

*XAVIER BECERRA*  
*Attorney General*

*State of California*  
*DEPARTMENT OF JUSTICE*



455 GOLDEN GATE AVENUE, SUITE 11000  
SAN FRANCISCO, CA 94102-7004

Public: (415) 703-5500  
Telephone: (415) 703-5652  
Facsimile: (415) 703-5480  
E-Mail: Scott.Chan@doj.ca.gov

March 12, 2018

*Via Email and US Mail*

Ben A. Durie  
Hooper, Lundy & Bookman, P.C.  
575 Market Street, Suite 2300  
San Francisco, CA 94105  
bdurie@health-law.com

RE: Proposed Affiliation between The Fremont-Rideout Health Group, Rideout Memorial Hospital, United Com-Serve, and The Fremont-Rideout Foundation

Dear Mr. Durie:

Pursuant to Corporations Code section 5920 *et seq.*, the Attorney General hereby conditionally consents to the proposed change in governance and control of Fremont-Rideout Health Group, a California nonprofit public benefit corporation, Rideout Memorial Hospital, a California nonprofit public benefit corporation, United Com-Serve, a California nonprofit public benefit corporation, and The Fremont-Rideout Foundation, a California nonprofit public benefit corporation, pursuant to the terms of the Affiliation Agreement dated October 9, 2017, entered into with Stone Point Health, a California nonprofit public benefit corporation, and Adventist Health System/West, D.B.A. Adventist Health, a California nonprofit religious corporation.

Corporations Code section 5923, and California Code of Regulations, title 11, section 999.5, subdivision (f), set forth factors that the Attorney General shall consider in determining whether to consent to a proposed transaction between a nonprofit corporation and another nonprofit corporation. The Attorney General has considered such factors and consents to the proposed transaction subject to the attached conditions that are incorporated by reference herein.

Thank you for your cooperation throughout the review process.

Sincerely,

[Original signed]

SCOTT CHAN  
Deputy Attorney General

For XAVIER BECERRA  
Attorney General

**Conditions to Change in Control and Governance of Fremont-Rideout Health Group, and Approval of the Affiliation Agreement by and among Rideout Memorial Hospital<sup>1</sup>, United Com-Serve, Fremont-Rideout Foundation, Stone Point Health, and Adventist Health System/West**

**I.**

These Conditions shall be legally binding on the following entities: Fremont-Rideout Health Group, a California nonprofit public benefit corporation, Rideout Memorial Hospital, a California nonprofit public benefit corporation, United Com-Serve, a California nonprofit public benefit corporation, Fremont-Rideout Foundation, a California nonprofit public benefit corporation, Stone Point Health, a California nonprofit public benefit corporation, and Adventist Health System/West, D.B.A. Adventist Health, a California nonprofit religious corporation, any other subsidiary, parent, general partner, limited partner, member, affiliate, successor, successor in interest, assignee, or person or entity serving in a similar capacity of any of the above-listed entities, any entity succeeding thereto as a result of consolidation, affiliation, merger, or acquisition of all or substantially all of the real property or operating assets of the Hospital or the real property on which the Hospital is located, any and all current and future owners, lessees, licensees, or operators of the Hospital, and any and all current and future lessees and owners of the real property on which the Hospital is located.

**II.**

The transaction conditionally approved by the Attorney General consists of the Affiliation Agreement by and between Fremont-Rideout Health Group, Rideout Memorial Hospital, United Com-Serve, Fremont-Rideout Foundation, Stone Point Health, and Adventist Health System/West, D.B.A. Adventist Health, dated October 6, 2017, any agreements or documents referenced in or attached to as an exhibit, attachment, or schedule to the Affiliation Agreement.

All the entities listed in Condition I and any other parties referenced in the Affiliation Agreement shall fulfill the terms of the Affiliation Agreement and any agreements or documents referenced in or attached to as an exhibit, attachment, or schedule to the Affiliation Agreement and shall notify the Attorney General and obtain the Attorney General's approval in writing of any proposed modification or rescission of any of the terms of the Affiliation Agreement or any agreements or documents referenced in or attached to as an exhibit, attachment, or schedule to the Affiliation Agreement. Such notifications shall be provided at least sixty days prior to their effective date in order to allow the Attorney General to consider whether they affect the factors set forth in Corporations Code section 5923 and obtain the Attorney General's approval.

**III.**

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<sup>1</sup> Throughout this document, the term "Hospital" shall mean the 221 licensed-bed general acute care hospital (referred to as "Rideout Memorial Hospital" or "Rideout Regional Medical Center" currently licensed as "Rideout Health,"), located at 726 4<sup>th</sup> Street, Marysville, California 95901-5656, and any other clinics, laboratories, units, services, or beds included on the license issued to Rideout Health by the California Department of Public Health, effective November 1, 2017, unless otherwise indicated.

For 10 years from the closing date of the Affiliation Agreement, all the parties listed in Condition I, shall be required to provide written notice to the Attorney General sixty days prior to entering into any agreement or transaction to do any of the following:

- (a) Sell, transfer, lease, exchange, option, convey, or otherwise dispose of the Hospital; or
- (b) Transfer control, responsibility, or governance of the Hospital. The substitution or addition of a new corporate member or members of any of the parties listed in Condition I that transfers the control of, responsibility for, or governance of the Hospital shall be deemed a transfer for purposes of this Condition. The substitution or addition of one or more members of the governing bodies of any of the parties listed in Condition I or any arrangement, written or oral, that would transfer voting control of the members of the governing bodies of any of the parties listed in Condition I, shall also be deemed a transfer for purposes of this Condition.

#### IV.

For ten years from the closing date of the Affiliation Agreement, the Hospital shall be operated and maintained as a licensed general acute care hospital (as defined in California Health and Safety Code Section 1250) and shall maintain and provide 24-hour emergency and trauma medical services at current<sup>2</sup> licensure and designation with the same types and/or levels of services, including the following:

- a) 45 emergency treatment stations at a minimum;
- b) Designation as a Level III Trauma Center; and
- c) Designation as a Paramedic Base Station.

#### V.

For five years from the closing date of the Affiliation Agreement, the Hospital shall maintain and provide the following medical services at current licensure, certification, and designation with the current types and/or levels of services:

- a) Cardiac services, including the open heart surgery program and designation as a STEMI Receiving Center;
- b) Certification as a Primary Stroke Center;
- c) Intensive care services, including a minimum of 24 intensive care beds;
- d) Neonatal intensive care services, including a minimum of 6 neonatal intensive care beds;
- e) Obstetric services, including a minimum of 12 perinatal beds;
- f) Women's health-services, including services provided at the Women's Center for Imaging and women's reproductive health services; and
- g) The Fremont-Rideout Cancer Center.

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<sup>2</sup> The term "current" or "currently" throughout this document means as of November 1, 2017 unless otherwise specified.

The licensee of the Hospital shall not place all or any portion of the above-listed licensed-bed capacity or services in voluntary suspension or surrender its license for any of these beds or services.

None of the above-listed licensed-bed capacity or services shall be placed in voluntary suspension nor its license surrendered for any of these beds or services.

## VI.

For five years from the closing date of the Affiliation Agreement, Fremont-Rideout Health Group, United-Com Serve, Stone Point Health, and Adventist Health System/West, D.B.A. Adventist Health shall maintain and provide the following post-acute services at current licensure and with the current types and/or levels of services at their current locations:

- a) The Fountain Skilled Nursing Facility, including 145 licensed beds;
- b) The Courtyard Assisted Living Facility, including 80 licensed beds; and
- c) The Gardens providing 49 licensed beds for residential care with 15 adult day care beds.

If any of the parties listed in Condition I find a successor to own, operate, lease, or manage any of these post-acute facilities, it shall require the approval of the Charitable Foundation Board, and the new owner(s), operator(s), lessee(s), or manager(s) shall be required to comply with this Condition.

## VII.

For six fiscal years from the closing date of the Affiliation Agreement, Fremont-Rideout Health Group, Rideout Memorial Hospital, Stone Point Health, and Adventist Health System/West, D.B.A. Adventist Health shall provide an annual amount of Charity Care (as defined below) at the Hospital equal to or greater than \$2,826,391 (the Minimum Charity Care Amount). For purposes hereof, the term "charity care" shall mean the amount of charity care costs (not charges) incurred by Fremont-Rideout Health Group and Rideout Memorial Hospital in connection with the operation and provision of medical services at the Hospital. The definition and methodology for calculating "charity care" and the methodology for calculating "costs" shall be the same as that used by Office of Statewide Health Planning Development for annual hospital reporting purposes.<sup>3</sup> Fremont-Rideout Health Group and Rideout Memorial Hospital shall use and maintain a charity care policy that is no less favorable than its current charity care policy at the Hospital and in compliance with California and Federal law. The planning of, and any subsequent changes to, the charity care and collection policies, and charity care services provided at the Hospital shall be decided upon by the Governing Board of Rideout Memorial Hospital (See Attachment 2.2(a) of the Affiliation Agreement attached hereto as Exhibit 2).

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<sup>3</sup> OSHPD defines charity care by contrasting charity care and bad debt. According to OSHPD, "the determination of what is classified as . . . charity care can be made by establishing whether or not the patient has the ability to pay. The patient's accounts receivable must be written off as bad debt if the patient has the ability but is unwilling to pay off the account."

Fremont-Rideout Health Group's, Rideout Memorial Hospital's, Stone Point Health's, and Adventist Health System/West, D.B.A. Adventist Health's obligation under this Condition shall be prorated on a daily basis if the closing date of the Affiliation Agreement is a date other than the first day of Fremont-Rideout Health Group's and Rideout Memorial Hospital's, fiscal year.

For the second fiscal year and each subsequent fiscal year, the Minimum Charity Care Amount shall be increased (but not decreased) by an amount equal to the Annual Percent increase, if any, in the 12 Months Percent Change as measured by the Consumer Price Index for the West Region of the United States.

If the actual amount of charity care provided at the Hospital for any fiscal year is less than the Minimum Charity Care Amount (as adjusted pursuant to the above-referenced Consumer Price Index) required for such fiscal year, Fremont-Rideout Health Group, Rideout Memorial Hospital, Stone Point Health, and Adventist Health System/West, D.B.A. Adventist Health shall pay an amount equal to the deficiency to one or more tax-exempt entities that provide direct health care services to residents in the Hospital's service area (17 ZIP codes), as defined on page 32 of the Health Care Impact Report, dated January 26, 2018, and attached hereto as Exhibit 1. Such payment(s) shall be made within four months following the end of such fiscal year.

### VIII.

For six fiscal years from the closing date of the Affiliation Agreement, Fremont-Rideout Health Group, Rideout Memorial Hospital, Stone Point Health, and Adventist Health System/West, D.B.A. Adventist Health shall provide an annual amount of Community Benefit Services at the Hospital equal to or greater than \$96,891 (the "Minimum Community Benefit Services Amount") exclusive of any funds from grants. The planning of, and any subsequent changes to, the community benefit services provided at the Hospital shall be decided upon by the Governing Board of Rideout Memorial Hospital (See Attachment 2.2(a) of the Affiliation Agreement attached hereto as Exhibit 2).

Fremont-Rideout Health Group's, Rideout Memorial Hospital's, Stone Point Health's, and Adventist Health System/West, D.B.A. Adventist Health's obligation under this Condition shall be prorated on a daily basis if the closing date of the Affiliation Agreement is a date other than the first day of Fremont-Rideout Health Group's and Rideout Memorial Hospital's fiscal year.

For the second fiscal year and each subsequent fiscal year, the Minimum Community Benefit Services Amount shall be increased (but not decreased) by an amount equal to the Annual Percent increase, if any, in the 12 Months Percent Change as measured by the Consumer Price Index for the West Region of the United States.

If the actual amount of community benefit services provided at the Hospital for any fiscal year is less than the Minimum Community Benefit Services Amount (as adjusted pursuant to the above-referenced Consumer Price Index) required for such fiscal year, Fremont-Rideout Health Group, Rideout Memorial Hospital, Stone Point Health, and Adventist Health System/West, D.B.A. Adventist Health shall pay an amount equal to the deficiency to one or more tax-exempt entities that provide community benefit services for residents in the Hospital's service area (17 ZIP codes), as defined on page 32 of the Health Care Impact Report, dated January 26, 2018 and

attached hereto as Exhibit 1. Such payment(s) shall be made within four months following the end of such fiscal year.

## IX.

For five years from the closing date of the Affiliation Agreement, Fremont-Rideout Health Group and Rideout Memorial Hospital shall:

- a) Be certified to participate in the Medi-Cal program providing the same types and/or levels of emergency and non-emergency services to Medi-Cal beneficiaries as required in these Conditions at the Hospital;
- b) Maintain and have Medi-Cal Managed Care contracts with the below listed Medi-Cal Managed Care Plans to provide the same types and levels of emergency and non-emergency services at the Hospital to Medi-Cal beneficiaries (both Traditional Medi-Cal and Medi-Cal Managed Care) as required in these Conditions, on the same terms and conditions as other similarly situated hospitals offering substantially the same services, without any loss, interruption of service or diminution in quality, or gap in contracted hospital coverage, unless the contract is terminated for cause:
  - i) Anthem Blue Cross or its successor; and
  - ii) California Health and Wellness or its successor.
- c) Be certified to participate in the Medicare program by maintaining a Medicare Provider Number to provide the same types and levels of emergency and non-emergency services to Medicare beneficiaries (both Traditional Medicare and Medicare Managed Care) as required in these Conditions at the Hospital.

## X.

For five years from the closing date of the Affiliation Agreement, Fremont-Rideout Health Group and Rideout Memorial Hospital shall maintain its current contracts for a Sexual Assault Response Team and Sexual Assault Nursing Examination services with each law enforcement entity below unless terminated earlier by the law enforcement entity:

- i) Marysville Police Department;
- ii) Sutter County Sheriff Department;
- iii) Yuba City Police Department; and
- iv) Yuba County Sheriff's Department.

## XI.

For five years from the closing date of the Affiliation Agreement, Fremont-Rideout Health Group and Rideout Memorial Hospital shall maintain its current contracts with Sutter-Yuba Counties Behavioral Health to:

- a) Collaborate in the management and treatment of patients presenting in the emergency department with severe behavioral health needs; and

b) Provide special dietary meals to the County Psychiatric Health Facility.

**XII.**

Stone Point Health, and Adventist Health System/West, D.B.A. Adventist Health must comply with the \$90 million “Capital Investment” commitment set forth in section 3.3 of the Affiliation Agreement.

**XIII.**

Within one year of the closing of the Affiliation Agreement, Stone Point Health, and Adventist Health System/West, D.B.A. Adventist Health will initiate implementation of the Cerner Millennium Electronic Record System at the Hospital and the California Health and Safety Code section 1206(l) medical foundation clinics. Stone Point Health, and Adventist Health System/West, D.B.A. Adventist Health shall pay the costs for this implementation and such costs are not considered as part of the “Capital Investment” commitment set forth in section 3.3 of the Affiliation Agreement.

**XIV.**

Stone Point Health, and Adventist Health System/West, D.B.A. Adventist Health shall make the \$3 million contribution to the Fremont-Rideout Foundation as required in section 3.2 of the Affiliation Agreement.

**XV.**

Fremont-Rideout Health Group and Rideout Memorial Hospital shall maintain privileges for current medical staff at the Hospital who are in good standing as of the closing date of the Affiliation Agreement. Further, the closing of the Affiliation Agreement shall not change the medical staff officers, committee chairs, or independence of the medical staff, and such persons shall remain in good standing for the remainder of their tenure at the Hospital.

**XVI.**

There shall be no discrimination against any lesbian, gay, bisexual, or transgender individuals at the Hospital. This prohibition must be explicitly set forth in Fremont-Rideout Health Group’s, Rideout Memorial Hospital’s and Stone Point Health’s written policies, adhered to, and strictly enforced.

**XVII.**

For six fiscal years from the closing date of the Affiliation Agreement Fremont-Rideout Health Group, Rideout Memorial Hospital, Stone Point Health, and Adventist Health System/West, D.B.A. Adventist Health shall submit to the Attorney General, no later than four months after the conclusion of each fiscal year, a report describing in detail compliance with each Condition set forth herein. The Chairman of the Board of Trustees and Chief Executive Officer of Fremont-Rideout Health Group, Rideout Memorial Hospital, and Stone Point Health shall each certify that

the report is true, accurate, and complete and provide documentation of the review and approval of the report by Fremont-Rideout Health Group's, Rideout Memorial Hospital's, Stone Point Health's Board of Trustees and the Governing Board of Rideout Memorial Hospital (See Attachment 2.2(a) of the Affiliation Agreement attached hereto as Exhibit 2).

#### **XVIII.**

At the request of the Attorney General, all the entities listed in Condition I shall provide such information as is reasonably necessary for the Attorney General to monitor compliance with these Conditions and the terms of the transaction as set forth herein. The Attorney General shall, at the request of a party and to the extent provided by law, keep confidential any information so produced to the extent that such information is a trade secret or is privileged under state or federal law, or if the private interest in maintaining confidentiality clearly outweighs the public interest in disclosure.

#### **XIX.**

Once the Affiliation Agreement is closed, all the entities listed in Condition I are deemed to have explicitly and implicitly consented to the applicability and compliance with each and every Condition and to have waived any right to seek judicial relief with respect to each and every Condition.

The Attorney General reserves the right to enforce each and every Condition set forth herein to the fullest extent provided by law. In addition to any legal remedies the Attorney General may have, the Attorney General shall be entitled to specific performance, injunctive relief, and such other equitable remedies as a court may deem appropriate for breach of any of these Conditions. Pursuant to Government Code section 12598, the Attorney General's office shall also be entitled to recover its attorney fees and costs incurred in remedying each and every violation.



## Analysis of the Hospital's Service Area

### *Service Area Definition*

The Hospital's service area is comprised of 17 ZIP Codes from which approximately 94% of its discharges originated in 2016. Approximately 78% of the Hospital's discharges originated from the top 4 ZIP Codes, located in Yuba City, Marysville and Olivehurst. In 2016, the Hospital's market share in the service area was 57%.

SERVICE AREA PATIENT ORIGIN MARKET SHARE BY ZIP CODE: 2016						
ZIP Codes	Community	Total Discharges	% of Discharges	Cumulative % of Discharges	Total Area Discharges	Market Share
95991	Yuba City	2,945	25.2%	25.2%	4,453	66.1%
95901	Marysville	2,659	22.7%	47.9%	4,025	66.1%
95993	Yuba City	2,108	18.0%	65.9%	3,193	66.0%
95961	Olivehurst	1,469	12.6%	78.5%	2,626	55.9%
95953	Live Oak	562	4.8%	83.3%	1,044	53.8%
95932	Colusa	246	2.1%	85.4%	697	35.3%
95982	Sutter	172	1.5%	86.8%	279	61.6%
95948	Gridley	162	1.4%	88.2%	1,397	11.6%
95692	Wheatland	152	1.3%	89.5%	436	34.9%
95992	Yuba City	136	1.2%	90.7%	180	75.6%
95918	Browns Valley	105	0.9%	91.6%	228	46.1%
95919	Brownsville	91	0.8%	92.4%	179	50.8%
95962	Oregon House	58	0.5%	92.9%	118	49.2%
95935	Dobbins	45	0.4%	93.2%	93	48.4%
95674	Rio Oso	33	0.3%	93.5%	74	44.6%
95957	Meridian	33	0.3%	93.8%	67	49.3%
95903	Beale AFB	29	0.2%	94.1%	147	19.7%
<b>Sub-Total</b>		<b>11,005</b>	<b>94.1%</b>	<b>94.1%</b>	<b>19,236</b>	<b>57.2%</b>
All Other		696	5.9%	100%		
<b>Total</b>		<b>11,701</b>	<b>100%</b>			

Source: OSHPD Patient Discharge Database, 2016

### *Service Area Map*

The Hospital's service area has approximately 189,116 residents. There are two other hospitals located within the Hospital's service area, Orchard Hospital and Colusa Medical Center. Colusa Medical Center was formerly named Colusa Regional Medical Center and closed in April 2016. Colusa Medical Center's emergency department was re-opened in November 2017. There are 16 other hospitals located within 50 miles from the Hospital. The Hospital is the inpatient market share leader in the service area.

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BYLAWS OF THE GOVERNING BOARD OF  
RIDEOUT MEMORIAL HOSPITAL

The Board of Directors (the "Corporate Board") of Rideout Memorial Hospital, a California nonprofit public benefit corporation (the "Corporation") adopts these bylaws for the governing board (the "Governing Board") of Rideout Memorial Hospital and its provider-based ambulatory clinics (collectively, the "Hospital") to govern certain day-to-day operations of the Hospital. The Hospital is owned and operated by the Corporation. Stone Point Health, a California nonprofit public benefit corporation ("Stone Point Health") is the sole corporate member of the Corporation.

Article 1

Corporation Role and Purpose

1.1 Purpose. The Corporation is organized pursuant to the Nonprofit Public Benefit Corporation Law of the State of California (the "Nonprofit Code"). The primary purposes of the Corporation are described in the Corporation's articles of incorporation ("Corporate Articles").

Article 2

Governing Board Role and Responsibility

2.1 General Principles of Delegation. The Corporation, which owns and operates the Hospital, is controlled and managed by the Corporate Board. All powers and functions with respect to the management and governance of the Hospital are vested in the Corporate Board as set forth in the bylaws of the Corporation (the "Corporate Bylaws") and the Nonprofit Code. Subject to its own oversight and ultimate authority as required by the Nonprofit Code, the Corporate Board has delegated (a) certain responsibilities and functions to the Governing Board as set forth in the Corporate Bylaws and these bylaws of the Governing Board (the "Governing Board Bylaws"); and (b) certain powers and functions to the Corporation's president for the day-to-day management of the Hospital's business. The Corporation's president and the Governing Board shall exercise their delegated responsibilities and powers under the ultimate direction of the Corporate Board.

2.2 Delegation of Functions and Responsibilities. Subject to the oversight and ultimate authority of the Corporate Board, the Corporate Board delegates to the Governing Board, and the Governing Board shall be responsible to the Corporate Board for, the following responsibilities and functions:

(a) Providing institutional planning to meet the health care needs of the community the Hospital serves, including the Hospital's Community Health Needs Assessment and population health strategy;

(b) Providing market planning, including physician integration strategies;

(c) Determining that the Hospital, its employees, and the appointees of the Medical Staff conduct their activities so as to conform with the requirements and principles of all applicable laws and regulations, including the Health Care Quality Improvement Act;

Attachment 2.2(a) – RMH Governing Board Bylaws

- 40 (d) Reviewing the Hospital's annual operating budget and long-term capital  
41 expenditures plan and advising the Corporation's president regarding them;
- 42 (e) Organizing and supervising the Medical Staff of the Hospital, which includes  
43 approving the Medical Staff bylaws and rules and regulations, and ensuring that the  
44 Medical Staff establishes mechanisms to achieve and maintain high quality medical  
45 practice and patient care;
- 46 (f) Deciding upon Medical Staff appointments and reappointments, the granting of  
47 clinical privileges, and the reduction, modification, suspension, or termination of Medical  
48 Staff appointments and clinical privileges pursuant to the provisions of the Medical Staff  
49 bylaws;
- 50 (g) Ensuring the availability of programs for continuing education for Medical Staff  
51 appointees and appropriate in-service education programs for Hospital employees;
- 52 (h) Requiring the Medical Staff to periodically review the Medical Staff bylaws, rules  
53 and regulations, and policies governing the Medical Staff;
- 54 (i) Approving the adoption, amendment, or repeal of Medical Staff bylaws, rules and  
55 regulations, and policies governing the Medical Staff;
- 56 (j) Providing communication among duly authorized representatives of the  
57 governing body, the administration, and the Medical Staff;
- 58 (k) Ensuring that the Medical Staff is represented by attendance and has the  
59 opportunity to comment at all Governing Board meetings;
- 60 (l) Ensuring that all Medical Staff members practice within the scope of the clinical  
61 privileges delineated by the Governing Board;
- 62 (m) Requiring the development of a quality assurance program that includes a  
63 mechanism for review of the quality of patient care services provided by individuals who  
64 are not subject to the staff privilege delineation process, reviewing the quality assurance  
65 program on an ongoing basis, and ensuring that the Medical Staff is provided with the  
66 administrative assistance necessary to conduct quality assurance activities in  
67 accordance with the Hospital's quality assurance program;
- 68 (n) Reviewing and advising the Corporation's president regarding the short-range  
69 and long-range plans and goals for the Hospital in consultation with the Medical Staff  
70 and others;
- 71 (o) Establishing and approving policies and procedures for those functions of the  
72 Hospital that have been delegated to the Governing Board;
- 73 (p) Ensuring a safe environment within the Hospital for employees, Medical Staff,  
74 patients, and visitors;
- 75 (q) Organizing itself effectively so that it establishes and follows the policies and  
76 procedures necessary to discharge its responsibilities and adopts rules and regulations  
77 in accordance with legal requirements;

Attachment 2.2(a) – RMH Governing Board Bylaws

- 78 (r) Establishing and revising standards for the quality of service to be made  
79 available at the Hospital and Hospital policies implementing such standards;
- 80 (s) Maintaining liaison with the Corporate Board through the Corporation's president  
81 by sending to the chair of the Corporate Board notice of all meetings with an agenda and  
82 subsequent minutes of actions taken, and being available for and consulting with the  
83 Corporate Board;
- 84 (t) Evaluating the performance of the Governing Board;
- 85 (u) Cooperating with the Corporation's president to ensure that the Hospital obtains  
86 and maintains accreditation by the applicable accrediting bodies and eligibility for  
87 participation in the Medicare, Medicaid, or other payment programs selected by the  
88 Hospital;
- 89 (v) Monitoring the Hospital's performance through the regular review of reports from  
90 the Corporation's president on the overall activities of the Hospital;
- 91 (w) Reviewing and advising regarding Hospital services, including service line  
92 development;
- 93 (x) Reviewing and advising regarding Hospital philanthropic efforts; and
- 94 (y) Approving modifications or reductions in the types or levels of Hospital services.

95 **Article 3**

96 **Governing Board Structure and Procedures**

97 **3.1 Composition of Governing Board.** The Governing Board shall be appointed by the  
98 Corporate Board, with approximately one third of the members appointed each year, and shall  
99 be selected from individuals representing a variety of interests and abilities. The Governing  
100 Board shall consist of from twelve (12) to fifteen (15) members, depending upon the size and  
101 needs of the institution, as determined from time to time by the Corporate Board. Each member  
102 of the Governing Board shall be more than twenty-one (21) years of age, shall have an interest  
103 in health care matters, and shall support the goals, objectives, and philosophies of Stone Point  
104 Health.

105 **3.2 Qualifications of Governing Board Members.**

106 (a) Local and Corporate Governing Board Members. At least three-fourths (3/4ths)  
107 of the members of the Governing Board shall be individuals who reside or work in the  
108 geographic areas generally served by the Corporation ("**Local Governing Board**  
109 **Members**"), and the balance may be individuals appointed at the discretion of the  
110 Corporate Board ("**Corporate Governing Board Members**").

111 (b) Ex Officio. The Governing Board shall include the following:

- 112 1. The president of Stone Point Health, or the president's designee; and
- 113 2. The president of this Corporation.

Attachment 2.2(a) – RMH Governing Board Bylaws

114 (c) Medical Staff Physicians. The chief of staff of the Medical Staff may be a  
115 member of the Governing Board. In addition, up to three (3) other physicians who are  
116 members of the Medical Staff of a facility operated by the Corporation may be selected  
117 to serve as members of the Governing Board. Physicians may, at the discretion of the  
118 Governing Board, provide the liaison for communication between the Medical Staff and  
119 the Governing Board and thus function in lieu of a joint conference committee.

120 (d) Other Representatives. This category shall be composed of individuals other  
121 than the Medical Staff physicians who have expertise beneficial to the Corporation.  
122 Such Governing Board members shall be selected on the basis of the following  
123 considerations:

- 124 1. Well-known and respected among a significant segment of the population;
- 125 2. Involved in humanitarian activities, civic and service organizations, and  
126 community affairs;
- 127 3. Successful in personal business matters;
- 128 4. Ability to listen, to analyze, to think independently and logically, to make  
129 meaningful, relevant, and concise contributions to discussions, and to be  
130 generally helpful in the making of decisions; and
- 131 5. Possession of practical and technical or professional knowledge and skills that  
132 enable the giving of expert counsel beneficial to the Hospital.

133 **3.3 Governing Board Nominating Committee.** The Nominating Committee shall be  
134 appointed by the Governing Board and shall consist of five (5) Governing Board members. The  
135 Local Governing Board Members of the Governing Board shall have the right to select and  
136 approve at least three (3) of the five (5) members of the Nominating Committee from among the  
137 then current Local Governing Board Members. The Nominating Committee shall include the  
138 chair and vice chair of the Governing Board and the Corporation's president, with the vice chair  
139 of the Governing Board serving as chair of the Nominating Committee. In the event that the  
140 chair and/or vice chair of the Governing Board are also Local Governing Board Members, they  
141 shall be included among the three (3) Nominating Committee members subject to Local  
142 Governing Board approval. The Nominating Committee shall recommend candidates for  
143 election and reelection to the Governing Board and to fill vacancies in unexpired terms. The  
144 Corporate Board shall select Local Governing Board Members, and may select Corporate  
145 Governing Board Members, from among the nominees recommended by the Nominating  
146 Committee.

147 **3.4 Conflict of Interest Policy.** Upon appointment to the Governing Board and annually,  
148 each member shall sign a conflict of interest form as required by the Corporate Board, certifying  
149 that the member has read, understands and is in complete compliance with the Corporate  
150 Board's conflict of interest policy.

151 **3.5 Term of Office.** Each Governing Board member, except for the individuals described in  
152 Section 3.2(b), Section 10.2 and the chief of staff of the Medical Staff (if the chief of staff is a  
153 Governing Board member), shall hold office for a term of two (2) years or until that person's  
154 successor has been elected and qualified or until that person's earlier resignation or removal, or  
155 until the member's office has been declared vacant in the manner provided in these Governing

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156 Board Bylaws. A member appointed to fill a vacancy shall serve for the remainder of the term of  
157 that person's predecessor. The chief of staff may hold office on the Governing Board while  
158 serving as chief of staff of the Medical Staff and that person's term shall expire when a  
159 successor chief of staff takes office.

160 **3.6 Vacancies.**

161 (a) When Vacancies Exist. A vacancy or vacancies on the Governing Board shall  
162 occur upon the death, resignation, or removal of any member, or if the authorized  
163 number of members is increased, or if the Corporate Board fails, at any annual or  
164 special meeting of the Corporate Board at which any Governing Board members are  
165 elected, to elect the full authorized number of members to be voted for at the meeting.

166 (b) Filling Vacancies. Any vacancy occurring on the Governing Board may be filled  
167 by an appointment by the Corporate Board upon a recommendation from the Governing  
168 Board. The Corporate Board shall fill Local Governing Board Member vacancies, and  
169 may fill Corporate Governing Board Member vacancies, from among the nominees  
170 recommended by the Nominating Committee.

171 **3.7 Place of Meeting.** Meetings of the Governing Board shall be held at any place within or  
172 without the state that has been designated by the chair or the Corporation's president or by  
173 resolution of the Governing Board. In the absence of this designation, meetings shall be held at  
174 the principal office of the Corporation. Any Governing Board meeting may be held by  
175 conference telephone, video screen communication, or electronic transmission. Participation in  
176 a meeting under this Section shall constitute presence in person at the meeting if both of the  
177 following apply: (a) each member participating in the meeting can communicate concurrently  
178 with all other members; and (b) each member is provided the means of participating in all  
179 matters before the Governing Board, including the capacity to propose, or to interpose an  
180 objection to, a specific action to be taken by the Governing Board.

181 **3.8 Regular Meetings; Special Meetings.** Regular meetings of the Governing Board shall  
182 be held at least quarterly at such time as is fixed by the chair of the Governing Board. Regular  
183 meetings of the Governing Board shall consist of those meetings reflected on the Corporation's  
184 annual calendar. Special meetings of the Governing Board for any purpose or purposes may be  
185 called at any time by the Corporation's president or the chair of the Governing Board.

186 **3.9 Meeting Notices; Waiver.** Written notice of the time and place of meetings (regular or  
187 special) shall be delivered personally to each member of the Governing Board or sent to each  
188 member by mail or by other form of written communication, or by electronic transmission by the  
189 Corporation (as defined in Section 9.4), charges prepaid, addressed to the member at that  
190 member's address as it appears on the records of the Corporation. The notice shall be sent  
191 (a) for regular Governing Board meetings, at least fifteen (15) days, but not more than forty-five  
192 (45) days, before the time of the holding of the meeting; and (b) for special meetings, at least  
193 four (4) days before the time of the meeting, if notice is sent by mail, and at least forty-eight (48)  
194 hours before the time of the meeting, if notice is delivered personally, telephonically or by  
195 electronic transmission. Each member of the Governing Board must consent in writing to  
196 receipt of notice by electronic transmission, as provided in Section 9.4. The transaction of any  
197 meeting of the Governing Board, however called and noticed and wherever held, shall be as  
198 valid as though the meeting had been held after a call and notice if a quorum is present and if,  
199 either before or after the meeting, each of the Governing Board members not present signs a  
200 written waiver or notice of consent to hold the meeting or an approval of the minutes. All such

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201 waivers, consents or approvals shall be filed with the corporate records or made a part of the  
202 minutes of the meeting.

203 **3.10 Quorum.** A majority of the members of the Governing Board shall constitute a quorum  
204 for the transaction of business. Except as otherwise required by law, the Corporate Articles, the  
205 Corporate Bylaws or these Governing Board Bylaws, the members present at a duly called or  
206 held Governing Board meeting at which a quorum is present may continue to transact business  
207 until adjournment, even if enough members have withdrawn to leave less than a quorum, if any  
208 action taken (other than adjournment) is approved by at least a majority of the members  
209 required to constitute a quorum. If less than a quorum is present at a regular meeting, any  
210 resulting actions shall be subject to the ratification of the Governing Board at the next meeting in  
211 which a quorum is present.

212 **3.11 Voting; Action without a Meeting.** Each Governing Board member shall have one  
213 vote on each matter presented to the Governing Board for action. No member may vote by  
214 proxy. Any action by the Governing Board may be taken without a meeting if all members of the  
215 Governing Board, individually or collectively, consent in writing or by electronic transmission to  
216 this action. Such written or electronic consent shall be filed with the minutes of the proceedings  
217 of the Governing Board.

218 **3.12 Resignation and Removal.** Any Governing Board member may resign by giving written  
219 notice to the Governing Board chair or to the Corporation's president. The resignation shall be  
220 effective when the notice is given unless it specifies a later time for the resignation to become  
221 effective. If a member's resignation is effective at a later time, the Corporate Board, on the  
222 Governing Board's recommendation, may appoint a successor to take office as of the date  
223 when the resignation becomes effective. Failure to attend three (3) consecutive meetings shall  
224 automatically be considered to be a resignation from the Governing Board, unless written  
225 reasons acceptable to the Governing Board chair are presented. A member of the Governing  
226 Board may be removed from office at any time, either with or without cause, by the Corporate  
227 Board. Notwithstanding the forgoing, no more than two (2) Governing Board members may be  
228 removed without cause in any twelve (12) month period.

229 **3.13 Compensation.** The Governing Board members shall receive no compensation for their  
230 services as members of the Governing Board.

231 **3.14 Governing Board Records.** The Governing Board members shall keep, or cause to be  
232 kept at the Hospital, correct and complete books and records of accounts and correct and  
233 complete minutes of the proceedings of the Governing Board's meetings and the meetings of  
234 committees of the Governing Board, if any. Copies of any and all such minutes shall promptly  
235 be provided to the Corporate Board.

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**Article 4**  
**Governing Board Officers**

238 **4.1 Officers.** The officers of the Governing Board shall be a chair, a vice chair, and a  
239 secretary. Any number of offices may be held by the same person. Designation as an officer of  
240 the Governing Board shall not make such individual an officer of the Corporation.

241 **4.2 Removal and Resignation of Officers.** Any officer may be removed, at any time,  
242 either with or without cause, by the Corporate Board. Any officer may resign at any time by

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243 giving written notice to the Corporation's president, or to the chair or vice chair of the Governing  
244 Board. Any such resignation shall take effect upon receipt of such notice or at any later time  
245 specified therein. Unless otherwise specified therein, the acceptance of an officer's resignation  
246 by any person shall not be necessary to make it effective.

247 **4.3 Vacancies.** A vacancy in any office because of death, resignation, removal,  
248 disqualification, or any other cause shall be filled in the manner prescribed in these Governing  
249 Board Bylaws for regular election or appointment to such office.

250 **4.4 Chair of the Governing Board.** Subject to Section 10.2 of these Governing Board  
251 Bylaws, the chair of the Governing Board shall be the president of Stone Point Health or such  
252 president's designee. The chair shall preside at all meetings of the Governing Board and  
253 exercise and perform such other powers and duties as may be from time to time assigned by  
254 the Governing Board.

255 **4.5 Vice Chair of the Governing Board.** The vice chair of the Governing Board shall assist  
256 the chair in the conduct of the business of the Governing Board and shall preside at Governing  
257 Board meetings in the chair's absence. The vice chair shall be a Local Governing Board  
258 member selected by the Governing Board and shall serve a two (2) year term.

259 **4.6 President.** In the absence of both the chair of the Governing Board and the vice chair of  
260 the Governing Board, the Corporation's president shall preside at meetings of the Governing  
261 Board, provided that either the chair or vice chair has provided prior written approval for the  
262 Corporation's president to do so. The Governing Board will be consulted in the selection and  
263 retention of the Corporation's president. The chair of the Corporate Board shall appoint the  
264 Corporation's president. The Corporate Board has delegated to the Corporation's president the  
265 responsibility for the day-to-day management of the Hospital. The Corporation's president has  
266 been vested with broad authority and charged with a wide range of duties, including the duties  
267 set forth in the Corporate Bylaws, which duties shall be carried out in consultation with the chair  
268 of the Governing Board. The Corporation's president may be the chief executive officer of the  
269 Hospital, if designated by the Corporate Board chair, and shall have general supervision,  
270 direction and control of the day-to-day business and affairs of the Hospital. The Corporation's  
271 president shall also have such other powers and duties as may be prescribed by the Corporate  
272 Board or the Corporate Bylaws. The Corporation's president shall be primarily responsible for  
273 carrying out all proper orders and resolutions of the Governing Board.

274 **4.7 Secretary.** The Corporation's president shall serve as secretary of the Governing Board  
275 and shall attend all meetings of the Governing Board and record all the proceedings of the  
276 meetings of the Governing Board in a book to be kept for that purpose. The secretary shall  
277 give, or cause to be given, notice for all special meetings of the Governing Board, and shall  
278 perform such duties as may be prescribed by the Governing Board.

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**Article 5  
Governing Board Operations**

281 **5.1 General Functions.** The Governing Board performs its delegated duties as a  
282 committee-of-the-whole rather than through an executive committee or other committees.

283 **5.2 Committees.** In the event that a committee of the Governing Board must be  
284 designated, the committee shall operate in the following manner:



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285 (a) The Governing Board, at its discretion, by resolution adopted by a majority of the  
286 authorized number of members, may designate one (1) or more committees, each of  
287 which shall be composed of two (2) or more Governing Board members, to serve at the  
288 pleasure of the Governing Board. The Governing Board may designate one (1) or more  
289 members as alternate members of any committee. Committees designated to deliberate  
290 issues directly affecting the discharge of Medical Staff responsibilities shall include at  
291 least one (1) Governing Board member who is also a member of the Medical Staff.

292 (b) The Governing Board may delegate to any committee, to the extent provided in  
293 the resolution, any of the Governing Board's powers and authority except that the  
294 committee may not appoint or reappoint any person as a member of the Hospital's  
295 Medical Staff if that person's application presents any question or doubt as to whether  
296 the person should be a member of the Medical Staff. The committee may, however,  
297 make such appointment or reappointment if there are no evident issues questioning the  
298 person's qualifications to be a Medical Staff member.

299 (c) The Governing Board may prescribe appropriate rules, not inconsistent with  
300 these Governing Board Bylaws, by which proceedings of any such committee shall be  
301 conducted. The provision of these Governing Board Bylaws relating to the calling of  
302 meetings of the Governing Board, notice of meetings of the Governing Board and waiver  
303 of such notice, adjournments of meetings of the Governing Board, written or electronic  
304 consents to Governing Board meetings and approval of minutes, action by the  
305 Governing Board by written or electronic consent without a meeting, the place of holding  
306 such meetings, the quorum for such meetings, the vote required at such meetings, and  
307 the withdrawal of members after commencement of a meeting shall apply to committees  
308 of the Governing Board and action by such committees. In addition, any member of the  
309 Governing Board serving as the chair or as secretary of the committee, or any two (2)  
310 members of the committee, may call meetings of the committee. Regular meetings of  
311 any committee may be held without notice if the time and place of such meetings are  
312 fixed by the Governing Board or the committee.

313 **5.3 Medico-Administrative Liaison.** The Corporation's president shall function as a liaison  
314 between the Governing Board and the Medical Staff.

315 **5.4 Education Programs.** The Corporation's president shall provide orientation and  
316 continuing education programs for members of the Governing Board.

317 **5.5 Volunteer Program.** The Governing Board may establish a volunteer services  
318 department of the Hospital. If the Governing Board establishes such a department, the  
319 Governing Board shall maintain proper oversight and management of Hospital volunteers by  
320 ensuring that all volunteers provide volunteer work only as members of the volunteer services  
321 department.

322 **5.6 Role in Accreditation.** The Governing Board shall assist Hospital administration, as  
323 requested, in the accreditation process, including participation by one or more Governing Board  
324 representatives in the Hospital's survey and its summation conference.

325 **5.7 Strategic Planning.** The Governing Board, through the Corporation's president, shall  
326 establish a strategic planning process to evaluate periodically the Hospital's goals, policies, and  
327 programs. This strategic planning may be performed by a committee, which includes

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328 representatives of the Governing Board, administration, Medical Staff, nursing, and other  
329 departments/services as appropriate.

330 **5.8 Compliance with Law and Regulations.** The Governing Board, through the  
331 Corporation's president, shall take all reasonable steps to ensure that the Hospital is in  
332 conformance with applicable law and the requirements of authorized planning, regulatory, and  
333 inspection agencies.

334 **5.9 Control of Physical and Financial Resources.**

335 (a) Stone Point Health maintains and operates its own financial and management  
336 information systems. The purchasing and materials management policies and  
337 procedures of Stone Point Health govern the Hospital's procedures for the purchase,  
338 evaluation and distribution of supplies, and control of inventories.

339 (b) The Corporation carries property insurance, self-insures or self-retains to cover  
340 damage to or destruction of the Hospital's property and any financial loss due to theft or  
341 business interruptions, and has professional liability insurance, or self-insures or self-  
342 retains, for acts performed by employees of the Hospital or Hospital volunteers within the  
343 scope of their capacity and duties as employees or volunteers of the Hospital.

344 (c) The books of the Corporation shall be reviewed annually by an auditor selected  
345 by Stone Point Health.

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**Article 6  
Medical Staff**

348 **6.1 Organization.** There exists a Medical Staff organization, known as the Medical Staff of  
349 the Hospital, whose membership is comprised of all physicians who are privileged to attend  
350 patients in the Hospital, and, where appropriate, such dentists, podiatrists, and psychologists  
351 who are privileged to attend patients in the Hospital. Only a member of the Medical Staff with  
352 admitting privileges shall admit patients to the Hospital. Membership in the Medical Staff shall  
353 be a prerequisite to the exercise of clinical privileges in the Hospital, except as otherwise  
354 specifically provided in the Medical Staff bylaws.

355 **6.2 Medical Staff Bylaws, Rules, and Regulations.**

356 (a) **Purpose.** The medical staff shall propose and adopt by a majority vote bylaws,  
357 rules, and regulations for its internal governance, which shall be effective only when  
358 approved by the Governing Board, which approval shall not be unreasonably withheld.  
359 The Medical Staff bylaws shall create an effective administrative unit to discharge the  
360 functions and responsibilities assigned to the Medical Staff by the Governing Board.  
361 The Medical Staff bylaws, rules, and regulations shall state the purpose, functions, and  
362 organization of the staff, and shall set forth the policies by which the Medical Staff  
363 exercises and accounts for its delegated authority and responsibilities. The Medical  
364 Staff bylaws and rules and regulations shall create an administrative unit to discharge  
365 the functions and responsibilities assigned to the Medical Staff by the Governing Board,  
366 and such bylaws, rules and regulations shall be consistent with The Joint Commission  
367 standards and recommendations, applicable law, applicable Hospital policy and the  
368 Articles of Incorporation and Bylaws of this Corporation.

369 (b) Procedure. The Medical Staff shall have the initial responsibility to formulate,  
370 adopt, and recommend to the Governing Board Medical Staff bylaws and amendments  
371 thereto, which shall be effective when approved by the Governing Board. Proposed  
372 Medical Staff bylaws changes will be presented to a meeting of the Governing Board  
373 and sent to each Governing Board member at least seven (7) days prior to the meeting  
374 at which a vote is to be taken on adoption of the proposed change. No Medical Staff  
375 bylaws or amendments shall become effective without approval by the Governing Board  
376 as provided above.

377 **6.3 Medical Staff Executive Committee.** There shall be an Executive Committee that  
378 represents the Medical Staff, has responsibility for the effectiveness of all medical activities of  
379 the Medical Staff and acts for the Medical Staff. The Executive Committee is a mechanism for  
380 providing a clearly defined formal relationship between the Medical Staff organization and the  
381 Chief Executive Officer of the Hospital. The members of the Executive Committee shall be  
382 selected as described in the Medical Staff Bylaws.

383 **6.4 Medical Staff Membership and Clinical Privileges.**

384 (a) Delegation to the Medical Staff. The Governing Board delegates to the Medical  
385 Staff the responsibility and authority to investigate and evaluate all matters relating to  
386 Medical Staff membership status, clinical privileges and corrective action, and requires  
387 that the staff adopt and forward to it specific written recommendations with appropriate  
388 supporting documentation that will allow the Governing Board to take informed action.

389 (b) Action by the Governing Board. The Governing Board shall take final action on  
390 all matters relating to the Medical Staff membership status, clinical privileges, and  
391 corrective action after considering the staff recommendations, and subject to any  
392 hearing rights under the fair hearing procedures set forth in the Medical Staff bylaws,  
393 provided that the Governing Board shall act in any event if the staff fails to adopt and  
394 submit any such recommendation within the time periods set forth in the Medical Staff  
395 bylaws. Such Governing Board action without a staff recommendation shall be taken  
396 only after appropriate notice to the staff and a reasonable time for the staff to act thereon  
397 and shall be based on the same kind of documented investigation and evaluation of  
398 current ability, judgment, and character as is required for staff recommendations. In the  
399 event the Governing Board does not concur in a Medical Staff recommendation, it shall  
400 refer the matter to a joint committee of the Governing Board and Medical Staff for review  
401 and recommendation before a final decision is made by the Governing Board.

402 (c) Criteria for Board Action. In acting on matters of Medical Staff membership  
403 status, the Governing Board shall consider the staff's recommendations, the needs of  
404 the Hospital and the community, and such additional criteria as are set forth in the  
405 Medical Staff bylaws. In granting and defining the scope of clinical privileges to be  
406 exercised by each practitioner, the Governing Board shall consider the staff's  
407 recommendations, the supporting information on which they are based, and such criteria  
408 as are set forth in the Medical Staff bylaws. No aspect of membership status or specific  
409 clinical privileges shall be limited or denied to a practitioner on the basis of sex, age,  
410 race, creed, color, or national origin. Any differences between the Medical Staff and the  
411 Governing Board regarding recommendations concerning membership status, clinical  
412 privileges and corrective action shall be resolved within a reasonable period of time by  
413 the Governing Board and the Medical Staff.

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414 (d) Terms and Conditions of Staff Membership and Clinical Privileges. The terms  
415 and conditions of membership status in the Medical Staff and of the exercise of clinical  
416 privileges shall be as specified in the Medical Staff bylaws or as more specifically  
417 defined in the notice of individual appointment. Appointments to the Medical Staff may  
418 be for a maximum term of two (2) years.

419 (e) Procedure. The procedure to be followed by the Medical Staff and the Governing  
420 Board in acting on matters of membership status, clinical privileges, and corrective  
421 action shall be as specified in the Medical Staff bylaws, rules and regulations, and  
422 policies governing the Medical Staff.

423 **6.5 Fair Hearing Procedures.** The Governing Board shall require that any adverse  
424 recommendations made by the Executive Committee of the Medical Staff or any adverse action  
425 taken by the Governing Board with respect to a practitioner's staff appointment, reappointment,  
426 department affiliation, staff category, admitting prerogative, or clinical privileges shall, except  
427 under circumstances for which specific provision is made in the Medical Staff bylaws and/or by  
428 contract, be accomplished in accordance with the Governing Board-approved fair hearing  
429 procedures then in effect. Such procedures shall be compliant with applicable law and shall  
430 ensure fair treatment and afford opportunity for the presentation of all pertinent information. For  
431 the purposes of this Section, an "adverse recommendation" of the Medical Staff Executive  
432 Committee and an "adverse action" of the Governing Board shall be as defined in the fair  
433 hearing procedures as indicated in the Medical Staff bylaws.

434 **6.6 Allied Health Professionals.** The Governing Board delegates to the Medical Staff the  
435 responsibility and authority to investigate and evaluate each category of allied health  
436 professional and each application by an allied health professional for specified services,  
437 department affiliation and modification in the services such allied health professional may  
438 perform, and requires that the staff or a designated component thereof make recommendations  
439 to it or to its designee thereon. Final action on all such matters shall be taken by the Governing  
440 Board after considering the Medical Staff recommendations forwarded pursuant to Section 6.4,  
441 provided that the Governing Board shall act in any event if the Medical Staff does not adopt and  
442 submit any such recommendations within the time periods required by the Medical Staff bylaws.  
443 Such Governing Board action without a Medical Staff recommendation shall be based on the  
444 same kind of documented investigation and evaluation of current ability, judgment, and  
445 character as is required for a Medical Staff recommendation. Allied health practitioners shall  
446 consist of health professionals who are not members of the Medical Staff, but who desire to  
447 practice in some capacity within the Hospital. Allied health practitioners shall not have rights to  
448 fair hearing and appeals except as may expressly be provided in the Medical Staff Bylaws.

449 **6.7 Department Chair.** The Governing Board delegates to the Medical Staff the  
450 responsibility and authority to evaluate and elect candidates to serve as chair for each basic and  
451 supplemental medical service in accordance with the procedure and for the terms specified in  
452 the Medical Staff bylaws.

453 **6.8 Contractual, Medico-Administrative and Special Staff Officers.** Medico-  
454 Administrative officer means a practitioner, engaged by or otherwise contracting with the  
455 Hospital on a full or part-time basis, whose duties include certain responsibilities which may be  
456 both administrative and clinical in nature. Clinical responsibilities are defined as those  
457 involving professional capability as a practitioner, such to require the exercise of clinical  
458 judgment with respect to patient care and include the supervision of professional activities of  
459 practitioners under his direction. A practitioner engaged by the Hospital in a purely

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460 administrative capacity with no clinical duties or privileges is subject to the regular personnel  
461 policies of the Hospital and to the terms of his or her contract, or other conditions of  
462 engagement, and need not be a member of the Medical Staff. Conversely, a medical  
463 administrative officer must be a member of the Medical Staff. His or her clinical privileges must  
464 be delineated in accordance with the Medical Staff bylaws. His or her Medical Staff  
465 membership and clinical privileges shall not be dependent upon his or her continued occupation  
466 of that position, unless otherwise provided in an employment agreement, contract, other  
467 arrangement or Governing Board process that complies with state law.

468 **6.9 Chief Executive Officer.** The Chief Executive Officer, and any other person designated  
469 by the Corporate Board shall be privileged to attend all meetings of the Medical Staff and shall  
470 be given notice of such meetings.

471 **Article 7**  
472 **Quality of Professional Services; Quality Assessment/Performance Improvement and**  
473 **Risk Management Program**

474 **7.1 Governing Board Responsibility.** The Governing Board shall ensure:

475 (a) That the Medical Staff and administrative personnel prepare and maintain  
476 adequate and accurate medical records for all patients;

477 (b) That the person responsible for each basic and supplemental medical service  
478 cause written policies and procedures to be developed and maintained and that such  
479 policies be approved by the Governing Board; and

480 (c) That the Medical Staff conduct specific review and evaluation activities to assess,  
481 preserve, and improve the overall quality and efficiency of patient care in the Hospital.  
482 The Governing Board shall consider the recommendations of the Medical Staff  
483 respecting these review and evaluation activities and shall provide whatever  
484 administrative assistance is reasonably necessary to support and facilitate the  
485 implementation and ongoing operation of these review and evaluation activities.

486 **7.2 Accountability to Governing Board.** Subject to the ultimate authority of the Corporate  
487 Board, the Medical Staff shall conduct and be accountable to the Governing Board for  
488 conducting activities that contribute to the preservation and improvement of the quality and  
489 efficiency of patient care provided in the Hospital. These activities shall include:

490 (a) Conducting periodic meetings at regular intervals to review and evaluate the  
491 quality of patient care (generally on a retrospective basis) through valid and reliable  
492 patient medical records;

493 (b) Monitoring and evaluating patient care, identifying and resolving problems, and  
494 identifying opportunities to improve care through the Medical Staff committee assigned  
495 to oversee quality in the Medical Staff bylaws. This mechanism is to ensure the  
496 provision of the same level of quality of patient care regardless of the patient's age, sex,  
497 religion, race, disability, or financial status. This mechanism is assured by all individuals  
498 with delineated clinical privileges, within Medical Staff departments, across  
499 department/services, between members and the nonmembers of the Medical Staff who  
500 have delineated clinical privileges, the other professional services, and the Hospital

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501 administration. Such monitoring shall include, but is not limited to, evaluation of critical  
502 aspects of care, including antibiotic and drug usage, transfusion practices, tissue  
503 infections, mortalities and unexpected clinical occurrences;

504 (c) Management of clinical affairs, including enforcement of clinical policies and  
505 consultation requirements, initiation of disciplinary actions, surveillance over  
506 requirements for performance monitoring and for the exercise of newly-acquired clinical  
507 privileges, and like clinically oriented activities;

508 (d) Conducting systematic evaluation of practitioner performance against explicit,  
509 predetermined criteria;

510 (e) Defining the clinical privileges for members of the Medical Staff commensurate  
511 with individual credentials and demonstrated ability and judgment, and assigning patient  
512 care responsibilities to other health care professionals consistent with individual  
513 licensure, qualifications, demonstrated ability, and approved clinical privileges;

514 (f) Taking a leadership role in organization's QAPI activities to improve the quality  
515 and safety of care, treatment, and services; that is accountable to the Governing Board  
516 and the Corporate Board;

517 (g) Providing for continuing professional education fashioned in part on the needs  
518 identified through the review, evaluation, and monitoring activities and on new state-  
519 of-the-art developments; and

520 (h) Providing for such other measures as the Governing Board may, after  
521 considering the advice of the Medical Staff and other professional services and the  
522 Hospital administration, deem necessary for the preservation and improvement of the  
523 quality and efficiency of patient care.

524 **7.3 Delegation to Hospital Administration.** The Corporate Board delegates to the  
525 Hospital's Administration and holds it accountable for providing the administrative assistance  
526 reasonably necessary to support and facilitate the implementation and ongoing operation of the  
527 Hospital's quality assessment/improvement performance and risk management program, for  
528 implementing the quality assessment/improvement performance and risk management program  
529 as it concerns nonmedical professional personnel and technical staffs and patient care units,  
530 and for analyzing information and acting upon problems involving technical, administrative and  
531 support services and Hospital policy.

532 **7.4 Documentation.** At least annually, the Governing Board shall require, receive, consider  
533 and, as appropriate, act upon the findings and recommendations resulting from the activities  
534 required by this Article and all such findings and recommendations shall be in writing, signed by  
535 the persons responsible for conducting the activities and supported and accompanied by  
536 appropriate documentation and rationale upon which the Governing Board can take informed  
537 action, as required or necessary and can exercise effective oversight of the quality  
538 assessment/performance improvement and risk management program.

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**Article 8  
Indemnification; Insurance**

541 **8.1 Advancement of Expenses.** To the fullest extent permitted by law and except as  
542 otherwise determined by the Corporate Board in a specific instance (and in the Corporate  
543 Board's sole and absolute discretion), expenses incurred by a member of the Governing Board  
544 seeking indemnification under this Article of these Governing Board Bylaws in defending any  
545 proceeding covered by this Article shall be advanced by the Corporation before final disposition  
546 of the proceeding, on receipt by the Corporation of an undertaking by or on behalf of that person  
547 that the advance will be repaid unless it is ultimately found that the person is entitled to be  
548 indemnified by the Corporation for those expenses. The Corporate Board must approve any  
549 advance to the Corporation's president under this Section, prior to such advance being paid to  
550 the Corporation's president.

551 **8.2 Indemnification upon Successful Defense.** If a Governing Board member is  
552 successful on the merits in defense of any proceeding, claim or other contested matter brought  
553 against the Governing Board member in connection with the Governing Board member's actions  
554 or omissions in relation to the Corporation, the Corporation shall indemnify the Governing Board  
555 member against that member's actual and reasonable expenses incurred in the defense against  
556 such proceeding or claim.

557 **8.3 Indemnification upon Unsuccessful Defense.**

558 (a) Mandatory Indemnification. To the maximum extent permitted by law, the  
559 Corporation shall indemnify each of its present and former Governing Board members  
560 as qualifying for this mandatory indemnification (each of whom is an "indemnitee")  
561 against expenses (collectively, "payments") actually and reasonably incurred by such  
562 indemnitee in connection with defending that indemnitee against an action or  
563 proceeding. Notwithstanding the above, mandatory indemnification shall be given to a  
564 potential indemnitee only if all of the following apply:

- 565 1. The potential indemnitee was not a Governing Board member who was removed  
566 from one or more of their positions with this Corporation;
- 567 2. The action or proceeding against the indemnitee is based on or relates to an  
568 action or inaction taken by the indemnitee on behalf of the Corporation and within  
569 the scope of the indemnitee's role or relationship with the Corporation;
- 570 3. The Corporate Board (excluding vacancies and directors who have a conflict of  
571 interest) has made all findings required by the Nonprofit Code (the indemnitee  
572 shall not be eligible to receive mandatory indemnification if such findings are not  
573 made by the Corporate Board); and
- 574 4. The potential indemnitee has not procured any illegal profit, remuneration or  
575 advantage, as determined by the Corporate Board in its sole discretion.

576 If a Governing Board member does not qualify for this mandatory indemnification, such  
577 Governing Board member might still receive discretionary indemnification as outlined below.

578 (b) Discretionary Indemnification. To the maximum extent permitted by law, the  
579 Corporate Board may in its sole discretion, by a majority vote (excluding vacancies and

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580 directors with a conflict of interest), indemnify a Governing Board member (including  
581 former Governing Board members who were removed by the Corporate Board or  
582 Governing Board members not entitled to mandatory indemnification) (each of which is a  
583 "recipient") against any or all of the expenses, judgments, fines, settlements or other  
584 amounts actually and reasonably incurred by such recipient in connection with an action  
585 or proceeding against the recipient, subject to the following:

- 586 1. The action or proceeding against the recipient must be based on or relate to an  
587 action or inaction taken by the recipient on behalf of the Corporation and within  
588 the scope of the recipient's role or relationship with the Corporation;
- 589 2. The Corporate Board (excluding vacancies and directors who have a conflict of  
590 interest) must have made all findings required by the Nonprofit Code (the  
591 recipient shall not be eligible to receive this discretionary indemnification if such  
592 findings are not made by the Corporate Board); and
- 593 3. Indemnification is not available if the recipient is found to have procured illegal  
594 profit, remuneration or advantage.

595 **8.4 Insurance.** The Corporation shall have the power to purchase and maintain insurance  
596 on behalf of any member of the Governing Board against any liability asserted against or  
597 incurred by that Governing Board member in such capacity or arising out of the Governing  
598 Board member's status as such whether or not the Corporation would have the power to  
599 indemnify that person against such liability under the provisions of this Article.

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**Article 9**  
**General Provisions**

602 **9.1 Evaluation of Performance.** The Governing Board shall establish a mechanism to  
603 evaluate its own performance on an annual basis.

604 **9.2 Review and Amendment of Governing Board Bylaws.** A bylaws committee,  
605 appointed by the Corporate Board, shall review these Governing Board Bylaws annually.  
606 Recommended amendments to the Governing Board Bylaws shall be forwarded to the  
607 Corporate Board for its decision. Any recommended amendments shall not be effective unless  
608 adopted by the Corporate Board. These Governing Board Bylaws may only be amended or  
609 repealed, and new Governing Board Bylaws adopted, by a vote of the Corporate Board;  
610 provided, however, that revisions to Sections 2.2, 3.2(a), 3.3, 3.6(b), 4.5, 9.2, 10.1, 10.2 and  
611 10.3 of these Governing Board Bylaws must also be approved by a majority of the members of  
612 the Governing Board.

613 **9.3 Corporate Bylaws.** If any provision of these Governing Board Bylaws, other than  
614 Sections 2.2, 3.2(a), 3.3, 3.6(b), 4.5, 9.2, 10.1, 10.2 or 10.3, conflicts with the Corporate Articles  
615 or Corporate Bylaws, then the provision in the Corporate Articles or Corporate Bylaws shall  
616 prevail. If any provision in Sections 2.2, 3.2(a), 3.3, 3.6(b), 4.5, 9.2, 10.1, 10.2 or 10.3 of these  
617 Governing Board Bylaws conflicts with the Corporate Bylaws, then the provision in these  
618 Governing Board Bylaws shall prevail.



619 9.4 Electronic Transmission.

620 (a) "Electronic transmission by the Corporation" means a communication  
621 (1) delivered by (A) facsimile telecommunication or electronic mail when directed to the  
622 facsimile number or electronic mail address for that recipient on record with the  
623 Corporation; (B) posting on an electronic message board or network which the  
624 Corporation has designated for those communications, together with a separate notice  
625 to the recipient, which transmission shall be considered delivered upon the later of the  
626 posting or delivery of the separate notice thereof; or (C) other means of electronic  
627 communication; (2) to a recipient who has provided an unrevoked consent to the use of  
628 those means of transmission for communications pursuant to the Nonprofit Code; and  
629 (3) that creates a record that is capable of retention, retrieval, and review, and that may  
630 thereafter be rendered into clearly legible tangible form.

631 (b) An electronic transmission to a Governing Board member must be preceded by  
632 or include a clear written statement to the recipient as to (1) any right of the recipient to  
633 have the record provided or made available on paper or in nonelectronic form;  
634 (2) whether the consent applies only to that transmission, to specified categories of  
635 communications, or to all communications from the Corporation; and (3) the procedures  
636 the recipient must use to withdraw consent.

637 (c) "Electronic transmission to the Corporation" means a communication  
638 (1) delivered by (A) facsimile telecommunication or electronic mail when directed to the  
639 facsimile number or electronic mail address which the Corporation has provided to  
640 Governing Board members for communications; (B) posting on an electronic message  
641 board or network which the Corporation has designated for those communications,  
642 which transmission shall be considered delivered upon posting; or (C) other means of  
643 electronic communication; (2) as to which the Corporation has placed in effect  
644 reasonable measures to verify that the sender is the Governing Board member  
645 purporting to send the transmission; and (3) that creates a record that is capable of  
646 retention, retrieval, and review, and that may thereafter be rendered into clearly legible  
647 tangible form.

648 (d) "Electronic transmission" means any combination of electronic transmission by  
649 or to the Corporation.

650 Article 10  
651 Initial Governing Board

652 10.1 Appointment of Initial Governing Board Members. Notwithstanding Section 3.1  
653 above, as of the effective date of these Governing Board Bylaws, the Corporation has  
654 designated twelve (12) individuals to serve on the initial Governing Board: (a) nine (9) persons  
655 appointed by the Corporation's board of directors prior to its affiliation with Stone Point Health,  
656 who will serve as the initial Local Governing Board Members of the Governing Board; and (b)  
657 three (3) persons appointed by Stone Point Health, including at least one (1) Stone Point Health  
658 executive, who will serve as the initial Corporate Governing Board Members of the Governing  
659 Board. One half of the initial members of the Governing Board shall have a term of two (2)  
660 years and the balance shall have a term of one (1) year.

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661 **10.2 Chair and Vice Chair of the Initial Governing Board.** Notwithstanding Section 4.4  
662 above, a Local Governing Board Member shall serve as chair for at least the first three (3) years  
663 after the effective date of these Governing Board Bylaws. The chair shall preside at all  
664 meetings of the Governing Board and exercise and perform such other powers and duties as  
665 may be from time to time assigned by the Governing Board. Notwithstanding Section 4.5  
666 above, so long as the chair is a Local Governing Board Member, a Corporate Governing Board  
667 Member shall serve as vice chair.

668 **10.3 Sunset.** As and when the time periods in this Article 10 expire, the respective provisions  
669 in this Article 10 shall sunset. Articles 1 through 9 shall continue in effect.

670 **10.4 Effective Date.** These Governing Board bylaws are to be effective at 12:01 a.m., Pacific  
671 Time, on \_\_\_\_\_, 2017.

672 Adopted by the Corporate Board on \_\_\_\_\_, 2017.

673 By: \_\_\_\_\_

674 \_\_\_\_\_, Secretary

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