.
5. As required, those policies that require Board of Director approval will be sent to the Board as part of the agenda to receive final approval from the Board.

B. Approval / Revision Criteria:
   1. Policies, guidelines, scope of service, or procedures shall be primarily responsible for supervising implementation of such Procedure and compliance therewith by approved / revised to ensure that they:
      1. Are consistent with the Mission and Values of Palomar Health.
      2. Each authorized Senior Leadership Team signer shall be responsible for reviewing all Procedures within his or her jurisdiction at least once every three (3) years, or earlier when required by Meet applicable law, regulation, and related accreditation standards or warranted
      3. Are consistent with prevailing standards of care
      4. Are consistent with evidence- based on practice

C. Frequency of Review:
   1. Unless otherwise noted, policies, guidelines, scope of service, and procedures must be reviewed – and if necessary revised – at least once every three years or more frequently if required to meet regulatory requirements or any changes in the law current clinical practice.

D. Board of Directors Oversight:
   1. In order to assure that the Board of Directors has appropriately delegated its responsibility, state of the art, current knowledge, technology or other factors it shall receive on at least an annual basis a list of all policies have been approved and/or revised along with an attestation that said approval/revision was in accordance with the criteria established in this policy.
   2. The Board of Directors reserves the right to further review, approve or revise any policies developed by the organization or the medical staff.
   3. The Board of Directors shall have electronic access to the latest policies, guidelines, scoped of services and procedures currently in place.

E. References:
   1. CFR 482.12 - CMS Condition of Participation: Governing Body
   2. Joint Commission LD.04.01.07 - The hospital has policies and procedures that guide and support patient care, treatment, and services.

F. All Palomar Health Policies and Procedures promulgated prior to the effective date of this Policy are hereby ratified to the extent they are not inconsistent with this Policy or each other and notwithstanding the manner in which they were promulgated.

G. This policy will be reviewed and updated as required or at least every three years.

Document Owner: DeBruin, Kevin

Approvals
- Committees:

Original Effective Date: 11/14/2007
Revision Date: [07/20/2018 Rev. 5]

Attachments: (REFERENCED BY THIS DOCUMENT)

Paper copies of this document may not be current and should not be relied on for official purposes. The current version is in Lucidoc at
ADDENDUM I
I. PURPOSE:
   A. Business interests involving physician ownership of medical device companies and distributorships must be in keeping with any state and federal regulations regarding the subject.

II. DEFINITIONS:
   A. POD - Physician Owned Device company.

III. TEXT / STANDARDS OF PRACTICE:
   A. The following requirements must be followed when considering such a relationship with Palomar Health:
      1. Agreements with POD must be reviewed by the Finance Committee prior to entering into the agreement, and all such agreements must be in writing, must contain commercially reasonable terms comparable to those offered by other vendors and no more favorable to the POD, and must be signed by the parties before the performance of the agreement begins.
      2. Pricing for the products sold under the agreement must be competitive, consistent with fair market value and meet Palomar Health's construct pricing. However, if there are extenuating circumstances where it can be clinically demonstrated that a higher priced product would be beneficial to patient care, Palomar Health will consider that prior to entering into the agreement. Palomar Health will document the clinical basis for why it would be in the best interest of patient care to accept a higher priced product; provided, however, that under no circumstances will Palomar Health purchase products from a POD at prices that are not fair market value.
      3. The quality of any product sold under the agreement must be at least the same or similar to other comparable products sold by similar vendors, and shall in all circumstances be FDA approved.
      4. Palomar Health will not purchase products from any POD that coerces or attempts to coerce Palomar Health to purchase its products, e.g., by stating or implying that its physician investors' future referrals are contingent on Palomar Health purchasing products from the POD or purchasing a certain minimum level of products from the POD.
      5. Prior to entering into any agreement with a POD, an authorized representative of the POD will be required to sign an officer’s certificate in substantially the form attached hereto as Attachment A.
      6. In the event any state or federal law or regulation is passed regarding PODs, Palomar Health will research the law and its contractual arrangement to ensure Palomar Health is not at any legal risk for continuing with the agreement. If it is determined that the relationship violates any law or regulation, Palomar Health will immediately terminate its relationship. Any agreement must contain language that allows Palomar Health the opportunity to terminate the agreement immediately upon changes in the law.
      7. Palomar Health will maintain a list of all POD’s purchased and the Board will review and monitor annually.

IV. ADDENDUM:
   I. Use Physician Owned Medical Device Company Arrangement Officer Certificate as template.

   Physician Owned Medical Device Company Arrangement Officer’s Certificate

   [Enter Name of POD Here]

   OFFICER’S CERTIFICATE

   ___________________________, 20___

   In my capacity as ___________________________ of [Enter Name of POD Here] (the “Company”), on behalf of the Company and in order to ensure compliance with 42 U.S.C. § 1395nn and its implementing regulations at 42 C.F.R. § 411 et seq. (“Stark”), as well as California Business and Professions Code §§ 650.01 and 650.02, and California Labor Code §§ 139.3 and 139.31 (collectively “PORA”), and in accordance with the definitions contained in Stark and PORA, hereby certify to Palomar Health, in connection with the sale of certain medical devices (the “Products”) by the Company to Palomar Health, that the following statements are true, correct and complete as of the date set forth above.

   1. I am the duly appointed, qualified, and acting ___________________________ of the Company. I am actively involved in the business and operations of the Company, and I am generally familiar with all the Company’s business affairs.
   2. The Company has, or will acquire, all licenses, permits, authorizations, and approvals that are necessary for the conduct of its business.
   3. There is no proceeding in progress or threatened against, relating to or affecting the Company which might be expected to have a materially adverse effect on its business or its ability to sell the Products to Palomar Health.
   4. The Company employs its own personnel, has its own contracts with vendors, and manages its own inventory.
   5. The Company does not and shall not bill any patient or third party payer for the Products.
   6. The Products are of high quality and FDA approved.
   7. The Company shall not enter into any arrangement with any of its vendors with respect to the Products, instead, any relationship between the Company and its vendors shall only consist of true sales.
   8. The Company is adequately capitalized by its physician and other owners, and investments made by physician owners are not and shall not be nominal. The Company has not and shall not alter the size of investment offered to physician investors based on the expected or actual volume of devices used by such physician investor. No investment in the Company has been or shall be financed or guaranteed by any other investor or the Company.
   9. The return on investment received by each investor in the Company is directly proportionate to such investor’s ownership interest, without regard to the volume of devices used by such investor.
   10. The Company does not have the right to repurchase any investor’s interest for failing to use the Company’s Products (or failing to use any particular volume of such Products).
   11. Each physician investor in the Company does and shall provide to every patient that the physician investor refers to Palomar Health a disclosure statement that informs the patient of the physician investor’s interest in the Company, and that informs the patient of his or her right to obtain medical devices from other suppliers.
   12. The undersigned has personally performed all investigations, examined all records and documents, and made all inquiries reasonably necessary or appropriate to obtain sufficient actual knowledge to support the statements made in this Officer’s Certificate.
   13. The undersigned understands the above statements made herein and that Palomar Health receiving this Officer’s Certificate will be relying significantly on the completeness and accuracy of such statements in Palomar Health’s efforts to comply with applicable health care laws and regulations. The undersigned is not aware of any facts, rumors or other information that might lead the undersigned to believe that any of the above statements are misleading, incomplete, inaccurate or subject to change.
### Document History

**Revision 5**

- **Effective**: 06/27/2018
- **Document Owner at Publication**: Hala Helm VP Risk Management
- **Description**: Per Board Governance Meeting of 5-1-18 the noted revision was approved. Addition of Item #7. Approved by the full Board of Directors Meeting on June 11, 2018.

**Signed By**

- Janine Sarti, General Counsel (01/27/2015 03:36PM PST)
- Linda Greer, Chairman, Board of Directors (01/29/2015 02:29AM PST)

**Revision 4**

- **Effective**: 01/29/2015
- **Document Owner at Publication**: Janine Sarti General Counsel
- **Description**: Adding the POD form to the policy.

**Signed By**

- Ted Kleiter, Chairman, Board of Directors (07/29/2014 10:24AM PST)
- Janine Sarti, General Counsel (01/27/2015 03:36PM PST)
- Linda Greer, Chairman, Board of Directors (01/29/2015 02:29AM PST)

**Revision 3**

- **Effective**: 07/29/2014
- **Document Owner at Publication**: Janine Sarti General Counsel
- **Description**: The review date has been updated so policy will be reviewed in three years.

**Signed By**

- Ted Kleiter, Chairman, Board of Directors (07/29/2014 10:24AM PST)
- Janine Sarti, General Counsel (07/29/2014 03:36PM PST)
- Linda Greer, Chairman, Board of Directors (01/29/2015 02:29AM PST)

**Revision 2**

- **Effective**: 05/01/2014
- **Document Owner at Publication**: Janine Sarti General Counsel
- **Description**: Reviewed and approved at the 2/10/14 Board of Director Meeting. No changes being made.

**Signed By**

- Ted Kleiter, Chairman, Board of Directors (05/01/2014 06:37PM PST)
- Janine Sarti, General Counsel (01/13/2012 08:46AM PST)
- Ted Kleiter, Chairman, Board of Directors (01/13/2012 12:34PM PST)

**Revision 1**

- **Effective**: 07/02/2012
- **Document Owner at Publication**: Janine Sarti General Counsel
- **Description**: To reflect Palomar Health name change

**Signed By**

- Ted Kleiter, Chairman, Board of Directors (07/02/2012 12:16PM PST)
- Janine Sarti, General Counsel (07/02/2012 08:46AM PST)
- Ted Kleiter, Chairman, Board of Directors (01/13/2012 12:34PM PST)

**Revision 0**

- **Effective**: 10/10/2011
- **Document Owner at Publication**: Janine Sarti General Counsel
- **Description**: Policy approved at September Governance Committee meeting. Approved at October Board meeting.

**Signed By**

- Janine Sarti, General Counsel (01/13/2012 08:46AM PST)
- Ted Kleiter, Chairman, Board of Directors (01/13/2012 12:34PM PST)

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Paper copies of this document may not be current and should not be relied on for official purposes. The current version is in Lucidoc at https://www.lucidoc.com/cgi/doc-gw.pl?ref=pphealth:44692.
I. PURPOSE:
A. Business interests involving physician ownership of medical device companies and distributorships must be in keeping with any state and federal regulations regarding the subject.

II. DEFINITIONS:
A. POD - Physician Owned Device

III. TEXT / STANDARDS OF PRACTICE:
A. The following requirements must be followed when considering such a relationship with Palomar Health:

1. Agreements with Physician Owned Device Companies ("POD") must be reviewed by the Finance Committee prior to entering into the agreement, and all such agreements must be in writing, must contain commercially reasonable terms comparable to those offered by other vendors and no more favorable to the POD, and must be signed by the parties before the performance of the agreement begins.

2. Pricing for the products sold under the agreement must be competitive, consistent with fair market value and meet Palomar Health’s construct pricing. However, if there are extenuating circumstances where it can be clinically demonstrated that a higher priced product would be beneficial to patient care, Palomar Health will consider that prior to entering into the agreement. Palomar Health will document the clinical basis for why it would be in the best interest of patient care to accept a higher priced product; provided, however, that under no circumstances will Palomar Health purchase products from a POD at prices that are not fair market value.

3. The quality of any product sold under the agreement must be at least the same or similar to other comparable products sold by similar vendors, and shall in all circumstances be FDA approved.

4. Palomar Health shall not purchase products from any POD that coerces or attempts to coerce Palomar Health to purchase its products, e.g., by stating or implying that its physician investors’ future referrals are contingent on Palomar Health purchasing products from the POD or purchasing a certain minimum level of products from the POD.

5. Prior to entering into any agreement with a POD, an authorized representative of the POD will be required to sign an officer’s certificate in substantially the form attached hereto as Attachment A.

6. In the event any state or federal law or regulation is passed regarding PODs, Palomar Health will research the law and its contractual arrangement to ensure Palomar Health is not at any legal risk for continuing with the agreement. If it is determined that the relationship violates any law or regulation, Palomar Health will immediately terminate its relationship. Any agreement must contain language that allows Palomar Health the opportunity to terminate the agreement immediately upon changes in the law.

7. Palomar Health will maintain a list of all POD’s purchased and the Board will review and monitor annually.

IV. ADDENDUM:

l. Use Physician Owned Medical Device Company Arrangement Officer’s Certificate as template.

Physician Owned Medical Device Company Arrangement Officer’s Certificate

[Enter Name of POD Here]

OFFICER’S CERTIFICATE

I, ________________ , in my capacity as ________________ of [Enter Name of POD Here] (the “Company”), on behalf of the Company and in order to ensure compliance with 42 U.S.C. § 1395nn and its implementing regulations at 42 C.F.R. § 411 et seq. (“Stark”), as well as California Business and Professions Code §§ 650.01 and 650.02, and California Labor Code §§ 139.3 and 139.31 (collectively “PORA”), and in accordance with the definitions contained in Stark and PORA, hereby certify to Palomar Health, in connection with the sale of certain medical devices (the “Products”) by the Company to Palomar Health, that the following statements are true, correct and complete as of the date set forth above.

1. I am the duly appointed, qualified, and acting ________________ of the Company. I am actively involved in the business and operations of the Company, and I am generally familiar with all the Company’s business affairs.

2. The Company has, or will acquire, all licenses, permits, authorizations, and approvals that are necessary for the conduct of its business.

3. There is no proceeding in progress or threatened against, relating to or affecting the Company which might be expected to have a materially adverse effect on its business or its ability to sell the Products to Palomar Health.

4. The Company employs its own personnel, has its own contracts with vendors, and manages its own inventory.

5. The Company does not and shall not bill any patient or third party payer for the Products.

6. The Products are of high quality and FDA approved.

7. The Company shall and does not enter into any consignment arrangement with any of its vendors with respect to the Products, instead, any relationship between the Company and its vendors shall only consist of true sales.

8. The Company is adequately capitalized by its physician and other owners, and investments made by physician owners are not and shall not be nominal. The Company has not and shall not alter the size of investment offered to physician investors based on the expected or actual volume of devices used by such physician investor. No investment in the Company has been or shall be financed or guaranteed by any other investor or the Company.

9. The return on investment received by each investor in the Company is directly proportionate to such investor’s ownership interest, without regard to the volume of devices used by such investor.

10. The Company does not have the right to repurchase any investor’s interest for failing to use the Company’s Products (or failing to use any particular volume of such Products).

11. Each physician investor in the Company does and shall provide to every patient that the physician investor refers to Palomar Health a disclosure statement that informs the patient of the physician investor’s interest in the Company, and that informs the patient of his or her right to obtain medical devices from other suppliers.

12. The undersigned has personally performed all investigations, examined all records and documents, and made all inquiries reasonably necessary or appropriate to obtain sufficient actual knowledge to support the statements made in this Officer’s Certificate.

13. The undersigned understands the above statements made herein and that Palomar Health receiving this Officer’s Certificate will be relying significantly on the completeness and accuracy of such statements in Palomar Health’s efforts to comply with applicable health care laws and regulations. The undersigned is not aware of any facts, rumors or other information that might lead the undersigned to believe that any of the above statements are misleading, incomplete, inaccurate or subject to change.

By: ______________________________, [Enter Name of POD]

[Signature]

[Date]: ________________
## V. PUBLICATION HISTORY:

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<th>Revision Number</th>
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<th>Version Notes</th>
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<tr>
<td>5 (Changes)</td>
<td>06/27/2018</td>
<td>Hala Helm VP Risk Management</td>
<td>Per Board Governance Meeting of 5-1-18 the noted revision was approved. Addition of Item #7. Approved by the full Board of Directors Meeting on June 11, 2018.[Owner changed from Helm, Hala to DeBruin, Kevin by Hernandez, Lisa on 17-MAR-2020]</td>
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<td>4 (this version)</td>
<td>01/29/2015</td>
<td>Janine Sarti General Counsel</td>
<td>Adding the POD form to the policy.[Owner changed from Sarti, Janine to Hemker, Bob by Avila, Julie on 04-JAN-2016][Owner changed from Hemker, Bob to Neu, Mark by Avila, Julie on 14-FEB-2017][Owner changed from Neu, Mark to Helm, Hala by Avila, Julie on 15-JUN-2018]</td>
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<td>07/29/2014</td>
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<td>1 (Changes)</td>
<td>07/02/2012</td>
<td>Janine Sarti General Counsel</td>
<td>To reflect Palomar Health name change Policy approved at September Governance Committee meeting. Approved at October Board meeting.</td>
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<td>Janine Sarti General Counsel</td>
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**Authorized Signer(s):**

(01/27/2015 03:36PM PST) Janine Sarti, General Counsel

(01/29/2015 02:29AM PST) Linda Greer, Chairman, Board of Directors

**Reviewers**

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<th>Reference Type</th>
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<tr>
<td>Referenced Documents</td>
<td>Physician Owned Medical Device Company Arrangement Officer Certificate</td>
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Paper copies of this document may not be current and should not be relied on for official purposes. The current version is in Lucidoc at https://www.lucidoc.com/cgi/doc-gw.pl?ref=pphealth:44692$4&ref2=pphealth:44692$5.
ADDENDUM J
Policy: Board Member Misconduct and Sanctions

I. PURPOSE:
To provide a framework for Board to address individual Board Member Actions that may be determined to be misconduct in office, malfeasance in office, violation of the law or public policy, violation of Board Policy or action harmful to the best interests of the District. This policy is intended to be consistent with but not limited to provisions of Government Code 3060.

II. INTENT:
This policy is intended to protect the public interest, protect the District, protect the Board and protect the rights of individual Board Members, including to but not limited to their due process rights.

III. PROCESS:
1. Any member of the Board may present a complaint in writing to the Board for consideration. The complaint must be specific in nature, associated with written materials if they are available and applicable, and directly relevant to the general issue of misconduct in office or violation of the law or policy as articulated above.
2. The member addressed in the complaint will be notified in writing. The member will be provided full opportunity to prepare a response to the complaint to the Board in person and in writing if so desired. The member will be provided reasonable notice of a need to attend a Board meeting where the complaint will be addressed.
3. The Board will consider the complaint with the Member charged present and then vote with the Member charged present on the question of authorizing a formal hearing. A vote to authorize a formal hearing will require a super majority of Board Members present to concur. This would be 5 out of 7 if 7 are present, 4 out of 6 if 6 are present but no less than four under any circumstances.
4. The Board may vote to enact Member Sanctions with the Member charged present. The vote to enact Member Sanctions will require a majority of members present in the affirmative, but no less than the 4 members voting to enact Member Sanctions under any circumstances.
5. Member Sanctions available to the Board that may be enacted would include:
   a. District Board Chair to remove Sanctioned Member from specific standing committee(s) Chair position(s). Replacement to be named by Board Chair.
   b. District Board Chair to remove Sanctioned Member from specific standing Committee membership(s).
   c. Removal from Board Officer position.

Source Administrator: DeBruin, Kevin
Document Owner: DeBruin, Kevin
Collaborators: Douglas Moir, Richard Engel, Thea McKenzie, Tanya L Howell, Laurie Edwards-Tate, Gregory King, Thomas Kumura, Nancy Calabria, Jeffrey Griffith, Deborah Hollick, Julie H Avila, Carla Albright

Reviewers
Approvals
- Committees:
Original Effective Date: 08/19/2020
Revised: [08/19/2020 Rev. 0]
Reviewed
Next Review Date: 08/19/2022
Attachments: 72
Document History

Revision 0

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<td>08/19/2020</td>
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<td>Kevin DeBruin Associate General Counsel</td>
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<td>Description</td>
<td>Current revision changes were created, reviewed, and approved by the Full Board on 2.10.2020</td>
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ADDENDUM K
THIRTEENTH AMENDED AND RESTATED CONFLICT OF INTEREST CODE OF PALOMAR HEALTH

I. PURPOSE:

The Political Reform Act (California Government Code, Sections 81000 et seq.) requires state and local government agencies to adopt and promulgate conflict of interest codes. Pursuant to the Political Reform Act of 1974 (California Government Code, Sections 81000 et seq.) and regulations of the Fair Political Practices Commission (California Code of Regulations, Title 2, Sections 18100, et seq.). Palomar Health hereby adopts the following Conflict of Interest Code.

II. DEFINITIONS:

The definitions contained in the Political Reform Act of 1974, regulations of the Fair Political Practices Commission, and any amendments to the Act or regulations, are incorporated by reference into this conflict of interest code.

III. STANDARDS OF PRACTICE:

A. INCORPORATION OF FPPC REGULATION §87406.3:

To ensure compliance will not hire for a period of 12 months after leaving office prohibiting elected officials from representing any other person, for compensation, by appearing before or communicating with their former agency in an attempt to influence the agency's decisions in an administrative or legislative action, whether quasi-legislative or quasi-judicial, or any action involving a permit, license, contract, or transaction involving the sale or purchase of property or goods; Palomar Health will not hire or employ a former Palomar Health Board Member for a period of one year after their term of service as a Board Member has ended. (Section 87406.3; Regulations 18746.2 and 18746.3.)

B. INCORPORATION OF FPPC REGULATION §87407:

Palomar Health Board Members will comply with the ban on influencing prospective employment, which prohibits any public official from making, participating in making, or influencing a governmental decision that directly relates to a prospective employer while negotiating or after reaching an employment arrangement. (Section 87407; Regulation 18747.)

C. INCORPORATION OF FPPC REGULATION §18730:

The Political Reform Act, requires state and local government agencies to adopt and promulgate Conflict of Interest Codes. The Fair Political Practices Commission has adopted a regulation, California Code of Regulations, Title 2, Section 18730, which contains the terms of a standard Conflict of Interest Code, which can be incorporated by reference in an agency's code. After public notice and hearing, the standard code may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act. Therefore, the terms of California Code of Regulations, Title 2, Section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference. This regulation and the attached Appendix, designating positions and establishing disclosure categories, shall constitute the Conflict of Interest Code of Palomar Health.

B. STATEMENTS OF ECONOMIC INTERESTS: PLACE OF FILING:

Individuals in designated positions shall file their statements of economic interests (Form 700) with the Palomar Health Chief Executive Officer or designee. The Palomar Health Chief Executive Officer or designee shall make and retain a copy and forward the original to the San Diego County Board of Supervisors. The Palomar Health Chief Executive Officer or designee will make the statements available for public inspection and reproduction. (California Government Code, Section 81008).

IV. ADDENDIX:

OFFICIALS WHO MANAGE PUBLIC INVESTMENTS
Palomar Health Officials who manage public investments, as defined by California Code of Regulations, Title 2, section 18701, subdivision (b), are not subject to Palomar Health’s Conflict of Interest Code, but are subject to the disclosure requirements of the Act. (Gov. Code § 87200 et seq.) These positions are listed here for informational purposes only, and are required to file a statement of economic interest.

It has been determined that the positions listed below are officials who manage public investments[1]:

- Members of the Board of Directors
- Chief Executive Officer
- Chief Financial Officer

**DESIGNATED EMPLOYEE POSITIONS**

The persons holding positions listed below are designated employees. It has been determined that these persons make or participate in the making of decisions which may foreseeably have a material effect on economic interests.

<table>
<thead>
<tr>
<th>Designated Employee Position Title</th>
<th>Assigned Disclosure Category</th>
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<tbody>
<tr>
<td>Chief Legal Officer</td>
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<td>Chief Medical Officer</td>
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<td>Chief Financial Officer</td>
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<td>Vice President of Perioperative Services</td>
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<td>Chief Nursing Officer of Palomar Medical Center Poway</td>
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<tr>
<td>Chief Nursing Officer of Palomar Medical Center Escondido</td>
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<tr>
<td>Vice President of Continuum Care</td>
<td>1, 2, 5</td>
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<td>Vice President of Quality</td>
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<tr>
<td>Vice President of Information Technology</td>
<td>6</td>
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<tr>
<td>Vice President Revenue Cycle</td>
<td>6, 7</td>
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**DISCLOSURE CATEGORIES**

The disclosure categories set forth below specify which kinds of economic interests are reportable. Such a designated employee shall disclose in his or her statement of economic interests those economic interests he or she has which are of the kind described in the disclosure categories to which he or she is assigned. It has been determined that the economic interests set forth in a designated employee’s disclosure categories are the kinds economic interests which he or she foreseeably can affect materially through the conduct of his or her office.

**Category 1.**

All investments and business positions in business entities, and sources of income, including gifts, loans, and travel payments that are located in, do business in or own real property within the jurisdiction of Palomar Health.

**Category 2.**

All interests in real property which is located in whole or in part within, or not more than two (2) miles outside, the jurisdiction of Palomar Health.

**Category 3.**

All investments and business positions in, and sources of income from, business entities that are engaged in land development, construction or the acquisition or sale of real property within the jurisdiction of Palomar Health.

**Category 4.**
All investments and business positions in, and sources of income from, business entities that are banking, savings and loan, or other financial institutions.

Category 5.

All investments and business positions in, and sources of income from, business entities that provide services, supplies, materials, machinery, vehicles or equipment of a type purchased or leased by Palomar Health.

Category 6.

All investments and business positions in, and sources of income from, business entities that provide services, supplies, materials, machinery, vehicles or equipment of a type purchased or leased by the Designated Employee’s Department.

Category 7.

All financial interests in investment advisors and managers; financial services providers, actuaries, and those providing fiduciary services (including recordkeeping) to retirement plans.

[1] Individuals holding one of the above-listed positions may contact the FPPC for assistance or written advice regarding their filing obligations if they believe that their position has been categorized incorrectly. The FPPC makes the final determination whether a position is covered by Government Code section 87200.

[2] Consultants shall be included in the list of Designated Employees and shall disclose pursuant to the broadest disclosure category in this Code subject to the following limitation: The Chairperson of the Board will determine and communicate with the Board in writing that a particular consultant, although a “designated position,” is hired to perform a range of duties that are limited in scope and thus is not required to fully comply with the disclosure requirements described in this section. Such written determination shall include a description of the consultant’s duties and, based upon that description, a statement of the extent of disclosure requirements. The Chairperson’s determination is a public record and shall be retained for public inspection in the same manner and location as this Conflict of Interest Code. Nothing herein excuses any such consultant from any other provision of this Conflict of Interest Code.
<table>
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<th>Revision</th>
<th>Views</th>
<th>Effective</th>
<th>Document Owner at Publication</th>
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<td>(Revision) (this version)</td>
<td>03/11/2021</td>
<td>Kevin DeBruin Chief Legal Officer</td>
<td>Full Board approved changes on 3/8/2021 to align titles with current org chart.</td>
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<td>09/25/2020</td>
<td>Kevin DeBruin Associate General Counsel</td>
<td>Updated Employee Position Titles in IV. Addendum. Approved at the 9/14 Full Board Meeting.</td>
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<td>Hala Helm Chief Risk &amp; Compliance Office</td>
<td>removed item 7. Item 9 naming convention updated. Item 10 updated title. [Owner changed from Helm, Hala to DeBruin, Kevin by Hernandez, Lisa on 17-MAR-2020]</td>
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<td>(Revision) (Changes)</td>
<td>03/14/2019</td>
<td>Hala Helm Chief Legal Officer</td>
<td>Updated Designated employee positions per new organizational chart of January 2019. Approved by the Full Board on 3-11-19.</td>
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<td>(Revision) (Changes)</td>
<td>03/27/2018</td>
<td>Mark Neu Compliance Officer</td>
<td>Governance approved on 3-6-18 and forwarded to the full Board Meeting on 3-12-18 Complete review and update to include current leadership structure.[Owner changed from Neu, Mark to Helm, Hala by Avila, Julie on 15-JUN-2018]</td>
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<td>(Revision) (Changes)</td>
<td>06/11/2016</td>
<td>Deborah Barnes Dir Regulatory Coordination</td>
<td>Incorporate BoD approved revisions Jan, 2016[Owner changed from Barnes, Deborah to Neu, Mark by Barnes, Deborah on 13-OCT-2016]</td>
</tr>
<tr>
<td>5</td>
<td>(Revision) (Changes)</td>
<td>07/28/2015</td>
<td>Mark Neu Corporate Compliance Officer</td>
<td>Complete review and update to include current leadership structure, as approved at the 6/8/15 Palomar Health Board meeting.</td>
</tr>
<tr>
<td>Revision</td>
<td>Views</td>
<td>Effective</td>
<td>Document Owner at Publication</td>
<td>Description</td>
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<tr>
<td>4</td>
<td>(Revision) (Changes)</td>
<td>06/28/2013</td>
<td>Janine Sarti General Counsel</td>
<td>Palomar Health is referred to as PPH or Palomar Pomerado Health. Updating the policy to read Palomar Health</td>
</tr>
<tr>
<td>3</td>
<td>(Revision) (Changes)</td>
<td>03/02/2011</td>
<td>Martha (Marty) Knutson Corporate Compliance Officer</td>
<td>Incorporate FPPC regulation contents by reference; add designated employees. County of San Diego approved this version of the Conflict of Interest Code on October 19, 2010.</td>
</tr>
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<td>2</td>
<td>(Revision) (Changes)</td>
<td>08/27/2008</td>
<td>Janine Sarti General Counsel</td>
<td>Change in the law</td>
</tr>
<tr>
<td>1</td>
<td>(Revision) (Changes)</td>
<td>02/02/2007</td>
<td>James Neal Director of Corporate Integrity</td>
<td>No revision notes for this document. ECP</td>
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Differences between version 10 and 11.

THIRTEENTH AMENDED AND RESTATED CONFLICT OF INTEREST CODE OF PALOMAR HEALTH

I. PURPOSE:
The Political Reform Act (California Government Code, Sections 81000 et seq.) requires state and local government agencies to adopt and promulgate conflict of interest codes. Pursuant to the Political Reform Act of 1974 (California Government Code, Sections 81000 et seq.) and regulations of the Fair Political Practices Commission (California Code of Regulations, Title 2, Sections 18100, et seq.), Palomar Health hereby adopts the following Conflict of Interest Code.

II. DEFINITIONS:
The definitions contained in the Political Reform Act of 1974, regulations of the Fair Political Practices Commission, and any amendments to the Act or regulations, are incorporated by reference into this conflict of interest code.

III. STANDARDS OF PRACTICE:

A. INCORPORATION OF FPPC REGULATION §87406.3:
To ensure compliance will not hire for a period of 12 months after leaving office prohibiting elected officials from representing any other person, for compensation, by appearing before or communicating with their former agency in an attempt to influence the agency’s decisions in an administrative or legislative action, whether quasi-legislative or quasi-judicial, or any action involving a permit, license, contract, or transaction involving the sale or purchase of property or goods; Palomar Health will not hire or employ a former Palomar Health Board Member for a period of one year after their term of service as a Board Member has ended. (Section 87406.3; Regulations 18746.2 and 18746.3.)

B. INCORPORATION OF FPPC REGULATION §87407:
Palomar Health Board Members will comply with the ban on influencing prospective employment, which prohibits any public official from making, participating in making, or influencing a governmental decision that directly relates to a prospective employer while negotiating or after reaching an employment arrangement. (Section 87407; Regulation 18747.)

C. INCORPORATION OF FPPC REGULATION §18730:
The Political Reform Act, requires state and local government agencies to adopt and promulgate Conflict of Interest Codes. The Fair Political Practices Commission has adopted a regulation, California Code of Regulations, Title 2, Section 18730, which contains the terms of a standard Conflict of Interest Code, which can be incorporated by reference in an agency’s code. After public notice and hearing, the standard code may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act. Therefore, the terms of California Code of Regulations, Title 2, Section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference. This regulation and the attached Appendix, designating positions and establishing disclosure categories, shall constitute the Conflict of Interest Code of Palomar Health.

B. STATEMENTS OF ECONOMIC INTERESTS: PLACE OF FILING:
Individuals in designated positions shall file their statements of economic interests (Form 700) with the Palomar Health Chief Executive Officer or designee. The Palomar Health Chief Executive Officer or designee shall make and retain a copy and forward the original to the San Diego County Board of Supervisors. The Palomar Health Chief Executive Officer or designee will make the statements available for public inspection and reproduction. (California Government Code, Section 81008).

IV. ADDENDIX:

OFFICIALS WHO MANAGE PUBLIC INVESTMENTS

Palomar Health Officials who manage public investments, as defined by California Code of Regulations, Title 2, section 18701, subdivision (b), are not subject to Palomar Health’s Conflict of Interest Code, but are subject to the disclosure requirements of the Act. (Gov. Code § 87200 et seq.) These positions are listed here for informational purposes only, and are required to file a statement of economic interest.

It has been determined that the positions listed below are officials who manage public investments[1]:

80
Members of the Board of Directors
Chief Executive Officer
Chief Financial Officer

**DESIGNATED EMPLOYEE POSITIONS**

The persons holding positions listed below are designated employees. It has been determined that these persons make or participate in the making of decisions which may foreseeably have a material effect on economic interests.

<table>
<thead>
<tr>
<th>Designated Employee Position Title</th>
<th>Assigned Disclosure Category</th>
</tr>
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<tbody>
<tr>
<td>Chief Legal Officer</td>
<td>All</td>
</tr>
<tr>
<td>Chief Medical Officer</td>
<td>5</td>
</tr>
<tr>
<td>Chief Operations Officer</td>
<td>All Vice President of Human Resources</td>
</tr>
<tr>
<td>Chief Administrative Officer</td>
<td>1, 2, 5 Vice President of Information Technology</td>
</tr>
<tr>
<td>Chief Nursing Human Resources Officer of Palomar Medical Centers Escondido and Downtown Escondido</td>
<td>1, 5, 6, 7</td>
</tr>
<tr>
<td>Chief Financial Officer</td>
<td>All</td>
</tr>
<tr>
<td>Vice President Supply Chain of Perioperative Services</td>
<td>6</td>
</tr>
<tr>
<td>Chief Nursing Officer of Palomar Medical Center Poway</td>
<td>5, 6</td>
</tr>
<tr>
<td>Chief Nursing Officer of Palomar Medical Center Escondido</td>
<td>5, 6</td>
</tr>
<tr>
<td>Vice President of Continuum Care</td>
<td>1, 2, 5</td>
</tr>
<tr>
<td>Vice President of Quality</td>
<td>6</td>
</tr>
<tr>
<td>Vice President of Information Technology</td>
<td>6</td>
</tr>
<tr>
<td>Vice President Revenue Cycle</td>
<td>6, 7</td>
</tr>
</tbody>
</table>

**DISCLOSURE CATEGORIES**

The disclosure categories set forth below specify which kinds of economic interests are reportable. Such a designated employee shall disclose in his or her statement of economic interests those economic interests he or she has which are of the kind described in the disclosure categories to which he or she is assigned. It has been determined that the economic interests set forth in a designated employee’s disclosure categories are the kinds economic interests which he or she foreseeably can affect materially through the conduct of his or her office.

**Category 1.**

All investments and business positions in business entities, and sources of income, including gifts, loans, and travel payments that are located in, do business in or own real property within the jurisdiction of Palomar Health.

**Category 2.**

All interests in real property which is located in whole or in part within, or not more than two (2) miles outside, the jurisdiction of Palomar Health.

**Category 3.**

All investments and business positions in, and sources of income from, business entities that are engaged in land development, construction or the acquisition or sale of real property within the jurisdiction of Palomar Health.

**Category 4.**

All investments and business positions in, and sources of income from, business entities that are banking, savings and loan, or other financial institutions.

**Category 5.**
All investments and business positions in, and sources of income from, business entities that provide services, supplies, materials, machinery, vehicles or equipment of a type purchased or leased by Palomar Health.

**Category 6.**

All investments and business positions in, and sources of income from, business entities that provide services, supplies, materials, machinery, vehicles or equipment of a type purchased or leased by the Designated Employee's Department.

**Category 7.**

All financial interests in investment advisors and managers; financial services providers, actuaries, and those providing fiduciary services (including recordkeeping) to retirement plans.

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[1] Individuals holding one of the above-listed positions may contact the FPPC for assistance or written advice regarding their filing obligations if they believe that their position has been categorized incorrectly. The FPPC makes the final determination whether a position is covered by Government Code section 87200.

[2] Consultants shall be included in the list of Designated Employees and shall disclose pursuant to the broadest disclosure category in this Code subject to the following limitation: The Chairperson of the Board will determine and communicate with the Board in writing that a particular consultant, although a "designated position," is hired to perform a range of duties that are limited in scope and thus is not required to fully comply with the disclosure requirements described in this section. Such written determination shall include a description of the consultant's duties and, based upon that description, a statement of the extent of disclosure requirements. The Chairperson’s determination is a public record and shall be retained for public inspection in the same manner and location as this Conflict of Interest Code. Nothing herein excuses any such consultant from any other provision of this Conflict of Interest Code.

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**Document Owner:** DeBruin, Kevin

**Approvals**

- **Committees:**

**Revision Date:** [09/25/2020 Rev. 10]

**Attachments:**

(REFERENCED BY THIS DOCUMENT)

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Purpose: To establish such rules and regulations not inconsistent with governing laws and regulations, that in the opinion of the Board of Directors are appropriate to provide for the exercise of its authority, duties and responsibilities to the institution, for the protection of assets and the quality of services the District provides to its patients and constituents.

I. Article I: Definitions
A. “Hospital(s)” means Palomar Medical Center Escondido, 2185 Citracado Parkway, Escondido, California, Palomar Medical Center Downtown Escondido, 555 East Valley Parkway, Escondido, California, and Palomar Medical Center Poway, 15615 Pomerado Road, Poway, California.
B. “Board” means the Board of Directors of the District.
D. “District” means Palomar Health.
E. “Medical Staff(s)” or “Staff(s)” means the organized medical staff of Palomar Medical Centers Escondido, Downtown Escondido and Poway and/or the organized medical staff of other District facilities, as indicated.
F. “Facility” or “Facilities” means a Hospital or the Hospitals, Home Health, Skilled Nursing Facilities, or any other health care facility or facilities operated by the District.
G. “Practitioner” includes, but not limited to, a physician (i.e., M.D. or D.O.), dentist (D.D.S. or D.M.D.), Advanced Practice Provider (N.P. or P.A.), psychologist, or podiatrist (D.P.M.) who is duly licensed in the State of California to practice within the scope of said license.

II. Article II: Organization, Powers and Purposes
A. Organization. The District is a political subdivision of the State of California organized under the Division 23 of the Health and Safety Code (“Local Health Care District Law”).
B. Purposes and Powers. The District is organized for the purposes described in the Local Health Care District Law and shall have and may exercise such powers in the furtherance of its purposes as are now or may hereafter be set forth in the Local Health Care District Law and any other applicable statutes, rules or regulations of the State of California.
C. Bylaws, Policies and Procedures
1. The Board has the power to adopt, amend, and promulgate District Bylaws, Policies, and Procedures as appropriate. The Board Governance Committee shall review the District Bylaws at least annually and as necessary and following each review shall provide to the Board a report of its activities.
D. Dissolution. Any proposal to dissolve the district shall be subject to confirmation by the voters of the district in accordance with Government Code section 56654.

III. Article III: Offices
A. Principal Office. The principal office of the District is currently located at 456 East Grand Avenue, Escondido, California, 92025.
B. Other Offices. Branch or subordinate offices may be established at any time by the Board at any place or places within the boundaries of the District.

IV. Article IV: Board
A. General Powers. The Board is the governing body of the District. All District powers shall be exercised by or under the direction of the Board. The Board is authorized to make appropriate delegations of its powers and authority to officers and employees. It is the responsibility of the Board, functioning collectively, to govern the institution. To that end the Board will oversee the development of policies, processes, and procedures that enable organization to fulfill its mission and vision in an effective and ethical manner. The Board will collaborate with the CEO in the creation of these policies, processes and procedures and oversee their implementation.
1. Board Member Position Description: Each individual Member is accountable to the Board and to the institution and acts only as a part of the Board. Each individual Member works within the structure of the
Board towards the establishment and oversight of the implementation of policies and monitoring of the organization's performance with respect to strategic direction, financial stewardship, quality outcomes and leadership of the Healthcare District.

2. Members of the Board of Directors will exercise authority with respect to the District and its affairs only when acting as part of the Board of Directors and only during Board of Directors meetings or meetings of authorized committees of the Board of Directors. An exception is the Chair of the Board of Directors who will collaborate and meet with the District's Chief Executive Officer regularly and as needed regarding issues regarding the Business of the District, including but not limited to, future Board meetings and their agendas. Members of the Board of Directors are not authorized to independently exercise management authority with respect to the District or its affairs except as expressly delegated by the Board.

3. Individual Board Member requests for records and institutional information shall be made in accordance with the Board Policy regarding record and information requests.

B. Specific Responsibilities:

1. Regularly review and where appropriate, update, the mission and vision statements that guide the District and its system affiliates ("system"), and enable it to meet the needs of its citizens in accordance with its Charter.

2. On an at least annual basis, the Board Quality Review Committee will prepare and the Board will review and approve a system-wide quality assurance plan. The Quality Assurance Plan will enable to Board to oversee the effectiveness of the organization in meeting targets of performance that address the Health, well-being and safety of those served.

3. Direct the Medical Staff(s) to independently and regularly report to the Board regarding the Quality and Safety of clinical care provided with the system's facilities and programs.

4. Direct the Medical Staff(s) in conjunction with the Administrative Leadership to establish policies and processes that provide for and facilitate the Board's ability to oversee the delivery of safe and effective care in the system's facilities and programs.

5. Direct the Medical Staff(s) to establish and implement policies processes that enable the Board to oversee and review the competency of Medical and Allied Health staff are assured on behalf of the citizens of the District.

6. Review and approve all financial policies, plans and programs for the system and enhance the preservation of the organization's assets and resources on behalf of the District.

7. Review and approve and update as needed a comprehensive strategic plan, consistent with the organization's mission and vision that aligns the system's financial, human resources, facilities, technology and quality plans.

8. Advocate on behalf of the Healthcare District's policies, programs and plans within the community served and with other constituency groups.

9. Recruit, employ and evaluate the performance of the Chief Executive Officer in accordance with goals and objectives established for the CEO by the Board with both short and long term considerations.

10. Establish and implement ethical policies that minimize conflicts of interest and ensure compliance with governmental, regulatory and other agency standards, laws and principles relative to excellent stewardship of the Public Healthcare District.

11. Annually evaluate the Board's performance and the individual performance of each Board member to continually enhance the effective stewardship of the system.

12. Perform other duties as may be assigned an directed by the Board.

C. Board Duties. Members of the Board of Directors shall have the following duties:

1. Duty of Care. Directors shall exercise proper diligence in their decision making process by acting in good faith in a manner that they reasonably believe is in the best interest of the District, and with the level of care that an ordinarily prudent person would exercise in like circumstance.

2. Duty of Loyalty. Directors shall discharge their duties unselfishly, in a manner designed to benefit only the District and not the Directors personally or politically, and shall disclose to the full Board of Directors situations that they believe may present a potential for conflict with the purposes of the District.

3. Duty of Obedience. Directors shall be faithful to the underlying purposes and mission of the District.

4. If it is determined, by a majority vote of the Board of Directors in office at that time, that a Director has violated any of his or her duties to the detriment of the District, such Director is subject to sanctions according to the procedures set forth in Article V herein.

D. Number and Qualification.

1. The Board shall consist of seven (7) members who are elected or appointed in accordance with the Local Healthcare District Law of the State of California, and other applicable law, each of whom shall be a registered voter residing within the District. The member of the Board of Directors elected to represent a District zone must be a resident of the zone from which he or she is elected for thirty (30) days preceding the date of the election and must be a registered voter in that zone. Termination of residency in a zone by a
member of the Board of Directors shall create an immediate vacancy for that zone unless a substitute residence within the zone is established within thirty (30) days after the termination of residency.

E. **Conflicts of Interests.** The Board shall endeavor to eliminate from its decision-making processes financial or other interests possessed by its members that conflict with the District’s interests. Board members and other persons who are “Designated Employees,” as defined in the District’s current Conflict of Interest Code as it may be amended from time to time, shall, to the best of their ability, adhere to the provisions of said Code and any and all laws and regulations relating to conflicts of interests, including but not limited to the Government Code and Health and Safety Code.

F. **Election and Term of Office.** Palomar Health District Board members are elected by Zones within the District. At the November 2020 General Election, three members of the Palomar Health District Board of Directors shall be elected on a by-zone basis from the three Even numbered, single-member zones (specifically, Zones 2, 4, and 6, as such zones may be amended), and every four years thereafter. At the General Election in November 2022, four members of the Palomar Health Board of Directors shall be elected from the four odd-numbered, single-member zones (specifically, Zones 1, 3, 5, and 7, as such zones may be amended), and every four years thereafter.

G. **Orientation and Training.** An orientation consisting of materials and programs shall be provided to each newly seated Board Member which familiarizes them with his or her duties and responsibilities, including good governance practices, mandatory Sexual Harassment Prevention and Civility training, the Brown Act, Ethics training (AB 1234 training), and the Palomar Health Code of Conduct.

1. Board members are required to complete all applicable training that is mandated by Federal, State and local law.
2. Board members are expected to participate in the entire Board orientation process and additional ongoing training. Individual Board members who do not fulfill this participation expectation will be subject to the provisions of the Board Sanction Policy and may be censured and/pr subject to sanctions in accordance with such Policy.

H. **Self-Evaluation of Board.** The Board shall evaluate its own collective performance, the performance of its individual Board members and the performance of its officers on an annual or other periodic basis.

1. The Board Performance Internal Review shall be conducted in accordance with Board Performance Internal Review Policy.
2. Individual Board members are expected to participate in the Board assessment or self-assessment process. Members who fail to do so will be subject to provisions of the Board Sanction Policy and may be subject to censure or sanctions in accordance to such Policy.

I. **Evaluation of CEO.** Individual Board Members shall participate in evaluation of CEO performed by the Board on an annual basis. This evaluation will be performed in accordance with Board CEO Review Policy.

J. **Vacancies.** Vacancies on the Board shall be filled in accordance with the applicable provisions of the Government Code.

K. **Resignation or Removal.** Any Board member may resign effective upon giving written notice to the Chairperson or the Secretary of the Board, unless the notice specifies a later time for the effectiveness of such resignation. Pursuant to California Health and Safety Code 32100.2, the term of any member of the Board shall expire if the member is absent from three consecutive regular Board meetings or from three of any five consecutive regular meetings of the Board and if the Board by resolution declares that a vacancy exists on the Board. All or any of the members of the Board may be recalled at any time by the voters following the recall procedure set forth in Division 16 of the Election Code.

L. **Liability Insurance.** The District shall procure and maintain appropriate policies of insurance (which may include self-insurance) to the extent permitted by law.

M. **Indemnification of Directors and Officers.** Members of the Board and officers shall be indemnified to the full extent permitted by law against all claims, liabilities and expenses incurred as a result of an action by the Board, except in the instance of willful misconduct in performance of duties as a director or officer.

N. **Compensation.** Board compensation will conform to current legal limitations and District Policy. Board members must participate in required Ethics training prescribed by Government Code section 53232 et seq. in order to be eligible for compensation.

O. **Health and Welfare Benefits.** Notwithstanding Section IV, L, “Compensation” above, the Board may provide health and welfare benefits, pursuant to Government Code §53200 et seq., for the benefit of its elected and former members and their dependents, or permit its elected and former members and their dependents to participate in District programs for such benefits, in accordance with all applicable laws and regulations and current District policy.

P. **Travel and Incidental Expenses Reimbursement.** Each member of the Board shall be reimbursed for his or her actual necessary traveling and incidental expenses incurred in the performance of official business of the District as approved by the Board and in accordance with District Policy pursuant to Government Code sections 53232.2 and 53232.3 and Health and Safety Code 32103. Such reimbursement, if approved by the Board, shall not constitute “compensation” for purposes of Section IV, L, “Compensation” above.
V. Article V: Determination of and Sanctions for Misconduct in Office

A. The Board shall establish a Board Sanction Policy to address individual Board member misconduct or malfeasance in office. Such Policy will be reviewed annually. The Policy will describe the process to be utilized by the Board in circumstances where an Individual Board Member has been determined by a super majority of the Board to have violated their duties to the detriment of the District, violated the provisions of the Bylaws or any Board Policy. The Board Sanction Policy will be consistent with the meaning of Government Code section 3060.

VI. Article VI: Board Officers

A. Chairperson. The Board shall elect one of its members as Chairperson at an organizational regular meeting. In the event of a vacancy in the office of Chairperson, the Board may elect a new Chairperson. The Chairperson shall be the Principal Officer of the Board and shall preside at all meetings of the Board. The Chairperson shall appoint all Board committee members and committee chairpersons, and shall perform all duties incident to the office and such other duties as may be prescribed by the Board from time to time, to include:

1. Presiding over all meetings of the Board
2. Recognizing members entitled to the floor.
3. Stating and putting to vote all questions which are regularly moved, or necessarily arise in the course of the proceedings, and to announce the result of the vote.
4. Protecting the assembly from annoyance from irrelevant or improper motions through appropriate rules of order.
5. Assisting in the expediting of business in all ways compatible with the rights of the collective Board and its individual members, and deciding all questions of order.
6. Informing the assembly, when necessary, or when referred to for the purpose, on a point of order or practice pertinent to pending business.
7. Authenticating all the acts, orders, and proceedings of the assembly declaring its will and in all things obeying its commands.
8. Coordinating with the District's CEO and Management for the implementation of Board direction and policies.
9. Coordinating with District's CEO and Administrative Management for the implementation of Board direction and policies.
10. Designating and directing members of the Board to undertake special responsibilities and to report to the Chair on those activities as directed.
11. Appointing members of standing authorized ad-hoc committees with formal notification to the Board in a timely fashion and no later than the next meeting of the Board.
12. Representing the Board at official functions when necessary.
13. Serving as spokesperson for the Board regarding Board actions.
14. Provide regular updates to the Board regarding major activities within the District, utilizing administrative support and in conjunction with the CEO as appropriate.
15. Counseling individual Board members in conjunction with other Board Members and/or the Chair of the Governance committee at the discretion of the Chair.
16. Implement processes designed to facilitate the collective awareness of the Board regarding major activities within the district so that all individual Board Members are provided the opportunity to be equally informed.

B. Vice Chairperson. The Board shall elect one of its members as Vice Chairperson at an organizational meeting. In the absence of the Chairperson, the Vice Chairperson shall perform the duties of the Chairperson.

C. Secretary. The Board shall elect one of its members Secretary at an organizational meeting. The Secretary shall provide for review and approval of minutes of all meetings of the Board. The Secretary shall give or cause to be given appropriate notices in accordance with these bylaws or as required by law and shall act as custodian of District records and reports and of the District’s seal.

D. Treasurer. The Board shall elect one of its members Treasurer at an organizational meeting. The Treasurer shall oversee the safekeeping and disbursal of the funds in the treasury of the District. The Treasurer shall be the chairperson of the Finance Committee. The Treasurer shall have express authority to delegate his or her duties to the Chief Financial Officer of the District.

E. Tenure. Each officer described above shall serve a one-year term, commencing on the first day of January after the organizational meeting at which he or she is elected to the position. Each officer shall hold office until the end of the one-year term, or until a successor is elected, unless he or she shall sooner, resign or be removed from office.

F. Removal. An officer described above may be removed from office by the affirmative vote of four members of the Board not counting the affected Board member. In addition, an officer described above will automatically be removed from office when his or her successor is elected and is sworn in as a Board member.

G. President and Chief Executive Officer. The Board shall select and employ a President and Chief Executive Officer who shall report to the Board. The President and Chief Executive Officer shall have sufficient education,
training, and experience to fulfill his or her responsibilities, which shall include but not be limited to overseeing and managing the day-to-day operations of the District, the District facilities, and implementing the strategic mission and vision of the District as directed by the Board. The Board shall be responsible for developing, maintaining and periodically updating a detailed job description for the President and CEO, which job description shall set forth the specific duties and requirements of the position in compliance with California Code of Regulation Section 79777. All other District employees shall be direct reports of the CEO or his/her subordinates with the exception of the Compliance Officer who shall have the ability to report independently and directly to the Board at their discretion or at the request of the Board Chair.

H. Subordinate Officers. The President and Chief Executive Officer may select and employ such other officers as the District may require, each of whom shall hold office for such period, have such authority, and perform such duties as the President and Chief Executive Officer, in consultation with the Board may from time to time determine.

VII. Article VII: Board Meetings

A. Board Meeting. A meeting of the Board is any congregation of a majority of the members of the Board at the same time and place to hear, discuss or deliberate upon any item that is within the subject matter jurisdiction of the Board. A meeting is also the use of direct communication, personal intermediaries or technological devices that is employed by a majority of the members of the Board to develop a collective concurrence as to action to be made on an item by the members of the Board. Notwithstanding, a majority (four or more members) of the Board may communicate directly or through technological devices for the purpose of calling a special meeting. If such a meeting is properly called for by a majority of the Board, the Board Chair, in conjunction with administrative support shall facilitate the process of scheduling and properly noticing the special meeting in a timely manner, without undue delay and in such a way as to allow for the attendance of as many Board members as is practically possible.

B. Open to The Public. Meetings of the Board shall be open to the public, except as otherwise provided in applicable laws or regulations, including but not limited to the Brown Act and the Local Health Care District Law.

1. Members of the public shall be afforded an opportunity to provide input to District processes and Board meetings to the extent permitted under applicable laws, including but not limited to the Brown Act and the Local Health Care District Law.

C. Quorum. A majority of the voting members of the Board shall constitute a quorum for the transaction of business at any Board Meeting except as otherwise required by law.

D. Manner of Acting. The act of a majority of the members of the Board present at a meeting at which a quorum is present shall be the act of the Board. No act taken at a meeting at which less than a quorum was present shall be valid. The Board may follow Robert's Rules of Order as guidance when taking action and obtaining information.

E. Disrupted Meetings. In the event that any meeting is willfully interrupted by a group or groups of persons so as to render the orderly conduct of such meeting unfeasible, and order cannot be restored by the removal of individuals who were willfully interrupting the meeting, the Board Chair may order the meeting room closed and continue in session. Only matters appearing on the agenda may be considered in such a session. Representatives of the press or other news media, except those participating in the disturbance, shall be allowed to attend any session held pursuant to this section. The Board Chair may establish a procedure for readmitting an individual or individuals not responsible for willfully disrupting the orderly conduct of the meeting.

F. Medical Staff Representation. With the exception of closed sessions at which such representation is not requested by the Board, the Medical Staff of each Facility shall have the right of representation at all meetings of the Board, by and through the Chief of Staff, or designee, of each Medical Staff, who shall have the right of attendance, the right to participate in Board discussions and deliberations, but who shall not have the right to vote.

G. Regular Meetings.

1. The Board shall hold an annual organizational meeting on or around December, during which the Board shall elect its officers for the next calendar year. One member shall be elected as Chairperson, one as Vice Chairperson, one as Secretary, and one as Treasurer.

2. At the annual organizational meeting, the Board shall pass a resolution stating the dates, times and places of the Board’s regular monthly meetings for the following calendar year. The Board may later change the date, time, or location of a meeting upon resolution made at a regular Board meeting.

3. Notice, including the meeting’s agenda, shall be provided in accordance with Government Code §54954.2(a)(1) at least 72 hours prior to the beginning of regular meetings.

4. The 72-hour requirement can be waived, and items can be added to regular meetings if any of the following criteria are met:

   a. During the meeting, a majority of the Board determines that there is an emergency as defined by Government Code § 54956.5 which would give rise to the ability to call an emergency meeting as described in Section V, I, "Emergency Meetings" or

   b. If at least two thirds of the Board members are present, and by a vote of at least two thirds of those Board members present, the Board determines there is a need to take immediate action, and the need
for action came to the attention of the District after the agenda was posted.
c. If less than two thirds of the Board members are present, and by a unanimous vote of those Board
members present, the Board determines there is a need to take immediate action, and the need for
action came to the attention of the District after the agenda was posted.
d. The item was posted for a prior meeting occurring not more than five calendar days prior to the date
action is taken on the item and at the prior meeting the item was continued to the meeting at which
action is being taken, as allowed by Government Code §54954.2.

H. Special Meetings. A special meeting may be called at any time by the Chairperson, or by a majority of Board
members, by delivering at least 24 hours’ written notice as required by Government Code §54956. Written notice
may be dispensed with as to any Board member who at or prior to the time the meeting convenes files with the
Secretary a written waiver of notice. Such written notice may also be dispensed with as to any member who is
actually present at the meeting at the time it convenes.

I. Emergency Meetings.
1. In the case of an emergency situation involving matters upon which prompt action is necessary due to the
disruption or threatened disruption of public facilities, such as a work stoppage, crippling activity, or another
activity that severely impairs public health, safety, or both, as determined by a majority of the Board
members, the Board may hold an emergency meeting without complying with either or both the 24-hour
notice or posting requirements, provided it complies with the requirements defined in Government Code
§54956.5.
2. The minutes of an emergency meeting, a list of persons who the Chairperson, or his or her designee notified
or attempted to notify, a copy of the roll call vote and any actions taken at the meeting shall be publicly
posted for a minimum of ten days as soon possible after the meeting.

VIII. Article VIII: Board Committees

A. Appointment. Standing committees are established by the Board and shall be advisory in nature unless
otherwise specifically authorized to act by the Board. Members of all committees, whether standing or special (ad
hoc) shall be appointed by the Chairperson of the Board.

1. A standing committee of the Board is any commission, committee, board or other body, whether permanent
or temporary, which is created by formal action of the Board and has continuing subject matter jurisdiction
and/or a meeting schedule fixed by charter, ordinance, resolution, or formal action of the Board. Actions of
committees shall be advisory in nature with recommendations being made to the Board.

2. Special or ad hoc committees are appointed by the Chair of the Board and shall exist for a single, limited
purpose with no continuing subject matter or jurisdiction. Special or advisory committees shall be advisory in
nature and shall make recommendation to the Board. The committee shall be considered disbanded upon
conclusion of the purpose for which it was appointed.

B. Standing Committees. There shall be the following standing committees of the Board: Finance; Governance;
Audit and Compliance; Human Resources; Strategic and Facilities; Community Relations; and Quality Review.
Standing committees will be treated as the Board with respect to Article V of these bylaws. All provisions in Article
V that apply to Board members shall apply to members of any standing committee.

1. Finance Committee.

a. Chairperson. The Board Treasurer may serve as the Chairperson of the Board Finance Committee.
b. Voting Membership. All recommendations must be ratified by the Board prior to any action taken.
c. The Finance Committee shall consist of six voting members, three members of the Board, the
President and Chief Executive Officer, and the Chief of Staff from each hospital. There shall be three
alternate Committee members:

i. One alternate shall be a member of the Board, also appointed by the Chairperson of the Board,
who shall attend Committee meetings and enjoy voting rights on the Committee only when
serving as an alternate for a voting Board Committee member: if the Board Member First
Alternate is also not available another Board Member may attend as a voting member with Board
Chair approval.

ii. The second and third alternate Committee members shall be the Chiefs of Staff Elect from each
hospital, who shall attend Committee meetings and enjoy voting rights on the Committee only
when serving as an alternate for their respective Chief of Staff.
d. Non-Voting Membership. The Chief Financial Officer, the Chief Operations Officer, the Chief Medical
Officer, the Controller, the Chief Nursing Officer Palomar Medical Centers Escondido and Downtown
Escondido, and the Chief Nursing Officer Palomar Medical Center Poway.
e. Duties. Provide oversight to determine and facilitate the financial viability of the organization through
the effective establishment of sound policies and development of a system of controls to safeguard the
preservation and use of assets and resources. The duties of the Committee shall include but are not
limited to:

i. Review and approve annual and long-range operating cash, operational and capital budgets for
the District and its system affiliates (“System”).
ii. Develop and maintain sound understanding of the services of the District's revenues and expenses and its economic environment.

iii. Approve methods of financing major capital asset renovations, replacements and additions.

iv. Review financial reports and operating statistics on a regular basis to provide organizational oversight regarding the appropriateness of actions in response to operating trends in achievement of financial goals.

v. Evaluate and approve financial plans for new business ventures, programs, and services and establish criteria to measure their ongoing viability.

vi. Develop communications in order to enhance the understanding of other members in regard to financial matters of the system.

vii. Review the preliminary, annual operating budgets for the District and Facilities and other entities;

viii. Review and recommend to the Board the final, annual, operating budgets;

ix. Review annually those policies and procedures within its purview and report the results of such review to the Board. Such reports shall include recommendations regarding the modification of existing or creation of new policies and procedures; and

x. Perform such other duties as may be assigned by the Board.

2. Audit and Compliance Committee.

1. Voting Membership. All recommendations must be ratified by the Board prior to any action taken.

2. Membership shall consist of no more than three members of the Board and one alternate. The alternate shall attend and enjoy voting rights only in the absence of a voting Committee member. If the Board alternate is also not available another Board Member may attend as a voting member with Board Chair approval.

3. Non-Voting Membership. The President and Chief Executive Officer, the Chief Legal Officer, the Compliance Manager, and a physician appointee. Any District executive, representative or director will attend as an invited guest.

a. Duties. Determine and establish that appropriate review mechanisms and management of the District's assets and resources are in place and that the organization complies with all applicable state and federal regulations relative to the audit and financial stewardship of the District. The duties of the Committee shall include but are not limited to:

i. Routinely review the system of internal controls for the organization.

ii. Recommend a qualified audit firm to complete independent financial audits of the system and review reports, management letters and recommendations from the firm to assure compliance with recognized audit principles and standards.

iii. Keep up with trends in the field of health care audit and compliance to help educate other Board members on the latest trends in the industry.

iv. Approve and review the effectiveness and overall audit scope including but not limited to financial statements, external/internal audits, compliance, internal controls and reporting responsibilities.

v. Recommend to the Board the approval of the organization's annual audit reports.

vi. Review annually those policies within its purview and report the results of such review to the Board. Such reports shall include recommendations regarding the modification of existing or creation of new policies.

vii. Assess and monitor the independent status of the outside independent auditors.

viii. Direct special investigations for the Board.

3. Governance Committee.

a. Voting Membership. All recommendations must be ratified by the Board prior to any action taken.

b. Membership shall consist of no more than three members of the Board and one alternate. The alternate shall attend and enjoy voting rights only in the absence of a voting Committee member. If the Board Member First Alternate is also not available another may attend as a voting member with Board Chair approval.

c. Non-Voting Membership. The President and Chief Executive Officer, the Chief Legal Officer, the Chief Financial Officer, the Chief Operations Officer, the Chief Medical Officer and the Director of Clinical Operations Improvement.

d. Duties. Oversee, establish and monitor the effective and efficient management of the governmental processes of the Board. The duties of the Committee shall include but are not limited to:

i. Make an annual, comprehensive review of the District bylaws, policies and procedures and receive reports regarding same, and elicit recommendations on such issues from management; and the Board.

ii. Provide guidance to the CEO in the development of education and orientation programs that enhance member understanding of Board stewardships, health care, issues and management of
the system.

iii. Assist in development and completion of an annual Board self-assessment and where appropriate make recommendations to enhance governance of the organization by its members.

iv. Review and where appropriate make recommendations to the Board on pending or existing state and federal legislation that could affect the direction of the District and Board member responsibilities.

v. Annually review the boundaries of the District to ensure compliance with its charter in the completion of health care stewardship responsibilities.

vi. Review such other issues associated with Palomar Health and/or Board governance and its effectiveness, including but not limited to Board member orientation and continuing education.

vii. Advise the Board on the appropriate structure and operations of all committees of the Board, including committee member qualifications.

viii. Monitor developments, trends and best practices in corporate governance, and propose such actions to the Board.

ix. Perform such other duties as may be assigned by the Board.

4. Human Resources Committee.

a. Voting Membership. All recommendations must be ratified by the full Board prior to any action taken.

b. Membership shall consist of no more than three members of the Board and one alternate. The alternate shall attend Committee meetings and enjoy voting rights only in the absence of a voting Committee member.

c. Non-Voting Membership. The President and Chief Executive Officer; the Vice President Human Resources; the Chief Nursing Officers Palomar Medical Centers Escondido, Escondido Downtown and Poway; Vice President Continuum Care; Legal Counsel.

d. Duties. Help develop a workforce environment that effectively translates the District's mission and vision into reality on a daily basis. The duties of the Committee shall include but are not limited to:

i. Review and assess regular reports from administration on the education and development of staff, turnover, completion of performance appraisals, staffing plans, etc. to identify trends and needs and to ensure that governmental agency requirements are met.

ii. Review, understand and recommend Human Resource policies and compensation programs in order to provide an excellent work environment and stewardship of the workforce.

iii. Monitor labor relations program as established by the District and review/recommend changes (in conjunction with the District's Labor Attorney and Administration) to the Board when appropriate.

iv. Keep abreast of changes in Healthcare workforce issues and develop educational programs and communications for the Board to keep them up-to-date on challenges faced by the District.

v. Make recommendations to the President and Chief Executive Officer and the Board to improve communications among the Board, Medical Staffs, District employees and auxiliaries.

vi. Review annually those policies and procedures within its purview and report the results of such review to the Board. Such reports shall include recommendations to the Board regarding modification of existing or creation of new policies and procedures; and

vii. Review and make recommendations to the President and Chief Executive Officer and the Board regarding compensation, incentive, and benefit plans offered to District Officers and other employees

viii. Perform such other duties as may be assigned by the Board.

5. Strategic and Facilities Planning Committee.

a. Voting Membership. All recommendations must be ratified by the full Board prior to any action taken.

b. The Committee shall consist of six voting members: Three members of the Board, the President and Chief Executive Officer, and the Chief of Staff from each hospital. There shall be three alternate Committee members: The alternate Committee members for Chief of Staff shall be the Chiefs of Staff elect from each hospital, who shall attend Committee meetings and enjoy voting rights on the Committee only when serving as an alternate for their respective Chief of Staff. If the Board Member First Alternate is also not available another may attend as a voting member with Board Chair approval.

i. The alternate(s) shall attend Committee meetings and enjoy voting rights only in the absence of a voting Committee member.

c. Non-Voting Membership. The Chief Financial Officer, the Chief Operations Officer, the Chief Medical Officer, the Chief Nursing Officer Palomar Medical Centers Escondido and Downtown Escondido, the Chief Nursing Officer Palomar Medical Center Poway, the Vice President Strategy and Business Development, the Vice President Supply Chain, Purchasing and Construction, Legal Counsel, the Vice President Human Resources, the Vice President Philanthropy, and a board member of the Palomar Health Foundation, recommended by the Foundation and approved by the Committee Chairperson. As
needed, other appropriate relevant staff in facilities, planning and compliance may be requested to attend to facilitate the work of the Committee.

d. Duties. The duties of the Committee shall include but are not limited to:

i. Regarding the Strategic Function: Review, assess and establish that the mission and vision of the Board are implemented in an effective and meaningful manner through the establishment and implementation of plans and programs that enhance the well-being of the citizens of the District.

II. Review and make recommendations to the Board regarding the District’s short and long range strategic plans, master and facility plans, physician development plans and strategic collaborative relationships.

III. Monitor completion of annual goals in order to ensure their effective completion on behalf of the system.

IV. Recommend educational programs and enhance Board members understanding of trends in the local, State and National health care arena and issues affecting the system.

V. Review annually those policies within the Committee’s purview and report the results of such review to the Board. Such reports shall include recommendations regarding the modification of existing, or creation of new policies.

VI. Perform such other duties as may be assigned by the Board.

ii. Regarding the Facilities Function: Provide oversight for the development, expansion, modernization and replacement of the Health System facilities and grounds in order to promote the physical life of the assets belonging to the District; and to ensure the safety and well-being of those working in and being served in the facilities and on the grounds.

I. Approve the annual Facilities Development Plan and regularly review updates on implementation of plan;

II. Receive a biannual Environment of Care report;

III. Perform such other duties as may be assigned by the Board

IV. Advise the Finance Committee with respect to the need of adequate projects funding.

V. Ensure that the District is in compliance with governmental agency and accreditation requirements with respect to earthquake and disaster preparedness, fire and safety codes, environmental standards and physical security needs, etc.

VI. Provide oversight regarding the maintenance of facilities and grounds and implementation of improvement projects.

VII. Ensure that a long-term facility plan is developed and updated regularly.

VIII. Perform such other duties as may be assigned by the Board.

6. Quality Review Committee.

a. Voting Membership. The Committee shall consist of five voting members, including three members of the Board and the Chairs of Medical Staff Quality Management Committees of Palomar Medical Center Escondido and Palomar Medical Center Poway.

b. Non-Voting Membership. The President and Chief Executive Officer, Chief Operations Officer, Chief Financial Officer, Chief Legal Officer, Chief Medical Officer, and the Chief Nursing Officers of Palomar Medical Center Escondido and Palomar Medical Center Poway, the Medical Quality Officer, and the Sr. Director of Quality and Patient Safety.

c. Duties. The duties of the Committee shall include but are not limited to:

i. Oversight of performance improvement and patient safety. All referrals and/or recommendations will be sent to the Board of Directors for final approval.

ii. Annual review of credentialing and privileging process of the medical staff

iii. Periodic review of caregiver performance using objective data to recognize success and identify opportunities for improvement.

7. Community Relations Committee.

a. Voting Membership. All recommendations must be ratified by the Board prior to any action taken.

b. The Committee shall consist of five voting members, including three members of the Board and one alternate who shall attend Committee meetings and enjoy voting rights on the Committee only when serving as an alternate for a voting Committee member, the President and Chief Executive Officer, and a Board member of the Palomar Health Foundation recommended by the Foundation and approved by the Committee Chairperson. If the Board Member First Alternate is also not available another board Member may attend as a voting member with Board Chair approval.

c. Non-Voting Membership. The Chief Operations Officer, the Vice President of Continuum Care, the Foundation Philanthropy Officer, the Director of Marketing, an RN representative, and two
IX. Article IX: Medical Staffs

A. Organization.

1. There shall be separate Medical Staff organizations for both Palomar Medical Center Escondido/Palomar Health Downtown Campus and for Palomar Medical Center Poway with appropriate officers and bylaws. The Medical Staff of each Hospital shall be self-governing with respect to the professional work performed in that Hospital. Membership in the respective Medical Staff organization shall be a prerequisite to the exercise of clinical privileges in each Hospital, except as otherwise specifically provided in each Hospital’s Medical Staff bylaws.

2. District Facilities other than the Hospitals may also have professional personnel organized as a medical or professional staff, when deemed appropriate by the Board pursuant to applicable law and Joint Commission and/or other appropriate accreditation standards. The Board shall establish the rules and regulations applicable to any such staff and shall delegate such responsibilities, and perform such functions, as may be required by applicable law and Joint Commission and/or other appropriate accreditation standards. To the extent provided by such rules, regulations, laws and standards, the medical or professional staffs of such Facilities shall perform those functions specified in this Article VIII.

B. Medical Staff Bylaws. Each Medical Staff organization shall propose and adopt by vote bylaws, rules and regulations for its internal governance which shall be subject to, and effective upon, Board approval, which shall not be unreasonably withheld. The bylaws, rules and regulations shall be periodically reviewed for consistency with Hospital policy and applicable legal and other requirements. The bylaws shall create an effective
administrative unit to discharge the functions and responsibilities assigned to the Medical Staffs by the Board. The bylaws, rules and regulations shall state the purpose, functions and organization of the Medical Staffs and shall set forth the policies by which the Medical Staffs exercise and account for their delegated authority and responsibilities. The bylaws, rules and regulations shall also establish mechanisms for the selection by the Medical Staff of its officers, departmental chairpersons and committees.

C. Medical Staff Membership and Clinical Privileges.
1. Membership on the Medical Staffs shall be restricted to Practitioners who are competent in their respective fields, worthy in character and in professional ethics, and who are currently licensed by the State of California. The bylaws of the Medical Staffs may provide for additional qualifications for membership and privileges, as appropriate.
2. While retaining its ultimate authority to independently investigate and/or evaluate Medical Staff matters, the Board hereby recognizes the duty and responsibility of the Medical Staffs to carry out Medical Staff activities, including the investigation and evaluation of all matters relating to Medical Staff membership, clinical privileges and corrective action. The Medical Staffs shall forward to the Board specific written recommendations, with appropriate supporting documentation that will allow the Board to take informed action, related to at least the following:
   a. Medical Staff structure and organization;
   b. The process used to review credentials and to delineate individual clinical privileges;
   c. Appointing and reappointing Medical Staff members, and restricting, reducing, suspending, terminating and revoking Medical Staff membership;
   d. Granting, modifying, restricting, reducing, suspending, terminating and revoking clinical privileges;
   e. Matters relating to professional competency;
   f. The process by which Medical Staff membership may be terminated; and
   g. The process for fair hearing procedures.
3. Final action on all matters relating to Medical Staff membership, clinical privileges and corrective action shall be taken by the Board after considering the Medical Staff recommendations. The Board shall utilize the advice of the Medical Staff in granting and defining the scope of clinical privileges to individuals, commensurate with their qualifications, experience, and present capabilities. If the Board does not concur with the Medical Staff recommendation relative to Medical Staff appointment, reappointment or termination of appointment and granting or curtailment of clinical privileges, there shall be a review of the recommendation by a conference of two Board members and two members of the relevant Medical Staff, before the Board renders a final decision.
4. No applicant shall be denied Medical Staff membership and/or clinical privileges on the basis of sex, race, creed, color, or national origin, or on the basis of any other criterion lacking professional justification. The Hospitals shall not discriminate with respect to employment, staff privileges or the provision of professional services against a licensed clinical psychologist within the scope of his or her licensure, or against a physician, dentist or podiatrist on the basis of whether the physician or podiatrist holds an M.D., D.O., D.D.S., D.M.D. or D.P.M. degree. Wherever staffing requirements for a service mandate that the physician responsible for the service be certified or eligible for certification by an appropriate American medical board, such position may be filled by an osteopathic physician who is certified or eligible for certification by the equivalent appropriate American Osteopathic Board.

D. Performance Improvement.
1. The Medical Staffs shall meet at regular intervals to review and analyze their clinical experience, in order to assess, preserve and improve the overall quality and efficiency of patient care in the Hospitals and other District Facilities, as applicable. The medical records of patients shall be the basis for such review and analysis. The Medical Staffs shall identify and implement an appropriate response to findings. The Board shall further require mechanisms to assure that patients with the same health problems are receiving a consistent level of care. Such performance improvement activities shall be regularly reported to the Board.
2. The Medical Staffs shall provide recommendations to the Board as necessary regarding the organization of the Medical Staffs’ performance improvement activities as well as the processes designed for conducting, evaluating and revising such activities. The Board shall take appropriate action based on such recommendations.
3. The Board hereby recognizes the duty and responsibility of the Medical Staffs to carry out these performance improvement activities. The Board, through the President and Chief Executive Officer, shall provide whatever administrative assistance is reasonably necessary to support and facilitate such performance improvement activities.

E. Medical Records. A complete and accurate medical record shall be prepared and maintained for each patient.
F. Terms and Conditions. The terms and conditions of Medical Staff membership, and of the exercise of clinical privileges, shall be as specified in the Hospitals’ Medical Staff bylaws.
G. Procedure. The procedure to be followed by the Medical Staff and the Board in acting on matters of membership status, clinical privileges, and corrective action, shall be specified in the applicable Medical Staff bylaws.
H. Appellate Review. Any adverse action taken by the Board with respect to a Practitioner’s Staff status or clinical privileges, shall, except under circumstances for which specific provision is made in the Medical Staff bylaws, be subject to the practitioner’s right to an appellate review in accordance with procedures set forth in the bylaws of the Medical Staffs.

X. Article X: Claims and Judicial Remedies

A. Claims. The District is subject to Division 3.6 of Title 1 of the California Government Code, pertaining to claims against public entities. The Chief Executive Officer, or his or her designee, is authorized to perform those functions of the Board specified in Part 3 of that Division, including the allowance, compromise or settlement of any claims where the amount to be paid from the District’s treasury does not exceed $50,000.

XI. Article XI: Amendment

A. These bylaws may be amended or repealed by vote of at least four members of the Board at any Board meeting. Such amendments or repeal shall be effective immediately, except as otherwise indicated by the Board.
Corrected the names of the Hospitals in I.A. and I.E. Article I: Definitions. to correspond with the names to which they were changed in Board Resolution No. 02.13.17(02)-02;
2. Governance Committee: Correction of title (VP Risk, Legal & Compliance to Chief Legal Officer, addition of 2 non-voting members (Chief Financial Officer & Chief Medical Officer).
3. Strategic & Facilities Planning Committee: Correction of titles (CNOs - PMC Escondido & Downtown Escondido; PMC Poway; Chief HR Officer to VP Human Resources; Interim Executive Director of the Foundation to VP Philanthropy) and removal of "Physician Advisory Committee member" in favor of the more vague phrase "appropriate relevant staff" which was already contained therein.
6. Community Relations Committee: Addition of Vice President of Continuum Care.

### Revision 4

**Views**

(Revision) (Changes)

**Effective**

01/16/2019

**Document Owner at Publication**

Hala Helm Vice Pres, Risk, Legal and Com

**Description**

To consider adding a second PFAC member to Board Community Relations Committee. Also to change the review period of the Foundation’s funding from annual to quarterly, at the request of the BCRC. Both approved at the 12/10/18 Board meeting.

### Revision 3

**Views**

(Revision) (Changes)

**Effective**

11/02/2018

**Document Owner at Publication**

Hala Helm VP Risk, Legal and Compliance

**Description**

Section VI.B.7 Community Relations Committee updated to reflect new executive title; and to correct section (c)(ii) regarding procedures not policies. Also, to make minor typographical corrections. Edits approved at 6/11/18 meeting of the Board.

**Signed By**

Hugh King, Chief Financial Officer (11/02/2018 08:58AM PST)

### Revision 2

**Views**

(Revision) (Changes)

**Effective**

10/03/2018

**Document Owner at Publication**

Hala Helm VP Risk, Legal and Compliance

**Description**

Board Finance Ctte Section: Updated executive titles (COO & CMO); addition of VP Fin'l Ops as a non-voting member. For review/approval recommendation at 7/25/18 F/S&FP Ctte meeting. Approved by the Board at the 8/27/18 Special Meeting.

**Signed By**

Hugh King, Chief Financial Officer (10/03/2018 09:50AM PST)

### Revision 1

**Views**

(Revision) (Changes)

**Effective**

07/17/2018

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Hala Helm VP Risk, Legal and Compliance

**Description**

Edits approved by the Board on 4/9/18

**Signed By**

Hugh King, Chief Financial Officer (07/17/2018 12:40PM PST)
Revision 0

Views (Revision) (Changes)
Effective 06/07/2018

Document Owner at Publication Mark Neu Compliance Officer

Description Approved at the May 14, 2018 Board of Directors
Addition of VP of Legal and Risk as non voting member for BOD Audit and BOD Governance Ctte.
Signed by Raymond McCune, Secretary of the Board of Directors on November 14, 2016
References to sections within the document were amended to match outlining levels.
[Owner changed from Neu, Mark to Helm, Hala by Avila, Julie on 15-JUN-2018]

Paper copies of this document may not be current and should not be relied on for official purposes. The current version is in Lucidoc at https://www.lucidoc.com/cgi/doc-gw.pl?ref=pphealth:59212.
Differences between version 6 and 7.

Purpose: To establish such rules and regulations not inconsistent with governing laws and regulations, that in the opinion of the Board of Directors are appropriate to provide for the exercise of its authority, duties and responsibilities to the institution, for the protection of assets and the quality of services the District provides to its patients and constituents.

I. Article I: Definitions
   A. "Hospital(s)" means Palomar Medical Center Escondido, 2185 Citracado Parkway, Escondido, California, Palomar Medical Center Downtown Escondido, 555 East Valley Parkway, Escondido, California, and Palomar Medical Center Poway, 15615 Pomerado Road, Poway, California.
   B. "Board" means the Board of Directors of the District.
   D. "District" means Palomar Health.
   E. "Medical Staff(s)" or "Staff(s)" means the organized medical staff of Palomar Medical Centers Escondido, Downtown Escondido and Poway and/or the organized medical staff of other District facilities, as indicated.
   F. "Facility" or "Facilities" means a Hospital or the Hospitals, Home Health, Skilled Nursing Facilities, or any other health care facility or facilities operated by the District.
   G. "Practitioner" includes, but not limited to, a physician (i.e., M.D. or D.O.), dentist (D.D.S. or D.M.D.), Advanced Practice Provider (N.P. or P.A.), psychologist, or podiatrist (D.P.M.) who is duly licensed in the State of California to practice within the scope of said license.

II. Article II: Organization, Powers and Purposes
   A. Organization. The District is a political subdivision of the State of California organized under the Division 23 of the Health and Safety Code ("Local Health Care District Law").
   B. Purposes and Powers. The District is organized for the purposes described in the Local Health Care District Law and shall have and may exercise such powers in the furtherance of its purposes as are now or may hereafter be set forth in the Local Health Care District Law and any other applicable statutes, rules or regulations of the State of California.
   C. Bylaws, Policies and Procedures
      1. The Board has the power to adopt, amend, and promulgate District Bylaws, Policies, and Procedures as appropriate. The Board Governance Committee shall review the District Bylaws at least annually and as necessary and following each review shall provide to the Board a report of its activities.
   D. Dissolution. Any proposal to dissolve the district shall be subject to confirmation by the voters of the district in accordance with Government Code section 56654.

III. Article III: Offices
   A. Principal Office. The principal office of the District is currently located at 456 East Grand Avenue, Escondido, California, 92025.
   B. Other Offices. Branch or subordinate offices may be established at any time by the Board at any place or places within the boundaries of the District.

IV. Article IV: Board
   A. General Powers. The Board is the governing body of the District. All District powers shall be exercised by or under the direction of the Board. The Board is authorized to make appropriate delegations of its powers and authority to officers and employees. It is the responsibility of the Board, functioning collectively, to govern the institution. To that end the Board will oversee the development of policies, processes, and procedures that enable
to organization to fulfill its mission and vision in an effective and ethical manner. The Board will collaborate with the CEO in the creation of these policies, processes and procedures and oversee their implementation.

1. Board Member Position Description: Each individual Member is accountable to the Board and to the institution and acts only as a part of the Board. Each individual Member works within the structure of the Board towards the establishment and oversight of the implementation of policies and monitoring of the organization's performance with respect to strategic direction, financial stewardship, quality outcomes and leadership of the Healthcare District.

2. Members of the Board of Directors will exercise authority with respect to the District and its affairs only when acting as part of the Board of Directors and only during Board of Directors meetings or meetings of authorized committees of the Board of Directors. An exception is the Chair of the Board of Directors who will collaborate and meet with the District’s Chief Executive Officer regularly and as needed regarding issues regarding the Business of the District, including but not limited to, future Board meetings and their agendas. Members of the Board of Directors are not authorized to independently exercise management authority with respect to the District or its affairs except as expressly delegated by the Board.

3. Individual Board Member requests for records and institutional information shall be made in accordance with the Board Policy regarding record and information requests.

B. Specific Responsibilities:

1. Regularly review and where appropriate, update, the mission and vision statements that guide the District and its system affiliates (“system”), and enable it to meet the needs of its citizens in accordance with its Charter.

2. On an at least annual basis, the Board Quality Review Committee will prepare and the Board will review and approve a system-wide quality assurance plan. The Quality Assurance Plan will enable to Board to oversee the effectiveness of the organization in meeting targets of performance that address the Health, well-being and safety of those served.

3. Direct the Medical Staff(s) to independently and regularly report to the Board regarding the Quality and Safety of clinical care provided with the system's facilities and programs.

4. Direct the Medical Staff(s) in conjunction with the Administrative Leadership to establish policies and processes that provide for and facilitate the Board's ability to oversee the delivery of safe and effective care in the system's facilities and programs.

5. Direct the Medical Staff(s) to establish and implement policies processes that enable the Board to oversee and review the competency of Medical and Allied Health staff are assured on behalf of the citizens of the District.

6. Review and approve all financial policies, plans and programs for the system and enhance the preservation of the organization's assets and resources on behalf of the District.

7. Review and approve and update as needed a comprehensive strategic plan, consistent with the organization's mission and vision that aligns the system's financial, human resources, facilities, technology and quality plans.

8. Advocate on behalf of the Healthcare District's policies, programs and plans within the community served and with other constituency groups.

9. Recruit, employ and evaluate the performance of the Chief Executive Officer in accordance with goals and objectives established for the CEO by the Board with both short and long term considerations.

10. Establish and implement ethical policies that minimize conflicts of interest and ensure compliance with governmental, regulatory and other agency standards, laws and principles relative to excellent stewardship of the Public Healthcare District.

11. Annually evaluate the Board’s performance and the individual performance of each Board member to continually enhance the effective stewardship of the system.

12. Perform other duties as may be assigned an directed by the Board.

C. Board Duties. Members of the Board of Directors shall have the following duties:

1. Duty of Care. Directors shall exercise proper diligence in their decision making process by acting in good faith in a manner that they reasonably believe is in the best interest of the District, and with the level of care that an ordinarily prudent person would exercise in like circumstance.

2. Duty of Loyalty. Directors shall discharge their duties unselfishly, in a manner designed to benefit only the District and not the Directors personally or politically, and shall disclose to the full Board of Directors situations that they believe may present a potential for conflict with the purposes of the District.

3. Duty of Obedience. Directors shall be faithful to the underlying purposes and mission of the District.

4. If it is determined, by a majority vote of the Board of Directors in office at that time, that a Director has violated any of his or her duties to the detriment of the District, such Director is subject to sanctions according to the procedures set forth in Article VII herein.

D. Number and Qualification.

1. The Board shall consist of seven (7) members who are elected or appointed in accordance with the Local Healthcare District Law of the State of California, and other applicable law, each of whom shall be a
registered voter residing within the District. The member of the Board of Directors elected to represent a
District zone must be a resident of the zone from which he or she is elected for thirty (30) days preceding
the date of the election and must be a registered voter in that zone. Termination of residency in a zone by a
member of the Board of Directors shall create an immediate vacancy for that zone unless a substitute
residence within the zone is established within thirty (30) days after the termination of residency

E. Conflicts of Interests. The Board shall endeavor to eliminate from its decision-making processes financial or
other interests possessed by its members that conflict with the District's interests. Board members and other
persons who are "Designated Employees," as defined in the District's current Conflict of Interest Code as it may
be amended from time to time, shall, to the best of their ability, adhere to the provisions of said Code and any and
all laws and regulations relating to conflicts of interests, including but not limited to the Government Code and
Health and Safety Code.

F. Election and Term of Office. Palomar Health District Board members are elected by Zones within the District. At
the November 2020 General Election, three members of the Palomar Health District Board of Directors shall be
elected on a by-zone basis from the three Even numbered, single-member zones (specifically, Zones 2, 4, and 6,
as such zones may be amended), and every four years thereafter. At the General Election in November 2022,
four members of the Palomar Health Board of Directors shall be elected from the four odd-numbered, single-
member zones (specifically, Zones 1, 3, 5, and 7, as such zones may be amended), and every four years thereafter.

G. Orientation and Training. An orientation consisting of materials and programs shall be provided to each newly
seated Board Member which familiarizes them with his or her duties and responsibilities, including good
governance practices, mandatory Sexual Harassment Prevention and Civility training, the Brown Act, Ethics
training (AB 1234 training), and the Palomar Health Code of Conduct.

1. Board members are required to complete all applicable training that is mandated by Federal, State and
local law.

2. Board members are expected to participate in the entire Board orientation process and additional ongoing
training. Individual Board members who do not fulfill this participation expectation will be subject to the
provisions of the Board Sanction Policy and may be censured and/or subject to sanctions in accordance
with such Policy.

H. Self-Evaluation of Board. The Board shall evaluate its own collective performance, the performance of its
individual Board members and the performance of its officers on an annual or other periodic basis.

1. The Board Performance Internal Review shall be conducted in accordance with Board Performance Internal
Review Policy.

2. Individual Board members are expected to participate in the Board assessment or self-assessment process.
Members who fail to do so will be subject to provisions of the Board Sanction Policy and may be subject to
ensure or sanctions in accordance to such Policy.

I. Evaluation of CEO. Individual Board Members shall participate in evaluation of CEO performed by the Board on
an annual basis. This evaluation will be performed in accordance with Board CEO Review Policy.

J. Vacancies. Vacancies on the Board shall be filled in accordance with the applicable provisions of the
Government Code.

K. Resignation or Removal. Any Board member may resign effective upon giving written notice to the Chairperson
or the Secretary of the Board, unless the notice specifies a later time for the effectiveness of such resignation.
Pursuant to California Health and Safety Code 32100.2, the term of any member of the Board shall expire if the
member is absent from three consecutive regular Board meetings or from three of any five consecutive regular
meetings of the Board and if the Board by resolution declares that a vacancy exists on the Board. All or any of the
members of the Board may be recalled at any time by the voters following the recall procedure set forth in
Division 16 of the Election Code.

L. Liability Insurance. The District shall procure and maintain appropriate policies of insurance (which may include
self-insurance) to the extent permitted by law.

M. Indemnification of Directors and Officers. Members of the Board and officers shall be indemnified to the full
extent permitted by law against all claims, liabilities and expenses incurred as a result of an action by the Board,
except in the instance of willful misconduct in performance of duties as a director or officer.

N. Compensation. Board compensation will conform to current legal limitations and District Policy. Board members
must participate in required Ethics training prescribed by Government Code section 53232 et seq. in order to be
eligible for compensation.

O. Health and Welfare Benefits. Notwithstanding Section IV, L, "Compensation" above, the Board may provide
health and welfare benefits, pursuant to Government Code §53200 et seq., for the benefit of its elected and
former members and their dependents, or permit its elected and former members and their dependents to
participate in District programs for such benefits, in accordance with all applicable laws and regulations and
current District policy.

P. Travel and Incidental Expenses Reimbursement. Each member of the Board shall be reimbursed for his or
her actual necessary traveling and incidental expenses incurred in the performance of official business of the
District as approved by the Board and in accordance with District Policy pursuant to Government Code sections
53232.2 and 53232.3 and Health and Safety Code 32103. Such reimbursement, if approved by the Board, shall not constitute "compensation" for purposes of Section IV, L, "Compensation" above.

V. Article V: Determination of and Sanctions for Misconduct in Office

A. The Board shall establish a Board Sanction Policy to address individual Board member misconduct or malfeasance in office. Such Policy will be reviewed annually. The Policy will describe the process to be utilized by the Board in circumstances where an Individual Board Member has been determined by a super majority of the Board to have violated their duties to the detriment of the District, violated the provisions of the Bylaws or any Board Policy. The Board Sanction Policy will be consistent with the meaning of Government Code section 3060.

VI. Article VI: Board Officers

A. Chairperson . The Board shall elect one of its members as Chairperson at an organizational regular meeting. In the event of a vacancy in the office of Chairperson, the Board may elect a new Chairperson. The Chairperson shall be the Principal Officer of the Board and shall preside at all meetings of the Board. The Chairperson shall appoint all Board committee members and committee chairpersons, and shall perform all duties incident to the office and such other duties as may be prescribed by the Board from time to time, to include:
   1. Presiding over all meetings of the Board
   2. Recognizing members entitled to the floor.
   3. Stating and putting to vote all questions which are regularly moved, or necessarily arise in the course of the proceedings, and to announce the result of the vote.
   4. Protecting the assembly from annoyance from irrelevant or improper motions through appropriate rules of order.
   5. Assisting in the expediting of business in all ways compatible with the rights of the collective Board and its individual members, and deciding all questions of order.
   6. Informing the assembly, when necessary, or when referred to for the purpose, on a point of order or practice pertinent to pending business.
   7. Authenticating all the acts, orders, and proceedings of the assembly declaring its will and in all things obeying its commands.
   8. Coordinating with the District's CEO and Management for the implementation of Board direction and policies.
   9. Coordinating with District's CEO and Administrative Management for the implementation of Board direction and policies.
  10. Designating and directing members of the Board to undertake special responsibilities and to report to the Chair on those activities as directed.
  11. Appointing members of standing authorized ad-hoc committees with formal notification to the Board in a timely fashion and no later than the next meeting of the Board.
  12. Representing the Board at official functions when necessary.
  13. Serving as spokesperson for the Board regarding Board actions.
  14. Provide regular updates to the Board regarding major activities within the District, utilizing administrative support and in conjunction with the CEO as appropriate.
  15. Counseling individual Board members in conjunction with other Board Members and/or the Chair of the Governance committee at the discretion of the Chair.
  16. Implement processes designed to facilitate the collective awareness of the Board regarding major activities within the district so that all individual Board Members are provided the opportunity to be equally informed.

B. Vice Chairperson . The Board shall elect one of its members as Vice Chairperson at an organizational meeting. In the absence of the Chairperson, the Vice Chairperson shall perform the duties of the Chairperson.

C. Secretary . The Board shall elect one of its members Secretary at an organizational meeting. The Secretary shall provide for review and approval of minutes of all meetings of the Board. The Secretary shall give or cause to be given appropriate notices in accordance with these bylaws or as required by law and shall act as custodian of District records and reports and of the District's seal.

D. Treasurer . The Board shall elect one of its members Treasurer at an organizational meeting. The Treasurer shall oversee the safekeeping and disbursal of the funds in the treasury of the District. The Treasurer shall be the chairperson of the Finance Committee. The Treasurer shall have express authority to delegate his or her duties to the Chief Financial Officer of the District.

E. Tenure . Each officer described above shall serve a one-year term, commencing on the first day of January after the organizational meeting at which he or she is elected to the position. Each officer shall hold office until the end of the one-year term, or until a successor is elected, unless he or she shall sooner, resign or be removed from office.

F. Removal . An officer described above may be removed from office by the affirmative vote of four members of the Board not counting the affected Board member. In addition, an officer described above will automatically be removed from office when his or her successor is elected and is sworn in as a Board member.
G. President and Chief Executive Officer. The Board shall select and employ a President and Chief Executive Officer who shall report to the Board. The President and Chief Executive Officer shall have sufficient education, training, and experience to fulfill his or her responsibilities, which shall include but not be limited to overseeing and managing the day-to-day operations of the District, the District facilities, and implementing the strategic mission and vision of the District as directed by the Board. The Board shall be responsible for developing, maintaining and periodically updating a detailed job description for the President and CEO, which job description shall set forth the specific duties and requirements of the position in compliance with California Code of Regulation Section 79777. All other District employees shall be direct reports of the CEO or his/her subordinates with the exception of the Compliance Officer who shall have the ability to report independently and directly to the Board at their discretion or at the request of the Board Chair.

H. Subordinate Officers. The President and Chief Executive Officer may select and employ such other officers as the District may require, each of whom shall hold office for such period, have such authority, and perform such duties as the President and Chief Executive Officer, in consultation with the Board may from time to time determine.

VII. Article VII: Board Meetings

A. Board Meeting. A meeting of the Board is any congregation of a majority of the members of the Board at the same time and place to hear, discuss or deliberate upon any item that is within the subject matter jurisdiction of the Board. A meeting is also the use of direct communication, personal intermediaries or technological devices that is employed by a majority of the members of the Board to develop a collective concurrence as to action to be made on an item by the members of the Board. Notwithstanding, a majority (four or more members) of the Board may communicate directly or through technological devices for the purpose of calling a special meeting. If such a meeting is properly called for by a majority of the Board, the Board Chair, in consultation with the Board may from time to time determine.

B. Open to The Public. Meetings of the Board shall be open to the public, except as otherwise provided in applicable laws or regulations, including but not limited to the Brown Act and the Local Health Care District Law.

1. Members of the public shall be afforded an opportunity to provide input to District processes and Board meetings to the extent permitted under applicable laws, including but not limited to the Brown Act and the Local Health Care District Law.

C. Quorum. A majority of the voting members of the Board shall constitute a quorum for the transaction of business at any Board Meeting except as otherwise required by law.

D. Manner of Acting. The act of a majority of the members of the Board present at a meeting at which a quorum is present shall be the act of the Board. No act taken at a meeting at which less than a quorum was present shall be valid. The Board may follow Robert’s Rules of Order as guidance when taking action and obtaining information.

E. Disrupted Meetings. In the event that any meeting is willfully interrupted by a group or groups of persons so as to render the orderly conduct of such meeting unfeasible, and order cannot be restored by the removal of individuals who were willfully interrupting the meeting, the Board Chair may order the meeting room closed and continue in session. Only matters appearing on the agenda may be considered in such a session. Representatives of the press or other news media, except those participating in the disturbance, shall be allowed to attend any session held pursuant to this section. The Board Chair may establish a procedure for readmitting an individual or individuals not responsible for willfully disrupting the orderly conduct of the meeting.

F. Medical Staff Representation. With the exception of closed sessions at which such representation is not requested by the Board, the Medical Staff of each Facility shall have the right of representation at all meetings of the Board, by and through the Chief of Staff, or designee, of each Medical Staff, who shall have the right of attendance, the right to participate in Board discussions and deliberations, but who shall not have the right to vote.

G. Regular Meetings.

1. The Board shall hold an annual organizational meeting on or around December, during which the Board shall elect its officers for the next calendar year. One member shall be elected as Chairperson, one as Vice Chairperson, one as Secretary, and one as Treasurer.

2. At the annual organizational meeting, the Board shall pass a resolution stating the dates, times and places of the Board’s regular monthly meetings for the following calendar year. The Board may later change the date, time, or location of a meeting upon resolution made at a regular Board meeting.

3. Notice, including the meeting’s agenda, shall be provided in accordance with Government Code §54954.2(a)(1) at least 72 hours prior to the beginning of regular meetings.

4. The 72-hour requirement can be waived, and items can be added to regular meetings if any of the following criteria are met:

a. During the meeting, a majority of the Board determines that there is an emergency as defined by Government Code § 54956.5 which would give rise to the ability to call an emergency meeting as described in Section V, I, "Emergency Meetings" or
b. If at least two thirds of the Board members are present, and by a vote of at least two thirds of those Board members present, the Board determines there is a need to take immediate action, and the need for action came to the attention of the District after the agenda was posted.

c. If less than two thirds of the Board members are present, and by a unanimous vote of those Board members present, the Board determines there is a need to take immediate action, and the need for action came to the attention of the District after the agenda was posted.

d. The item was posted for a prior meeting occurring not more than five calendar days prior to the date action is taken on the item and at the prior meeting the item was continued to the meeting at which action is being taken, as allowed by Government Code §54954.2.

H. Special Meetings . A special meeting may be called at any time by the Chairperson, or by a majority of Board members, by delivering at least 24 hours' written notice as required by Government Code §54956. Written notice may be dispensed with as to any Board member who at or prior to the time the meeting convenes files with the Secretary a written waiver of notice. Such written notice may also be dispensed with as to any member who is actually present at the meeting at the time it convenes.

I. Emergency Meetings .

1. In the case of an emergency situation involving matters upon which prompt action is necessary due to the disruption or threatened disruption of public facilities, such as a work stoppage, crippling activity, or another activity that severely impairs public health, safety, or both, as determined by a majority of the Board members, the Board may hold an emergency meeting without complying with either or both the 24-hour notice or posting requirements, provided it complies with the requirements defined in Government Code §54956.5.

2. The minutes of an emergency meeting, a list of persons who the Chairperson, or his or her designee notified or attempted to notify, a copy of the roll call vote and any actions taken at the meeting shall be publicly posted for a minimum of ten days as soon possible after the meeting.

VIII. Article VIII: Board Committees

A. Appointment . Standing committees are established by the Board and shall be advisory in nature unless otherwise specifically authorized to act by the Board. Members of all committees, whether standing or special (ad hoc) shall be appointed by the Chairperson of the Board.

1. A standing committee of the Board is any commission, committee, board or other body, whether permanent or temporary, which is created by formal action of the Board and has continuing subject matter jurisdiction and/or a meeting schedule fixed by charter, ordinance, resolution, or formal action of the Board. Actions of committees shall be advisory in nature with recommendations being made to the Board.

2. Special or ad hoc committees are appointed by the Chair of the Board and shall exist for a single, limited purpose with no continuing subject matter or jurisdiction. Special or advisory committees shall be advisory in nature and shall make recommendation to the Board. The committee shall be considered disbanded upon conclusion of the purpose for which it was appointed.

B. Standing Committees . There shall be the following standing committees of the Board: Finance; Governance; Audit and Compliance; Human Resources; Strategic and Facilities; Community Relations; and Quality Review. Standing committees will be treated as the Board with respect to Article V of these bylaws. All provisions in Article V that apply to Board members shall apply to members of any standing committee.

1. Finance Committee.

   a. Chairperson. The Board Treasurer may serve as the Chairperson of the Board Finance Committee.

   b. Voting Membership. All recommendations must be ratified by the Board prior to any action taken.

   c. The Finance Committee shall consist of six voting members, three members of the Board, the President and Chief Executive Officer, and the Chief of Staff from each hospital. There shall be three alternate Committee members:

      i. One alternate shall be a member of the Board, also appointed by the Chairperson of the Board, who shall attend Committee meetings and enjoy voting rights on the Committee only when serving as an alternate for a voting Board Committee member: if the Board Member First Alternate is also not available another Board Member may attend as a voting member with Board Chair approval.

      ii. The second and third alternate Committee members shall be the Chiefs of Staff Elect from each hospital, who shall attend Committee meetings and enjoy voting rights on the Committee only when serving as an alternate for their respective Chief of Staff.

   d. Non-Voting Membership. The Chief Financial Officer, the Chief Operations Officer, the Chief Medical Officer, the Controller, the Chief Nursing Officer Palomar Medical Centers Escondido and Downtown Escondido, and the Chief Nursing Officer Palomar Medical Center Poway.

   e. Duties. Provide oversight to determine and facilitate the financial viability of the organization through the effective establishment of sound policies and development of a system of controls to safeguard the preservation and use of assets and resources. The duties of the Committee shall include but are not limited to:
i. Review and approve annual and long-range operating cash, operational and capital budgets for the District and its system affiliates ("System").
ii. Develop and maintain sound understanding of the services of the District's revenues and expenses and its economic environment.
iii. Approve methods of financing major capital asset renovations, replacements and additions.
iv. Review financial reports and operating statistics on a regular basis to provide organizational oversight regarding the appropriateness of actions in response to operating trends in achievement of financial goals.
v. Evaluate and approve financial plans for new business ventures, programs, and services and establish criteria to measure their ongoing viability.
vi. Develop communications in order to enhance the understanding of other members in regard to financial matters of the system.

vii. Review the preliminary, annual operating budgets for the District and Facilities and other entities;
viii. Review and recommend to the Board the final, annual, operating budgets;
ix. Review annually those policies and procedures within its purview and report the results of such review to the Board. Such reports shall include recommendations regarding the modification of existing or creation of new policies and procedures; and
x. Perform such other duties as may be assigned by the Board.

2. Audit and Compliance Committee.

1. Voting Membership. All recommendations must be ratified by the Board prior to any action taken.
2. Membership shall consist of no more than three members of the Board and one alternate. The alternate shall attend and enjoy voting rights only in the absence of a voting Committee member. If the Board alternate is also not available another Board Member may attend as a voting member with Board Chair approval.
3. Non-Voting Membership. The President and Chief Executive Officer, the Chief Legal Officer, the Compliance Manager, and a physician appointee. Any District executive, representative or director will attend as an invited guest.

a. Duties. Determine and establish that appropriate review mechanisms and management of the District's assets and resources are in place and that the organization complies with all applicable state and federal regulations relative to the audit and financial stewardship of the District. The duties of the Committee shall include but are not limited to:
   i. Routinely review the system of internal controls for the organization.
   ii. Recommend a qualified audit firm to complete independent financial audits of the system and review reports, management letters and recommendations from the firm to assure compliance with recognized audit principles and standards.
   iii. Keep up with trends in the field of health care audit and compliance to help educate other Board members on the latest trends in the industry.
   iv. Approve and review the effectiveness and overall audit scope including but not limited to financial statements, external/internal audits, compliance, internal controls and reporting responsibilities.
   v. Recommend to the Board the approval of the organization's annual audit reports.
   vi. Review annually those policies within its purview and report the results of such review to the Board. Such reports shall include recommendations regarding the modification of existing or creation of new policies.
   vii. Assess and monitor the independent status of the outside independent auditors.
   viii. Direct special investigations for the Board.

3. Governance Committee.

a. Voting Membership. All recommendations must be ratified by the Board prior to any action taken.
b. Membership shall consist of no more than three members of the Board and one alternate. The alternate shall attend and enjoy voting rights only in the absence of a voting Committee member. If the Board Member First Alternate is also not available another may attend as a voting member with Board Chair approval.
c. Non-Voting Membership. The President and Chief Executive Officer, the Chief Legal Officer, the Chief Financial Officer, the Chief Operations Officer, the Chief Medical Officer and the Director of Clinical Operations Improvement.
d. Duties. Oversee, establish and monitor the effective and efficient management of the governmental processes of the Board. The duties of the Committee shall include but are not limited to:
   i. Make an annual, comprehensive review of the District bylaws, policies and procedures and receive reports regarding same, and elicit recommendations on such issues from management; and the Board.
ii. Provide guidance to the CEO in the development of education and orientation programs that enhance member understanding of Board stewardships, health care, issues and management of the system.

iii. Assist in development and completion of an annual Board self-assessment and where appropriate make recommendations to enhance governance of the organization by its members.

iv. Review and where appropriate make recommendations to the Board on pending or existing state and federal legislation that could affect the direction of the District and Board member responsibilities.

v. Annually review the boundaries of the District to ensure compliance with its charter in the completion of health care stewardship responsibilities.

vi. Review such other issues associated with Palomar Health and/or Board governance and its effectiveness, including but not limited to Board member orientation and continuing education.

vii. Advise the Board on the appropriate structure and operations of all committees of the Board, including committee member qualifications.

viii. Monitor developments, trends and best practices in corporate governance, and propose such actions to the Board.

ix. Perform such other duties as may be assigned by the Board.

4. Human Resources Committee.

a. Voting Membership. All recommendations must be ratified by the full Board prior to any action taken.

b. Membership shall consist of no more than three members of the Board and one alternate. The alternate shall attend Committee meetings and enjoy voting rights only in the absence of a voting Committee member.

c. Non-Voting Membership. The President and Chief Executive Officer; the Vice President Human Resources; the Chief Nursing Officers Palomar Medical Centers Escondido, Escondido Downtown and Poway; Vice President Continuum Care; Legal Counsel.

d. Duties. Help develop a workforce environment that effectively translates the District's mission and vision into reality on a daily basis. The duties of the Committee shall include but are not limited to:

i. Review and assess regular reports from administration on the education and development of staff, turnover, completion of performance appraisals, staffing plans, etc. to identify trends and needs and to ensure that governmental agency requirements are met.

ii. Review, understand and recommend Human Resource policies and compensation programs in order to provide an excellent work environment and stewardship of the workforce.

iii. Monitor labor relations program as established by the District and review/recommend changes (in conjunction with the District's Labor Attorney and Administration) to the Board when appropriate.

iv. Keep abreast of changes in Healthcare workforce issues and develop educational programs and communications for the Board to keep them up-to-date on challenges faced by the District.

v. Make recommendations to the President and Chief Executive Officer and the Board to improve communications among the Board, Medical Staffs, District employees and auxiliaries.

vi. Review annually those policies and procedures within its purview and report the results of such review to the Board. Such reports shall include recommendations to the Board regarding modification of existing or creation of new policies and procedures; and

vii. Review and make recommendations to the President and Chief Executive Officer and the Board regarding compensation, incentive, and benefit plans offered to District Officers and other employees.

viii. Perform such other duties as may be assigned by the Board.

5. Strategic and Facilities Planning Committee.

a. Voting Membership. All recommendations must be ratified by the full Board prior to any action taken.

b. The Committee shall consist of six voting members: Three members of the Board, the President and Chief Executive Officer, and the Chief of Staff from each hospital. There shall be three alternate Committee members: The alternate Committee members for Chief of Staff shall be the Chiefs of Staff elect from each hospital, who shall attend Committee meetings and enjoy voting rights on the Committee only when serving as an alternate for their respective Chief of Staff. If the Board Member First Alternate is also not available another may attend as a voting member with Board Chair approval.

i. The alternate(s) shall attend Committee meetings and enjoy voting rights only in the absence of a voting Committee member.

c. Non-Voting Membership. The Chief Financial Officer, the Chief Operations Officer, the Chief Medical Officer, the Chief Nursing Officer Palomar Medical Centers Escondido and Downtown Escondido, the Chief Nursing Officer Palomar Medical Center Poway, the Vice President Strategy and Business Development, the Vice President Supply Chain, Purchasing and Construction, Legal Counsel, the Vice President Human Resources, the Vice President Philanthropy, and a board member of the Palomar
Health Foundation, recommended by the Foundation and approved by the Committee Chairperson. As needed, other appropriate relevant staff in facilities, planning and compliance may be requested to attend to facilitate the work of the Committee.

d. Duties. The duties of the Committee shall include but are not limited to:
   i. Regarding the Strategic Function: Review, assess and establish that the mission and vision of the Board are implemented in an effective and meaningful manner through the establishment and implementation of plans and programs that enhance the well-being of the citizens of the District.
      I. Review and make recommendations to the Board regarding the District’s short and long range strategic plans, master and facility plans, physician development plans and strategic collaborative relationships.
      II. Review the development of new programs and system initiatives to ensure their direction is in accordance with the mission and vision of the organization and support the strategic plans of the District.
      III. Monitor completion of annual goals in order to ensure their effective completion on behalf of the system.
      IV. Recommend educational programs and enhance Board members understanding of trends in the local, State and National health care arena and issues affecting the system.
      V. Review annually those policies within the Committee’s purview and report the results of such review to the Board. Such reports shall include recommendations regarding the modification of existing, or creation of new policies.
      VI. Perform such other duties as may be assigned by the Board.
   ii. Regarding the Facilities Function: Provide oversight for the development, expansion, modernization and replacement of the Health System facilities and grounds in order to promote the physical life of the assets belonging to the District; and to ensure the safety and well-being of those working in and being served in the facilities and on the grounds.
      I. Approve the annual Facilities Development Plan and regularly review updates on implementation of plan;
      II. Receive a biannual Environment of Care report;
      III. Perform such other duties as may be assigned by the Board
      IV. Advise the Finance Committee with respect to the need of adequate projects funding.
      V. Ensure that the District is in compliance with governmental agency and accreditation requirements with respect to earthquake and disaster preparedness, fire and safety codes, environmental standards and physical security needs, etc.
      VI. Provide oversight regarding the maintenance of facilities and grounds and implementation of improvement projects.
      VII. Ensure that a long-term facility plan is developed and updated regularly.
      VIII. Perform such other duties as may be assigned by the Board.

6. Quality Review Committee.
   a. Voting Membership. The Committee shall consist of five voting members, including three members of the Board and the Chairs of Medical Staff Quality Management Committees of Palomar Medical Center Escondido and Palomar Medical Center Poway, and one alternate who shall attend Committee meetings and enjoy voting rights on the Committee only when serving as an alternate for a voting Committee member, the President and Chief Executive Officer, and the Chief Nursing Officers of Palomar Medical Center Escondido and Palomar Medical Center Poway, the Medical Quality Officer, and the Sr. Director of Quality and Patient Safety.
   b. Non-Voting Membership. The President and Chief Executive Officer, Chief Operations Officer, Chief Financial Officer, Chief Legal Officer, Chief Medical Officer, and the Chief Nursing Officers of Palomar Medical Center Escondido and Palomar Medical Center Poway, the Medical Quality Officer, and the Sr. Director of Quality and Patient Safety.
   c. Duties. The duties of the Committee shall include but are not limited to:
      i. Oversight of performance improvement and patient safety. All referrals and/or recommendations will be sent to the Board of Directors for final approval.
      ii. Annual review of credentialing and privileging process of the medical staff
      iii. Periodic review of caregiver performance using objective data to recognize success and identify opportunities for improvement.

7. Community Relations Committee.
   a. Voting Membership. All recommendations must be ratified by the Board prior to any action taken.
   b. The Committee shall consist of five voting members, including three members of the Board and the Chairs of Medical Staff Quality Management Committees, and one alternate who shall attend Committee meetings and enjoy voting rights on the Committee only when serving as an alternate for a voting Committee member, the President and Chief Executive Officer, and a Board member of the Palomar Medical Center Escondido, Palomar Medical Center Downtown and Palomar Medical Center Poway Health Foundation recommended by the Foundation and approved by the Committee Chairperson. There shall be one First Alternate who shall serve as is also not available another
board Member may attend as a voting member in absence of one or more of the Quality Review Committee with Board Members. If the Board Member First Alternate is also not available another Board Member may attend as a voting member with Board Chair approval.

c. Non-Voting Membership. The President and Chief Executive Operations Officer, Chief Operations the Vice President of Continuum Care, the Foundation Philanthropy Officer, Chief Medical Officer, the Chief Nursing Officers of Palomar Medical Center Escondido, Palomar Medical Center Downtown and Palomar Medical Center Poway, the Quality Medical Officer, the Sr. the Director of Quality and Patient Safety, Chair or Co-Chairs of the Patient and Medication Safety Council and two members of the Patient Family Advisory Committee. Duties. Ensure the quality of care rendered in the District’s facilities is at the highest possible level when compared to national standards and that actions are taken on behalf of the Board to ensure the safety and well-being of the citizens served. The duties of the Committee shall include but are not limited to: Regularly review and approve the systems annual and long term quality assurance plans to ensure the identification, assessment and resolution of patient care issues; Review, assess and establish that the system is meeting regulatory and governmental requirements and standards pertaining to the delivery of quality medical clinical care in all of its facilities and programs; Monitor Institutional liability/Risk experience and ensure that proper systems are put in place to reduce exposure to loss; Review, assess and establish that credentials of Medical and Allied Health staff are reviewed and privileges granted and renewed on the basis of demonstrated professional competence and adherence to the bylaws and code of conduct set forth by the Medical Executive Committee of the Healthcare practitioners involved; Provide oversight to the development and management of educational endeavors to improve staff performance and skills in the completion of their clinical care responsibilities; Regularly review and assess quality care reports, statistics and programs from Medical Staff and system departments to identify trends or clinical care issues and to recommend stewardship action where appropriate; Perform such other duties as may be assigned by the Board; Community Relations Committee—Voting Membership. All recommendations must be ratified by the Board prior to any action taken. The Committee shall consist of five voting members, including three members of the Board and one alternate who shall attend Committee meetings and enjoy voting rights on the Committee only when serving as an alternate for a voting Committee member, the President and Chief Executive Officer, and a Board member of the Palomar Health Foundation recommended by the Foundation and approved by the Committee Chairperson. If the Board Member First Alternate is also not available another board Member may attend as a voting member with Board Chair approval. Non-Voting Membership. The Chief Operations Officer, the Vice President of Continuum Care, the Foundation Philanthropy Officer, the Director of Marketing, an RN representative, and two representatives of the Palomar Health Patient and Family Advisory Committee.

d. Duties. Develop plans and programs that help to communicate the District’s mission and vision to various constituents and related groups and to educate the public on Healthcare and wellness issues facing the citizens of the District. The duties of the Committee shall include but are not limited to: i. Review and make recommendations to the Board regarding the District’s community relations and outreach activities, including marketing, community education and wellness activities. ii. Review marketing procedures to ensure that they support the District’s mission and goals. Such policies shall include market research, specific and marketing program planning and development, and internal and external communications. The Committee shall report its review of such policies to the Board on a regular basis. iii. Serve as Board liaison to the Foundation and quarterly review, recommend and prioritize capital projects and contemplated funding requests to the Foundation’s Board of Directors, and review annual reports from the Foundation regarding donations and projects funded during the previous year. iv. Review annually those policies within the Committee’s purview and report the results of such review to the Board. Such reports shall include recommendations regarding the modification of existing, or creation of new, policies. v. Advise the Board on issues relating to health care advisory councils and District grant procurements. vi. Undertake planning regarding the District’s community relations and outreach activities, including marketing, community education and wellness activities. vii. Perform such other duties as may be assigned by the Board.

C. Special Committees. Special or ad hoc committees may be appointed by the Chairperson who will then notify the Board for special tasks as circumstances warrant and upon completion of the task for which appointed, such special committee shall stand discharged. All recommendations must be ratified by the Board prior to any action taken.

D. Advisors. A committee chairperson may invite individuals with expertise in a pertinent area to voluntarily work with and assist the committee. Such advisors shall not vote or be counted in determining the existence of a quorum and may be excluded from any committee session at the discretion of the committee chairperson.
IX. Article IX: Medical Staffs

A. Organization

1. There shall be separate Medical Staff organizations for both Palomar Medical Center Escondido/Palomar Health Downtown Campus and for Palomar Medical Center Poway with appropriate officers and bylaws. The Medical Staff of each Hospital shall be self-governing with respect to the professional work performed in that Hospital. Membership in the respective Medical Staff organization shall be a prerequisite to the exercise of clinical privileges in each Hospital, except as otherwise specifically provided in each Hospital’s Medical Staff bylaws.

2. District Facilities other than the Hospitals may also have professional personnel organized as a medical or professional staff, when deemed appropriate by the Board pursuant to applicable law and Joint Commission and/or other appropriate accreditation standards. The Board shall establish the rules and regulations applicable to any such staff and shall delegate such responsibilities, and perform such functions, as may be required by applicable law and Joint Commission and/or other appropriate accreditation standards. To the extent provided by such rules, regulations, laws and standards, the medical or professional staffs of such Facilities shall perform those functions specified in this Article VIII.

B. Medical Staff Bylaws

Each Medical Staff organization shall propose and adopt by vote bylaws, rules and regulations for its internal governance which shall be subject to, and effective upon, Board approval, which shall not be unreasonably withheld. The bylaws, rules and regulations shall be periodically reviewed for consistency with Hospital policy and applicable legal and other requirements. The bylaws shall create an effective administrative unit to discharge the functions and responsibilities assigned to the Medical Staffs by the Board. The bylaws, rules and regulations shall state the purpose, functions and organization of the Medical Staffs and shall set forth the policies by which the Medical Staffs exercise and account for their delegated authority and responsibilities. The bylaws, rules and regulations shall also establish mechanisms for the selection by the Medical Staff of its officers, departmental chairpersons and committees.

C. Medical Staff Membership and Clinical Privileges

1. Membership on the Medical Staffs shall be restricted to Practitioners who are competent in their respective fields, worthy in character and in professional ethics, and who are currently licensed by the State of California. The bylaws of the Medical Staffs may provide for additional qualifications for membership and privileges, as appropriate.

2. While retaining its ultimate authority to independently investigate and/or evaluate Medical Staff matters, the Board hereby recognizes the duty and responsibility of the Medical Staffs to carry out Medical Staff activities, including the investigation and evaluation of all matters relating to Medical Staff membership, clinical privileges and corrective action. The Medical Staffs shall forward to the Board specific written recommendations, with appropriate supporting documentation that will allow the Board to take informed action, related to at least the following:
   a. Medical Staff structure and organization;
   b. The process used to review credentials and to delineate individual clinical privileges;
   c. Appointing and reappointing Medical Staff members, and restricting, reducing, suspending, terminating and revoking Medical Staff membership;
   d. Granting, modifying, restricting, reducing, suspending, terminating and revoking clinical privileges;
   e. Matters relating to professional competency;
   f. The process by which Medical Staff membership may be terminated; and
   g. The process for fair hearing procedures.

3. Final action on all matters relating to Medical Staff membership, clinical privileges and corrective action shall be taken by the Board after considering the Medical Staff recommendations. The Board shall utilize the advice of the Medical Staff in granting and defining the scope of clinical privileges to individuals, commensurate with their qualifications, experience, and present capabilities. If the Board does not concur with the Medical Staff recommendation relative to Medical Staff appointment, reappointment or termination...
of appointment and granting or curtailment of clinical privileges, there shall be a review of the recommendation by a conference of two Board members and two members of the relevant Medical Staff, before the Board renders a final decision.

4. No applicant shall be denied Medical Staff membership and/or clinical privileges on the basis of sex, race, creed, color, or national origin, or on the basis of any other criterion lacking professional justification. The Hospitals shall not discriminate with respect to employment, staff privileges or the provision of professional services against a licensed clinical psychologist within the scope of his or her licensure, or against a physician, dentist or podiatrist on the basis of whether the physician or podiatrist holds an M.D., D.O., D.D.S., D.M.D. or D.P.M. degree. Wherever staffing requirements for a service mandate that the physician responsible for the service be certified or eligible for certification by an appropriate American medical board, such position may be filled by an osteopathic physician who is certified or eligible for certification by the equivalent appropriate American Osteopathic Board.

D. Performance Improvement

1. The Medical Staffs shall meet at regular intervals to review and analyze their clinical experience, in order to assess, preserve and improve the overall quality and efficiency of patient care in the Hospitals and other District Facilities, as applicable. The medical records of patients shall be the basis for such review and analysis. The Medical Staffs shall identify and implement an appropriate response to findings. The Board shall further require mechanisms to assure that patients with the same health problems are receiving a consistent level of care. Such performance improvement activities shall be regularly reported to the Board.

2. The Medical Staffs shall provide recommendations to the Board as necessary regarding the organization of the Medical Staffs’ performance improvement activities as well as the processes designed for conducting, evaluating and revising such activities. The Board shall take appropriate action based on such recommendations.

3. The Board hereby recognizes the duty and responsibility of the Medical Staffs to carry out these performance improvement activities. The Board, through the President and Chief Executive Officer, shall provide whatever administrative assistance is reasonably necessary to support and facilitate such performance improvement activities.

E. Medical Records

A complete and accurate medical record shall be prepared and maintained for each patient.

F. Terms and Conditions

The terms and conditions of Medical Staff membership, and of the exercise of clinical privileges, shall be as specified in the Hospitals’ Medical Staff bylaws.

G. Procedure

The procedure to be followed by the Medical Staff and the Board in acting on matters of membership status, clinical privileges, and corrective action, shall be specified in the applicable Medical Staff bylaws.

H. Appellate Review

Any adverse action taken by the Board with respect to a Practitioner’s Staff status or clinical privileges, shall, except under circumstances for which specific provision is made in the Medical Staff bylaws, be subject to the practitioner’s right to an appellate review in accordance with procedures set forth in the bylaws of the Medical Staffs.

X. Article X: Claims and Judicial Remedies

A. Claims

The District is subject to Division 3.6 of Title 1 of the California Government Code, pertaining to claims against public entities. The Chief Executive Officer, or his or her designee, is authorized to perform those functions of the Board specified in Part 3 of that Division, including the allowance, compromise or settlement of any claims where the amount to be paid from the District’s treasury does not exceed $50,000.

XI. Article XI: Amendment

A. These bylaws may be amended or repealed by vote of at least four members of the Board at any Board meeting. Such amendments or repeal shall be effective immediately, except as otherwise indicated by the Board.
ADDENDUM M
“Final” State Budget Deal Announced, Yet Work Continues

It was an eventful week in Sacramento. On Monday, the Governor and legislative leaders announced that – with the Governor’s signing of SB 129 (Budget Bill, Jr. [the First]) – a final 2021-22 budget deal had been struck. (The Governor made one line-item veto to SB 129, which appears to be technical in nature and conforms to actions taken regarding wildfire resources already enacted in AB 161.) But wait, there’s more! As we have shared rather consistently over the last few months, in keeping with what has been a very elongated budget process, additional elements of the spending package continue to trickle in. The Legislature unveiled and subsequently passed yet another Budget Bill, Jr. (the Third) and 10 new trailer bills in recent days, sending that new package to the Governor yesterday before leaving town for a four-week summer break. Early this afternoon, the Governor signed 13 additional budget-related measures. Our budget and trailer bill chart has been updated to reflect these actions here.

Given the substantial resources available this year as well as the complexity and breadth of new initiatives, deliberative efforts will continue when the houses’ return in August and may trail all the way through the end of the legislative year, which adjourns September 10. We will continue to keep you updated. For those looking for more details on the state budget action through July 15, you can review the Assembly’s comprehensive summary here and the Department of Finance’s summary here. Below, we highlight important elements of the budget trailer bills approved this week.

**Homelessness**

The housing trailer bill (AB 140) was amended to include a number of provisions to address homelessness, as outlined below:

- **Homeless Housing, Assistance, and Prevention Program (HHAP) 3.0 and 4.0**
  
  AB 140 allocates $2 billion over 2021-22 and 2022-23 for the HHAP Rounds 3 and 4 to cities, counties, and continuums of care (CoCs) in a manner similar to the previous HHAP program. For Round 3, $800 million is allocated to cities (42 percent to cities with populations of 300,000 or more), counties (28 percent), and continuums of care (32 percent); $180 million is set aside for purposes of providing bonus funding to those entities that achieve outcome goals outlined in their applications; the remaining $20 million is allocated to tribes.
Applications will be made available to eligible entities by September 15, 2021 and must include a local homelessness action plan and outcome goals. Twenty percent of an entity’s allocation will be provided initially (25 percent for joint applications) and initial allocations may be used to complete a local homelessness action plan. Entities have until June 30, 2022 to submit a local homelessness action plan, a narrative, and specific outcome goals to receive their remaining allocation. “Outcome goals” include goals aimed at preventing and reducing homelessness over a three-year period, informed by the findings from the local landscape analysis and the jurisdiction’s base system performance measure from 2020 calendar year data in the Homeless Data Integration System. Ten percent of funds must be used to address youth homelessness and all expenditures must be evidence-based and in compliance with Housing First. Entities have until June 30, 2024, to demonstrate whether they have met their outcome goals; those entities that have will be eligible for bonus funding.

HHAP Round 4 funds are allocated in the same manner. Round 4 applications will be available by September 15, 2022, and must include an updated local homelessness action plan and new outcome goals that build on the previous outcome goals. For Round 4 funding, entities must contractually obligate not less than 75 percent and expend not less than 50 percent of the initial Round 4 program allocations no later than May 31, 2025. If the jurisdiction has met this requirement, and can demonstrate that they are on track to meet their outcome goals, the balance of the jurisdiction’s allocated funding will be provided. A recipient must meet its outcome goals through July 1, 2025, to be eligible for bonus funding. All Round 4 program funds, including bonus funds, must be expended by June 30, 2027.

- **Encampment Resolution Grants**
  AB 140 establishes the Encampment Resolution Funding Program ($50 million) to assist cities, counties, and CoCs in ensuring the safety and wellness of people experiencing homelessness in encampments to provide competitive encampment resolution grants to resolve critical encampment concerns and help transition individuals into safe and stable housing.

- **Family Homelessness Challenge Grants**
  AB 140 also establishes the Family Homelessness Challenge Grants and Technical Assistance ($40 million) to provide one-time grants and technical assistance to local jurisdictions in order to address and end family homelessness.

- **Project Homekey**
  AB 140 also provides for the use of additional state ($250 million) and federal funds ($1.2 billion) for the acquisition, rehabilitation, and conversion of hotels, motels, commercial properties, and other non-housing properties for noncongregate housing for homeless individuals in a manner similar to the previous year’s program.

- **State Homelessness Assessment**
  AB 140 also requires the Homeless Coordinating and Financing Council to conduct a Statewide Homelessness Landscape Assessment. Specifically, it requires the council to identify state programs that provide housing or services to persons experiencing homelessness or at risk of homelessness, and collect and analyze data from those programs necessary to provide a comprehensive view of the homelessness response system. AB 140 also authorizes local governments to collaborate with the coordinating council or other entity conducting the assessment to share existing data from existing local analyses of system needs or gaps to complement other data requested. The council must
submit an interim report by July 1, 2022, and a final report by December 31, 2022, on the assessment to specified legislative committees.

**Broadband**

Provisions related to the allocation of $6 billion for broadband deployment are contained in SB 156. The bill outlines the structure and framework for the construction of a $3.25 billion state-owned open-access middle mile broadband infrastructure, with priority placed on a geographically diverse group of projects in rural and urban areas of the state to achieve the greatest reductions in the number of households unserved by broadband internet access service. SB 156 also establishes a broadband advisory council and the Office of Broadband and Digital Literacy at the California Department of Technology with meeting and reporting requirements.

SB 156 also amends the existing Broadband Infrastructure Grant Account program to allocate $2 billion for last mile expenditures, with at least $1 billion for last mile projects in rural counties and $1 billion initially allocated to urban counties to provide grants to address “last mile” investments in unserved areas. For rural counties, $5 million in base funding for last-mile broadband projects will be provided to each county, with additional funding based on each rural county’s proportionate share of California households without broadband internet access service with at least 100 megabits per second download speeds. Urban counties will also receive initial funding of $5 million per county, with remaining funds allocated based on each urban county’s proportionate share of California households without access to broadband internet access service with at least 100 megabits per second download speeds. Any funds not encumbered on or before June 30, 2023, shall be made available for allocation of last-mile broadband infrastructure elsewhere in the state.

Finally, SB 156 contains a continuously appropriated ($750 million over three years) loan loss reserve fund to assist local governments and non-profits in financing broadband service projects. The bill allows a county to acquire, construct, improve and maintain broadband infrastructure and operate a broadband internet access service and allows a joint powers authority to issue revenue bonds for deployment of broadband by a public or nonprofit organization that are supported by the Broadband Loan Loss Reserve. The Broadband Loan Loss Reserve Fund will fund costs related to financing of the deployment of broadband infrastructure by a local government agency or nonprofit organization, including payment of costs of debt issuance, obtaining credit enhancement, and establishment and funding of reserves for the payment of principal and interest on the debt.

**Health**

The health trailer bill (AB 133) was updated to include additional provisions this week before it was sent to the Governor. The new provisions include:

- **Health Information Exchange**
  The trailer bill adds findings and declarations related to health information exchange (electronic health data transfer) and its value to the quality of health care as well as to addressing social determinants of health. The bill requires the Health and Human Services Agency, in consultation with stakeholders and local partners, on or before July 1, 2022, to establish the California Health and Human Services Data Exchange Framework that includes a single data sharing agreement and common set of policies and procedures that will govern and require the exchange of health information among health care entities and government agencies in California. The bill requires specified entities to execute the framework data sharing agreement on or before January 31, 2023, and requires, on or before January 31, 2024, that specified entities, including general acute care...
hospitals and skilled nursing facilities, exchange health information, as defined, in real time. Additionally, the measure requires Agency, on or before January 31, 2023, to work with the California State Association of Counties to encourage the inclusion of county health, public health, and social services data in the California Health and Human Services Data Exchange Framework.

- **Behavioral Health Continuum Infrastructure**
  The trailer bill authorizes the Department of Health Care Services (DHCS) to establish the Behavioral Health Continuum Infrastructure Program, and authorizes DHCS to award competitive grants to qualified entities to construct, acquire and rehabilitate real estate assets or to invest in needed mobile crisis infrastructure to expand the community continuum of behavioral health treatment resources to build new capacity or expand existing capacity for: short-term crisis stabilization; acute and subacute care; crisis residential; community-based mental health residential; substance use disorder residential; peer respite; mobile crisis; community and outpatient behavioral health services; and other clinically enriched longer-term treatment and rehabilitation options, for persons with behavioral health disorders in the least restrictive and least costly setting. DHCS will determine the methodology and distribution of the grant funds for this program, and establishes eligibility criteria for grant applicants, including: providing matching funds or real property; not supplanting existing funds to construct, acquire, and rehabilitate real estate assets; reporting data to DHCS within 90 days of the end of each quarter for the first five years; and operating services in the financed facility for the intended purpose for a minimum of 30 years. The bill deems projects funded by this program to be consistent and in conformity with any applicable local plan, standard, or requirement, and allowed as a permitted use, within the zone in which the structure is located, and shall not be subject to a conditional use permit, discretionary permit, or to any other discretionary reviews or approvals. Additionally, the bill provides that the California Environmental Quality Act shall not apply to a project, including a phased project, funded by a grant pursuant to this program if meets certain requirements.

- **Children and Youth Behavioral Health Initiative**
  AB 133 provides the details of the expenditure of the $4.4 billion children and youth behavioral health initiative.

- **Department of State Hospitals (DSH)**
  As previously reported, AB 133 contains language to address the state’s waitlist for treatment at State Hospitals for individuals found incompetent to stand trial. The bill requires the HHS Agency, with DSH, to convene an Incompetent to Stand Trial (IST) Solutions Workgroup to identify short-term, medium-term and long-term solutions to advance alternatives to placing those defendants at a DSH facility. Requires the Workgroup to submit a report to the Agency and the Department of Finance by November 30, 2021 outlining recommendations on short-term, medium-term and long-term solutions. If the Secretary of the Agency determines that the recommendations cannot be completed, or insufficient progress has been made, and that IST commitments continue to exceed available capacity, DSH maintains an IST admission waitlist that exceeds capacity, or IST defendants are not able to receive timely access to treatment, then Agency is authorized to: a) discontinue admissions for new patients under Welfare and Institutions Code 5358; b) impose reduction targets for these patient admissions; and c) charge a 150 percent daily bed rate for admissions of these patients. The bill also authorizes DSH to contract with private or public entities to house and treat individuals committed to DSH, including for subacute bed capacity, including, but not limited to, institutions for mental disease, mental health rehabilitation centers, skilled nursing facilities, or any other treatment options. Authorizes grantees to use grant funds for: a) program implementation costs; b) one-time
purchases of furnishings and equipment; c) recruitment and training of staff; and d) operating expenses.

**Human Services**

Two human services were amended and sent to the Governor this week – **AB 135** and **AB 153**. AB 135 contains human services provisions related to CalWORKs, CalFresh, Adult Protective Services, In-Home Supportive Services, Universal Basic Income, among others. AB 153 contains the provisions related to child welfare services.

Notable provisions in AB 135 include the following:

- **Housing Supports**
  - AB 135 authorizes funds in the CalWORKs Housing Support Program (HSP) to be used to provide housing supports to CalWORKs recipients who are at risk of homelessness and for whom housing instability would be a barrier to self-sufficiency or child well-being. The bill modifies the definition of homeless for the purposes of the Home Safe Program and would expand the definition of an eligible individual to include individuals who are in the process of intake to adult protective services, or an individual who may be served through a tribal social services agency who appears to be eligible for adult protective services. For the expenditure of one-time funds, exempts a grantee from the requirement to match these funds between July 1, 2021, and June 30, 2024. The bill also modifies the definition of “homeless” and expands the definition of “eligible family” for the purposes of the Bringing Families Home Program, to include an individual or family that is at risk of homelessness or in a living situation that cannot accommodate the child or multiple children in the home. For the expenditure of one-time funds, exempts a grantee from the requirement to match these funds between July 1, 2021, and June 30, 2024. The bill also waives the requirement for the Housing and Disability Income Advocacy Program to seek reimbursement of funds through June 30, 2024 and would exempt a grantee from the requirement to match certain funds between July 1, 2021, and June 30, 2024.

- **California Food Assistance Program (CFAP)**
  - The bill requires DSS to provide nutritional benefits to households that are ineligible for CalFresh benefits solely due to their immigration status. States the intent of the Legislature, subject to an appropriation in the Budget Act of 2023, to begin a targeted, age based implementation of the expansion of CFAP regardless of immigration status.

- **In-Home Supportive Services (IHSS)**
  - As previously reported and verified now that the trailer bill is in print, AB 135 enacts a 7 percent penalty on counties that fail to come to collective bargaining agreements with IHSS providers. Effective October 1, 2021, if the factfinding panel’s recommended settlement terms were released prior to June 30, 2021, and that county has not reached an agreement with the employee organization within 90 days after the release, the penalty would go into effect. The bill requires the Public Employment Relations Board to provide written notification of the withholding to the county, the employee organization, the Department of Finance, and the State Controller.

- **Adult Protective Services**
  - AB 135 alters definition to define “adult protective services” as those activities performed on behalf of elders and dependent adults who have come to the attention of the adult protective services agency due to potential abuse or neglect, would expand the multidisciplinary team to include additional individuals, such as housing representatives, and would make additional changes to
certain definitions under the act and on provisions on protective placements and custody of endangered adults. The bill authorizes county protective service agencies and the Home Safe Program to refer individuals with complex or intensive needs to certain state or local agencies and authorizes referrals to be made before or after an individual begins to receive adult protective services. 38. Defines an “elder,” for the purposes of investigating or providing services under an adult protective services program, as a person who is 60 years of age or older and a “dependent adult” as a person who is between 18 and 59 years of age, inclusive, and has prescribed limitations. The bill also requires the county’s adult protective services program policies and procedures to include provisions for homeless prevention through the Home Safe Program. Authorizes a county that receives grant funds under the Home Safe Program to, as part of providing case management services to older or dependent adults who require adult protective services, provide housing assistance to those who are homeless or at risk of becoming homeless.

California Guaranteed Income Pilot Program
The bill requires DSS to administer the California Guaranteed Income Pilot Program to provide grants to eligible entities for the purpose of administering pilot programs and projects that provide a guaranteed income to participants. Funding will be prioritized for pilot programs and projects that serve California residents who age out of the extended foster care program and pregnant individuals. AB 135 requires the DSS, in consultation with relevant stakeholders, to determine the methodology for, and manner of, distributing California Guaranteed Income Pilot Program grants, subject to certain requirements and requires an eligible entity, in order to receive a grant, to take specified actions, including presenting commitments of additional, nongovernmental funding for the pilot programs and projects to be funded with the grant.

Notable provisions in AB 153 include:

Family First Prevention Services Act Implementation
The bill states the intent of the Legislature to exercise the option afforded to states in the Family First Prevention Services Act of 2018 (federal FFPSA) to receive federal financial participation for prevention services that are provided for a candidate for foster care, a pregnant or parenting foster youth, and their parents or kin caregivers, and the allowable costs for the proper and efficient administration of the program. The federal FFPSA provides states with an option to use federal funds under Title IV of the federal Social Security Act to provide mental health and substance abuse prevention and treatment services and in-home parent skill-based programs to a child who is a candidate for foster care or a child in foster care who is a pregnant or parenting foster youth. AB 153 also authorizes the DHCS to submit a Medicaid state plan amendment, waiver request, or both, to maximize federal financial participation under the Medi-Cal program for FFPSA prevention services and requires the DHCS to maintain oversight over the prevention services claimed under the Medi-Cal program.

Housing
The bill requires the Department of Housing and Community Develop (HCD) to allocate funding to counties to continue the housing navigator program to help young adults 18 to 21 years of age, inclusive, secure and maintain housing, with priority given to young adults in the foster care system. Requires a child welfare agency that accepts any distribution of money to report specified information to the HCD on an annual basis. The bill also establishes the THP-Plus Housing Supplement Program and requires the HCD to allocate and distribute funds to up to 11 counties under the program. Specifies that a county is eligible to receive this supplemental funding if the fair market rent for a 2-bedroom apartment in the county is one of the 11 most expensive in the state.
during the 2020–21 federal fiscal year. Specifies requirements for counties that elect to receive this funding, including, among others, that the county maintain the bed capacity for the Transitional Housing Program-Plus program that the county contracted for as of July 1, 2021. Additionally, prescribes the method of calculating the amount of supplemental funding a county receives pursuant to this program.

⇒ **Out-of-State Placements**

AB 153 prohibits the placement of foster youth, nonminor dependents, and wards of the court in out-of-state residential facilities, as defined, on and after July 1, 2021. The bill authorizes those placements before July 1, 2022, if specified criteria are met, including that the facility has been certified for placement by the DSS or is exempt from that certification. On and after July 1, 2022, prohibits the DSS from certifying new out-of-state 67 residential facilities or seeking approval of new placements by county child welfare agencies or probation departments in out-of-state residential facilities. The bill requires the DSS to decertify all out-of-state residential facilities on or after January 1, 2023, and ensure that all children and youth have been returned to California by that date. The bill includes provisions from AB 808 (Stone), including requiring the Department of Social Services (DSS), jointly with the DHCS, to establish the Children’s Crisis Continuum Pilot Program (pilot program) for the purpose of developing treatment options that are needed to support California’s commitment to eliminate the placement of foster youth with complex needs in out-of-state facilities.

**CRC Seeks Guidance from Supreme Court on Timing of Maps**

California Citizens Redistricting Commission voted to seek guidance from the California Supreme Court as to whether the “additional federal delay” referenced in the Padilla decision is based upon the date that the Statewide Database is able to reformat so-called “legacy” data into a usable format for building the statewide redistricting database and requested an additional extension of the deadline for approval and certification of the final maps to January 14, 2022 to allow for additional time for public input to account for the annual holiday period.

This long-awaited decision from the Commission follows months of speculation as to whether the delay in receipt of data from the United States Census would necessitate moving the June 2022 primary. Even without moving the primary, the Legislature may have to adjust other deadlines, depending on how the Court decides. For more information, check out this Los Angeles Times article.

**Legislature Departs for Summer Recess**

The Legislature wrapped up its business by mid-day yesterday and then adjourned for a four-week summer break. Members will return to Sacramento for the last four-week push on Monday, August 16. Today also is the second house deadline for policy committees. When the Legislature returns, the initial focus will be on fiscal hearings for the universe of bills that are still alive. Starting after Labor Day, the final two weeks of session will feature floor sessions only as the houses work to consider bills and move them to the Governor’s desk. The 2021 legislative session will wrap up on Friday, September 10.
COVID Updates

On Monday, the Newsom Administration released further details on K-12 school reopening guidance for the 2021-22 school year. All students and teachers are required to wear masks indoors; masks are optional outdoors for K-12 schools. The guidance eliminates physical distancing requirements.

The state guidance attracted press this week when it initially included a ban on students who don’t wear masks. The original language, stated, “Schools must exclude students from campus if they are not exempt from wearing a face covering under California Department of Public Health guidelines and refuse to wear one provided by the school.” CDPH revised the guidance late Monday to leave it to local school districts to decide how to enforce the mask mandate.

California health and education officials are acutely concerned with cases of the Delta variant on the rise as the new academic year approaches. The Delta variant, which is more contagious, is the most dominant variant in California. Cases and test positivity remain on the rise. As of July 15, California has 4.8 cases per 100,000 and a 3.5 percent test positivity rate over 7 days (a 1.3 percent increase from the prior 7-day rate). Several local health jurisdictions (Sacramento, Yolo, Alameda, Contra Costa, Marin, San Francisco, San Mateo, Santa Clara, Sonoma and the City of Berkeley) issued guidance this week recommending all residents, even those who are vaccinated, wear masks indoors. Los Angeles County amended their public health orders this week and are requiring everyone, including vaccinated individuals, to wear masks indoors due to the Delta variant and increased community spread.

Home and Community Based Services Funding Plan Submitted to Feds

On Monday, DHCS formally submitted California’s $4.6 billion Medicaid Home and Community-Based Services (HCBS) Spending Plan to the federal Centers for Medicare & Medicaid Services (CMS). The plan is subject to CMS review and approval. The Newsom Administration released their initial spending plan on June 4 but received a 30-day extension from CMS. The spending was altered in budget negotiations with the Legislature.

The American Rescue Plan Act of 2021 provides states with a temporary increase in federal funds for certain Medicaid expenditures for home and community based services from April 1, 2021, through March 31, 2022. On May 13, 2021, CMS issued guidance to states on how to leverage the enhanced federal funds. States must submit their plans to the federal government for review and approval.

BCSH Webinar on AB 832 Rental Assistance and Tenant Protections

Jointly hosted with the California State Association of Counties (CSAC), the Business, Consumer Services, and Housing Agency is sponsoring an informational webinar on Wednesday, July 21 from 4-5 p.m. to discuss recent changes to the COVID-19 Rent Relief Program under the recently approved AB 832. Counties with populations of 200,000 or greater that would like to administer the second round of rental assistance state block grant funds must request an allocation by Wednesday, July 28.

AB 832 changed the state’s COVID-19 Rent Relief Program, extended eviction protections for California tenants, and created a framework for the administration of Round II rental assistance
funding from the American Rescue Plan Act of 2021. (Round II funding allocation table is available here.)

AB 832 increased rental assistance payments to 100 percent of unpaid rent and 100 percent of prospective rent and utility payments for up to 18 months of total aid per household, including increased aid for tenants that previously received prorated payments. These provisions apply to all state rent relief payments, as well as to “Option B” jurisdictions that are administering their own “Round I” rental assistance programs in conformance with the state’s program.

AB 832 also extended eviction protections for non-payment of rent related to the impacts of the COVID-19 pandemic to September 30, 2021, provided that the tenant has paid 25 percent of the rent due. (Note that Governor Newsom commented to the press this week that this was likely to be the last extension of eviction protections.)

Registration information is available here.

**BSCC Approves SYTF Notification Form and Public Defense Pilot Appropriations**

The Board of State and Community Corrections (BSCC) met on Thursday, July 15. The Board’s agenda, available here, contained several items of interest; we highlight two notable actions below:

- **Approval of County Secure Youth Treatment Facilities (SYTF) Notification Form** – SB 92, follow-up legislation to SB 823 (2020) that realigned DJJ responsibilities to county governments, requires counties proposing establishment of an SYTF defined in new WIC Section 875 to notify the BSCC and provide descriptive and operational information relating to the facility. BSCC staff presented a draft form to meet this requirement, which was approved with a few narrow refinements and clarifications. In taking this action, the Board also confirmed that it would be making all county submissions publicly accessible on its website.

- **Allocation of Year 1 Public Defense Pilot Funding** – The 2021-22 state budget (SB 129) appropriates $50 million for the first year of a three-year Public Defense Pilot Program approved in the 2021-22 budget; the pilot is intended to help address criminal indigent defense workload at the local level. Eligible funding recipients include public defenders, alternative defenders, and other entities that qualify based on the defined workload in criminal defense matters. The BSCC’s proposed annual allocation schedule by county is detailed here. The Board approved the proposed staff action and will work with the Office of the State Public Defenders to confirm the eligible local entities. Of the $50 million in annual funding, $49.5 million per year is proposed for distribution to eligible local entities; the remainder will support a contract with an academic or research institution to assess how the local resources impact outcomes associated with the criminal indigent defense workload. Relevant budget language also requires recipient entities to report to the BSCC on the amount of funding received and how its deployment addressed specified workload.

Please feel free to contact any one of us at Hurst Brooks Espinosa with questions ...
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