



**SONOMA VALLEY HEALTH CARE DISTRICT  
GOVERNANCE COMMITTEE  
REGULAR MEETING AGENDA**  
**Wednesday, September 26, 2012**  
**3:00 p.m.**

**Location: Schantz Conference Room  
Sonoma Valley Hospital  
347 Andrieux Street, Sonoma, CA 95476**

AGENDA ITEM	RECOMMENDATION	
<b>MISSION STATEMENT</b> <i>The mission of the SVHCD is to maintain, improve, and restore the health of everyone in our community.</i>		
<b>1. CALL TO ORDER</b>	Carruth	
<b>2. PUBLIC COMMENT SECTION</b> <i>At this time, members of the public may comment on any item not appearing on the agenda. It is recommended that you keep your comments to three minutes or less. Under State Law, matters presented under this item cannot be discussed or acted upon by the Committee at this time. For items appearing on the agenda, the public will be invited to make comments at the time the item comes up for Committee consideration. At all times please use the microphone.</i>	Carruth	
<b>3. CONSENT CALENDAR:</b> A. Prior Meeting Minutes for May 3.2012 B. Prior Meeting Minutes for July 30.2012 C. Prior Meeting Minutes for August 22, 2012 D. Prior Meeting Minutes for August 27, 2012	Carruth	Inform/Action
<b>4. CORRESPONDENCE PROCEDURES TO THE GOVERNOR AND LEGISLATORS</b>	Carruth	Inform/Action
<b>5. DESIGN-BUILD LEGISLATIVE SUNSET AND PROPOSED LEGISLATION</b>	Carruth	Inform/Action
<b>6. BOARD ORIENTATION UPDATE</b>	Carruth	Inform
<b>7. CEO COMPENSATION POLICY AND PROCEDURE UPDATE</b>	Hohorst	Inform
<b>8. POLICIES PREVIOUSLY DISCUSSED:</b> A. Conflict of Interest Code B. 2012 Compliance Plan C. Confidentiality Acknowledgement	Carruth Carruth Carruth	Inform/Action Inform/Action Inform/Action
<b>9. 2012 GOVERNANCE COMMITTEE WORK PLAN</b>	Carruth	Inform
<b>10. CLOSING COMMENTS</b>	Carruth	Inform
<b>11. ADJOURN</b>		

3.A.

MINUTES

5.3.12



**SONOMA VALLEY HEALTH CARE DISTRICT  
GOVERNANCE COMMITTEE  
REGULAR MEETING MINUTES  
Thursday, May 3, 2012  
Schantz Conference Room**

<b>Committee Members Present</b>	<b>Administrative Staff Present</b>
Kevin Carruth, Chair Paula Davis	Kelly Mather, CEO Madolyn Agrimonti, Vice Board Chair Colin Coffey, Attorney of Archer Norris

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
<b>MISSION AND VISION STATEMENTS</b>	<p><i>The mission of the SVHCD is to maintain, improve, and restore the health of everyone in our community.</i></p> <p><i>The vision of the SVHCD is that: SVH will be a nationally recognized, compassionate place of healing and known for excellence in clinical quality. We serve as the guide and indispensable link for our community's health care journey.</i></p>		
<b>1. CALL TO ORDER</b>	8:00 a.m.		
<b>2. PUBLIC COMMENT SECTION ON CLOSED SESSION</b>	There was no public comment.		
<b>4. REPORT OF CLOSED SESSION</b>	Mr. Carruth reported that no decisions were made during the closed session.		
<b>5. PUBLIC COMMENT</b> <i>At this time, members of the public may comment on any item not appearing on the agenda. It is recommended that you keep your comments to three minutes or less. Under State Law, matters presented under this item cannot be discussed or acted upon by the Committee at this time. For items appearing on the agenda, the public will be invited to make comments at the time the item</i>	There was no public comment.		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
<i>comes up for Committee consideration. At all times please use the microphone.</i>			
<b>6. CONSENT CALENDAR:</b> A. Prior Meeting Minutes 3.23.12	<i>Kevin Carruth</i>		
	Prior meeting minutes were not available.		The Board Clerk will provide at next month's meeting.
<b>7. COMPLIANCE PROGRAM REVIEW</b>	<i>Paula Davis</i>		
	Ms. Davis explained the compliance program review. She recommended the Board members take the Healthstream online training, which is an electronic educational system module used by the Hospital.	Mather recommended revisiting the compliance program review and Healthstream online training in writing at next month's meeting and bring to the Board in July to adopt.	
<b>8. GOVERNANCE POLICY PRIORITIZATION</b>	<i>Kelly Mather, CEO</i>		
	Ms. Mather recommended prioritizing the following policies: 1) Board travel and reimbursement policy; and 2) conflict of interest policy. She also mentioned a discussion from the Board Retreat suggesting every Board and Committee member should sign a Confidentiality Agreement.	Carruth recommended the Board Travel and Reimbursement and Conflict of Interest policies be brought back to the June meeting for further review.  Mather recommended a new and updated policy for the Conflict of Interest.	
<b>9. SVHCD ATTENDANCE AT AMERICAN HOSPITAL ASSOCIATION MEETING IN JULY</b>	<i>Kevin Carruth</i>		
	Mr. Carruth reported this topic had already been discussed at last month's meeting.		
<b>10. PUBLIC SERVICE ETHICS EDUCATION ONLINE &amp; PROOF OF PARTICIPATION CERTIFICATE</b>	<i>Kelly Mather, CEO</i>		
			Beginning January 2013 and every year going forward, the Board Clerk

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
			will remind Board members to complete the ethics education training online by the end of March.
<b>11. BOARD TRAVEL &amp; REIMBURSEMENT POLICY</b>	<i>Kelly Mather, CEO</i>		
		Carruth recommended discussing the Board Travel & Reimbursement policy further at next month's meeting.	
<b>12. CEO SPENDING AUTHORITY POLICY</b>	<i>Kelly Mather, CEO</i>		
	Ms. Mather explained the CEO spending authority policy.	Mather recommended the Governance Chair review the Mendocino Coast District policy for SVH to adopt.	
<b>13. PHYSICIAN CONTRACTING POLICY</b>	<i>Kelly Mather, CEO</i>		
		Carruth recommended discussing the physician contracting policy further at next month's meeting.	
<b>14. PROCUREMENT POLICY</b>	<i>Kelly Mather, CEO</i>		
		Carruth recommended discussing the procurement policy further at next month's meeting.	
<b>15. GIFT ACCEPTANCE POLICY AND MEMORANDUM OF UNDERSTANDING WITH SVHF</b>	<i>Kevin Carruth</i>		
	Mr. Carruth commented on the Gift Acceptance policy and Memorandum of Understanding with the Sonoma Valley Hospital Foundation.	Carruth recommended July 2012 as a target date to revisit these policies.	
<b>16. CLOSING COMMENTS</b>	<i>Kevin Carruth</i>		
		Carruth recommended the Governance Committee meeting take place at 3:00 p.m. before the Quality Committee meeting at 5:00 p.m. on Wednesdays going forward.	

<b>AGENDA ITEM</b>	<b>DISCUSSION</b>	<b>CONCLUSIONS/ACTION</b>	<b>FOLLOW-UP/ RESPONSIBLE PARTY</b>
<b>17. ADJOURN</b>	9:37 a.m.		

DRAFT

3.B.

MINUTES

7.30.12



**SONOMA VALLEY HEALTH CARE DISTRICT  
GOVERNANCE COMMITTEE  
REGULAR MEETING MINUTES  
Monday, July 30, 2012  
Schantz Conference Room**

<b>Committee Members Present</b> Kevin Carruth, Chair Peter Hohorst Paula Davis	<b>Committee Members Absent</b> None	<b>Administrative Staff Present</b> Ellen Shannahan, Director of Materials Management Steve Smith, Consultant of Jtec HCM, Inc.
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AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
<b>MISSION AND VISION STATEMENTS</b>	<p><i>The mission of the SVHCD is to maintain, improve, and restore the health of everyone in our community.</i></p> <p><i>The vision of the SVHCD is that: SVH will be a nationally recognized, compassionate place of healing and known for excellence in clinical quality. We serve as the guide and indispensable link for our community's health care journey.</i></p>		
<b>1. CALL TO ORDER</b>	7:58 a.m.		
<b>2. PUBLIC COMMENT</b> <i>At this time, members of the public may comment on any item not appearing on the agenda. It is recommended that you keep your comments to three minutes or less. Under State Law, matters presented under this item cannot be discussed or acted upon by the Committee at this time. For items appearing on the agenda, the public will be invited to make comments at the time the item comes up for Committee consideration. At all times please use the microphone.</i>	There was no public comment.		
<b>3. CONSENT CALENDAR</b> A. Prior Meeting Minutes 3.23.12 B. Prior Meeting Minutes 5.3.12	There was no quorum for Item B; therefore, there was no formal vote for approval.	<b>MOTION:</b> by Carruth; second by Hohorst to approve Item A on the Consent Calendar and carried. All in favor; none opposed.	



AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
4. <b>AUDIT COMMITTEE CHARTER POLICY</b>	<i>Kevin Carruth</i>		
	Mr. Hohorst recommended changing the statement in the policy under the section "Membership" that reads, "(i) No member shall receive, directly or indirectly, any compensation from the Corporation, whether for consulting, advisory or other services or as a supplier of merchandise or other goods; and," It should say, "No voting member shall receive, directly or indirectly, etc." Including the wording, "the CEO and CFO shall be able to receive compensation".	<b>MOTION:</b> by Hohorst; seconded, to approve the Audit Committee Charter with minor changes. All in favor; none opposed.	
5. <b>SOLICITING AND APPOINTING CITIZENS BOND OVERSIGHT COMMITTEE MEMBERS</b>	<i>Kevin Carruth</i>		
		<b>MOTION:</b> by Hohorst; seconded, to approve soliciting and appointing Citizens Bond Oversight Committee members. All in favor; none opposed.	
6. <b>POLICIES PREVIOUSLY DISCUSSED:</b>			
A. Board Travel & Other Reimbursement Policy	<i>Kevin Carruth / Paula Davis</i>		
		<b>MOTION:</b> by Carruth; second by Hohorst to approve the Board Travel & Other Reimbursement policy and be brought to the Board.	
B. 2012 Compliance Plan	<i>Paula Davis</i>		
	Mr. Carruth recommended amending the language and having the Hospital's attorney review.		
C. Policy Concerning Confidential Information	<i>Paula Davis</i>		
	Mr. Carruth recommended having the Hospital's attorney review.		
D. AB 1234 Ethics Training for Local Officials	<i>Paula Davis</i>		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
	Mr. Carruth recommended referencing the code section and government code for this policy.	<b>MOTION:</b> by Carruth; second by Hohorst to approve the Ethics Training for Local Officials policy and be brought to the Board in September 2012. All in favor; none opposed.	
<b>7. PROCUREMENT AND BIDDING POLICY</b>	<i>Ellen Shannahan</i>		
	<p>Ms. Shannahan explained the Procurement and Bidding policy.</p> <p>Mr. Carruth recommended that the Board abides the CEO to the policies and procedures during this construct and also suggested to Ms. Davis to write the cover letter of the policy and be brought at next month's meeting.</p>		Shannahan and Davis to go over the capital equipment process in the policy.
<b>8. CONSTRUCTION BIDDING POLICY</b>	<i>Ellen Shannahan</i>		
	Ms. Shannahan gave a brief explanation of the Construction Bidding policy.		
<b>9. 2012 GOVERNANCE COMMITTEE WORK PLAN</b>	<i>Paula Davis</i>		
	<p>Ms. Davis discussed the Work Plan and added the Executive Compensation and Evaluation Approval policy for November 2012. She had also revised the "Conflict of Interest" policy and would be presented at next month's meeting.</p> <p>Mr. Carruth recommended removing "Board Policy Manual Completed" for December in the Work Plan.</p>		
<b>10. CLOSING COMMENTS</b>	<i>Peter Hohorst</i>		
	Mr. Carruth suggested to begin putting together the Board Orientation manual and include in the September 2012 agenda.		
<b>11. ADJOURN</b>	9:32 a.m.		

3.C.

MINUTES

8.22.12



**SONOMA VALLEY HEALTH CARE DISTRICT  
GOVERNANCE COMMITTEE  
REGULAR MEETING MINUTES  
Wednesday, August 22, 2012  
Schantz Conference Room**

<b>Committee Members Present</b>	<b>Committee Members Absent</b>	<b>Administrative Staff Present</b>
Kevin Carruth, Chair Paula Davis	Peter Hohorst	Kelly Mather, CEO Ellen Shannahan, Director of Materials Management

<b>AGENDA ITEM</b>	<b>DISCUSSION</b>	<b>CONCLUSIONS/ACTION</b>	<b>FOLLOW-UP/ RESPONSIBLE PARTY</b>
<b>MISSION AND VISION STATEMENTS</b>	<p><i>The mission of the SVHCD is to maintain, improve, and restore the health of everyone in our community.</i></p> <p><i>The vision of the SVHCD is that: SVH will be a nationally recognized, compassionate place of healing and known for excellence in clinical quality. We serve as the guide and indispensable link for our community's health care journey.</i></p>		
<b>1. CALL TO ORDER</b>	3:06 p.m.		
<b>2. PUBLIC COMMENT</b> <i>At this time, members of the public may comment on any item not appearing on the agenda. It is recommended that you keep your comments to three minutes or less. Under State Law, matters presented under this item cannot be discussed or acted upon by the Committee at this time. For items appearing on the agenda, the public will be invited to make comments at the time the item comes up for Committee consideration. At all times please use the microphone.</i>	There was no public comment.		
<b>3. CONSENT CALENDAR:</b> <b>A. Prior Meeting Minutes 7.30.12</b>	Mr. Carruth commented on Item 3B from last month's Minutes that there was no approval, but agreed to bring it back for approval at the next		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
	meeting.		
<b>4. BOARD COMMITTEE SELECTION PROCESS;</b>	<i>Kelly Mather</i>		
	Ms. Mather explained the Board Committee selection process. The Board Clerk was to receive candidate applications, send information package, and to determine the need for active and/or alternate members based on the Charter. The Committee Chair would notify Hospital Administration and solicit written applications with resumes or CV by the Committee candidates received by the Board Clerk with a date stamped and presented to the Board Chair at a regular or special Board meeting.		
<b>5. CEO EVALUATION AND COMPENSATION POLICY AND PROCEDURE:</b>	<i>Kevin Carruth</i>		
	Item 5 was not discussed.		
<b>6. POSITION DESCRIPTION – CHAIR AND BOARD MEMBER:</b>	<i>Kevin Carruth</i>		
	Mr. Carruth was satisfied with the draft versions of job descriptions for the Board Chair and Board member.  Mr. Carruth recommended SVH’s attorney review and be brought twice at a Board meeting. The first meeting for discussion and the second for action for the public session. Ms. Mather also suggested the job descriptions be completed in the proper policy format and Ms. Davis to write a recommendation letter on behalf of Mr. Carruth.		
<b>7. BOARD ORIENTATION PACKET</b>	<i>Kevin Carruth and Paula Davis.</i>		
	Mr. Carruth briefly discussed the Board Orientation packet.		
<b>8. POLICIES PREVIOUSLY DISCUSSED:</b>	<i>Paula Davis</i>		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
A. Conflict of Interest			
	Mr. Carruth recommended sending the policy to the Hospital's attorney for additional review. He also suggested including the Form 700 into the policy with its requirements.		
B. 2012 Compliance Plan			
	Mr. Carruth recommended revising Compliance Plan further.		
C. Confidentiality Acknowledgement			
	Mr. Carruth suggested revising the wording in the Confidentiality Acknowledgement and SVH's attorney to review.		
D. Travel and Other Expense Reimbursement			
	Mr. Carruth suggested a minor change on gifts referring to the Gifts and Entertainment section under the Compliance Plan.		
E. Procurement and Bidding Policy			
	Mr. Carruth recommended bringing to the Finance Committee as an inform/action on the agenda.		
F. Bidding for Public Works			
	Mr. Carruth also recommended bringing to the Finance Committee as an inform/action on the agenda.		
<b>9. 2012 GOVERNANCE COMMITTEE WORK PLAN:</b>			
	Mr. Carruth and Ms. Davis briefly discussed the Governance Committee Work Plan.  Mr. Carruth recommended the Board Chair to write the process, scheduling, and who would be in charge of performance evaluations for the Board schedule.		
<b>10. CLOSING COMMENTS</b>	<i>Kevin Carruth</i>		
	Mr. Carruth recommended a special Governance Committee meeting the following week, due to a lack		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
	of quorum and the agenda materials would be carried over to motion/vote on the items.		
<b>11. ADJOURN</b>	3:45 p.m.		

DRAFT

3.D.

MINUTES

8.27.12





**SONOMA VALLEY HEALTH CARE DISTRICT  
GOVERNANCE COMMITTEE  
SPECIAL MEETING MINUTES  
Monday, August 27, 2012  
Schantz Conference Room**

<b>Committee Members Present</b>	<b>Committee Members Absent</b>	<b>Administrative Staff Present</b>
Kevin Carruth, Chair (via phone) Peter Hohorst	Paula Davis	

<b>AGENDA ITEM</b>	<b>DISCUSSION</b>	<b>CONCLUSIONS/ ACTION</b>	<b>FOLLOW-UP/ RESPONSIBLE PARTY</b>
<b>MISSION AND VISION STATEMENTS</b>	<p><i>The mission of the SVHCD is to maintain, improve, and restore the health of everyone in our community.</i></p> <p><i>The vision of the SVHCD is that: SVH will be a nationally recognized, compassionate place of healing and known for excellence in clinical quality. We serve as the guide and indispensable link for our community's health care journey.</i></p>		
<b>1. CALL TO ORDER</b>	8:00 a.m.		
<b>2. PUBLIC COMMENT</b> <i>At this time, members of the public may comment on any item not appearing on the agenda. It is recommended that you keep your comments to three minutes or less. Under State Law, matters presented under this item cannot be discussed or acted upon by the Committee at this time. For items appearing on the agenda, the public will be invited to make comments at the time the item comes up for Committee consideration. At all times please use the microphone.</i>	There was no public comment.		
<b>3. CONSENT CALENDAR:</b> <b>A. Prior Meeting Minutes 7.30.12</b>	Mr. Carruth recommended Item 3B from last month's Minutes that there was no motion/vote, but agreed to bring it back for approval at the next meeting.		
<b>4. AMEND GOVERNANCE COMMITTEE CHARTER REGARDING LEGISLATION</b>	<i>Kevin Carruth</i>	<b>MOTION:</b> by Carruth; second by Hohorst to approve the amended Governance Committee Charter and brought to the	

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
		Board. All in favor; none opposed.	
<b>5. BOARD COMMITTEE SELECTION PROCESS;</b>	<i>Kelly Mather</i>		
	Ms. Mather explained the Board Committee selection process. The Board Clerk was to receive candidate applications, send information package, and to determine the need for active and/or alternate members based on the Charter. The Committee Chair would notify Hospital Administration and solicit written applications with resumes or CV by the Committee candidates received by the Board Clerk with a date stamped and presented to the Board Chair at a regular or special Board meeting.	<b>MOTION:</b> by Carruth; second by Hohorst approve the Board Committee Selection process. All in favor; none opposed.	
<b>6. CEO EVALUATION AND COMPENSATION POLICY AND PROCEDURE:</b>	<i>Kevin Carruth</i>		
	Item 5 was not discussed.		
<b>7. POSITION DESCRIPTION – CHAIR AND BOARD MEMBER:</b>	<i>Kevin Carruth</i>		
	Mr. Carruth was satisfied with the draft versions of job descriptions for the Board Chair and Board member.  Mr. Carruth recommended SVH’s attorney review and be brought twice at a Board meeting. The first meeting for discussion and the second for action for the public session. Ms. Mather also suggested the job descriptions be completed in the proper policy format and Ms. Davis to write a recommendation letter on behalf of Mr. Carruth.		
<b>8. BOARD ORIENTATION PACKET</b>	<i>Kevin Carruth and Paula Davis.</i>	<b>MOTION:</b> by Carruth; second by Hohorst approve the Board orientation packet and brought to the Board. All in favor; none opposed.	
	Mr. Carruth briefly discussed the Board Orientation packet.		
<b>9. POLICIES PREVIOUSLY DISCUSSED:</b>	<i>Paula Davis</i>		
A. Conflict of Interest	Mr. Carruth recommended sending the policy to the Hospital’s attorney for additional review. He also suggested including the Form 700 into the policy		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
	with its requirements.		
B. 2012 Compliance Plan	Mr. Carruth recommended revising Compliance Plan further.		
C. Confidentiality Acknowledgement	Mr. Carruth suggested revising the wording in the Confidentiality Acknowledgement and SVH's attorney to review.		
D. Travel and Other Expense Reimbursement	Mr. Carruth suggested a minor change on gifts referring to the Gifts and Entertainment section under the Compliance Plan.	<b>MOTION:</b> by Carruth; second by Hohorst to approve the Staff Travel and Other Expense Reimbursement policy. All in favor; none opposed.	
E. Procurement and Bidding Policy	Mr. Carruth recommended adopting the law and brought to the Finance Committee as an inform/action on the agenda.	<b>MOTION:</b> by Carruth; second by Hohorst approve the Procurement and Bidding policy as is and carried. All in favor; none opposed.	
F. Bidding for Public Works	Mr. Carruth also recommended adopting the law and brought to the Finance Committee as an inform/action on the agenda.	<b>MOTION:</b> by Carruth; second by Hohorst approve the Bidding for Public Works as is and carried. All in favor; none opposed.	
<b>10. 2012 GOVERNANCE COMMITTEE WORK PLAN:</b>			
	Mr. Carruth and Ms. Davis briefly discussed the Governance Committee Work Plan.  Mr. Carruth recommended the Board Chair to write the process, scheduling, and who would be in charge of the CEO performance evaluations for the Board schedule.		
<b>11. CLOSING COMMENTS</b>	<i>Kevin Carruth</i>		
	There was no closing comment.		
<b>12. ADJOURN</b>	8:12 a.m.		

4.

**CORRESPONDENCE  
PROCEDURES TO THE  
GOVERNOR AND  
LEGISLATORS**



September 5, 2012

The Honorable Edmund G. Brown, Jr.  
California State Governor  
State Capitol  
Sacramento, CA 95814

**SUBJECT: SB 1246 (Hernandez) – REQUEST FOR VETO**

Dear Governor Brown:

Sonoma Valley Hospital, which employs nearly 450 employees, respectfully asks for your veto on **SB 1246 (Hernandez)**. We are very concerned about this bill which would impose additional rigorous penalties and regulatory oversight for staffing ratio and patient classification system (PCS) non-compliance, and hospital licensing violations. The California Department of Public Health (CDPH) already routinely monitors hospital compliance with these regulations. These regulations are considered standard for care, and we are required to conform to them and be subject to surveillance and review during routine periodic inspections. This bill would add redundant and costly duplication of CDPH oversight duties.

Of greatest concern, however, is a provision that would impose non-immediate jeopardy penalties for all hospital licensing violations. CDPH has not yet developed complete non-immediate jeopardy penalty criteria. Implementing regulations without specific criteria would impose unfair and inequitable distribution of penalties among the state hospitals. CDPH should undertake due diligence to develop definitive criteria by which to measure licensing deficiencies that can be applied fairly and justly as required by law.

The bill would also require direct-care nurses appointed to their hospital PCS committee to be selected by the collective bargaining agent. Again, licensing regulations already mandate that hospitals have a PCS committee with at least half the staff RN members appointed by the nursing service administrator to, at minimum, annually review PCS. This is another example of unnecessary duplication in regulatory oversight functions.

In review, we oppose the following provisions of this bill, and request that present regulations be followed and future regulations be developed under due process to provide fairness and equitability across California hospitals.

- 1) Mandated review of nurse-staffing ratios and hospital PCS at every periodic CDPH facility inspection.
- 2) Fines and penalties for licensing violations that do not constitute an immediate jeopardy to patients.

The Honorable Edmund G. Brown, Jr.  
California State Governor  
September 5, 2012  
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- 3) The requirement that direct-care nurses appointed to the hospital PCS committee be selected by the collective bargaining agent if the hospital is represented.

For the reasons listed above and on the previous page, Sonoma Valley Hospital respectfully asks for your veto on SB 1246.

Sincerely,

A handwritten signature in black ink that reads "Kelly Mather" with a stylized flourish at the end.

Kelly Mather  
President and CEO

cc: Connie Delgado, California Hospital Association, via fax at (916) 554-2275



August 1, 2012

The Honorable Luis Alejo  
California State Assembly  
State Capitol, Room 2197  
Sacramento, CA 95814

**Re: Assembly Bill 2180 (Alejo): Removal of Opposition**

Dear Assemblyman Alejo:

The Sonoma Valley Health Care District (dba Sonoma Valley Hospital) is pleased to remove our opposition to Assembly Bill 2180, as amended on June 20, 2012.

As amended, AB 2180 requires an employment agreement with a hospital administrator (CEO) to include all "material terms and conditions agreed to," including: compensation, deferred compensation, retirement benefits, severance or continuing compensation after termination of the agreement, vacation pay and other paid time off for illness or personal reasons, and other employment benefits that differ from those available to other full-time employees.

While most District Hospitals currently maintain written agreements with their administrators, Sonoma Valley Health Care District believes this bill creates a uniform approach which fosters good governance and increased transparency for Districts and the communities in which they serve.

We would like to thank you and your staff for resolving previous concerns with the measure. Please contact me at (707) 935-5005 should you have any questions or comments regarding this matter.

Sincerely,

Kelly Mather  
President and Chief Executive Officer

Cc: Members, Senate Governance & Finance Committee  
Members, Senate Health Committee  
Brian Weinberger, Governance & Finance Committee Consultant  
Vincent Marchand, Health Committee Consultant  
Ryan Eisberg, Governance & Finance Republican Consultant  
Joe Parra, Health Republican Consultant





June 18, 2012

The Honorable Lois Wolk, Chair  
Senate Governance & Finance Committee  
State Capitol, Room 5114  
Sacramento, CA 95814

**Re: Assembly Bill 2180 (Alejo): Oppose**

Dear Senator Wolk:

The Sonoma Valley Health Care District (dba Sonoma Valley Hospital) Board of Directors unanimously voted at their June 13, 2012, meeting to respectfully oppose AB 2180, which significantly limits a district hospital's ability to recruit and retain quality senior executives and medical staff to run the Hospital. The Board of Directors also authorized me to communicate this position to you.

Sonoma Valley Hospital (SVH) is non-profit district hospital located in the Sonoma Valley, with an 83-bed capacity, full spectrum of medical services, and a 24-hour Emergency Department. Physicians are the lifeline of our hospital and we take pride in providing the full spectrum of medical care and offer specializations in Women's Health, Orthopedics, Urology, Oncology, Hematology, Medical Imaging, and quality care from birth through end of life. SVH is affiliated with Marin General Hospital in Marin County through a management services agreement. This partnership has helped SVH develop financial stability by enhancing clinical affiliations and continuing to recruit top providers to Sonoma.

AB 2180 would prohibit district hospitals from providing to any employee a payment contingent upon severance or retirement, or a lump sum payment, including one based on service or merit, a contribution to more than one retirement plan, or any other retirement benefit, unless the district makes those options available to all employees. The requirement to provide such options to all employees is fiscally infeasible and would shift fiscal priorities from healthcare services to employee compensation.

In addition, Sonoma Valley Health Care District has significant concerns that AB 2180 will remove the recruitment and retention mechanisms of district hospitals to compete with private, non-profit and other public hospitals, which may include state hospitals. As many district hospitals are located in rural areas, these hospitals find the only tool they have to recruit strong leadership is by offering competitive compensation packages.



The Honorable Lois Wolk, Chair  
Senate Governance & Finance Committee  
June 18, 2012  
Page Two

In many areas, district hospitals are the sole provider of healthcare services, including emergency services. AB 2180 threatens the livelihood of those hospitals. These districts are public assets and, like any other public asset, they must be maintained by strong leadership to keep that public asset in the community.

Further, AB 2180 may shift the balance of the total compensation package for hospital executives to a higher base salary in order to stay competitive. However, most district hospitals lack the financial means to pay a higher base salary and therefore will not be able to fill in the gaps of lost retirement, severance and bonus incentives for hospital executives. This measure will create a severe inequity between competitive hospitals.

AB 2180 will undoubtedly have multiple overwhelming negative impacts on the management of district hospitals and could limit access to care in the communities they serve. For these reasons, Sonoma Valley Health Care District respectfully opposed this bill.

Sincerely,

A handwritten signature in black ink, appearing to read "Kelly Mather". The signature is fluid and cursive, with the first name "Kelly" written in a larger, more prominent script than the last name "Mather".

Kelly Mather  
President and Chief Executive Officer

cc: The Honorable Luis Alejo  
Members, Senate Governance & Finance Committee  
Brian Weinberger, Committee Consultant  
Ryan Eisberg, Republican Consultant

6.

BOARD  
ORIENTATION  
UPDATE

**SONOMA VALLEY HOSPITAL  
Board of Directors  
ORIENTATION**

Name of Board Member: \_\_\_\_\_ Date: \_\_\_\_\_

Date of Office: \_\_\_\_\_

Please date initial when the new Board Member has received orientation from you or your designee in the following areas.

Subject	Date and Initials
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**General Information – Board of Directors**

• Health Care District Hospital Law	
• District Bylaws	
• Board Policy Manual	
• Board Member Job Description	
• Current Strategic Plan	
• Current Budget	
• Current Audit	
• Measure P	
• Committee Charters and Work Plan	
• Board and Committee Minutes for Current Year	
• Current Board Self Evaluation	
• Brown Act	
• Current Board and Committee Meeting Schedule	
• Affiliations	
• Ethics Training	

**General Information - CEO**

• Mission, Vision, Values	
• Organizational Chart	
• CEO Job Description	
• Current Dashboards	
• CEO Evaluation Process	
• Current Performance Evaluation	
• Current Goals	
• Finances	
• District Status and Size	
• Facility – Bed Size, Scope, Clinical Depts.	
• Hospital Services and Volumes	
• State of CA Title 22 Regulations	
• Medicare Corporate Compliance Regulations	
• OSHPD	
• Medicare: Conditions of Participation	
• Nurse Staffing	
• Recruitment/Retention	
• Patient Care Plan	

• Current Status Physician Specialty Recruitment	
• Current Status New Services	
• Strategic Plan – Fiscal Year – Fund Raising	

**Medical Staff – Chief Medical Officer**

• Medical Staff Bylaws	
• Leaders and Membership	
• Call Responsibilities; Service Coverage	
• Specialty Services Available	
• Quality/Performance Improvement	
•	
•	

**Miscellaneous - \_\_\_\_\_**

• Tour of Facilities	
• Federal legislation and regulation	
• Stark	
• IRS	
• HIPAA	
• TJC Accreditation requirements	
• Current regulatory issues	
•	

**Resources to Consult**

• Great Boards	
• Board Source	
• Center for Health Care Governance	
•	

\_\_\_\_\_

Signature of Newly Oriented Board Member

\_\_\_\_\_

Date

8.A.

CONFLICT OF  
INTEREST CODE  
POLICY

**SONOMA VALLEY  
HEALTHCARE DISTRICT**

**CONFLICT OF INTEREST CODE  
(Incorporated here by Reference  
is 2 Cal. Code of Regs. 18730)  
AND  
APPENDIX**

**Adopted by the Board of Directors, (\_\_\_\_\_, 2012)**

The Political Reform Act (California Government code Sections 81000, et seq.) requires state and local government agencies to adopt and promulgate Conflict of Interest Codes. The California Fair Political Practices Commission has adopted a regulation (2 California Code of Regulations Section 18730, hereinafter “Regulation”) which contains the terms of a standard Conflict of Interest Code which can be incorporated by reference and may be amended by the Fair Political Practices Commission after public notice and hearings to conform to amendments in the Political Reform Act. The Regulation further provides that incorporation of its terms by reference along with the designation of employees and the formulation of disclosure categories in an Appendix (Appendix A and B attached hereto) shall constitute the adoption and promulgation of a conflict of interest code within the meaning of Government Code Section 87300 or the amendment of a conflict of interest code within the meaning of Government Code Section 87307.

Therefore, the terms of the Regulation and any amendments to it, duly adopted by the Fair Political Practices Commission, are hereby incorporated by reference. The Regulation and the attached Appendix designating officials and employees and establishing disclosure categories constitute the Conflict of Interest Code of the Sonoma Valley Healthcare District, doing business as

Sonoma Valley Hospital.

Designated officials and employees and any person who manages the District's investments shall file statements of economic interests (Form 700) with the District. Such officers covered by this Code who are also public officials specified in Section 87200 of the Government Code, including those who manage public investments, shall file Form 700s pursuant to that Government Code provision as long as the categories of disclosure are the same or broader than those under this Code. The Form 700s will be available for public inspection and reproduction. (California Government Code Section 81008). Upon receipt of the statements of all designated officials and employees, the District shall make and retain a copy and forward the original of these statements to the County Clerk for the County of Sonoma.

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

\_\_\_\_\_  
Secretary, Board of Directors

# SONOMA VALLEY HEALTH CARE DISTRICT

## CONFLICT OF INTEREST CODE

### Appendix "A"

<u>Designated Positions</u>	<u>Disclosure Category</u>
Member of the Board of Directors	1
President and Chief Executive Officer	1
<del>VP Finance and</del> Chief Financial Officer	2
<del>Controller</del> Director of Finance	2
<del>VP Operations/Patient Services</del> Chief Nursing Officer	2
<del>VP Business Development and Marketing</del> Director of Public Relations	2
<del>VP Physician Relations/Clinical Development</del>	<del>2</del>
<del>VP Development</del>	<del>2</del>
<del>Human Resources Director</del> Chief Human Resources Officer	2
Assistant Hospital Administrator	2
Director of Professional Services	2
Director of Nursing	2
<del>Materials Manager</del> Director of Materials Management	2
<del>Chief Engineer</del> Director of Facilities	3
Nutritional Services Manager	3
Consultants	*

\*Consultants shall be included in the list of designated employees and shall disclose pursuant to the broadest disclosure category in the code subject to the following limitation:

The chief executive officer may determine in writing that a particular consultant, although a "designated position," is hired to perform a range of duties that is limited in scope and thus is not required to comply fully with the disclosure



requirements described in this section. Such determination shall include a description of the consultant's duties and, based upon that description, a statement of the extent of disclosure requirements. The chief executive officer's determination is a public record and shall be retained for public inspection in the same manner and location as this conflict of interest code.

*Draft temporary notes:*

- *VP Finance and have been deleted from Chief Financial Officer title*
- *Controller title changed to Director of Finance*
- *VP Operations/Patient Services title changed to Chief Nursing Officer*
- *VP Business Development and Marketing title changed to Director of Public Relations*
- *VP Physician Relations/Clinical Development position deleted*
- *VP Development position deleted*
- *Chief Medical Officer position added*
- *Human Resources Director reclassified to Chief Human Resources Officer*
- *Assistant Hospital Administrator position added*
- *Director of Professional Services position added*
- *Director of Nursing position added*
- *Materials Manager reclassified to Director of Materials Management*
- *Chief Engineer reclassified to Director of Facilities*

# SONOMA VALLEY HEALTH CARE DISTRICT

## CONFLICT OF INTEREST CODE

### Appendix “B”

#### Disclosure Categories

#### General Rule

The District has adopted Section 18730 of Title 2 of the California Code of Regulations, as it may hereinafter be revised, as the District’s standing Conflict of Interest Code provisions, supplemented by this Appendix and its preamble. An investment, interest in real property, or income is reportable if the business entity in which the investment is held, the interest in real property, or the income or source of income may foreseeably be affected materially by any decision made or participated in by the designated employee or officer by virtue of the his or her position. Form 700 provides guidelines on what are “reportable” interests within each category and the corresponding disclosure schedule in Form 700, i.e., Schedules A-1, A-2, B, C, D, E, F.

#### Designated Employees in Category #1 Must Report:

A. Investments in any business entity which (a) has an interest in real property within the area on the map attached hereto and designated Exhibit “C” (“Designated Area”); (b) does business with Sonoma Valley Health Care District (“District”), or has done business with the District at any time during the two years prior to the time any statement or other action is required under this code; or (c) engages in the following businesses:

1. Ambulance service
2. Banks, Savings and Loan
3. Collection agencies
4. Communications equipment
5. Computer hardware or software

6. Construction or building materials
7. Construction companies
8. Data processing consultants
9. Dietetic, kitchen or equipment consultants
10. Dietetic or kitchen supplies, equipment, including food and food products
11. Educational and training supplies, equipment or material
12. Employment agencies
13. Engineering services
14. Equipment consultants
15. Equipment or fixture manufacturers
16. Health care equipment or instruments
17. Health care facilities
18. Health care materials or supplies
19. Health facilities or services
20. Housekeeping or linen supplies or equipment
21. Housekeeping service agencies
22. Insurance companies
23. Laboratory supplies or equipment
24. Landscaping consultants or companies
25. Laundries
26. Medical laboratories
27. Medical records supplies or equipment
28. Motor vehicles and specialty vehicles and parts
29. Nursing service supplies, equipment or material
30. Office equipment or supplies
31. Petroleum products
32. Pharmaceutical supplies or equipment
33. Physical therapy supplies or equipment
34. Plant, building, grounds supplies or equipment

35. Printing and distribution
36. Public relations or advertising
37. Publications
38. Radiology supplies or equipment
39. Real property
40. Respiratory therapy supplies or equipment
41. Safety equipment
42. Safety instruction material
43. Social services agencies
44. Structural, mechanical, electrical, etc., engineering firms
45. Temporary help agencies
46. Testing laboratories or services
47. Utilities

- B. Income from any business entity described in subparagraph A.
- C. Status as a director, officer, partner, trustee, employee or holder of a position of management in any business entity described in subparagraph A.
- D. Each interest in real property located in the Designated Area.

Designated Employees in Category #2 must report:

- A. Investments in any business entity which does business with the District or has done business with the District at any time during the two years prior to the time any statement or other action is required under this code.
- B. Income from any business entity described in subparagraph A.
- C. Status as a director, officer, partner, trustee, employee, or holder of a position of management in any business entity described in subparagraph A.

Designated Employees in Category #3 must report:

- A. Investments in any business entity which, within the last two years, has supplied or in the future foreseeably may supply building maintenance

materials, gardening materials, or other materials for use in the maintenance and report of the physical plant of the hospital.

- B. Income from any business entity described in subparagraph A.
- C. Status as a director officer, partner, trustee, employee, or holder of a position of management in any business entity described in subparagraph A.

Designated Employees in Category #4 must report:

- A. Investments in any business entity which engages in the business of supplying food or other culinary supplies which may be used in hospitals.
- B. Income from any business entity described in subparagraph A.
- C. Status as a director, officer, partner, trustee, employee, or holder of a position of management in any business entity described in subparagraph A.

(Regulations of the Fair Political Practices Commission, Title 2, Division 6, California Code of Regulations.)

§ 18730. Provisions of Conflict-of-Interest Codes.

(a) Incorporation by reference of the terms of this regulation along with the designation of employees and the formulation of disclosure categories in the Appendix referred to below constitute the adoption and promulgation of a conflict-of-interest code within the meaning of Section 87300 or the amendment of a conflict-of-interest code within the meaning of Section 87306 if the terms of this regulation are substituted for terms of a conflict-of-interest code already in effect. A code so amended or adopted and promulgated requires the reporting of reportable items in a manner substantially equivalent to the requirements of article 2 of chapter 7 of the Political Reform Act, Sections 81000, et seq. The requirements of a conflict-of-interest code are in addition to other requirements of the Political Reform Act, such as the general prohibition against conflicts of interest contained in Section 87100, and to other state or local laws pertaining to conflicts of interest.

(b) The terms of a conflict-of-interest code amended or adopted and promulgated pursuant to this regulation are as follows:

(1) Section 1. Definitions.

The definitions contained in the Political Reform Act of 1974, regulations of the Fair Political Practices Commission (Regulations 18110, et seq.), and any amendments to the Act or regulations, are incorporated by reference into this conflict-of-interest code.

(2) Section 2. Designated Employees.

The persons holding positions listed in the Appendix are designated employees. It has been determined that these persons make or participate in the making of decisions which may foreseeably have a material effect on economic interests.

(3) Section 3. Disclosure Categories.

This code does not establish any disclosure obligation for those designated employees who are also specified in Section 87200 if they are designated in this code in that same capacity or if the geographical jurisdiction of this agency is the same as or is wholly included within the jurisdiction in which those persons must report their economic interests pursuant to article 2 of chapter 7 of the Political Reform Act, Sections 87200, et seq.

In addition, this code does not establish any disclosure obligation for any designated employees who are designated in a conflict-of-interest code for another agency, if all of the following apply:

(A) The geographical jurisdiction of this agency is the same as or is wholly included within the jurisdiction of the other agency;

(B) The disclosure assigned in the code of the other agency is the same as that required under article 2 of chapter 7 of the Political Reform Act, Section 87200; and

(C) The filing officer is the same for both agencies.<sup>1</sup>

Such persons are covered by this code for disqualification purposes only. With respect to all other designated employees, the disclosure categories set forth in the Appendix specify which kinds of economic interests are reportable. Such a designated employee shall disclose in his or her statement of economic interests those economic interests he or she has which are of the kind described in the disclosure categories to which he or she is assigned in the Appendix. It has been determined that the economic interests set forth in a designated employee's disclosure categories

are the kinds of economic interests which he or she foreseeably can affect materially through the conduct of his or her office.

(4) Section 4. Statements of Economic Interests: Place of Filing.

The code reviewing body shall instruct all designated employees within its code to file statements of economic interests with the agency or with the code reviewing body, as provided by the code reviewing body in the agency's conflict-of-interest code.<sup>2</sup>

(5) Section 5. Statements of Economic Interests: Time of Filing.

(A) Initial Statements. All designated employees employed by the agency on the effective date of this code, as originally adopted, promulgated and approved by the code reviewing body, shall file statements within 30 days after the effective date of this code. Thereafter, each person already in a position when it is designated by an amendment to this code shall file an initial statement within 30 days after the effective date of the amendment.

(B) Assuming Office Statements. All persons assuming designated positions after the effective date of this code shall file statements within 30 days after assuming the designated positions, or if subject to State Senate confirmation, 30 days after being nominated or appointed.

(C) Annual Statements. All designated employees shall file statements no later than April 1.

(D) Leaving Office Statements. All persons who leave designated positions shall file statements within 30 days after leaving office.

(5.5) Section 5.5. Statements for Persons Who Resign Prior to Assuming Office.

Any person who resigns within 12 months of initial appointment, or within 30 days of the date of notice provided by the filing officer to file an assuming office statement, is not deemed to have assumed office or left office, provided he or she did not make or participate in the making



of, or use his or her position to influence any decision and did not receive or become entitled to receive any form of payment as a result of his or her appointment. Such persons shall not file either an assuming or leaving office statement.

(A) Any person who resigns a position within 30 days of the date of a notice from the filing officer shall do both of the following:

(1) File a written resignation with the appointing power; and

(2) File a written statement with the filing officer declaring under penalty of perjury that during the period between appointment and resignation he or she did not make, participate in the making, or use the position to influence any decision of the agency or receive, or become entitled to receive, any form of payment by virtue of being appointed to the position.

(6) Section 6. Contents of and Period Covered by Statements of Economic Interests.

(A) Contents of Initial Statements.

Initial statements shall disclose any reportable investments, interests in real property and business positions held on the effective date of the code and income received during the 12 months prior to the effective date of the code.

(B) Contents of Assuming Office Statements.

Assuming office statements shall disclose any reportable investments, interests in real property and business positions held on the date of assuming office or, if subject to State Senate confirmation or appointment, on the date of nomination, and income received during the 12 months prior to the date of assuming office or the date of being appointed or nominated, respectively.

(C) Contents of Annual Statements. Annual statements shall disclose any reportable investments, interests in real property, income and business positions held or received during the

previous calendar year provided, however, that the period covered by an employee's first annual statement shall begin on the effective date of the code or the date of assuming office whichever is later, or for a board or commission member subject to Section 87302.6, the day after the closing date of the most recent statement filed by the member pursuant to Regulation 18754.

(D) Contents of Leaving Office Statements.

Leaving office statements shall disclose reportable investments, interests in real property, income and business positions held or received during the period between the closing date of the last statement filed and the date of leaving office.

(7) Section 7. Manner of Reporting.

Statements of economic interests shall be made on forms prescribed by the Fair Political Practices Commission and supplied by the agency, and shall contain the following information:

(A) Investment and Real Property Disclosure.

When an investment or an interest in real property<sup>3</sup> is required to be reported,<sup>4</sup> the statement shall contain the following:

1. A statement of the nature of the investment or interest;
2. The name of the business entity in which each investment is held, and a general description of the business activity in which the business entity is engaged;
3. The address or other precise location of the real property;
4. A statement whether the fair market value of the investment or interest in real property equals or exceeds \$2,000, exceeds \$10,000, exceeds \$100,000, or exceeds \$1,000,000.

(B) Personal Income Disclosure. When personal income is required to be reported,<sup>5</sup> the statement shall contain:

1. The name and address of each source of income aggregating \$500 or more in value, or \$50 or more in value if the income was a gift, and a general description of the business activity, if any, of each source;

2. A statement whether the aggregate value of income from each source, or in the case of a loan, the highest amount owed to each source, was \$1,000 or less, greater than \$1,000, greater than \$10,000, or greater than \$100,000;

3. A description of the consideration, if any, for which the income was received;

4. In the case of a gift, the name, address and business activity of the donor and any intermediary through which the gift was made; a description of the gift; the amount or value of the gift; and the date on which the gift was received;

5. In the case of a loan, the annual interest rate and the security, if any, given for the loan and the term of the loan.

(C) Business Entity Income Disclosure. When income of a business entity, including income of a sole proprietorship, is required to be reported,<sup>6</sup> the statement shall contain:

1. The name, address, and a general description of the business activity of the business entity;

2. The name of every person from whom the business entity received payments if the filer's pro rata share of gross receipts from such person was equal to or greater than \$10,000.

(D) Business Position Disclosure. When business positions are required to be reported, a designated employee shall list the name and address of each business entity in which he or she is a director, officer, partner, trustee, employee, or in which he or she holds any position of management, a description of the business activity in which the business entity is engaged, and the designated employee's position with the business entity.

(E) Acquisition or Disposal During Reporting Period. In the case of an annual or leaving office statement, if an investment or an interest in real property was partially or wholly acquired or disposed of during the period covered by the statement, the statement shall contain the date of acquisition or disposal.

(8) Section 8. Prohibition on Receipt of Honoraria.

(A) No member of a state board or commission, and no designated employee of a state or local government agency, shall accept any honorarium from any source, if the member or employee would be required to report the receipt of income or gifts from that source on his or her statement of economic interests. This section shall not apply to any part-time member of the governing board of any public institution of higher education, unless the member is also an elected official.

Subdivisions (a), (b), and (c) of Section 89501 shall apply to the prohibitions in this section.

This section shall not limit or prohibit payments, advances, or reimbursements for travel and related lodging and subsistence authorized by Section 89506.

(8.1) Section 8.1. Prohibition on Receipt of Gifts in Excess of \$420.

(A) No member of a state board or commission, and no designated employee of a state or local government agency, shall accept gifts with a total value of more than \$420 in a calendar year from any single source, if the member or employee would be required to report the receipt of income or gifts from that source on his or her statement of economic interests. This section shall not apply to any part-time member of the governing board of any public institution of higher education, unless the member is also an elected official.

Subdivisions (e), (f), and (g) of Section 89503 shall apply to the prohibitions in this section.

(8.2) Section 8.2. Loans to Public Officials.

(A) No elected officer of a state or local government agency shall, from the date of his or her election to office through the date that he or she vacates office, receive a personal loan from any officer, employee, member, or consultant of the state or local government agency in which the elected officer holds office or over which the elected officer's agency has direction and control.

(B) No public official who is exempt from the state civil service system pursuant to subdivisions (c), (d), (e), (f), and (g) of Section 4 of Article VII of the Constitution shall, while he or she holds office, receive a personal loan from any officer, employee, member, or consultant of the state or local government agency in which the public official holds office or over which the public official's agency has direction and control. This subdivision shall not apply to loans made to a public official whose duties are solely secretarial, clerical, or manual.

(C) No elected officer of a state or local government agency shall, from the date of his or her election to office through the date that he or she vacates office, receive a personal loan from any person who has a contract with the state or local government agency to which that elected officer has been elected or over which that elected officer's agency has direction and control. This subdivision shall not apply to loans made by banks or other financial institutions or to any indebtedness created as part of a retail installment or credit card transaction, if the loan is made or the indebtedness created in the lender's regular course of business on terms available to members of the public without regard to the elected officer's official status.

(D) No public official who is exempt from the state civil service system pursuant to subdivisions (c), (d), (e), (f), and (g) of Section 4 of Article VII of the Constitution shall, while he or she holds office, receive a personal loan from any person who has a contract with the state or local government agency to which that elected officer has been elected or over which that elected officer's agency has direction and control. This subdivision shall not apply to loans made by banks or other financial institutions or to any indebtedness created as part of a retail installment or credit card transaction, if the loan is made or the indebtedness created in the lender's regular course of business on terms available to members of the public without regard to the elected officer's official status. This subdivision shall not apply to loans made to a public official whose duties are solely secretarial, clerical, or manual.

(E) This section shall not apply to the following:

1. Loans made to the campaign committee of an elected officer or candidate for elective office.

2. Loans made by a public official's spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, nephew, niece, aunt, uncle, or first cousin, or the spouse of any such persons, provided that the person making the loan is not acting as an agent or intermediary for any person not otherwise exempted under this section.

3. Loans from a person which, in the aggregate, do not exceed five hundred dollars (\$500) at any given time.

4. Loans made, or offered in writing, before January 1, 1998.

(8.3) Section 8.3. Loan Terms.

(A) Except as set forth in subdivision (B), no elected officer of a state or local government agency shall, from the date of his or her election to office through the date he or she

vacates office, receive a personal loan of \$500 or more, except when the loan is in writing and clearly states the terms of the loan, including the parties to the loan agreement, date of the loan, amount of the loan, term of the loan, date or dates when payments shall be due on the loan and the amount of the payments, and the rate of interest paid on the loan.

(B) This section shall not apply to the following types of loans:

1. Loans made to the campaign committee of the elected officer.
2. Loans made to the elected officer by his or her spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, nephew, niece, aunt, uncle, or first cousin, or the spouse of any such person, provided that the person making the loan is not acting as an agent or intermediary for any person not otherwise exempted under this section.

3. Loans made, or offered in writing, before January 1, 1998.

(C) Nothing in this section shall exempt any person from any other provision of Title 9 of the Government Code.

(8.4) Section 8.4. Personal Loans.

(A) Except as set forth in subdivision (B), a personal loan received by any designated employee shall become a gift to the designated employee for the purposes of this section in the following circumstances:

1. If the loan has a defined date or dates for repayment, when the statute of limitations for filing an action for default has expired.

2. If the loan has no defined date or dates for repayment, when one year has elapsed from the later of the following:

- a. The date the loan was made.

b. The date the last payment of \$100 or more was made on the loan.

c. The date upon which the debtor has made payments on the loan aggregating to less than \$250 during the previous 12 months.

(B) This section shall not apply to the following types of loans:

1. A loan made to the campaign committee of an elected officer or a candidate for elective office.

2. A loan that would otherwise not be a gift as defined in this title.

3. A loan that would otherwise be a gift as set forth under subdivision (A), but on which the creditor has taken reasonable action to collect the balance due.

4. A loan that would otherwise be a gift as set forth under subdivision (A), but on which the creditor, based on reasonable business considerations, has not undertaken collection action. Except in a criminal action, a creditor who claims that a loan is not a gift on the basis of this paragraph has the burden of proving that the decision for not taking collection action was based on reasonable business considerations.

5. A loan made to a debtor who has filed for bankruptcy and the loan is ultimately discharged in bankruptcy.

(C) Nothing in this section shall exempt any person from any other provisions of Title 9 of the Government Code.

(9) Section 9. Disqualification.

No designated employee shall make, participate in making, or in any way attempt to use his or her official position to influence the making of any governmental decision which he or she knows or has reason to know will have a reasonably foreseeable material financial effect,



distinguishable from its effect on the public generally, on the official or a member of his or her immediate family or on:

(A) Any business entity in which the designated employee has a direct or indirect investment worth \$2,000 or more;

(B) Any real property in which the designated employee has a direct or indirect interest worth \$2,000 or more;

(C) Any source of income, other than gifts and other than loans by a commercial lending institution in the regular course of business on terms available to the public without regard to official status, aggregating \$500 or more in value provided to, received by or promised to the designated employee within 12 months prior to the time when the decision is made;

(D) Any business entity in which the designated employee is a director, officer, partner, trustee, employee, or holds any position of management; or

(E) Any donor of, or any intermediary or agent for a donor of, a gift or gifts aggregating \$420 or more provided to, received by, or promised to the designated employee within 12 months prior to the time when the decision is made.

#### (9.3) Section 9.3. Legally Required Participation.

No designated employee shall be prevented from making or participating in the making of any decision to the extent his or her participation is legally required for the decision to be made. The fact that the vote of a designated employee who is on a voting body is needed to break a tie does not make his or her participation legally required for purposes of this section.

#### (9.5) Section 9.5. Disqualification of State Officers and Employees.

In addition to the general disqualification provisions of section 9, no state administrative official shall make, participate in making, or use his or her official position to influence any

governmental decision directly relating to any contract where the state administrative official knows or has reason to know that any party to the contract is a person with whom the state administrative official, or any member of his or her immediate family has, within 12 months prior to the time when the official action is to be taken:

(A) Engaged in a business transaction or transactions on terms not available to members of the public, regarding any investment or interest in real property; or

(B) Engaged in a business transaction or transactions on terms not available to members of the public regarding the rendering of goods or services totaling in value \$1,000 or more.

(10) Section 10. Disclosure of Disqualifying Interest.

When a designated employee determines that he or she should not make a governmental decision because he or she has a disqualifying interest in it, the determination not to act may be accompanied by disclosure of the disqualifying interest.

(11) Section 11. Assistance of the Commission and Counsel.

Any designated employee who is unsure of his or her duties under this code may request assistance from the Fair Political Practices Commission pursuant to Section 83114 and Regulations 18329 and 18329.5 or from the attorney for his or her agency, provided that nothing in this section requires the attorney for the agency to issue any formal or informal opinion.

(12) Section 12. Violations.

This code has the force and effect of law. Designated employees violating any provision of this code are subject to the administrative, criminal and civil sanctions provided in the Political Reform Act, Sections 81000-91014. In addition, a decision in relation to which a violation of the disqualification provisions of this code or of Section 87100 or 87450 has occurred may be set aside as void pursuant to Section 91003.

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<sup>1</sup>Designated employees who are required to file statements of economic interests under any other agency's conflict-of-interest code, or under article 2 for a different jurisdiction, may expand their statement of economic interests to cover reportable interests in both jurisdictions, and file copies of this expanded statement with both entities in lieu of filing separate and distinct statements, provided that each copy of such expanded statement filed in place of an original is signed and verified by the designated employee as if it were an original. See Section 81004.

<sup>2</sup>See Section 81010 and Regulation 18115 for the duties of filing officers and persons in agencies who make and retain copies of statements and forward the originals to the filing officer.

<sup>3</sup>For the purpose of disclosure only (not disqualification), an interest in real property does not include the principal residence of the filer.

<sup>4</sup>Investments and interests in real property which have a fair market value of less than \$2,000 are not investments and interests in real property within the meaning of the Political Reform Act. However, investments or interests in real property of an individual include those held by the individual's spouse and dependent children as well as a pro rata share of any investment or interest in real property of any business entity or trust in which the individual, spouse and dependent children own, in the aggregate, a direct, indirect or beneficial interest of 10 percent or greater.

<sup>5</sup>A designated employee's income includes his or her community property interest in the income of his or her spouse but does not include salary or reimbursement for expenses received from a state, local or federal government agency.

<sup>6</sup>Income of a business entity is reportable if the direct, indirect or beneficial interest of the filer and the filer's spouse in the business entity aggregates a 10 percent or greater interest. In

addition, the disclosure of persons who are clients or customers of a business entity is required only if the clients or customers are within one of the disclosure categories of the filer.

Note: Authority cited: Section 83112, Government Code. Reference: Sections 87103(e), 87300-87302, 89501, 89502 and 89503, Government Code.

### HISTORY

1. New section filed 4-2-80 as an emergency; effective upon filing (Register 80, No. 14).  
Certificate of Compliance included.
2. Editorial correction (Register 80, No. 29).
3. Amendment of subsection (b) filed 1-9-81; effective thirtieth day thereafter (Register 81, No. 2).
4. Amendment of subsection (b)(7)(B)1. filed 1-26-83; effective thirtieth day thereafter (Register 83, No. 5).
5. Amendment of subsection (b)(7)(A) filed 11-10-83; effective thirtieth day thereafter (Register 83, No. 46).
6. Amendment filed 4-13-87; operative 5-13-87 (Register 87, No. 16).
7. Amendment of subsection (b) filed 10-21-88; operative 11-20-88 (Register 88, No. 46).
8. Amendment of subsections (b)(8)(A) and (b)(8)(B) and numerous editorial changes filed 8-28-90; operative 9-27-90 (Reg. 90, No. 42).
9. Amendment of subsections (b)(3), (b)(8) and renumbering of following subsections and amendment of Note filed 8-7-92; operative 9-7-92 (Register 92, No. 32).
10. Amendment of subsection (b)(5.5) and new subsections (b)(5.5)(A)-(A)(2) filed 2-4-93; operative 2-4-93 (Register 93, No. 6).

11. Change without regulatory effect adopting Conflict of Interest Code for California Mental Health Planning Council filed 11-22-93 pursuant to title 1, section 100, California Code of Regulations (Register 93, No. 48). Approved by Fair Political Practices Commission 9-21-93.
12. Change without regulatory effect redesignating Conflict of Interest Code for California Mental Health Planning Council as chapter 62, section 55100 filed 1-4-94 pursuant to title 1, section 100, California Code of Regulations (Register 94, No. 1).
13. Editorial correction adding History 11 and 12 and deleting duplicate section number (Register 94, No. 17).
14. Amendment of subsection (b)(8), designation of subsection (b)(8)(A), new subsection (b)(8)(B), and amendment of subsections (b)(8.1)-(b)(8.1)(B), (b)(9)(E) and Note filed 3-14-95; operative 3-14-95 pursuant to Government Code section 11343.4(d) (Register 95, No. 11).
15. Editorial correction inserting inadvertently omitted language in footnote 4 (Register 96, No. 13).
16. Amendment of subsections (b)(8)(A)-(B) and (b)(8.1)(A), repealer of subsection (b)(8.1)(B), and amendment of subsection (b)(12) filed 10-23-96; operative 10-23-96 pursuant to Government Code section 11343.4(d) (Register 96, No. 43).
17. Amendment of subsections (b)(8.1) and (9)(E) filed 4-9-97; operative 4-9-97 pursuant to Government Code section 11343.4(d) (Register 97, No. 15).
18. Amendment of subsections (b)(7)(B)5., new subsections (b)(8.2)-(b)(8.4)(C) and amendment of Note filed 8-24-98; operative 8-24-98 pursuant to Government Code section 11343.4(d) (Register 98, No. 35).
19. Editorial correction of subsection (a) (Register 98, No. 47).
20. Amendment of subsections (b)(8.1), (b)(8.1)(A) and (b)(9)(E) filed 5-11-99; operative

5-11-99 pursuant to Government Code section 11343.4(d) (Register 99, No. 20).

21. Amendment of subsections (b)(8.1)-(b)(8.1)(A) and (b)(9)(E) filed 12-6-2000; operative 1-1-2001 pursuant to the 1974 version of Government Code section 11380.2 and Title 2, California Code of Regulations, section 18312(d) and (e) (Register 2000, No. 49).

22. Amendment of subsections (b)(3) and (b)(10) filed 1-10-2001; operative 2-1-2001.

Submitted to OAL for filing pursuant to *Fair Political Practices Commission v. Office of Administrative Law*, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements) (Register 2001, No. 2).

23. Amendment of subsections (b)(7)(A)4., (b)(7)(B)1.-2., (b)(8.2)(E)3., (b)(9)(A)-(C) and footnote 4. filed 2-13-2001. Submitted to OAL for filing pursuant to *Fair Political Practices Commission v. Office of Administrative Law*, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements) (Register 2001, No. 7).

24. Amendment of subsections (b)(8.1)-(b)(8.1)(A) filed 1-16-2003; operative 1-1-2003.

Submitted to OAL for filing pursuant to *Fair Political Practices Commission v. Office of Administrative Law*, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements) (Register 2003, No. 3).

25. Editorial correction of History 24 (Register 2003, No. 12).

26. Editorial correction removing extraneous phrase in subsection (b)(9.5)(B) (Register 2004, No. 33).

27. Amendment of subsections (b)(2)-(3), (b)(3)(C), (b)(6)(C), (b)(8.1)-(b)(8.1)(A), (b)(9)(E) and (b)(11)-(12) filed 1-4-2005; operative 1-1-2005 pursuant to Government Code section 11343.4 (Register 2005, No. 1).

28. Amendment of subsection (b)(7)(A)4. filed 10-11-2005; operative 11-10-2005 (Register 2005, No. 41).

29. Amendment of subsections (a), (b)(1), (b)(3), (b)(8.1), (b)(8.1)(A) and (b)(9)(E) filed 12-18-2006; operative 1-1-2007. Submitted to OAL pursuant to *Fair Political Practices Commission v. Office of Administrative Law*, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements) (Register 2006, No. 51).

30. Amendment of subsections (b)(8.1)-(b)(8.1)(A) and (b)(9)(E) filed 10-31-2008; operative 11-30-2008. Submitted to OAL for filing pursuant to *Fair Political Practices Commission v. Office of Administrative Law*, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements and not subject to procedural or substantive review by OAL) (Register 2008, No. 44).

31. Amendment of section heading and section filed 11-15-2010; operative 12-15-2010. Submitted to OAL for filing pursuant to *Fair Political Practices Commission v. Office of Administrative Law*, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements and not subject to procedural or substantive review by OAL) (Register 2010, No. 47).

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8.B.

2012

COMPLIANCE PLAN  
POLICY





**Meeting Date:** September 26, 2012

**Prepared by:** Paula Davis, CHRO

**Agenda Item Title:** Compliance Plan

**Recommendation:**

That the Compliance Plan be approved by the Governance Committee and further sent to the Board of Directors for final approval and acceptance as part of the organizational policies of Sonoma Valley Hospital.

**Background:**

The Compliance Plan is based on the California Hospital Association model plan as recommended by our attorney, Colin Coffey at Archer Norris law firm. The Plan in its final form has been reviewed by legal counsel, Mr. Coffey, and is recommended for approval in order to be compliant with Federal and California laws. A complete hospital compliance manual is on hand and available in the hospital that identifies what are and how to handle all compliance issues. The plan calls for all employees to be educated about applicable laws and trained in matters of compliance. In order to accomplish this, the plan will be introduced to all staff via the SVH Intranet and new hires (within the first 90 days) and periodic training will be required through Health Stream on-line education. All hospital affiliates including staff, volunteers, contractors and members of the Hospital's Governing Board will be provided with periodic training on fraud and abuse laws and other compliance matters.

**Consequences of Negative Action/Alternative Actions:**

Although there is current no law that expressly requires a hospital to have a compliance program, the Patient Protection and Affordable Care Act of 2010 authorizes the Secretary of the federal Department of Health and Human Services to require providers and suppliers to establish a compliance program as a condition of enrollment in Medicare and Medicaid. The Office of the Inspector General (OIG) of DHHS strongly urges every hospital to develop and implement a voluntary compliance program to demonstrate its good faith commitment to ensuring and promoting integrity and to combating fraud, abuse and waste. By having a

comprehensive Compliance Plan in place, SVH raises the awareness of compliance issues and creates a “culture of compliance” throughout the organization. As the OIG has stated: Fundamentally, compliance efforts are designed to establish a culture within a hospital that promotes prevention, detection and resolution of instances of conduct that do not conform to Federal and State law, and Federal, State and private payor health care program requirements, as well as the hospital’s ethical and business policies.

**Financial Impact:**

Unknown – However the purpose of an effective compliance and ethics program is to exercise due diligence to prevent and detect criminal conduct and otherwise promote an organizational culture that encourages ethical conduct and commitment to compliance with the law. Should the conduct of violation take place, investigation and remediation would take place to respond appropriately and prevent further offenses.

**Selection Process and Contract History:**

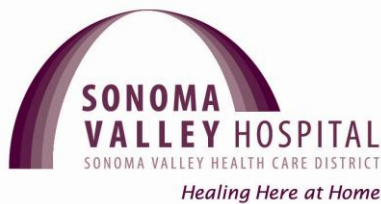
It was advised by legal counsel to utilize the California Hospital Association model plan.

**Board Committee:**

Governance

**Attachment:**

Sonoma Valley Hospital Compliance Plan



Dear Colleague:

Sonoma Valley Hospital is fully committed to compliance with the law and ethical standards. In this age of strict government regulation and public scrutiny of business practices, a high level of commitment to compliance is essential.

Sonoma Valley Hospital has developed this Compliance Program to further our mission to provide high-quality patient care in a manner that ensures compliance with the law and the highest business ethics. This Compliance Program includes a comprehensive discussion of certain laws, the hospital's policies, and expectations about your conduct. However, no written program or policy can cover all circumstances. We therefore ask that you read this Compliance Program (available on the SVH Intranet) carefully to understand not only its written words, but its purpose and meaning as well.

If you have any questions about this Compliance Program or think an event has occurred that violates this Compliance Program, you shall contact our Chief Compliance Officer, who also serves as the hospital Chief Financial Officer. Alternatively, you can anonymously contact our Compliance Hotline by calling 707-935-5151 or sending a fax to Compliance Officer, at 707-935-5433 or e-mail to [Compliance@svh.com](mailto:Compliance@svh.com). You are encouraged to ask questions and to report violations of this Compliance Program.

You can count on Sonoma Valley Hospital to provide the support and environment necessary to make this Compliance Program a success. Similarly, Sonoma Valley Hospital is counting on you to take this Compliance Program seriously and conduct yourself accordingly.

Sincerely,

*Kelly Mather*

President and Chief Executive Officer

Sonoma Valley Hospital

## **SECTION I — COMPLIANCE PROGRAM SUMMARY**

### **Definitions of Commonly Used Terms**

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Following is a list of words that are commonly used in this Compliance Program and their meanings:

- **“Hospital”** means Sonoma Valley Hospital, and all of its subsidiaries and affiliates that are covered by this Compliance Program.
- **“Personnel”** means all employees and volunteers of Sonoma Valley Hospital, and all contractors or others who are required to comply with this Compliance Program. Each of these persons shall have access to the Compliance Plan via the hospital intranet and shall receive periodic training on appropriate regulatory requirements .

### **Purpose of this Compliance Program**

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Sonoma Valley Hospital is committed to ensuring compliance with all applicable statutes, regulations, and policies governing our daily business activities. To that end, the Hospital created this Compliance Program to serve as a practical guidebook that can be used by all Personnel to assist them in performing their job functions in a manner that complies with applicable laws and policies. This Compliance Program is intended to further our day-to-day commitment that our operations comply with federal and state laws, to provide guidance for all employees, and to serve as a mechanism for preventing and reporting any violation of those laws.

While this Compliance Program contains policies regarding the business of Sonoma Valley Hospital, it does not contain every policy that Personnel are expected to follow. For example, this Compliance Program does not cover payroll, vacation, and benefits policies. The Hospital maintains other policies with which employees are required to comply. You should discuss with your supervisor any questions regarding which policies apply to you.

It is the policy of Sonoma Valley Hospital that:

- All employees are educated about applicable laws and trained in matters of compliance;
- There is periodic auditing, monitoring, and oversight of compliance with those laws;
- An atmosphere exists that encourages and enables the reporting of non-compliance without fear of retribution; and
- Mechanisms exist to investigate, discipline, and correct non-compliance.

### **Who Is Affected**

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Everyone employed by Sonoma Valley Hospital is required to comply with the Compliance Program. Because not all sections of the Compliance Program will apply to your job function, you will receive training and other materials to explain which portions of this Compliance Program apply to you.

While this Compliance Program is not intended to serve as the compliance program for all of our contractors, it is important that all contractors perform services in a manner that complies with the law. To that end, agreements with contractors may incorporate certain provisions of this Compliance Program.

This Compliance Program is effective only if everyone takes it seriously and commits to comply with its contents. It is important that you not only understand and comply with the written words of this Compliance Program, but that you also understand and appreciate the spirit and purpose of this Compliance Program. When in doubt, ask your supervisor, review the appropriate section of this Compliance Program, or take other steps to ensure that you are following the Compliance Program.

Compliance requirements are subject to change as a result of new laws. We shall keep this Compliance Program current and useful. You are encouraged to let your supervisor know when you become aware of changes in law or hospital policy that might affect this Compliance Program.

## **How to Use This Compliance Program**

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Sonoma Valley Hospital has organized this Compliance Program to be understandable and easy to navigate. Following is a brief description of how this Compliance Program manual is organized.

### **Section I – Compliance Program Summary**

#### **Section II – Code of Conduct**

This section contains specific policies related to your personal conduct while performing your job function. The primary objective of these policies is to create a work environment that promotes cooperation, professionalism, and compliance with the law. Compliance with the Code of Conduct is a significant factor in employment performance evaluations. All Personnel will receive training on this section.

#### **Section III – Compliance Program Systems and Processes**

This section explains the roles of the Chief Compliance Officer and the Compliance Committee. It also contains information about Compliance Program education and training, auditing, and corrective action. Most importantly, this section explains how to report violations anonymously, either in writing or by calling the Hospital's Compliance Hotline at 707-935-5151 or sending a fax to 707-935-5433 or e-mail to Compliance@svh.com.

#### **Section IV – Compliance Policies**

This section includes specific policies that apply to various aspects of Sonoma Valley Hospital's business and operations. Some of these policies may not apply to your specific job function, but it is still important that you are aware of their existence and importance. All Personnel will receive training regarding the policies that apply to their job function.

Following are some tips on how to effectively use this Compliance Program:

- **Important Reference Tool.** This Compliance Program shall be viewed as an important reference manual that can be referred to on a regular basis to answer questions about how to perform your job. Although it may not contain all of the answers, it will contain many and can save you time.
- **Read it in Context.** Sonoma Valley Hospital has created this Compliance Program to incorporate numerous compliance policies, many of which may not apply to you. When reviewing this Compliance Program and the policies contained herein, keep in mind that the policies are to be applied in the context of your job. If you are uncertain about if and how a policy applies to you, ask your supervisor.
- **Keep it Handy.** This Compliance Program manual easily accessible on the SVH Intranet and easy to refer to it on a regular basis.
- **Talk to Your Co-Workers.** Regular dialogue among co-workers and supervisors is a great way to ensure that policies are being uniformly applied. While this discussion is encouraged, always remember that the provisions of this Compliance Program should guide you on compliance matters.

## **SECTION II — CODE OF CONDUCT**

### **Our Compliance Mission**

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Sonoma Valley Hospital's mission is to maintain, restore and improve the health of everyone in our community.

In concert with our medical staff, Sonoma Valley Hospital shall strive to provide quality health care to our community. Our team of dedicated health care professionals shall provide a compassionate and caring environment for patients, and their families and friends, while continuously striving to improve the quality of care that is accessible.

Sonoma Valley Hospital shall collaborate with its medical staff and affiliated organizations to improve health outcomes, enhance quality of life and promote human dignity through health education, prevention, and services across the health care continuum.

Sonoma Valley Hospital's Board of Directors (hereinafter referred to as "Governing Board") adopted the Compliance Program, including this Code of Conduct, to provide standards by which Personnel shall conduct themselves in order to protect and promote Hospital integrity and to enhance the Hospital's ability to achieve its objectives. Sonoma Valley Hospital believes this Code of Conduct will significantly contribute to a positive work environment for all.

No written policies can capture every scenario or circumstance that can arise in the workplace. Sonoma Valley Hospital expects Personnel to consider not only the words written in this Code of Conduct, but the meaning and purpose of those words as well. You are expected to read this Code of Conduct and exercise good judgment. You are encouraged to talk to your supervisor or Sonoma Valley Hospital's Chief Compliance Officer if you have any questions about this Code of Conduct or what is expected of you.

All Personnel are expected to be familiar with the contents of this Code of Conduct. Training and education will be provided periodically to further explain this Code of Conduct and its application. HealthStream will serve as the education module for compliance training.

### **Compliance With Laws**

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It is the policy of Sonoma Valley Hospital, its affiliates, contractors and employees to comply with all applicable laws. When the application of the law is uncertain, the Hospital will seek guidance from legal counsel.

### **Open Communication**

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Sonoma Valley Hospital encourages open lines of communication between Personnel. If you are aware of an unlawful or unethical situation, there are several ways you can bring this to the Hospital's attention. Your supervisor is the best place to start, but you can also contact the Hospital's Chief Compliance Officer or call the Compliance Hotline to express your concerns. All employee reports of unlawful or unethical conduct will be investigated promptly. The Hospital does not tolerate threats or acts of retaliation or retribution against employees for using these communication channels.

### **Your Personal Conduct**

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Sonoma Valley Hospital's reputation for the highest standards of conduct rests not on periodic audits by lawyers and accountants, but on the high measure of mutual trust and responsibility that exists between employees and the Hospital. It is based on you, as an individual, exercising good judgment and acting in accordance with this Code of Conduct and the law.

Ethical behavior on the job essentially comes down to honesty and fairness in dealing with other employees and with patients, vendors, competitors, the government and the public. It is no exaggeration to say that Sonoma Valley Hospital's integrity and reputation are in your hands.

Sonoma Valley Hospital's basic belief in the importance of respect for the individual has led to a strict regard for the privacy and dignity of Personnel. When management determines that your personal conduct adversely affects your performance, that of other Personnel, or the legitimate interests of Sonoma Valley Hospital, the Hospital may be required to take action.

### **The Work Environment**

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Sonoma Valley Hospital strives to provide Personnel with a safe and productive work environment. The work environment also shall be free from discrimination and harassment based on race, color, religion, sex, sexual orientation, age, national origin, disability, veteran status, or other factors that are unrelated to the Hospital's legitimate business interests. The Hospital will not tolerate sexual advances, actions, comments, or any other conduct in the workplace that creates an intimidating or otherwise offensive environment. Similarly, the use of racial or religious slurs — or any other remarks, jokes, or conduct that encourages or permits an offensive work environment — will not be tolerated.

If you believe that you are subject to such conduct, you shall bring such activity to the attention of the Hospital, either by informing your supervisor, Human Resources, the Hospital's Chief Compliance Officer, or by calling the Compliance Hotline. The Hospital considers all complaints of such conduct to be serious matters, and all complaints will be investigated promptly.

Some other activities that are prohibited because they clearly are not appropriate are:

- Threats,
- Violent behavior,
- The possession of weapons of any type,
- The distribution of offensive jokes or other offensive materials via e-mail or any other manner, and
- The use, distribution, sale or possession of illegal drugs or any other controlled substance, except to the extent permitted by law for approved medical purposes.

In addition, employees may not be on Sonoma Valley Hospital premises or in the Hospital work environment if they are under the influence of or affected by illegal drugs, alcohol, or controlled substances used other than as prescribed.

### **Employee Privacy**

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Sonoma Valley Hospital collects and maintains personal information that relates to your employment, including medical and benefit information. Access to personal information is restricted solely to people with a need to know. Personal information is released outside the Hospital or its agents only with employee approval, except in response to appropriate investigatory or legal requirements, or in accordance with other applicable law. Employees who are responsible for maintaining personal information and those who are provided access to such information shall ensure that the information is not disclosed in violation of the Hospital's Personnel policies or practices.

### **Use of Hospital Property**

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Sonoma Valley Hospital equipment, systems, facilities, corporate charge cards and supplies shall be used only for conducting Hospital business or for purposes authorized by management.

Personal items, messages or information that you consider private shall not be placed or kept in telephone systems, computer systems, offices, work spaces, desks, credenzas or file cabinets. Employees shall have no expectation of privacy with regard to items or information stored or maintained on Hospital equipment or premises. Management is permitted to access these areas. Employees shall not search for or retrieve articles from another employee's workspace without prior approval from that employee or management.

Since supplies of certain everyday items are readily available at Sonoma Valley Hospital work locations, the question of making personal use of them frequently arises. The answer is clear: employees may not use Hospital supplies for personal use.

### **Use of Hospital Computers**

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The increasing reliance placed on computer systems, internal information and communications facilities in carrying out Sonoma Valley Hospital business makes it absolutely essential to ensure their integrity. Like other Hospital assets, these facilities and the information they make available through a wide variety of databases shall be used only for conducting Sonoma Valley Hospital business or for purposes authorized by management. Their unauthorized use, whether or not for personal gain, is a misappropriation of Hospital assets.

While Sonoma Valley Hospital conducts audits to help ensure that Hospital systems, networks and databases are being used properly, it is your responsibility to make sure that each use you make of any Hospital system is authorized and proper.

Personnel are not allowed to load or download software or data onto Sonoma Valley Hospital computer systems unless it is for business purposes and is approved in advance by the appropriate supervisor. Personnel shall not use Sonoma Valley Hospital e-mail systems to deliver or forward inappropriate jokes, unauthorized political materials, religious messages, or any other potentially offensive materials. Personnel are strictly forbidden from using computers to access the Internet for purposes of gambling, viewing pornography, or engaging in any illegal activities.

Employees shall have no expectation of privacy with regard to items or information stored or maintained on Sonoma Valley Hospital equipment or premises.

### **Use of Proprietary Information**

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#### **Proprietary Information**

Proprietary information is generally confidential information that is developed by Sonoma Valley Hospital as part of its business and operations. Such information includes, but is not limited to, the business, financial, marketing, and contract arrangements associated with Sonoma Valley Hospital services and products. It also includes computer-access passwords, procedures used in producing computer or data processing records, personnel and medical records, and payroll data. Other proprietary information includes management know-how and processes; Sonoma Valley Hospital business and product plans with outside vendors; a variety of internal databases; and copyrighted material, such as software.

The value of this proprietary information is well known to many people in the Hospital industry. Besides competitors, they include industry and security analysts, members of the press, and consultants. Sonoma Valley Hospital alone is entitled to determine who may possess its proprietary information and what use may be made of it, except for specific legal requirements such as the publication of certain reports.



Personnel often have access to information that the Hospital considers proprietary. Therefore, it is very important not to use or disclose proprietary information except as authorized by Sonoma Valley Hospital.

### **Inadvertent Disclosure**

The unintentional disclosure of proprietary information can be just as harmful as intentional disclosure. To avoid unintentional disclosure, never discuss with any unauthorized person proprietary information that has not been made public by the Hospital. This information includes unannounced products or services, prices, earnings, procurement plans, business volumes, capital requirements, confidential financial information, marketing and service strategies, business plans, and other confidential information. Furthermore, you shall not discuss confidential information even with authorized Sonoma Valley Hospital employees if you are in the presence of others who are not authorized — for example, at a conference reception or in a public area such as an airplane. This also applies to discussions with family members or with friends, who might innocently or inadvertently pass the information on to someone else.

### **Direct Requests for Information**

If someone outside Sonoma Valley Hospital asks you questions about the Hospital or its business activities, either directly or through another person, do not attempt to answer them unless you are certain you are authorized to do so. If you are not authorized, refer the person to the appropriate source within the Hospital. Under no circumstances shall you continue contact without guidance and authorization. If you receive a request for information or to conduct an interview from an attorney, investigator, or any law enforcement officer, and it concerns Sonoma Valley Hospital's business, you shall refer the request to the office of the Hospital's Chief Executive Officer. Similarly, unless you have been authorized to talk to reporters, or to anyone else writing about or otherwise covering the Hospital or the industry, direct the person to your to the Hospital's Chief Executive Officer.

### **Disclosure and Use of Proprietary Information**

Besides your obligation not to disclose any Sonoma Valley Hospital proprietary information to anyone outside the Hospital, you are also required to use such information only in connection with the Hospital's business. These obligations apply whether or not you developed the information yourself.

## **Recording and Reporting Information**

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You shall record and report all information accurately and honestly. Every employee records information of some kind and submits it to the Hospital (for example, a time card, an expense account record, or a report). To submit a document that contains false information — an expense report for meals not eaten, miles not driven, or for any other expense not incurred — is dishonest reporting and is prohibited.

Dishonest reporting of information to organizations and people outside Sonoma Valley Hospital is also strictly prohibited and could lead to civil or even criminal liability for you and the Hospital. This includes not only reporting information inaccurately, but also organizing it in a way that is intended to mislead or misinform those who receive it. Personnel shall ensure that they do not make false or misleading statements in oral or written communications provided to organizations outside of Sonoma Valley Hospital.

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**Proprietary and Competitive Information About Others**

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In the normal course of business, it is not unusual to acquire information about many other organizations, including competitors (competitors are other Hospitals and health facilities). Doing so is a normal business activity and is not unethical in itself. However, there are limits to the ways that information shall be acquired and used. Improper solicitation of confidential data about a competitor from a competitor's employees or from Hospital patients is prohibited. Sonoma Valley Hospital will not tolerate any form of questionable intelligence-gathering.

**Exception**

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Nothing contained herein is to be construed as prohibiting conduct legally protected by the National Labor Relations Act or other applicable state or federal law.

**Gifts and Entertainment**

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Sonoma Valley Hospital understands that vendors and others doing business with the Hospital may wish to provide gifts, promotional items, and entertainment to Hospital Personnel as part of such vendors' own marketing activities. Sonoma Valley Hospital also understands that there may be occasions where the Hospital may wish to provide reasonable business gifts to promote the Hospital's services. However, the giving and receipt of such items can easily be abused and have unintended consequences; giving and receiving gifts, particularly in the health care industry, can create substantial legal risks.

**General Policy**

It is the general policy of Sonoma Valley Hospital that neither you nor any member of your family may solicit, receive, offer, or pay any money or gift that is, or could be reasonably construed to be, an inducement in exchange for influence or assistance in conducting Hospital business. It is the intent of the Hospital that this policy be construed broadly such that all business transactions with vendors, contractors, and other third parties are transacted to avoid even the appearance of improper activity.

**Spending Limits — Gifts, Dining and Entertainment**

Sonoma Valley Hospital has developed policies that clearly define the spending limits permitted for items such as gifts, dining and entertainment. All personnel are strictly prohibited from making any expenditure of Hospital or personal funds for gifts, dining or entertainment in any way related to Sonoma Valley Hospital business unless such expenditures are approved in advance by the hospital CEO.

**Marketing and Promotions in Health Care**

As a provider of health care services, the marketing and promotional activities of Sonoma Valley Hospital may be subject to anti-kickback and other laws that specifically apply to the health care industry. The Hospital has adopted policies elsewhere in this Compliance Program to specifically address the requirements of such laws.

It is the policy of Sonoma Valley Hospital that Personnel are not allowed to solicit, offer or receive any payment or remuneration of any kind (regardless of the value) in exchange for referring, or recommending the referral of, patients or customers to Sonoma Valley Hospital.

## **Marketing**

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Sonoma Valley Hospital has expended significant efforts and resources in developing its services and reputation for providing high-quality patient care. Part of those efforts involves advertising, marketing, and other promotional activities. While such activities are important to the success of the Hospital, they are also potential sources of legal liability as a result of health care laws (such as the anti-kickback laws) that regulate the marketing of health care services. Therefore, it is important that the Hospital closely monitor and regulate advertising, marketing, and other promotional activities to ensure that all such activities are performed in accordance with Sonoma Valley Hospital objectives and applicable law.

This Compliance Program contains various policies applicable to specific business activities of Sonoma Valley Hospital. In addition to those policies, it is the general policy of the Hospital that no Personnel engage in any advertising, marketing, or other promotional activities on behalf of the Hospital unless such activities are approved in advance by the appropriate Hospital representative. You shall ask your supervisor to determine the appropriate Sonoma Valley Hospital representative to contact. In addition, no advertising, marketing, or other promotional activities targeted at health care providers or potential patients may be conducted unless approved in advance by the Hospital's legal counsel.

## **Conflicts of Interest**

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A conflict of interest may arise if you engage in any activities or advance any personal interests at the expense of Sonoma Valley Hospital's interests. An actual or potential conflict of interest occurs when an employee is in a position to influence a decision that may result in personal gain for that employee, a relative, or a friend as a result of the Hospital's business dealings. You shall avoid situations in which your loyalty may become divided.

An obvious conflict of interest is providing assistance to an organization that provides services and products in competition with Sonoma Valley Hospital's current or potential services or products. You may not, without prior consent, work for such an organization as an employee, a consultant, or a member of its governing board. Such activities are prohibited because they divide your loyalty between Sonoma Valley Hospital and that organization. Failure to obtain prior consent in advance from the Hospital's Chief Executive Officer, Chief Compliance Officer or legal counsel may be grounds for termination.

## **Outside Employment and Business Interests**

You are not permitted to work on any personal business venture on Sonoma Valley Hospital premises or while working on Hospital time. In addition, you are not permitted to use Sonoma Valley Hospital equipment, telephones, computers, materials, resources or proprietary information for any outside work. You shall abstain from any decision or discussion affecting the Hospital when serving as a member of an outside organization or board or in public office, except when specific permission to participate has been granted by the Hospital's Chief Compliance Officer or legal counsel.

## **Contracting with the Hospital**

You may not contract with Sonoma Valley Hospital to be a supplier, to represent a supplier to the Hospital, or to work for a supplier to the Hospital while you are an employee of Sonoma Valley Hospital. In addition, you may not accept money or benefits, of any kind, for any advice or services you may provide to a supplier in connection with its business with Sonoma Valley Hospital.

### **Anti-Competitive Activities**

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If you work in sales or marketing, Sonoma Valley Hospital asks you to perform your job not just vigorously and effectively, but fairly, as well. False or misleading statements about a competitor are inappropriate, invite disrespect and complaints, and may violate the law. Be sure that any comparisons you make about competitors' products and services are fair and accurate. (Competitors are other hospitals and health facilities.)

### **Reporting Violations**

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Sonoma Valley Hospital supports and encourages each employee and contractor to maintain individual responsibility for monitoring and reporting any activity that violates or appears to violate any applicable statutes, regulations, policies, or this Code of Conduct.

Sonoma Valley Hospital has established a reporting mechanism that permits anonymous reporting, if the person making the report desires anonymity. Employees who become aware of a violation of the Hospital Compliance Program, including this Code of Conduct, shall report the improper conduct to their departmental compliance officer or the Chief Compliance Officer. That officer, or a designee, will then investigate all reports and insure that appropriate follow-up actions are taken.

Sonoma Valley Hospital policy prohibits retaliation against an employee who makes such a report in good faith. In addition, it is the policy of the Hospital that no employee will be punished on the basis that he/she reported what he/she reasonably believed to be improper activity or a violation of this Program.

However, employees are subject to disciplinary action if after an investigation, the Hospital reasonably concludes that the reporting employee knowingly fabricated, or knowingly distorted, exaggerated, or minimized the facts to either cause harm to someone else or to protect or benefit themselves or another person.

## ***SECTION III — COMPLIANCE PROGRAM SYSTEMS AND PROCESSES***

This Compliance Program contains a comprehensive set of policies. In order to effectively implement and maintain these policies, Sonoma Valley Hospital has developed various systems and processes. The purpose of this section of the Compliance Program is to explain the various systems and processes that the Hospital has established for the purpose of providing structure and support to the Compliance Program.

### **Compliance Officers and Committee**

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#### **Chief Compliance Officer**

Sonoma Valley Hospital has a Chief Compliance Officer who serves as the primary supervisor of this Compliance Program. The Hospital's Chief Compliance Officer occupies a high-level position within the organization and has authority to carry out all compliance responsibilities described in this Compliance Program. The Chief Compliance Officer is responsible for assuring that the Compliance Program is implemented to ensure that Sonoma Valley Hospital at all times maintains business integrity and that all applicable statutes, regulations, and policies are followed. The Chief Compliance Officer provides reports to the governing board about the Compliance Program and compliance issues as they arise.

The Chief Compliance Office, or delegate reports to the Governing Board on compliance issues. The Governing Board is ultimately responsible for supervising the work of the Chief Compliance Officer, and maintaining the standards of conduct set forth in the Compliance Program. The governing board oversees all of Sonoma Valley Hospital's compliance efforts and takes any appropriate and necessary actions to ensure that the Hospital conducts its activities in compliance with the law and sound business ethics.

The Chief Compliance Officer and Governing Board shall consult with legal counsel as necessary on compliance issues raised by the ongoing compliance review.

*Responsibilities of the Chief Compliance Officer*

The Chief Compliance Officer's responsibilities include the following:

- General oversight and monitoring of the implementation and maintenance of the Compliance Program.
- Reporting on a regular basis to the Governing Board (no less than annually) on the progress of implementation and operation of the Compliance Program and assisting the Governing Board in establishing methods to reduce the Hospital's risk of fraud, abuse, and waste.
- Periodically revising the Compliance Program in light of changes in the needs of the Hospital and changes in applicable statutes, regulations, and government policies.
- Reviewing at least annually the implementation and execution of the elements of this Compliance Program. The review includes an assessment of each of the basic elements individually, and the overall success of the program.
- Developing, coordinating, and participating in educational and training programs that focus on elements of the Compliance Program with the goal of ensuring that all appropriate Personnel are knowledgeable about, and act in accordance with, this Compliance Program and all pertinent federal and state requirements.
- Ensuring that independent contractors and agents of the Hospital are aware of the requirements of this Compliance Program as they affect the services provided by such contractors and agents.
- Ensuring that employees, independent contractors, and agents of the Hospital have not been excluded from participating in Medicare, Medicaid (Medi-Cal) or any other federal or state health care program.
- Ensuring that the Hospital does not employ or contract with any individual who has been convicted of a criminal offense related to health care within the previous five years, or who is listed by a federal or state agency as debarred, excluded, or otherwise ineligible for participation in Medicare, Medicaid (Medi-Cal), or any other federal or state health care program.
- Coordinating internal compliance review and monitoring activities.
- Independently investigating and acting on matters related to compliance, including design and coordination of internal investigations and implementation of any corrective action.
- Maintaining a good working relationship with other key operational areas, such as internal audit, coding, billing, and clinical departments.

- Designating work groups or task forces needed to carry out specific missions, such as conducting an investigation or evaluating a proposed enhancement to the Compliance Program.

The Chief Compliance Officer has the authority to review all documents and other information relevant to compliance activities, including, but not limited to, patient records, billing records, records concerning marketing efforts, and all arrangements with third parties, including without limitation employees, independent contractors, suppliers, agents, and physicians.

As authorized by the governing board, the Chief Human Resources Officer and the Chief Compliance Officer have direct access to the governing board, Chief Executive Officer and other senior management, and to legal counsel. Both the Chief Human Resources Officer and the Chief Compliance Officer has the authority to retain, as he or she deems necessary, outside legal counsel.

### **Compliance Committee**

Sonoma Valley Hospital has established a Compliance Committee to advise the Chief Compliance Officer and assist in monitoring this Compliance Program. The Compliance Committee provides the perspectives of individuals with diverse knowledge and responsibilities within Sonoma Valley Hospital.

#### *Members of the Compliance Committee*

The Compliance Committee consists of 7 representatives. The members of the Compliance Committee include those individuals designated below and other members, including representatives of senior management, chosen by the Hospital's Chief Executive Officer in consultation with the Chief Compliance Officer:

- Chief Compliance Officer (Also functions as Chief Financial Officer)
- Privacy Officer (Also functions as Health Information Manager)
- Chief Human Resources Officer
- Chief Quality Officer
- Risk Manager
- Director of Information Systems (or delegate)

The Chief Compliance Officer serves as the chairperson of the Compliance Committee. The Compliance Committee serves in an advisory role and has no authority to adopt or implement policies. The Chief Compliance Officer will consult with members of the Compliance Committee on a regular basis and may call meetings of all or some members of the Compliance Committee.

#### *Functions of the Compliance Committee*

The Compliance Committee's functions include the following:

- Assessing existing and proposed compliance policies for modification or possible incorporation into the Compliance Program;
- Working with the Chief Compliance Officer to develop further standards of conduct and policies to promote compliance;
- Recommending and monitoring, in conjunction with the Chief Compliance Officer, the development of internal systems and controls to carry out the standards and policies of this Compliance Program;
- Reviewing and proposing strategies to promote compliance and detection of potential violations;

- Assisting the Chief Compliance Officer in the development and ongoing monitoring of systems to solicit, evaluate and respond to complaints and problems related to compliance;
- Assisting the Chief Compliance Officer in coordinating compliance training, education and other compliance-related activities in the departments and business units in which the members of the Compliance Committee work; and
- Consulting with vendors of the Hospital on a periodic basis to promote adherence to this Compliance Program as it applies to those vendors and to promote their development of formal Compliance Programs.

The tasks listed above are not intended to be exhaustive. The Compliance Committee may also address other compliance related matters as determined by the Chief Compliance Officer.

**Compliance Committee Meetings:**

- A. Compliance Committee meetings shall be used to (1) discuss compliance issues, (2) announce and discuss new initiatives, (3) review rules, regulations, and policies and procedures, (4) develop compliance work plans, and (5) assign responsibilities for meeting Compliance Plan requirements, among other things.
- B. The Compliance Officer shall convene Compliance Committee meetings as necessary to meet Sonoma Valley Hospital's compliance needs, but, in any event, the Compliance Committee shall meet no less than once each six months.
- C. Meetings cannot take place unless a quorum of the Compliance Committee is present. A quorum requires the presence of (1) the Compliance Officer, and (2) a majority of the Compliance Committee.
- D. Meetings may be conducted using teleconferencing and/or videoconferencing equipment, as appropriate.
- E. Formal minutes shall be prepared and maintained for each meeting. At a minimum, the minutes shall include (1) the date, time and location of the meeting, (2) a list of the attendees, (3) a summary of the issues discussed, and (4) a summary of any decisions made, including a description of any corrective actions to be taken, as applicable. These minutes will be treated as confidential. Certain portions of the minutes may be attorney-client privileged to the extent they reflect confidential communications from an attorney who is rendering legal advice.

**Confidentiality:**

- A. The Issues addressed by the Compliance Committee are often sensitive and involve the review of confidential information. As such, the Compliance Steering Committee shall:
  1. treat such information as confidential;
  2. refrain from discussing any matter relating to the Compliance Committee outside of the Committee's established process; and
  3. refrain from using information obtained by the Compliance Committee other than for the purpose for which the information was originally collected.
- B. Notwithstanding section A as described above, the Compliance Committee may share information with the Compliance Officer and Sonoma Valley Hospital's Chief Executive Officer and Board of Directors.

- C. Compliance Committee members shall ensure that documents in their possession are stored in a secure manner to prevent unauthorized access.
- D. Any questions or clarifications regarding confidentiality shall be addressed by the Compliance Officer.

### **Compliance as an Element of Performance**

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The promotion of, and adherence to, the elements of this Compliance Program is a factor in evaluating the performance of all Hospital employees. Employees will be periodically trained regarding the Compliance Program, and new compliance policies that are adopted. In particular, all managers and supervisors involved in any processes related to the evaluation, preparation, or submission of medical claims shall do the following:

- Discuss, as applicable, the compliance policies and legal requirements described in this Compliance Program with all supervised Personnel.
- Inform all supervised Personnel that strict compliance with this Compliance Program is a condition of continued employment.
- Inform all supervised Personnel that disciplinary action will be taken, up to and including termination of employment or contractor status, for violation of this Compliance Program.

Managers and supervisors will be subject to discipline for failure to adequately instruct their subordinates on matters covered by the Compliance Program. Managers and supervisors will also be subject to discipline for failing to detect violations of the Compliance Program where reasonable diligence on the part of the manager or supervisor would have led to the discovery of a problem or violation and thus would have provided Sonoma Valley Hospital with the opportunity to take corrective action.

### **Training and Education**

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Sonoma Valley Hospital acknowledges that this Compliance Program will be effective only if it is communicated and explained to Personnel on a routine basis and in a manner that clearly explains its requirements. For this reason, the Hospital requires all Personnel to attend specific training programs on a periodic basis. Training requirements and scheduling are established by the Hospital for its departments and affiliates based on the needs and requirements of each department and affiliate. Training programs include appropriate training in federal and state statutes, regulations, guidelines, the policies described in this Compliance Program, and corporate ethics. Training will be conducted by qualified internal or external Personnel or qualified internet-based training system. New employees are trained early in their employment. Training programs may include sessions highlighting this Compliance Program, summarizing fraud and abuse laws, physician self-referral laws, claims development and submission processes, and related business practices that reflect current legal standards.

All formal training undertaken as part of the Compliance Program is documented. Documentation includes at a minimum the identification of the Personnel participating in the training, the subject matter of the training, the length of the training, the time and date of the training, the training materials used, and any other relevant information such as the sign-in roster and CV of the trainer if the training is conducted by an individual rather than internet-based.



The Chief Compliance Officer evaluates the content of the training program at least annually to ensure that the subject content is appropriate and sufficient to cover the range of issues confronting Sonoma Valley Hospital's employees. The training program is modified as necessary to keep up-to-date with any changes in federal and state health care program requirements, and to address results of the Hospital's audits and investigations; results from previous training and education programs; trends in Hotline reports; and guidance from applicable federal and state agencies. The appropriateness of the training format is evaluated by reviewing the length of the training sessions; whether training is delivered via live instructors or via computer-based training programs; the frequency of training sessions; and the need for general and specific training sessions.

The Chief Compliance Officer seeks feedback to identify shortcomings in the training program, and administers post-training tests as appropriate to ensure attendees understand and retain the subject matter delivered.

Specific training for appropriate corporate officers, managers, and other employees may include areas such as:

- Restrictions on marketing activities.
- General prohibitions on paying or receiving remuneration to induce referrals.
- Proper claims processing techniques.
- Monitoring of compliance with this Compliance Program.
- Methods for educating and training employees.
- Duty to report misconduct.

The members of the Hospital's Governing Board will be provided with periodic training, not less than annually, on fraud and abuse laws and other compliance matters.

Attendance and participation in compliance training programs is a condition of continued employment. Failure to comply with training requirements will result in disciplinary action, including possible termination.

Adherence with the provisions of this Compliance Program, including training requirements, is a factor in the annual evaluation of each Hospital employee. Where feasible, outside contractors will be afforded the opportunity to participate in, or be encouraged to develop their own, compliance training and educational programs, to complement Sonoma Valley Hospital's standards of conduct and compliance policies. The Chief Compliance Officer will ensure that records of compliance training, including attendance logs and copies of materials distributed at training sessions, are maintained.

The compliance training described in this program is in addition to any periodic professional education courses that may be required by statute or regulation for certain Personnel. Sonoma Valley Hospital expects its employees to comply with applicable education requirements; failure to do so may result in disciplinary action.

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## **Lines of Communicating and Reporting**

### **Open Door Policy**

The Hospital recognizes that clear and open lines of communication between the Chief Compliance Officer and Hospital Personnel are important to the success of this Compliance Program. The Hospital maintains an open door policy in regards to all Compliance Program related matters. Hospital Personnel are encouraged to seek clarification from the Chief Compliance Officer in the event of any confusion or question about a statute, regulation, or policy discussed in this Compliance Program.

**Submitting Questions or Complaints**

The Hospital has established a telephone Hotline for use by Hospital Personnel to report concerns or possible wrongdoing regarding compliance issues. We refer to this telephone line as our "Compliance Hotline."

The Compliance Hotline contact numbers are:

Phone: 707-935-5151

Fax: 707-935-5433

E-mail: [Compliance@svh.com](mailto:Compliance@svh.com)

Personnel may also submit compliance-related questions or complaints in writing. Letters may be sent anonymously. All such letters shall be sent to the Chief Compliance Officer at the following address:

Chief Compliance Officer  
Sonoma Valley Hospital  
347 Andrieux Street  
Sonoma, CA 95476

The Compliance Hotline numbers and the Chief Compliance Officer's address are posted in conspicuous locations throughout Sonoma Valley Hospital's facilities.

Calls to the Compliance Hotline are treated confidentially and are not traced. The caller need not provide his or her name. Sonoma Valley Hospital's Chief Compliance Officer or designee investigates all calls and letters and initiates follow-up actions as appropriate.

Communications via the Compliance Hotline and letters mailed to the Chief Compliance Officer are treated as privileged to the extent permitted by applicable law; however, it is possible that the identity of a person making a report may become known, or that governmental authorities or a court may compel disclosure of the name of the reporting person.

Matters reported through the Compliance Hotline, or in writing, that suggest violations of compliance policies, statutes, or regulations, are documented and investigated promptly. A log is maintained by the Chief Compliance Officer of calls or communications, including the nature of any investigation and subsequent results. A summary of this information is included in reports by the Chief Compliance Officer to the Hospital's governing board and Chief Executive Officer.

**Non-Retaliation Policy**

It is Sonoma Valley Hospital's policy to prohibit retaliatory action against any person for making a report, anonymous or otherwise, regarding compliance. However, Hospital Personnel cannot use complaints to the Chief Compliance Officer to insulate themselves from the consequences of their own wrongdoing or misconduct. False or deceptive reports may be grounds for termination. It will be considered a mitigating factor if a person makes a forthright disclosure of an error or violation of this Compliance Program, or the governing statutes and regulations.

**Enforcing Standards and Policies**

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**Policies**

It is the policy of Sonoma Valley Hospital to appropriately discipline Hospital Personnel who fail to comply with the Code of Conduct or the policies set forth in, or adopted pursuant to, this Compliance Program or any federal or state statutes or regulations.

The guiding principles underlying this policy include the following:

- Intentional or reckless non-compliance will subject Personnel to significant sanctions, which may include oral warnings, suspension, or termination of employment, depending upon the nature and extent of the non-compliance.
- Negligent failure to comply with the policies set forth in this Compliance Program, or with applicable laws, will also result in sanctions.
- Disciplinary action will be taken where a responsible employee fails to detect a violation, if this failure is attributable to his or her negligence or reckless conduct.
- Internal audit or review may lead to discovering violations and result in disciplinary action.

Because Sonoma Valley Hospital takes compliance seriously, the Hospital will respond to Personnel misconduct.

### **Discipline Procedures**

Personnel found to have violated any provision of this Compliance Program are subject to discipline consistent with the policies set forth herein, including termination of employment if deemed appropriate by the Hospital. Any such discipline is within the sole discretion of the Hospital. Each instance involving disciplinary action shall be thoroughly documented by the employee's supervisor and the Chief Compliance Officer.

Upon determining that an employee of Sonoma Valley Hospital or any of its affiliates has committed a violation of this Compliance Program, such employee shall meet with his or her supervisor to review the conduct that resulted in violation of the Compliance Program. The employee and supervisor will call the Chief Compliance Officer to discuss any actions that may be taken to remedy such violation. All employees are expected to cooperate fully with the Chief Compliance Officer during the investigation of the violation. Legal counsel will be consulted prior to final actions or disciplinary measures, as appropriate.

### **Auditing and Monitoring**

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Sonoma Valley Hospital conducts periodic monitoring of this Compliance Program. Compliance reports created by this monitoring, including reports of suspected non-compliance, will be reviewed and maintained by the Chief Compliance Officer or delegate.

The Chief Compliance Officer will develop and implement an audit plan. The plan will be reviewed at least annually to determine whether it addresses the proper areas of concern, considering, for example, findings from previous years' audits, risk areas identified as part of the annual risk assessment, and high volume services.

Periodic compliance audits are used to promote and ensure compliance. These audits are performed by internal or external auditors who have the appropriate qualifications and expertise in federal and state health care statutes and regulations and federal health care program requirements. The audits will focus on specific programs or departments of the Hospital, including external relationships with third-party contractors. These audits are designed to address, at a minimum, compliance with laws governing kickback arrangements, physician self-referrals, claims development and submission (including an assessment of the Hospital's billing system), reimbursement, and marketing. All Personnel are expected to cooperate fully with auditors during this process by providing information, answering questions, etc. If any employee has concerns regarding the scope or manner of an audit, the employee shall discuss this with his/her immediate supervisor.

Sonoma Valley Hospital shall conduct periodic reviews, including unscheduled reviews, to determine whether this Compliance Program's elements have been satisfied. Appropriate modifications to the Compliance Program will be implemented when monitoring discloses that compliance issues have not been detected in a timely manner due to Compliance Program deficiencies.

The periodic review process may include the following techniques:

- Interviews with Personnel involved in management, operations, claim development and submission, and other related activities.
- Questionnaires developed to solicit impressions of the Hospital Personnel.
- Reviews of all billing documentation, including medical and financial records and other source documents that support claims for reimbursement and claims submissions.
- Presentations of a written report on compliance activities to the Chief Compliance Officer. The report shall specifically identify areas, if any, where corrective actions are needed. In certain cases, subsequent reviews or studies may be conducted to ensure that recommended corrective actions have been successfully implemented.

Error rates shall be evaluated and compared to error rates for prior periods as well as available norms. If the error rates are not decreasing, the Hospital shall conduct a further investigation into other aspects of the Compliance Program in an effort to determine hidden weaknesses and deficiencies.

## **Corrective Action**

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### **Violations and Investigations**

Violations of this Compliance Program, failure to comply with applicable federal or state laws, and other types of misconduct threaten the Hospital's status as a reliable and honest provider of health care services. Detected but uncorrected misconduct can seriously endanger the Hospital's business and reputation, and can lead to serious sanctions against the Hospital. Consequently, upon reports or reasonable indications of suspected non-compliance, prompt steps to investigate the conduct in question will be initiated under the direction and control of the Chief Compliance Officer to determine whether a material violation of applicable law or the requirements of the Compliance Program has occurred. The Chief Compliance Officer may create a response team to review suspected non-compliance including representatives from the compliance, audit, and other relevant departments.

If such a violation has occurred, prompt steps will be taken to correct the problem, taking into account the root cause of the problem. As appropriate, such steps may include an immediate referral to criminal and/or civil law enforcement authorities, a corrective action plan, a report to the Office of Inspector General (OIG) or any other appropriate government organization, and/or submission of any overpayments. The specific steps that are appropriate in any given case will be determined after consultation with legal counsel.

Depending upon the nature of the alleged violations, the Chief Compliance Officer's internal investigation could include interviews with relevant staff and a review of relevant documents. Legal counsel, auditors, or health care experts may be engaged by the Chief Compliance Officer to assist in an investigation where the Chief Compliance Officer deems such assistance appropriate. Complete records of all investigations will be maintained which contain documentation of the alleged violations, a description of the investigative process, copies of interview notes and key documents, a log of the witnesses interviewed and the documents reviewed, results of the investigation (e.g., any disciplinary action taken), and corrective actions implemented.

If an investigation of an alleged violation is undertaken and the Chief Compliance Officer believes the integrity of the investigation may be at stake because of the presence of employees under investigation, those employees will be removed from their current work activity until the investigation is completed. Where necessary, the Chief Compliance Officer will take appropriate steps to secure or prevent the destruction of documents or other evidence relevant to the investigation.

**Reporting**

If the Chief Compliance Officer or a management official discovers credible evidence of misconduct from any source and, after reasonable inquiry, has reason to believe that the misconduct may violate criminal, civil, or administrative law, then the misconduct will promptly be reported as appropriate to the OIG or any other appropriate governmental authority or federal and/or state law enforcement agency having jurisdiction over such matter. Such reports will be made by the Chief Compliance Officer on a timely basis.

All overpayments identified by Sonoma Valley Hospital shall be promptly disclosed and/or refunded to the appropriate public or private payer or other entity.

**SECTION IV — COMPLIANCE POLICIES (POLICIES ARE UNDER REVIEW)**

The Hospital may wish to attach relevant policies and procedures. Some of the policies and procedures that may be relevant, depending upon the employee's position, are listed below.

1. Confidential Reporting
  - Confidential Disclosure System
  - Non-Retaliation for Reporting (Whistleblower Laws)
  - Documenting Reports of Non-Compliance Received by Compliance Officer
2. Compliance Enforcement
  - Screening of Ineligible Persons
  - Investigating Reports of Non-Compliance
  - Enforcement of Compliance Program Obligations
  - Auditing the Compliance Program
3. Federal and State Fraud and Abuse
  - Federal and State False Claims Laws
  - Anti-Kickback Laws
  - Self-Referral Laws
  - Physician Recruitment
  - State Corporate Practice of Medicine
  - Inducement to Lower Utilization
  - Provision of Inducements to Patients
  - Waivers of Coinsurance
  - Vendor Contracts
4. Patient Care and Rights
  - Patient Rights and Responsibilities
  - Informed Consent
  - Patient Freedom of Choice/Disclosures of Financial Interests
  - Patient Privacy – HIPAA
  - Advanced Beneficiary Notice
  - EMTALA
  - HMO/Managed Care Patient Treatment
  - Independent Contractor Credentialing
  - Quality Care
5. Government Billing
  - Claim Development and Submission – Generally
  - Medical Necessity – Patient Services

- Medical Necessity – Laboratory Services
  - Outpatient Billing Prior to Inpatient Stay (Three Day Window)
  - Claims for Teaching Physicians
  - Patient Transfer Versus Discharge
  - Provider Based Rules
  - Bad Debts
  - Credit Balance
  - Billing and Coding under Medicare Outpatient Prospective Payment System
  - National Correct Coding Initiative
  - Charge Description Master
  - Same-Day Discharges and Readmissions
  - Claims for Outlier Payments
  - Claims for Services in Clinical Trials
6. Health Information Management Services
- Coding Documents for Inpatient Services
  - Coding Documents for Outpatient Services
  - Availability of Coding Reference Materials
  - Patient Record Documentation
  - Record Retention
  - Claims Submission Policy Manual
7. Reimbursement
- Cost Report Documentation
  - Cost Report Disclosure Statements
  - Reporting Cost Report Errors
  - Independent Review of Cost Reports
  - Medicare Contractor Audits of Cost Reports
  - Treatment of Non-Allowable Costs
  - Treatment of Protested Items
  - Graduate Medical Education
  - Organ Acquisition Costs
  - Reimbursement Policy Manual
8. Office of Statewide Health Planning and Development (OSHPD) Reporting
9. Charity and Discounted Care
10. External Investigations

- Responding to Subpoenas and Search Warrants
- Responding to Fiscal Intermediaries, Carriers and Quality Improvement Organizations (QIO) Audits
- Responding to Government Investigations

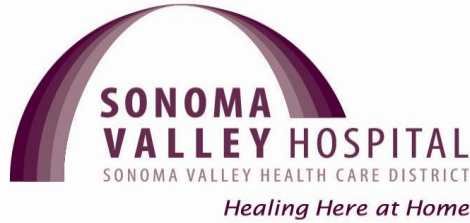
11. Employment-Related Policies

- Nondiscrimination
- Sexual Harassment
- Drug-Free Workplace
- Smoking



8.C.

**CONFIDENTIALITY  
ACKNOWLEDGEMENT  
POLICY**



**POLICY CONCERNING CONFIDENTIAL INFORMATION**

State and Federal laws, as well as ethical obligations, require that information concerning the care, condition and treatment of our patients be treated as confidential matters. Accordingly, other hospital information including departmental, operational, statistical and financial data should be held in similar confidence. No confidential information may be used by any individual connected with the hospital for their own purposes.

Any and all inquiries by members of the media concerning the Hospital and/or its patients shall be referred to the office of the President/CEO or Board Chair. Confidential material is not to be shared or communicated to the press, public or staff.

Staff is reminded that failure to adhere to this policy may result in possible employment or legal ramifications.

Board members and board committee members are reminded that failure to adhere to this policy may result in possible service or legal ramifications.

**ACKNOWLEDGEMENT**

I acknowledge that I understand my obligation to keep information concerning hospital business and patient information confidential.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Print Name

9.

2012  
GOVERNANCE  
COMMITTEE  
WORK PLAN

## 2012 Governance Committee Work Plan

<p><b>January</b></p> <ul style="list-style-type: none"> <li>• Governance Committee Charter Approval</li> <li>• Governance Committee Work Plan Review</li> <li>• Continuing Education Suggestions</li> <li>• Begin Board Policy Manual</li> </ul>	<p><b>February</b></p> <ul style="list-style-type: none"> <li>• Finance committee Charter</li> <li>• CBOC Charter</li> <li>• Plan Board Retreat (1)</li> <li>• Review Board Policies</li> <li>• GC Analysis of resources for committees to BOD and CEO</li> </ul>	<p><b>March</b></p> <ul style="list-style-type: none"> <li>• Audit Committee Charter</li> <li>• Review Board Self Assessment</li> <li>• Plan Board Retreat (2) AHA Leadership Summit?</li> </ul>	<p><b>April</b></p> <ul style="list-style-type: none"> <li>• Compliance Plan Including Code of Conduct , Policies and Procedures and Compliance Officer job description</li> <li>• Ethics Training</li> </ul>
<p><b>May</b></p> <ul style="list-style-type: none"> <li>• Procurement and Contracting Policy</li> <li>• Compliance Report</li> </ul>	<p><b>June</b></p> <ul style="list-style-type: none"> <li>• Compliance Report</li> <li>• Confidentiality Agreements</li> <li>• Conflict of Interest</li> </ul> <p style="background-color: red; color: black; text-align: center;"><b>MEETING CANCELLED</b></p>	<p><b>July</b></p> <ul style="list-style-type: none"> <li>• CEO Performance Review started</li> <li>• Review Board Policies</li> <li>• Compliance Report</li> </ul>	<p><b>August</b></p> <ul style="list-style-type: none"> <li>• Compliance Report</li> <li>• Conflict of Interest</li> <li>• Board member &amp; Chair position descriptions</li> </ul>
<p><b>September</b></p> <ul style="list-style-type: none"> <li>• Compliance Report</li> <li>• CEO Performance Review completed</li> <li>• New Board Member Orientation Program</li> <li>• Review and assess board policies and GC charter</li> <li>• 2013 GC Work Plan to CEO</li> </ul>	<p><b>October</b></p> <ul style="list-style-type: none"> <li>• Compliance Report</li> <li>• CEO spending limit policy</li> </ul>	<p><b>November</b></p> <ul style="list-style-type: none"> <li>• GC Work Plan received from CEO</li> <li>• Annual review of governance performance measures</li> <li>• Compliance Report</li> <li>• Policy for Executive Compensation and Evaluation approval</li> </ul>	<p><b>December</b></p> <ul style="list-style-type: none"> <li>• Annual Work Plan 2013</li> <li>• Annual review of governance performance measures</li> <li>• Compliance Report</li> </ul>

**COMPLETED**

**IN PROCESS**

**UNDONE**

**The following are not included in the 2012 Work Plan, but are anticipated to be in the 2013 Work Plan.**

Draft policies and decisions regarding governance performance and submit them to our Board for deliberation and action.

Recommend quantitative measures to be employed by our Board to assess governance performance and contributions.

Conduct the annual review of governance performance measures and submit an analysis to our Board for deliberation and action.

Conduct an assessment of Standing Committee members, vacancies and the desired traits for new members and alternates.