

Director, or through an increase in the number of directors, shall be filled without undue delay. At the next regular meeting of the Board after a vacancy occurs where a quorum is present, the Sole Member shall present the name of the Elected Director it has appointed to fill the vacant seat.

***SECTION 9. Quorum***

- A. A quorum of the Directors shall be a simple majority of the Directors currently serving on the Board.
- B. If no quorum is present at a meeting of the Board and if written notification of the meeting and agenda has been given to all Directors, the Executive Committee may act on all matters on the agenda, except as limited by Article VIII Section 1, of these Bylaws and applicable law.

***SECTION 10. Meetings***

- A. Regular meetings of the Board of Directors shall be held not less than quarterly in each calendar year, or as often as deemed necessary by the Chairperson of the Board of Directors or by the Sole Member, at a date, time, and place he or she or the Sole Member determines. One of the regular meetings of the Board of Directors shall be the annual meeting of the Corporation. Meeting notices shall be given to all Directors at least ten (10) days in advance, either in writing delivered via hand delivery, U.S. Mail, overnight courier, facsimile or electronic mail (e-mail).
- B. Special meetings of the Board of Directors may be called by the Chairperson of the Board or by the Sole Member. All requests for special meetings must be given to the Secretary in writing signed by the requesting Director or Chairperson of the Sole Member. The Secretary or Assistant Secretary shall notify all Directors of such special meetings, specifying the purpose, by oral notification or in writing delivered via hand delivery, U.S. mail, overnight courier, facsimile or electronic mail (e-mail).
- C. The annual meeting shall be convened by the Sole Member and occur at such time and place as may be set by the Sole Member.
- D. Directors may participate in a meeting of the Board of Directors or a committee thereof by means of a conference telephone, video conference or similar electronic communication device whereby all persons can hear each other at the same time. Such participation shall constitute presence in person at the meeting.
- E. Any action required to be taken at a meeting of the Board of Directors or a committee thereof, or any action that may be taken at a meeting of the Board of Directors or a committee thereof, may be taken without a meeting if a consent in writing, setting forth the action so taken or to be taken, signed by all of the Directors or all of the members of the committee, as the case may be, is filed in

the minutes of the proceedings of the Board of Directors or of the committee, as the case may be. Such consent shall have the same effect as a unanimous vote.

***SECTION 11. Waiver of Notice of Meeting***

Notice of a meeting of the Board of Directors need not be given to any Director who signs a waiver of notice either before or after the meeting.

***SECTION 12. Powers and Duties***

The powers and duties of the Board of Directors shall be as follows:

- A. To assume full legal authority and responsibility for determining, implementing and monitoring policies governing the management and operations of the Corporation's operating division(s), including the provision of hospice services, as well as fiscal operations and continuous quality assessment and performance improvement of each operating division;
- B. To determine, implement and monitor policies governing the management and operation of the Corporation's operating division(s), which shall include, without limitation, a plan for providing for uncompensated care and philanthropic community activities, personnel policies that address adequate notice of termination by employees or contractors with direct patient care responsibilities and policies on the health and safety of participants in the Corporation's programs;
- C. To prepare and maintain a comprehensive emergency management plan that provides for continuing hospice services in the event of an emergency, that is consistent with local and state requirements;
- D. To adopt annual operating and capital budgets which are approved by the Sole Member;
- E. To appoint Executive Director(s) or Chief Executive Officer(s) of the Corporation's operating division(s), as presented by the President/CEO of the Sole Member, who shall report to the Board, be responsible for the day-to-day management and operation of the Corporation's programs, and serve as a liaison with the Corporation's staff; and
- F. To undertake such additional activities as are permitted or necessary to ensure that the Corporation complies with all federal and state statutes or rules governing the operation of each of the Corporation's operating division(s), as well as these Bylaws (to the extent not in conflict with any applicable law, rules or regulations), and the Law.
- G. Any other power or duty normally assigned to a nonprofit corporation's Board

of Directors, which are not reserved to the Sole Member as provided herein.

***SECTION 13. Conflict of Interest***

- A. No contract or other transaction between the Corporation and one or more of its Directors or any other corporation, firm, association, or entity in which one or more of its Directors are directors, officers, or employees or are financially interested shall be void or voidable because of such relationship or interest, because such Director or Directors are present at the meeting of the Board of Directors or a committee thereof which authorizes, approves, or ratifies such contract or transaction, or because his or her or their vote(s) are counted for such purpose, if:
1. All material facts of such relationship or interest is disclosed by the interested or related Director(s) as soon as practicable and in no case later than five (5) days following knowledge of its existence, or all material facts of such interest or kinship is otherwise known to the Board of Directors or committee which authorizes, approves or ratifies the contract or transaction by a vote or consent sufficient for the purpose without counting the vote(s) or consent(s) of such interested or related Director(s);
  2. The contract, transaction or relationship is fair and reasonable as to the Corporation at the time it is authorized by the Board, a committee, or the Directors entitled to vote on such contract, transaction or relationship or by the Sole Member with regard to a matter subject to the Sole Member's authority; and
  3. Either (i), prior to authorizing the contract or transaction, the Board, a committee, or the Directors entitled to vote on such contract, transaction or relationship, or by the Sole Member with regard to a matter subject to the Sole Member's authority, considered and in good faith determined after reasonable investigation under the circumstances that the Corporation could not have obtained a more advantageous arrangement with reasonable effort under the circumstances, or (ii) the Corporation in fact could not have obtained a more advantageous arrangement with reasonable effort under the circumstances.
- B. Interested Directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or a committee thereof which authorizes, approves or ratifies such contract, transaction or relationship.

***SECTION 14. Self-Dealing Transactions***

- A. Except as provided in subsection B below, for purposes of this Section 14, a self-dealing transaction means a transaction in which the Corporation is a party and in which one or more of its Directors has a material financial interest and which does not meet the requirements of subsection D below. Such a Director is an "Interested Director" for purposes of this Section 14.
- B. The provisions of this Section 14 do not apply to any of the following:
1. An action of the Board fixing the compensation of a Director as a Director or Officer of the Corporation.
  2. A transaction which is part of a public or charitable program of the Corporation if it:
    - i. is approved or authorized by the Corporation in good faith and without unjustified favoritism; and
    - ii. results in a benefit to one or more Directors or their families because they are in the class of persons intended to be benefited by the public or charitable program.
  3. A transaction, of which the Interested Director or Directors have no actual knowledge, and which does not exceed the lesser of one percent (1%) of the gross receipts of the Corporation for the preceding fiscal year or one hundred thousand dollars (\$100,000).
- C. The Attorney General or, if the Attorney General is joined as an indispensable party, any of the following may bring an action in the superior court of the proper county seeking a remedy as referenced in subsection F:
1. The Corporation, or the Sole Member asserting the right in the name of the Corporation pursuant to Cal. Corp. Code Section 5710;
  2. A Director of the Corporation;
  3. An Officer of the Corporation; or
  4. Any person granted relator status by the Attorney General.
- Any action filed in accordance with this subsection C shall be filed in accordance with the requirements of Cal. Corp. Code Section 5233.
- D. In any action brought under subsection C, the remedies referenced in subsection F shall not be granted if:
1. The Attorney General, or the court in an action in which the Attorney General is an indispensable party, has approved the transaction before or after it was consummated; or

2. The following facts are established:

- i. The Corporation entered into the transaction for its own benefit;
- ii. The transaction was fair and reasonable as to the Corporation at the time the Corporation entered into the transaction;
- iii. Prior to consummating the transaction or any part thereof the Board authorized or approved the transaction in good faith by a vote of a majority of the Directors then in office without counting the vote of the Interested Director or Directors, and with knowledge of the material facts concerning the transaction and the Director's interest in the transaction. Except as provided in paragraph 3 below, action by a committee of the Board shall not satisfy this paragraph iii; and
- iv. (a) Prior to authorizing or approving the transaction the Board considered and in good faith determined after reasonable investigation under the circumstances that the Corporation could not have obtained a more advantageous arrangement with reasonable effort under the circumstances or  
  
(b) the Corporation in fact could not have obtained a more advantageous arrangement with reasonable effort under the circumstances; or

3. The following facts are established:

- i. A committee or person authorized by the Board approved the transaction in a manner consistent with the standards set forth in paragraph 2 above;
- ii. It was not reasonably practicable to obtain approval of the Board prior to entering into the transaction; and
- iii. The Board, after determining in good faith that the conditions of subparagraphs (i) and (ii) of this paragraph were satisfied, ratified the transaction at its next meeting by a vote of the majority of the Directors then in office without counting the vote of the Interested Directors or Directors.

- E. Interested Directors may be counted in determining the presence of a quorum at a meeting of the Board which authorizes, approves or ratifies a contract or transaction subject to this Section 14.
- F. If a self-dealing transaction has taken place, the Interested Director or Directors shall do such things and pay such damages as in the discretion of the court will provide an equitable and fair remedy to the Corporation, taking into account any benefit received by the Corporation and whether the Interested Director or Directors acted in good faith and with intent to further the best interest of the Corporation.

### ***SECTION 15. Compliance***

- A. The Board of Directors shall abide by the authority and objectives set forth in all applicable federal and state laws and rules, including without limitation the Law, governmental third-party program requirements, accreditation standards, and these Bylaws as adopted and amended.
- B. The Board of Directors shall act with the highest integrity to advance the best interests of the Corporation and to help the Corporation achieve its mission and operate in a manner consistent with its charitable purposes.
- C. Any Director who contributes to or participates in activities that are not in compliance with or that contribute to the Corporation's non-compliance with any applicable federal or state law or rule, governmental third party program requirement, accreditation standard, or these Bylaws as adopted and amended, or who fails to act with the highest integrity to advance the best interests of the Corporation and to help the Corporation achieve its mission and operate in a manner consistent with its charitable purpose, shall be subject to removal from the Board for cause.

### ***SECTION 16. Compensation***

Directors who are not employees of the Corporation shall receive no compensation for their services as members of the Board of Directors or any committee thereof; provided, however, Directors may, pursuant to Article VI, Section 13 of these Bylaws, receive compensation that is fair and reasonable for services rendered to the Corporation in a separate capacity. The Board of Directors may authorize the reimbursement of expenses incurred by any Director for the benefit of the Corporation.

## ***ARTICLE VII: Officers***

### ***SECTION 1. Categories***

The officers of the Corporation shall be the Chairperson, Vice Chairperson, and Secretary of the Board, and the President/CEO, COO, CFO, CBDO, CMO, CPO, CIO, CCO, and VP-F of the Corporation. There may also be one or more Assistant Secretaries.

***SECTION 2. Election/Appointment and Term of Office***

- A. The initial post-Closing Chairperson after these Bylaws become effective shall be a Director who is not an employee of the Sole Member and who shall be elected by the Board to serve as the Chairperson of the Board for a term of one (1) year, or if such occurs first, until the expiration of his or her term of office as director. After such initial term a Director shall be elected by the Board to serve as the Chairperson regardless of whether such individual is an employee of the Sole Member for a term of two (2) years or, if such occurs first, until the expiration of his or her term of office as a Director.
- B. One Director shall be elected by the Board to serve as Vice Chairperson of the Board, and shall serve for a term of two (2) years or, if such occurs first, until the expiration of his or her term of office as a director.
- C. One Director shall be elected by the Board to serve as Secretary of the Board, and shall serve for a term of two (2) years or, if such occurs first, until the expiration of his or her term of office as a director.
- D. The President/CEO of the Sole Member shall be the President/CEO of the Corporation, and shall serve until resignation, removal or death.
- E. The COO of the Sole Member shall be the COO of the Corporation, and shall serve until resignation, removal or death.
- F. The CFO of the Sole Member shall be the CFO of the Corporation, and shall serve until resignation, removal or death.
- G. The CMO of the Sole Member shall be the CMO of the Corporation, and shall serve until resignation, removal or death.
- H. The CBDO of the Sole Member shall be the CBDO of the Corporation, and shall serve until resignation, removal or death.
- I. The CPO of the Sole Member shall be the CPO of the Corporation, and shall serve until resignation, removal or death.
- J. The CIO of the Sole Member shall be the CIO of the Corporation, and shall serve until resignation, removal or death.
- K. The CCO of the Sole Member shall be the CCO of the Corporation, and shall serve until resignation, removal or death.
- L. The VP-F of the Sole Member shall be the VP-F of the Corporation, and shall

serve until resignation, removal or death.

- M. The executive assistant to the President/CEO of the Corporation shall serve in the capacity as an Assistant Secretary until his or her resignation, removal or death. In the temporary absence of the executive assistant to the President/CEO, an executive assistant or administrative assistant appointed by the President/CEO shall serve as an Assistant Secretary.

### ***SECTION 3. Vacancies***

Any officer position that becomes vacant through resignation, removal or death shall be filled without undue delay. Should the position of Chairperson, Vice Chairperson, or Secretary become vacant, at the next regular meeting of the Board after the vacancy occurs where a quorum is present, the Directors shall elect a Director to fill the remaining term of the vacant office by a majority vote of those present.

### ***SECTION 4. Powers and Duties***

The powers and duties of the respective officers of the Corporation shall be as follows:

#### **A. Chairperson of the Board**

1. The Chairperson of the Board shall preside over all Board meetings and perform all duties incident to the office of Chairperson and such duties as from time to time may be assigned to him or her by the Board of Directors or the Sole Member.
2. The Chairperson of the Board shall chair the Executive Committee of the Board of Directors.

#### **B. Vice Chairperson of the Board**

In the temporary absence of the Chairperson of the Board, the Vice Chairperson of the Board shall act as the Chairperson and perform all duties assigned to that position. The Vice Chairperson shall chair the Governance Committee.

#### **C. Secretary and the Assistant Secretary**

1. The Secretary shall keep the minutes of the meetings of the Board of Directors, insure that all notices are duly given in accordance with the provisions of these Bylaws, be custodian of the Corporation's records, and, in general, perform all duties incident to the office of Secretary and such duties as from time to time may be assigned to him or her by the Board of Directors or the Chairperson of the Board.
2. The Assistant Secretary shall assist the Secretary in keeping the minutes of the meetings of the Board of Directors, insuring that all notices are

duly given in accordance with the provisions of these Bylaws, and being custodian of the Corporation's records, and, in general, shall perform all duties incident to the office of Assistant Secretary and such duties as from time to time may be assigned to him or her by the Board of Directors or the Chairperson of the Board.

**D. President/CEO**

1. The President/CEO shall be the principal executive officer of the Corporation and shall, in general, supervise and control all of the business and affairs of the Corporation. He or she may sign on behalf of the Corporation, all contracts, deeds, mortgages, bonds, and any other instruments which the Board has authorized to be executed, except where execution thereof is expressly delegated by the President/CEO, the Board of Directors or by these Bylaws, or by statute, to some other officer or agency of the Corporation.
2. The President/CEO shall perform all duties incident to his or her office, and other duties as may be prescribed by the Board of Directors from time to time. The President/CEO or his or her designee shall represent the Corporation in matters of policy and negotiation with other agencies, and shall be responsible for administering the work of the Corporation in conformity with these Bylaws and the Corporation's policies and procedures.
3. The President/CEO may terminate the employment of the Corporation's Executive Director and present for appointment by the Board of Directors a new Executive Director.

**E. COO**

The COO shall have such powers and duties that may be assigned him/her from time to time by the President/CEO or the Board of Directors of the Sole Member.

**F. CFO**

The CFO shall have such powers and duties that may be assigned to him/her from time to time by the President/CEO or the Board of Directors of the Sole Member.

**G. CMO**

The CMO shall have such powers and duties that may be assigned to him/her from time to time by the President/CEO or the Board of Directors of the Sole Member.

**H. CBDO**

The CBDO shall have such powers and duties that may be assigned to him/her from time to time by the President/CEO or the Board of Directors of the Sole Member.

**I. CPO**

The CPO shall have such powers and duties that may be assigned to him/her from time to time by the President/CEO or the Board of Directors of the Sole Member.

**J. CIO**

The CIO shall have such powers and duties that may be assigned to him/her from time to time by the President/CEO or the Board of Directors of the Sole Member.

**K. CCO**

The CCO shall have such powers and duties that may be assigned to him/her from time to time by the President/CEO or the Board of Directors of the Sole Member.

**L. VP-F**

The VP-F shall have such powers and duties that may be assigned to him/her from time to time by the President/CEO of the Board of Directors of the Sole Member.

***SECTION 5. Chain of Command – Absence of President/CEO***

In the temporary absence of the President/CEO, the COO shall perform the duties of the President/CEO shall be performed in accordance with the Chain of Command Policy and Procedure of the Sole Member.

***ARTICLE VIII: Committees***

***SECTION 1. Executive Committee***

- A. The Executive Committee shall carry out the work of the Board of Directors between meetings and at meetings in accordance with these Bylaws and make

recommendations to the Board of Directors for its action. The Executive Committee shall have all the authority of the Board of Directors except as may be limited by state law and subject to the approval of the Sole Member as specified in Article XIII, provided however, that the Executive Committee shall have no authority with respect to the following:

1. The approval of any action which also requires the approval of the Sole Member;
2. The filling of any vacancies on the Board or in any committee which has the authority of the Board;
3. The fixing of compensation of the Directors for serving on the Board or on any committees;
4. The amendment or repeal of Bylaws or the adoption of new Bylaws;
5. The amendment or repeal of any resolution of the Board which by its express terms is not so amendable or repealable;
6. The appointment of committees of the Board or the members thereof;
7. The expenditure of corporate funds to support a nominee for Director after there are more people nominated than can be elected; and
8. The approval of any self-dealing transaction except where permitted by state law and these Bylaws.

B. The members of the Executive Committee shall be as follows:

1. Chairperson of the Board;
2. Vice Chairperson of the Board;
3. Secretary of the Board;
4. President/CEO; and
5. CFO.

The Sole Member may at any time increase or decrease the number of individuals sitting on the Executive Committee and/or change the composition of the Executive Committee.

C. The Chairperson of the Board shall chair the Executive Committee.

D. The Executive Committee shall meet as necessary or appropriate and will report

any actions taken by it to the Board within seven (7) days after any definitive action is taken except if any action taken is of an emergent nature such action will be reported to the Board as soon as practicable.

## ***SECTION 2. Standing Committees***

The Standing Committees and their purposes shall be as follows:

### **A. Quality Assessment Performance Improvement (“QAPI”) and Compliance Committee**

The QAPI and Compliance Committee ensures quality outcomes by adopting and implementing sound measurement and monitoring systems in accordance with all applicable state and federal laws and regulations, and accreditation and professional organization standards, including but not limited to, applicable provisions of the Medicare Conditions of Participation for Hospices, 42 C.F.R. Part 418, accreditation standards of The Joint Commission, standards of the National Hospice and Palliative Care Organization, and other laws, regulations and standards applicable to the Corporation’s operating divisions. The QAPI and Compliance Committee assists the Sole Member’s Audit and Compliance Committee and the Corporation’s Board of Directors in promoting an organizational culture that encourages a commitment to compliance with the law. The CCO shall have direct, overall responsibility for the Corporation’s compliance function and be given adequate resources and authority to carry out such responsibility. The QAPI and Compliance Committee shall prepare and present a report on its activities at least annually to the Sole Member’s Audit and Compliance Committee.

Members of the QAPI and Compliance Committee shall consist of Directors appointed by the Chairperson of the QAPI and Compliance Committee. Non-voting members of the Committee shall include the CCO and any employees of the Corporation whose participation is deemed by the Committee Chairperson to be appropriate. Committee members appointed by the Board shall serve a term of two (2) years. The QAPI and Compliance Committee shall meet at least quarterly, or as necessary and appropriate, and shall be chaired by a Director appointed by the Chairperson of the Board.

### **B. Development and Community Relations Committee**

The Development and Community Relations Committee assists the Board and the Corporation with charitable fund-raising efforts and to more effectively and efficiently implement sound community relations practices in support of the Corporation’s mission. Its members shall be appointed by the Chairperson of the Development and Community Relations Committee and may include, from time to time, qualified individuals who are not Directors. Committee members shall serve a term of two (2) years. The Committee shall meet at least quarterly, or as

necessary and appropriate, and shall be chaired by a Director appointed by the Chairperson of the Board.

**C. Governance Committee**

The Governance Committee duties shall include oversight of the following for the Board of Directors, subject to the rights of the Sole Member set forth in Article XIII: revisions to the Articles and Bylaws of the Corporation; governance policies addressing the Board of Directors and its committees; Board development and education; evaluation and performance of the Board and its committees; and establishment of committee charters.

The Governance Committee shall consist of no fewer than three (3) Board members, including at least two Elected Directors and no fewer than one officer of the Sole Member.

Members of the Governance Committee being considered for nomination to the Board for additional terms shall not be considered members of the Governance Committee when it is acting as the Board nominating committee. In addition to nominating new Board members and existing members for new terms, the Governance Committee shall recommend individuals for appointment to vacant positions on the Board. The Governance Committee shall meet as needed, but no less than twice annually.

***SECTION 3. Ad Hoc Committees***

Ad Hoc committees may be appointed at the discretion of the Chairperson of the Board, meet as necessary or appropriate, and may include, from time to time, qualified individuals who are not Directors, provided that no such individuals shall act with the authority of the Board.

***SECTION 4. Committee Chairpersons***

Unless otherwise indicated, the Chairperson of the Board shall appoint committee chairpersons and may serve as a chairperson or voting member of one or more committees.

***SECTION 5. Quorum***

Unless otherwise designated by the Board of Directors (or as permitted by state law in the event of an emergency), a majority of the whole committee shall constitute a quorum.

***SECTION 6. Rules***

Each committee may adopt rules for its own government not inconsistent with these Bylaws or with the rules adopted by the Board of Directors.

***SECTION 7. Removal***

Except for members of the Executive Committee, the Chairperson of the Board may remove any committee member at will.

***ARTICLE IX: Fiscal Policies***

***SECTION 1. Contracts***

In addition to the officers so authorized by these Bylaws or the Sole Member's Contracting Policy and Procedure and/or Guidelines, any officer or agent authorized by the Board of Directors may enter into any contract or execute and deliver any instrument in the name of or to the Corporation.

***SECTION 2. Checks, Drafts, Etc.***

All checks, drafts, or orders for the payment of money, notes or other evidence of indebtedness issued in the name of the Corporation shall be signed by such officer(s) or agent(s) as determined by resolution of the Board of Directors.

***ARTICLE X: Books and Records***

***SECTION 1. Minute Book***

The Corporation shall keep at its principal office, or such other place as the Board of Directors may order, a book of the minutes of all meetings of directors, with the time and places of holding, whether regular or special, how authorized, the notice given, the names of those present, and the proceedings thereof.

***SECTION 2. Corporate Records***

The Corporation shall keep and maintain at its principal office, or such other place as the Board of Directors may order, adequate and correct accounts of its properties and business transactions, including accounts of its assets, liabilities, receipts, disbursements, gains and losses.

***SECTION 3. Confidentiality of Patient /Family Information***

The records of any committee or board of the Corporation which contain information relating specifically to any patient served by any operating division of the Corporation shall be considered confidential. Any disclosure of such information shall be in accordance with applicable federal and state statutes and regulations in effect at the time, pertaining to disclosure of confidential patient information.

***ARTICLE XI: Waiver of  
Notice***

When notice is required under the provisions of Law, the Corporation's Articles of Incorporation or these Bylaws, a written waiver signed by the person or persons entitled to such notice, whether before or after the time stated herein, shall be deemed equivalent to the giving of such notice.

***ARTICLE XII:  
Amendments***

Only the Sole Member may amend, supplement, restate, repeal, or rescind these Bylaws or any of them or any combination of them. These Bylaws shall be reviewed annually by the Governance Committee.

***ARTICLE XIII: Rights of the Sole  
Member***

Without the written approval of the Sole Member, the Corporation shall not:

- A. Sell, lease, or dispose of assets, merge, combine or otherwise or reorganize with any other entity, convert its corporate structure to another form or enter into any management services agreement;
- B. Enter into any loan facility, borrow any funds or pledge or hypothecate any or all of its assets as security for any borrowing;
- C. Change the primary character or nature of its business to something other than the operation of a hospice;
- D. Remove or appoint the President/CEO and other officers of the Corporation;
- E. Execute any deed, mortgage, note or bond;
- F. Adopt or amend the annual operating and/or capital budgets proposed by the President/CEO and the management or Board of Directors of the Corporation;
- G. Make any contribution or distribution of assets or property to any person or entity;
- H. Amend these Bylaws or the Articles of Incorporation of the Corporation;
- I. Dissolve, liquidate or otherwise cease to exist as a nonprofit corporation which is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code;
- J. Form any subsidiary corporation or other entity; or
- K. Acquire, utilize, and dispose of patents, copyrights, and trademarks and any licenses and other rights or interests thereunder or therein.

**ARTICLE XIV: Indemnification**

To the fullest extent permitted by applicable law, the Directors, officers and committee members of the Corporation shall be indemnified and held harmless by the Corporation for any and all claims made against them personally while acting within the scope of their duties for the Corporation.

Adopted pursuant to the Corporation's Bylaws to be effective as of \_\_\_\_\_, 2024.

Dated: \_\_\_\_\_

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

Name: \_\_\_\_\_

For: East Bay Integrated Care, Inc.

October 3, 2024

Chapters Health System, Inc.  
12470 Telecom Drive, Suite 300  
West Temple Terrace, Florida 33637  
Attn: Andrew K. Molosky  
Email: [amolosky@chaptershealth.com](mailto:amolosky@chaptershealth.com)

Buchanan Ingersoll & Rooney P.C.  
401 E. Jackson Street, Suite 2400  
Tampa, Florida 33602  
Attn: Dale S. Webber  
Email: [dwebber@buckin.com](mailto:dwebber@buckin.com)

Re: Side Letter to Affiliation Agreement re Enhanced Severance Policies

Dear Mr. Molosky and Mr. Webber:

Reference is hereby made to that certain Affiliation Agreement (the "Agreement") to be entered into on or about the date of this letter, by and between Chapter Health System, Inc., a Florida not for profit corporation ("Chapters") and East Bay Integrated Care, Inc. d/b/a Hospice East Bay, a California nonprofit public benefit corporation ("Hospice East Bay"). Chapters and Hospice East Bay are collectively referred to in this letter as the "Parties". Capitalized words used but not otherwise defined in this letter shall have the meanings given to them in the Agreement.

In connection with the transactions contemplated by the Agreement, Hospice East Bay will implement an enhanced severance plan for its employees (the "Plan"). The Parties have agreed that the Plan will take effect immediately as of the Parties' signing of the Agreement. Because the implementation of the Plan as of the signing date (rather than the Closing Date) implicates several of Hospice East Bay's representations, warranties, and covenants in the Agreement and corresponding disclosure schedules, the Parties have agreed to enter into this letter agreement.

The Parties acknowledge and agree that Hospice East Bay's implementation of the Plan immediately as of the date on which the Parties sign the Agreement:

1. Is expressly permitted and will not constitute a breach or violation of any provision of the Agreement, including without limitation Sections 4.20, 4.21, 6.2, and 6.3; and
2. Will not require any additional disclosure in the Agreement's disclosure schedules.

To the extent the terms set forth in this letter agreement conflict with the terms of the Agreement, the terms of this letter agreement shall control. This letter agreement may be executed in one or more counterparts, each of which, including those received via email (including in PDF format), shall be deemed an original, and all of which shall constitute one and the same agreement.

If the foregoing accurately sets forth the agreements that the Parties have reached with respect to the subject matter of this letter, please indicate your agreement to this letter's terms by countersigning in the place indicated below.

*[Remainder of Page Intentionally Blank]*

Very truly yours,

EAST BAY INTEGRATED CARE, INC

DocuSigned by:  
By: [Redacted] \_\_\_\_\_  
Name: Bill Wustek  
Title: Interim President & CEO

**Acknowledged and Agreed:**

CHAPTERS HEALTH SYSTEM, INC.

DocuSigned by:  
By: [Redacted] \_\_\_\_\_  
Name: Andrew K. Molosky  
Title: President & CEO

**11 Cal. Code Reg. Section 999.5(d)(1)(C)**

**Statement of reasons that the applicant's board of directors believes that the proposed transaction is necessary or desirable**

**Important Affiliation Announcement**

**Dated 10/31/2024**

I'm excited to announce that HEB has signed a definitive agreement to join Hospice of Santa Cruz County, Nathan Adelson Hospice (Las Vegas), and Willamette Vital Health (Oregon) in forming a western region of Chapters Health System (CHS), the nation's largest not-for-profit, end-of-life care organization. Our affiliation with CHS is particularly exciting, as it is a leader in innovative hospice, palliative, and home-based programming for the care of those affected by the challenges of advanced age and serious illness. This affiliation both strengthens and maintains our local mission, brand, and reputation. It also amplifies our opportunities in partnership with Chapters Health System to ensure that compassionate and comprehensive end-of-life care continues to be available to patients and their families in the communities we serve.

**Why An Affiliation**

As a nonprofit, Hospice East Bay has proudly served the region since 1977, providing the highest quality end-of-life care for residents of our diverse communities. We believe in the "nonprofit difference" by placing patients and family needs at the heart of our decision-making. However, the broader healthcare landscape has evolved considerably, and serious illness and hospice care are no exception. Over the past two decades, for-profit entities have increased their presence in the hospice space, often prioritizing profitability over compassionate bedside care. This, coupled with the unprecedented growth in the Medicare population, has meant that nonprofit Hospices across the country are facing a similar challenges of increased competition, staffing shortages, and the need to enhance service delivery to adequately meet community needs. Our new affiliation with CHS strategically positions Hospice East Bay to continue to meet our mission of serving local populations by procuring additional operational expertise needed for staffing stability, and enhanced partnerships that expand our capacity to innovate.

**What This Means**

At the heart of this affiliation is the ability to strengthen our resources. We are incredibly excited by the new opportunities for innovation and sustainability, enabling Hospice East Bay to preserve our commitment to valued referral partners, donors, friends, and corporate supporters -- all without changing the personal, community-based approach that has long defined us.

Here is what you can expect:

**Continued High Quality Patient Care**

- The care and services we provide to patients and their families will continue uninterrupted. Patients and families will gain access to a wider array of specialized services tailored to their unique needs. And the compassionate care, and personalized support our communities have come to trust will remain as strong as ever.

**Local Leadership and Community Focus**

- Hospice East Bay will retain our local leadership team and continue to be headquartered in Pleasant Hill, ensuring that our programs and services are tailored to meet the unique needs of our area.

#### **The Brand You Know**

- Hospice East Bay will continue to operate under the same name and mission. Importantly, donor support and investments will continue to directly benefit HEB's local service area, while also gaining the advantages of being part of a larger network.

#### **Comprehensive Resources**

- The combined expertise of our network will enhance our educational resources and support for our team members, and in turn our patients and families, ensuring they receive the best possible care throughout their journey.

These are exciting times for Hospice East Bay. We look forward to continuing our work to build a future where we can innovate, grow, and serve more patients and families. By preserving the best of our independent brand and history, while aligning with increased capacities – we can honor our history while also moving boldly and confidently into the future.

In Partnership,

Bill Musick  
Interim President & CEO

Title 11, California Code of Regulations, § 999.5(d)(2)

**FAIR MARKET VALUE**

**11 Cal. Code Reg. Section 999.5(d)(2)(A)**

**Estimated market value of all cash and other property that the applicant would receive for each health facility covered by the transaction**

The Transaction will not involve any sale, transfer, merger or other disposition of any assets of Hospice East Bay. Under the Affiliation Agreement, Chapters will become the sole member of Hospice East Bay through a mission-driven affiliation in which no cash, property, stock, notes forgiveness of debt, or other monetary consideration is to be received by Hospice East Bay. As a result, there is no estimated market value to be provided under this Section.

However, while there is no transfer or disposition of any assets, including cash holdings at the Closing, by Hospice East Bay or Chapters, the parties have made important commitments regarding the continued financial stability of Hospice East Bay, its continued operation of existing facilities and services, and ongoing focus on providing high quality care in Hospice East Bay's geographic area. For information regarding Hospice East Bay's assets, liabilities, and other financial matters, see the responses to OAG requests (d)(1)(B), (d)(1)(F), and the referenced attachments.

**11 Cal. Code Reg. Section 999.5(d)(2)(B)**

**Estimated market value of each health facility or other asset to be sold or transferred by the applicant under the proposed transaction**

The goal of the Transaction is to strategically position Hospice East Bay to continue to meet its mission of serving local populations by procuring additional resources and operational expertise needed for staffing stability, and enhanced partnerships that expand Hospice East Bay's capacity to innovate, rather than to obtain any monetary value. As a result, the Transaction will not involve any sale, transfer, merger or other disposition of any of Hospice East Bay's assets at Closing. However, as an indication of value available in the Transaction, information regarding Hospice East Bay's assets, liabilities, and other financial matters can be found in the responses to OAG requests (d)(1)(B), (d)(11)(F), and the referenced attachments.

**11 Cal. Code Reg. Section 999.5(d)(2)(C)**

**Description of methods used by the applicant to determine the market value of the assets involved in the transaction, including a description of the efforts made by the applicant to sell or transfer each health facility that is subject of the transaction**

The Transaction provides for Chapters to become the sole member of Hospice East Bay, and does not involve a sale, transfer merger or other disposition of any of Hospice East Bay's assets. As described in the responses to OAG requests (d)(2)(A) and (d)(2)(B) of this Notice, the goal of the Transaction is to strategically position Hospice East Bay to continue to meet its mission of serving local populations by procuring additional resources and operational expertise needed for staffing stability, and enhanced partnerships that expand Hospice East Bay's capacity to innovate, rather than to obtain any monetary value. As a result, the Transaction will not involve any sale, transfer, merger or other disposition of any of Hospice East Bay's assets at Closing.

However, as an indication of value available in the Transaction, information regarding Hospice East Bay's assets, liabilities, and other financial matters can be found in the responses to OAG requests (d)(1)(B), (d)(11)(F), and the referenced attachments.

**11 Cal. Code Reg. Section 999.5(d)(2)(D)**

**Reports, analysis, RFPs and other documents that refer or relate to the valuation of any asset involved in the transaction**

Hospice East Bay did not undertake a formal process in its search for a potential partner with which to affiliate, and accordingly did not solicit or receive responses to Requests for Proposals that refer or relate to the valuation of any asset. The Hospice East Bay Board did not focus on the exchange of monetary value, but instead focused on strategically positioning Hospice East Bay to continue to meet its mission of serving local populations by procuring additional resources and operational expertise needed for staffing stability, and enhanced partnerships that expand Hospice East Bay's capacity to innovate. Because the Transaction provides that Chapters will become the sole member of Hospice East Bay, and does not involve a sale, transfer, merger or other disposition of any of Hospice East Bay's assets at Closing, the parties did not obtain an appraisal in connection with the proposed Affiliation.

For more information regarding Hospice East Bay's deliberative process in selecting Chapters as its affiliation partner, please see the responses to OAG requests (d)(11)(A) and (d)(11)(D) of this Notice, and the referenced attachments.

**11 Cal. Code Reg. Section 999.5(d)(2)(E)**

**For joint venture transactions, all asset contribution agreements and related valuations, all limited liability corporation or limited liability partnership operating agreements, management contracts, and put option agreements**

N/A as the proposed transaction is not a joint venture.

Title 11, California Code of Regulations, § 999.5(d)(3)

**INUREMENT AND SELF-DEALING**

**11 Cal. Code Reg. Section 999.5(d)(3)(A)**

**Copies of all documents and writings that relate or refer to any personal financial benefit that the proposed transaction would confer on any officer, director, employee, doctor, medical group or other entity affiliated with the applicant or any family member (as defined by Corp. Code §5227(b)(2)).**

The commitments that Chapters and Hospice East Bay have made for the benefit of Hospice East Bay's employees are set forth in Section 7.1(a) and Section 7.1(c) of the Affiliation Agreement dated October 2, 2024, and in a side letter regarding Hospice East Bay's enhanced severance policies dated October 3, 2024. Except as set forth in such Section 7.1(a), Section 7.1(c) and the side letter, there are no other documents or writings that relate or refer to any personal financial benefit that the proposed transaction would confer on any officer, director, employee, doctor, medical group or other entity affiliated with the applicant or any family member (as defined by Corp. Code §5227(b)(2)).

For ease of reference, Section 7.1(a) and Section 7.1(c) of the Affiliation Agreement are set forth below:

“(a) Subject only to Chapters standard hiring practices and policies, Chapters shall offer employment to all of Hospice East Bay's employees who are employed and in good standing as of the Closing. All such employees will continue to be employed for an interim period of at least twelve (12) weeks after the Closing (except for any such employees who voluntarily resign). Subject to Section 7.1(c), for a period of fifty-two (52) weeks commencing with the date of this Agreement, all regular fulltime and part-time non-exempt and exempt salaried employees of Hospice East Bay as of the Closing Date will in the event of termination of employment, other than termination due to performance or a voluntary termination, be eligible to receive severance benefits described as follows: (i) regular full-time and part-time nonmanagement employees (excluding temporary or “PRN” employees), three (3) months; (ii) manager level employees, four (4) months; (iii) director level employees, six (6) months; and (iv) vice-president level employees, eight (8) months. Temporary or “PRN” employees will not be eligible for severance benefits. Any severance benefits potentially payable under this Section 7.1(a) to a Hospice East Bay employee will not be impacted by any post-Closing change in title or income level, nor will any such severance benefits become payable or adjusted solely because a Hospice East Bay managerial employee becomes employed by Chapters or a pre-Closing Chapters Affiliate (in which case severance benefits will be paid only if the managerial employee's position with Chapters or such pre-Closing Chapters Affiliate is eliminated).

Eligibility of each manager, director and vice president level employee to potentially receive the severance benefits provided for in this Section 7.1(a) will be conditioned upon Chapters and Hospice East Bay receiving from such Hospice East Bay employee prior to the payment of any severance a duly executed and effective separation and release agreement in a form mutually acceptable to Chapters and Hospice East Bay in which such employee agrees to keep the terms associated with their severance benefits confidential and to fully release Hospice East Bay and Chapters from any and all liabilities and obligations upon the payment of severance benefits to which such employee may become entitled. Any severance benefits to be paid to employees of Hospice East Bay stated herein will be paid out of Hospice East Bay's pre-Closing assets. In anticipation of potentially paying the severance benefits described in this

Section 7.1(a), Hospice East Bay will prior to the Closing reserve on its financial statements the following amounts: (a) five percent (5%) of the maximum potential aggregate amount of severance benefits that could become due and payable to Hospice East Bay's regular full-time and part-time non-management employees; and (b) fifty percent (50%) of the maximum potential aggregate amount of severance benefits that could become due and payable to Hospice East Bay's manager level, director level and vice-president level employees. Hospice East Bay's managerial employees that remain in good standing will continue to participate in any existing Hospice East Bay bonus incentive plan that may exist for 2024 and any bonus earned for 2024 will be paid in accordance with the terms of that plan. Commencing with calendar year 2025, Hospice East Bay's executive employees will participate in Chapters' bonus incentive plan and any bonuses that are paid will be in accordance with such plan.

(c) Notwithstanding anything to the contrary, those employees represented by the National Union for Health Care Workers or any other labor union or organization shall receive the compensation, benefits, and other protections, including without limitation any severance benefits, as contemplated under the applicable collective bargaining agreement or similar agreement, if any. If no such collective bargaining agreement or similar agreement exists as of the Closing, then such employees represented by the National Union for Health Care Workers or any other labor union or organization shall be eligible for the severance benefits described above until a collective bargaining agreement or similar agreement takes effect."

**11 Cal. Code Reg. Section 999.5(d)(3)(B)**

**List the identity of each officer, trustee or director of the applicant (or family member) or affiliate of the applicant who or which has any personal financial interest in any company or other entity currently doing business with the applicant, any affiliate of the applicant or the transferee or any affiliate of the transferee**

EBIC Board Directors Employed by Health Care Organizations Referring Patients to EBIC

Three of EBIC's board members are employed by health systems that refer patients to EBIC for hospice and/or palliative care. None of them have a direct role in making those referrals. They are:

- Michelle Lopes, Senior Vice President, Chief Nurse Executive of John Muir Health
- Lindsay Duggan, Manager- Patient Safety, John Muir Health
- Marta Hudson, Executive Administrator Continuum of Care, Kaiser Permanente Diablo Service Area

No officers, trustees or directors of Chapters Health System has any financial interest or does business with EBIC

11 Cal. Code Reg. Section 999.5(d)(3)(C)

A statement describing how the boards of directors of the nonprofit corporations involved in the transaction are complying with Health and Safety Code sections 1260 and 1260.1

N/A

Title 11, California Code of Regulations, § 999.5(d)(4)

**CHARITABLE USE OF ASSETS**

**11 Cal. Code Reg. Section 999.5(d)(4)(A)**

**Submission of the applicant's article of incorporation, bylaws, charitable trust restrictions and other information defining the charitable trust purposes of the applicant's assets**

Attached to this Section are the following:

- A copy of the Articles of Incorporation of Hospice East Bay
- A copy of the Bylaws of Hospice East Bay

A492674

# State of California



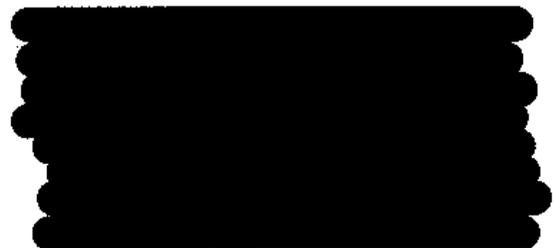
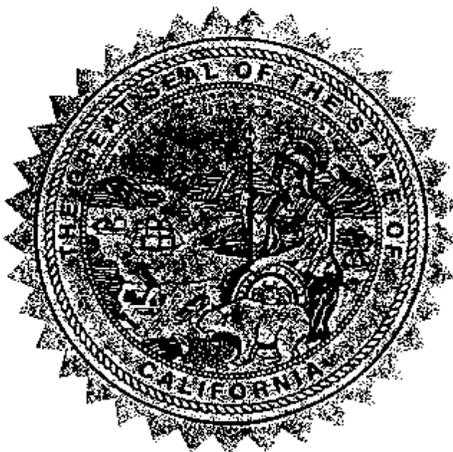
SECRETARY OF STATE

I, *BILL JONES*, Secretary of State of the State of California, hereby certify:

That the attached transcript has been compared with the record on file in this office, of which it purports to be a copy, and that it is full, true and correct.

*IN WITNESS WHEREOF*, I execute this certificate and affix the Great Seal of the State of California this

MAY 30 1997



Secretary of State

A492674

ENDORSED  
FILED  
In the office of the Secretary of State  
of the State of California

MAY 29 1997

*Bill Jones*  
BILL JONES, Secretary of State

**CERTIFICATE OF AMENDMENT**  
**OF**  
**ARTICLES OF INCORPORATION**

The undersigned certify that:

1. They are the President and the Secretary, respectively, of HOSPICE OF CONTRA COSTA, INC., a California Non-Profit Corporation.

2. ARTICLE I of the Articles of Incorporation of this corporation is amended to read as follows:

The name of this corporation is EAST BAY INTEGRATED CARE, INC.

3. The foregoing Amendment of Articles Of Incorporation has been duly approved by the Board of Directors.

4. The foregoing Amendment Of Articles Of Incorporation has been duly approved by the required vote of the members.

We further declare under penalty of perjury under the laws of the State of California, that the matters set forth in this certificate are true and correct of our own knowledge.

Dated: May ~~24~~, 1997

[Redacted signature]

Dated: May , 1997

[Redacted signature]

902832

ENDORSED  
FILED

In the office of the Secretary of State  
of the State of California

NOV 8 1978

MARCH FONG EU, Secretary of State

Gloria J. Carroll  
Deputy

ARTICLES OF INCORPORATION  
OF  
HOSPICE OF CONTRA COSTA, INC.

I

The name of this corporation shall be HOSPICE OF CONTRA  
COSTA, INC.

II.

The purposes for which this corporation is formed are:

(a) The specific and primary purposes are to operate  
exclusively for charitable and scientific purposes meeting  
the requirements for exemption provided by Section 214 of the  
Revenue and Taxation Code by providing, coordinating and  
improving the medical, psychological and spiritual services  
available to the dying and their families in Contra Costa  
County.

(b) The general purposes and powers are to have and  
exercise all rights and powers conferred on nonprofit corpo-  
rations under the laws of California, including the power to  
contract, rent, buy or sell personal or real property, provided,  
however, that this corporation shall not, except to an insub-  
stantial degree, engage in any activities or exercise any

powers that are not in furtherance of the primary purposes of this corporation.

(c) No substantial part of the activities of this corporation shall consist of carrying on propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate or intervene in any political campaign (including the publishing or distribution of statements) on behalf of any candidate for public office.

### III

This corporation is organized pursuant to the General Non-profit Corporation Law of the State of California. This corporation does not contemplate pecuniary gain or profit to the members thereof and it is organized for nonprofit purposes.

### IV

The principal office for the transaction of the business of this corporation is located in the County of Contra Costa, State of California.

### V

The general management of the affairs of this corporation shall be under the control, supervision and direction of the board of directors. The names and addresses of persons who are to act in the capacity of directors until the selection of their successors are:

Name	Address
<u>Susan Louie</u>	<u>401 Gregory Lane Pleasant Hill, CA</u>
<u>Viola Riebe</u>	<u>108 Montecito Crescent Walnut Creek, CA</u>
<u>Tighe O'Hanrahan</u>	<u>3490 Springhill Court Lafayette, CA</u>
<u>Evelyn Radford</u>	<u>136 Shadow Mountain Court Pleasant Hill, CA</u>
<u>Jenny Best</u>	<u>Route 1, Box 63 - A Oakley, CA</u>

#### VI

The authorized number and qualifications of members of the corporation, the different classes of membership, if any, the property, voting and other rights and privileges of members, and their liability to dues and assessments and the method of collection thereof, shall be as set forth in the bylaws.

#### VII

The property of this corporation is irrevocably dedicated to charitable purposes and no part of the net income or assets of this organization shall ever inure to the benefit of any director, officer or member thereof or to the benefit of any private individual. Upon the dissolution or winding up of the corporation, its assets remaining after payment of, or provision of 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 is established its tax exempt status under Section 501(c)(3) of the Internal Revenue Code. If this corporation holds any assets in trust, or a corporation is formed for charitable purposes, such assets shall be disposed of in such manner as may be directed by decree of the superior court of the county in which the corporation has its principal office, upon petition therefore by the Attorney General or by a person concerned in the liquidation, in a proceeding to which the Attorney General is a party.

IN WITNESS WHEREOF, the undersigned have executed these Articles of Incorporation, this 22<sup>ND</sup> day of SEPTEMBER, 1978.

[REDACTED SIGNATURES]

STATE OF CALIFORNIA )  
COUNTY OF CONTRA COSTA) ss.

On this 11th day of September in the year  
one thousand nine hundred and seventy-eight before me,

Nancy L. Hall  
a Notary Public, State of California, duly commissioned  
and sworn, personally appeared Susan L. Jones

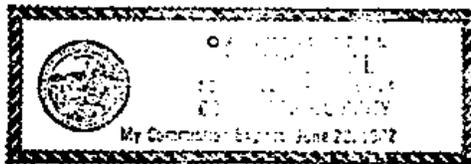
known to me to be the person whose name is subscribed to  
the within instrument and acknowledged to me that she  
executed the same.

IN WITNESS WHEREOF I have hereunto set my hand and affixed  
my official seal in the \_\_\_\_\_ County of  
Contra Costa the day and year in this  
certificate first above written.

[REDACTED]

[REDACTED]

My commission expires 6-22-82



**AMENDED AND RESTATED  
BYLAWS  
OF  
EAST BAY INTEGRATED CARE, INC.**

**ARTICLE I  
PRINCIPAL OFFICE**

The principal office of this Corporation shall be located in the County of Contra Costa, California.

**ARTICLE II  
PURPOSE: MEMBERSHIP**

**Section 1. Purpose.** This Corporation is a nonprofit public benefit Corporation within the definition of the California Nonprofit Corporation Law. The property of the Corporation is irrevocably dedicated to public, charitable, healthcare and educational purposes which meet the requirements of Section 501(c)(3) of the Internal Revenue Code and Sections 23701 and 214 of the California Revenue and Taxation Code.

**Section 2. Membership.** This Corporation shall have no voting members, but the Board of Directors may, by resolution, establish one or more classes of non-voting members and provide for eligibility requirements for membership and rights and duties of members, including the obligation to pay dues.

**ARTICLE III  
BOARD OF DIRECTORS**

**Section 1. Powers.** This Corporation shall have powers to the full extent allowed by law. All powers and activities of this Corporation shall be exercised and managed by the Board of Directors of this Corporation directly or, if delegated, under the ultimate direction of the Board.

**Section 2. Number of Directors.** The number of Directors shall be not less than nine nor more than nineteen, with the exact number of authorized Directors to be fixed from time to time by resolution of the Board of Directors. The President/Chief Executive Officer of the Corporation shall serve as a voting member of the Board.

**Section 3. Limitations on Interested Persons.** At no time may any of the Directors of this Corporation be interested persons. An interested person means either:

- (a) with the exception of the President/Chief Executive Officer, as described in Section 2 of this Article III, any person currently being compensated by this Corporation for services rendered to it within the previous twelve months,

whether as a full-time or part-time employee, independent contractor, or otherwise, excluding any reasonable compensation paid to a Director in his or her capacity as Director; or

- (b) any brother, sister, ancestor, descendant, spouse, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law, or father-in-law of any such person.

**Section 4. Nomination, Election, Term of Office, and Qualification of Directors.**

The Directors then in office shall elect their successors from among nominees presented by the Nominating Committee. Each Director shall be elected for a term of three years, and shall hold office until a successor has been elected. Directors may serve three (3) successive terms and thereafter must retire from the Board for a period of at least one (1) year. The board, with the approval of at least three-quarters (¾) of its current members, may extend the third and final term of one or more Directors by up to one year. Approximately one-third (1/3) of the total authorized number of Directors shall be elected every year. The Nominating Committee shall consist of the members of the Governance Committee. If the nominee is currently a Director, that Director shall not vote or be present for the vote regarding any of the nominees (including him or herself) and shall not be included for purposes of counting the total number of Directors eligible to vote for the election of Directors.

**Section 5. Leave of Absence.** Leave of absence may be requested by a Director and granted by the Executive Committee.

**Section 6. Vacancies.** Director Vacancies shall be filled in accordance with the nomination and selection process set forth in Section 4 of this Article III.

**Section 7. Resignation.** Resignations shall be effective upon receipt in writing by the Chair, the President/Chief Executive Officer, the Secretary, or the Board of Directors of this Corporation, unless a later effective date is specified in the resignation.

**Section 8. Annual Meeting.** An annual meeting of the Board of Directors shall be held at least once a year in December. The annual meeting shall be called by the Chair or any two Directors, and noticed in accordance with Section 9.

**Section 9. Regular Meetings.** Regular meetings of the Board shall be held at least quarterly, at the times and places designated by the Board by written notice sent by the Chair of the Board.

**Section 10. Special Meetings.** Special meetings of the Board of Directors may be called by the Chair or any two Directors, and noticed in accordance with Section 10.

**Section 11. Notice.** Notice of the annual meeting and any special meetings of the Board of Directors shall be given to each Director at least four days before any such

meeting if given by first-class mail or forty-eight hours before any such meeting if given personally or by telephone, e-mail, or facsimile transmission, and shall state the date, place, and time of the meeting.

**Section 12. Waiver of Notice.** The transactions of any meeting of the Board of Directors, however called and noticed and wherever held, shall be valid as though taken at a meeting duly held after proper call and notice, if a quorum is present, and if, either before or after the meeting, each of the Directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. All waivers, consents and approvals shall be filed with the corporate records or made a part of the minutes of the meeting. Notice of a meeting shall also be deemed given to any Director who attends the meeting without protesting the lack of adequate notice before the meeting or at its commencement.

**Section 13. Quorum.** One third of the total number of Directors then in office shall constitute a quorum for the transaction of business, except to adjourn. The act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, except as otherwise provided in Article III, Sections 6 and 12; Article IV, Section 1; Article VI, Section 3; Article VII, Section 2; and Article VIII, Section 4, of these Bylaws or in the California Nonprofit Public Benefit Corporation Law. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of Directors, if any action taken is approved by at least a majority of the required quorum for such meeting.

**Section 14. Action Without a Meeting.** Any action required or permitted to be taken by the Board may be taken without a meeting, if all members of the Board shall individually or collectively consent to such action. Such written consents shall be filed with the minutes of the proceedings of the Board. Such written consents shall have the same force and effect as the unanimous vote of such Directors.

**Section 15. Remote Communication Meetings.** Directors may participate in a meeting through use of remote communications including conference telephone, video conference or similar communications equipment so long as all Directors participating in such meeting may simultaneously communicate with each other. Participation in a meeting pursuant to this Section constitutes presence in person at such meeting.

**Section 16. Standard of Care.**

(a) **General.** A Director shall perform the duties of a Director, including duties as a member of any Board Committee on which the Director may serve, with such care, including reasonable inquiry, as an ordinarily prudent person in a like situation would use under similar circumstances.

In performing the duties of a Director, a Director shall be entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, in each case prepared or presented by:

- (i) one or more officers or employees of this Corporation whom the Director believes to be reliable and competent as to the matters presented;
- (ii) counsel, independent accountants, or other persons as to matters which the Director believes to be within such person's professional or expert competence;
- (iii) a Board Committee upon which the Director does not serve, as to matters within its designated authority, provided that the Director believes such Committee merits confidence; or
- (iv) other Directors as to matters within their designated authority, provided the Director believes such Director(s) merits confidence, so long as in any such case, the Director acts in good faith after reasonable inquiry when the need therefor is indicated by the circumstances and without knowledge that would cause such reliance to be unwarranted.

Except as provided in Article VI below, a person who performs the duties of a Director in accordance with this Section shall have no liability based upon any failure or alleged failure to discharge that person's obligations as a Director, including, without limiting the generality of the foregoing, any actions or omissions which exceed or defeat a public or charitable purpose to which a corporation, or assets held by it, are dedicated.

**(b) Investments.** Except with respect to assets held for use or used directly in carrying out this Corporation's charitable activities, in investing, reinvesting, purchasing or acquiring, exchanging, selling, and managing this Corporation's investments, the Board shall avoid speculation, looking instead to the permanent disposition of the funds, considering the probable income as well as the probable safety of this Corporation's capital. No investment violates this section where it conforms to provisions authorizing such investment contained in an instrument or agreement pursuant to which the assets were contributed to this Corporation.

**(c) Fiduciary Duty Policy.** Each Director shall abide by the provisions of the Fiduciary Duty Policy as adopted by the Board of Directors.

**Section 17. Inspection.** Every Director shall have the absolute right at any reasonable time to inspect and copy all books, records, and documents, and to inspect the physical properties of this Corporation.

**Section 18. Expenses; Compensation.** The Board of Directors may authorize, by resolution, the advance or reimbursement to a Director of actual and reasonable costs and expenses incurred as a Director. Directors shall not be compensated for their

services by this Corporation.

**Section 19. Board Member Emeritus.** Board Members Emeritus shall be nominated by the Nominating Committee and elected by the Board of Directors. Board Members Emeritus shall be selected from those Board Members who have served on the Board of Directors with distinction. Emeritus Members shall serve for a two (2) year renewable term for as long as they remain active within the Corporation and may end their term at any time. A Board Member Emeritus shall be entitled to receive all notices and information which are provided to the Board of Directors, to attend Board of Director meetings, to participate in meetings of the committees on which they serve, and encouraged to attend all other events of the Corporation. A Board Member Emeritus shall not be subject to any attendance policy counted in determining a quorum, entitled to hold office, or entitled to vote at any Board meeting.

#### **ARTICLE IV COMMITTEES**

**Section 1. Board Committees.** The Board of Directors may, by resolution adopted by a majority of the Directors then in office, create any number of Board Committees, each consisting of three or more Directors, to serve at the pleasure of the Board. The Board of Directors may adopt rules for the governance of any standing committee, advisory committee or subcommittee not inconsistent with the provision of these bylaws. Appointments to any Board Committee shall be made by any method determined by a majority vote of the Directors then in office. Meetings and actions of Board Committees shall be governed by and held and taken in accordance with the provisions of Article III of these Bylaws concerning meetings and actions of the Board of Directors, with such changes in the content of those Bylaws as are necessary to substitute the Board Committee and its members for the Board of Directors and its members.

Board Committees may be given all the authority of the Board, except for the powers to:

- (a) set the number of Directors within a range specified in these Bylaws;
- (b) elect Directors or remove Directors ;
- (c) fill vacancies on the Board of Directors or on any Board Committee;
- (d) amend or repeal these Bylaws or adopt new Bylaws;
- (e) adopt amendments to the Articles of Incorporation of this Corporation;
- (f) amend or repeal any resolution of the Board of Directors which by its express terms is not so amendable or repeal able;

- (g) create any other Board Committees or appoint the members of any Board Committees, or
- (h) approve any merger, reorganization, voluntary dissolution, or disposition of substantially all of the assets of this Corporation.

Where it is not reasonably practicable to obtain approval of the Board before entering into a self-dealing transaction, a Board Committee may approve such transaction in a manner consistent with the requirements of Section 3 of Article VI of these Bylaws; provided that, at its next meeting, the full Board determines in good faith that the Board Committee's approval of the transaction was consistent with the requirements in Section 3 of Article VI and that it was not reasonably practical to obtain advance approval by the full Board, and ratifies the transaction by a majority of the Directors then in office without the vote of any interested Director.

**Section 2. Executive Committee.**

- (a) The Executive Committee shall consist of the President/Chief Executive Officer, Chair, Immediate Past-Chair, Vice-Chair, Secretary and Treasurer of the Corporation. The Chair shall preside at these meetings and may invite Board members and other individuals to such meetings in an advisory capacity. The Executive Committee shall, subject to the Articles, these Bylaws, applicable law, and the ultimate authority of the Board, exercise the power of the Board when there is an urgent situation if the Chair of the Board, the President/Chief Executive Officer, or any two Board members, believe that it would be in the best interests of the Corporation for the Executive Committee to meet in order to resolve the issue prior to the next scheduled Board meeting. The Chair of the Board or the President/Chief Executive Officer shall call upon the Executive Committee for advice and recommendations on matters of major importance, including matters they intend to take to the full Board.
- (b) Between regular meetings of the Board of Directors, the Executive Committee shall have, and may exercise in the absence of specific direction by the Board of Directors, any and all powers of the Board of Directors in the management of the business and affairs of the Corporation except for those powers specifically prohibited by Section 1 of this Article IV. The Executive Committee shall report its actions for ratification to the Board of Directors at its next regular meeting.
- (c) A Quorum of the Executive Committee shall consist of four (4) members.

### **Section 3. Standing Committees.**

Standing Committees serve at the pleasure of the Board of Directors and assist the Board in fulfilling its responsibilities and performing its roles. Standing Committees have no independent authority to make decisions on behalf of the Board (except in limited situations as noted below). Standing Committees shall determine their own meeting rules and schedule. Minutes shall be kept of each meeting and all Standing Committees shall meet at least one time per year. The following committees are Standing Committees:

- **Finance Committee.** The Finance Committee shall consist of no fewer than three (3) Board members and the President/Chief Executive Officer. Membership on the Finance Committee will include the Treasurer, who is the chair of the Committee, and no fewer than two additional board members who have financial/accounting experience. The Corporation's Vice President of Finance/Chief Financial Officer shall serve as the Committee's advisor and primary contact with Management.

The Finance Committee is responsible for assisting the Board in formulating policies, decision making and exercises oversight that ensures the Corporation's financial health. The Committee will perform a detailed review of the Agency's annual Operating, Capital, and Cash Flow Budgets prior to the presentation of these financial documents to the full Board for deliberation and action. The Finance Committee will meet at least quarterly to perform a detailed review of any significant variance from the approved annual budget and submit an assessment to the Board for deliberation and action, if any.

- **Governance Committee.** The Governance Committee shall consist of no fewer than three (3) Board members and the President/Chief Executive Officer. The Governance Committee duties shall include oversight of the following for the Board of Directors: revisions to the Articles and Bylaws of the Corporation; governance policies addressing the Board of Directors and its committees; Board development and education; evaluation and performance of the Board and its committees; and establishment of committee charters.

The Governance Committee shall constitute a standing Nominating Committee. Members of the Governance Committee subject to nomination to the Board shall not be considered members of the Governance Committee when it is acting as the Board Nominating Committee. In addition to nominating new Board members and existing members for new terms, the Governance Committee shall recommend individuals for appointment by the Board to vacant positions on standing or special committees. By the December Annual Meeting, the Governance Committee shall nominate members to fill Board officer positions. The Governance Committee shall meet at least twice annually and as needed.

- **Strategic Planning Committee.** **The Strategic Planning Committee** shall consist of no fewer than four (4) Board members and the President/Chief Executive Officer. The Strategic Planning Committee duties include oversight of strategic planning, vision and goals and protecting and advancing stakeholder interests. The Strategic Planning Committee shall meet at least twice annually and as needed.
- **Human Resources/Compensation Committee.** **The Human Resources/Compensation Committee** shall consist of no fewer than three (3) Board members and the President/Chief Executive Officer. The Chief Human Resources Officer shall serve as an advisor to the Committee and primary contact with Management. The Committee duties include determining President/Chief Executive Officer salary range, developing performance objectives and bonus criteria for the President/Chief Executive Officer and advising the President/Chief Executive Officer regarding salary increases, freezes, benefit changes and other issues related to human resources within the Corporation. The Human Resources/Compensation Committee shall meet at least twice annually and as needed.
- **Quality, Safety & Compliance Committee.** The Quality, Safety & Compliance Committee shall consist of no fewer than three (3) Board members and the Vice President of Clinical Services/Chief Operating Officer. The Vice President of Quality, Education and Compliance shall serve as an advisor to the Committee and primary contact with Management. The Committee shall provide oversight of and ensure the quality of clinical care, patient and employee safety and service. The Quality, Safety & Compliance Committee will meet at least quarterly.
- **Development Committee.** The Development Committee shall consist of no fewer than three (3) Board members. The Chief Development Officer shall serve as an advisor to the Committee and primary contact with Management. The Committee duties include working with the staff to develop fundraising opportunities in the community to support the Corporation's programs and community outreach. The Development Committee shall meet at least twice annually and as needed.
- **Investment Committee.** The Investment Committee shall consist of no fewer than three (3) Board members, who are members of the Finance Committee, the Board Chair, the President/Chief Executive Officer and the Vice President of Finance/Chief Financial Officer. The duties of the Committee are to formulate, modify and monitor compliance with the Investment Policy, review the investment positions and performance, engagement of the Professional Investment Manager, and report to the Finance Committee and Board on the results and status of the investment portfolio. The Investment Committee shall meet quarterly.

- **Audit Committee.** The Audit Committee shall consist of three (3) or more Board members, at least one of whom must be a member of the Corporation's Finance Committee (who is not the Treasurer) and the President/Chief Executive Officer. One or more independent advisors with audit and financial expertise shall advise the Committee. The Vice President of Finance/Chief Financial Officer shall serve as an advisor and primary contact with Management. The Audit Committee duties include oversight of the annual audit of the Corporation's financial statements by the Corporation's independent accountants, including engagement of the auditors, approving the auditors' retention and fee, their qualifications and independence, adequacy of the Corporation's internal control systems, provide oversight of the integrity of financial statements and reports, review the audit report and management letter and arrange presentation to the full Board. The Executive Committee (not to include the Treasurer and with the addition of one or more independent advisors as referenced above) may serve as the Audit Committee when approved by the Board of Directors. The Audit Committee shall meet at least twice annually and as needed.

**Section 4: Advisory Committees.** The Board of Directors may establish one or more Advisory Committees to the Board. The members of any Advisory Committee may consist of Directors or non-Directors and may be appointed as the Board determines. Advisory Committees shall determine their own meeting rules and whether minutes shall be kept. Advisory committees may not exercise the authority of the Board to make decisions on behalf of this Corporation, but shall be restricted to making recommendations to the Board or Board Committees, Standing Committees, and implementing Board or Board Committee decisions and policies under the supervision and control of the Board or Board Committee.

**Section 5: Committee Membership Requirements.** Each Board member will serve on at least two committees.

**Section 6: Subcommittees.** The Board or any standing or advisory committee may authorize any subcommittee to carry out certain specified functions or responsibilities, or to provide such advice and recommendation as the Board or any such committee shall require, but no subcommittee shall have the authority to determine Corporation policy or otherwise exercise any powers of the Board with respect to the business and affairs of the Corporation.

## **ARTICLE V OFFICERS**

**Section 1. Officers.** The officers of this Corporation shall be a Chair, at least one Vice-Chair, a Secretary, a Treasurer, and a President/Chief Executive Officer. The Corporation may also have, at the discretion of the Directors, such other officers as may be appointed by the Board of Directors. Any number of offices may be held by the same person, except that neither the Secretary nor the Treasurer may serve concurrently as the Chair of the Board. The Chair shall be elected from among the Directors of the Corporation. Officers shall serve terms of two (2) years.

**Section 2. Election.** The officers of this Corporation shall be elected every two years by the Board of Directors, and shall serve at the pleasure of the Board, subject to the rights, if any, of an officer under any contract of employment.

**Section 3. Removal.** Subject to the rights, if any, of an officer under any contract of employment, any officer may be removed, with or without cause, by the Board of Directors or by an officer on whom such power of removal may be conferred by the Board of Directors.

**Section 4. Resignation.** Any officer may resign at any time by giving written notice to this Corporation. Any resignation shall take effect on receipt of that notice by such officer or at any later time specified by that notice and, unless otherwise specified in that notice, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of this Corporation under any contract to which the officer is a party.

**Section 5. Vacancies.** A vacancy in any office for any reason shall be filled in the same manner as these Bylaws provide for election to that office.

**Section 6. Chair.** The Chair shall be the Chair of the Board of Directors of this Corporation and shall preside at all meetings of the Board of Directors. The Chair shall have the general powers and duties of management usually vested in the office of Chair of the Corporation and shall have such other powers and duties as may be prescribed by the Board or these Bylaws. The general powers and duties of the Chair shall be coordinated with those of the President/Chief Executive Officer of the Corporation as prescribed by the Board of Directors.

**Section 7. Vice-Chair.** The Vice-Chair shall, in the absence of the Chair, carry out the duties of the Chair and shall have such other powers and duties as may be prescribed by the Board or these Bylaws.

**Section 8. Secretary.** The Secretary shall supervise the keeping of a full and complete record of the proceedings of the Board of Directors and its committees, shall supervise the giving of such notices as may be proper or necessary, shall

supervise the keeping of the minute books of this Corporation, and shall have such other powers and duties as may be prescribed by the Board or these Bylaws.

**Section 9. Treasurer.** The Treasurer shall supervise the charge and custody of all funds of this Corporation, the deposit of such funds in the manner prescribed by the Board of Directors, and the keeping and maintaining of adequate and correct accounts of this Corporation's properties and business transactions, shall render reports and accountings as required, and shall have such other powers and duties as may be prescribed by the Board or these Bylaws.

**Section 10. President/Chief Executive Officer.** The President/Chief Executive Officer shall, subject to control of the Board, generally hire employees, supervise, direct and control the day to day business of this Corporation. The President/Chief Executive Officer shall have the general powers and duties of management usually vested in the office of the President/Chief Executive Officer of the Corporation and shall have such other powers and duties as may be prescribed by the Board or these Bylaws. The President/Chief Executive Officer may have a contract of employment with the Board of Directors; however, no such contract shall exceed two (2) years in length and may be terminable at will by the Board of Directors upon terms and conditions agreed to by the Board of Directors and the President/Chief Executive Officer contained in the contract. The President/Chief Executive Officer shall be a member of the Board of Directors and serve as ex-officio of all Board committees.

## ARTICLE VI PROHIBITED TRANSACTIONS

**Section 1. Loans.** Except as permitted by Section 5236 of the California Nonprofit Public Benefit Corporation Law, this Corporation shall not make any loan of money or property to, or guarantee the obligation of, any Director or officer; provided, however, that this Corporation may advance money to a Director or officer of this Corporation, or any subsidiary for expenses reasonably anticipated to be incurred in performance of the duties of such Director or officer so long as such individual would be entitled to be reimbursed for such expenses absent that advance.

**Section 2. Self-Dealing Transactions.** Except as provided in Section 3 below, the Board of Directors shall not approve, or permit the Corporation to engage in, any self-dealing transaction. A self-dealing transaction is a transaction to which this corporation is a party and in which one or more of its Directors has a material financial interest, unless the transaction comes within California Corporations Code Section 5233(b).

**Section 3. Approval.** This Corporation may engage in a self-dealing transaction if the transaction is approved by a court or by the Attorney General. This Corporation may also engage in a self-dealing transaction if the Board determines, before the transaction, that (a) this Corporation is entering into the transaction for its own

benefit; (b) the transaction is fair and reasonable to this Corporation at the time; and (c) after reasonable investigation, the Board determines that it could not have obtained a more advantageous arrangement with reasonable effort under the circumstances. Such determinations must be made by the Board in good faith, with knowledge of the material facts concerning the transaction and the Director's interest in the transaction, and by a vote of a majority of the Directors then in office, without counting the vote of the interested Director or Directors.

## ARTICLE VII INDEMNIFICATION AND INSURANCE

**Section 1. Right of Indemnity.** To the fullest extent allowed by Section 5238 of the California Nonprofit Public Benefit Corporation Law, this Corporation may indemnify its agents, in connection with any proceeding, and in accordance with Section 5238. For purposes of this Article, "agent" shall have the same meaning as in Section 5238(a), including Directors, officers, employees, other agents, and persons formerly occupying such positions; "proceeding" shall have the same meaning as in Section 5238(a), including any threatened action or investigation under Section 5233 or brought by the Attorney General; and "expenses" shall have the same meaning as in Section 5238(a), including reasonable attorneys' fees.

**Section 2. Approval of Indemnity.** On written request to the Board of Directors in each specific case by any agent seeking indemnification, to the extent that the agent has been successful on the merits, the Board shall promptly authorize indemnification in accordance with Section 5238(d). Otherwise, the Board shall promptly determine, by a majority vote of a quorum consisting of Directors who are not parties to the proceeding, whether, in the specific case, the agent has met the applicable standard of conduct stated in Section 5238(b) or Section 5238(c), and, if so, may authorize indemnification to the extent permitted thereby.

**Section 3. Advancing Expenses.** On request of an agent of this Corporation, the Board of Directors may authorize the advance of expenses incurred by or on behalf of such agent in defending any proceeding prior to final disposition within the limits allowed by Section 5238 of the California Nonprofit Public Benefit Corporation Law, if the Board finds that:

- (a) the requested advances are reasonable in amount under the circumstances; and
- (b) before any advance is made, the agent will submit a written undertaking satisfactory to the Board to repay the advance unless it is ultimately determined that the agent is entitled to indemnification for the expenses under this Article.

The Board may refuse to advance such expenses, or may impose such conditions on the advance as it deems appropriate, such as requiring security for repayment or charging interest on the obligation created thereby.

**Section 4. Insurance.** The Board of Directors may adopt a resolution authorizing the purchase of insurance on behalf of any agent against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such, and such insurance may provide for coverage against liabilities beyond this Corporation's power to indemnify the agent under law.

## **ARTICLE VIII MISCELLANEOUS**

**Section 1. Fiscal Year.** The fiscal year of this Corporation shall be the calendar year.

**Section 2. Contracts, Notes and Checks.** All contracts entered into on behalf of this Corporation must be authorized by the Board of Directors or the person or persons on whom such power may be conferred by the Board from time to time, such as the President/Chief Executive Officer, and, except as otherwise provided by law, every check, draft, promissory note, money order or other evidence of indebtedness of this Corporation shall be signed by the person or persons on whom such power may be conferred by the Board from time to time, such as the President/Chief Executive Officer.

**Section 3. Annual Reports to Directors.** Within 120 days after the end of this Corporation's fiscal year, the President/Chief Executive Officer shall furnish a written report to all Directors, of this Corporation containing the following information:

- (a) the assets and liabilities, including the trust funds of this Corporation, as of the end of the fiscal year;
- (b) the principal changes in assets and liabilities, including trust funds during the fiscal year;
- (c) the revenue or receipts of this Corporation both unrestricted and restricted for particular purposes, for the fiscal year;
- (d) the expenses or disbursements of this Corporation, for both general and restricted purposes, for the fiscal year; and
- (e) any transaction during the previous fiscal year involving \$50,000.00 or more between this Corporation (or its parent or subsidiaries, if any) and any of its Directors or officers (or the Directors or officers of its parent or subsidiaries, if any) or any holder of more than ten percent of the voting power of this Corporation or its parent or subsidiaries, if any, and the amount and circumstances of any indemnifications or advances aggregating more than \$10,000.00 paid during the fiscal year to any Director or officer of this Corporation For each

transaction, the report must disclose the names of the interested persons involved in such transaction, stating such person's relationship to this Corporation, the nature of such person's interest in the transaction and, where practicable, the value of such interest.

The foregoing report shall be accompanied by any report thereon of independent accountants or, if there is no such report, the certificate of an authorized officer of this Corporation that such statement were prepared without an audit from the books and records of this Corporation.

**Section 4. Amendments.** Except as otherwise set forth in the California Nonprofit Corporation Law or these Bylaws, these Bylaws may be adopted, amended, or repealed by the vote of a majority of Directors. Notwithstanding any other provision of these Bylaws, with respect to a meeting to amend the Bylaws, written notice shall be mailed or electronically mailed to all Directors at least one week prior to such meeting, and the notice shall specify the proposed changes to the bylaws as well as the time and place of the meeting.

**Section 5. Governing Law.** In all matters not specified in these Bylaws, or in the event those Bylaws shall not comply with applicable law, the California Nonprofit Public Benefit Corporation Law as then in effect shall apply.

**11 Cal. Code Reg. Section 999.5(d)(4)(B)**

**Applicant's plan for use of the net proceeds after the close of the proposed transaction together with a statement explaining how the proposed plan is as consistent as possible with existing charitable purposes and complies with all applicable charitable trusts that govern use of applicant's assets. The plan must include any proposed amendments to the articles of incorporation or bylaws of the applicant or any entity related to the applicant that will control any of the proceeds from the proposed transfer.**

The Closing of the Transaction will not result in net proceeds to Hospice East Bay as there is no financial consideration being paid to Hospice East Bay in connection with the Transaction. Rather, the benefits to Hospice East Bay from the Transaction will accrue over time as Hospice East Bay is integrated into the Chapters health system. Hospice East Bay will benefit significantly from Chapters' support services that will be made available to Hospice East Bay. These services include financial and accounting; information and telecommunications; regulatory and corporate compliance; human resources; marketing, communications and public affairs; legal; facilities management; development and fundraising; chief medical officer support; and executive management and consulting. As the post-Closing integration process moves forward, Chapters will include Hospice East Bay in Chapters' corporate level shared service contracts, such as those relating to electronic medical records and ancillary health services. These efficiencies will result in lower post-Closing operational costs for Hospice East Bay, which means more resources will be available to support programs and services focused on patient care.

After the Closing Chapters will work with Hospice East Bay to develop additional health services in Hospice East Bay's geographic market that supplement those services now provided by Hospice East Bay. Chapters and Hospice East Bay will evaluate opportunities for such expanded services taking into account Chapters' significant experience providing expanded services in other geographic markets.

Both Hospice East Bay and Chapters are charitable nonprofit corporations exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Hospice East Bay's Articles of Incorporation and Bylaws will be amended at the time of Closing to reflect Chapters as the sole member of Hospice East Bay. Copies of the proposed Amended and Restated Articles of Incorporation and Bylaws of Hospice East Bay are attached to the Affiliation Agreement as Exhibit 2.2A and Exhibit 2.2B, respectively.

Title 11, California Code of Regulations, § 999.5(d)(5)

**IMPACTS ON HEALTHCARE SERVICES**

**11 Cal. Code Reg. Section 999.5(d)(5)(A)**

**Copy of the two most recent "community needs assessments" prepared by the applicant for the health facility that is the subject of the transaction**

Hospice East Bay has not prepared community needs assessments as there is always a need in the community for hospice care.

**11 Cal. Code Reg. Section 999.5(d)(5)(B)**

**A description of all charity care provided in the last five years by each health facility that is the subject of the transaction. This description shall include annual total charity care spending; inpatient, outpatient and emergency room charity care spending; description of how the amount of charity care spending was calculated; annual charity care inpatient discharges, outpatient visits and emergency visits; description of the types of charity care services provided annually; and description of the policies, procedures and eligibility requirements for the charity care**

**Hospice East Bay**

**CLINICAL SERVICES**

**SPONSORED CARE PROCESS**

**Introduction**

EBIC Policy and Procedure 13.08 Sponsored Care attachment, Financial Application for Sponsored Care is a new form to initiate for financial support. Consideration for financial support should be addressed as soon as possible to ensure adequate information is available for decision making.

**Users**

Director of IPU, IPU and Home Program Nurses, Social Workers, Sr VP COO, Sr VP CFO.

**Impacts to Other Processes**

Delay in information gathering leads to delay in Sr. VP consideration and may lead to lost revenue.

**Process Activities**

**Bruns House Room & Board**

1. Upon identification that a patient receiving General Inpatient Level of Care (GIP) will be transitioned to Routine Level of Care (RI.C) and is in need of sponsored care support for Room and Board at the IPU, social worker (SW) assists the patient/surrogate maker to apply for sponsored care.
2. The SW will meet with the patient/family caregiver as soon as possible, including weekends, and complete the following three sections: Monthly Income, Current Assets and Monthly expenses via DocuSign.
3. The patient/family caregiver will sign the release of information and by signing, confirms that the information provided is complete and accurate.
4. The SW signs the form via DocuSign.
5. Sr. VP COO and Sr. VP CFO will review the information and decide if the request is approved, denied or undecided due to limited information.
6. The decision will be communicated to the Director of the IPU, the SW and the finance department.
7. The SW will inform the patient/family caregiver of the determination.

8. If the patient's course of care at the IPU is anticipated to be extended beyond the approved number of days, the SW assists the patient/family with applying for an extension of the sponsored care days.

### **Give Me a Break**

1. When a Hospice patient is identified for Give Me a Break service, the SW of the patient will inform the Manager of Social Services.
2. The SW will explain the service to the patient/family caregiver.
3. The SW will meet with the patient/family caregiver as soon as possible, including weekends, and complete the following three sections: Monthly Income, Current Assets and Monthly expenses via DocuSign.
4. The patient/family caregiver will sign the release of information and by signing, confirms that the information provided is complete and accurate.
5. The SW will email the form to the Director of Patient Care Services who approves the request and forwards the form to the Sr. VP CFO and to the clinical Administrative Assistant (AA) and marks the email High Importance.
6. The AA calls care-giving agencies to locate someone who can fulfill the requested days and times.
7. Once a fulfillment is confirmed, the AA inform the SW.
9. The SW will inform the patient/family caregiver of the determination.

### **Hospice Services**

During the Intake process, when a patient is identified as having no insurance or under insured, the Social Services Manager, Team Manager for the patient, Director of Patient Care Services (DPCS), and Sr. VP COO are notified by email of the referral.

1. The assigned MSW will meet with the patient/family during the initial psychosocial assessment and complete the following three sections: Monthly Income, Current Assets, and Monthly Expenses via DocuSign.
2. Sr. VP COO and Sr. VP CFO will review the information and decide if the request is approved, denied or undecided due to limited information.
3. The decision will be communicated to the DPCS, Social Services Manager, the SW, and the finance dept.
4. The SW will inform the patient/family caregiver of the determination.

### **Palliative Care Services**

1. When a Palliative Care patient will benefit from Palliative Care services and explains they cannot pay the monthly fee, the SW will be notified by the PC Administrative Assistant.
2. The SW will set a meeting with the patient/family caregiver as soon as possible, and complete the following three sections: Monthly Income, Current Assets and Monthly expenses via DocuSign.
3. The patient/family caregiver will sign the release of information and by signing, confirms that the information provided is complete and accurate.
4. The SW signs the form via DocuSign.

5. Sr. VP COO and Sr. VP CFO will review the information and decide if the request is approved, denied or undecided due to limited information.
6. The decision will be communicated to the PC Administrative Assistant and the Administrative Assistant will inform the patient's SW and Finance Dept.
10. The SW will inform the patient/family caregiver of the determination.

**Tools to Use**

Financial Application for Sponsored Care form and Email.

**Training**

Training on the process to occur in CMT and IDT meetings.

**Process Change Control**

Changes to this process will be considered based on any future regulatory or standard changes.

**Approvals**

Emma Baron, Laura Bakar & Yvonne Ruathaiwat

Monthly Income Thresholds by Sliding Fee

Poverty Line	200%	300%	350%	375%	400%	
Annual Income	A	B	C	D	E	
Household 1	\$15,060	\$2,510	\$3,765	\$4,393	\$4,706	\$5,020
Household 2	\$20,440	\$3,052	\$4,558	\$5,340	\$5,722	\$6,103.00
Household 3	\$25,820	\$3,838	\$5,758	\$6,717	\$7,197	\$7,677
Full R & B Rate		\$1,451.25				
Sponsored Care Coverage		100%	90%	80%	70%	60%
% of Payment		0%	10%	20%	30%	40%
Reduced Daily Rate		\$0.00	\$145.13	\$290.25	\$435.38	\$580.50

Monthly Household Income

WAGES	_____
SDI/UNEMPLOYMENT	\$ _____
SOCIAL SECURITY	\$ _____
LONG TERM DISABILITY	\$ _____
INTEREST/DIVIDENDS	\$ _____
RETIREMENT	\$ _____
VA BENEFITS	\$ _____
WORKERS COMPENSATION	\$ _____
OTHER	\$ _____
MONTHLY INCOME	\$ _____

ASSETS

BANK/CREDIT UNION ACCO'S	_____
IRA	\$ _____
TDA/RETIREMENT FUNDS	\$ _____
STOCKS/BONDS	\$ _____
MUTUAL FUNDS	\$ _____
LIFE INSURANCE	\$ _____
OTHER	\$ _____
TOTAL ASSETS:	\$ _____

NOTES: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Requested Number of Days: \_\_\_\_\_  
 Requested Reduced Daily Rate: \_\_\_\_\_

\*\*Reference Federal Register Jan 2024

GIP \$1,329.01

2019	1 Adult 0 Children	2 Adults (1 Working) 0 Children	2 Adults (both working) 0 Children
Living Wage	\$ 24.26	\$ 36.53	\$ 18.26
Poverty Wage	\$ 6.53	\$ 7.91	\$ 3.96
Minimum Wage	\$15.00	\$ 11.00	\$ 11.00
<b>Wage per Year</b>	<b>\$ 13,590.00</b>	<b>\$ 16,452.80</b>	<b>\$ 8,236.80</b>
100%	\$ 13,590.00	\$ 18,310.00	\$ 18,310.00
150%	\$ 20,385.00	\$ 24,679.20	\$ 12,355.20
200%	\$ 36,620.00	\$ 32,905.60	\$ 16,473.60
250%	\$ 33,975.00	\$ 41,132.00	\$ 20,592.00
300%	\$ 40,770.00	\$ 49,358.40	\$ 24,710.40
350%	\$ 47,565.00	\$ 57,584.80	\$ 28,828.80
400%	\$ 54,360.00	\$ 65,811.20	\$ 32,947.20

Daily Rate for Private Pay	Percentage of Poverty Wage	Total Income	Payment Percentage of GIP		
\$ 132.90	300%	\$ 40,770.00	10.0%	\$ 49,358.40	\$ 24,710.40
\$ 265.80	325%	\$ 44,167.50	20.0%	\$ 53,471.60	\$ 26,769.60
\$ 398.70	350%	\$ 47,565.00	30.0%	\$ 57,584.80	\$ 28,828.80
\$ 531.60	400%	\$ 54,360.00	40.0%	\$ 65,811.20	\$ 32,947.20
\$ 551.54	650%	\$ 88,335.00	41.5%	\$ 106,943.20	\$ 53,539.20
\$ 664.51	700%	\$ 95,130.00	50.0%	\$ 115,169.60	\$ 57,657.60
\$ 773.48	750%	\$ 101,925.00	58.2%	\$ 123,396.00	\$ 61,776.00
\$ 883.79	800%	\$ 108,720.00	66.5%	\$ 131,622.40	\$ 65,894.40
\$ 996.76	850%	\$ 115,515.00	75.0%	\$ 139,848.80	\$ 70,012.80
\$ 1,103.08	900%	\$ 122,310.00	83.0%	\$ 148,075.20	\$ 74,131.20
\$ 1,218.70	950%	\$ 129,105.00	91.7%	\$ 156,301.60	\$ 78,249.60
	1000%	\$ 135,900.00	100.0%	\$ 164,528.00	\$ 82,368.00

**Charity Care**

	2019		2020		2021		2022		2023		2024 (thru 9/30)	
	Total	# Patients	Total	# Patients	Total	# Patients	Total	# Patients	Total	# Patients	Total	# Patients
Bruns	114,128	12	73,993	13	154,062	21	106,523	13	120,545	16	244,224	17
Home Hospice												
Buskirk	816	1	84,004	2	11,942	3	0	0	2,328	1	26,123	1
Emeryville	0	0	0	0	107,632	1	940	1	0	0	0	0
Total	816	1	84,004	2	119,574	4	940	1	2,328	1	26,123	1
Palliative	0	0	925	1	0	0	659	1	0	0	0	0

**11 Cal. Code Reg. Section 999.5(d)(5)(C)**

**Description of all services provided by each health facility that is the subject of the transaction in the past 5 years to Medi-Cal patients, county indigent patients and other classes of patients; the description must include the type and volume of services provided; the payors for the services provided; the demographic characteristics of and zip code data for the patients served by the health facility; and the costs and revenues for the services provided**

See the response to request under Cal. Code Reg. Section 999.5(d)(5)(D)

**11 Cal. Code Reg. Section 999.5(d)(5)(D)**

**Description of any community benefit program provided by the health facility during the past 5 years with an annual cost of least \$10,000 and the annual cost of each program for the past five years**

We are considering pre-close reductions in the Music Therapy program. EBIC provides three programs that are not required by Medicare as community services:

1. The Bridge Program – specialized grief services for children and teens
2. Music Therapy – the therapeutic use of music to reduce pain and/or symptoms by licensed Music Therapists\*
3. Veterans Program – the identification of veterans, meeting specific psychosocial needs common to veteran patient or spouses, and assuring that veterans have access to any benefits that they deserve

\*under consideration for closure prior to closing based upon financial challenges

East Bay Integrated Care, Inc  
 Philanthropic Program Expenses  
 2020-2024

Description	2020 Actuals	2021 Actuals	2022 Actuals	2023 Actuals	2024 Actuals
	Year	Year	Year	Year	Year (YTD Sep)
Veterans Program Labor	-	-	-	-	98,704
Music Therapy Program Labor	156,144	153,089	163,793	132,211	108,652
Bridge Program Labor	-	-	-	-	55,439
<b>Total</b>					<b><u>262,795</u></b>

**Note:** For Veterans and Bridge programs, we only started tracking separately in 2024. These expenses are mainly labor of the same employees and should stay consistent YoY except merit/market adjustments.

**11 Cal. Code Reg. Section 999.5(d)(5)(E)**

**For each health facility or facility that provides similar health care that is the subject of the agreement or transaction, a description of current policies and procedures on staffing for patient care areas; employee input on health quality and staffing issues; and employee wages, salaries, benefits, working conditions and employment protections. Such description shall include a list of all existing staffing plans, policy and procedure manuals, employee handbooks, collective bargaining agreements or similar employment-related documents**

Attached to this Section are the following:

- A copy of the Hospice East Bay Administrative Policy Manual Table of Contents
- A copy of the Hospice East Bay Employee Handbook Table of Contents from 2022
- A copy of the list of Hospice East Bay HR Policies

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### **Inpatient Medications**

- 15.50 IPF: Pharmacy Services
- 15.51 IPF: Controlled Medications
- 15.52 IPF: Emergency Medication Supply
- 15.54 IPF: Medication Verification
- 15.56 IPF: Destruction of Discontinued Medications

- 15.57 IPF: Disposition of Medications Upon Discharge
- 15.59 IPF: Disposal of Medications Upon Discharge

### **Inpatient Infection Control**

- 15.61 IPF: Tuberculosis Screening  
*Addendum 15.61 A:* Inpatient Facility TB Screening Questionnaire
- 15.62 IPF: Precautions to Prevent Transmission of Infectious Agents
- 15.63 IPF: Precautions for Immuno-Compromised Patients
- 15.64 IPF: Admission of Patient with Infectious Diseases
- 15.65 IPF: Visitors with Communicable Diseases
- 15.66 IPF: Visits from Patient Owned Pets
- 15.67 IPF: Sterile Supplies
- 15.68 IPF: Cleaning and Disinfecting Environmental Surfaces in Patient Care Areas
- 15.69 IPF: Cleaning and Disinfecting of Non-Patient Care Areas
- 15.70 IPF: Cleaning and Disinfecting of Agency Owned Durable Medical Equipment
- 15.71 IPF: Cleaning and Disinfecting Isolation Rooms
- 15.72 IPF: Cleaning and Disinfecting Reusable Patient Care Equipment Used with an Isolation Patient
- 15.73 IPF: Cleaning and Sanitizing the Kitchen, Dishes, & Kitchen Utensils
- 15.74 IPF: Clean Linen
- 15.75 IPF: Soiled Linen
- 15.76 IPF: Cleaning and Disinfecting of Bathrooms
- 15.77 IPF: Posting of Isolation Precaution Signs
- 15.78 IPF: Disposal of Regulated Medical Waste – Biohazardous Waste
- 15.79 IPF: Disposal of Regulated Medical Waste – Sharps Waste
- 15.80 IPF: Handling and Disposal of Pharmaceutical Waste
- 15.81 IPF: Handling and Disposal of Household Waste
- 15.82 IPF: Handling and Disposal of CADD Pump Cartridges
- 15.83 IPF: SARS-Cov-2 Requirements



## **Section 16 – Palliative Care**

- 16.01 Scope of Services
- 16.02 Listing of Services Provided
- 16.03 Regulatory Compliance
- 16.04 Palliative Care Policies and Procedures
- 16.05 Palliative Care Services Eligibility Criteria
- 16.06 Palliative Care Intake Process
- 16.07 Palliative Care Admission Criteria Process
- 16.08 Discharge From Palliative Care Program
- 16.09 Transfer From Palliative Care Services
- 16.10 Interdisciplinary Team Plan and Coordination of Care
- 16.11 Informed Consent for Patient and Family/Caregiver
- 16.12 Informed Consent and Decision-Making Capacity

## Hospice East Bay HR Policies

-  Disclaimer.pdf
-  HR1.00 Table of Contents - Employee Handbook\_2022.pdf
-  HR1.01 Business Guidelines.pdf
-  HR1.02 Drug Free Workplace.pdf
-  HR1.03 Employee Conduct.pdf
-  HR1.04 Employment of Relatives.pdf
-  HR1.05 English Only.pdf
-  HR1.06 Equal Employment Opportunity-rev.3.21.pdf
-  HR1.07 Fragrance Free Environment.pdf
-  HR1.08 Harassment-Free Workplace Policy rev. 8.11.21.pdf
-  HR1.09 Housekeeping.pdf
-  HR1.10 Non-Smoking Environment.pdf
-  HR1.11 Open Door Policy.pdf
-  HR1.12 Prohibited Behaviors & Activities rev. 1.8.21.pdf
-  HR1.13 Right to Revise.pdf
-  HR1.14 Social Media.pdf
-  HR1.15 Solicitation & Distribution.pdf
-  HR1.16 Lactation Accommodation-rev. 3.21.pdf
-  HR2.01 Conditional Employment Offers.pdf
-  HR2.02 Hiring Policy.pdf
-  HR2.03 Introductory Period.pdf
-  HR2.04 Orientation and Training-rev. 7.21.pdf
-  HR2.05 Promotions rev. 1.3.21.pdf
-  HR2.06 Requirements for Employment rev. 8.21.pdf
-  HR2.07 Transfers.pdf
-  HR3.01 Additional Employment.pdf
-  HR3.02 Attendance and Punctuality -updated 4-3-23.pdf
-  HR3.03 At-Will Employment.pdf
-  HR3.04 Conflicts of Interest.pdf
-  HR3.05 Attire and Grooming-rev. 11.29.23.pdf
-  HR3.06 Employment Records.pdf
-  HR3.07 Job Changes and Evaluation.pdf
-  HR3.08 Performance Evaluations.pdf
-  HR3.09 Productivity Standards.pdf
-  HR3.10 Progressive Discipline-rev. 11.29.23.pdf
-  HR3.11 Standards of Behavior.pdf
-  HR3.12 Termination of Employment.pdf

-  HR6.13 Payroll Guidelines.pdf
-  HR6.14 PTO Donation.pdf
-  HR6.15 Timekeeping.pdf
-  HR6.16 Tuition Reimbursement.pdf
-  HR6.17 Sick Leave for Nonbenefited Employees.pdf
-  HR6.18 Travel Expenses Reimbursement.pdf
-  HR6.19 Thrift Shop Employee Purchase Policy\_rev. 7.31.24.pdf
-  HR7.01 - Bereavement Leave-19.pdf
-  HR7.02 - Call to Active Military Duty Leave-19.pdf
-  HR7.03 - FMLA-CFRA Leave rev. 7.21.pdf
-  HR7.04 - Jury Duty and Witness Leave-19.pdf
-  HR7.05 - Military Leave-19.pdf
-  HR7.06 - Personal Leave-19.pdf
-  HR7.07 - Pregnancy Disability Leave-19.pdf
-  HR7.08 - School Activities Leave-19.pdf
-  HR7.09 - Time off to Vote-19.pdf
-  HR7.10 - Victims of Crime Leave-19.pdf
-  HR7.11 - Victims of Domestic Violence Leave-19.pdf
-  HR7.12 - Volunteer Civil Service Leave-19.pdf
-  HR7.13 - Kin Care Leave-19.pdf
-  HR7.14 - Paid Organ Donor Leave\_rev. 7.21.pdf
-  HR7.15 Severance Policy 11.29.23.pdf

**11 Cal. Code Reg. Section 999.5(d)(5)(F)**

**All existing documents setting forth any guarantees made by any entity that would be taking over operation or control of the health facility relating to: employee job security and retraining; continuation of current staffing levels and policies; and employee wages, salaries, benefits, working conditions and employment protections**

See the response to request under Cal. Code Reg. Section 999.5(d)(3)(A)

11 Cal. Code Reg. Section 999.5(d)(5)(G)

If the agreement or transaction will have an impact on reproductive health care services provided by any facility or on the availability of reproductive health care services, then include a description of all reproductive health care services provided in the last five years by each health facility, including types and levels of reproductive services, including, but not limited to, the number of pregnancy terminations and tubal ligations; description of how the information was compiled

N/A

**11 Cal. Code Reg. Section 999.5(d)(5)(H)**

**Description of all effects that the proposed transaction or agreement may have on health care services provided by each facility, including: any changes in the types or levels of medical service; and a statement of how the proposed transaction may affect the accessibility of health care in the affected.**

Chapters and Hospice East Bay anticipate that any day-to-day operational changes at Hospice East Bay will be minimal. Hospice East Bay currently has high care quality scores, and Chapters and Hospice East Bay intend that those high care quality scores will be maintained after the completion of the Transaction. After the Closing Chapters and Hospice East Bay will work to improve back-office efficiencies by reducing outsourcing and through employee attrition, achieve savings through third party contract negotiations, and Hospice East Bay will have access to Chapters' departments and professionals who are specialized in areas that smaller organizations may not be able to afford or invest in.

It is also intended that after the Closing Chapters will work with Hospice East Bay to develop additional health services in Hospice East Bay's geographic market to supplement those services now provided by Hospice East Bay. Chapters and Hospice East Bay will closely evaluate opportunities for such expanded services that in certain instances Chapters already has significant experience operating in other geographic markets.