

**CONSTITUTION AND BYLAWS  
OF THE**

**DEARBORN COUNTY HOSPITAL  
BOARD OF TRUSTEES**

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# BYLAWS

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**CONSTITUTION AND BYLAWS  
OF THE  
DEARBORN COUNTY HOSPITAL BOARD OF TRUSTEES  
DEARBORN COUNTY, INDIANA**

**ARTICLE I  
OWNERSHIP AND PURPOSES**

- 1.1 The Dearborn County Hospital is a county hospital owned by Dearborn County, Indiana and is organized and operated in accordance with the provisions of the Indiana County Hospital Law, being I.C. 16-22-1-1 et seq. and subsequent amendments thereto.
- 1.2 The Hospital is owned by Dearborn County, Indiana, and pursuant to the provisions of I.C. 16-22-3-24 of the Indiana County Hospital Law, the Board is a body corporate and politic with the style of "The Board of Trustees of Dearborn County Hospital"; in that name and capacity to sue and be sued, plead and be pleaded, to possess all the real and personal property of the Hospital for the Hospitals use and benefit, to take and hold in its corporate name real or personal property becoming a part of the Hospital fund for the use and benefit of the Hospital, and with the other powers, duties and responsibilities set out in the Indiana County Hospital Law.
- 1.3 The Hospital is organized and is to be operated for the purpose of providing to the general public in-patient and out-patient diagnostic and treatment facilities and services generally recognized as hospital services, and other related health care facilities and services under the direction and supervision of the patients' attending physicians, irrespective of race, color, creed, sex or national origin. The Hospital is organized exclusively for charitable, educational and scientific purposes, and is organized and shall be operated in such a manner as to qualify it for tax exemption under Section 501 (c) (3) of the Internal Revenue Code of 1954 (or the corresponding provisions of any further United States Internal Revenue Law).
- 1.4 Notwithstanding any, other provisions of these Bylaws, the Hospital shall not carry on any other activities not permitted to be carried on by (1) a corporation exempt from Federal Income Tax under Section 501 (c) (3) of the Internal Revenue Code of 1954 or the corresponding provisions of any future United States Internal Revenue Law, or (2) by a corporation. Contributions to which are deductible under Section 170 (c) (2) of the Internal Revenue Code of 1954 or the corresponding provisions of any future United States Internal Revenue Law.
- 1.5 The Hospital, through proper planning and analysis and in cooperation with planning agencies, shall attempt to make available to the community, medical care facilities consistent with demonstrated needs.
- 1.6 The Hospital shall encourage and participate in programs and educational activities related to rendering health care to the sick and injured or the promotion of health care, which in the

opinion of the Board of Trustees may be justified and within the ability of the Hospital to participate.

- 1.7 Dissolution - In the event it should be determined that: the Hospital should cease doing business as a county hospital; the Hospital should be terminated and dissolved; and the entire Hospital building or buildings should be sold or leased to a for-profit corporation, partnership, or entity; then the Hospital shall be disposed of pursuant to the Indiana County Hospital law, being I.C. 16-22-3-17 and subsequent amendments thereto.

## ARTICLE II

### THE BOARD OF TRUSTEES

- 2.1 Supreme Authority - The Board of Trustees is the supreme authority in the Hospital, responsible for the management and control of the Hospital, for all functions of the Hospital, and has the powers and responsibilities set out in this Article in order to carry out the spirit and intent of this Article in providing health care services. In addition, the Board has the authority and powers granted to boards of not-for-profit corporations under I.C. 23-17, including but not limited to the power to: (1) join or sponsor membership in organizations and associations that benefit the Hospital or hospitals in general; (2) enter into partnerships and joint ventures; (3) incorporate other corporations; and (4) offer to the general public, directly or indirectly, products and services of any organization, association, partnership, or corporation described under this section; except to the extent those powers are inconsistent with this section or are specifically prohibited by law. The existence of the authority or a power shall be determined in favor of the Hospital if generally authorized or existing under I.C. 23-17. A resolution of the Board is presumptive evidence of the existence of a power if there is any doubt as to the existence of the power under I.C. 23-17 or this section. The Board has the authority to appoint and specify the privileges of the Medical Staff, with the advice and recommendations of the Medical Executive Committee in accordance with I.C. 16-22-3-9. The Medical Executive Committee is responsible to the Board for the clinical and scientific work of the Hospital, and it shall be called upon to advise the Board regarding professional problems and policies.
- 2.2 Appointment and Membership - Appointments to the Board of Trustees are governed by Indiana Code 16-22-2 and 16-22-2.5. Full control of such appointments is with the Board of Commissioners of Dearborn County. All members shall be residents of the county in which the Hospital is located.
- 2.3 Term - Board members shall be appointed to serve terms of four (4) years each, with no more than two members being appointed each year. Vacancies on the Board occasioned by removal, resignation or otherwise, shall be filled by the County Commissioners, and the appointee shall be appointed to complete the unexpired term of the member whose office has been vacated all pursuant to I. C. 16-22-2-11.
- 2.4 Officers of the Board of Trustees - The Officers of the Board of Trustees shall be a Chairman, a Vice-Chairman and a Secretary. The Board of Trustees shall appoint a Treasurer of the Hospital, who shall not be a member of the Board of Trustees. Officers of the Board shall be elected at the annual meeting of the Board and officers shall hold office for a period of two (2)

years from their election unless removed from office by a majority vote of the members at a duly called meeting. No officer may be elected to serve any more than one term in a particular office with the exception of the Treasurer.

- 2.5 Duties and Responsibilities of the Officers - The Chairman, and in his absence the Vice-Chairman, shall be the general executive officer of the Board of Trustees, having those duties and responsibilities usually incumbent upon the President of a corporation. The Chairman will be entitled to vote on all questions coming before the Board. The Secretary, or designee shall be responsible for the keeping of the records of the meetings of the Board of Trustees, and such other duties as customarily are incumbent upon a Secretary of a corporation. The Treasurer shall be responsible for the keeping of the financial books and records of the Hospital, and for the preparation of financial reports of the Hospital, and all other duties normally incumbent upon the Treasurer of a corporation.

### ARTICLE III

#### POWERS AND RESPONSIBILITIES OF THE BOARD OF TRUSTEES

- 3.1 Acquisition of Hospital Buildings - The Board may purchase, construct, remodel, repair, enlarge, or acquire in any lawful manner a building or buildings, within or outside the county, for Hospital purposes as defined in this Article. However, if the building is located outside the county, the Board must receive the approval of: (1) the commissioners of the county in which the Hospital is located; and (2) the commissioners of the county in which the building is located, as defined in the Indiana County Hospital Law, I.C. 16-22-3-2.
- 3.2 Acquisitions- Others - The Board shall have the power to purchase or acquire in any lawful manner all materials, services, equipment, and supplies required for the operation and maintenance of the Hospital, at such prices as are considered reasonable by the Board. (I.C. 16-22-3-4)
- 3.3 Authority - The Board of Trustees shall have the power to:
- a. Join or sponsor membership in organizations and associations that benefit the Hospital or hospitals in general.
  - b. Enter partnerships and joint ventures.
  - c. Incorporate other corporations.
  - d. Offer to the general public, directly or indirectly, products and services of any organization, association, partnership or corporations.
  - e. Enter into contracts with physicians for the performance of medical/administrative functions in the Hospital and to enter into contracts with Hospital-based physicians for provision of those specific medical services. Both such contracts may be exclusive and shall require the contracting physicians to surrender their Medical Staff membership and privileges upon the termination of their contracts.

- 3.4 Budget Process – In November of each year, an annual budget, both operating and capital, shall be presented to the Board along with a 3-year capital plan. In December, the Board shall act on the proposed budget. During the year, the Board shall review, on a monthly basis, the Hospital's performance relative to the budget and shall also review statistical information and Hospital financial statements. Capital equipment purchases, after being acted upon by the Board in December, shall be processed in the following manner: (1) capital items over \$15,000 and budgeted shall be brought to the Board for appropriation; (2) capital items under \$15,000 and budgeted may be purchased through the authority of the Executive Director; (3) capital items of \$7,500 or more that are not budgeted shall be presented to the Board for its approval; and (4) capital items under \$7,500 and not budgeted may be purchased through the authority of the Executive Director. All motions to approve capital items shall include the sources of funds, whether it is operational funds or funded depreciation monies.
- 3.5 Claims - All claims against the Hospital must be allowed and approved by the Board; including the compensation of Hospital employees. Such payments and the payment of invoices for materials, services, equipment and supplies required for the operation and maintenance of the Hospital upon certification by the Executive Director that the invoices are true and correct, that the items shown thereon have been duly received by the Hospital, and the claim or invoice furnished by the supplier need not contain the certificate provided for in I.C. 5-11-10-1: Provided, however, that claims or invoices and payments thereof shall be submitted to the Board at its next regular meeting for review and action thereon. (I.C. 16-22-3-7)
- 3.6 Clinical Contracted Services – The Board shall be cognizant of the contractors who provide clinical services within the Hospital. An annual report listing the names of these contractors, including their document compliance with health care standards and applicable laws, shall be presented to the Board for approval as part of the quality control process of the IOP program and will be presented to the Board as part of that program in the 3<sup>rd</sup> quarter of each calendar year.
- 3.7 Conformation - The Board of Trustees, through the Executive Director, shall take all reasonable steps to conform to all applicable federal, state and local laws and regulations and shall review these Bylaws on a biennial basis.
- 3.8 Executive Director - The Board shall appoint an Executive Director as the administrative head of the Hospital, to be the executive agent of the Board in the administration of its policies, to act as the liaison officer between the Board and the Medical Staff, with the authority and responsibility to employ Hospital personnel, and with such other powers, authorities and responsibilities as are delegated to him by the Board or specifically assigned to him in I.C. 16-22-3-8.
- 3.9 Financial Records - The accounting records of the Hospital shall be kept in the manner prescribed or approved by the State Board of Accounts, and the State Board of Accounts is responsible for the audit of the records of the Hospital. Forms may be approved by the State Board of Accounts for general use by all hospitals or for groups of hospitals. The Hospital Board may choose to use the calendar year or a fiscal year for maintaining Hospital financial records. A hospital which has received a financial subsidy from the county for hospital operations, excluding mental health or ambulance services, during the preceding calendar or

fiscal year must file with the Board of County Commissioners and the County Council an annual report showing the income and expenses of the operating fund for the preceding calendar or fiscal year by major classification according to the chart of accounts approved by the State Board of Accounts. If the hospital uses a calendar year for maintaining financial records, the report must be filed not later than the last Monday in March of each year. If the hospital uses a fiscal year for maintaining financial records, the report must be filed not later than ninety (90) days after the close of the fiscal year. The annual report shall be published one (1) time. Hospital financial records may be kept in hard copy, or microfilm, or via another data system acceptable to the State Board of Accounts. (I.C. 16-22-3-12)

- 3.10 Fiscal Management The charges for depreciation and obsolescence, or any part of the charges for depreciation and obsolescence, at the discretion of the Board, may be transferred periodically to a fund to be used by and at the discretion of the Board only for the purpose of building, remodeling, repairing, replacing, or making additions to the Hospital building or buildings. However, in any year in which there is a tax levy for the general operation and maintenance of the Hospital, the Board shall not make a transfer to the fund. Further, in an emergency, the Board may borrow from the fund for the operating fund of the Hospital and shall provide for the reimbursement of the amount borrowed within a period of two (2) years. The authority granted to establish the fund from charges for depreciation and obsolescence shall not limit, restrict, nor impair the power and authority which the Board, the County Commissioners, or other units of government have to finance Hospital buildings by other lawful methods. (I.C. 16-22-3-13)

- 3.11 Hospital Fund or Funds - The Board shall take, hold, disburse and dispose of, for the benefit of the Hospital, all real or personal property, or other property of any nature that is a part of the Hospital fund or funds, subject to the other provisions of this Article. The Board may accept gifts, devises, bequests, or grants upon such limitations and conditions as may be directed by the donor so long as such limitations and conditions are not contrary to law or the other provisions of this Article.

However, if the Hospital was constructed by a county building authority under I.C. 36-9-13, the powers of the Board shall not extend to or include those powers vested by I.C. 36-9-13 in the building authority. The Board may transfer a part of the Hospital fund or funds to a Hospital Foundation that is organized and operated for the exclusive benefit of the Hospital and that is a not-for-profit corporation organized under the laws of Indiana. The Board may make such transfers if adequate provisions are made for working capital and other known and anticipated Hospital needs. If a transfer includes any tax funds provided to the Hospital by a county or other governmental entity, the tax funds transferred to the Foundation are subject to audit by the State Board of Accounts unless: (1) the Hospital Foundation files annually with the Treasurer of the Hospital a copy of an audit report prepared by an independent certified public accountant; and (2) the audit report is on file at the Hospital and is made available to the State Board of Accounts (I.C. 16-22-3-14)

- 3.12 Hospital Funds/Investment - The Board may invest any money in the Hospital fund or funds within the county or elsewhere as the Board determines consistent with applicable state law. The money may be invested in the following: (1) any account paying interest and subject to withdrawal by negotiable orders of withdrawal, unlimited as to amount or number (NOW accounts); (2) passbook savings accounts; (3) certificates of deposit; (4) money market deposit accounts; (5) any interest-bearing account that is authorized to be set up and offered by a

financial institution or brokerage firm registered and authorized to do business in Indiana in the course of its respective business; (6) repurchase or resale agreements involving the purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States or any United States government agency in which type of agreement the amount of money must be fully collateralized by interest-bearing obligations as determined by the current market value computed on the day the agreement is effective; (7) mutual funds offered by a financial institution or brokerage firm registered and authorized to do business in Indiana; (8) securities backed by the full faith and credit of the United States Treasury or fully insured or guaranteed by the United States or any federal government agency; or (9) pooled fund investments for participating hospitals offered, managed, and administered by a financial institution or brokerage firm registered or authorized to do business in Indiana. This section does not prevent the Board from using money in the Hospital fund or funds to capitalize projects undertaken under I.C. 16-22-3-1 (b) and (c). Any interest or other accretion derived from any such investment shall become a part of the Hospital funds invested, and any interest or other accretion derived from the investment of money raised by any bonded or other indebtedness in excess of funds needed for Hospital buildings may be applied by the Board to the appropriate bond redemption, interest, or sinking fund. (I.C. 16-22-3-16, 20)

- 3.13 Hospital Special Fund - The Board may establish a special fund for patients' refunds in an amount not to exceed five thousand dollars (\$5,000.00) provided that such funds shall be deposited in a checking account in one of the depositories designated for the deposit of funds of the Hospital subject to use for the purposes stated herein for which checks may be issued by the person designated by the Board. The special funds are supplemental to those otherwise permitted by law. (I.C. 16-22-3-15)
- 3.14 Insurance - The Board may contract for and purchase for the protection of the Hospital all types of insurance provided for in the Indiana Insurance Law in such amount or amounts and with such provisions and conditions and limitations as the Board may deem reasonable and necessary, including liability or malpractice coverage for the members of the Board, the officers, employees, volunteers, and members of Medical Staff committees while they are performing services for the Hospital. The Board may, in its discretion, for the express purpose of acquiring such malpractice coverage, assist in the formation of a no assessable mutual insurance company pursuant to I.C. 27-1-6 and I.C. 27-71-7-19. (I.C. 16-22-3-21)
- 3.15 Leases - The Board may lease a part of the Hospital building or buildings to private persons or corporations providing the Board, in its discretion, determines that the use of the leased premises will be such as to aid the Hospital in the performance of its services. Such leases shall be in writing, shall be for definite periods set out in the lease agreements and shall require payment of lease rentals at least monthly. If the Board enters into a lease or sublease contract with the state authority, the Board may pledge as security for payment under the contract the funds that the Governing Board receives from a tax levy under I.C. 16-22-3-27 (I.C. 16-22-3-22)
- 3.16 Loans - The Board may obtain loans for hospital expenses in amounts and on terms and conditions agreeable to the Board and may secure the loans by pledging accounts receivable or other security in hospital funds. If the Board enters into a loan agreement for the borrowing of funds from the state authority, the Board may pledge as security for payment under the agreement the funds the Board receives from a tax levy under I.C. 16-22-3-27. The

Board may sell or factor accounts receivable on terms and conditions agreeable to the Board. The Board may enter into an agreement with the United States or a department, an agency, or an instrumentality of the United States with respect to loans or guaranties for hospital or related purposes and may borrow money on the terms and conditions of the agreement. The loans may be: (1) evidenced by bonds notes, contractual agreements, or other evidences of indebtedness; (2) secured in whole or in part by: (A) pledge of the full faith and credit as a general obligation of the borrower; (B) the income and revenues of the hospital or related facilities; (C) rental from the lease of hospital facilities; (D) any combination of (A) through (C); (3) additionally secured by a mortgage or deed of trust of all or part of the real or personal property or both, of the hospital. Bonds, notes or other evidences of indebtedness issued in connection with a federal loan under this section may be sold and delivered at private sale without the necessity of public sale or public offering. The Board may borrow money and may secure the borrowing by a pledge of the following: (1) amounts from the cumulative building fund, (2) accounts receivable, (3) a security interest in capital equipment for which the proceeds of the loan is used, (4) other security, including the excess of unobligated revenues over operating expenses. The term of a loan may not exceed thirty-five (35) years. (I.C. 16-22-3-26; 16-22-5-17)

3.17 Medical Staff - The Board, as the supreme authority in the Hospital, shall have the power to determine appointments and reappointments to the Medical Staff and delineate privileges of the members of the Medical Staff in accordance with I.C. 16-22-3-9 and the Medical Staff Bylaws and Rules and Regulations approved by it. (I.C. 16-22-3-9)

3.18 Miscellaneous - The Board may authorize expenditure of Hospital funds for reasonable expenses incurred by persons (and their spouses) who are interviewed for employment or for Medical Staff appointment and for reasonable recruitment and moving expenses for such persons if employed or appointed to the Hospital Medical Staff. In addition to other methods authorized by these Bylaws to borrow money, the Board may sell or factor accounts receivable upon terms and conditions agreeable to the Board. The Board may enter into agreements with credit card companies or organizations authorized to do business in Indiana and may accept credit card payments from patients for services rendered. The Board may, in the establishment and maintenance of Hospital records, use automated data processing systems and purchase, lease, operate or contract for the use of any automated data processing equipment subject to the provisions of I.C. 16-22-3-6 and I.C. 16-22-3-22.

3.19 Orientation and Continuing Education - There shall be a program for the orientation of new members of the Governing Board to familiarize them with the Governing Body and Medical Staff Bylaws, organization, Rules and Regulations, personnel policy manual, copy of the last Accreditation report and responses along with the copy of the standards pertinent to the Board, State Board of Health Licensure Survey Report and response, last annual financial report and the current budget, credentials requirements, contractual arrangements, legal issues, and other relevant issues. There shall also be a continuing education program to update and review these issues and others that may be of interest and importance to the Board.

3.20 Patient Care - It is the mission of Dearborn County Hospital to provide quality healthcare services and associated services, as appropriate, to the residents of Southeastern Indiana and the adjacent counties in Northern Kentucky and Southwestern Ohio. The Board shall establish reasonable charges for patient care and other Hospital services. The Board may

give appropriate discounts of charges to patients. In establishing charges the Board may include a reasonable charge for depreciation and obsolescence of property, plant, and equipment.

- 3.21 Personnel - The Board shall have the power and responsibility upon the recommendation of the Executive Director, to fix the compensation, including incentives for productivity, of all Hospital employees and to adopt personnel and management policies in the same manner as may be done by the governing boards of other hospitals in Indiana. The Board may adopt an employee benefit program which may include a paid days off policy and employee discounts, and may authorize expenditure of Hospital funds for payment of advertising and for payment of placement fees for personnel and physicians. The Board may authorize expenditure of Hospital funds in an amount not to exceed one-half of one percent (0.50%) of Hospital revenues for the preceding calendar year for a program for the benefit of personnel, volunteers or physicians where such program directly contributes to Hospital productivity or morale. The Board may adopt a plan making provision for the Hospital employees generally on account of sickness or accident disability, any contract for the purchase of adequate pension and retirement plans for Hospital personnel from the public employees' retirement fund of Indiana or from any company authorized to do such business in Indiana, may contract for and purchase insurance plans for Hospital personnel from any insurance company licensed to transact business in Indiana, and may pay a part or all of the cost of such plans out of Hospital funds. The Board may enter into deferred compensation agreements with employees and other personnel for whose services it contracts, and fund its deferred obligations thereunder by contracting with insurance companies licensed to transact business in Indiana. The Board may authorize the expenditure of Hospital funds to pay dues of the Executive Director and department heads for membership in local, state or national hospital or professional associations or organizations where it is determined by the Board that such expenditures are of direct benefit to the Hospital. The Board may establish and operate employee registries for part-time or temporary Hospital employees. The Board may expend hospital funds for reasonable expenses incurred by persons and their spouses who are interviewed for employment or for medical staff appointment and for reasonable moving expenses for the persons and their spouses if employed or appointed to the hospital medical staff. (I.C. 16-22-3-11)
- 3.22 Powers and Responsibilities - In construing the powers and responsibilities of the Board, the existence of the authority or a power shall be determined in favor of the Hospital if generally authorized or existing under I.C. 23-17. A resolution of the Board is presumptive evidence of the existence of a power if there is any doubt as to the existence of the power under I.C. 23-17 or I.C. 16-22.
- 3.23 Real and Personal Property Disposition - The Board may finance or refinance the acquisition of real, or personal property by means of a mortgage or a sale and leaseback of Hospital property. Except for property subject to mortgage financing or a sale and leaseback arrangement under I.C. 16-22-3-17 (b), the Board may dispose of personal property, by sale or otherwise, which is of limited or no use to the Hospital and of limited salvage value (i.e., of a value not exceeding fifteen thousand dollars (\$ 15,000) or is traded upon purchase of other personal property without the necessity of advertising, auctioning, or requesting bids. All other property which the Board considers no longer necessary for Hospital purposes may be sold by the Board after securing an appraisal of the property by three (3) disinterested owners of taxable real estate of the county. The Board shall publish notice of the sale one (1)

time at least seven (7) days prior to the date of the sale. However, the sale of real property must be approved by the County Commissioners. The Board shall determine the time, terms, and conditions of the sale of property. The sale of property, other than personal property having a limited or salvage value or personal property traded in on the purchase of other personal property, shall be at public Auction. The Board shall publish notice of the sale one time at least seven (7) days before the date of the sale. If sealed bids are solicited in the published notice of the sale, the bids must be opened in public on the date and time of the sale to satisfy the public auction requirement. Upon the sale of real property using this procedure and the payment of the purchase price, the Board and the Commissioners shall execute a deed of conveyance to the purchaser. The proceeds of all sales are a part of the Hospital fund or funds to be held and used for the use and benefit of the Hospital. If it is determined by the Board, the County Commissioners, by joint resolution that: (1) the Hospital should cease doing business as a county hospital; (2) the Hospital should be terminated and dissolved; and (3) the entire Hospital building or buildings should be sold or leased to a for-profit corporation, partnership, or entity; the proposed sale or lease shall be considered publicly, and the Board, the county executive, and the county fiscal body shall follow the procedures of I.C. 16-22-6-18 through I.C. 16-22-6-23 concerning notice and hearing on the terms and provisions of the sale or lease. The terms and provisions of the sale or lease shall be determined by the Board, the county executive, and the county fiscal body and shall be presented at the hearing as required by I.C. 16-22-6-18 through I.C. 16-22-6-23. After the hearing on the proposed sale or lease, if it is determined by the Board, the county executive, and the county fiscal body that the sale or lease should proceed, the Hospital building or buildings shall be sold or leased in accordance with proposed terms and provisions. If the Hospital building or buildings are sold, the Board, the county executive and the county fiscal body shall execute a deed of conveyance to the purchasers upon payment of the purchase price. If the Hospital building or buildings are leased, the Board, the county executive, and the county fiscal body shall execute a lease agreement for such duration, consideration and terms as they consider reasonable. The proceeds of any sale or lease of the entire Hospital building or buildings must first be applied to outstanding indebtedness, if any, attributable to the Hospital building or buildings. The Commissioners shall deposit the balance of any proceeds from the sale or lease and any property in the Hospital fund or funds into: (1) a nonexpendable trust fund with interest to be deposited in the fund from which claims are paid for county hospital claims for the indigent or any other fund that the county executive and county fiscal body designate; or (2) the county general fund. If it is determined by the Board, the county executive, and the county fiscal body that the community the Hospital serves can best be provided with hospital services through management, enlargement, remodeling, or renovation of the hospital by a not-for-profit hospital corporation organized under the laws of Indiana, the Board, the county executive, and the county fiscal body, after following the procedures of I.C. 16-22-6-18 through I.C. 16-22-6-23 concerning notice and hearing may, by joint resolution agree to transfer the assets of the Hospital including the Hospital building or buildings and the Hospital fund or funds to a not-for-profit corporation. The transfer of the Hospital assets to the not-for-profit corporation shall be upon terms and conditions and for such consideration, if any, as to them appears reasonable. The transfer agreement must require the not-for-profit corporation to assume and agree to pay any indebtedness attributable to the Hospital building or buildings. The size, composition, and qualifications of the membership and the Board of Directors of the not-for-profit corporation shall be set out in its articles of incorporation. The Board, the county executive, and the county fiscal body shall execute a deed of conveyance and such other documents as may be necessary to fully affect the transfer of the assets of the Hospital to the

not-for-profit corporation. If there are any proceeds from the transfer, the Commissioners shall deposit those proceeds into: (1) a nonexpendable trust fund with interest to be deposited in the fund from which claims are paid for county hospital claims for the indigent or any other fund that the county executive and county fiscal body designate; or (2) the county general fund. If the not-for-profit corporation ceases doing business, or is terminated or dissolved, any funds or property remaining after payment of all lawful debts become the property of the county. A provision to this effect must be included in the articles of incorporation of any not-for-profit corporation to which Hospital assets are transferred under this section. This provision may not be amended or deleted without the written approval of the county executive. (I.C.16-22-3-17 and 18) The Board may sell, convey, or otherwise transfer real or personal property from the hospital to an entity related to or controlled by the hospital for constructing buildings on behalf of the hospital. The transfer is not subject to the notice and appraisal requirements under this section. The Board may make the transfer upon terms and conditions the Board considers appropriate. The Board shall issue a deed of conveyance to the transferee. I.C. 16-22-3-17 and 18

- 3.24 Resources and Personnel - The Board of Trustees, through the Executive Director of the Hospital, shall to the extent of its financial ability to do so, provide appropriate physical resources and personnel required to meet the needs of the patients and to carry out the general purposes and powers of the Hospital. In carrying out this responsibility, emphasis shall be placed on planning, in cooperation with the members of the Medical Staff and other interested public and private agencies. The Board shall review the utilization of Hospital resources as set out more specifically in Article XI, hereof.
- 3.25 Self-Assessment - In order to plan for the future and to assess its own performance, the Board may hold an annual retreat with members of the administration and Medical Staff and if desired any other consultants to assess the general state of the Hospital, its future, and the efforts of all parties to work toward that future. The Board may also, as it deems fit, retain outside consultants to review the activities of the Board of Trustees in carrying out their functions. The Board shall conduct a self-evaluation annually.
- 3.26 Services - The Board may contract for the services of consultants, architects, engineers or other professional persons including but not limited to, shared services or purchasing organizations, when considered necessary by the Board and when not in conflict with this Article. The Board also may contract for other services reasonably required for the operation and maintenance of the Hospital, including the management of the Hospital, at such prices and on such terms and conditions as are considered reasonable by the Board, subject, however, to this Article. (I.C. 16-22-3-6).
- 3.27 Tax Support - The Board may request support from the County, either by appropriation from the county general fund or by a separate tax levy, by filing with the Commissioners on or before August 1st, a written budget of the amount estimated to be required to maintain, operate or improve the Hospital for the ensuing year. If the County provides a direct financial subsidy to a hospital from a tax levy at the time the Board exercises its powers, the Board may not provide the funds from a tax levy to an entity created under I.C. 16-22-3-1(b) of this chapter for more than three (3) years. After three (3) years, all funds, with interest, must be repaid in no more than ten (10) years. If the Board enters into a lease or sublease contract or a loan agreement with the state authority, the Board may request the county to

adopt a separate tax levy to support the Board's obligation to make payments under that contract or agreement (I.C. 16-22-3-27).

- 3.28 Training of Personnel - The Board may expend Hospital funds for the education or professional improvement of nurses and other professional or technical employees of the Hospital for in-service training, and in attending seminars or other special courses of instruction when such expenditures are considered by the Board to be of direct benefit to the Hospital. The Board may establish a tuition refund program if it determines that employees enrolled in the program will provide beneficial service to the Hospital. The Board may advance payments to employees for seminars or other educational and training activities, subject to policies adopted by the Board. The Board may expend hospital funds, advance tuition payments, or establish a tuition refund program for the education or professional improvement of nurses and other professional or technical employees of the hospital for inservice training and attending seminars or other special courses of instruction when the Board determines that the expenditures directly benefit the hospital. (I.C. 16-22-3-11)

## ARTICLE IV

### MEETINGS

- 4.1 Meetings of the Board of Trustees - The meetings of the Board of Trustees shall be annual, monthly, special, or executive session. Board members should not be absent from more than three (3) consecutive regular Board meetings or from more than four (4) regular Board meetings during a calendar year. Any member who does not meet these attendance requirements without submitting an acceptable explanation to a majority of the Board before or during such an absence, shall be viewed as having voluntarily resigned and shall be replaced by the Commissioners.
- 4.1.1 Annual Meeting - The annual meeting of the Board of Trustees shall be held in March of each year. At this annual meeting the prior year's activities will be reviewed. Biennial officers shall be elected. The annual evaluation and retaining of the Hospital Attorney shall also be done at the annual meeting.
- 4.1.2 Monthly Meetings - The regular monthly meeting shall be held at Dearborn County Hospital at a time and routinely scheduled day as determined by the Board unless otherwise determined by the Board. The Executive Director and other members of the Administrative Staff he so designates shall attend all meetings, and present reports as may be necessary to keep the Board informed as to the operations of the Hospital. The Hospital Attorney shall also attend all regular meetings. The Chief of the Medical Staff is strongly encouraged to attend all regular meetings.
- 4.1.3 Special Meetings - In the event of an urgent or special matter arising concerning the Hospital, the consideration of which should not be delayed until the next regularly scheduled meeting, the Chairman, or any two members of the Board, may instruct the Secretary or the Executive Director to call a special meeting. The notice of such special meeting should be in writing, or may be oral either in person or by telephone and shall state the purpose of the meeting, its time and place. Attendance at the meetings shall constitute a waiver of notice.

4.1.4 Executive Session - The Chairman of the Board of Trustees may call the Board into executive session to consider matters which, in the best interests of the Hospital, should be kept confidential pending final action by the Board of Trustees at a regular or special meeting. At an executive session, the Board may discuss such matters, but final action on any matter requiring a decision or determination of the Board of Trustees shall be taken only at a regular or special meeting of the Board which is open to the public as aforesaid. In addition to I.C. 5-14-1.5-6.1, the Board may hold executive sessions to:

- a. Discuss and prepare bids, proposals or arrangements that will be competitively awarded among health care providers;
- b. Discuss recruitment of health care providers; or
- c. Discuss and prepare competitive marketing strategies.

4.1.5 Confidential Records - In addition to all records of Medical Staff and Hospital peer review activities which are to be kept confidential under the Indiana Peer Review Act, I.C. 34-4-12.6-1 *et seq.*, the Hospital may also hold confidential, until the information contained in the records is announced to the public, records of a proprietary nature that, if revealed, would place the Hospital at a competitive disadvantage, such as terms and conditions of preferred provider arrangements, health care provider recruitment plans, and competitive marketing strategies regarding new services and locations. (I.C. 16-22-3-28)

4.2 Quorum - A majority of the members of the Board constitutes a quorum at any meeting of the Board and Board action requires the affirmative vote of a majority of those members of the Board present at a regular or special meeting thereof at which a quorum is present.

4.3 Agenda for Regular Meetings - The agenda for the regular meetings shall be as follows: (1) Call to Order and Certification of Quorum; (2) Approval of the Minutes of the last regular meeting and any intervening special meetings; (3) Old Business; (4) Medical Staff Report; (5) Financial Reports; (6) Management Report; (7) Information; (8) New Business and, (9) Adjournment. (10) Executive Session, which will include Quality Assurance and Board Education matters;

## ARTICLE V

### COMMITTEES

5.1 Committees of the Board of Trustees - The Board of Trustees shall develop such committees as are found to be necessary to fulfill its responsibilities and to assess the results of its programs. Such committees shall consist of at least one (1) member of the Board of Trustees, and the Chairman of each committee shall be a member of the Board of Trustees. Such committees shall be appointed by the Chairman, or in his absence the Vice-Chairman, and members of such committees, in addition to those members who are members of the Board of Trustees, may be a person selected from knowledgeable persons in the community.

Committees dealing with medical matters shall include at least one (1) member of the Medical Staff.

## ARTICLE VI

### EXECUTIVE DIRECTOR

- 6.1 General Duties - The Board of Trustees shall select and employ a competent and experienced Executive Director, who shall be its direct executive representative in the management of the Hospital. He shall be the liaison officer between the Board of Trustees and the Medical Staff, as well as the executive agent of the Board of Trustees in the Administration of its policies. He shall be given the necessary authority, and be held responsible, for the administration of the Hospital and all its activities and departments, subject only to such policies as may be adopted and such orders as may be issued by the Board of Trustees, from time to time. The Executive Director shall act as the duly authorized representative of the Board of Trustees in all matters in which the Board of Trustees has not formally designated another person or persons for that specific purpose. The Executive Director shall designate an individual to act for him in his absence, in order to provide the Hospital with administrative direction and supervision at all times.
- 6.2 Qualifications - The Executive Director must meet one of the following qualifications:
- 6.2.1 Has a degree from a university graduate program in business or health facility administration with at least one (1) year's residency in a hospital or equivalent experience; or
- 6.2.1 Has a baccalaureate degree and has had at least three (3) years' experience in administration in a hospital.
- 6.3 Annual Review - The Board shall, in executive session, at its regular meeting closest to the anniversary of the appointment of the Executive Director, receive an annual report by the Executive Director of his performance in office of the past year and shall review and evaluate the same.
- 6.4 Powers and Duties - The Board of Trustees shall establish guidelines for relationships among itself, the Executive Director, the Medical Staff and the community. The Executive Director is continuously responsible for the management of the Hospital, commensurate with the authority conferred on him by the Board of Trustees and consonant with its expressed aims and policies. The Board of Trustees shall hold the Executive Director responsible for the application and implementation of established policies in the operation of the Hospital, and for providing liaison among the Board, the Medical Staff and the departments of the Hospital. He should attend all meetings of the Board of Trustees and meetings of the Medical Staff and will be a member of the Executive Committee of the Medical Staff. The Executive Director shall organize the administrative functions of the Hospital, delegate duties and establish formal means of accountability on the part of subordinates. He shall establish such Hospital departments as are indicated in order to carry out the functions of the Hospital and the policies of the Board of Trustees, provide for departmental and

interdepartmental meetings, and attend or be represented at such meetings. To maintain effective liaison between the Medical Staff and departments of the Hospital, the Executive Director shall name Hospital department representatives to Medical Staff committees where appropriate. The Executive Director shall make or send reports to the Board of Trustees and to the Medical Staff on the overall activities of the Hospital, as well as on appropriate federal, state and local developments that are felt affect health care in the Hospital. Specifically, the Executive Director must assume the following duties as required by the Regulation 410-IAC-15-1, Section 6 of the Indiana Department of Health:

- 6.4.1 Maintain an organizational structure which defines and makes known the authority and responsibility of various positions and their relationships and employ sufficiently trained personnel to adequately man the facility.
- 6.4.2 Develop with the assistance of Hospital personnel and the Medical Staff, a program of patient care and Hospital operation in line with goals of Hospital and needs of patients served.
- 6.4.3 Measure the effectiveness of the Hospital operation in terms of goals and the expected results of patient care.
- 6.4.4 Maintain long-range plans to provide for the continuous improvement of the Hospital.
- 6.4.5 Consult with representatives of the organized Medical Staff on matters which are of concern to the Medical Staff in its Hospital work.
- 6.4.6 Designate an administrative officer for the facility to serve during the administrator's absence.
- 6.4.7 Provide induction and follow-up training programs for all Hospital personnel.
- 6.4.8 Provide for department head staff meetings to achieve effective communications and coordination of activities of the various elements of the Hospital.
- 6.4.9 Maintain a written record of all business transactions, committee activities, and patient services rendered and submit reports on same to the governing authority.
- 6.4.10 Establish and maintain a functioning Hospital safety committee.
- 6.4.11 Require pre-employment and subsequent physical examinations, chest X-rays, laboratory tests, and immunization, as deemed necessary by the Medical Staff, of all personnel coming in direct or indirect contact with patients. Supervisors shall continually observe their personnel for signs of communicable disease and encourage their personnel to promptly report any illnesses in themselves. An acceptable test for tuberculosis may be given in lieu of the chest X-ray, as long as the test remains negative, and shall be repeated each year. If the test converts to positive, a chest X-ray, a physical, and a laboratory examination shall be made, and the employee must be deemed free of active tuberculosis before resuming duties.

- 6.4.12 Periodic surveillance of patients and personnel in hemodialysis units for HBV (hepatitis B virus) infection shall be carried out at intervals to be determined by the Medical Staff.
- 6.4.13 Maintain and periodically test a plan for emergency operation of the Hospital to provide for the safety and well-being of patients and personnel in event of fire, explosion, or other internal disaster and for the provision of care to casualties from an outside disaster.
- 6.4.14 Be responsible for formulating a written dress code for all personnel to prevent possible outside contamination.
- 6.4.15 Be responsible for insuring that all services provided including those by arrangement, agreement or contract complies with all standards requirements.

## ARTICLE VII

### MEDICAL STAFF

- 7.1 Statement of Relationship between the Board of Trustees and the Medical Staff - As provided for in Indiana law, the Board of Trustees is the supreme authority in the Hospital, responsible for the appointment of members to the Medical Staff and the assignment of privileges. The Medical Staff is responsible to the Board of Trustees for the clinical and scientific work at the Hospital, advisory regarding professional matters and policies, and has the responsibility of reviewing the professional practices in the Hospital. The Board, therefore, shall delegate the responsibility for clinical and scientific matters and for such professional advice to the Medical Staff, which shall perform such responsibilities through the adoption of Medical Staff Bylaws which are subject to approval by the Board. Such approval shall not be unreasonably withheld. In delegating to the Medical Staff the task of reviewing all medical and scientific affairs of the Hospital, and advising the Board of Trustees on all such matters, the Board constitutes the members of the Medical Staff, the Executive Director of the Hospital, and their assistants and employees as the agents of the Board of Trustees and as personnel of the Peer Review Committee for the purpose of conducting Peer Review pursuant to the Indiana Peer Review Act, I.C. 34-4-12.6-1 and the Health Care Quality Improvement Act of 1986.
- 7.2 Bylaws - The Medical Staff shall, by adopting Medical Staff Bylaws and Rules and Regulations constitute themselves into a self-governing body responsible to the Board of Trustees. Such Bylaws and Rules and Regulations shall be originated by the Medical Staff and be subject to the approval of the Board of Trustees. Such Bylaws shall include, but not be limited to, (1) a mechanism for review of decisions concerning appointments or reappointments to the Medical Staff, as well as the granting, curtailment, suspension or revocation of clinical privileges, including a right to be heard by the affected physician upon his request when his application for admission to the Medical Staff is denied by the Medical Staff or whose privileges on the Medical Staff are to be curtailed on the recommendation of the Medical Staff; (2) provisions for a review of a recommendation in which the Board of Trustees does not concur with the Medical Staff, such a review to be made by the Board of

Trustees before a final decision is reached by the Board of Trustees; (3) a provision for eligibility for staff membership and privileges; (4) provisions for Medical Staff review and analysis of clinical experience; (5) a provision for consultation in specified conditions or situations; (6) division of the Medical Staff into services or departments; (7) provisions for regular Medical Staff meetings and special meetings when required; (8) provisions for a licensed physician to be on call in the emergency room at all times; (9) a provision that each member of the Medical Staff shall observe all the ethical principles of his profession; (10) a provision that only members of the Medical Staff of the Hospital shall admit patients to the Hospital, and that a physician-member of the Medical Staff shall be responsible for the medical aspects of applying for Medical Staff membership and must sign an agreement to abide by the constitution and Bylaws of the Board of Trustees of the Hospital and by the Bylaws and Rules and Regulations of the Medical Staff, and (11) a provision that the Medical Staff Bylaws will be reviewed on a biennial basis. The Bylaws by which the Medical Staff organizes and administers itself for the purposes of peer review, education, planning and other activities are not to be deemed a contract between the Board of Trustees and the Medical Staff or any individual member thereof.

7.3 Membership - All practitioners possessing an unlimited license to practice medicine and surgery issued by the Medical Licensing Board of Indiana shall be eligible for membership on the Medical Staff of the Hospital, subject however to the power of the Board of Trustees to establish and enforce reasonable standards and Rules and Regulations to determine qualifications for admission to the Medical Staff and to practice in the Hospital, and reasonable Rules and Regulations for retention of such membership and for the granting of Medical Staff privileges within the Hospital. Such reasonable standards and Rules and Regulations shall not discriminate against practitioners of any school of medicine who hold such an unlimited license. The Board of Trustees of the Hospital, as the supreme authority in the Hospital, appoints members of the Medical Staff and assigns privileges to members of the Medical Staff upon the advice and recommendation of the Medical Executive Committee, consistent with the individual training, experience and other qualifications of the physician.

7.3.1 Hospital Based Physician - Any physician who has a contractual relationship with the Hospital is to be a member of the Hospital Medical Staff with privileges reviewed and recommended to the Board of Trustees by the Medical Executive Committee. These privileges shall not be terminated without the same due process provisions provided by Medical Staff members as outlined in the Medical Staff Bylaws under Article VIII, unless the contract between the Board and physician terminates as noted in 3. 24 (e) aforementioned.

7.3.2 In addition to the specific education, training and experience required to exercise specific privileges at the hospital, based upon the recommendations of the Medical Executive Committee, and in addition to the continuing requirement of sufficient physical and mental health to carry out his or her duties, all members of the Medical Staff and all Allied Health Professionals who are credentialed to give medical care within the Hospital, must comply with the following requirements:

- a. Every member of the Medical Staff and every Allied Health Professional who is either the employee of the Hospital or the employee of a physician must provide with their initial application for privileges and each succeeding reapplication for privileges a current certificate of professional liability insurance with coverage in

the State of Indiana with the minimum limit of liability if qualified under the Indiana Malpractice Act and by paying the surcharge. If not so qualified, the minimum limit shall be \$1,000,000/\$3,000,000. Practitioner's insurance company must be admitted or authorized to conduct business in the State of Indiana. Cancellation of any such insurance will automatically suspend all privileges and membership at the Hospital until such insurance coverage is reinstated;

- b. All health care providers must perform patient care and related duties in a manner that is not disruptive to the delivery of quality medical care in the Hospital setting; and
- c. All practitioners must comply with ethical standards of their profession of quality medical care which recognize the efficient and effective utilization of Hospital resources as developed by the Medical Staff as set out in more detail in Article X.

7.3.3 In recommending initial appointments of all practitioners in the Hospital and the delineation of appropriate privileges for them, the Medical Staff shall document to the satisfaction of the Board of Trustees the investigation which it conducted of the practitioner's current clinical competency credentials and the basis for the recommended delineation of privileges. In making recommendations for reappointments for all practitioners in the Hospital, the Medical Executive Committee shall document that it has gathered all peer review material both from the Medical Staff and administration which concern each individual practitioner and shall document to the satisfaction of the Board of Trustees that its recommendation concerning reappointment and privileges is based on a thorough review and reevaluation of this peer review material. Reapplications will not be made until all appropriate corrective actions indicated by this review have been completed.

#### 7.4 Appointment

##### 7.4.1 Application

- a. All applications for appointment to the Medical Staff shall be in writing, shall be signed by the applicant, and shall be submitted on a form prescribed by the Board of Trustees after consultation with the Medical Executive Committee.

The application shall require detailed information concerning the applicant's health and professional qualifications shall include the name of at least three (3) peers who have had extensive experience in observing and working with the applicant and who can provide adequate references pertaining to the applicant's professional competence and ethical character, and shall include information as to whether the applicant's membership status and/or clinical privileges have ever been revoked, suspended, reduced or not renewed at any other hospital or institution, and as to whether his membership in local, state or national medical societies, or his license to practice any profession in any jurisdiction, or any registration issued by State or Federal Drug Enforcement Administration has ever been censored, reprimanded, placed on probation, suspended, terminated, revoked or surrendered, and whether any such actions are pending.

- b. Together with the application for appointment, such applicant shall furnish current certificate of malpractice insurance with a minimum limit of liability of \$250,000/\$750,000 if qualified under the Indiana Malpractice Act by paying the surcharge. If not so qualified, the minimum limit shall be 1,000,000.00/\$3,000,000.00. Coverage must be provided by an insurer that is either licensed or approved by the Indiana Department of Insurance.
- c. The applicant shall have the burden of producing adequate information for a proper evaluation of his clinical competence, character, ethics, physical and mental health and other qualifications, and for resolving any doubts about such qualification. The applicant or reapplicant may be required to undergo examination and testing by practitioners approved by the Board in order to demonstrate sufficient mental and physical health.
- d. The completed application shall be submitted to the Executive Director. After collecting the references and other materials deemed pertinent, he shall transmit the application and all supporting materials to the Credentials Committee for evaluation.
- e. By applying for appointment to the Medical Staff, each applicant thereby signifies his willingness to appear for interviews in regard to his application, authorizes the Hospital to consult with members of Medical Staffs of other hospitals with which the applicant has been associated and with others who may have information bearing on his competence, character and ethical qualifications, consents to the Hospitals inspection of all records and documents that may be material to an evaluation of his professional qualifications, health, and clinical competence to carry out the clinical privileges he requests as well as his moral and ethical qualifications for staff membership, releases from any liability, to the fullest extent permitted by law, all persons and organizations for their acts performed in connection with investigating and evaluating the applicant and his credentials, and releases from any liability to the fullest extent permitted by law, all individuals and organizations who provide information regarding the applicant's competence, ethics, character and other qualifications for staff appointment and clinical privileges, including otherwise privileged or confidential information.
- f. The application form shall include a statement that the applicant has received and read the Bylaws of the Board of Trustees and the Bylaws, Rules and Regulations of the Medical Staff and that he agrees to be bound by the terms thereof if he is granted membership and/or clinical privileges and to be bound by the terms thereof without regard to whether or not he is granted membership and/or clinical privileges in all matters relating to consideration of his application.

#### 7.4.3 Appointment Process

- a. As soon as practicable after receipt of the completed application for membership, the Credentials Committee shall make a written report of its investigation to the Medical Executive Committee. The Medical Executive Committee at its next regular meeting shall review the completed application together with the recommendations of the Credentials Committee. The Medical Executive

Committee may request additional information, return the matter to the Credentials Committee for further investigation and/or elect to interview the applicant. The Medical Executive Committee shall forward to the Board of Trustees a written report and recommendation as to Medical Staff appointment and, if appointment is recommended, as to membership category, service affiliation, clinical privileges to be granted, and any special conditions to be attached to the appointment. The Medical Executive Committee may also defer action on the application. The reasons for each recommendation shall be stated.

- b. When the recommendation of the Medical Executive Committee is favorable to the applicant, it shall be promptly forwarded, together with supporting documentation, to the Board of Trustees for their consideration and action.
- c. When a recommendation of the Medical Executive Committee is adverse to the applicant, the Board of Trustees and the applicant shall be promptly informed by written notice. The applicant shall be entitled to the procedural rights as provided in Article IX of the Medical Staff Bylaws.
- d. The Board of Trustees may accept the recommendation of the Medical Executive Committee or may refer the matter back to the Medical Executive Committee for further consideration, stating the purpose for such referral. The following procedure shall apply with respect to action on the application:
  1. If the Medical Executive Committee issues a favorable recommendation and
    - a. the Board of Trustees concurs in that recommendation, the decision of the Board shall be deemed final action.
    - b. the recommendation of the Board of Trustees is unfavorable, a hearing shall be held before the Board, or a duly authorized committee or other designee whom the Board may appoint, unless the applicant has already received a hearing before the judicial review committee of the Medical Staff pursuant to Article IX of the Medical Staff Bylaws. Where a hearing before the Board of Trustees is held, insofar as practicable the procedures described in Article IX of the Medical Staff Bylaws shall apply, except as they may be expressly modified by rules, policies, or procedures established by the Board.
  2. In the event the recommendation of the Medical Executive Committee, or any significant part of it, is unfavorable to applicant, the procedural rights set forth in Article IX of the Medical Staff Bylaws shall apply and
    - a. If no judicial review committee hearing is requested by the applicant, the recommendation of the Medical Executive Committee shall be forwarded to the Board of Trustees for final action.
    - b. If a hearing is requested and the decision of a judicial review committee is unfavorable to the applicant and if the Board concurs in the unfavorable recommendation following an appeal pursuant to Article IX

of the Medical Staff Bylaws, the decision of the Board constitutes final action.

- c. If a hearing is requested and the decision of a judicial review committee is favorable to the applicant and if the Board concurs in the unfavorable recommendation of the Medical Executive Committee following an appeal pursuant to Article IX of the Medical Staff Bylaws, the decision of the Board shall be deemed final action.
- e. Notice of the final decision shall be given to the Chief of Staff, the Medical Executive Committee, the Credentials Committee, the chairman of any other concerned committee, the applicant, and the Executive Director. A decision and notice to appoint or reappoint shall include, if applicable: (1) the staff category to which the applicant is appointed; (2) the clinical privileges granted; and (3) any special conditions attached to the appointment.
- f. When final action is taken by the Board of Trustees which constitutes an adverse action, as defined in the Medical Staff Bylaws, the Executive Director or his/her designee shall report such adverse action to the Medical Licensing Board for referral to the National Practitioner Data Bank within fifteen (15) days of the adverse action. The Executive Director shall also be responsible for reporting any suspensions, or other adverse actions which will or have lasted longer than 30 days before final action of the Board. The Executive Director is responsible for filing any corrections or modification of notices of adverse actions.

#### 7.4.4 Reappointment Process

- a. At least three months prior to the expiration date of current staff appointment (except for temporary appointments), a reapplication form developed by the Medical Executive Committee and approved by the Board of Trustees shall be mailed or delivered to the member. If an application for reappointment is not received at least sixty (60) days prior to the expiration date, written notice shall be promptly sent to the applicant advising that the application has not been received. At least forty-five (45) days prior to the expiration date, each Medical Staff member shall submit to the Credentials Committee the completed application form for renewal of appointment to the Staff for the following two (2) years, and for renewal or modification of clinical privileges.

The reapplication form shall include all information necessary to update and evaluate the qualifications of the applicant including, but not limited to, the matters set forth in Article V of the Medical Staff Credentialing Manual, as well as other relevant matters. Upon receipt of the application, the information shall be processed as set forth in the Medical Staff Credentialing Manual.

- b. A Medical Staff member who seeks a change in Medical Staff status or modification of clinical privileges may submit such a request at any time upon a form developed by the Medical Executive Committee, except that such application may not be filed within one (1) year of the time a similar request has been denied.

- c. The effect of an application for reappointment or modification of staff status or privileges is the same as that set forth in the Medical Staff Credentialing Manual.
- d. When a Staff Member submits the first application for reappointment, and every two (2) years thereafter, or when the member submits an application for modification of staff status or clinical privileges, the member shall be subject to an in-depth review generally following the procedures set forth in the Medical Staff Credential Manual for initial application, including a review of all peer review material accumulated on the practitioner since the last evaluation.
- e. If an application for reappointment has not been fully processed by the expiration date of the member's appointment, the Staff Member may maintain membership status and clinical privileges if the Board so votes to extend the appointment until such time as the processing is completed unless the delay is due to the member's failure to timely complete and return the reappointment application form or provide other documentation or cooperation, in which case the appointment shall terminate. Any extension of an appointment pursuant to this section does not create a vested right in the member for continued appointment through the entire next term but only until such time as processing of the application is concluded.
- f. Failure without a good cause to timely file a completed application for reappointment shall result in the automatic termination of the appointment as deemed to be a resignation from the Medical Staff. In the event membership terminates for the reasons set forth herein, the procedures set forth in Article IX of the Medical Staff Bylaw shall not apply.
- g. Recommendations for reappointment and the granting of privileges shall be based upon assessment of the particular candidate's proven continuing professional skill, demonstrated clinical judgment, level of performance, ethical conduct, attendance, participation and dedication to staff affairs, compliance with Hospital and Medical Staff Bylaws, Rules and Regulations, cooperation with other Hospital personnel, use of conferred privileges in an efficient manner consistent with the financial well being of the Hospital, relations with patients, colleagues, the public, and Board of Trustees, and the applicant's physical and mental health.

## 7.5 Hearing and Appeal Rights

- 7.5.1 The Medical Staff Bylaws shall provide a mechanism whereby a practitioner, who is adversely affected by the recommendation of the Medical Staff or one of its committees, which is adverse to the affected practitioner, may have a hearing on the proposed action, with the right to a review on the record by the Board of Trustees. Such a review on the record and argument shall be conducted by the Board in Executive Session.

- 7.5.2 The hearing and appeals procedure governing a professional review action taken by the Medical Staff and/or Board of Trustees shall afford the rights granted to the effected practitioners by the Indiana Peer Review Act, I.C. 34-4-12.6, and shall comply with the procedural guidelines in the Federal Health Care Quality Improvement Act of 1986, in order that the Medical Staff and Board and personnel of their respective Peer Review Committees qualify for the full privileges and immunities of these statutes.
- 7.6 Independent Allied Health Professionals - At the discretion of the Board of Trustees, in consultation with the Medical Staff, independent allied health care professionals who are licensed to provide care to patients and who are not the employees of the hospital or of another health care provider, may be appointed as independent allied health care professionals with appropriate privileges to provide care to patients at Dearborn County Hospital or to order outpatient diagnostic work if appropriate. Such independent allied health care professionals shall not have the right to admit patients to the hospital. Such independent allied health care professionals shall be governed by the Medical Staff Bylaws, but shall not be members of the Medical Staff. Independent Allied Health Professionals will be credentialed through the same process as physician staff members.
- 7.7 Physician Extenders - Physician extenders can provide specified health care within the hospital as the employee of a physician, dentist, or podiatrist. They shall be governed by the Medical Staff Bylaws, but shall not be members of the Medical Staff. They will be credentialed through the same process as physician staff members.

## ARTICLE VIII

### GENERAL PROVISIONS

- 8.1 Auxiliary - Upon the recommendation of the Executive Director, the Board of Trustees may, from time to time, authorize the organization of auxiliary organizations of persons desiring to contribute volunteer services in the Hospital. Before providing such services, an organization shall submit to the Executive Director proposed Bylaws of the organization, which may be approved by the Board of Trustees upon the recommendation of the Executive Director. Amendments to the Bylaws of such an auxiliary organization shall also require that they first be submitted to the Executive Director, and then upon his recommendation approved by the Board of Trustees before becoming effective. Each such auxiliary organization shall report periodically to the Board of Trustees on its activities during the past year and plans for the future.
- 8.2 Conflict of Interest - A member of the Board of Trustees may have a pecuniary interest in or derive a profit from a contract or purchase connected with the Hospital. However, the member shall disclose that interest or profit in writing to the Board and provide a copy to the State Board of Accounts. The member shall abstain from voting on any matter that affects that interest or profit. Any new member of the Board will be advised of this policy upon entering on the duties of his office.
- 8.2.1 A key employee, Medical Staff Member, or committee member having an existing or potential interest in a contract or other transaction presented to the Board of

Trustees or a committee thereof for deliberation, authorization, approval, or ratification, or any such person who reasonably believes such an interest exists in another such person, shall make a prompt, full, and frank disclosure of the interest to the Executive Director prior to its acting on such contract or transaction. The interested party is required to disclose the nature and extent of his interest and any relevant and material facts, known to him, about the contract or transaction which might reasonably be construed to be adverse to the Hospital's interests.

- 8.2.2 Any member of the Board of Trustees having any existing or potential conflict of interest on any matter shall not vote or use personal influence on the matter, and he shall not be counted in determining the quorum for the meeting, even where permitted by law. The minutes of the meeting shall reflect that a disclosure was made the abstention from the voting, and the quorum situation.
- 8.2.3 The foregoing requirements shall not be construed as preventing the Board member from briefly stating his position on the matter, nor from answering pertinent questions of other Board members since his knowledge may be of great assistance.
- 8.2.4 The Trustees will comply with the following Standards of Conduct:
- a. To govern the Hospital's affairs honestly and economically;
  - b. To exercise the best care, skill, and judgment for the benefit of the institution and the patients it serves;
  - c. To disclose to other members of the Board any duality of interest or possible conflict of interest which may arise;
  - d. To refrain from accepting gifts, favors or inappropriate hospitality intended to influence decisions affecting the Hospital;
  - e. To refrain from disclosing or using information relating to the institution's business for any personal profit or advantages.
  - f. Trustee shall, based on facts then known to the Trustee, discharge the Trustee's duties as follows: in good faith, with the care an ordinarily prudent person in a like position would exercise under similar circumstances and, in a manner the Trustee reasonably believes to be in the best interests of the hospital;
  - g. In discharging the Trustee's duties, a Trustee may rely on information, opinions, reports, or statements, including financial statements and other financial data, if prepared or presented by one (1) of the following: a person whom the Trustee reasonably believes to be reliable and competent in the matters presented and legal counsel, public accountants, or other person as to matters the Trustee reasonably believes are within the person's professional or expert competence.

- h. A Trustee is not acting in good faith if the Trustee has knowledge concerning a matter in question that makes reliance otherwise permitted by subsection (g) unwarranted;
- i. All proprietary and competitive information concerning the Hospital is confidential. A Trustee may not disclose confidential information concerning the Hospital to any person not authorized to review this information.
- j. A Trustee who violates this chapter may be removed from the Board by action of the Board. The county executive may not; reappoint to Board or appoint to Board an individual who violated this section while serving or after serving as a member of the Board.

8.2.5 The Management Staff of the Hospital will comply with the following Standards of Conduct:

- a. To administer the Hospitals affairs honestly and economically;
- b. To exercise the best care, skill and judgment for the benefit of the institution and the patients it serves;
- c. To disclose to the Executive Director any duality of interest or possible conflict of interest which may arise;
- d. To refrain from using personal influence on any matter representing such conflict of interest;
- e. To refrain from accepting gifts, favors or inappropriate hospitality intended to influence any decisions affecting the hospital;
- f. To refrain from disclosing or using information relating to the institution's business for any personal profit or advantages.

8.2.6 The Board shall adopt corrective and disciplinary action with respect to transgressions of such policies.

8.2.7 For the purposes of this section, a person shall be deemed to have an 'interest' in a contract or other transaction if he is the party (or one of the parties) contracting or dealing with the Hospital, or if he is a director, trustee or officer of, or has a significant financial or influential interest in, the entity contracting or dealing with the Hospital, or if he is otherwise reasonably likely to gain a financial or other personal benefit if the contract or transaction is approved.

## ARTICLE IX

### INDEMNITY

- 9.1 Payments of Settlements - The Hospital shall pay any judgment, compromise, or settlement of a claim or suit against a Trustee or an officer of the Hospital when the act or omission causing the loss is within the scope of his/her employment regardless of whether the Trustee or officer can or cannot be held personally liable for the loss.
- 9.2 Counsel and Fees - The Hospital shall provide counsel for and pay for all costs and fees incurred by or on behalf of a Trustee or officer in defense of a claim or suit for a loss occurring because of acts or omissions within the scope of his/her employment regardless of whether the Trustee or officer can or cannot be held personally liable for the loss.
- 9.3 Insurance - The Hospital shall, to the extent that such insurance is available at a reasonable cost, purchase and maintain insurance on behalf of any person who is or was a Director, Trustee, officer, employee, or agent of the Hospital against any liability asserted against him/her and incurred by him/her in any such capacity or arising out of his/her status as such, whether or not the Hospital would have the power to indemnify him/her against liability under other provisions of law or these Bylaws.

## ARTICLE X

### IMPROVING ORGANIZATIONAL PERFORMANCE (IOP)

- 10.1 Board Responsibility - The Board shall establish, maintain, support and exercise oversight of an ongoing Improving Organizational Performance Program that includes specific and effective review, evaluation and monitoring mechanisms to assess, preserve and improve the overall quality and efficiency of patient care in the Hospital.
- 10.2 Delegation to Administration and to the Medical Staff

The Board of Trustees delegates to the Executive Director and the Medical Staff, through its Chief of Staff, the responsibility and accountability for developing and maintaining an integrated IOP program. Specific responsibilities delegated to the Medical Staff and Administration are listed below in paragraph (A) and (B) of Section 10.2. It is the intent of the Board to have hospital management and the Medical Staff interface so that these responsibilities are facilitated by the actions of the other.

- a. To Administration - The Board delegates to the administration and holds it accountable for providing the administrative assistance reasonably necessary to support and facilitate the implementation and ongoing operations of the Hospitals IOP Program, including: participation with the Medical Staff as necessary; implementing the IOP Program as it concerns non-medical professional personnel and technical staffs and patient care units; and, for analyzing information and acting upon problems involving technical, administrative and support services and Hospital policy. In order to coordinate and to carry out its mandate to monitor the review of care provided in the

Hospital by the Hospitals own employees and staff, the Executive Director shall be empowered to set up a working committee of any personnel he deems appropriate for the purpose of assisting him in coordinating internal peer review information from the Hospitals own employees which concern patient safety. In the provision of health care all such activities of the administration in monitoring the Hospitals own performance shall be done as the agents of the Board of Trustees as a peer review committee as defined by I.C. 34-4-12.6-1.

- b. To the Medical Staff - The Board delegates to the Medical Staff and holds it accountable for conducting specific activities that contribute to the preservation and improvement of the quality and efficiency of patient care provided in the Hospital. These activities shall be conducted and coordinated through and by the IOP Committee, a peer review committee as defined by I.C. 34-4-12.6-1 et seq.
1. Systematic evaluation of practitioner performance against explicit, pre-determined criteria.
  2. Ongoing monitoring of critical aspects of care, including antibiotic and drug usage, transfusion practices, tissue, infection, mortality and so on, and monitoring of unexpected clinical occurrences.
  3. Review of utilization of the Hospital's resources to provide for their proper and timely allocation to patients in need of them.
  4. Provision of continuing professional education, fashioned in part of the needs identified through the review, evaluation and monitoring activities and on new state-of-the-art developments.
  5. Definition of clinical privileges which may be appropriately granted within the Hospital and with each service, delineation of clinical privileges for members of the Medical Staff commensurate with individual credentials and demonstrated ability and judgment, and participating in assigning patient care responsibilities to other health care professionals consistent with individual qualifications and demonstrated ability.
  6. Management of clinical affairs, including enforcement of clinical policies and consultation requirements, initiation of disciplinary actions, surveillance over requirements for performance monitoring and for the exercise of newly-acquired clinical privileges, and the like clinically-oriented activities.
  7. Such other measures as the Board may, after considering the advice of the Medical Staff, the other professional services and the Hospital management, deem necessary for the preservation and improvement of the quality and efficiency of patient care.
- c. Documentation and Oversight - The Board shall receive, consider and act upon the findings and recommendations emanating from such activities required above as required or necessary to exercise effective oversight of the IOP Program. The Chief of the Medical Staff shall report at least annually on the Medical Staff's contribution to Hospital wide peer review activities. The Executive Director shall report at least

annually on the Hospital administration's contribution to Hospital wide peer review activities.

## ARTICLE XI

### UTILIZATION REVIEW

- 11.1 Program - In the interest of patient safety and the financial integrity of the institution, the Hospital shall conduct an ongoing program of utilization review to determine the propriety of admissions to the Hospital, utilization of Hospital resources, and appropriate length of stay in the Hospital and timely discharge of patients from the Hospital. Such a program is a form of peer review, and it shall be conducted under the authority of the Board of Trustees of the Hospital pursuant to the Indiana Peer Review Act, I.C. 34-4-12.6-1 et seq. The goals of the program are to promote better patient care through reduction of inappropriate admissions, testing, procedures, and extended stays in the Hospital and to promote economic integrity of the institution through efficient utilization of resources.
- 11.2 Delegation to Administration and to the Medical Staff
- a. To Administration - The Board delegates to the administration and holds it accountable for providing the administrative assistance reasonably necessary to support and facilitate implementation of a utilization review program including but not limited to conducting regular audits of admissions and discharge, average length of stay, utilization of laboratory, radiology, and other ancillary services, performance of operations and diagnostic procedures, compliance with the requirements of maintaining adequate and timely medical records, and the other activities of Medical Staff in conducting utilization review.
  - b. To the Medical Staff - The Board delegates that the Medical Staff and holds it accountable to establish appropriate medical and scientific standards by which to judge the propriety of admission of patients to the Hospital, the provision of testing and other ancillary services to those patients, the provision of operations and diagnostic procedures, review of the average length of stay and the propriety of continuing the stays of individual patients, the proper and timely maintenance of medical records, the propriety and timeliness of discharges from the Hospital, and standards for utilization of outpatient surgery and other alternatives to hospitalization.
- 11.3 Compliance with Utilization Review Standards - After the Medical Staff has through its utilization review activities established appropriate standards for quality medical care in the utilization of Hospital resources, administration and the Medical Staff are charged with reviewing the performance of each practitioner exercising privileges within the Hospital at least on a biennial basis and to confer with any such practitioner whose utilization of Hospital resources does not efficiently comply with those standards.

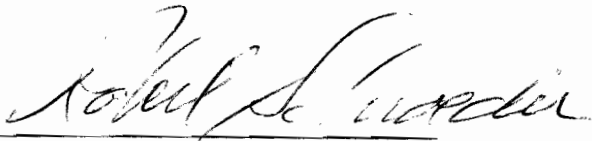
Failure of any practitioner to achieve compliance with those standards within a reasonable period of time shall be grounds for modifying or terminating any and all privileges exercised at the Hospital.

ARTICLE XII

AMENDMENTS AND REVIEW

- 12.1 Amendments - These Bylaws may be amended by the affirmative vote of a majority of the members of the Board of Trustees at a regular or special meeting of the Board of Trustees, providing a statement in writing of the proposed amendment or amendments has been furnished each member of the Board with the notice of the call to the meeting.
- 12.2 Revisions and Reviews - The Bylaws of the Board of Trustees shall be reviewed biennial and revised as necessary.

Revisions adopted at the meeting of the Board of Trustees of the Dearborn County Hospital on this:  
27 day of April, 2011.



Robert Schroeder, Chairman  
Board of Trustees