



HI-DESERT MEDICAL CENTER

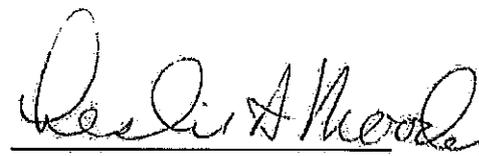
Your Partner for Life

6601 White Feather Road | Joshua Tree | (760) 366-3711 | www.hdmc.org

HI-DESERT MEMORIAL HEALTH CARE DISTRICT

The attached Bylaws for the Hi-Desert Memorial Health Care District
Were reviewed and adopted at the regular meeting Of the Board of
Directors on September 8, 2009, as certified by the following
signatures.


Paul Hoffmann
Board President


Leslie A. Moody
Board Secretary



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HI-DESERT MEMORIAL HEALTH CARE DISTRICT

BOARD OF DIRECTORS BYLAWS

ADOPTED: 1979

REVISED: JULY 22, 1981
REVISED: APRIL 12, 1983
ADDENDUM (Fair Hearing Plan): MAY 10, 1983
REVISED: DECEMBER 10, 1985
REVISED: MARCH 4, 1987
REVISED: APRIL 12, 1989
REVISED: JUNE 13, 1990
REVISED: MARCH 14, 1994
REVISED: JUNE 20, 1995
REVISED: JUNE 18, 1996
REVISED: OCTOBER 14, 1997
REVISED: DECEMBER 14, 1999
REVISED: DECEMBER 12, 2000
REVISED: May 22, 2004
REVISED: August 10, 2004
REVISED: July 11, 2006
REVISED: November 14, 2006
REVISED: May 8, 2007
REVISED: July 8, 2008
REVISED: October 14, 2008

September 8, 2009

HI-DESERT MEMORIAL HEALTH CARE DISTRICT
BYLAWS

ARTICLE I

SCOPE AND PURPOSE

Section 1. Nature of District: Hi-Desert Memorial Health Care District (the "District") is a health care district organized under the Local Health Care District Law of the State of California, California Health and Safety Code Sections 32000 and following.

Section 2. Bylaws: These bylaws are intended for the regulation of Hi-Desert Medical Center and such other health care facilities, or branches as the District may hereafter operate, and shall be regarded as rules and regulations of the District adopted pursuant to the Local Health Care District Law.

Section 3. Purposes: The jurisdiction, powers and purposes of the District, its Board of Directors ("Board") and its officers and agents shall be as now or hereafter provided by the provisions of The Local Health Care District Law and shall be examined and reevaluated at least every two (2) years and revised as necessary. Subject thereto, the purposes of the District shall include, but not necessarily be limited to the following:

- (a) Within the limits of community resources, to provide the best facilities for the acute and continued care of the injured and ill, regardless of sex, race, creed, religion, color, ancestry or national origin.
- (b) To coordinate the services of the District with community agencies and other hospitals or health care facilities providing specialized care.
- (c) To conduct educational and research activities essential to the attainment of its purposes.
- (d) To do any and all other legal acts and things necessary to carry out the provisions of The Local Health Care District Law.

Section 4. Dissolution: Any proposal for dissolution of the District shall be subject to confirmation of the voters in the District in accordance with California Government Code, Section 56368.5.

Section 5. Profit or Gain: There shall be no contemplation of profit or pecuniary gain, and no distribution of profits to any individual, under any guise whatsoever, nor any distribution of assets or surpluses to any individual on the dissolution of the District.

Section 6. Disposition of Surplus: Should the operation of the District result in a surplus of revenue over expenses during any particular period, such surplus may be used and dealt with by the Directors for improvements in the District's facilities for the care of the sick, injured or disabled, or for other purposes not inconsistent with The Local Health Care District Law, or these Bylaws.

ARTICLE II

OFFICES

The principal office of the District is hereby fixed and located at:

6601 White Feather Road Joshua Tree, California 92252-0871

Branch or subordinate offices may at any time be established by the Board at any time or places.

ARTICLE III

DIRECTORS

Section 1. Numbers and Qualifications: The Board shall consist of five (5) members, each of whom shall be a registered voter residing in the District.

Section 2. Election and Term: A Director shall be elected for a term of four (4) years or until his or her successor is elected and has qualified. The terms of Directors shall be staggered such that two seats are filled in one district election and three seats are filled in the following district election. The election of Director shall be consolidated with the statewide general election and shall be held in each even-numbered year.

Section 3. Attendance: All Directors shall notify the Board President or designee not later than 24 hours prior to any regular meeting if they do not plan to attend the meeting. In the event a Director fails to do so, then that absence shall be deemed unexcused. If any Director is absent from three consecutive regular meetings or from three or more of any five meetings of the Board, the Board may by resolution declare that a vacancy exists on the Board and that Director's term shall expire upon its adoption. For the purpose of this Section, regular meetings shall include regular meetings of all standing committees.

Section 4. Powers and Duties: Generally, the Board shall have and exercise all the powers and responsibilities of a Health Care District as set forth in The Local Health Care District Law. More specifically, the Board shall have the following powers and responsibilities:

- (a) To control and be responsible for the management of all operations and affairs of the District.

- (b) To make and enforce all rules and regulations necessary for the administration, government, protection and maintenance of the Medical Center and other health care facilities under District jurisdiction.
- (c) To appoint a CEO to define the qualifications, powers and duties of such appointee and evaluate performance at least annually.
- (d) To delegate certain powers to the Medical Staff and other affiliated or subordinate organization in accordance with their respective bylaws.
- (e) To approve or disapprove all constitutions, bylaws and regulations, including amendments thereto, of all affiliated or subordinate organizations.
- (f) To appoint, reappoint, promote, demote and remove members of the Medical Staff. The Medical Staff shall make recommendations in this regard.
- (g) To establish policies for the operation of this District and any of its health care facilities.
- (h) To designate by resolution persons who shall have authority to sign checks drawn on the funds of the District.
- (i) To monitor and establish policies regarding agreements with independent contractors, including physicians and paramedical personnel.
- (j) To negotiate or enter into agreement by contract with representative labor organizations.
- (k) To be actively involved in the accreditation surveys that shall include, at least, participation in the summation conference.
- (l) To regularly monitor the quality and appropriateness of services provided, directly through information provided by the Medical Staff.
- (m) To provide for resources and support systems for the quality assurance functions and risk management functions related to patient care and safety.
- (n) To do any and all other acts and things necessary to carry out the provisions of these Bylaws or of The Local Health Care District Law.
- (o) To establish, maintain and operate, or provide assistance in the operation of one or more health facilities or health services including, without limitation, outpatient programs, services and facilities such as ambulatory surgical centers, urgent care centers and other clinics; retirement, continuing care and skilled nursing programs, services and facilities; chemical dependency programs, services and facilities; or other health care programs, services and facilities and activities at any location within or outside of the District for the benefit of the District and the people serviced by the District.

Section 5. Compensation: The Board is entitled to stipends as compensation for trustees attending regular Board meetings, special Board meetings, and Board committee meetings. The maximum number of meetings compensated per month shall not exceed five for members of the Board except for the Board President who shall be entitled to a total of eight meetings per month. In addition, each member of the Board shall be allowed his or her actual necessary traveling and incidental expenses incurred in the performance of official business of the District as approved by the Board.

Section 6. Vacancies: Any vacancy upon the Board shall be filled by appointment by the remaining members of the Board. Any person appointed to fill such vacancy shall hold office for such term and under such conditions as specified by California Government Code Section 1780.

Section 7. Conflict of Interests: In accordance with the Fair Political Practice Act (Government Code Section 81000 et seq.), the Board of Directors shall adopt a Conflict of Interest Code which shall be reviewed and updated biennially in accordance with Government Code Section 87306.5. The Board of Directors shall also comply with the Conflict of Interest provisions relating to contracts set forth in Government Code section 1090 et seq.

ARTICLE IV

MEETING OF DIRECTORS

Section 1. Regular Meetings: Regular meetings of the Board shall be scheduled for the second Tuesday of each month. The Board may, from time to time, change the day of the month of such regular meetings as dictated by holiday schedules or changing circumstances and in accordance with Section 54954 of the California Government Code. Agendas shall be posted as required by law.

Section 2. Special Meetings: A special meeting of the Board may be called by the Board President or at the written request of three (3) Directors, and notice of the holding of such meeting shall be delivered personally or by mail to each member of the Board and shall be received at least twenty-four (24) hours before the meeting. Written notice may be dispensed with in the case of Directors who are actually present at the meeting when it convenes or who, at or prior to the time of the meeting, files a written waiver of notice with the clerk or Secretary of the Board. Public notice shall be given as required by law, except for emergency meetings held in compliance with California Government Code Section 54956.5. This notice shall state the time and place of the special meeting and the business for which the special meeting has been called, and no business other than that stated in the notice shall be transacted at such special meeting.

Section 3. Quorum: A majority of the members of the Board shall constitute a quorum for the transaction of business at any duly convened meeting of the Board.

Section 4. Adjournment: A quorum of the Board may adjourn any Directors' meeting to meet again at a stated day and hour, provided, however, that in the absence of a quorum, a majority of the Directors present at any Directors' meeting, either regular or special, may adjourn from time to time until the time fixed for the next regular meeting of the Board.

Section 5. Public Meetings: All meetings of the Board, whether regular, special or adjourned, shall be open to the public, except for closed or executive sessions authorized by law. Members of the public may address the Board on matters of interest to the public, provided that such matters are within the subject matter jurisdiction of the Board, and provided further that no action shall be taken by the Board on any item arising out of such speeches unless the matter already appears on the agenda for that meeting. The Board may adopt reasonable regulations which limit the total amount of time allotted for and the time for each individual speaker.

Section 6. Minutes: The Secretary of the Board shall cause to be kept at the principal office of the District, a book of minutes of all Board meetings and committees, showing the meeting time and place, whether regular or special, and if special, how authorized, the notice given, the names of Directors present, and a statement of the vote of the Directors on all motions and resolutions.

Section 7. Voting Rights: Directors shall have one (1) vote each at meetings of the Board. There shall be no voting by proxy.

ARTICLE V

OFFICERS

Section 1. Officers: The officers of the Board shall be a Board President, a Vice President, a Secretary and a Treasurer.

Section 2. Election of Officers: The officers of the Board shall be chosen by the Board at the regular meeting of each December, and each officer shall hold office for one (1) year effective January 1 of the new year, and until his or her successor shall be elected and qualified, or until he or she is otherwise disqualified to serve.

Section 3. Board President: The Board shall elect one of their members to serve as Board President. The President shall have served a minimum of 18 months on the Board of Directors before being elected as Board President. If at any time the Board President shall be unable to serve, the Vice President shall serve in his or her place. If the Vice President shall also be unable to serve, the Board

may appoint another member of the Board to do so, and such person shall be vested temporarily with all the authority and responsibilities of the office of Board President.

The Board President or members of the Board acting as such as above provided:

- (a) Shall preside over all meetings of the Board.
- (b) Shall sign as Board President, on behalf of the District, all instruments in writing which he or she has been specifically authorized by the Board to sign.
- (c) Shall have, subject to the advice and control of the Board, general responsibility for management of the affairs of the District during his or her term of office.

Section 4. Vice President: The Vice President, shall, in the event of death, absence or other inability of the Board President, exercise all the powers and perform all the duties herein given to the Board President. The Vice President shall have such other powers and perform such other duties as may be prescribed from time to time by the Board.

Section 5. Secretary: The Secretary shall keep, or cause to be kept, accurate and complete minutes of all meetings of the Board, call meetings on order of the Board President, attend to all correspondence of the Board, and perform

Section 6. Treasurer: The Board shall elect a Treasurer from its membership, whose duty shall be to ascertain that all receipts are deposited and disbursements made in accordance with these Bylaws, the directions of the Board and good practice. The Treasurer shall have such other powers and perform such other duties as may be prescribed from time to time by the Board. The Board may appoint (an) Assistant Treasurer(s) to maintain the financial records of the District, and to prepare such financial reports as are required by the Board or the CEO.

Section 7. Other Officers: The Board may create such other offices as the business of the District may require, and the holder of each such office shall hold office for such period, have such authority and perform such duties as are provided by these Bylaws or as the Board may from time to time determine. Such additional offices may be filled either by members or nonmembers of the Board.

Section 8. Directors & Officers Insurance: The District shall provide E&O insurance for the Board of Directors.

ARTICLE VI

COMMITTEES OF THE BOARD OF DIRECTORS

Section 1. Committees of the Board: shall be established by resolution of the Board, shall continue in existence until discharged by the Board, and may be standing or special.

The Finance Committee, the Governance Committee, the Human Resources Committee, the Joint Conference Committee, the Facilities and Technology Committee, the Quality Committee, the Executive Performance and Compensation Committee and such other committees as the Board may authorize shall be standing committees.

Committee members shall be appointed by the Board President, subject to the approval of the Board. Committee members shall serve terms of one (1) year, or until successors are appointed. Directors appointed to serve on committees are required to attend regularly scheduled meetings of those committees and if they are absent from three consecutive meetings of that committee, or from three or more of any five meetings of that committee, the Board President may replace such an absentee Director by appointing another Director to serve on the committee. Every committee shall keep minutes of each of its meetings and shall report to the Board concerning its activities.

Members of the Medical Staff shall serve as consultant to Board committees that deliberate issues affecting the discharge of Medical Staff responsibilities. Members of the Medical Staff shall be invited to serve on Board Committees as deemed appropriate by the Board.

Section 2. Finance Committee: The Finance Committee shall consist of the Board Treasurer, one (1) other member of the Board, the Chief Executive Officer, and Chief of Staff Elect, and shall meet at least on a monthly basis.

The committee shall be responsible for the management of all endowment and trust funds, and see that proceeds are paid into proper funds of the district and used in accordance with the terms of the trust. The Finance Committee shall review the proposed annual departmental and District budgets; shall review proposals with respect to expenditures and the financing thereof; and shall make such recommendations to the Board with respect thereto as it deems appropriate.

Section 3. Human Resources Committee: The Human Resources Committee shall consist of two (2) members of the Board, the Chief Executive Officer, and one physician from the Medical Executive Committee, and shall meet quarterly, unless deemed necessary to meet more frequently.

The committee shall receive reports relative to human resources; review urgent matters; and shall be responsible for providing advice and recommendations on matters pertaining to personnel policies, wage and salary standards, and employee benefits to the Board.

Section 4. Governance Committee: The Governance Committee shall consist of two (2) members of the Board of Directors, and the Chief Executive Officer, and shall meet at least quarterly.

The Board must function efficiently and effectively in order to guide the organization toward its vision. Responsibilities will include:

Develop and recommend to the Board policies and processes designed to provide for effective and efficient governance, including but not limited to: policies for evaluation of the Board and the Board President; appointment of Board members; Board orientation and education; and succession planning for the Board President and other Board leaders.

Conduct a regular review of the District bylaws and make recommendation for changes to the full Board.

Prepare an initial draft of annual Board goals and objectives for the Board's review and approval.

Plan Board education, including new member orientation, education at Board meetings and annual Board retreats; maintain and monitor an orientation plan for new Board members; prepare an annual education calendar to the Board.

Develop and recommend to the Board a statement of the competencies and personal attributes needed on the Board to be used as a guideline for recruitment of potential Board members.

Recommend to the Board appointment of members who bring a needed competency.

Plan for the periodic evaluation of the full Board.

Conduct a succession planning process for the Board President and other Board leaders, and nominate Board officers for election by the full Board.

Section 5. Joint Conference Committee: The Joint Conference Committee shall consist of two (2) members of the Board, the Chief Executive Officer, the Chief of Medical Staff, Past Chief of Staff or designee member of the Medical Staff; and shall meet at least quarterly.

Section 6. Facilities and Technology Committee: The Facilities and Technology Committee shall consist of two (2) members of the Board, Chief Executive Officer and the Chief Information Officer/Project Manager and shall meet at least quarterly. The committee shall review and make recommendations to the Board on all matters regarding the introduction of new technology to the District as well as any construction and/or improvements to the District's facilities and all such projects and technologies are in keeping with the District's Mission Statement and Strategic Plan.

Section 7. Quality Committee: The Quality Committee directs and oversees the Performance Improvement Program for the District to monitor the quality of services and ensure the provision of necessary resources to enhance the overall organizational performance. Membership is comprised of at

least one member of the Board, a representative from the Medical Staff, the CEO, the Vice President of Patient Care Services and the Quality Director. The Quality Committee function is described in District policy/procedure.

Section 8. Executive Performance and Compensation Committee: The Executive Performance and Compensation Committee recommends policies and procedures to the Board for the orderly review of the performance, compensation and development of the CEO. Membership is comprised of the Board President and the Board Vice-President.

The Committee is responsible for conducting annual CEO goal setting, evaluation, and compensation review, in accordance with Board policy.

The Committee shall be guided by District policy relating to the CEO evaluation process to include recommending a CEO evaluation policy to the Board, including annual goals for the CEO and a process for annual CEO performance evaluation; conducting the CEO evaluation process, consistent with Board approved policy, and in a manner that promotes trust and candid communication between the Board and CEO, ensures that the CEO understands the Board's expectations, and provides constructive feedback to the CEO on his or her performance; Ensuring that the District's Executive compensation program meets IRS requirements and achieves the rebuttal presumption of reasonableness; Reviews and understands all current legal and regulatory requirements with regard to executive compensation; Recommends a compensation philosophy and plan to the Board; Recommends to the Board an independent compensation consultant to provide comparative market information on compensation and benefits and to advise the committee on compensation trends and regulatory compliance issues; Reviews and recommends to the Board an incentive compensation program for the CEO designed to allow the District to recruit and retain superior talent; Recommends annual compensation for the CEO consistent with the compensation philosophy and incentive compensation plan. Directing the CEO to prepare and annually update a CEO/management succession and management development plan to be reviewed with the committee and approval by the Board of Directors; Report to the Board in sufficient detail to assure the Board that its responsibilities for executive evaluation and compensation are being fulfilled.

The Committee shall meet at least quarterly and additionally as needed at the call of the committee chairperson. Meeting dates and times shall be specified a year in advance.

Section 9. Ad Hoc Committees: The Board President, with the concurrence of the Board, may, from time to time, appoint one (1) or more members of the Board and other persons as necessary or appropriate, to constitute special committees for the investigation, study or review of specific matters.

Section 10. Authority: No committee shall have any power or authority to commit the Board or the District in any manner at any time.

ARTICLE VII

CHIEF EXECUTIVE OFFICER

The Board shall select and employ a CEO who, by virtue of education and experience, has demonstrated his or her qualifications to be the Chief Executive Officer (CEO) of the District.

Subject to such policies as may be adopted and such orders as may be issued by the Board, or by any of its committees to which it has delegated power for such action, the authority and responsibility of the CEO shall include:

- (a) Carries out all policies established by the Board and advises on the formation and revision of those policies; delegates authority to ensure that appropriate values and culture support the District's long-term business goals and effective use of human resources.
- (b) Provides and maintains effective communications and relationships with medical staff.
- (c) Provides and maintains effective communications and relations with local media (radio, newspaper, journals).
- (d) At direction of Board, and accordance with District policy, enters into certain contracts and agreements with independent contractors, including physicians and paramedical personnel.
- (e) Informs and advises Directors regarding current trends, problems, and activities in health care to facilitate policy making.
- (f) Directs the development and preparation of short-term and long-term plans based upon broad corporate goals and growth objectives.
- (g) Ensures compliance with governmental laws and regulations governing health care delivery and the requirements of accrediting bodies by continually monitoring operations, programs and physical properties, and initiating changes where required.
- (h) Provides leadership and sets standards for performance in all areas of the organization; directs and supervises all system activities through senior executives, administrative support staff and department heads; reviews reports of district and departmental performance.
- (i) Ensures that the highest quality of service is being rendered to patients.
- (j) Represents the District on internal committees and external professional/civic service organizations. Meets with members of the community to promote good community relations.

- (k) Promotes health care services which are produced in a cost-effective manner; ensures the sound fiscal operation of the institution including the timely, accurate, and comprehensive development of an annual budget and its implementation; directs District operations to achieve budgeted results and develops successful business affiliations through contract negotiation and administration.
- (l) Oversees the Hospital Quality Council which is responsible for the hospital Performance Improvement Program which monitors the quality of services and ensures the provision of necessary resources to enhance overall organizational performance. Membership of the Hospital Quality Council shall be comprised of the CEO, a representative from the Medical Staff, the Vice President of Patient Care Services, and the Quality Resource Director. The Quality Resource Director shall report to the Board on a quarterly basis.
- (m) Performs other related duties as assigned or requested by the Governing Board.

ARTICLE VIII
MEDICAL ST AFF

Section 1. Medical Staff: The Medical Staff shall be organized in accordance with the Medical Staff Bylaws, Rules and Regulations, which shall be entitled the "Bylaws, Rules and Regulations of the Professional Staff of Hi-Desert Medical Center" (also referred to as the "Medical Staff Bylaws"). The Medical Staff Bylaws, Rules and Regulations shall be subject to approval by the Board, which approval shall not be unreasonably withheld. The Medical Staff shall govern its own affairs with respect to the professional work performed at the District health facilities, elect its own officers and conduct meetings in accordance with the Medical Staff Bylaws, provided however, that such Medical Staff Bylaws shall include those matters required by Section 32128 of the Health and Safety Code of the State of California, as the same may be amended.

Section 2. Medical Staff Membership:

- (a) Membership on the Medical Staff is a privilege, not a right, which shall be extended only to physicians and surgeons, dentists and podiatrists licensed to practice in California whose background, experience, training, demonstrated competence, adherence to the ethics of their profession, good reputation and ability to work with others assures, in the judgment of the Board, that any patient admitted to or treated in the District health facilities will be given quality professional care. No aspect of medical staff membership or particular clinical privileges shall be denied on the basis of sex, race, age, creed, color, national origin, or physical or mental impairment that does not pose a threat to the quality of patient

care. Each applicant and member shall agree in writing to abide by the District Bylaws, Medical Staff Bylaws and Rules and Regulations of the District health facilities. The word "physician" when used in these Bylaws shall be deemed to include physicians and surgeons, dentists and podiatrists. All applications for appointment to the Medical Staff shall be in writing and addressed to the CEO of the Hospital. The applications shall contain full information concerning the applicant's identity, education, licensure, practice, previous hospital experience and shall include any unfavorable history with regard to licensure and hospital privileges. All initial appointments to the Medical Staff shall be for a period not to exceed one (1) year only, renewable by the Board pursuant to formal re-applications for a period not to exceed two (2) years. Medical Staff members must obtain, submit to the CEO of the Hospital proof of, and maintain professional liability insurance in the minimum amount of \$1,000,000 per occurrence and \$3,000,000 aggregate. Medical Staff members shall notify the CEO of the Hospital not less than ten (10) days prior to any cancellation, reduction or other material change in the amount or scope of such insurance.

- (b) Medico-administrative officers engaged by the District health facilities on a full-time or part-time basis must be members of the active Medical Staff. Such practitioners shall have all the prerogatives and responsibilities of active staff members except as specified in their respective contracts or set forth in the Medical Staff Bylaws. Neither the Medical Staff membership nor the clinical privileges of a medico-administrative officer shall be terminated for matters involving medical competence without the same hearing and appellate review opportunities as are provided for other members of the Medical Staff. However, whenever a dispute arises that is administrative in nature (as opposed to medical competence), the Board shall follow the terms of the medicoadministrator's contract or, if such contract does not include dispute resolution and termination procedures, the District Health facilities' usual personnel procedures for dispute resolution, discipline and termination.

Section 3. Medical Staff Officers and Chiefs of Service: All appointments and elections of Medical Staff officers and clinical chiefs of service shall be made pursuant to the Medical Staff Bylaws. Duties and responsibilities of the officers and clinical chiefs also shall be set forth in the Medical Staff Bylaws. Officers and clinical chiefs shall be required to maintain their qualifications for Medical Staff membership and privileges appropriate to their assignments.

- (a) Compensation for Chief of Medical Staff: Effective January 1, 2004 the Chief of Medical Staff shall be entitled to stipends as compensation for attending regular Board meetings, special Board meetings, and requested Board committee meetings. The maximum number

of meetings compensated per month shall not exceed three (3) meetings per month.

Section 4. Medical Care and Its Evaluation:

- (a) The Board shall, in the exercise of its overall responsibility, assign to the Medical Staff reasonable authority for ensuring appropriate professional care to the District health facilities' patients. The Medical Staff shall be accountable to the Board for such patient care.
- (b) The Medical Staff shall conduct an ongoing analysis and evaluation of the quality of professional care rendered in the District health facilities by reviewing patient medical records and other pertinent information and shall report such activities and their results to the Board at such times as the Board may require.
- (c) The Medical Staff shall establish controls that are designed to ensure the achievement and maintenance of adequate standards of professional and ethical practices, including provisions that all physicians may be required periodically to demonstrate their ability to perform surgical and other procedures competently and to the satisfaction of the appropriate committee or committees of the Medical Staff.
- (d) Only members of the Medical Staff with admitting privileges may admit a patient to the District health facilities and such individuals may practice only within the scope of the privileges granted by the Board, and each patient's general medical condition is the responsibility of a qualified physician member of the Medical Staff.

ARTICLE IX

MEDICAL STAFF MEMBERSHIP AND ITS PRIVILEGES

Section 1. Powers of the Board: The Board shall approve or deny all applications for appointment and reappointment to the Medical Staff and for delineation of clinical privileges based upon the findings and recommendations of the Medical Staff, the needs and capabilities of the District and its health facilities, and such additional criteria as set forth in the respective bylaws, rules, regulations and policies of the District and Medical Staff. The Board shall have the power to inquire independently into any matters relating to the professional competency of a Medical Staff member whether or not the Medical Staff is conducting or has conducted an inquiry into that matter.

If the Medical Executive Committee fails to investigate or initiate corrective action and the Board determines that such failure is contrary to the weight of evidence, the Board may consult with the Medical Executive Committee regarding this matter. If the Medical Executive Committee refuses to act after such consultation, the Board may direct the Medical Executive Committee to initiate an

investigation or corrective action.

In those instances in which the Medical Staff fails to investigate or initiate disciplinary action contrary to the weight of the evidence, the Board shall have the authority to direct the Medical Staff to initiate an investigation or a disciplinary action, but only after consultation with the Medical Executive Committee. In the event that the Medical Executive Committee fails to take action and respond to a direction from the Board, the Board shall have the authority to take action subject to the rights of a practitioner to applicable procedures set forth in the Fair Hearing Plan of the Medical Staff. If the action does not give rise to a right of appeal pursuant to the Fair Hearing Plan, the action shall become effective as a final decision of the Board.

In exercising its powers under this Section, the Board may summarily suspend a member if a failure to take action is likely to result in an imminent danger to the health of any individual, provided the Board has made reasonable attempts before the suspension to contact the Executive Committee of the Medical Staff. A suspension by the Board which has not been ratified by the Medical Executive Committee, within two working days, excluding weekends and holidays, after the suspension shall terminate automatically. With respect to routine corrective actions, if the Medical Executive Committee fails to take action (as described in the preceding paragraph) the Board may take corrective action against an applicant or member when reliable information indicates the individual has exhibited acts, demeanor or conduct reasonably likely to be (i) detrimental to patient safety or to the delivery of quality patient care within the District health facilities, (ii) unethical, (iii) contrary to regulations; or (iv) below applicable professional standards.

The Board will act on all recommendations involving Medical Staff membership and professional privileges at the next regular meeting following receipt of such recommendation. If the Medical Staff's recommendation is favorable but the Board's decision is adverse to the physician, the CEO shall promptly notify said physician of such adverse decision by certified mail, return receipt requested.

In reviewing the recommendations for staff membership or clinical privileges, the Board may continue its proceedings for reasonable periods of time in order to permit a complete and fair hearing of the issues involved.

Section 2. Medical Staff Procedures: The Bylaws of the Medical Staff shall set forth the procedure by which eligibility for Medical Staff membership and the establishment of professional privileges shall be determined. Said Bylaws shall provide that the Medical Staff, or a committee or committees thereof, shall study the qualification of all applicants and shall submit to the Board all recommendations thereon.

ARTICLE X

FAIR HEARING PLAN

The Medical Staff shall adopt a Fair Hearing Plan which shall provide for procedures to assure fair treatment and afford an opportunity for presentation if all pertinent information in the event of any adverse recommendation or action made or taken by the Executive Committee of the Medical Staff or Board with respect to any practitioner's staff appointment, reappointment, department or clinical unit, affiliation, staff category, admitting prerogative or clinical privileges. For these purposes, "adverse recommendation" and "adverse action" shall have the meaning ascribed to them in the Medical Staff Bylaws Fair Hearing Plan. Such plan shall become effective when approved by the Board of Directors.

ARTICLE XI

RESERVATION OF AUTHORITY

No assignment, referral or other delegation of authority by the Board to the CEO, the Medical Staff or anyone else by these Bylaws, contract, or other means shall preclude the Board from exercising the authority required to meet its responsibilities for conducting the business of the District. The Board shall retain the right to rescind such delegation.

ARTICLE XII

AUXILIARY

There shall be an organization designated the Hi-Desert Medical Center Auxiliary, a California non-profit corporation. It shall be the purpose of this organization to promote and advance the welfare of Hi-Desert Medical Center and its patients through ways and means prescribed and approved by the District Board.

The bylaws and other governing documents of the Auxiliary, and the adoption, amendment or repeal thereof shall not be effective until approved by the District Board.

ARTICLE XIII

MEDICAL CENTER FOUNDATION

There shall be an organization designated the Hi-Desert Medical Center Foundation, Inc., a California Nonprofit Corporation. It shall be the purpose of this Corporation (1) to obtain, acquire, receive, accept and hold gifts, contributions, donations, bequests, and devises of money, property and assets of every legal kind and character for the use and benefit of the Hi-Desert Memorial Health Care District; (2) to hold, manage, invest, deposit, lease, exchange and sell such money, property and assets for the use and benefit of the Hi-Desert Memorial Health Care District; (3) to pay and expend the

monies of this corporation for the improvement, development, expansion, advancement and maintenance of Hi-Desert Memorial Health Care District and the property, buildings, structures, furnishings, fixtures, equipment and assets thereof; and (4) to encourage and solicit gifts, contributions, donations, memorials and bequests and devises by Last Will and Testament for the uses and purposes of this Corporation and particularly for the use and benefit of Hi-Desert Memorial Health Care District.

The Bylaws and other governing documents of the Hi-Desert Medical Center Foundation, Inc., and the adoption, amendment or repeal thereof shall not be effective until approved by the Hi-Desert Memorial Health Care District Board of Directors.

ARTICLE XIV

SEAL

The Board shall have the power to adopt a form of corporate seal to alter it at pleasure. The Secretary shall affix the seal to all appropriate documents. The failure to affix the seal shall not, however, affect the validity of any instrument.

ARTICLE XV

AMENDMENT AND REVIEW

These Bylaws may be altered, amended, repealed, added to or deleted, at any regular meeting of the Board of Directors, with the consent of a majority of the members. The Board of Directors will review these Bylaws at least biennially and alter them to conform to changes in the law and the standards of the Joint Commission on Accreditation of Healthcare Organizations.