

**AMENDED AND RESTATED  
BYLAWS  
OF  
PALOMAR POMERADO HEALTH**

**2005 REVISION**

**Revised October 04, 2005**

**OLD BYLAWS**

**WITH**

**RESOLUTION**

# Overview of Board Bylaw Changes

## Laws reviewed included:

1. Health and Safety Code §§13840-13857
2. Health and Safety Code §§32121-32138
3. Health and Safety Code §§32150-32155
4. Health and Safety Code §§13840-13857
5. Civil Code §§1357.100-1357.150
6. Civil Code §§1363.05
7. Government Code

## List of changes by page and section number with reason for the change.

### 1. Page 2 Article I § 1.5:

#### Redline change

"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.

#### Reason:

This change was recommended by a DHS Inspector and reflects our current policy.

### 2. Page 2 § 2.3.2:

#### Redline change

The Board shall review and approve the District Bylaws annually.

#### Reason:

This change was recommended by a DHS Inspector and reflects our current policy.

### 3. Page 3 § 2.3.3:

#### Redline change

The Governance Committee will have the responsibility to oversee and ensure collaboration between the Board and District management for the purpose of developing, reviewing and revising the District Bylaws, Policies, Procedures, and other rules or regulations prior to being brought to the full Board for approval.

#### Reason:

This change was made for clarification and reflects our current policy.

**Deleted:** periodically, through the

**Deleted:** as provided below,

**Deleted:** regulations.

4. Page 8 § 6.1.3:

**Redline change**

The Audit Committee of the Board shall function pursuant to a charter approved by the Board and amended from time to time.

**Reason:**

This section was added as recommended by the attorneys and approved by the full Board 12/13/04.

5. Page 9 § 6.2.2(b):

**Redline change**

Non-Voting Membership. The President and Chief Executive Officer, the Chief Marketing and Communications Officer and the Compliance Officer.

**Reason:**

This section was changed to reflect the addition of the Chief Marketing and Communications Officer and was approved by the full Board 02/07/05.

The Compliance Officer was added as recommended by the CEO and Compliance Officer. This would allow a Board level committee to receive reports and discuss compliance issues. This would allow the Compliance officer the ability to reduce reports to the full Board to twice a year. Page 9 § 6.2.2(c)(v) was added as follows to for guidance: Receive reports from the Compliance Officer and recommend action to the full Board regarding Compliance issues:

Deleted: and

Deleted: Planning

6. Page 10 § 6.2.3(c)(v):

**Redline change**

Ensure that all special studies and recommendations/proposals are in alignment with the PPH mission, vision and strategic plan as well as government regulations.

**Reason:**

This section was added as recommended by the Governance Committee 3/8/05 and approved by the full Board 04/11/05.

7. Page 10 § 6.2.4(a) & (b):

**Redline change**

a. Voting Membership. The Committee shall consist of seven voting members, including four 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 the Chiefs of Staff of the Hospitals or the designees of the Chiefs of staff, as approved by the Committee Chairperson.

Deleted: six

b. Non-Voting Membership. The Chief Financial Officer, Chief Marketing and Communications Officer, Chief Administrative Officers Palomar Medical Center and Pomerado Hospital, the Chief Nurse Executive, ....

Deleted: President and Chief Executive Officer,

Deleted: Planning

**Reason:**

This section was changed as recommended by the Board Governance Committee 03/8/05 and approved by the full Board 04/11/05.

8. Page 11 § 6.2.5(b):

**Redline change**

(b) Non-Voting Membership. The President and Chief Executive Officer, the Chief Administrators of Pomerado Hospital and Palomar Medical Center, a nurse representative, the Chief Quality and Clinical Effectiveness Officer, the Chair of the Patient Safety Committee, the Physician Co-Chair of Quality Council or the Chairs of the Quality Management Committees of Pomerado Hospital and Palomar Medical Center (non-voting position will rotate between Chairs of Medical Staff Quality Management Committees, and Physician Co-Chair Quality Council allowing only two votes total for these three positions)

**Reason:**

This section was changed as recommended by the Board Quality Committee 07/12/05 and approved by the full Board 08/15/05.

9. Page 13 § 6.2.8(b):

**Redline change**

Non-Voting Membership. Chief Administrative Officer Pomerado Hospital, the Chief Financial Officer (CFO) or designee, nurse representative from PMC or POM and the Director of Facilities Planning and Development. As needed, other appropriate relevant staff in engineering, architectural, planning, compliance and a Physician Advisory Committee member may be requested to attend along with PPH staff to facilitate the work of the committee.

**Reason:**

This section was changed as recommended by the Board Governance Committee 01/20/05 and approved by the full Board 02/07/05.

10. Page 14 § 6.2.8(c)(iii):

**Redline change**

Receive reports from the Construction Manager and the Director of Facilities Planning and Development and recommend action to the Board regarding facilities design and maintenance;

**Reason:**

This was a typographical error. The Committee makes reports to the Board for action.

Deleted: committee

11. Page 14 § 6.2.8(c)(vi):

**Redline change**

Receive a biannual Environment of Care report;

**Reason:**

This section was added as recommended by the Board Director Kleiter and approved by the full Board 02/07/05.

12. Page 17 § 7.9:

**Redline change**

SUBORDINATE OFFICERS. The President and Chief Executive Officer, with the approval of the Board, may select and employ, such other officers as the District may require, each of who shall hold office for such period, have such authority, and perform such duties as the Board may from time to time determine.

**Reason:**

This section changed to as recommended by the CEO and to match section 7.8.

Deleted: Board may select and employ or empower the

**RESOLUTION OF THE BOARD OF DIRECTORS OF  
PALOMAR POMERADO HEALTH  
FOR ADOPTION OF AMENDED AND RESTATED BYLAWS  
Resolution No. 10.18.04(02)-12**

**WHEREAS**, Palomar Pomerado Health ("PPH") in accordance with an annual, comprehensive review of the District Bylaws which has been undertaken and following previous amendments to the Bylaws at meetings of the Board of Directors held January 13, 2003, February 10, 2003, May 12, 2003, and January 2004 (the "Amendments"); and

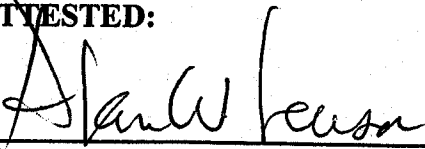
**WHEREAS**, for ease in administering the Bylaws and in order to avoid confusion, PPH now desires to restate the Bylaws to incorporate the Amendments and adopt such restated Bylaws, a true and correct copy of which is attached hereto as Exhibit A (the "Amended and Restated Bylaws"). In addition, a redlined version of the Amended and Restated Bylaws showing the changes effectuated by the Amendments, in addition to a Summary of PPH Bylaws Changes, is attached hereto as Exhibit B.

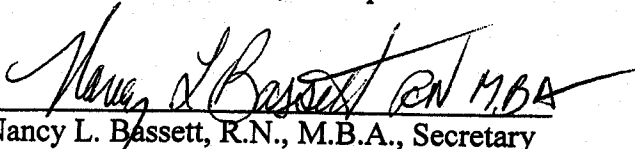
**NOW, THEREFORE, IT IS HEREBY RESOLVED** that the Amended and Restated Bylaws are hereby approved and adopted in the form of Exhibit A, attached hereto.

**PASSED AND ADOPTED** at a duly held meeting of the Board of Directors on October 18, 2004, by the following vote:

<b>AYES:</b>	Bassett, Berger, Kleiter, Krider, Larson, Rivera, Scofield
<b>NOES:</b>	None
<b>ABSTAINING:</b>	None
<b>ABSENT:</b>	None

**ATTESTED:**

  
\_\_\_\_\_  
Alan W. Larson, M.D., Chairperson

  
\_\_\_\_\_  
Nancy L. Bassett, R.N., M.B.A., Secretary

**AMENDED AND RESTATED  
BYLAWS  
OF  
PALOMAR POMERADO HEALTH**

**Revised October 18, 2004**

# **BYLAWS OF PALOMAR POMERADO HEALTH**

## **ARTICLE I. DEFINITIONS**

- 1.1 "Hospital(s)" means Palomar Medical Center, 555 East Valley Parkway, Escondido, California, and/or Pomerado Hospital, 15615 Pomerado Road, Poway, California.
- 1.2 "Board" means the Board of Directors of the District.
- 1.3 "District" means Palomar Pomerado Health.
- 1.4 "Medical Staff(s)" or "Staff(s)" means the organized medical staff of Palomar Medical Center, the organized medical staff of Pomerado Hospital, and/or the organized medical staff of other District Facilities, as indicated.
- 1.5 "Facility" or "Facilities" means a Hospital or the Hospitals, or any other health care facility or facilities operated by the District.
- 1.6 "Practitioner" means a physician (*i.e.*, M.D. or D.O.), dentist (D.D.S. or D.M.D.) or podiatrist (D.P.M.) who is duly licensed in the State of California to practice within the scope of said license.

## **ARTICLE II. ORGANIZATION, POWERS AND PURPOSES**

- 2.1 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").
- 2.2 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.
- 2.3 BYLAWS, POLICIES AND PROCEDURES
  - 2.3.1 The Board shall have the powers to adopt, amend, and promulgate District Bylaws, Policies, and Procedures as appropriate, and may delegate its power to promulgate Procedures in its discretion. For purposes of these Bylaws, "Policies" shall denote Board approved statements that provide broad strategic directions and/or governing mandates for the District, enabling the development of Procedures. The term "Procedures" shall mean any specific instruction or mode of conduct for the purpose of implementing a policy that may be promulgated by those District officers designated by the Board.
  - 2.3.2 The Board shall periodically, through the Governance Committee as provided below, oversee and ensure collaboration between the Board and District management for the



purpose of developing, reviewing and revising the District Bylaws, Policies, Procedures, and other rules or regulations.

- 2.4 **DISSOLUTION.** Any proposal to dissolve the District shall be subject to confirmation by the voters of the District in accordance with the Government Code.

### **ARTICLE III.** **OFFICES**

- 3.1 **PRINCIPAL OFFICE.** The principal office of the District is hereby fixed and located at 15255 Innovation Drive, San Diego, California.
- 3.2 **OTHER OFFICES.** Branch or subordinate offices may be established at any time by the Board at any place or places.

### **ARTICLE IV.** **BOARD**

- 4.1 **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.
- 4.2 **OPERATION OF FACILITIES.** The Board shall be responsible for the operation of the Facilities according to the best interests of the public health, and shall make and enforce all rules, regulations and bylaws necessary for the administration, government, protection and maintenance of the Facilities and all property belonging thereto, and may prescribe the terms upon which patients may be admitted to the Facilities. Such rules, regulations and bylaws applicable to the Facilities shall include but not be limited to the provisions specified in the Health and Safety Code, and shall be in accordance with and contain minimum standards no less than the rules and standards of private or voluntary hospitals. Unless specifically prohibited by law, the Board may adopt other rules which could be lawfully adopted by private or voluntary hospitals.
- 4.3 **RATES.** In setting the rates the Board shall, insofar as possible, establish such rates as will permit the Facilities to be operated upon a self-supporting basis. The Board may establish different rates for residents of the District than for persons who do not reside within the District.
- 4.4 **NUMBER AND QUALIFICATION.**
- 4.4.1 The Board shall consist of seven members, each of whom shall be a registered voter residing in the District.
- 4.4.2 Except as otherwise provided in applicable law, no Board member shall possess any ownership interest in any other hospital serving the same area as that served by the District or be a director, policymaking management employee, or medical staff officer of any hospital serving the same area as that served by the District, unless the boards of directors of the District and the hospital have determined that the situation will further joint planning, efficient delivery of health care services, and the best interests of the areas served by their respective hospitals, or unless the District and the hospital are affiliated under common ownership, lease, or any combination thereof. No Board member shall

simultaneously hold any other position over which the Board exercises a supervisory, auditory, or removal power.

4.4.3 For purposes of this section, a hospital shall be considered to serve the same area as the District if more than five percent of the hospital's patient admissions are District residents.

4.4.4 For purposes of this section, the possession of an ownership interest, including stocks, bonds, or other securities by the spouse or minor children or any person shall be deemed to be the possession or interest of the person.

4.4.5 Any candidate who elects to run for the office of member of the Board, and who owns stock in or who works for any health care facility that does not serve the same area served by the District, shall disclose on the ballot his or her occupation and place of employment.

4.5 **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 current Conflict of Interests Code of Palomar Pomerado Health as it may be amended from time to time, shall at all times comply with said Code any and all laws and regulations relating to conflicts of interests, including but not limited to the Government Code.

4.6 **ELECTION AND TERM OF OFFICE.** An election shall be held in the District on the first Tuesday after the first Monday in November in each even-numbered year, at which a successor shall be chosen to each Director whose term shall expire on the first Friday of December following such election. The election of Board members shall be an election at large within the District and shall be consolidated with the statewide general election. The candidates receiving the highest number of votes for the offices to be filled at the election shall be elected thereto. The term of office of each elected Board member shall be four years, or until the Board member's successor is elected and has qualified, except as otherwise provided by law in the event of a vacancy.

4.7 **NEW MEMBER ORIENTATION.** An orientation shall be provided which familiarizes each new Board member with his or her duties and responsibilities, including the Board's responsibilities for quality care and the Facilities' quality assurance programs. Continuing education opportunities shall be made available to Board members.

4.8 **EVALUATION.** The Board shall evaluate its own performance and well as those of its officers and employees on an annual or other periodic basis.

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

4.10 **RESIGNATION OR REMOVAL.** Any Board member may resign effective upon giving written notice to the Chairperson, the Secretary or the Board, unless the notice specifies a later time for the effectiveness of such resignation. The term of any member of the Board shall expire if the member is absent from three consecutive regularly scheduled monthly 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.

- 4.11 **LIABILITY INSURANCE.** The Board may purchase and maintain liability insurance on behalf of any person who is or was a director, officer, employee or agent of the District, or is or was serving at the request of the District as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise or as a member of any committee or similar body, against any liability asserted against such person and incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the District would have the power to indemnify him or her against such liability.
- 4.12 **COMPENSATION.** The Board shall serve without compensation unless the Board authorizes, by resolution adopted by majority vote, compensation of not to exceed \$100 per meeting for a maximum of five meetings per month for each member of the Board. For purposes of this section, "meeting" shall mean any regular or special Board meeting, whether open or closed, any standing or ad hoc committee meetings or any orientation sessions. For compensation purposes, successive open and closed meetings shall be considered as one meeting.
- 4.13 **HEALTH AND WELFARE BENEFITS.** Notwithstanding Section 4.12 above, the Board may provide health and welfare benefits, pursuant to Government Code Section 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.
- 4.14 **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. Such reimbursement, if approved by the Board, shall not constitute "compensation" for purposes of Section 4.12 above.

## ARTICLE V. BOARD MEETINGS

- 5.1 **MEETINGS 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.
- 5.2 **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. Board meetings may be held by teleconference subject to applicable laws and regulations including the Government Code.
- 5.3 **REGULAR MEETINGS.** Regular meetings of the Board shall be held as follows:
- 5.3.1 The Board's annual organizational meeting shall be held in December at the place and time designated by the Board in the Resolution discussed in Section 5.3.2 below.

- 5.3.2 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.
- 5.4 HOLIDAYS. Meetings of the Board may be held on any calendar day as determined by the Board.
- 5.5 NOTICE AND ACTION. The Board shall provide public notice of its meetings in accordance with the Brown Act. No "action," as defined in the Brown Act, shall be taken on any item not appearing on the posted agenda unless permitted under applicable law.
- 5.6 MEMBERS OF THE PUBLIC. Members of the public shall be afforded an opportunity to participate in District decision making 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.
- 5.7 ANNUAL ORGANIZATIONAL MEETING. At its annual organizational meeting, the Board shall organize by the election of officers. One member shall be elected as Chairperson, one as Vice Chairperson and one as Secretary. The Board may also appoint the Treasurer at the annual organizational meeting, who may also be the Chairperson of the Finance Committee.
- 5.8 SPECIAL MEETINGS.
- 5.8.1 A special meeting may be called at any time by the Chairperson, or by four or more Board members, by delivering personally or by mail written notice to each Board member and to each local newspaper of general circulation, radio or television station requesting notice in writing. Such notice must be delivered personally or by mail at least 24 hours before the time of such meeting as specified in the notice. The call and notice shall specify the time and place of the special meeting and the business to be transacted; no other business shall be considered at special meetings. 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.
- 5.8.2 The call and notice shall also be posted at least 24 hours prior to the special meeting in a location that is freely accessible to members of the public. Notice shall be required pursuant to this Section regardless of whether any action is taken at the special meeting.
- 5.8.3 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, the Board may hold an emergency meeting without complying with either or both the 24 hour notice or posting requirements. In the event the notice and/or posting requirements are dispensed with due to an emergency situation, each local newspaper of general circulation and radio or television station which has requested notice of special meetings shall be notified by the Chairperson, or his designee, one hour prior to the emergency meeting, by telephone. All telephone numbers provided in the most recent request of such newspaper or station for notification of special meetings shall be exhausted. In the event that telephone services are not functioning, the notice requirements of this paragraph shall be deemed waived, and the Board, or its designee, shall notify those newspapers, radio stations or television stations of the fact of the holding of the emergency meeting, the purpose of the meeting, and any action taken at the meeting as

soon after the meeting as possible. Notwithstanding this Section, the Board shall not meet in closed session during a meeting called as an emergency meeting. With the exception of the 24 hours notice and posting requirements, all requirements contained in this Section shall be applicable to any meeting called due to an emergency situation.

- 5.8.4 The minutes of an emergency meeting, a list of persons who the Chairperson, or his 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.
- 5.9 **QUORUM.** A majority of the members of the Board shall constitute a quorum for the transaction of business. Except as otherwise provided by law or these Bylaws, the act of a majority of the Board members present at a meeting at which a quorum is present shall be the act of the Board.
- 5.10 **ADJOURNMENT AND CONTINUANCE.** The Board may adjourn any of its meetings in accordance with applicable laws, including but not limited to the Brown Act.
- 5.11 **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 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 may establish a procedure for readmitting an individual or individuals not responsible for willfully disrupting the orderly conduct of the meeting.
- 5.12 **MEDICAL STAFF REPRESENTATION.** The Medical Staff of each Facility shall have the right of representation at all meetings of the Board, except closed sessions at which such representation is not requested, by and through the Chief of Staff or President 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.

## ARTICLE VI. BOARD COMMITTEES

- 6.1 **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.
- 6.1.1 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 full Board.
- 6.1.2 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

full Board. The committee shall be considered disbanded upon conclusion of the purpose for which it was appointed.

- 6.2 **STANDING COMMITTEES.** There shall be the following standing committees of the Board: Finance, Governance, Human Resources, Strategic Planning, Community Relations, Quality Review, Audit Committee, and Facilities and Grounds Committee. 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.

6.2.1 **Finance Committee.**

- (a) **Voting Membership.** The Finance Committee shall consist of seven voting members, four members of the Board, the President and Chief Executive Officer and the Chief of Medical Staff from each hospital. One alternate Committee member shall also be appointed by the Chairperson who shall attend Committee meetings and enjoy voting rights on the Committee only when serving as an alternate for a voting Committee member. The Chairperson of the Board may appoint the Treasurer as the chairperson of the Finance Committee.
- (b) **Non-Voting Membership.** The Chief Financial Officer (CFO), the Chief Administrative Officers Palomar Medical Center and Pomerado Hospital and a nurse representative.
- (c) **Duties.** The duties of the Committee shall include but are not limited to:
  - (i) Review the preliminary, annual operating budgets for the District and Facilities and other entities;
  - (ii) Develop and recommend to the Board the final, annual, operating budgets;
  - (iii) Develop and recommend to the Board a three-year, capital expenditure plan that shall be updated at least annually. The capital expenditure plan shall include and identify anticipated sources of financing for and objectives of each proposed capital expenditure in excess of \$100,000;
  - (iv) Review and recommend approval of the monthly financial statements to the Board.
  - (v) Recommend to the Board cost containment measures and policies;
  - (vi) Review annually those policies and procedures within its purview and report the results of such review to the Governance Committee. Such reports shall include recommendations regarding the modification of existing or creation of new policies and procedures; and
  - (vii) Perform such other duties as may be assigned by the Board.

### 6.2.2 Governance Committee.

- (a) Voting Membership. 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.
- (b) Non-Voting Membership. The President and Chief Executive Officer, and the Chief Planning Officer.
- (c) Duties. The duties of the Committee shall include but are not limited to:
  - (i) Review periodically and make recommendations regarding pending and existing federal, state and local legislation which, in the committee's opinion, may impact the District;
  - (ii) 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;
  - (iii) Review any initiation of legislation;
  - (iv) Review such other issues associated with PPH and/or Board governance and its effectiveness, including but not limited to Board member orientation and continuing education;
  - (v) Make recommendations regarding the annual self-assessment of the Board; and
  - (vi) Perform such other duties as may be assigned by the Board.

### 6.2.3 Human Resources Committee.

- (a) Voting Membership. 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.
- (b) Non-Voting Membership. The President and Chief Executive Officer, Chief Human Resources Officer, the Chief Administrative Officers Palomar Medical Center and Pomerado Hospital and the Chief Nurse Executive.
- (c) Duties. The duties of the Committee shall include but are not limited to:
  - (i) Make recommendations to the President and Chief Executive Officer and the Board to improve communications among the Board, Medical Staffs, District employees and auxiliaries, including initiating special studies;
  - (ii) Maintain ultimate oversight of annual performance reviews of all District officers and employees and, in the appropriate circumstances and upon request by the Board, make a report of such reviews to the Board; and

- (iii) Review annually those policies and procedures within its purview and report the results of such review to the Governance Committee. Such reports shall include recommendations to the Board regarding modification of existing or creation of new policies and procedures; and
- (iv) Review and make recommendations to the Board regarding compensation, incentive, and benefit plans offered to District Officers and other employees.
- (v) Perform such other duties as may be assigned by the Board.

#### 6.2.4

#### Strategic Planning Committee.

- (a) Voting Membership. The Committee shall consist of six voting members, including four 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, and the Chiefs of Staff of the Hospitals or the designees of the Chiefs of staff, as approved by the Committee Chairperson.
- (b) Non-Voting Membership. The President and Chief Executive Officer, Chief Financial Officer, Chief Planning Officer, Chief Administrative Officers Palomar Medical Center and Pomerado Hospital, the Chief Nurse Executive, Chief Executive Officer of the Palomar Pomerado Health Foundation, a board member of the Palomar Pomerado Health Foundation recommended by the Foundation and approved by the Committee Chairperson and an additional physician from each hospital as recommended by each hospital's Chief of Staff and as approved by the Committee Chairperson.
- (c) Duties. The duties of the Committee shall include but are not limited to:
  - (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; and
  - (ii) Review annually those policies within the Committee's purview and report the results of such review to the Governance Committee. Such reports shall include recommendations regarding the modification of existing, or creation of new policies; and
  - (iii) Undertake planning regarding physician recruitment and retention and program development of new and enhanced services and Facilities; and
  - (iv) Perform such other duties as may be assigned by the Board.



#### 6.2.5 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 the Hospitals or Physician Co-Chair, Quality Council (voting position will rotate between Chairs of Medical Staff Quality Management Committees and Physician Co-Chair Quality Council allowing only two votes total for these three positions) and an alternate, who shall attend and enjoy voting rights only in the absence of a voting Committee Member.
- (b) Non-Voting Membership. The President and Chief Executive Officer, the Chief Administrators of Pomerado Hospital and Palomar Medical Center, a nurse representative, the Chief Quality and Clinical Effectiveness Officer, the Physician Co-Chair of Quality Council or the Chairs of the Quality Management Committees of Pomerado Hospital and Palomar Medical Center (non-voting position will rotate between Chairs of Medical Staff Quality Management Committees and Physician Co-Chair Quality Council allowing only two votes total for these three positions)
- (c) Duties. The duties of the Committee shall include but are not limited to:
  - (i) Periodically review and make recommendations to the Board with regard to credentialing, claims and potential litigation, performance improvement and risk management activities, and performance improvement and procedure issues; and
  - (ii) Oversee the performance improvement and risk management activities of the Hospitals and other Facilities, if applicable, and shall periodically report its conclusions and recommendations to the Board.

#### 6.2.6 Community Relations Committee.

- (a) Voting Membership. 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 Pomerado Health Foundation recommended by the Foundation and approved by the Committee Chairperson.
- (b) Non-Voting Membership. The Chief Marketing and Communications Officer, the Community Outreach Director, the Chief Executive Officer of the Palomar Pomerado Health Foundation, the Director HealthSource, the Director Marketing and Public Relations, a nurse representative and a representative of each District Auxiliary, as approved by the Committee Chairperson.
- (c) Duties. 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 policies 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 annually 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 Governance Committee. 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; and
- (vii) Perform such other duties as may be assigned by the Board.

#### 6.2.7 Audit Committee.

- (a) Voting Membership. The Audit Committee 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.
- (b) Non-Voting Membership. The President and Chief Executive Officer, Director of Audit Services, and a representative from each Hospital's Medical Staff. Any district executive, representative or director will attend as an invited guest.
- (c) Duties. The duties of the Committee shall include but are not limited to:
  - (i) Approve the overall audit scope;
  - (ii) Ensuring that audits are conducted in an efficient and cost effective manner;
  - (iii) Overseeing the organizations financial statements and internal controls;

- (iv) Recommending to the Board a qualified firm to conduct an annual, independent financial audit;
- (v) Recommending to the Board the approval of the organizations annual audit reports;
- (vi) Review annually those policies within its purview and report the results of such review to the Governance Committee. Such reports shall include recommendations regarding the modification of existing or creation of new policies; and
- (vii) Assess and monitor the independent status of the outside independent auditors;
- (viii) Direct special investigations for the Board;
- (ix) Meet periodically in closed session with only committee members present.
- (x) Perform such other duties as may be assigned by the Board.

#### 6.2.8 Facilities and Grounds Committee.

- (a) Voting Membership. The Facilities and Grounds Committee shall consist of four voting members, including three members of the Board, and the President and Chief Executive Officer. One alternate Committee member shall also be appointed by the Chairperson who shall attend Committee meetings and enjoy voting rights on the Committee only when serving as an alternate for a voting Committee member.
- (b) Non-Voting Membership. Chief Administrative Officer Pomerado Hospital, the Chief Financial Officer (CFO) or designee, nurse representative and the Director of Facilities Planning and Development. As needed, other appropriate relevant staff in engineering, architectural, planning and compliance may be requested to attend along with PPH staff to facilitate the work of the committee.
- (c) Duties. The duties of the Committee shall include but are not limited to:
  - (i) Review construction estimates and expenses for accuracy and architectural plans completeness and effectiveness;
  - (ii) Approve construction project change orders in accordance with applicable district law and PPH policies;
  - (iii) Receive reports from the Construction Manager and the Director of Facilities Planning and Development and recommend action to the committee regarding facilities design and maintenance;

- (iv) Review regulations and reports regarding facilities and grounds from external agencies, accrediting bodies and insurance carriers and make recommendations for appropriate action regarding the same to the Board;
- (v) Approve the annual Facilities Development Plan and regularly review updates on implementation of plan;
- (vi) Perform such other duties as may be assigned by the Board.

- 6.3 **SPECIAL COMMITTEES.** Special or ad hoc committees may be appointed by the Chairperson for special tasks as circumstances warrant and upon completion of the task for which appointed such special committee shall stand discharged. The Chairperson shall make assignments on special committees, and/or individual Board member assignments, to assure that each Board member shall have equal participation on special committees or individual Board assignments throughout the year. Some of the functions that may be the topic of special committees include the review of new projects, the review of special bylaw changes or the review of the Bylaws periodically, the meeting with other public agencies or health facilities on a specific topic and the evaluation of the Board.
- 6.4 **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 in the discretion of the committee chairperson.
- 6.5 **MEETINGS AND NOTICE.** Meetings of a committee may be called by the Chairperson of the Board, the chairperson of the committee, or a majority of the committee's voting members. The chairperson of the committee shall be responsible for contacting alternate committee members in the event their participation is needed for any given committee meeting.
- 6.6 **QUORUM.** A majority of the voting members of a committee shall constitute a quorum for the transaction of business at any meeting of such committee. Each committee shall keep minutes of its proceedings and shall report periodically to the Board.
- 6.7 **MANNER OF ACTING.** The act of a majority of the members of a committee present at a meeting at which a quorum is present shall be the act of the committee so meeting. No act taken at a meeting at which less than a quorum was present shall be valid unless approved in writing by the absent members. Special committee action may be taken without a meeting by a writing setting forth the action so taken signed by each member of the committee entitled to vote.
- 6.8 **TENURE.** Each member of a committee described above shall serve a one year term, commencing on the first day of January after the annual organizational meeting at which he or she is elected or appointed. Each committee member shall hold office until a successor is elected, unless he or she sooner resigns or is removed from office by the Board.

## ARTICLE VII. OFFICERS

- 7.1 **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 District and 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.
- 7.2 **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.
- 7.3 **SECRETARY.** The Board shall elect one of its members Secretary at an organizational meeting. The Secretary shall provide for the keeping 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.
- 7.4 **TREASURER.** The Board shall appoint a Treasurer who shall serve at the pleasure of the Board. The Treasurer shall be charged with the safekeeping and disbursal of the funds in the treasury of the District. The Treasurer may be the chairperson of the Finance Committee.
- 7.5 **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 is removed from office.
- 7.6 **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.
- 7.7 **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:
- 7.7.1 Reviewing, recommending changes to, and implementing District Policies and Procedures. By working with standing and special committees of the Board and joint committees of the Medical Staffs of the Facilities, the President and Chief Executive Officer is to participate in the elaboration of policies which provide the framework for patient care of high quality at reasonable cost.
  - 7.7.2 Maintaining District records and minutes of Board and committee meetings.
  - 7.7.3 Overall operation of the District, its Facilities and other health services, including out-of-hospital services sponsored by the District. This includes responsibility for coordination among Facilities and services to avoid unnecessary duplication of services, facilities and

personnel, and control of costs. This also includes responsibility for sound personnel, financial, accounting and statistical information practices, such as preparation of District budgets and forecasts, maintenance of proper financial and patient statistical records, collection of data required by governmental and accrediting agencies, and special studies and reports required for efficient operation of the District.

7.7.4 Implementing community relations activities, including, as indicated, public appearances, responsive communication with the media.

7.7.5 Assisting the Board in planning services and facilities and informing the Board of Governmental legislation and regulations and requirements of official agencies and accrediting bodies, which affect the planning and operation of the facilities, services and programs sponsored by the District, and maintenance appropriate liaison with government and accrediting agencies and implementing actions necessary for compliance.

7.7.6 Ensuring the prompt response by the Board and/or District personnel to any recommendations made by planning, regulatory or accrediting agencies.

7.7.7 Hiring and termination of all employees of the District. To the extent the President and Chief Executive Officer deems appropriate, the President and Chief Executive Officer shall delegate to the District Officers the authority to hire and terminate personnel of their respective hospitals or other entities.

7.7.8 Administering professional contracts between the District and Practitioners.

7.7.9 Providing the Board and Board committee with adequate staff support.

7.7.10 Sending periodic reports to the Board and to the Medical Staffs on the overall activities of the District and the Facilities, as well as pertinent federal, state and local developments that effect the operation of District Facilities.

7.7.11 Providing liaison among the Board, the Medical Staffs, and the District's operating entities.

7.7.12 The maintenance of insurance or self-insurance on all physical properties of the District.

7.7.13 Designate other individuals by name and position who are, in the order or succession, authorized to act for the District Officers during any period of absence.

7.7.14 Participating as a non-voting member in all meetings of standing committees of the Board.

7.7.15 Such other duties as the Board may from time to time direct.

7.8 ADMINISTRATIVE OFFICERS. The President and Chief Executive Officer, with the approval of the Board, may select and employ an Administrative Officer or other responsible individual for each of the Facilities, who shall report to the President and Chief Executive Officer. The Administrative

Officer or other responsible individual shall be responsible for the day-to-day administration of their respective Facilities. Specifically, each such individual shall:

- 7.8.1 Be responsible for implementing policies of the Board in the operation of the Facility.
  - 7.8.2 Provide the Facility's professional staff with the administrative support and personnel reasonably required to carry out their review and evaluation activities.
  - 7.8.3 Organize the administrative functions of the Facility, delegate duties, and establish formal means of accountability on the part of subordinates.
  - 7.8.4 Be responsible for selecting, employing, controlling and discharging employees, in accordance with the authority delegated by the President and Chief Executive officer.
  - 7.8.5 Assist the President and Chief Executive Officer and the Finance Committee in annually reviewing and updating a capital budget and preparing an operating budget showing the expected receipts and expenditures for the Facilities, and supervise the business affairs of the Facilities to assure that the funds are expended in the best possible advantage.
  - 7.8.6 Perform any other duty within the express or implicit terms of his or her duties hereunder that may be necessary for the interest of the Facilities.
  - 7.8.7 Be responsible for the maintenance of the Facility's property.
  - 7.8.8 Perform such other duties as the Board or President and Chief Executive Officer may from time to time direct.
- 7.9 SUBORDINATE OFFICERS. The Board may select and employ or empower the President and Chief Executive Officer to select and employ, such other officers as the District may require, each of who shall hold office for such period, have such authority, and perform such duties as the Board may from time to time determine.

## ARTICLE VIII. MEDICAL STAFFS

### 8.1 ORGANIZATION.

- 8.1.1 There shall be separate Medical Staff organizations for each of the District's Hospitals with appropriate officers and bylaws and with staff appointments on a biennial basis. 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 the Hospital's Medical Staff bylaws.
- 8.1.2 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 on Accreditation of Healthcare Organizations ("JCAHO") 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 JCAHO 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.

8.2 **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 or 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.

8.3 **MEDICAL STAFF MEMBERSHIP AND CLINICAL PRIVILEGES.**

8.3.1 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.

8.3.2 While retaining its ultimate authority to independently investigate and/or evaluate Medical Staff matters, the Board hereby delegates to the Medical Staffs the responsibility and authority 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) All matters relating to professional competency;
- (f) The process by which Medical Staff membership may be terminated; and
- (g) The process for fair hearing procedures.



8.3.3 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.

8.3.4 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.

#### 8.4 PERFORMANCE IMPROVEMENT.

8.4.1 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.

8.4.2 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.

8.4.3 The Board hereby delegates to the Medical Staffs the responsibility and authority 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.

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

8.6 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.

- 8.7 **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.
- 8.8 **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.

**ARTICLE IX.**  
**AUXILIARY ORGANIZATIONS**

- 9.1 **FORMATION.** The Board may authorize the formation of auxiliary organizations to assist in the fulfillment of the purposes of the District. Each such organization shall establish its bylaws, rules and regulations, which shall be subject to Board approval and which shall not be inconsistent with these bylaws or the policies of the Board.
- 9.2 **EXISTING ORGANIZATIONS.** The Palomar Medical Center Auxiliary and the Pomerado Hospital Auxiliary are existing auxiliary organizations to assist in the fulfillment of the purposes of the District, both of which have been authorized, and their bylaws approved, by the Board.

**ARTICLE X.**  
**CLAIMS AND JUDICIAL REMEDIES**

- 10.1 **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 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 if the amount to be paid from the District's treasury does not exceed \$50,000. Any allowance, compromise or settlement of any claim in which the amount to be paid from the District's treasury exceeds \$10,000 shall be approved personally by the Chief Executive Officer rather than his or her designee.
- 10.2 **JUDICIAL REVIEW.** The California Code of Civil Procedure shall govern the rights of any person aggrieved by any decision of the Board or the District, including but not limited to an action taken pursuant to Article VIII of these Bylaws.
- 10.3 **CLAIMS PROCEDURE.** Notwithstanding any exceptions contained in Section 905 of the Government Code, no action based on a claim shall be brought against the District unless presented to the District within the time limitations and in the manner prescribed by Government Code Section 910 *et seq.*, and shall be further subject to Section 945.4 of the Government Code.

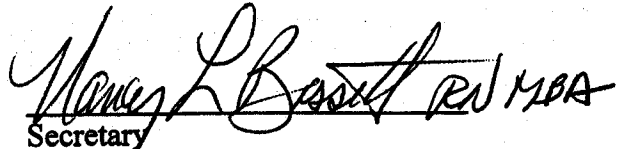
**ARTICLE XI.**  
**AMENDMENT**

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.

**SECRETARY'S CERTIFICATE**

I, the undersigned, the duly appointed, qualified and acting Secretary of the Board of Directors for Palomar Pomerado Health, do hereby certify that attached hereto is a true, complete and correct copy of the current Bylaws of Palomar Pomerado Health.

Dated: Oct 18, 2004

  
Secretary

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**NEW BYLAWS**

**REDLINE**

**AMENDED AND RESTATED  
BYLAWS  
OF  
PALOMAR POMERADO HEALTH**

**Revised October 04, 2005**



**BYLAWS  
OF  
PALOMAR POMERADO HEALTH**

**ARTICLE I.  
DEFINITIONS**

- 1.1 "Hospital(s)" means Palomar Medical Center, 555 East Valley Parkway, Escondido, California, and/or Pomerado Hospital, 15615 Pomerado Road, Poway, California.
- 1.2 "Board" means the Board of Directors of the District.
- 1.3 "District" means Palomar Pomerado Health.
- 1.4 "Medical Staff(s)" or "Staff(s)" means the organized medical staff of Palomar Medical Center, the organized medical staff of Pomerado Hospital, and/or the organized medical staff of other District Facilities, as indicated.
- 1.5 "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.
- 1.6 "Practitioner" means a physician (*i.e.*, M.D. or D.O.), dentist (D.D.S. or D.M.D.) or podiatrist (D.P.M.) who is duly licensed in the State of California to practice within the scope of said license.

**ARTICLE II.  
ORGANIZATION, POWERS AND PURPOSES**

- 2.1 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").
- 2.2 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.
- 2.3 BYLAWS, POLICIES AND PROCEDURES
  - 2.3.1 The Board shall have the powers to adopt, amend, and promulgate District Bylaws, Policies, and Procedures as appropriate, and may delegate its power to promulgate Procedures in its discretion. For purposes of these Bylaws, "Policies" shall denote Board approved statements that provide broad strategic directions and/or governing mandates for the District, enabling the development of Procedures. The term "Procedures" shall mean any specific instruction or mode of conduct for the purpose of implementing a policy that may be promulgated by those District officers designated by the Board.
  - 2.3.2 The Board shall review and approve the District Bylaws annually.

~~2.3.22.3.3~~ periodically, through the The Governance Committee as provided below, will have the responsibility to oversee and ensure collaboration between the Board and District management for the purpose of developing, reviewing and revising the District Bylaws, Policies, Procedures, and other rules or regulations prior to being brought to the full Board for regulations approval.

- 2.4 DISSOLUTION. Any proposal to dissolve the District shall be subject to confirmation by the voters of the District in accordance with the Government Code.

### ARTICLE III. OFFICES

- 3.1 PRINCIPAL OFFICE. The principal office of the District is hereby fixed and located at 15255 Innovation Drive, San Diego, California.
- 3.2 OTHER OFFICES. Branch or subordinate offices may be established at any time by the Board at any place or places.

### ARTICLE IV. BOARD

- 4.1 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.
- 4.2 OPERATION OF FACILITIES. The Board shall be responsible for the operation of the Facilities according to the best interests of the public health, and shall make and enforce all rules, regulations and bylaws necessary for the administration, government, protection and maintenance of the Facilities and all property belonging thereto, and may prescribe the terms upon which patients may be admitted to the Facilities. Such rules, regulations and bylaws applicable to the Facilities shall include but not be limited to the provisions specified in the Health and Safety Code, and shall be in accordance with and contain minimum standards no less than the rules and standards of private or voluntary hospitals. Unless specifically prohibited by law, the Board may adopt other rules which could be lawfully adopted by private or voluntary hospitals.
- 4.3 RATES. In setting the rates the Board shall, insofar as possible, establish such rates as will permit the Facilities to be operated upon a self-supporting basis. The Board may establish different rates for residents of the District than for persons who do not reside within the District.
- 4.4 NUMBER AND QUALIFICATION.
- 4.4.1 The Board shall consist of seven members, each of whom shall be a registered voter residing in the District.
- 4.4.2 Except as otherwise provided in applicable law, no Board member shall possess any ownership interest in any other hospital serving the same area as that served by the District or be a director, policymaking management employee, or medical staff officer of any hospital serving the same area as that served by the District, unless the boards of directors of the District and the hospital have determined that the situation will further

joint planning, efficient delivery of health care services, and the best interests of the areas served by their respective hospitals, or unless the District and the hospital are affiliated under common ownership, lease, or any combination thereof. No Board member shall simultaneously hold any other position over which the Board exercises a supervisory, auditory, or removal power.

- 4.4.3 For purposes of this section, a hospital shall be considered to serve the same area as the District if more than five percent of the hospital's patient admissions are District residents.
- 4.4.4 For purposes of this section, the possession of an ownership interest, including stocks, bonds, or other securities by the spouse or minor children or any person shall be deemed to be the possession or interest of the person.
- 4.4.5 Any candidate who elects to run for the office of member of the Board, and who owns stock in or who works for any health care facility that does not serve the same area served by the District, shall disclose on the ballot his or her occupation and place of employment.
- 4.5 **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 current Conflict of Interests Code of Palomar Pomerado Health as it may be amended from time to time, shall at all times comply with said Code any and all laws and regulations relating to conflicts of interests, including but not limited to the Government Code.
- 4.6 **ELECTION AND TERM OF OFFICE.** An election shall be held in the District on the first Tuesday after the first Monday in November in each even-numbered year, at which a successor shall be chosen to each Director whose term shall expire on the first Friday of December following such election. The election of Board members shall be an election at large within the District and shall be consolidated with the statewide general election. The candidates receiving the highest number of votes for the offices ~~to be~~ filled at the election shall be elected thereto. The term of office of each elected Board member shall be four years, or until the Board member's successor is elected and has qualified, except as otherwise provided by law in the event of a vacancy.
- 4.7 **NEW MEMBER ORIENTATION.** An orientation shall be provided which familiarizes each new Board member with his or her duties and responsibilities, including the Board's responsibilities for quality care and the Facilities' quality assurance programs. Continuing education opportunities shall be made available to Board members.
- 4.8 **EVALUATION.** The Board shall evaluate its own performance ~~and~~ as well as those of its officers and employees on an annual or other periodic basis.
- 4.9 **VACANCIES.** Vacancies on the Board shall be filled in accordance with the applicable provisions of the Government Code.
- 4.10 **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. The term of any member of the Board shall expire if the

member is absent from three consecutive regularly scheduled monthly 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.

- 4.11 **LIABILITY INSURANCE.** The Board may purchase and maintain liability insurance on behalf of any person who is or was a director, officer, employee or agent of the District, or is or was serving at the request of the District as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise or as a member of any committee or similar body, against any liability asserted against such person and incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the District would have the power to indemnify him or her against such liability.
- 4.12 **COMPENSATION.** The Board shall serve without compensation unless the Board authorizes, by resolution adopted by majority vote, compensation of not to exceed \$100 per meeting for a maximum of five meetings per month for each member of the Board. For purposes of this section, "meeting" shall mean any regular or special Board meeting, whether open or closed, any standing or ad hoc committee meetings or any orientation sessions. For compensation purposes, successive open and closed meetings shall be considered as one meeting.
- 4.13 **HEALTH AND WELFARE BENEFITS.** Notwithstanding Section 4.12 above, the Board may provide health and welfare benefits, pursuant to Government Code Section 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.
- 4.14 **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. Such reimbursement, if approved by the Board, shall not constitute "compensation" for purposes of Section 4.12 above.

#### ARTICLE V. BOARD MEETINGS

- 5.1 **MEETINGS 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.
- 5.2 **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. Board meetings may be held by teleconference subject to applicable laws and regulations including the Government Code.
- 5.3 **REGULAR MEETINGS.** Regular meetings of the Board shall be held as follows:

- 5.3.1 The Board's annual organizational meeting shall be held in December at the place and time designated by the Board in the Resolution discussed in Section 5.3.2 below.
- 5.3.2 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.
- 5.4 HOLIDAYS. Meetings of the Board may be held on any calendar day as determined by the Board.
- 5.5 NOTICE AND ACTION. The Board shall provide public notice of its meetings in accordance with the Brown Act. No "action," as defined in the Brown Act, shall be taken on any item not appearing on the posted agenda unless permitted under applicable law.
- 5.6 MEMBERS OF THE PUBLIC. Members of the public shall be afforded an opportunity to participate in District decision making 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.
- 5.7 ANNUAL ORGANIZATIONAL MEETING. At its annual organizational meeting, the Board shall organize by the election of officers. One member shall be elected as Chairperson, one as Vice Chairperson and one as Secretary. The Board may also appoint the Treasurer at the annual organizational meeting, who may also be the Chairperson of the Finance Committee.
- 5.8 SPECIAL MEETINGS.
- 5.8.1 A special meeting may be called at any time by the Chairperson, or by four or more Board members, by delivering personally or by mail written notice to each Board member and to each local newspaper of general circulation, radio or television station requesting notice in writing. Such notice must be delivered personally or by mail at least 24 hours before the time of such meeting as specified in the notice. The call and notice shall specify the time and place of the special meeting and the business to be transacted; no other business shall be considered at special meetings. 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.
- 5.8.2 The call and notice shall also be posted at least 24 hours prior to the special meeting in a location that is freely accessible to members of the public. Notice shall be required pursuant to this Section regardless of whether any action is taken at the special meeting.
- 5.8.3 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, the Board may hold an emergency meeting without complying with either or both the 24 hour notice or posting requirements. In the event the notice and/or posting requirements are dispensed with due to an emergency situation, each local newspaper of general circulation and radio or television station which has requested notice of special meetings shall be notified by the Chairperson, or his designee, one hour prior to the emergency meeting, by telephone. All telephone numbers provided in the most recent request of such newspaper or station for notification of special meetings shall be exhausted. In the event that telephone services are not functioning, the notice requirements of this

paragraph shall be deemed waived, and the Board, or its designee, shall notify those newspapers, radio stations or television stations of the fact of the holding of the emergency meeting, the purpose of the meeting, and any action taken at the meeting as soon after the meeting as possible. Notwithstanding this Section, the Board shall not meet in closed session during a meeting called as an emergency meeting. With the exception of the 24 hours notice and posting requirements, all requirements contained in this Section shall be applicable to any meeting called due to an emergency situation.

- 5.8.4 The minutes of an emergency meeting, a list of persons who the Chairperson, or his 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.
- 5.9 **QUORUM.** A majority of the members of the Board shall constitute a quorum for the transaction of business. Except as otherwise provided by law or these Bylaws, the act of a majority of the Board members present at a meeting at which a quorum is present shall be the act of the Board.
- 5.10 **ADJOURNMENT AND CONTINUANCE.** The Board may adjourn any of its meetings in accordance with applicable laws, including but not limited to the Brown Act.
- 5.11 **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 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 may establish a procedure for readmitting an individual or individuals not responsible for willfully disrupting the orderly conduct of the meeting.
- 5.12 **MEDICAL STAFF REPRESENTATION.** The Medical Staff of each Facility shall have the right of representation at all meetings of the Board, except closed sessions at which such representation is not requested, by and through the Chief of Staff or President 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.

## ARTICLE VI. BOARD COMMITTEES

- 6.1 **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.
- 6.1.1 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 full Board.

6.1.2 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 full Board. The committee shall be considered disbanded upon conclusion of the purpose for which it was appointed.

6.1.3 The Audit Committee of the Board shall function pursuant to a charter approved by the Board and amended from time to time.

6.2 **STANDING COMMITTEES.** There shall be the following standing committees of the Board: Finance, Governance, Human Resources, Strategic Planning, Community Relations, Quality Review, Audit Committee, and Facilities and Grounds Committee. 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.

6.2.1 **Finance Committee.**

- (a) Voting Membership. The Finance Committee shall consist of seven voting members, four members of the Board, the President and Chief Executive Officer and the Chief of Medical Staff from each hospital. One alternate Committee member shall also be appointed by the Chairperson who shall attend Committee meetings and enjoy voting rights on the Committee only when serving as an alternate for a voting Committee member. The Chairperson of the Board may appoint the Treasurer as the chairperson of the Finance Committee.
- (b) Non-Voting Membership. The Chief Financial Officer (CFO), the Chief Administrative Officers Palomar Medical Center and Pomerado Hospital and a nurse representative.
- (c) Duties. The duties of the Committee shall include but are not limited to:
  - (i) Review the preliminary, annual operating budgets for the District and Facilities and other entities;
  - (ii) Develop and recommend to the Board the final, annual, operating budgets;
  - (iii) Develop and recommend to the Board a three-year, capital expenditure plan that shall be updated at least annually. The capital expenditure plan shall include and identify anticipated sources of financing for and objectives of each proposed capital expenditure in excess of \$100,000;
  - (iv) Review and recommend approval of the monthly financial statements to the Board.

- (v) Recommend to the Board cost containment measures and policies;
- (vi) Review annually those policies and procedures within its purview and report the results of such review to the Governance Committee. Such reports shall include recommendations regarding the modification of existing or creation of new policies and procedures; and
- (vii) Perform such other duties as may be assigned by the Board.

#### 6.2.2 Governance Committee.

- ~~(b)~~(a) Voting Membership. 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.
- (b) Non-Voting Membership. The President and Chief Executive Officer, and the Chief Planning Marketing and Communications Officer and the Compliance Officer.
- (c) Duties. The duties of the Committee shall include but are not limited to:
  - (i) Review periodically and make recommendations regarding pending and existing federal, state and local legislation which, in the committee's opinion, may impact the District;
  - (ii) 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;
  - (iii) Review any initiation of legislation;
  - (iv) Review such other issues associated with PPH and/or Board governance and its effectiveness, including but not limited to Board member orientation and continuing education;
  - (v) Make recommendations regarding the annual self-assessment of the Board;
  - (vi) Receive reports from the Compliance Officer and recommend action to the full Board regarding Compliance issues; and
  - (vii) Perform such other duties as may be assigned by the Board.

#### 6.2.3 Human Resources Committee.

- (a) Voting Membership. 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.



- (b) Non-Voting Membership. The President and Chief Executive Officer, Chief Human Resources Officer, the Chief Administrative Officers Palomar Medical Center and Pomerado Hospital and the Chief Nurse Executive.
- (c) Duties. The duties of the Committee shall include but are not limited to:
  - (i) Make recommendations to the President and Chief Executive Officer and the Board to improve communications among the Board, Medical Staffs, District employees and auxiliaries, including initiating special studies;
  - (ii) Maintain ultimate oversight of annual performance reviews of all District officers and employees and, in the appropriate circumstances and upon request by the Board, make a report of such reviews to the Board; and
  - (iii) Review annually those policies and procedures within its purview and report the results of such review to the Governance Committee. Such reports shall include recommendations to the Board regarding modification of existing or creation of new policies and procedures; and
  - (iv) Review and make recommendations to the Board regarding compensation, incentive, and benefit plans offered to District Officers and other employees.
  - (v) Ensure that all special studies and recommendations/proposals are in alignment with the PPH mission, vision and strategic plan as well as government regulations.
  - (vi) Perform such other duties as may be assigned by the Board.

#### 6.2.4 Strategic Planning Committee.

- (b)(a) Voting Membership. The Committee shall consist of ~~six~~seven voting members, including four 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 the Chiefs of Staff of the Hospitals or the designees of the Chiefs of staff, as approved by the Committee Chairperson.
- (b) Non-Voting Membership. ~~The President and Chief Executive Officer,~~ Chief Financial Officer, ~~Chief Planning~~Marketing and Communications Officer, Chief Administrative Officers Palomar Medical Center and Pomerado Hospital, the Chief Nurse Executive, Chief Executive Officer of the Palomar Pomerado Health Foundation, a board member of the Palomar Pomerado Health Foundation recommended by the Foundation and approved by the Committee Chairperson and an additional physician from each hospital as recommended by each hospital's Chief of Staff and as approved by the Committee Chairperson.

- (c) Duties. The duties of the Committee shall include but are not limited to:
  - (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; and
  - (ii) Review annually those policies within the Committee's purview and report the results of such review to the Governance Committee. Such reports shall include recommendations regarding the modification of existing, or creation of new policies; and
  - (iii) Undertake planning regarding physician recruitment and retention and program development of new and enhanced services and Facilities; and
  - (iv) Perform such other duties as may be assigned by the Board.

#### 6.2.5 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 the Hospitals or Physician Co-Chair, Quality Council (voting position will rotate between Chairs of Medical Staff Quality Management Committees and Physician Co-Chair Quality Council allowing only two votes total for these three positions) and an alternate, who shall attend and enjoy voting rights only in the absence of a voting Committee Member.
- (b) Non-Voting Membership. The President and Chief Executive Officer, the Chief Administrators of Pomerado Hospital and Palomar Medical Center, a nurse representative, the Chief Quality and Clinical Effectiveness Officer, the Chair of the Patient Safety Committee, the Physician Co-Chair of Quality Council or the Chairs of the Quality Management Committees of Pomerado Hospital and Palomar Medical Center (non-voting position will rotate between Chairs of Medical Staff Quality Management Committees, and Physician Co-Chair Quality Council allowing only two votes total for these three positions)
- (c) Duties. The duties of the Committee shall include but are not limited to:
  - (i) Periodically review and make recommendations to the Board with regard to credentialing, claims and potential litigation, performance improvement and risk management activities, and performance improvement and procedure issues; and
  - (ii) Oversee the performance improvement and risk management activities of the Hospitals and other Facilities, if applicable, and shall periodically report its conclusions and recommendations to the Board.

6.2.6 Community Relations Committee.

- (a) Voting Membership. 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 Pomerado Health Foundation recommended by the Foundation and approved by the Committee Chairperson.
- (b) Non-Voting Membership. The Chief Marketing and Communications Officer, the Community Outreach Director, the Chief Executive Officer of the Palomar Pomerado Health Foundation, the Director HealthSource, the Director Marketing and Public Relations, a nurse representative and a representative of each District Auxiliary, as approved by the Committee Chairperson.
- (c) Duties. 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 policies 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 annually 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 Governance Committee. 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; and
  - (vii) Perform such other duties as may be assigned by the Board.

6.2.7 Audit Committee.

- (a) Voting Membership. The Audit Committee 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.
- (b) Non-Voting Membership. The President and Chief Executive Officer, Director of Audit Services, and a representative from each Hospital's Medical Staff. Any district executive, representative or director will attend as an invited guest.
- (c) Duties. The duties of the Committee shall include but are not limited to:
  - (i) Approve the overall audit scope;
  - (ii) Ensuring that audits are conducted in an efficient and cost effective manner;
  - (iii) Overseeing the organizations financial statements and internal controls;
  - (iv) Recommending to the Board a qualified firm to conduct an annual, independent financial audit;
  - (v) Recommending to the Board the approval of the organizations annual audit reports;
  - (vi) Review annually those policies within its purview and report the results of such review to the Governance Committee. Such reports shall include recommendations regarding the modification of existing or creation of new policies; and
  - (vii) Assess and monitor the independent status of the outside independent auditors;
  - (viii) Direct special investigations for the Board;
  - (ix) Meet periodically in closed session with only committee members present.
  - (x) Perform such other duties as may be assigned by the Board.

6.2.8 Facilities and Grounds Committee.

- (a) Voting Membership. The Facilities and Grounds Committee shall consist of four voting members, including three members of the Board, and the President and Chief Executive Officer. One alternate Committee member shall also be appointed by the Chairperson who shall attend Committee meetings and enjoy voting rights on the Committee only when serving as an alternate for a voting Committee member.
- (b) Non-Voting Membership. Chief Administrative Officer Pomerado Hospital, the Chief Financial Officer (CFO) or designee, nurse representative from PMC or

POM and the Director of Facilities Planning and Development. As needed, other appropriate relevant staff in engineering, architectural, planning, compliance and a Physician Advisory Committee member may be requested to attend along with PPH staff to facilitate the work of the committee.

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

- (i) Review construction estimates and expenses for accuracy and architectural plans completeness and effectiveness;
- (ii) Approve construction project change orders in accordance with applicable district law and PPH policies;
- (iii) Receive reports from the Construction Manager and the Director of Facilities Planning and Development and recommend action to the ~~committee~~Board regarding facilities design and maintenance;
- (iv) Review regulations and reports regarding facilities and grounds from external agencies, accrediting bodies and insurance carriers and make recommendations for appropriate action regarding the same to the Board;
- (v) Approve the annual Facilities Development Plan and regularly review updates on implementation of plan;
- (vi) Receive a biannual Environment of Care report;
- (vii) Perform such other duties as may be assigned by the Board.

- 6.3 **SPECIAL COMMITTEES.** Special or ad hoc committees may be appointed by the Chairperson for special tasks as circumstances warrant and upon completion of the task for which appointed such special committee shall stand discharged. The Chairperson shall make assignments on special committees, and/or individual Board member assignments, to assure that each Board member shall have equal participation on special committees or individual Board assignments throughout the year. Some of the functions that may be the topic of special committees include the review of new projects, the review of special bylaw changes or the review of the Bylaws periodically, the meeting with other public agencies or health facilities on a specific topic and the evaluation of the Board.
- 6.4 **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 in the discretion of the committee chairperson.
- 6.5 **MEETINGS AND NOTICE.** Meetings of a committee may be called by the Chairperson of the Board, the chairperson of the committee, or a majority of the committee's voting members. The chairperson of the committee shall be responsible for contacting alternate committee members in the event their participation is needed for any given committee meeting.

- 6.6 **QUORUM.** A majority of the voting members of a committee shall constitute a quorum for the transaction of business at any meeting of such committee. Each committee shall keep minutes of its proceedings and shall report periodically to the Board.
- 6.7 **MANNER OF ACTING.** The act of a majority of the members of a committee present at a meeting at which a quorum is present shall be the act of the committee so meeting. No act taken at a meeting at which less than a quorum was present shall be valid unless approved in writing by the absent members. Special committee action may be taken without a meeting by a writing setting forth the action so taken signed by each member of the committee entitled to vote.
- 6.8 **TENURE.** Each member of a committee described above shall serve a one year term, commencing on the first day of January after the annual organizational meeting at which he or she is elected or appointed. Each committee member shall hold office until a successor is elected, unless he or she sooner resigns or is removed from office by the Board.

## **ARTICLE VII.**

### **OFFICERS**

- 7.1 **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 District and 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.
- 7.2 **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.
- 7.3 **SECRETARY.** The Board shall elect one of its members Secretary at an organizational meeting. The Secretary shall provide for the keeping 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.
- 7.4 **TREASURER.** The Board shall appoint a Treasurer who shall serve at the pleasure of the Board. The Treasurer shall be charged with the safekeeping and disbursal of the funds in the treasury of the District. The Treasurer may be the chairperson of the Finance Committee.
- 7.5 **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 is removed from office.
- 7.6 **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.

- 7.7 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:
- 7.7.1** Reviewing, recommending changes to, and implementing District Policies and Procedures. By working with standing and special committees of the Board and joint committees of the Medical Staffs of the Facilities, the President and Chief Executive Officer is to participate in the elaboration of policies which provide the framework for patient care of high quality at reasonable cost.
  - 7.7.2** Maintaining District records and minutes of Board and committee meetings.
  - 7.7.3** Overall operation of the District, its Facilities and other health services, including out-of-hospital services sponsored by the District. This includes responsibility for coordination among Facilities and services to avoid unnecessary duplication of services, facilities and personnel, and control of costs. This also includes responsibility for sound personnel, financial, accounting and statistical information practices, such as preparation of District budgets and forecasts, maintenance of proper financial and patient statistical records, collection of data required by governmental and accrediting agencies, and special studies and reports required for efficient operation of the District.
  - 7.7.4** Implementing community relations activities, including, as indicated, public appearances, responsive communication with the media.
  - 7.7.5** Assisting the Board in planning services and facilities and informing the Board of Governmental legislation and regulations and requirements of official agencies and accrediting bodies, which affect the planning and operation of the facilities, services and programs sponsored by the District, and maintenance appropriate liaison with government and accrediting agencies and implementing actions necessary for compliance.
  - 7.7.6** Ensuring the prompt response by the Board and/or District personnel to any recommendations made by planning, regulatory or accrediting agencies.
  - 7.7.7** Hiring and termination of all employees of the District. To the extent the President and Chief Executive Officer deems appropriate, the President and Chief Executive Officer shall delegate to the District Officers the authority to hire and terminate personnel of their respective hospitals or other entities.
  - 7.7.8** Administering professional contracts between the District and Practitioners.
  - 7.7.9** Providing the Board and Board committee with adequate staff support.
  - 7.7.10** Sending periodic reports to the Board and to the Medical Staffs on the overall activities of the District and the Facilities, as well as pertinent federal, state and local developments that effect the operation of District Facilities.

- 7.7.11 Providing liaison among the Board, the Medical Staffs, and the District's operating entities.
- 7.7.12 The maintenance of insurance or self-insurance on all physical properties of the District.
- 7.7.13 Designate other individuals by name and position who are, in the order or succession, authorized to act for the District Officers during any period of absence.
- 7.7.14 Participating as a non-voting member in all meetings of standing committees of the Board.
- 7.7.15 Such other duties as the Board may from time to time direct.

7.8 ADMINISTRATIVE OFFICERS. The President and Chief Executive Officer, with the approval of the Board, may select and employ an Administrative Officer or other responsible individual for each of the Facilities, who shall report to the President and Chief Executive Officer. The Administrative Officer or other responsible individual shall be responsible for the day-to-day administration of their respective Facilities. Specifically, each such individual shall:

- 7.8.1 Be responsible for implementing policies of the Board in the operation of the Facility.
- 7.8.2 Provide the Facility's professional staff with the administrative support and personnel reasonably required to carry out their review and evaluation activities.
- 7.8.3 Organize the administrative functions of the Facility, delegate duties, and establish formal means of accountability on the part of subordinates.
- 7.8.4 Be responsible for selecting, employing, controlling and discharging employees, in accordance with the authority delegated by the President and Chief Executive officer.
- 7.8.5 Assist the President and Chief Executive Officer and the Finance Committee in annually reviewing and updating a capital budget and preparing an operating budget showing the expected receipts and expenditures for the Facilities, and supervise the business affairs of the Facilities to assure that the funds are expended in the best possible advantage.
- 7.8.6 Perform any other duty within the express or implicit terms of his or her duties hereunder that may be necessary for the interest of the Facilities.
- 7.8.7 Be responsible for the maintenance of the Facility's property.
- ~~7.97.8.8~~ Perform such other duties as the Board or President and Chief Executive Officer may from time to time direct.

7.9 SUBORDINATE OFFICERS. ~~The Board may select and employ or empower the President and Chief Executive Officer, with the approval of the Board, may select and employ,~~ such other officers as the District may require, each of who shall hold office for such period, have such authority, and perform such duties as the Board may from time to time determine.



**ARTICLE VIII.**  
**MEDICAL STAFFS**

**8.1 ORGANIZATION.**

8.1.1 There shall be separate Medical Staff organizations for each of the District's Hospitals with appropriate officers and bylaws and with staff appointments on a biennial basis. 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 the Hospital's Medical Staff bylaws.

8.1.2 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 on Accreditation of Healthcare Organizations ("JCAHO") 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 JCAHO 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.

8.2 **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 or 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.

**8.3 MEDICAL STAFF MEMBERSHIP AND CLINICAL PRIVILEGES.**

8.3.1 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.

8.3.2 While retaining its ultimate authority to independently investigate and/or evaluate Medical Staff matters, the Board hereby delegates to the Medical Staffs the responsibility and authority 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) All matters relating to professional competency;
- (f) The process by which Medical Staff membership may be terminated; and
- (g) The process for fair hearing procedures.

8.3.3 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.

8.3.4 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.

#### 8.4 PERFORMANCE IMPROVEMENT.

8.4.1 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.

- 8.4.2 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.
- 8.4.3 The Board hereby delegates to the Medical Staffs the responsibility and authority 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.
- 8.5 MEDICAL RECORDS. A complete and accurate medical record shall be prepared and maintained for each patient.
- 8.6 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.
- 8.7 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.
- 8.8 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.

#### ARTICLE IX. AUXILIARY ORGANIZATIONS

- 9.1 FORMATION. The Board may authorize the formation of auxiliary organizations to assist in the fulfillment of the purposes of the District. Each such organization shall establish its bylaws, rules and regulations, which shall be subject to Board approval and which shall not be inconsistent with these bylaws or the policies of the Board.
- 9.2 EXISTING ORGANIZATIONS. The Palomar Medical Center Auxiliary and the Pomerado Hospital Auxiliary are existing auxiliary organizations to assist in the fulfillment of the purposes of the District, both of which have been authorized, and their bylaws approved, by the Board.

#### ARTICLE X. CLAIMS AND JUDICIAL REMEDIES

- 10.1 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 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 if the amount to be paid from the District's treasury does not exceed \$50,000. Any allowance, compromise or settlement of any claim in which the amount to be paid from the District's treasury exceeds \$10,000 shall be approved personally by the Chief Executive Officer rather than his or her designee.

- 10.2 JUDICIAL REVIEW. The California Code of Civil Procedure shall govern the rights of any person aggrieved by any decision of the Board or the District, including but not limited to an action taken pursuant to Article VIII of these Bylaws.
- 10.3 CLAIMS PROCEDURE. Notwithstanding any exceptions contained in Section 905 of the Government Code, no action based on a claim shall be brought against the District unless presented to the District within the time limitations and in the manner prescribed by Government Code Section 910 *et seq.*, and shall be further subject to Section 945.4 of the Government Code.

**ARTICLE XI.**  
**AMENDMENT**

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.

**SECRETARY'S CERTIFICATE**

I, the undersigned, the duly appointed, qualified and acting Secretary of the Board of Directors for Palomar Pomerado Health, do hereby certify that attached hereto is a true, complete and correct copy of the current Bylaws of Palomar Pomerado Health.

Dated: \_\_\_\_\_, 2004

\_\_\_\_\_  
Secretary

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# NEW BYLAWS



**AMENDED AND RESTATED  
BYLAWS  
OF  
PALOMAR POMERADO HEALTH**

**Revised October 04, 2005**

**BYLAWS  
OF  
PALOMAR POMERADO HEALTH**

**ARTICLE I.  
DEFINITIONS**

- 1.1 "Hospital(s)" means Palomar Medical Center, 555 East Valley Parkway, Escondido, California, and/or Pomerado Hospital, 15615 Pomerado Road, Poway, California.
- 1.2 "Board" means the Board of Directors of the District.
- 1.3 "District" means Palomar Pomerado Health.
- 1.4 "Medical Staff(s)" or "Staff(s)" means the organized medical staff of Palomar Medical Center, the organized medical staff of Pomerado Hospital, and/or the organized medical staff of other District Facilities, as indicated.
- 1.5 "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.
- 1.6 "Practitioner" means a physician (*i.e.*, M.D. or D.O.), dentist (D.D.S. or D.M.D.) or podiatrist (D.P.M.) who is duly licensed in the State of California to practice within the scope of said license.

**ARTICLE II.  
ORGANIZATION, POWERS AND PURPOSES**

- 2.1 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").
- 2.2 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.
- 2.3 BYLAWS, POLICIES AND PROCEDURES
  - 2.3.1 The Board shall have the powers to adopt, amend, and promulgate District Bylaws, Policies, and Procedures as appropriate, and may delegate its power to promulgate Procedures in its discretion. For purposes of these Bylaws, "Policies" shall denote Board approved statements that provide broad strategic directions and/or governing mandates for the District, enabling the development of Procedures. The term "Procedures" shall mean any specific instruction or mode of conduct for the purpose of implementing a policy that may be promulgated by those District officers designated by the Board.
  - 2.3.2 The Board shall review and approve the District Bylaws annually.

2.3.3 The Governance Committee will have the responsibility to oversee and ensure collaboration between the Board and District management for the purpose of developing, reviewing and revising the District Bylaws, Policies, Procedures, and other rules or regulations prior to being brought to the full Board for approval.

2.4 DISSOLUTION. Any proposal to dissolve the District shall be subject to confirmation by the voters of the District in accordance with the Government Code.

### ARTICLE III. OFFICES

3.1 PRINCIPAL OFFICE. The principal office of the District is hereby fixed and located at 15255 Innovation Drive, San Diego, California.

3.2 OTHER OFFICES. Branch or subordinate offices may be established at any time by the Board at any place or places.

### ARTICLE IV. BOARD

4.1 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.

4.2 OPERATION OF FACILITIES. The Board shall be responsible for the operation of the Facilities according to the best interests of the public health, and shall make and enforce all rules, regulations and bylaws necessary for the administration, government, protection and maintenance of the Facilities and all property belonging thereto, and may prescribe the terms upon which patients may be admitted to the Facilities. Such rules, regulations and bylaws applicable to the Facilities shall include but not be limited to the provisions specified in the Health and Safety Code, and shall be in accordance with and contain minimum standards no less than the rules and standards of private or voluntary hospitals. Unless specifically prohibited by law, the Board may adopt other rules which could be lawfully adopted by private or voluntary hospitals.

4.3 RATES. In setting the rates the Board shall, insofar as possible, establish such rates as will permit the Facilities to be operated upon a self-supporting basis. The Board may establish different rates for residents of the District than for persons who do not reside within the District.

4.4 NUMBER AND QUALIFICATION.

4.4.1 The Board shall consist of seven members, each of whom shall be a registered voter residing in the District.

4.4.2 Except as otherwise provided in applicable law, no Board member shall possess any ownership interest in any other hospital serving the same area as that served by the District or be a director, policymaking management employee, or medical staff officer of any hospital serving the same area as that served by the District, unless the boards of directors of the District and the hospital have determined that the situation will further joint planning, efficient delivery of health care services, and the best interests of the areas

served by their respective hospitals, or unless the District and the hospital are affiliated under common ownership, lease, or any combination thereof. No Board member shall simultaneously hold any other position over which the Board exercises a supervisory, auditory, or removal power.

4.4.3 For purposes of this section, a hospital shall be considered to serve the same area as the District if more than five percent of the hospital's patient admissions are District residents.

4.4.4 For purposes of this section, the possession of an ownership interest, including stocks, bonds, or other securities by the spouse or minor children or any person shall be deemed to be the possession or interest of the person.

4.4.5 Any candidate who elects to run for the office of member of the Board, and who owns stock in or who works for any health care facility that does not serve the same area served by the District, shall disclose on the ballot his or her occupation and place of employment.

4.5 **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 current Conflict of Interests Code of Palomar Pomerado Health as it may be amended from time to time, shall at all times comply with said Code any and all laws and regulations relating to conflicts of interests, including but not limited to the Government Code.

4.6 **ELECTION AND TERM OF OFFICE.** An election shall be held in the District on the first Tuesday after the first Monday in November in each even-numbered year, at which a successor shall be chosen to each Director whose term shall expire on the first Friday of December following such election. The election of Board members shall be an election at large within the District and shall be consolidated with the statewide general election. The candidates receiving the highest number of votes for the offices to be filled at the election shall be elected thereto. The term of office of each elected Board member shall be four years, or until the Board member's successor is elected and has qualified, except as otherwise provided by law in the event of a vacancy.

4.7 **NEW MEMBER ORIENTATION.** An orientation shall be provided which familiarizes each new Board member with his or her duties and responsibilities, including the Board's responsibilities for quality care and the Facilities' quality assurance programs. Continuing education opportunities shall be made available to Board members.

4.8 **EVALUATION.** The Board shall evaluate its own performance as well as those of its officers and employees on an annual or other periodic basis.

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

4.10 **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. The term of any member of the Board shall expire if the member is absent from three consecutive regularly scheduled monthly 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.

- 4.11 **LIABILITY INSURANCE.** The Board may purchase and maintain liability insurance on behalf of any person who is or was a director, officer, employee or agent of the District, or is or was serving at the request of the District as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise or as a member of any committee or similar body, against any liability asserted against such person and incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the District would have the power to indemnify him or her against such liability.
- 4.12 **COMPENSATION.** The Board shall serve without compensation unless the Board authorizes, by resolution adopted by majority vote, compensation of not to exceed \$100 per meeting for a maximum of five meetings per month for each member of the Board. For purposes of this section, "meeting" shall mean any regular or special Board meeting, whether open or closed, any standing or ad hoc committee meetings or any orientation sessions. For compensation purposes, successive open and closed meetings shall be considered as one meeting.
- 4.13 **HEALTH AND WELFARE BENEFITS.** Notwithstanding Section 4.12 above, the Board may provide health and welfare benefits, pursuant to Government Code Section 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.
- 4.14 **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. Such reimbursement, if approved by the Board, shall not constitute "compensation" for purposes of Section 4.12 above.

#### ARTICLE V. BOARD MEETINGS

- 5.1 **MEETINGS 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.
- 5.2 **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. Board meetings may be held by teleconference subject to applicable laws and regulations including the Government Code.
- 5.3 **REGULAR MEETINGS.** Regular meetings of the Board shall be held as follows:

- 5.3.1 The Board's annual organizational meeting shall be held in December at the place and time designated by the Board in the Resolution discussed in Section 5.3.2 below.
- 5.3.2 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.
- 5.4 HOLIDAYS. Meetings of the Board may be held on any calendar day as determined by the Board.
- 5.5 NOTICE AND ACTION. The Board shall provide public notice of its meetings in accordance with the Brown Act. No "action," as defined in the Brown Act, shall be taken on any item not appearing on the posted agenda unless permitted under applicable law.
- 5.6 MEMBERS OF THE PUBLIC. Members of the public shall be afforded an opportunity to participate in District decision making 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.
- 5.7 ANNUAL ORGANIZATIONAL MEETING. At its annual organizational meeting, the Board shall organize by the election of officers. One member shall be elected as Chairperson, one as Vice Chairperson and one as Secretary. The Board may also appoint the Treasurer at the annual organizational meeting, who may also be the Chairperson of the Finance Committee.
- 5.8 SPECIAL MEETINGS.
- 5.8.1 A special meeting may be called at any time by the Chairperson, or by four or more Board members, by delivering personally or by mail written notice to each Board member and to each local newspaper of general circulation, radio or television station requesting notice in writing. Such notice must be delivered personally or by mail at least 24 hours before the time of such meeting as specified in the notice. The call and notice shall specify the time and place of the special meeting and the business to be transacted; no other business shall be considered at special meetings. 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.
- 5.8.2 The call and notice shall also be posted at least 24 hours prior to the special meeting in a location that is freely accessible to members of the public. Notice shall be required pursuant to this Section regardless of whether any action is taken at the special meeting.
- 5.8.3 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, the Board may hold an emergency meeting without complying with either or both the 24 hour notice or posting requirements. In the event the notice and/or posting requirements are dispensed with due to an emergency situation, each local newspaper of general circulation and radio or television station which has requested notice of special meetings shall be notified by the Chairperson, or his designee, one hour prior to the emergency meeting, by telephone. All telephone numbers provided in the most recent request of such newspaper or station for notification of special meetings shall be exhausted. In the event that telephone services are not functioning, the notice requirements of this

paragraph shall be deemed waived, and the Board, or its designee, shall notify those newspapers, radio stations or television stations of the fact of the holding of the emergency meeting, the purpose of the meeting, and any action taken at the meeting as soon after the meeting as possible. Notwithstanding this Section, the Board shall not meet in closed session during a meeting called as an emergency meeting. With the exception of the 24 hours notice and posting requirements, all requirements contained in this Section shall be applicable to any meeting called due to an emergency situation.

- 5.8.4 The minutes of an emergency meeting, a list of persons who the Chairperson, or his 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.
- 5.9 **QUORUM.** As indicated in "Robert's Rules of Order New Revised" 1990 edition, a vote is to be determined by a simple "majority vote". If there are abstentions on a vote, the non-abstaining members of the Board must constitute a quorum of the whole board (four members or more) for the transaction of business. Except as otherwise provided by law or PPH Bylaws, the act of the majority of the non-abstaining Board members voting will be the "majority vote".
- 5.10 **ADJOURNMENT AND CONTINUANCE.** The Board may adjourn any of its meetings in accordance with applicable laws, including but not limited to the Brown Act.
- 5.11 **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 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 may establish a procedure for readmitting an individual or individuals not responsible for willfully disrupting the orderly conduct of the meeting.
- 5.12 **MEDICAL STAFF REPRESENTATION.** The Medical Staff of each Facility shall have the right of representation at all meetings of the Board, except closed sessions at which such representation is not requested, by and through the Chief of Staff or President 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.

## ARTICLE VI. BOARD COMMITTEES

- 6.1 **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.
- 6.1.1 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 full Board.

6.1.2 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 full Board. The committee shall be considered disbanded upon conclusion of the purpose for which it was appointed.

6.1.3 The Audit Committee of the Board shall function pursuant to a charter approved by the Board and amended from time to time.

6.2 **STANDING COMMITTEES.** There shall be the following standing committees of the Board: Finance, Governance, Human Resources, Strategic Planning, Community Relations, Quality Review, Audit Committee, and Facilities and Grounds Committee. 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.

6.2.1 **Finance Committee.**

- (a) **Voting Membership.** The Finance Committee shall consist of seven voting members, four members of the Board, the President and Chief Executive Officer and the Chief of Medical Staff from each hospital. One alternate Committee member shall also be appointed by the Chairperson who shall attend Committee meetings and enjoy voting rights on the Committee only when serving as an alternate for a voting Committee member. The Chairperson of the Board may appoint the Treasurer as the chairperson of the Finance Committee.
- (b) **Non-Voting Membership.** The Chief Financial Officer (CFO), the Chief Administrative Officers Palomar Medical Center and Pomerado Hospital and a nurse representative.
- (c) **Duties.** The duties of the Committee shall include but are not limited to:
  - (i) Review the preliminary, annual operating budgets for the District and Facilities and other entities;
  - (ii) Develop and recommend to the Board the final, annual, operating budgets;
  - (iii) Develop and recommend to the Board a three-year, capital expenditure plan that shall be updated at least annually. The capital expenditure plan shall include and identify anticipated sources of financing for and objectives of each proposed capital expenditure in excess of \$100,000;
  - (iv) Review and recommend approval of the monthly financial statements to the Board.
  - (v) Recommend to the Board cost containment measures and policies;



Officer and a Board member of the Palomar Pomerado Health Foundation recommended by the Foundation and approved by the Committee Chairperson.

- (b) Non-Voting Membership. The Chief Marketing and Communications Officer, the Community Outreach Director, the Chief Executive Officer of the Palomar Pomerado Health Foundation, the Director HealthSource, the Director Marketing and Public Relations, a nurse representative and a representative of each District Auxiliary, as approved by the Committee Chairperson.
- (c) Duties. 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 policies 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 annually 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 Governance Committee. 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; and
  - (vii) Perform such other duties as may be assigned by the Board.

#### 6.2.7 Audit Committee.

- (a) Voting Membership. The Audit Committee 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.

- (b) Non-Voting Membership. The President and Chief Executive Officer, Director of Audit Services, and a representative from each Hospital's Medical Staff. Any district executive, representative or director will attend as an invited guest.
- (c) Duties. The duties of the Committee shall include but are not limited to:
  - (i) Approve the overall audit scope;
  - (ii) Ensuring that audits are conducted in an efficient and cost effective manner;
  - (iii) Overseeing the organizations financial statements and internal controls;
  - (iv) Recommending to the Board a qualified firm to conduct an annual, independent financial audit;
  - (v) Recommending to the Board the approval of the organizations annual audit reports;
  - (vi) Review annually those policies within its purview and report the results of such review to the Governance Committee. Such reports shall include recommendations regarding the modification of existing or creation of new policies; and
  - (vii) Assess and monitor the independent status of the outside independent auditors;
  - (viii) Direct special investigations for the Board;
  - (ix) Meet periodically in closed session with only committee members present.
  - (x) Perform such other duties as may be assigned by the Board.

#### 6.2.8 Facilities and Grounds Committee.

- (a) Voting Membership. The Facilities and Grounds Committee shall consist of four voting members, including three members of the Board, and the President and Chief Executive Officer. One alternate Committee member shall also be appointed by the Chairperson who shall attend Committee meetings and enjoy voting rights on the Committee only when serving as an alternate for a voting Committee member.
- (b) Non-Voting Membership. Chief Administrative Officer Pomerado Hospital, the Chief Financial Officer (CFO) or designee, nurse representative from PMC or POM and the Director of Facilities Planning and Development. As needed, other appropriate relevant staff in engineering, architectural, planning and Compliance and a Physician Advisory Committee member may be requested to attend along with PPH staff to facilitate the work of the committee.

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

- (i) Review construction estimates and expenses for accuracy and architectural plans completeness and effectiveness;
- (ii) Approve construction project change orders in accordance with applicable district law and PPH policies;
- (iii) Receive reports from the Construction Manager and the Director of Facilities Planning and Development and recommend action to the Board regarding facilities design and maintenance;
- (iv) Review regulations and reports regarding facilities and grounds from external agencies, accrediting bodies and insurance carriers and make recommendations for appropriate action regarding the same to the Board;
- (v) Approve the annual Facilities Development Plan and regularly review updates on implementation of plan;
- (vi) Receive a biannual Environment of Care report;
- (vii) Perform such other duties as may be assigned by the Board.

- 6.3 **SPECIAL COMMITTEES.** Special or ad hoc committees may be appointed by the Chairperson for special tasks as circumstances warrant and upon completion of the task for which appointed such special committee shall stand discharged. The Chairperson shall make assignments on special committees, and/or individual Board member assignments, to assure that each Board member shall have equal participation on special committees or individual Board assignments throughout the year. Some of the functions that may be the topic of special committees include the review of new projects, the review of special bylaw changes or the review of the Bylaws periodically, the meeting with other public agencies or health facilities on a specific topic and the evaluation of the Board.
- 6.4 **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 in the discretion of the committee chairperson.
- 6.5 **MEETINGS AND NOTICE.** Meetings of a committee may be called by the Chairperson of the Board, the chairperson of the committee, or a majority of the committee's voting members. The chairperson of the committee shall be responsible for contacting alternate committee members in the event their participation is needed for any given committee meeting.
- 6.6 **QUORUM.** A majority of the voting members of a committee shall constitute a quorum for the transaction of business at any meeting of such committee. Each committee shall keep minutes of its proceedings and shall report periodically to the Board.
- 6.7 **MANNER OF ACTING.** The act of a majority of the members of a committee present at a meeting at which a quorum is present shall be the act of the committee so meeting. No act taken at a meeting at which less than a quorum was present shall be valid unless approved in writing by the absent

members. Special committee action may be taken without a meeting by a writing setting forth the action so taken signed by each member of the committee entitled to vote.

- 6.8 **TENURE.** Each member of a committee described above shall serve a one year term, commencing on the first day of January after the annual organizational meeting at which he or she is elected or appointed. Each committee member shall hold office until a successor is elected, unless he or she sooner resigns or is removed from office by the Board.

## **ARTICLE VII.**

### **OFFICERS**

- 7.1 **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 District and 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.
- 7.2 **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.
- 7.3 **SECRETARY.** The Board shall elect one of its members Secretary at an organizational meeting. The Secretary shall provide for the keeping 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.
- 7.4 **TREASURER.** The Board shall appoint a Treasurer who shall serve at the pleasure of the Board. The Treasurer shall be charged with the safekeeping and disbursement of the funds in the treasury of the District. The Treasurer may be the chairperson of the Finance Committee.
- 7.5 **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 is removed from office.
- 7.6 **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.
- 7.7 **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:
- 7.7.1 Reviewing, recommending changes to, and implementing District Policies and Procedures. By working with standing and special committees of the Board and joint committees of the Medical Staffs of the Facilities, the President and Chief Executive

Officer is to participate in the elaboration of policies which provide the framework for patient care of high quality at reasonable cost.

- 7.7.2 Maintaining District records and minutes of Board and committee meetings.
- 7.7.3 Overall operation of the District, its Facilities and other health services, including out-of-hospital services sponsored by the District. This includes responsibility for coordination among Facilities and services to avoid unnecessary duplication of services, facilities and personnel, and control of costs. This also includes responsibility for sound personnel, financial, accounting and statistical information practices, such as preparation of District budgets and forecasts, maintenance of proper financial and patient statistical records, collection of data required by governmental and accrediting agencies, and special studies and reports required for efficient operation of the District.
- 7.7.4 Implementing community relations activities, including, as indicated, public appearances, responsive communication with the media.
- 7.7.5 Assisting the Board in planning services and facilities and informing the Board of Governmental legislation and regulations and requirements of official agencies and accrediting bodies, which affect the planning and operation of the facilities, services and programs sponsored by the District, and maintenance appropriate liaison with government and accrediting agencies and implementing actions necessary for compliance.
- 7.7.6 Ensuring the prompt response by the Board and/or District personnel to any recommendations made by planning, regulatory or accrediting agencies.
- 7.7.7 Hiring and termination of all employees of the District. To the extent the President and Chief Executive Officer deems appropriate, the President and Chief Executive Officer shall delegate to the District Officers the authority to hire and terminate personnel of their respective hospitals or other entities.
- 7.7.8 Administering professional contracts between the District and Practitioners.
- 7.7.9 Providing the Board and Board committee with adequate staff support.
- 7.7.10 Sending periodic reports to the Board and to the Medical Staffs on the overall activities of the District and the Facilities, as well as pertinent federal, state and local developments that effect the operation of District Facilities.
- 7.7.11 Providing liaison among the Board, the Medical Staffs, and the District's operating entities.
- 7.7.12 The maintenance of insurance or self-insurance on all physical properties of the District.
- 7.7.13 Designate other individuals by name and position who are, in the order or succession, authorized to act for the District Officers during any period of absence.

- 7.7.14 Participating as a non-voting member in all meetings of standing committees of the Board.
- 7.7.15 Such other duties as the Board may from time to time direct.
- 7.8 ADMINISTRATIVE OFFICERS. The President and Chief Executive Officer, with the approval of the Board, may select and employ an Administrative Officer or other responsible individual for each of the Facilities, who shall report to the President and Chief Executive Officer. The Administrative Officer or other responsible individual shall be responsible for the day-to-day administration of their respective Facilities. Specifically, each such individual shall:
- 7.8.1 Be responsible for implementing policies of the Board in the operation of the Facility.
- 7.8.2 Provide the Facility's professional staff with the administrative support and personnel reasonably required to carry out their review and evaluation activities.
- 7.8.3 Organize the administrative functions of the Facility, delegate duties, and establish formal means of accountability on the part of subordinates.
- 7.8.4 Be responsible for selecting, employing, controlling and discharging employees, in accordance with the authority delegated by the President and Chief Executive officer.
- 7.8.5 Assist the President and Chief Executive Officer and the Finance Committee in annually reviewing and updating a capital budget and preparing an operating budget showing the expected receipts and expenditures for the Facilities, and supervise the business affairs of the Facilities to assure that the funds are expended in the best possible advantage.
- 7.8.6 Perform any other duty within the express or implicit terms of his or her duties hereunder that may be necessary for the interest of the Facilities.
- 7.8.7 Be responsible for the maintenance of the Facility's property.
- 7.8.8 Perform such other duties as the Board or President and Chief Executive Officer may from time to time direct.
- 7.9 SUBORDINATE OFFICERS. The President and Chief Executive Officer, with the approval of the Board, may select and employ, such other officers as the District may require, each of who shall hold office for such period, have such authority, and perform such duties as the Board may from time to time determine.

## ARTICLE VIII. MEDICAL STAFFS

### 8.1 ORGANIZATION.

- 8.1.1 There shall be separate Medical Staff organizations for each of the District's Hospitals with appropriate officers and bylaws and with staff appointments on a biennial basis. 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 the Hospital's Medical Staff bylaws.

8.1.2 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 on Accreditation of Healthcare Organizations ("JCAHO") 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 JCAHO 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.

8.2 **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 or 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.

8.3 **MEDICAL STAFF MEMBERSHIP AND CLINICAL PRIVILEGES.**

8.3.1 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.

8.3.2 While retaining its ultimate authority to independently investigate and/or evaluate Medical Staff matters, the Board hereby delegates to the Medical Staffs the responsibility and authority 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) All matters relating to professional competency;
- (f) The process by which Medical Staff membership may be terminated; and
- (g) The process for fair hearing procedures.

8.3.3 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.

8.3.4 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.

#### 8.4 PERFORMANCE IMPROVEMENT.

8.4.1 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.

8.4.2 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.

8.4.3 The Board hereby delegates to the Medical Staffs the responsibility and authority 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.

- 8.5 MEDICAL RECORDS. A complete and accurate medical record shall be prepared and maintained for each patient.
- 8.6 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.
- 8.7 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.
- 8.8 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.

#### ARTICLE IX. AUXILIARY ORGANIZATIONS

- 9.1 FORMATION. The Board may authorize the formation of auxiliary organizations to assist in the fulfillment of the purposes of the District. Each such organization shall establish its bylaws, rules and regulations, which shall be subject to Board approval and which shall not be inconsistent with these bylaws or the policies of the Board.
- 9.2 EXISTING ORGANIZATIONS. The Palomar Medical Center Auxiliary and the Pomerado Hospital Auxiliary are existing auxiliary organizations to assist in the fulfillment of the purposes of the District, both of which have been authorized, and their bylaws approved, by the Board.

#### ARTICLE X. CLAIMS AND JUDICIAL REMEDIES

- 10.1 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 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 if the amount to be paid from the District's treasury does not exceed \$50,000. Any allowance, compromise or settlement of any claim in which the amount to be paid from the District's treasury exceeds \$10,000 shall be approved personally by the Chief Executive Officer rather than his or her designee.
- 10.2 JUDICIAL REVIEW. The California Code of Civil Procedure shall govern the rights of any person aggrieved by any decision of the Board or the District, including but not limited to an action taken pursuant to Article VIII of these Bylaws.
- 10.3 CLAIMS PROCEDURE. Notwithstanding any exceptions contained in Section 905 of the Government Code, no action based on a claim shall be brought against the District unless presented to the District within the time limitations and in the manner prescribed by Government Code Section 910 *et seq.*, and shall be further subject to Section 945.4 of the Government Code.

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