

BOARD DELEGATION POLICY

DEPARTMENT: Board Policy

POLICY NO: _____

TITLE: Board Delegation Policy (Delegation of Board Authority to CEO)

Purpose of Policy:

To achieve and improve clarity around the Delegation of Authority at _____ Public Hospital District No. 2 (the “**District**”) d/b/a _____ (“_____”) from the _____ Board of Commissioners (“**Board**”) to the Chief Executive Officer (“**CEO**”).

1. Board Responsibility and Accountability

The Board, in its official capacity, has ultimate responsibility and accountability for the District, which is operated on behalf of the District’s constituents. This policy lists Board decisions necessary to carry out the Board’s responsibilities described in RCW 70.44 and those specifically delegated to the CEO. The Board hereby reserves all authority not herein expressly delegated to the CEO.

2. Board Authority Over the CEO and CEO Accountability

The Board, by majority vote, has sole authority over the CEO. The CEO is, *inter alia*, accountable to the Board for the District’s attainment of goals and objectives and for compliance with the District’s policies. The Board will relate officially to all staff with one voice only through the CEO.

3. Board Delegation of Authority to the CEO

- a. The Board exercises its right to delegate certain of its authority to the CEO in specific legal and contractual areas as is stated in this Board Delegation Policy (“**Delegation Policy**”), which shall be reviewed by the Board at least annually and whenever necessary. The intention is to establish clear lines of authority between the Board and the CEO. The CEO is authorized to establish all further policies, make all decisions and take all actions that are true to and consistent with Board and District Policies (as defined herein) including, but not necessarily limited to, this Delegation Policy, as well as the District’s Mission and Strategic Plan. The Board may obtain any desired information about activities in delegated areas, consistent with Board policies and in consideration of the demands on administrative staff. An individual Board member or members may request

information or action from the CEO, consistent with Board policies, but if such requests require a material amount of staff time, the CEO may initially decline to comply, provided the reasonableness of the request is referred to the entire Board for consideration and decision, with which the CEO shall comply. All such requests shall be made through the CEO, with the exceptions of (a) inquiries of a legal nature to the General Counsel or (b) the CEO otherwise defers the inquiry to a vice president.

b. Expenditures:

- (1) Operating Expenditures. Except as provided for herein, the CEO may, without further Board approval, and unless otherwise required by law, expend all sums authorized by a Board-approved operating budget for routine transactions, a specific project or program included in the operating budget, or a Board-approved resolution for a specific project or program not included in an approved operating budget, even though individual elements thereof may exceed the CEO's approval authority as stated in **Chart 1** herein. If, however, such transaction, project or program is anticipated to or will exceed the Board's approved operating budget or resolution for such transaction, project or program, the limits stated in Chart 1 shall apply and if such limits are exceeded, the CEO shall obtain Board approval, in advance if reasonably possible, which may include (but is not necessarily limited to) an operating budget amendment. Notice of the need for an increase in the budget of a transaction, project or program shall be given to the Board as soon as reasonably possible.
- (2) Capital Expenditures. Except as provided for herein, the CEO may, without further Board approval, and unless otherwise required by law, expend all sums authorized by a Board-approved capital budget or a Board-approved resolution for a specific project or program not included in an approved capital budget, even though individual elements thereof may exceed the CEO's approval authority as stated in **Chart 1** herein. If, however, such transaction, project or program is anticipated to or will exceed the Board's approved capital budget or resolution for such transaction, project or program, the limits stated in Chart 1 shall apply and if such limits are exceeded, the CEO shall obtain Board approval, in advance if reasonably possible, which may include (but is not necessarily limited to) a budget amendment. Notice of the need for an increase in the budget of a transaction, project or program shall be given to the Board as soon as reasonably possible. Notwithstanding the foregoing, any major capital expenditure (defined as an expenditure or group of expenditures for a discrete capital item or related group of capital items) exceeding \$1,000,000 shall, nevertheless, be submitted to the Board for review and affirmation.

- (3) New Employed Physician Practices. The creation of any new discrete employed physician practice, regardless of capital cost or if such is in an approved budget plan, shall be presented to the Board for approval.
- c. Contracts and specific budgetary items that extend for more than one calendar year, once approved, need not be submitted for reapproval except to the extent that the payments thereon are included in the annual budgets from time to time thereafter presented and approved, provided, however, that the Board reserves the right to reauthorize any expenditure (or not) as allowed by law.
- d. For transactions, projects, programs, sums or actions not explicitly contained in a Board-approved budget, the CEO shall have the authority set forth in Chart 1. The CEO shall make all decisions after taking into account the Principles set forth in Section 8 of this Policy. Chart 1 herein addresses, in summary form, the Board's delegation of powers, authority and duties set forth in the enabling statute, RCW 70.44.060, and in a variety of other areas in which questions of the CEO's authority may arise. Specific examples and areas of implementation are provided, but the list is not necessarily intended to be exhaustive. Actions or expenditures exceeding the CEO level of authority stated in Chart 1 require recommendation by the CEO to the Board for the Board's approval.
- e. Except as may be prohibited by law, Board Policy or the Board, the CEO may, as is in his or her judgment is necessary and/or appropriate, delegate his or her authority, as herein granted by the Board, to any other District Employee. The CEO shall identify lines of authority for key planning, management and operations activities, as delegated by the CEO, in such manner as the CEO determines. In the event of temporary absence and unavailability of the CEO, the CEO shall appoint another administrative officer to act in his or her stead, which appointment shall be subject to modification by the Board in its discretion as provided by RCW 70.44.080(1). Such appointed administrative officer shall be informed of and shall abide by this Board Delegation Policy.

4. CEO Performance Evaluation:

The Board shall evaluate the CEO annually, in writing, and discuss the evaluation with the CEO not later than March 31. The Board's evaluation of the CEO will be based upon the written performance objectives adopted by the Board in February of the prior year. By the last day of February of each year, the CEO will, to the extent that all necessary data is available, provide a written report to the Board that summarizes his or her performance in comparison to the CEO's performance objectives approved by the Board. A copy of the evaluation signed by the Board Chair and the CEO shall be kept in the CEO's personnel file. The Board shall also provide the CEO with periodic real-time feedback as necessary and appropriate in its discretion.

5. Compliance with Law and Deviations from Board Policy

The CEO shall assure that all practices and policies of the District comply with applicable laws and regulations and meet or exceed appropriate business and professional ethics and reasonable business prudence. The CEO shall inform the Board, either verbally or in writing, if he or she deems it necessary to materially deviate from a Board Policy and the reason for such deviation. A verbal notice shall be subsequently and timely documented in writing. Written records of necessary deviations from District policies shall be maintained by the General Counsel. Informing is simply to guarantee that no deviation may be intentionally kept from the Board, not to necessarily request approval of the deviation.

6. Conflicts of Interest

The CEO shall allow no circumstance to arise in which he or she is in a position, apart from contracted employment remuneration, to profit directly or indirectly through the application of his or her administrative authority or knowledge. The CEO shall comply with the District's Conflict of Interest Policy adopted by the Board and shall oversee compliance of the Administrative Staff with such policy as may be applicable.

7. Interpretive Authority

The Chair of the Board is responsible for implementing and reasonably interpreting this Delegation Policy provided that the implementation and interpretation of this Delegation Policy will not be inconsistent with the majority vote of the Board.

8. Specific Implementing Principles

- a. The CEO will, prior to entering into contracts for goods and services, conduct, per Board Resolution and otherwise as may be advisable and appropriate, a review of the background in all pertinent and relevant respects of proposed contractors or suppliers and, when deemed advisable and appropriate or as required by law, seek competitive bids for such goods and services.
- b. The CEO will recommend to the Board annual and long-term cash targets, the purpose of which shall be to maintain adequate reserves to help fund capital and unexpected variations in cash flow. The result shall be a Board-approved days' cash-on-hand target, which funds shall be known as the "**Board Designated Assets Account.**" The CEO will only authorize disbursements from the Board-Designated Assets Account with the consent of the Board, in accordance with applicable Board Policies (as defined in Section 11 hereof), and for either capital purchases according to an approved capital plan or for the replacement of equipment or upgrading of facilities. The CEO will also propose to the Board an annual and long-term capital budget and an appropriate funding plan for both.

- c. The CEO will comply with the District’s Investment Policy as amended from time to time in order to provide for investments to be made in a timely manner that will protect District assets.
- d. The CEO will comply with the District’s Charity Care Policies and will not modify administrative policies for uncompensated care without informing the Board.
- e. The CEO will, in making operational decisions, consider and take into account the implications for patient, employee and physician satisfaction, the costs of providing care, and state-of-the-art management, in addition to the effect on patient safety and quality of care.
- f. The CEO will, in planning, decision making and implementation of such with respect to staffing, service levels and organizational structure, engage in serious efforts to meaningfully involve affected employees and physicians by soliciting and obtaining their advice and input.
- g. The CEO will inform the Board in advance of making and implementing decisions concerning material changes in staffing and service levels, programs, organization and/or structure which have the potential for causing community concern.
- h. The CEO will undertake a material employee reduction in force only after advance notice to the Board and after reasonable notice to the affected staff, and with implementation of a fair and adequate severance plan for affected employees. “Material” in this context depends on the facts and circumstances but generally would include a reduction in force of one percent (1%) or more of the total number of _____ employees at one time.
- i. The CEO will assure that any business or contractual arrangement entered into preserves the Board’s majority control over the ability to spend or pledge District resources and the District’s responsibility for and professional control of its staff as exercised through the CEO.
- j. The CEO will strive to nurture a culture as defined by the _____ Values. In furtherance of same, in negotiating business relationships between the District and physicians/physician groups, the CEO shall do the following:
 - (1) Strive for meaningful physician participation in the management of the physician/District business relationships.
 - (2) Facilitate the ability of physicians and other health care professionals to manage patient care, conduct quality assurance programs, and establish appropriate protocols for care.

- (3) Invite, as appropriate, physician participation in management decision-making, including, but not limited to, physician compensation philosophy and guidelines.
 - (4) Assist physicians to improve and build their practices.
- k. The CEO will, in making recommendations to the Board concerning new categories of Allied Health Professionals as defined in the Medical Staff Bylaws (“AHPs”), observe the following:
 - (1) Recommendations will comply with The Joint Commission (or other accreditation organization) requirements, and state and federal laws, including licensure and restraint of trade issues.
 - (2) All interested parties shall be allowed to provide input in the process of evaluating Allied Health Professional categories.
- l. The CEO will not allow staff or volunteers to participate in acts that hasten the death of any patient or in any way assist a patient in terminating his or her own life that is not in strict compliance with applicable federal and state law and the District’s policies.
- m. The CEO will assure that any District construction project will be initiated with adequate provision for project management, owner representation and project documentation as is more particularly described in Chart 1 herein.
- n. The CEO will operate the District in a manner to preserve all applicable certifications/accreditations, including, but not necessarily limited to its Joint Commission accreditation (or that of another acceptable accreditation organization).
- o. The CEO will allow no circumstance to arise where any staff person is in a position, apart from employment remuneration, to profit directly or individually through the application of his or her administrative authority or knowledge. The District Conflict of Interest Policy further defines and governs this subject.
- p. The CEO will timely and periodically inform the Board about legislative, regulatory and/or ballot initiatives which have a direct material impact on District operations or which are of vital interest to the District, anticipating changes and trends as reasonably possible and being proactive on matters affecting the District. The CEO shall make recommendations to the Board regarding proposed positions on such matters. The District shall speak with one voice on such matters and the CEO shall assure that the District’s positions are clear and articulate.
 - (1) The CEO may advocate for adoption, repeal or modification of legislation or regulations which would affect or enhance the efficient and effective

conduct of the District's business. Except as allowed by the Board Bylaws and/or state law, no District funds shall be expended to affect legislation or lobby.

- (a) When possible, the CEO shall consult with the Board on the position to be taken by the District on such matters, particularly matters of major policy or of broad public import. If a matter requires an urgent response and is clearly in the District's interest, the CEO may act and then inform the Board promptly of the action. If the matter does not require an urgent response, the CEO shall first inform the Board and obtain the Board's consent to the proposed position before publishing the proposed position.
 - (b) In the event that the CEO takes a position with which the Board disagrees, the Board Chair shall be designated to address the matter with the CEO and shall coordinate the response as necessary to correct the record.
- (2) The CEO shall not use District funds to support or oppose any initiative to the people, referendum or other ballot measure.
 - (3) The CEO may perform such additional activities, to the extent permitted by RCW 42.17.190 or other applicable statute, as authorized by the Board.
- q. The CEO shall inform the Board in the event of levy funds not being used as approved by the Board in the annual budget and the Board shall then determine how to reallocate such levy funds and take appropriate steps to implement its decision.

9. Nondelegable Duties of the Board

The Board has identified the following Nondelegable Duties of the Board, which list is not necessarily comprehensive:

- Establishing a procedure for securing telephone, written, or electronic quotations from vendors on the small works roster [RCW 39.04.155];
- Establishing a procedure for securing telephone or written quotations for awarding contracts for the purchase of any materials, equipment, supplies, or services [RCW 39.04.190];
- Establishing a small works roster [RCW 39.04.155];
- Adopting a resolution waiving competitive bidding requirements in an emergency situation [RCW 39.04.280];
- Abolishing commissioner districts [RCW 70.44.042];
- Approving commissioners' compensation [RCW 70.44.050];
- Adopting rules governing transaction of Board's business [70.44.050];

- Submitting to voters a proposed increase in the number of commissioners [RCW 70.44.053];
- Redistricting the public hospital district [RCW 70.44.054];
- Filling commissioner vacancies due to an increase in the number of commissioner seats [RCW 70.44.056];
- Exercising any eminent domain or condemnation powers [RCW 70.44.060(3)];
- Issuing bonds or other type of obligations [RCW 70.44.060(5)];
- Levying taxes and calling for special elections [RCW 70.44.060(5)];
- Approving the District’s annual budget [RCW 70.44.060 (6)];
- Taking final action as to the denial, revocation or restriction of clinical or staff privileges [RCW 70.44.062];
- Appointing the District superintendent and fixing his or her compensation [RCW 70.44.070];
- Approving a plan for additions or betterments to the District’s facilities, estimated costs thereof and the amount of indebtedness to be approved [RCW 70.44.110];
- Appointing the District’s treasurer and specifying the amount of his or her surety bond [RCW 70.44.171];
- Creating special funds in addition to the District’s general fund [RCW 70.44.171];
- Approving banks into which the District’s funds may be deposited [RCW 70.44.171];
- Consolidating two or more districts [RCW 70.44.190];
- Annexing additional territory [RCW 70.44.200-230];
- Withdrawing or reannexing of District territory [RCW 70.44.235];
- Declaring real property surplus [RCW 70.44.300-310];
- Declaring personal property surplus [RCW 70.44.320];
- Dividing the District [RCW 70.44.350]; and
- Withdrawing territory from the District [RCW 70.44.400].

The Board reserves the right, on the advice of counsel, to delegate any of the foregoing if the Board determines it allowable and appropriate to do so.

10. Reports to the Board

The CEO shall facilitate clear communication with the Board, as will the Board with the CEO. This is done in part by the use of written and verbal reports at Board and Board Committee meetings.

- a. **Chart 2** herein is a list of regular reports requested by the Board from the CEO on the timetable indicated.
- b. Selected Reports—Specific Content.
 - (1) Monthly Reports
 - (a) Financial Snapshot Report. A brief monthly report which

compares actual month and YTD (year-to-date) financial information with budgeted monthly and YTD figures and prior-year actual monthly and YTD figures on major categories of income and expense.

- (b) Board Quality & Safety Committee (“BQC”) Report. The Board shall receive a monthly Board Quality & Safety Committee report on quality-related topics, including, but not necessarily limited to, data on various quality measures, the status of quality and patient safety initiatives, performance improvement, quality improvement, and information on the work of the BQC, although each of the foregoing need not be addressed in every report.
- (c) Board Committee Minutes.
- (d) Organization Dashboard. A report that provides a more in-depth report on key performance indicators of the _____ System as defined in the Dashboard and the Operating System.

(2) Quarterly Reports

- (a) Financial Status Report. A quarterly report which compares actual quarter and YTD (year-to-date) financial information with budgeted quarter and YTD figures on major categories of income and expense. In addition, the report shall include:
 - Days of cash on hand
 - The amount of the Days-Cash-on-Hand (together with any change thereof and the reason for such change)
 - Days in Accounts Receivable
 - Other pertinent and useful financial ratios as requested by the Board
 - Perspectives on the financial performance of the _____ System and anticipatory matters
- (b) Capital Budget Quarterly Report. An annual capital budget shall be prepared, and on a quarterly basis a report made to the Board which compares actual results to budget, identifies issues, and informs the Board on capital construction progress of projects planned and underway.
- (c) Digital Health & Consumer Innovation Advisory Committee Quarterly Report. A quarterly report that summarizes the work of this committee for the prior quarter.

(3) Semi-Annual Reports

- (a) Strategic Planning Progress Report. The CEO shall facilitate the _____ Planning Cycle. In furtherance of this objective, the CEO shall provide a report on and discussion of the current status of the Strategic Plan and strategic planning YTD, with recommended changes for the year and two-to-three year planning horizon.
- (b) Information Technology & Security Report. A report on the current status of existing and projected IT initiatives and their costs, and on the state of IT Security at _____.
- (c) Vendor Report. A report of payments to all vendors with aggregate billings of over \$250,000 for the first six months of a calendar year and an annual report of payments to all vendors with aggregate billings of over \$500,000.
- (d) Reward & Recognition Plan Status Report. A report that provides a progress and final report on the Reward & Recognition Plan goals of the CEO and the organization.

(4) Annual Reports

- (a) Joint Venture/Affiliation/Partnership Annual Review. The District is currently in the following joint venture, affiliation or partnership business relationships:
- -
 -
 - Such other joint ventures or LLCs as may be formed after adoption of this Delegation Policy.

The Board shall receive a report annually or more frequently as may be necessary on each of the above that addresses the performance of the venture, including, but not necessarily limited to, income and expenses (actual and compared to budget for the reporting period and YTD), customer satisfaction, patient safety, and strategic considerations. Annually, or more frequently as the CEO shall determine or the Board requests, the Board shall, as may be applicable, be provided with financial progress reports that include a balance sheet and a statement of profit and loss.

- (b) _____ Foundation Report. On an annual basis, the Board shall receive a report on the _____ Foundation (“**Foundation**”),

including, but not necessarily limited to, income and expenses (actual and compared to budget for the reporting period and YTD) and fundraising amounts (YTD and compared to the prior year).

- (c) Levy Report. Annually the Board shall receive a report on levy programs and expenditures.
- (d) Liability Reserves Report. An annual report that provides an assessment of the adequacy of liability reserves for existing or potential claims.
- (e) Are We Safer? Report. A retrospective report that objectively assesses _____'s safety performance and systems compared to the annual plan and to prior years.
- (f) Disaster Readiness Report. A report that objectively assesses _____'s continual readiness for external disasters that could impact it and the community.
- (g) Medical Staff Report. A review by the Medical Staff Officers and CMO on the effectiveness of the systems and processes for delegated aspects of provider credentialing and re-credentialing.

(5) Other Periodic Reports.

- (a) The Board shall periodically receive capital look-backs for both capital and non-capital projects or ventures, which may occur through designated Board Committees.
 - (b) Executive Compensation Review.
- c. The Board may request any other report that assists it in fulfilling its statutory and fiduciary duties. The content and format of reports shall be designed so as to provide desired and useful information to the Board without undue burden on staff time, and will, whenever possible, be in the format regularly generated by the District utilizing its standard programs.

11. Policy Hierarchy

The Board has adopted the following Policy Hierarchy for the District:

- a. **Board Policies:** Policies adopted by the Board that implement those powers and responsibilities which the Board has not delegated to the CEO or the Medical Staff, if applicable, or for which the Board, CEO or General Counsel have determined should be approved by the Board. Board Policies apply to the entire

District and any unit thereof unless otherwise stated. The CEO or CEO's designee is responsible for implementation of and adherence to Board Policies. Board Policies may apply to the entire _____ System, including all component units, according to the policy terms. Such policies shall be subject to ratification by component units as may be required by Interlocal or other agreements.

- b. **Administrative Policies:** Policies adopted by the CEO or another Responsible Executive (as defined in the Policy on Policies) that implement those powers and responsibilities delegated to the CEO. Administrative Policies shall be consistent and compliant with Board Policies. Administrative Policies shall apply, in accordance with their terms and insofar as may be applicable, to the entire District and any unit thereof as specified in the applicable policy. Administrative Policies shall be reviewed as necessary and appropriate by the General Counsel. Administrative Policies typically affect multiple services, reflect a fundamental direction of _____, or may be related to high-risk, high-cost, or problem-prone endeavors. Administrative Policies may apply to the entire _____ System, including all component units, according to the policy terms. Such policies shall be subject to ratification by component units as may be required by Interlocal or other agreements.
- c. **Departmental Policies:** Policies adopted by Department Directors or Managers, with the consent of the CEO or another Responsible Executive, to carry out functions delegated by the CEO. Departmental Policies are a subset of Administrative Policies and shall apply, in accordance with their terms and insofar as may be applicable, only to a specific department or function within the District's operations. In order to assure consistency and compliance with Board and Administrative Policies as described hereinabove, Departmental Policies shall be reviewed by the Responsible Executive.
- d. **Medical Staff Policies:** Policies adopted by the Medical Staff's Medical Executive Committee ("MEC") to carry out such functions as have been delegated to the Medical Staff by the Board. The Medical Staff Bylaws do not constitute a Medical Staff Policy as defined herein. Medical Staff Policies shall be developed by the Medical Staff Officers in conjunction with the CEO or CEO's designee, and shall be reviewed by the General Counsel as appropriate. Medical Staff Policies that materially affect the quality of patient care, implicate issues related to the Stark law or Anti-Kickback statutes, have the potential for broad community impact or notice, or which otherwise are deemed to be of public interest shall, at least thirty days before the effective date thereof, be provided to the Board on an informational basis and shall be deemed adopted unless the Board directs otherwise. Approval of Medical Staff Policies which are required by statute, accrediting agency or otherwise to be reviewed and/or approved by the Board shall be by a resolution appearing in the official Board meeting minutes.

The Board recognizes the foregoing will or may require revisions to existing policies, which revisions shall be performed in an orderly and timely manner as practicable and in any event when such policies are reviewed or revised.

12. Exercise of Delegated Authority

The Board recognizes that there may be times when the CEO must exercise his or her judgment as to whether a particular action or decision is within the scope of delegated powers contained herein. Should a situation arise when the CEO reasonably questions whether a particular action or decision is within the scope of delegated powers contained herein, the CEO shall consult with the Board Chair and/or the Board before taking the action or making the decision in question (as provided in Section 7 hereinabove).

APPROVED BY BOARD on _____:

_____, Commissioner and
Chair, Board of Commissioners

INITIAL EFFECTIVE DATE:

DATES OF REVIEW& REVISION:

DEPARTMENTS AFFECTED: Board, CEO

Chart 1 – Delegation of Board Powers and Duties to CEO

Section 3 hereinabove sets forth general powers delegated to the CEO and subject thereto, the CEO shall have the authority set forth in this Chart 1. All powers and duties delegated to the CEO as described in Chart 1 may be further delegated by the CEO as set forth in Section 3 hereinabove.

A. GENERAL	Chief Executive Officer
Operational and Capital Budget	CEO: Prepares and recommends. Implements both upon approval by Board. Board: Approves.
Contract Indebtedness (including borrowing, LTGO or revenue bonds, or material leases)	CEO: Describes impact of various alternatives on operations and charges for services and makes recommendations to Board. Implements upon approval by Board. Board: Approves all indebtedness.
Raise revenue by regular or special levy.	CEO: Identifies alternatives, analyzes implications on operations and charges and makes recommendations. Board: Approves levy actions.
Priority rights of District residents when allowed	CEO: Assures District residents have allowable priority for services; recommends policy to Board. Board: Approves policy.
Board Committees	CEO: Recommends community members. Board: Approves.
Systems Approach	CEO: Creates a system that helps assure a high-reliability and trusted organization.
Metrics of Success	CEO: Recommends key organizational Dashboard metrics and assures routine monitoring and reporting. Board: Approves.
Long-Range Planning (Strategic Plan)	CEO: Prepares Strategic Plan proposal that includes needs assessment, population projections if appropriate, proposed financing source(s) and regulatory requirements, all of which is submitted in a recommendation to Board. Updates plan at least annually and integrates/coordinates with capital budget. Board: Approves overall Strategic Plan.
B. EMPLOYMENT AND COMPENSATION MATTERS	Chief Executive Officer
Employ Superintendent (CEO) and Compensation of CEO	CEO: Provides all necessary and appropriate information relevant to performance-based compensation (HR provides compensation data as requested by Board). Board: Hires, evaluates, compensates and, when deemed necessary, discharges CEO.
Employ Attorneys/ Legal Consultation	CEO: Engagement or employment of General Counsel in consultation with and approval of the Board. Authorizes and approves engagement of other attorneys and authorized firms as necessary, approves payment thereof. Board: Appoints General Counsel.

Employment of staff, including hiring, compensation, lay-off, discipline, termination or suspension	Approves. Communicates major organizational changes and changes in key personnel to Board prior to employee notification when reasonably possible; biennially provides to Board a Compensation Chart summarizing compensation (including incentive compensation, if any, and employee benefits) for employees at vice president level and above.
Executive Compensation Policy	CEO: Recommends. Board: Approves.
Employee Retirement Programs	CEO: Administers contract with Retirement Plan Administrator and recommends changes to Board. Oversees and is responsible for the retirement plan function of the Retirement Plan & Deferred Compensation Committee Board: Approves Retirement Plan Administrator and changes to plan, including changes in benefits.
Payment of travel and living expenses for applicants; reimbursable employee expenses	Administers in accordance with Policy and applicable statutes and regulations.
Collective Bargaining Agreements	CEO: Recommends; discusses negotiating parameters with Board in advance of commencement of negotiations and during same. Board: Approves.
Exclusive physician practice privileges or clinical services; restrictive arrangements	CEO: Recommends. Board: Approves.
Individual Physician contracts, including (but not limited to) Medical Directors	CEO: Recommends Physician Compensation Policy; approval within Physician Compensation Policy. Board: Approves Physician Compensation Policy; approves contracts outside of said Policy. Notwithstanding the requirement for Board approval of budget variances of \$250,000 or more as specified below, Board approval shall not be necessary for the hiring of individual physicians for whom compensation may exceed \$250,000 provided such hiring is in accordance with the Physician Compensation Policy. An unbudgeted acquisition of a physician practice or creation of a new physician practice shall, regardless of the cost, be presented to the Board for approval.
Consulting services	Approves up to \$250,000 per contract (or firm) annually, while recognizing that _____ strives to optimize and minimize the use of consultants.
Outsourcing of Departments or Services	CEO: Recommends new department-wide outsourcing of services. Board: Approves.
All other employment issues	Approves.
C. FINANCIAL PERFORMANCE MATTERS	Chief Executive Officer
Annual Operating and Capital Budget; Fiscal Goals	CEO: Recommends the annual operating and capital budget that supports the Strategic Plan. As part of this, recommends annual and long-term financial performance goals and metrics, including NOI, NI, Operating EBIDA, EBIDA and Days' Cash required to meet debt obligations and capital needs of _____. Board: Approves budget, Strategic Plan and related goals.

Management of Financial Performance	<p>CEO: Manages the annual operating and capital budgets toward the annual goals approved by the Board. Keeps the Board informed and engaged in the performance via reports and the Audit & Finance Committee. Assures systems are in place to share fiscal performance and material deviations (positive and negative) in revenue, revenue adjustments, and expenses that impact key fiscal metrics. Develops plans to adjust to unforeseen performance variations.</p> <p>Board: Approves unbudgeted operating expenses in excess of \$500,000 (annualized) regardless of whether there is associated revenue.</p>
Management of Capital Budget (including Capital Leases)	<p>CEO: (a) Manages within the Board-approved annual capital plan; (b) may substitute, add, delete or defer specific capital items in the approved budget that are under \$500,000 as long as they are consistent with the Strategic Plan and/or applicable Board resolution; (c) substitution of items that are greater than \$250,000 shall be reported to the Board in advance; (d) approves items up to \$500,000 covered by contingency; and (e) prepares and provides to Board for approval a written business plan/justification of any capital expenditure of \$500,000 or more (even if in Board-approved budget).</p> <p>Board: (a) Approves any capital expenditure in excess of \$500,000; and (b) approves any capital expenditure requiring use of Board Designated Assets not planned for in the Capital Budget. If a substitution of an item is in conflict with a previously-approved Board resolution, the substitution must be approved by the Board.</p>
Hospital rate-setting	<p>CEO: (a) Approves for specific clinical lines or procedures; (b) as part of the Operating Budget, recommends any material rate increase for _____; and (c) recommends the designation of Hospital Outpatient Departments or Clinics (“HOPDs”) for provider-based billing.</p> <p>Board: Approves material or hospital-wide rate increases and designation of HOPDs for provider-based billing.</p>
Engage External Financial Auditors for _____ System	<p>CEO: Recommends external audit firm to the Board Audit & Finance Committee (“BA&FC”). Periodically, generally every 5 years sends out an RFP to external audit services</p> <p>BA&FC: Recommends firm and fee to Board.</p> <p>Board: Approves firm and fee.</p>
External Auditor Process & Results	<p>CEO: Supports the audit process through the Finance team.</p> <p>BA&FC: Receives and reviews the final audit report.</p> <p>Board: Approves final report.</p>
Surplus personal property and disposition thereof	<p>CEO: Recommends to Board</p> <p>Board: Approves disposition by Board resolution as required by RCW 70.44.320.</p>
D. OTHER CONTRACTS AND SERVICES	Chief Executive Officer
Academic affiliations	Approves, with report to Board as requested.
Payor contracts – _____ only	Approves of guidelines, with report to Board annually or more frequently as necessary and appropriate, including notification of material changes in payor strategy. Unbudgeted downside

	“risk-based” contracts with potential annualized loss exposure to District exceeding \$500,000 per contract – CEO recommends; Board approves.
Payor contracts – <u>Clinically-Integrated Networks (CINs)</u> or similar	CEO: Approves unbudgeted downside “risk-based” contracts with potential annualized loss exposure to CIN up to \$500,000; recommends if the level of risk assumed by the CIN in connection with any Payor contract is \$500,000 or more. Board: Approves.
Physician Practice Acquisitions	CEO: Recommends acquisitions or dispositions. Implements upon approval. Keeps Board informed of negotiations or potential acquisitions under consideration. Board: Authorizes acquisitions or dispositions.
E. REAL PROPERTY & CONSTRUCTION PROJECTS	Chief Executive Officer
Eminent domain	CEO: Recommends eminent domain acquisitions. Implements upon approval. Board: Authorizes eminent domain resolution.
Acquisition or disposition of real property (including easements but excluding leasing)	CEO: Recommends acquisitions or dispositions. Implements upon approval. Board: Approves.
Space lease—as lessor	CEO: Approves all leases to external parties in conformity with Board Policy, approved format and rates, and with legal review. Board: Sets format when desired (with legal review), sets Board Policy so as to assure FMV compliance following CEO recommendation, and provides direction to CEO, directly and through the Board Planning & Construction Committee.
Space lease—as lessee (new or unbudgeted)	CEO: If budgeted, approves. If unbudgeted, approves all up to \$500,000 annual expenditure per lease, with legal review. Board: Approves all unbudgeted over \$500,000 annual expenditure per lease, with legal review.
Tenant improvements as lessor	Approves all up to \$500,000 per lease in conformity with Board Policy.
Tenant improvements as lessee	Approves all up to \$500,000 per lease in conformity with Board Policy.
Master Space Plan	CEO: Prepares and recommends Master Space Plan, including phases, and implements upon approval by Board. Updates plan at least annually and integrates/coordinates with capital budget. Board: Approves.
Major Project (defined as projects which in the aggregate exceed \$500,000 in cost) determination and implementation	CEO: Prepares proposals with sufficient details for development of project scope, design, budget, financing plan, and schedule. Recommends use of General Contractor/Construction Manager (“GC/CM”) method of project delivery in accordance with the GC/CM Policy. Obtains Certificate of Need (“CON”) if required. Solicits and reviews bids for construction and related professional services per applicable requirements of RCW 70.44; reviews responses and recommends to Board. Selects and/or recommends architect and engineering firms in accordance with

	<p>policy; negotiates and recommends contract. Consults with Architect on preparation of schematic, design detail, and construction documents and approval of documents at completion of each step. Negotiates and prepares all contracts for project. Coordinates administration of projects and provides periodic project status reports to Board as requested by Board. Submits monthly payment voucher to Board.</p> <p>Board: Approves GC/CM method, final overall project scope and design, final budget and financing plan, schedule, selection of architect and contractor and award of bids, and authority to enter into contracts for same; authorizes CEO to proceed on approved project as defined. Approves subsequent modifications to the foregoing as necessary. Approves of monthly payment voucher.</p>
Construction Management Services for Major Project	<p>CEO: Recommends outside construction management firm and/or GC/CM if determined to be necessary; solicits and reviews proposals for same; negotiates and recommends contract. Retains Owner's Representative (Clerk-of-Works) if required.</p> <p>Board: Approves authority to enter into contract.</p>
Minor project determination (defined as projects which in the aggregate are \$500,000 or less in cost)	Approves and implements, with periodic reports to the Board.
Facilities refurbishment or one-time major repair costs	Implements Board-approved annual plan/budget; otherwise approves up to \$500,000 for unbudgeted individual projects or one-time major repair costs (per project or repair need).
Change Orders ("COs")/ Construction Change Directives ("CCDs")/ Contractor Pay Requests	Subject to <i>Construction Change Order Request Process Policy</i> —Approves Construction Change Directives and/or Change Orders up to \$250,000 per project or contract in conformance with the Board approved project budget. If Change Orders or Construction Change Directives result in total project costs in excess of the Board-approved project budget or exceed \$250,000, promptly provides variance report and explanation to Board. Approves contractor pay requests up to \$250,000 if part of a Board-approved project budget.
Final Acceptance	<p>CEO: Coordinates (with architect, construction manager and others as appropriate) final inspections and project close-out. Recommends to Board final acceptance when project is complete.</p> <p>Board: Approves final acceptance and authorizes final payments.</p>
Space allocation	Approves. Subject to approval of Board Planning & Construction Committee if substantial remodel (constituting a Major Project) is required or when new space is allocated.
F. PATIENT ACCOUNTS	Chief Executive Officer
Charity Care and Bad Debt	<p>CEO: Recommends policy to Board; implements policy. Approves all occurrences in accordance with policy; informs Board of significant variations (exceeding \$500,000) via monthly financial reports as needed.</p> <p>Board: Approves policy.</p>
Premium Assistance Policy	<p>CEO: Recommends and implements policy.</p> <p>Board: Approves policy.</p>
Administrative billing adjustments	CEO: Recommends policy to Board; implements policy.

	<p>Approves individual patient adjustments in accordance with policy; informs Board of significant variations (exceeding \$500,000) via monthly financial reports as needed.</p> <p>Board: Approves policy.</p>
G. MARKETING/PUBLIC RELATIONS/CUSTOMER ENGAGEMENT	Chief Executive Officer
Print and public information	Disseminates information as needed, including approval of all press releases; official spokesperson for Board and District. Seeks Board authorization as needed in CEO's reasonable judgment.
Marketing and public relations plan and services	Approves, with exception of naming and logo (including style and design thereof).
Customer Engagement	Assures an annual and long-term approach to achieving high customer and patient satisfaction and engagement.
Naming of Buildings or Departments after Donors	CEO: Recommends to Board per Philanthropic Naming Policy. Board: Approves.
Logo and Name Styles	CEO: Recommends to Board. Board: Approves.
H. BUSINESS VENTURES — JOINT VENTURES	Chief Executive Officer
Investments in, joint ventures with, or other business combinations for clinical or other business lines	CEO: Recommends to Board. Board: Approves.
I. QUALITY & SAFETY	Chief Executive Officer
Quality Improvement	<p>CEO: Does the following:</p> <ul style="list-style-type: none"> ○ Facilitates the ability of the Board to: <ul style="list-style-type: none"> ○ Ensure that healthcare quality is a paramount priority and a primary focus of Board activities. ○ Focus on patient safety. ○ Prominently places patient safety and quality issues on Board meeting agendas. ○ Proposes patient safety and quality improvement projects. ○ Creates, recommends and facilitates policy regarding transparency in quality improvement, subject to compliance with applicable privacy and other laws. ○ Establishes performance and quality improvement measurement tools and protocols to support the Board's evaluation, governance and assessment of compliance with same. ○ Recognizes physicians' roles and that of the Medical Staff, as well as nursing executives and other clinical leaders in achieving quality by engaging them in quality improvement efforts. ○ Assures adoption of Human Resource policies and Medical Staff Bylaws that articulate specific expectations of staff's involvement in quality improvement. ○ Assures adherence to Hospital policies designed to ensure the safety of patients and staff and that

	<p>staff receives adequate training in quality-related content areas.</p> <ul style="list-style-type: none"> ○ Ensures that Hospital management is capable of and focused on the analysis of and improvement of organizational structure and design that supports the ongoing, systematic assessment and optimization of patient safety and quality of care. ○ Align budget development and financial resources with the District's quality and patient safety goals to ensure continuing scrutiny and consideration of such priorities and plans for continuous improvement. ○ Provide accurate quality and safety information reports in understandable formats for Board review. <p>Board:</p> <ul style="list-style-type: none"> ○ Recognizes the Board's role in monitoring and improving Hospital care to ensure that it is safe, beneficial, patient-centered, timely, efficient and equitable. ○ Proactively oversees and evaluates patient safety outcomes and the creation/maintenance of a culture of safety ○ Establishes/maintains governance policies and practices, as well as Medical Staff Bylaws, that support a system of performance measurement and quality improvement ○ Holds management and medical staffs appropriately accountable for poor quality performance, adverse outcomes, and their solutions. ○ Ensures that credible measurement results enable the evaluation of the District's effectiveness in quality of care and patient safety. ○ Provides resources for accomplishing the tasks delegated hereinabove to the CEO. ○ Actively supports management's negotiation of payment contracts that do not penalize the District for its investment in quality and safety. ○ Incentivizes for quality improvement results. ○ Assesses processes for credentialing and privileging of providers to determine their efficacy in helping meet quality goals. ○ Reviews quality and safety information provided by the CEO.
J. LITIGATION/SETTLEMENT	Chief Executive Officer
Lawsuits/litigation	<p>CEO: Initiates or defends legal proceedings as necessary, with direction by the Board when given. Initiates legal proceedings against and has settlement authority in legal proceedings with private parties for claims where damages to or against the District are \$250,000 or less, unless directed otherwise by the Board, but with full disclosure to the Board. Keeps General Counsel apprised of status of all litigation against the District to the extent such is not being handled by the General</p>

	<p>Counsel office. Assigns patient accounts to collections agencies consistent with the District's Charity Care Policy and/or other policies as applicable. Promptly apprises Board of all material claims or legal proceedings and periodically reports on their status.</p> <p>Board: Provides direction to the CEO as determined to be necessary and appropriate. Approves initiation and settlement of legal proceedings against or with public entities and against or with private parties for claims in which estimated damages to or against the District exceed \$250,000.</p>
K. LEGISLATIVE COMMENT	Chief Executive Officer
<p>Commenting on proposed legislation, material* regulations, and ballot measures</p> <p>* "Material" in this context means a regulation which will have a significant impact on District operations or is of broad public import.</p>	<p>CEO: Informs and recommends to Board; does not publicize position unless urgent and reasonable efforts made to inform Board prior to publishing position.</p> <p>Board: Approves.</p>
Initiation of new legislation	<p>CEO: Recommends to Board.</p> <p>Board: Approves.</p>
L. FOUNDATION	Chief Executive Officer
CEO Request of expenditure of funds from the Foundation	<p>Approves up to \$5,000; recommends to _____ Foundation if exceeds \$5,000, in which event the proposed expenditure is subject to Foundation Board approval consistent with Foundation Finance Committee Policy.</p>
Major Capital Campaigns and Fundraising Programs	<p>CEO: Recommends to Board after consultation with _____ Foundation.</p> <p>A "Major Capital Campaign" is one in which broad community support will be solicited for a fund-raising goal of \$1 million or more.</p> <p>Board: Approves.</p>
Allocation of Foundation Funds	<p>CEO: Recommends to Board after consultation with _____ Foundation.</p> <p>Board: Approves as part of annual budget.</p>

Chart 2—Reports to the Board

Reports to the Board	Form***	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Audit & Finance Committee Report	P												
Board Bylaws/Board Delegation Policy/ Committee Composition, Appointment & Charters Annual Review	W												
Board Quality Committee Report	P												
Board Self Evaluation & Development	W												
Budget Hearing—Annual	P												
CEO Objectives													
CEO Evaluation per Contract *													
Collection Practices Report	P												
Community Advisor Program Annual Report	W												
Capital Budget and Construction Reports—Quarterly (Annual Capital Review in March)	P												
Customer Engagement Report	P												
Digital & Consumer Health Report	P												
Emergency Preparedness Report	P												
Environment of Care Plan	W												
Executive Compensation & Succession Plan Review *	W												
Financial Audit—Annual	P												
Financial Status Report	W												
Foundation Annual Report	P												
Healthcare Practitioner Credentialing*	P												
HIPAA & Corp. Compliance Annual Report*	P												
Hospital Plan of Care & Nursing Annual Report**	W												
Human Resources Annual Report*	P												
Infection Control Annual Report**	P												
Information Technology (IT) & IT Security (Annual Report – March)	W /P												
Joint Venture/Affiliation/Partnership Annual Review	P												
Legislative Proposals Affecting District Report (as needed)													
Levy-Funded Services Report—Annual	W												

