

San Joaquin County Clinics

Director's Report

February 26, 2019

Monthly Statistical Report:

Our Monthly visits were:

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total/Avg
Visits	8,993	10,172	8,354	10,602	8,788	7,988	10,529						65,426
Work Days	21	23	19	22	20	20	22	20	21	22	22	20	
Vsts/Day	428	442	440	482	439	399	479						444

Our visits increased nicely in January in spite of two holidays.

Bylaws:

The Bylaws included in this month's packet has the revision you made last month to the committees. Please note that on page 4, as you requested, the age qualification is shown as struck out. If you adopt that language, the interested student would qualify. HRSA has always been interested in involving the young people. They are too frequently not in leadership roles around health care and they are an important voice and perspective, we need to actively encourage.

HRSA

The UDS report was submitted on time and we will do a report at the Board.

HRSA surveyors said we need to revise the Co-Applicant agreement to define what role the county Board of Supervisors could act in the selection and removal of SJCC Board members. They also cited incompatible wording between the Co-Applicant agreement and the SJCC bylaws. So you have revisions to the co-applicant agreement which should bring them into conformance with each other. We have found that the Bylaws predominately uses the Term CEO while the Co-Applicant agreement predominately uses Executive Director. So we have revised the wording in the Co-Applicant agreement to CEO.

The other issue they said was that we needed to put wording in the described what reasons the Board of Supervisors could remove an SJCC Board member. Our legal counsel and I cannot see any wording suggesting the Board of Supervisors has authority to remove an SJCC board member. So we are emailing the Surveyor for clarification but have not heard back yet.

The Billing & Collection and Financial Policies are here for you to review this month. It is one of the last items we need to complete from the HRSA site visit.

Budget for 2019-2020

There are no Capital budget request items for this coming fiscal year.

Art is working on the Revenue Budget now. The staffing budget has been initiated but complete numbers are not yet in. This is the current staffing:

	<u>FT</u>	<u>PT</u>	Total
Physicians	47		47
Residents	8	4	12
NP's	5	2	7
OCA's	37	62	99
PRC's	5	4	9
Nurses	11	5	16
LVN	3	1	4
Managers	4		4
Support Staff	2	1	3
Management	4		4
	<u>126</u>	<u>79</u>	<u>205</u>

There are currently six full time staff on the Public Health Service budget and whose costs are transferred to us each month. We are working to transfer the costs to SJCC directly for the new fiscal year. That includes a Nurse Practitioner, two OCA's, and 2 Office Assistants (doing patient registration). This does not include our Psychiatrist, LCSW and Social Worker (working to become an LCSW) which are on Behavioral Health staff. Their costs are also transferred to us each month.

We are asking to switch from Part time OCA's to Full time OCA's to match full time provider positions. If granted, through attrition we will convert 23 of our part time staff to 17 full time OCA's. We will promote from within so that those who are with us seeking full time are given the first opportunity for full time work.

Other expenses are not expected to change much from the current year and will be near what they are now.

Permanent Rate Setting for Original five Clinics

The state Medi-Cal Auditor has set an appointment to visit SJCC in their final audit of our PPS rates for Primary Medicine Clinic, Family Medicine Clinic, Healthy Beginnings – FC, Healthy Beginnings – CA, Children's Health Service. So that means within a few months they will issue the permanent PPS rates for each of those clinics. Our PPS rate cost report resulted in the following rates.

Healthy Beginnings California St	\$249.52
Family Medicine Clinic	\$183.40
Primary Medicine Clinic	\$158.26
Healthy Beginnings French Camp	\$306.14
Children's Health Services	\$232.59

I would expect that they will end up at very nearly if not exactly that.

The PPS rate setting for Manteca and Hazelton will be during the July 1, 2019 to June 30, 2020 Fiscal year and not be permanent for about three to four years later. Family Practice – California Street was done later and so will be settled next.

ED Direct Referrals

The Hospital has been filled with patients and still has patients arriving in the Emergency Department (ED). Upon investigation, we found that a number of them are admitted but could be discharged if they were seen immediately by a Primary care physician. Others could be discharged if they have a Primary care appointment within 24 or 48 hours. So we have now established staff in the ED to help with making appointments – immediately in the FQHC or scheduling appointments for the next day. In the immediate aftermath we were seeing 10 to 12 patients the same day from the ED. With our extended hours that covers some of the ED's busiest hours 10:00 in the morning to 7:00 at night. Several nights a week we are there until 9:00.

Our best kept secret is our hours at all of the clinics. So we are getting flyers and posters out to tell our patients. The Phone center is also open the same hours as the clinic. We are trying to spread the word about hours, the patient portal, and then make sure it works to get through.

San Joaquin General Hospital	Department Patient Financial Services		Page: 1
	Policy/Procedure No.	Effective Date: January 29, 2019	Date Replaces:
Title of Policy/Procedure FQHC Collections and Payment Plan Policy and Procedure			

POLICY: It is the policy of San Joaquin County Clinics (SJCC / FQHC Clinics) to provide needed healthcare services to its patients regardless of their inability to pay. SJCC informs patients of state and federal programs to assist them including a Sliding Fee Discount Program to low-income patients who meet the eligibility criteria (see policy Sliding Fee Scale). In order for SJCC to remain fiscally solvent, SJCC will make every reasonable effort to bill and collect for all covered services and supplies. Proper use of diagnostic and procedure codes are used to collectively describe treatment of patients and the conditions for which they are treated. It is SJCC's policy to optimally collect for services rendered, in accordance with the benefits and reimbursement policies of all payer contracts.

PROCEDURE:

1. Collection Process

SJCC has an in-house collection agency that is used for accounts that are considered uncollectable or bad debt. These accounts are submitted to the in-house collection agency after SJCC Business Office has exhausted all efforts to collect on the accounts. Patient statements are sent every 25 days and when other attempts to collect the remaining balance have failed, the billing department will start the collection process after 120 days (after the 5th notice or 120 days) The collection process will generate the statement indicating their account is delinquent and the balance forwarded to the in-house collection department. Accounts with a minimum balance off \$ 9.99 will be adjusted off.

A collection report with the account summary is generated in the practice management system. Accounts listed on the report will be reviewed by designee from Patient Financial Services. Accounts will then be processed as Bad Debt status.

This process will move any patient balances from Billed status to Bad Debt status. Once the account balance is forwarded to the collection agency the balance will still reflect on the patients account as a Bad Debt balance.

2. Follow Up Regarding Patient Accounts

When any Explanation of Benefits (EOB) or Remittance Advice (RA) are received from Medi-Cal, Medicare, or any third party payer, payments are posted to the patients' accounts and must balance with the bank deposit. Payers who offer electronic fund transfers (EFT) these EOB's and RA's will be downloaded from the clearinghouse when available from the payer. EFT's will not be posted until Patient Financial Services posting staff confirms the

Revised:							
Reviewed							

San Joaquin General Hospital	Department Patient Financial Services		Page: 2
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Medi-Cal, Medicare, or third party payer EOB/RA total to the funds transferred. The posted batch listing from the practice management system will be printed and attached with every EOB or RA to reflect the total of the bank deposit.

Denials are reviewed by the PFS management team and are assigned to the billing staff based on payer or program specialty. The billing staff must research and work on denials after the Medi-Cal, Medicare, and any third party payer payments have been balanced and posted. All possible efforts are made to collect the maximum reimbursement to avoid a timely reduced rate based on the payer's timely filing guidelines. No accounts are written off without PFS Director or CFO approval.

3. Payment Plans

Payment plans for the balance can be made for up to six months. SB 1276 adds an additional definition and requirements for a "reasonable payment plan" that is to be used when an agreement cannot be reached for a payment plan during negotiations between the hospital and patient. A reasonable payment plan is defined as monthly payments that do not exceed 10% of a patient's familial income for a month after excluding deductions for "essential living expenses".

Attachments: None

Authors: Patient Financial Services

References: SB 1276 – Healthcare Fair Billing Policies

Revised:							
Reviewed							

BYLAWS

SAN JOAQUIN COUNTY CLINICS
(a California nonprofit public benefit corporation)

(AMENDED AND RESTATED ON APRIL 26, 2012 and OCTOBER 29, 2013 and
JANUARY 29, 2019)

ARTICLE I

OFFICES

The principal office for the transaction of the business of the corporation is fixed and located in French Camp, County of San Joaquin, State of California. The Board of Directors may at any time or from time-to-time change the location of the principal office from one location to another in San Joaquin County.

ARTICLE II

PURPOSE

Section 1. General Purpose: This corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the California Nonprofit Public Benefit Corporation Law for charitable purposes.

Section 2. Specific Purposes: The specific and primary purposes of the corporation are:

- (a) To provide outpatient primary health service in underserved areas for medically underserved populations as a community health center through a system of freestanding clinics;
- (b) To develop, promote, and manage health care facilities, services and programs with emphasis on comprehensive health care, preventative medicine, and health maintenance;
- (c) To educate the public in the principles of health care protection and promote projects in the interest of public health;
- (d) To provide training and career opportunities for the community's residents as well as continuing education and training for all employees and contracted staff;
- (e) To promote mutually acceptable and satisfying relationships between the corporation and other providers of health care so as to develop an efficient and effective delivery of health care;

- (f) To participate in and cooperate with any governmental agency or other organization engaged in similar or like activities; and
- (g) To engage in such other charitable activities as may be directed by the Board of Directors.

ARTICLE III

DEDICATION OF ASSETS

The properties and assets of this nonprofit corporation are irrevocably dedicated to educational, research, and charitable purposes. No part of the net earnings, properties, or assets of this corporation, on dissolution or otherwise, shall inure to the benefit of any private person or individual or any director of this corporation. On the dissolution or winding up of this corporation, its assets remaining after payment, or provision for payment, of all debts and liabilities of this corporation shall be distributed to a nonprofit fund, foundation or corporation which is organized and operated exclusively for charitable purposes and which has established its tax-exempt status under Section 501 (c) (3) of the Internal Revenue Code.

ARTICLE IV

MEMBERSHIP

Section 1. No Membership: The corporation shall have no members. Any action for which there is no specific provision in the California Nonprofit Public Benefit Corporation Law applicable to a corporation which has no members and which would otherwise require only approval by a majority of all members or approval by the members shall require only the approval of the Board. All rights which would otherwise vest in the members shall vest in the directors.

Section 2. Associates: Nothing in these Bylaws shall be construed as limiting the right of the corporation to refer to persons or organizations associated with it as “members” even though such persons are not members, and no such reference shall constitute anyone a “member” within the meaning of California Corporations Code Section 5056. The corporation may confer, by amendment of its Articles or of these Bylaws, some or all of the rights of a member, as set forth in the California Nonprofit Public Benefit Corporation Law, upon any person, persons, or organizations, but no such person or organization shall be a “member” within the meaning of such Section 5056.

ARTICLE V

BOARD OF DIRECTORS

Section 1. General Powers: Subject to the limitations of the Articles of Incorporation and these Bylaws, the activities and affairs of the corporation shall be conducted, and all the corporate powers shall be exercised by, or under, the direction of the Board. The Board may delegate the management of the activities of the corporation to any person, persons, or committee, provided that the activities and affairs of the corporation shall be managed and all corporate powers shall be exercised under the ultimate direction of the Board. Without prejudice to such general powers but subject to the same limitations, the Board shall have the following powers in addition to the other powers enumerated in these Bylaws:

- (a) To select, evaluate, and remove, prescribe powers and duties for, to the extent as may not be inconsistent with the law, the Articles or these Bylaws, and fix the compensation for the Chief Executive Officer;
- (b) To conduct, manage, and control the affairs and activities of the corporation, including establishing the priorities of the corporation's clinics, and to make such rules and regulations not inconsistent with the law, the Articles, or these Bylaws, as it deems best;
- (c) To borrow money and incur indebtedness for the purposes of the corporation, and to cause to be executed and delivered, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations, or other evidence of debt and securities; and
- (d) To change the principal office or the principal business office of the corporation in California from one location to another, and cause the corporation to be qualified to conduct its activities in any other state, territory, dependency, or county and conduct its activities within or outside California.

Section 2. Specific Duties: In addition to General Powers and responsibilities, the Board shall have the specific responsibility for:

- (a) Approval for the selection, annual evaluation, and dismissal of the Chief Executive Officer/Executive Director of the corporation;
- (b) Establishing personnel policies and procedures, including selection and dismissal procedures, employee grievance procedures, and equal opportunity practices;
- (c) Adopting policies for financial management practices, including arranging for an annual independent audit, a system to assure accountability for corporate resources, approval of the annual corporate budget, corporate priorities, strategic planning,

eligibility for services, including criteria for partial payment schedules, and long-range financial planning;

- (d) Evaluating corporate activities, including services utilization patterns, productivity, patient satisfaction, achievement of objectives, and development of process for hearing and resolving patient grievances;
- (e) Assuring that the corporation is operated in compliance with applicable Federal, State, and local laws and regulations; and
- (f) Adopting health care policies, including scope and availability of services, location and hours of services, and quality-of-care audit procedures.
- (g) Approve health center application to HRSA.
- (h) Approve grant applications. The Board may delegate submissions of grant applications to the CEO, however, all grants must be ratified by the board at the next available meeting.

Section 3. Number: The Board shall consist of at least nine (9) but no more than twenty-five (25) directors and shall consist initially of eleven (11) directors.

Section 4. Classes of Board Members: Subject to the limits set forth in Section 5 below, Board members shall be categorized into one of the following two categories:

- (a) Consumer members: Consumer members are all members of the Board who are served by the corporation and who, as a group, represent the individuals being served in terms of demographic factors, such as race, ethnic background, and gender; and
- (b) Community members: Community members shall be all members of the Board, except Consumer members, who are representatives of the community and shall be selected for their expertise in relevant subject areas, such as community affairs, local government, finance and banking, legal affairs, trade unions, and other commercial and industrial concerns or social services within the community, provided that no more than one-half of the Community members may derive more than 10 percent (10%) of his or her annual income from the health care industry.

Section 5. Composition of Board: A majority of the Board shall be Consumer members. No more than one-half of the non-Consumer members may derive more than ten percent (10%) of his or her annual income from the health care industry.

Section 6. Additional Qualifications: All Board members shall meet the following additional qualifications:

- ~~(a) Board members shall be at least eighteen (18) years old;~~

- (b) No Board member shall be an employee of the corporation, or the spouse or child, parent, brother, or sister by blood or marriage of an employee of the corporation;
- (c) Board members shall participate in appropriate training and educational programs necessary to properly fulfill their responsibilities as members of the Board; and
- (d) Board members shall, within 30 days of election, acknowledge their acceptance of their position as a member of the Board either in writing or by attendance at a meeting of the Board.

Section 7. Selection: A nominating committee comprised of the officers of the corporation shall meet and present nominees for directorship at the annual meeting as needed to fill vacancies on the Board. To assure public access to Board positions, the nominating committee shall identify appropriate community users at each clinic location for recommendations. Where appropriate and practical, the committee may interview prospects in order to assure compliance with membership requirements. Nominations may be made from the floor. New directors shall be elected by the full Board. The Board shall have sole discretion and authority to appoint new members.

Section 8. Term: The term of office for members of the Board shall be, except as provided below, three (3) years and until a successor has been designated and qualified. Terms shall end either on June 30 or December 31, whichever date is closer to the director's anniversary. There shall be no limit on the number of terms a director may serve.

Section 9. Resignations: Subject to the provisions of California Corporations Code Section 5226, any director may resign effective upon giving written notice to the corporation, unless the notice specifies a later time for the effectiveness of such resignation. If the resignation is effective at a future time, a successor may be appointed by the Board before such time, to take office when the resignation becomes effective.

Section 10. Removal of Director: The Board shall have sole discretion and authority to remove any Director as set forth in these bylaws. No other entity or agency shall have discretion to remove a Director. The Board may declare vacant the office of a director for any of the following causes:

- (a) The director has been declared of unsound mind by a final order of a court of competent jurisdiction;
- (b) The director is currently excluded, suspended, or otherwise ineligible to participate in Federal health care programs or in either a Federal procurement or in non-procurement programs, or has been convicted of a criminal offense related to the provision of health care items or services, but has not yet been excluded or otherwise declared ineligible, or has been convicted of a felony, excepting motor vehicle offences;

- (c) The director has been found by a final order of any court to have breached any duty arising under Article 3 of the California Nonprofit Public Benefit Corporation Law;
or

- (d) The director has, without excuse, been absent from regular Board meetings for either two (2) consecutive meetings or four (4) meetings in any twelve (12) consecutive month period.

Section 11. Removal of Director – Without Cause: The Board may remove any director, without cause, by approval of two-thirds of the directors then in office.

Section 12. Conflicts of Interest:

- (a) No voting member of the Board of Directors shall be an employee of the corporation, a spouse or child, parent, brother or sister by blood or marriage of an employee.
- (b) No more than ten percent (10%) of the persons serving on the Board of Directors at any time may be interested persons. An “interested person” is (i) any person currently being compensated by the corporation for services rendered to it within the previous twelve (12) months, as an independent contractor, or otherwise, or (ii) any brother, sister, ancestor, descendant, spouse, brother-in-law, son-in-law, daughter-in-law, mother-in-law or father-in-law of any such person. No Board member shall be an immediate family member of an employee. However, any violation of the provisions of this Section shall not affect the validity or enforceability of any transaction entered into by the corporation.
- (c) The corporation will make no loan of money or other property, or guarantee the obligation of any director or officer of the corporation, except as authorized by Corporations Code Section 5236.

Section 13. Transfer of Membership: No director may transfer a seat on the Board or any right arising from it. All rights of a director cease on the director’s death.

Section 14. Property Rights: No director shall have any rights or interest in any of the property or assets of this corporation.

Section 15. Liability: No director of this corporation shall be individually or personally liable for the debts, liabilities, or obligations of the corporation.

Section 16. Compensation: Directors shall serve without compensation from this corporation, but may be reimbursed for actual expenditures on a per diem or other basis as determined from time to time by the Board of Directors, not to exceed applicable U.S. Treasury regulations.

Section 17. Nondiscrimination: No person otherwise qualified shall be denied a seat on the Board or be discriminated against in any manner on account of the race, color, religion, ancestry, national origin, sex or as otherwise mandated by law.

ARTICLE VI

MEETINGS OF BOARD OF DIRECTORS

Section 1. Place of Meeting: All meetings of the directors shall be held at such a place as may be designated by the Board of Directors.

Section 2. Open Meetings: All meetings of the directors will be open to the public, except that the Board may hold closed sessions to consider matters concerning real property negotiations, an individual's private medical information, pending or potential litigation, threats to the security of the corporation's facilities or its personnel or clientele, and personnel matters.

Section 3. Meeting Schedule: Regular meetings of the directors shall be held monthly at such time as the Board may fix by resolution from time to time.

Section 4. Special Meetings: Special meetings of the Board of Directors for any purpose or purposes may be called by the Secretary upon the request of the Chair of the Board, the Chief Executive Officer, or any three (3) or more directors.

Section 5. Notice of Meetings: Except in the case of an emergency, notice of each special meeting shall be given to each director at least five (5) days prior to the day of the meeting. The notice shall specify the place, the day, the hour of the meeting and the agenda on which shall be listed those matters which the Board of Directors, at the time of giving notice, intends to present for action by the directors. If action is proposed to be taken at any meeting for approval of any of the following proposals, the notice also shall state the general nature of the proposal. Any directors' action on such items is invalid unless the notice or written waiver of the notice state the general nature of the proposals:

- (a) Removing a director;
- (b) Filling vacancies on the Board of Directors;
- (c) Amending the Articles of Incorporation; or
- (d) Voluntary dissolution of the corporation.

Section 6. Manner of Giving Notice: Notice of any meeting of directors shall be given by prepaid First Class mail, facsimile, or e-mail addressed to each director, either at the address of that director appearing in the files of the corporation or the address given by the director to the corporation for the purpose of notice. If no address appears in the corporation's file and no other has been given, notice shall be deemed to have been given

if either (i) notice is sent to that director by First Class mail to the corporation's principal office, or (ii) notice is published at least once in a newspaper of general circulation in the county where the principal office is located. Election of the method of the notice is at the discretion of the Secretary of the corporation. Notice shall be deemed to have been given at the time when delivered personally or deposited in the U.S. mail or transmitted electronically by facsimile or e-mail.

Section 7. Quorum: A quorum shall consist of a majority of the seated directors. Once a quorum is established, official business may be conducted by majority vote of the directors present. Directors present may continue to conduct business by majority vote after a quorum has been established, even if the withdrawal of some members leaves less than a quorum.

Section 8. Voting: Persons entitled to vote at any meeting of the directors shall be directors as of the record date. Voting may be voice or ballot, provided that any election of directors must be by written ballot if demanded by any director before the voting begins. If a quorum is present, the affirmative vote of a majority of the directors represented at the meeting entitled to vote and voting on any matter shall be the act of the directors. Directors may not take action by unanimous written consent without a meeting and without prior notice.

Section 9: Meetings by Telephone: Any meeting may be held by conference telephone or similar communication equipment, as long as all directors participating in the meeting and the public can hear one another. All such directors shall be deemed to be present in person at such a meeting.

Section 10. Presiding Officer: Meetings of the Board of Directors shall be presided over by the Chair. In the absence of the Chair, the Vice Chair shall preside over the meeting. The Secretary of the corporation shall act as secretary of all meetings of the directors, provided that in the Secretary's absence the presiding officer shall appoint another person to act as secretary of the meeting.

Section 11. Rules of Meetings: Meetings of the directors shall be governed by Robert's Rules of Order, as such rules may be revised from time to time, insofar as any rule is not inconsistent or in conflict with these Bylaws, the Articles of Incorporation, or California law.

Section 12. Prohibition against Voting by Proxy: Directors may not vote by proxy.

Section 13. Policies: The Board shall periodically update these Bylaws, its policies and procedures, revise its mission, goals and objectives, adopt short term and strategic planning, and take responsibility for assuring that the corporation is prepared to succeed in the rapidly changing health care environment.

Section 14. General Responsibilities:

- (a) The Board shall evaluate the corporation's achievements and performance of its principal officers and its compliance with community health center requirement at least annually.
- (b) The Board is responsible for identifying and assuring that it meets its educational and training needs, including orientation and training of new Board members.
- (c) Financial oversight requires control of major resource decisions, monitoring financial viability, and an annual audit of its financial reports.
- (d) The Board shall prohibit conflicts of interest or the appearance of conflicts of interest by Board members, employees, consultants, and those who provide services or goods to the clinics.

ARTICLE VII

OFFICERS

Section 1. Responsibility: All officers are subordinate and responsible to the Board of Directors.

Section 2. Number and Selection: The Board of Directors shall have sole authority and discretion to appoint officers of the corporation. The officers of the corporation who shall be members of the Board shall be the Chair, Vice Chair, Secretary, and Treasurer. Officers of the corporation who are not members of the Board shall be the Chief Executive Officer/Executive Director, Chief Financial Officer, and Chief Medical Officer/ Medical Director. The corporation may have such other officers as may be appointed in accordance with the provisions of this section. One person may hold two or more offices, except those of Chair, Vice Chair, and Secretary. For purposes of Corporations Code Section 5213(a), the Executive Director shall be the Chief Executive Officer of the corporation.

The Board of Directors may appoint such other officers as the business of the corporation may require, each of whom shall hold office for such period and have such authority and perform such duties as are provided in the Bylaws or as the Board of Directors may determine.

Section 3. Duties of the Chair: The Chair is the chief Board officer and, subject to approval of Board of Directors, shall exercise general supervision and direction of the affairs of the corporation; shall preside at all meetings of the Board of Directors; and shall have the general powers and duties usually vested in the Chair of the Board of Directors of a corporation as may be prescribed by the Board of Directors or by these Bylaws. The day-to-day management of the corporation invested in a full-time Chief

Executive Officer who shall report to the Board of Directors. The Board of Directors shall complete a performance evaluation of the Chief Executive Officer annually.

Section 4. Duties of the Vice Chair: The Vice Chair will preside over meetings of the Board of Directors in the absence of the Board Chair.

Section 5. Treasurer: The Treasurer is a voting member and an officer of the Board of Directors and shall chair the Finance Committee. The Treasurer shall oversee the financial affairs of the corporation and shall perform such other and further duties as may be required by law or as may be prescribed or required from time to time by the Board of Directors.

Section 6. Duties of the Secretary: The Secretary shall keep or cause to be kept at the principal office of the corporation, or such other place as the Board of Directors may order, a file of minutes of all meeting of the directors. The Secretary also shall keep or cause to be kept at the principal office of the corporation a directors' list containing the names and addresses of each director and, in any case where directorship has been terminated, such fact shall be recorded in the minutes together with the date upon which the directorship ceased. The files also shall include the Articles of Incorporation and Bylaws of the corporation and the notices of meetings of the Board of Directors. The Secretary shall perform such other duties as may be required by law or as may be prescribed or required from time to time by the Board of Directors or the Bylaws. The Secretary shall be a voting member and an officer of the Board of Directors.

Section 7. Chief Executive Officer: The Chief Executive Officer ("CEO") of the corporation shall report directly to and be subject to the control of the Board of Directors, have general supervision, direction and control of the business of the corporation and shall be held responsible for the proper functioning of the corporation. The CEO shall organize the administrative functions of the corporation, delegate duties and establish formal means of accountability on the part of his or her subordinate officers. The CEO shall be an ex-officio non-voting member of all committees unless otherwise determined by the Board of Directors. The CEO shall have the general powers and duties of management usually vested in a chief executive officer and shall have other powers and duties as may be prescribed by these Bylaws. The Chief Executive Officer shall be directly employed by the corporation and shall have a term of office as set by contract.

Section 8. Duties of the Chief Financial Officer: The Chief Financial Officer ("CFO") shall keep and maintain or cause to be kept and maintained adequate and correct accounts of the properties and the business transactions of the corporation, including but not limited to the accounts of its assets, liabilities, receipts, disbursements, gain and losses. The financial records shall at all times be open to inspection by any director of the corporation. The Chief Financial Officer shall be selected by the Chief Executive Officer and shall be directly employed by the corporation. The CFO shall report directly to the Chief Executive Officer and shall have a term of office as set by contract.

Section 9. Chief Medical Officer: The Chief Medical Officer/Medical Director (“CMO”) of the corporation shall oversee all medical aspects of the corporation’s clinics. The CMO shall have such general powers and duties usually vested in the chief medical officer of a corporation engaged in the delivery of health care services and shall have such other powers and duties as may be assigned by the Chief Executive Officer. The Chief Medical Officer shall be selected by the Chief Executive Officer and be directly employed by the corporation. The CMO shall report directly to the Chief Executive Officer and shall have a term of office as set by contract.

Section 10. Removal of Board Officers: The Board shall have sole discretion to remove Officers, including but not limited to the Chair in accordance with these bylaws. Board officers may be removed with or without cause at any meeting of the Board of Directors by the affirmative vote of a majority of all the directors.

ARTICLE VIII

COMMITTEES

Section 1. Committees: The Board may appoint one or more committees, each consisting of two or more directors and such other persons as the Board may deem appropriate. Such committees shall be advisory only and subject to the approval of the Board of Directors.

Section 2. Standing Committees: Standing committees shall consist of an Executive Committee, Finance Committee, Audit Committee, and a Nominating Committee.

Section 3. Special Committees: Special committees may be appointed by the Chair of the Board with the approval of the Board of Directors for such special tasks as circumstances may warrant. A special committee shall limit its activities to the accomplishment of the task for which it is appointed and shall have no power to act except such as is specifically conferred by action of the Board of Directors. Upon completion of the task for which appointed, such special committee shall stand discharged.

Section 4. Quorum: Where not otherwise prescribed by the Chair, a majority of the members of a committee shall constitute a quorum at any meeting of that committee. Each committee shall meet as often as is necessary to perform its duties. Meetings of any committee shall be held on the call of the Chair of the Board, the committee chairperson, or any two or more committee members.

Section 5. Vacancies: Vacancies in any committee shall be filled for the unexpired portion of the term in the same manner as provided in the case of original appointment.

Section 6. Executive Committee:

- (a) There shall be an Executive Committee consisting of such directors as are appointed by the Board.
- (b) The designation of such Executive Committee and the delegation of authority to it shall not operate to relieve the Board of Directors or any individual director of any responsibility imposed by law, by the Articles of Incorporation of this corporation or these Bylaws.

Section 7. Finance Committee: The Finance Committee shall be composed of not less than three (3) members, the majority of whom shall be members of the Board of Directors, one of whom shall be the Treasurer, and others appointed by the Board of Directors. All committee members shall have the right to vote. The duties and responsibilities of the Finance Committee shall be:

- (a) To develop and recommend financial policy to the Board of Directors;
- (b) To review the corporation's annual budgets and to make recommendations thereon to the Board of Directors;
- (c) To review the monthly financial statements of this corporation, evaluate the corporation's operating performance, and make recommendations to the Board of Directors on both current and long term fiscal affairs;
- (d) To advise the Board of Directors on methods and procedures which will assure that the financial policies and budgets adopted by the Board of Directors are carried out;
- (e) To review and advise the Board of Directors on financial feasibility of corporate projects, acts and undertakings referred to it by the Board of Directors; and
- (f) To advise the Board of Directors on the fundraising activities of the corporation.

Section 8. Audit Committee: The corporation shall have an Audit Committee consisting of at least three (3) directors and may include nonvoting advisors. Directors who are officers of the corporation or who receive, directly or indirectly, any consulting, advisory, or other compensatory fees from the corporation (other than for service as director) may not serve on the audit committee. The Audit Committee shall perform the duties and adhere to the guidelines set forth in the corporation's audit policy guidelines as

amended from time to time by the board. Such duties include, but are not limited to:

- (a) Assisting the Board in choosing an independent auditor and recommending termination of the auditor, if necessary;
- (b) Negotiating the independent auditor's compensation;
- (c) Conferring with the independent auditor regarding the corporation's financial affairs; and
- (d) Reviewing and accepting or rejecting the independent auditor's report.

Members of the Audit Committee may be compensated for their service on the Audit Committee in excess of that provided to directors for their service on the board. If the corporation has a Finance Committee, a majority of members of the Audit Committee may not concurrently serve as member of Finance Committee, and the chair of the Audit Committee may not serve on the Finance Committee.

Section 9. Governance Committee: The Governance Committee shall be composed of not less than three (3) members, the majority of whom shall be members of the Board of Directors. All committee members shall have the right to vote. The duties and responsibilities of the Finance Committee shall be:

- (a) To recruit, orient, and train new board members;
- (b) To solicit and present candidates for Board Officers each year;
- (c) Review and make recommendations related to the Bylaws, Articles of Incorporation, and the Co-Applicant agreement; and
- (d) Perform an evaluation of the Board's operations each year.

Section 10. Quality Committee would be given responsibility for the quality plan, routine and annual evaluation of quality measures, credentialing & privileging of staff, Program & Quality Committee: The Program & Quality Committee shall be composed of not less than three (3) members, the majority of whom shall be members of the Board of Directors. All committee members shall have the right to vote. The duties and responsibilities of the Finance Committee shall be:

- (e) To Prepare an annual quality improvement program (QIP);
- (f) To evaluate the QIP, all programs and activities of the center;
- (g) To recommend new programs, changes to programs, or reductions in programs; and
- (h) To update on current standards of quality practice.

Section 11. Term of Office: The Chair and each member of a standing committee shall serve until the next election of directors and until his or her successor is appointed, or

until such committee is sooner terminated or until he or she is removed, resigns, or otherwise ceases to qualify as a member of the committee. The chair and each member of a special committee shall serve for the life of the committee unless they are removed, resign, or cease to qualify as members of such committee.

Section 12. Vacancies: Vacancies on any committee may be filled for the unexpired portion of the term in the same manner as provide in the case of original appointments.

Section 13. Quorum: At all committee meetings, a majority of the members of the committee shall be necessary and sufficient to constitute a quorum for the transaction of business, except that a majority of the committee members present, whether or not a quorum, may adjourn any committee meeting to another time and place. The act of a majority of the members present at a meeting at which there is a quorum shall be the act of the committee. Notwithstanding the previous provisions of the Section, the members present at a meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of committee members, so long as any action taken is approved by at least a majority of the required quorum for such meeting.

Section 14. Expenditures: Any expenditure of corporate funds by a committee shall require prior approval of the Board of Directors.

ARTICLE IX

INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES, AND OTHER AGENTS

Section 1. Definitions: For the purpose of this ARTICLE IX,

- (a) “Agent” means any person who is or was a director, officer, employee, or agent of this corporation or is or was serving at the request of this corporation as a director, officer, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, or other enterprise;
- (b) “Proceeding” means any threatened, pending, or completed action or proceeding, whether civil, criminal, administrative, or investigative; and
- (c) “Expenses” includes, without limitation, all attorney fees, costs and any other expenses incurred in the defense of any claims or proceedings against an agent by reason of the agent’s position or relationship as agent and all attorney fees, costs, and other expenses incurred in establishing a right to indemnification under this Article.

Section 2. Successful Defense by Agent: To the extent that an agent of this corporation has been successful on the merits in the defense of any proceeding referred to in this

Article, or in the defense of any claim, issue, or matter therein, the agent shall be indemnified against expenses actually and reasonably incurred by the agent in connection with the claim. If an agent either settles any such claim or sustains a judgment rendered against the agent, then the provisions of Sections 3 through 5 shall determine whether the agent is entitled to indemnification.

Section 3. Actions Brought by Persons Other Than the Corporation: Subject to the required findings to be made pursuant to Section 5 below, this corporation shall indemnify any person who was or is a party, or is threatened to be made a party, to any proceeding, other than an action brought by, or on behalf of this corporation, or by an officer director or person granted related status by the Attorney General, or by the Attorney General on the ground that the defendant director was or is engaging in self-dealing within the meaning of California Corporations Code Section 5233, or by the Attorney General or a person granted related status by the Attorney General for any breach of duty relating to assets held in charitable trust, by reason of the fact that such person is or was an agent of this corporation, for all expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred in connection with the proceeding.

Section 4. Actions Bought by or on Behalf of the Corporation:

(a) Claims Settled out of the Court: If any agent settles or otherwise disposes of a threatened or pending action brought by or on behalf of this corporation without Board approval, the agent shall receive no indemnification for either amounts paid pursuant to the terms of the settlement or other disposition or for any expenses incurred in defending against the proceeding.

(b) Claims and Suits Awarded against Agent: This corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action brought by or on behalf of this corporation by the reason of the fact that the person is or was an agent of this corporation, for all expenses actually and reasonably incurred in connection with the defense of that action, provided that both of the following are met:

- (i) The determination of good faith conduct required by Section 5 below, must be made in the manner provided for in that section; and
- (ii) Upon application, the court in which the action has been brought has determined that the circumstances of the case warrant that the agent be entitled to indemnification for expenses incurred. Once the court has determined the agent's right to indemnification, the corporation shall

determine the amount of indemnification.

Section 5. Determination of Agent's Good Faith Conduct: The indemnification granted to an agent in Sections 3 and 4 above is conditioned on the following:

(a) Required Standard of Conduct: The agent seeking reimbursement must be found, in the manner provided in (b) below, to have acted in good faith, in a manner the agent believed to be in the best interest of this corporation, and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use in similar circumstances. The termination of any proceeding by judgment, order, settlement, conviction, or on a plea of nolo contendere or its equivalent shall not, by itself, create a presumption that the person did not act in good faith or in a manner which the person reasonably believed to be in the best interest of this corporation or that the person had reasonable cause to believe that the agent's conduct was lawful. In the case of a criminal proceeding, the person must have had no reasonable cause to believe that the person's conduct was unlawful.

(b) Manner of Determination of Good Faith Conduct: The determination that the agent did act in a manner complying with paragraph (a) above shall be made by:

- (i) The Board of Directors by a majority vote of a quorum consisting of directors other than the director whose good faith is being determined; or
- (ii) The affirmative vote (or written ballot in accord with Article VI, Section 8) of a majority of the votes required under Article VI, Section 7.

Section 6. Limitations: No indemnification or advance shall be made under this Article IX, except as provided in Sections 2 or 4 (b)(ii), in any circumstance when it appears:

(a) That the indemnification or advance would be inconsistent with a provision of the Articles, a resolution of the directors, or an agreement in effect at the time of the accrual of the alleged cause of action asserted in the proceeding in which the expenses were incurred or other amount was paid which prohibits or otherwise limits indemnification; or

(b) That the indemnification would be inconsistent with any condition expressly imposed by a court in approving a settlement.

Section 7. Advance of Expenses: Expenses incurred in defending any proceeding may be

advanced by this corporation before the final disposition of the proceeding on receipt of an undertaking by or on behalf of the agent to repay the amount of the advance, unless it is determined ultimately that the agent is entitled to be indemnified as authorized in this Article IX.

Section 8. Contractual Rights of Non-directors and Non-officers: Nothing contained in this Article shall affect any right to indemnification to which persons other than directors and officers of the corporation may be entitled by contract or otherwise.

Section 9. Insurance: The Board of Directors may adopt a resolution authorizing the purchase and maintenance of insurance on behalf of any agent of the corporation against any liability asserted against or incurred by the agent in such capacity of arising out of the agent's status as such, whether or not this corporation would have the power to indemnify the agent against that liability under the provisions of this Section.

Section 10. Fiduciaries of Corporate Employee Benefit Plan: This Article does not apply to any proceeding against any trustee, investment manager, or other fiduciary of an employee benefit plan in that person's capacity as such, even though that person may also be an agent of the corporation as defined in Section 1 of this Article. Nothing contained in this Article shall limit any right to indemnification to which such a trustee, investment manager, or other fiduciary may be entitled by contract or otherwise, which shall be enforceable to the extent permitted by applicable law.

ARTICLE X

AMENDMENTS TO BYLAWS

These Bylaws may only be amended by a majority of the directors at a duly noticed meeting of the Board of Directors.

ARTICLE XI

FISCAL YEAR

The fiscal year of the corporation shall begin on the first day of July and end on the last day of June of each year.

ARTICLE XII

CORPORATE RECORDS, REPORTS, ETC.

Section 1. Minutes of Meeting: The corporation shall keep at its principal office or at such other place as the Board may order, a written record of the minutes of all meetings of

the directors, with the time and place of holding, whether regular or special, and if special, how authorized, the notice given, the names of those present at members meetings and the proceedings thereof.

Section 2. Directors: The corporation shall keep a record of its directors, listing their names and addresses, which shall be a public record.

Section 3. Books of Account: The corporation shall keep and maintain adequate and correct accounts of its properties and business transactions including assets, liabilities, receipts, disbursements, gains and losses.

Section 4. Annual Report: The Board shall cause an annual report to be sent to the directors not later than one hundred twenty (120) days after the close of the corporation's fiscal year. This report shall contain the following information in reasonable detail:

- (a) The assets and liabilities, including the trust funds of the corporation, as of the end of each fiscal year;
- (b) The change in assets and liabilities, including trust fund, during the fiscal year;
- (c) The revenue or receipts of the corporation, both unrestricted and restricted to particular purposes, for the fiscal year;
- (d) The expenses and disbursement of the corporation for both general and restricted purposes during the fiscal year; and
- (e) Any information required by California Corporations Code Section 6322.

Section 5. Checks, Drafts, Etc.: All checks, drafts or other orders for payment of money, notes or other evidence of indebtedness, issued in the name of or payable to the corporation, shall be signed or endorsed by such person or persons and in such manner as from time, to time, shall be determined by resolution of the Board of Directors.

Section 6. Contracts and Agreements: The Board of Directors, except as otherwise provided in these Bylaws, may authorize any officer or officers, agent or agents to enter into any contract or execute any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances; and unless so authorized by the Board of Directors, no officer, agent or employee shall have any power or authority to bind the corporation by any contract or agreement or to pledge its credit or to render it liable for any purpose or to any amount.

Section 7. Maintenance and Inspection: The corporation shall keep at its principal executive office the original or a copy of the Articles of Incorporation and Bylaws as amended to date, which shall be open to inspection by the directors at all reasonable times during office hours. The accounting books, records and minutes of proceedings of

the directors and the Board of Directors shall be kept at such place or places designated by the Board of Directors, or in the absence of such designation, at the principal executive office of the corporation. The minutes and the accounting books and records shall be open for inspection on the written demand of any director, at any reasonable time During usual business hours, for a purpose reasonably related to the directors' interest as a director. Inspection may be made in person or by an agent or attorney, and shall include the right to copy and make extracts.

Section 8. Professional Liability: The Board of Directors, on behalf of the corporation and its directors, shall ensure that its directors are protected through the maintenance of insurance, insuring the corporation and its directors against liability for the negligent acts of directors in the performance of any services on behalf of the corporation. The Board of Directors also shall procure and maintain in effect such other insurance as is reasonably necessary to protect the members and the corporation against risk of casualty loss and liability for personal injury and property damage.

ARTICLE XIII

GIFTS TO THE CORPORATION

Section 1. Approval of Gifts: The Board reserves the right to approve the receipt as a gift of any real property, or of any other property which requires the corporation to assume or satisfy any underlying loan secured by the property, or any monetary gifts which are restricted by the donor in a fashion which could place a continuing obligation on the corporation.

Section 2. General: The corporation is authorized to accept and administer gifts made to the corporation by donors who name or otherwise identify the corporation in the instrument of gift or transfer. Gifts shall vest in the corporation upon receipt and acceptance by it (whether signified by an officer, employee or agent or the corporation). "Gifts" includes the transfer of money or other property of any kind, real, personal, or mixed, or any interest in property, and whether made by delivery, grant, conveyance, payment, devise, bequest, or any other method of transfer.

Section 3. Terms of Gifts: Each donor by making a gift to the corporation accepts and agrees to all the terms of the Articles of the Incorporation and these Bylaws and provides that the fund so created shall be subject to the provisions for presumption of donors' intent, for modification or restrictions or conditions for amendments and termination, and to all other terms of the Articles of Incorporation and Bylaws of the corporation, each as from time to time amended.

Section 4. Restricted Gifts: Any donor may, with respect to a gift made by such donor to the corporation, give directions in the instrument of gift or transfer as to (a) specific

health care, charitable, educational or scientific purposes or particular charitable health name as memorial or otherwise for a fund given, or addition to a fund previously held, or anonymity for the gift.

Section 5. Power of the Board of Directors: Notwithstanding any provision of these Bylaws or in any instrument of gift or transfer creating or adding to a fund of the corporation, the Board of Directors shall have the power to modify any restriction or condition on the distribution of funds for any specified charitable purposes or to specified health care organizations, or on the manner of the distribution of such funds, if in the judgment and discretion of the Board of Directors, the purpose, object, restrictions of conditions specified in any donation become incapable or not reasonably susceptible of fulfillment, or not in the best interest of advancing the charitable, educational or scientific purposes of the corporation. Any unusual gifts which require continuing obligations on the part of the corporation or restrictions which, on their face, may be incapable of fulfillment must be approved by the Board of Directors prior to acceptance.

ARTICLE XIV

COMMUNITY GROUPS

Section 1. Community: In recognition of the community's vital role in the corporation's existence, effectiveness and relevance, the Board shall from time to time appoint persons from the community to appropriate roles as may be desirable and/or necessary in the best interest of the corporation and its clinics. The organization, bylaws and functions of all groups shall require Board review and approval.

Section 2. Community Advisory Board: In keeping with the conviction that the corporation is part of a broad community, there may be a Community Advisory Board which shall advise the Board of Directors on the matters of interest to the community to promote the good will of the Clinics. Selected members of such Community Advisory Board may be invited to attend all regular meetings of the Board to advise on matters concerning finance, fund raising, facilities development, long-range planning, government relations, health care, personnel relations, community needs, consumer interests and other items. The Community Advisory Board shall have written bylaws approved by the Board of Directors and reviewed periodically. The Community Advisory Board shall meet as often as necessary to perform its duties.

ARTICLE XV

ADMINISTRATION

Medical Care and Its Evaluation: The Board of Directors, in conjunction with the Chief Medical Officer, shall provide for a continuing review and evaluation of the quality of

professional care rendered in the Clinics, whether by contracting for evaluation by an independent contractor or otherwise.

ARTICLE XVI

CONFLICTS OF INTEREST AND COMPENSATION APPROVAL POLICIES

Section 1. Purpose of Conflict of Interest Policy: The purpose of this conflict of interest policy is to protect the tax-exempt corporation's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the corporation or any "disqualified person" as defined in Section 4958(f)(1) of the Internal Revenue Code, as amplified by 26 CFR Section 53.4958-3, and which might result in a possible "excess benefit transaction" as defined in Section 4958 (c) (1) (A) of the Internal Revenue Code, as amplified by 26 CFR Section 53.4958-8. This policy is intended to supplement, but not replace, any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

Section 2. Definitions:

(a) Interested Person.

Any director, principal officer, member of a committee with governing board delegated powers, or any other person who is "disqualified person" as defined in Section 4958(f)(1) of the Internal Revenue Code and amplified by 26 CFR Section 53.4958-3, who has a direct or indirect financial interest as defined below, is an "interested person".

(b) Financial Interest.

A person has a financial interest if the person has, directly or indirectly through business, investment, or family:

- (i) An ownership or investment interest in any entity with which the corporation has a transaction or arrangement,
- (ii) A compensation arrangement with the corporation or with any entity or individual with which or with whom the corporation has a transaction or arrangement, or
- (iii) A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which or with whom the corporation is negotiating a transaction or arrangement.

"Compensation" includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest. Under Section 3(b) below, a person who has a financial interest may have a conflict of interest only if the Board decides that a conflict of interest exists.

Section 3. Conflict of Interest Avoidance Procedure:

(a) Duty to Disclose.

In connection any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of committees with Board-delegated powers considering the proposed transaction to arrangement.

(b) Determining Whether a Conflict of Interest Exists.

After disclosure of the financial interest and all material facts, and after any discussion with the interested person, the person shall leave the Board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

(c) Procedures for Addressing a Conflict of Interest.

An interested person may make a presentation at the Board or committee meeting, but after the presentation, the person shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.

The chairperson of the Board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

After exercising due diligence, the Board or committee shall determine whether the corporation can obtain, with reasonable efforts, a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.

If more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the corporation's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination, it shall make its decision as to whether to enter into the transaction or arrangement.

(d) Violations of the Conflict of Interest Policy.

If the Board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflict of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

If, after hearing the member's response, and after making further investigation as warranted by the circumstances, the Board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Section 4. Records of Board and Board Committee Proceeding: The minutes of meetings of the Board and all committees with board-delegated powers shall contain:

- (a) The name of the persons who disclosed or otherwise were found to have a financial interest in connection with actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict was present, and the Board's or committee's decision as to whether a conflict of interest in fact existed, and
- (b) The name of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

Section 5. Compensation Approval Policies:

A voting director who receives compensation, directly or indirectly, from the corporation for services is precluded from voting on matter pertaining to that member's compensation.

A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the corporation for services is precluded from voting on matters pertaining to that member's compensation.

No voting director or any committee member whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the corporation either individually or collectively, is prohibited from providing information to any committee regarding compensation.

When approving compensation for directors, officers and employees, contractors, and any other compensation, contract or arrangement, in addition to the complying with the conflict of interest requirements and policies contained in the preceding and following sections of this Article as well as the preceding paragraphs of this section of this Article, the Board or a duly constituted compensation committee of the Board shall also comply with the following additional requirements and procedures:

- (a) The terms of compensation shall be approved by the Board or compensation committee prior to the first payment of compensation.

- (b) All members of the Board or compensation committee who approve compensation arrangement must not have a conflict of interest with respect to the compensation arrangements as specified in Regulation Section 53.4958-6(c)(iii), which generally requires that each board member or committee member approving a compensation arrangement between this organization and a “disqualified person” (as defined in Section 4958(f)(1) of the Internal Revenue Code, as amplified by Regulation Section 53.4958-3):
 - (i) Is not the person who is the subject of compensation arrangement, or a family member of such person;
 - (ii) Is not in an employment relationship subject to the direction or control of the person who is the subject of compensation arrangement;
 - (iii) Does not receive compensation or other payments subject to approval by the person who is the subject of compensation arrangement;
 - (iv) Has no material financial interest affected by the compensation arrangement; and
 - (v) Does not approve a transaction providing economic benefits to the person who is the subject of the compensation arrangement, who in turn has approved or will approve a transaction providing benefits to the board or committee member.

- (c) The Board or compensation committee shall obtain and rely upon appropriate data as to comparability prior to approving the terms of compensation. Appropriate data may include the following:
 - (i) Compensation levels paid by similarly situated organizations, both taxable and tax-exempt, for functionally comparable positions. “Similarly situated” organizations are those of a similar size and purpose and with similar resources;
 - (ii) The availability of similar services in the geographic area of this organization;
 - (iii) Current compensation surveys compiled by independent firms; and
 - (iv) Actual written offers from similar institutions competing for the services of the person who is the subject of the compensation arrangement

As allowed by Regulation Section 53.4958-6, if this corporation has average annual gross receipts (including contributions) for its three (3) prior tax years of less than \$1 million, the Board or compensation committee will have obtained and relied upon appropriate

data as to comparability if it obtains and relies upon data on compensation paid by three (3) comparable organizations in the same or similar communities for similar services.

(d) The terms of compensation and the basis for approving those terms shall be recorded in written minutes of the meeting of the Board or compensation committee that approved the compensation. Such documentation shall include:

(i) The terms of the compensation arrangement and the date it was approved;

(ii) The members of the Board or compensation committee who were present during debate on the transaction, those who voted on it, and the votes cast by each Board or committee member; and

(iii) The comparability data obtained and relied upon and how the data was obtained.

(e) If the Board or compensation committee determines that reasonable compensation for a specific position in this corporation or for providing services under any other compensation arrangement with this corporation is higher or lower than the range of comparability data obtained, the Board or committee shall record in the minutes of the meeting the basis for its determination;

(f) If the Board or committee makes adjustments to the comparability data due to geographic area of other specific conditions, these adjustments and the reasons for them shall be recorded in the minutes of the Board or committee meeting,

(g) Any actions taken with respect to determining if the Board or committee member had a conflict of interest with respect to the compensation arrangement and, if so, actions taken to make sure the member with the conflict of interest did not affect or participate in the approval of the transaction (for example, a notation in the records that after a finding of conflict of interest by a member, the member with the conflict of interest was asked to, and did, leave the meeting prior to a discussion of the compensation arrangement and a taking of the votes to approve the arrangement), shall be recorded in the minutes of the Board or committee meeting.

(h) The minutes of Board or committee meetings at which compensation arrangements are approved must be prepared before the later of the date of the next Board or committee meeting or 60 days after the final actions of the Board or committee are taken with respect to the approval of the compensation arrangements. The minutes must be reviewed and approved by the Board or committee as reasonable, accurate, and complete within a reasonable period thereafter, normally prior to or at the next Board or committee meeting following final action on the arrangement by the Board or committee.

Section 6. Annual Statement:

Each director, principal officer, and member of a committee with governing board-delegated powers shall annually sign a statement which affirms such person:

- (a) has received a copy of the conflicts of interest policy,
- (b) has read and understands the policy,
- (c) has agreed to comply with the policy, and
- (d) understands the corporation is charitable and, in order to maintain its federal tax exemption, must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Section 7. Periodic Reviews:

To ensure the corporation operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- (a) Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's-length bargaining.
- (b) Whether partnerships, joint ventures, and arrangements with management organizations conform to corporation's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes, and do not result in inurement, impermissible private benefit, or in an excess benefit transaction.

Section 8. Use of Outside Experts:

When conducting the periodic reviews as provided for in Section 7, the corporation may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of its responsibility for ensuring periodic reviews are conducted.

ARTICLE XVII

WINDING UP AND DISSOLUTION

Irrevocable Charitable Dedication: The property of the corporation is irrevocably dedicated to charitable purposes. Upon the winding up and dissolution of the corporation,

its assets remaining after payment or adequate provision for payment of all debts and obligations of the corporation shall be distributed in accordance with the plan of liquidation to an organization which is organized and operated exclusively for charitable purposes, exempt from federal income tax under Section 501(c)(3) of the Internal

Revenue Code, as the Board of Directors may select. In any event, no assets shall be distributed to any organization if any part of the net earnings of such organization inures to the benefit of any private person or individual, or if a substantial part of the activities of such organization is the carrying on of propaganda or otherwise attempting to influence legislation, or if the organization participates in, or intervenes in any political campaign on behalf of or opposed to any candidate or public office, or if the organization carries on any other activities not permitted to be carried on (a) by a corporation exempt from federal tax under Section 501(c)(3) of the Internal Revenue Code or (b) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code.

CERTIFICATE OF SECRETARY

The foregoing amendments were duly adopted at a regularly noticed meeting on the 29th day of January 2019.

Attest: _____

Amended: January 29, 2019

SJCC Clinical Performance Indicators -- Summary Dashboard

Measure		CY 2018	CY 2017	Target: New - Old	Benchmark Source	Reference
DM A1c Control	Outcome	32.86% ¥	58.57% ¥	37.75% - 49.08%	HEDIS CIS - 2017 DHCS MCMC Average	NQF 0059
CVD BP Control	Outcome	59.93%	59.14%	66.88% - 63.42%	PRIME DY 13 Target	NQF 0018
Pap Screening	Process	54.29% ¥	54.29% ¥	56.67% - 56.00%	UDS National Data 2017	NQF 0032
Prenatal Care in 1st Trimester	Process	63.11%	60.97%	77.90%	HP2020	UDS 6B
Birth Weight < 2500 gm	Outcome	8.44%	8.51%	7.80%	HP2020	UDS 7
Pediatric Immunizations	Process	44.29% ¥	44.29% ¥	70.70% - 73.72%	HEDIS -2017 DHCS MCMC Average	NQF 0038
Pediatric Dental Referrals (non-UDS)	Process	68.57% ¥	98.57% ¥	33.20%	HP2020	NQF 1334
Pediatric BMI Screening and Intervention	Process	77.14% ¥	72.97%	54.70%	HP2020	NQF 0024
Adult BMI Screening and Intervention	Process	50.00% ¥	61.30%	53.60%	HP2020	NQF 0421
Tobacco Use Screening and Intervention	Process	87.14% ¥	87.40%	87.50% - 82.80%	UDS National Data 2017	NQF 0027
Asthma Pharmacological Therapy	Process	95.83%	93.91%	86.62% - 49.08%	UDS National Data 2017	NQF 0047
CAD Lipid Therapy	Process	86.71%	84.85%	80.72% - 77.90%	UDS National Data 2017	NQF 0074
IVD Aspirin Therapy	Process	85.44%	85.88%	79.27% - 78.00%	UDS National Data 2017	NQF 0068
Colorectal Cancer Screening	Process	42.86% ¥	33.83%	47.92% - 59.85%	PRIME DY 13 Target	NQF 0034
HIV Linkage to Care	Process	100.00%	63.64%	84.52% - 74.70%	UDS National Data 2017	UDS 6B
Depression Screening and Follow-up	Process	78.57% ¥	70.67%	84.54% - 78.86%	PRIME DY 13 Target	NQF 0418

Abbreviations

A1c: Glycosylated Hemoglobin	HP2020: Healthy People 20/20
BP: Blood Pressure	HEDIS CIS: Healthcare Effectiveness Data Information Set Childhood Immunization Status
DM: Diabetes Mellitus	DHCS: Department of Health Care Services
CVD: Cardiovascular Disease	MCMC: Managed Care Medi-Cal
BMI: Body Mass Index	TBD: To Be Determined
CAD: Coronary Artery Disease	PCMH: Patient-Centered Medical Home
IVD: Ischemic Vascular Disease	PRIME: Medicaid Waiver 2020 (Public Hospital Redesign & Incentives in Medi-Cal)
UDS: Uniform Data System	NQF: National Quality Forum

Specifications

DM A1c Control	Patients age 18-75 (1 visit) with DM whose most recent HbA1c level during the measurement year is >9 %
CVD BP Control	Patients age 18-85 (1-2 visits) with HTN whose most recent blood pressure level during the measurement year is systolic < 140 mmHg AND diastolic < 90 mmHg
Pap Screening	Female patients age 23-64 (1 visit) seen during the measurement year that have had a <i>Pap test within the measurement year or two years prior</i>
Prenatal Care in 1st Trimester	Obstetrical patients with initial prenatal exam completed in the first trimester (includes all patients who receive prenatal care during the measurement year)
Birth Weight < 2500 gm	Number of deliveries where child weighed < 2,500 grams (includes all neonates that received prenatal care at SJCC regardless of where delivered)
Pediatric Immunizations	Children who have received age appropriate vaccines prior to their <i>2nd birthday</i> during the measurement year(4 DTaP, 3 IPV, 3 Hib, 3 Hep B, 1 MMR, 1 VZV, 4 PCV, 1 Hep A, 2 RV, 2 Flu)
Pediatric Dental Referrals (non-UDS)	Number of children that received a well child exam (CHDP) during the measurement year that were referred to the dentist for oral health care
Pediatric BMI Screening and Intervention	Patients age 3-17 (1 visit) with BMI %ile, counseling for nutrition, and counseling for physical activity documented in the measurement year
Adult BMI Screening and Intervention	Patients age 18 and older (1 visit) with BMI documented during the measurement year AND if under age of 65 18.5=<BMI>=25 /over age 65 23=<BMI>=30 counseling for nutrition, physical activity, and have follow-up plan documented
Tobacco Use Screening and Intervention	Patients age 18 and older (1 visit) seen in the measurement year who have been screened for tobacco use AND if screen + have documentation on tobacco cessation
Asthma Pharmacological Therapy	Patients age 5-64 (2 visits) with asthma with 1 visit in the measurement year that have been prescribed long term controller medication during the current year
CAD Lipid Therapy	Patients age 18 and older with CAD (1 visit) and been prescribed a lipid-lowering medication during the measurement year
IVD Aspirin Therapy	Patients age 18 and older with IVD (1 visit) and been prescribed an antiplatelet medication during the measurement year
Colorectal Cancer Screening	Patients age 50-75 (1 visit) seen in the measurement year who had appropriate screening for colorectal cancer (colonoscopy <=10 yrs, flex sig <= 5 yrs, or annual FOB/FIT testing)
HIV Linkage to Care	Newly-diagnosed HIV patients in the measurement year with documentation of referral and treatment initiation within the first 90 days of diagnosis
Depression Screening and Follow-up	Patients 12 yrs and older (1 visit) screened for depression with a standardized tool (PHQ-2/9) during the measurement year AND if screen + have follow-up plan documented

¥ Random Sample (not whole universe)