

ATTACHMENT 1

KAISER FOUNDATION HEALTH PLAN OF THE MID-ATLANTIC STATES

BYLAWS OF THE KAISER PERMANENTE CAPITOL HILL AMBULATORY SURGERY CENTER

Whereas, the Kaiser Permanente Capitol Hill Ambulatory Surgery Center, ("ASC"), organized under the laws of the District of Columbia, is an ambulatory surgery center designed to provide quality care for eligible patients who are scheduled to undergo procedures which meet the criteria for ambulatory care; and

Whereas, it is recognized there is a need to provide quality care and management for ASC;

Therefore, the ASC shall organize its activities pursuant to these Bylaws of the ASC (the "Bylaws") in order to carry out the ASC's functions.

Article I. Definitions

For the purposes of these Bylaws, the following definitions shall apply:

- 1.1 Allied Health Professional. An Allied Health Professional means an individual, other than a licensed physician, dentist, or podiatrist, who exercises independent judgment within the areas of his or her professional competence and the limits established by the Governing Body, the Medical Staff, the ASC Administrator, and the applicable State practice acts, who is qualified to render certain limited direct or indirect medical, dental, or podiatric care under the supervision or direction of a physician, dentist or podiatrist who is a Medical Staff member possessing privileges to provide such care in the ASC, and may be eligible to exercise practice privileges in conformity with these Bylaws, policies and procedures of the ASC and Kaiser Permanente in the Mid Atlantic States, as applicable. Allied Health Professionals are not eligible for Medical Staff membership, except for advance practice registered nurses (APRNs). "Allied Health Professional" includes physician assistants, certified registered nurse anesthetists, and other professionals as determined by the Mid-Atlantic States Credentials and Privileges Committee and approved by the Regional Quality Improvement Committee.
- 1.2 ASC Executive Committee. The ASC Executive Committee is a Service Area administrative committee with operational oversight of the ASCs in the Mid-Atlantic States Region. Committee membership will include the service area Physicians in Chief with oversight responsibility for the ASCs; ASC Medical Directors; Area Administrators; Directors of Perioperative Services; Assistant Directors of Perioperative Services; and others as determined by the Committee co-chair(s).
- 1.3 Clinical Privileges or Privileges. The permission granted by the Governing Body to a member of the Medical Staff or to an Allied Health Practitioner to render specific

diagnostic, therapeutic, medical, dental, podiatric, anesthesia, or surgical services within the limits of his/her license, registration, or certification.

- 1.4 Facility. The ASC at the following location:

Kaiser Permanente Capitol Hill Ambulatory Surgery Center
700 Second St. NE
Washington DC, 20002

- 1.5 Mid-Atlantic States Credentials and Privileges Committee (MASCAP). A committee of Kaiser Foundation Health Plan of the Mid-Atlantic States with responsibility for making recommendations to the Governing Body relating to the appointment and reappointment of applicants to the ASC Medical Staff and/or applicants for clinical privileges at the ASC, and to take such other actions and fulfill such other responsibilities as may be required by these Bylaws.
- 1.6 Medical Staff. The formal organization of all categories of licensed independent practitioners and APRNs eligible for Medical Staff membership at the ASC. The following are eligible for Medical Staff membership: physicians (M.D. or D.O.), maxillofacial/oral surgeons (D.M.D.), dentists (D.D.S.), podiatrists (D.P.M.), and APRNs.
- 1.7 Physician. An individual with an M.D., D.D.S., D.M.D., D.P.M., or D.O. degree who is licensed to practice medicine, dentistry, podiatry, oral maxillofacial surgery, or osteopathy or otherwise authorized to provide patient care services under State law.
- 1.8 Practitioner. A Physician or Allied Health Professional with ASC Medical Staff membership and/or ASC clinical privileges.

Article II. Purposes of the ASC

- 2.1 The ASC exists primarily, but not exclusively, to serve the outpatient surgery needs of the members and patients of KFHP-MAS, an HMO licensed in the Commonwealth of Virginia, District of Columbia, and State of Maryland. The ASC provides facilities that allow the performance of surgical procedures suitable for outpatients in a safe, economical, and efficient manner.

Article III. Governing Body

- 3.1 Kaiser Foundation Health Plan of the Mid-Atlantic States (KFHP-MAS), a Maryland nonprofit corporation, is the owner and operator of the ASC. The Board of Directors of KFHP-MAS is the Governing Body of the ASC and has the

ultimate responsibility for the proper functioning of the ASC and for all related matters including providing the facilities, personnel, and services necessary for the welfare and safety of ASC patients. The governing body has oversight and accountability for the quality assessment and performance improvement program, and ensures that facility policies and programs are administered so as to provide quality health care in a safe environment.

Article IV. ASC Leadership

- 4.1 ASC Administrator. The Governing Body shall appoint an ASC Administrator responsible for day-to-day operation of the ASC. The ASC Administrator has primary responsibility for the management and administration of the ASC. He/she shall be the official representative of the Governing Body. The ASC Administrator shall be delegated responsibility and authority in writing by the Governing Body for the management of the ASC and shall provide liaison among the Governing Body, the Medical Staff and the Medical Director.

4.1.1 Qualifications

4.1.1.1 The ASC Administrator shall hold a current nursing license issued by the jurisdiction in which the ASC is located.

4.1.1.2 The ASC Administrator shall have demonstrable training and experience in managing a surgical facility.

4.1.2 Duties.

4.1.2.1 The ASC Administrator or designee shall have responsibility and authority for administrative decisions affecting the day-to-day operation of the ASC.

4.1.2.2 The ASC Administrator shall ensure that the facility develops and maintains a quality assurance program which includes:

4.1.2.2.1 Monitoring and evaluation of the quality of patient care

4.1.2.2.2 Identification, evaluation, and resolution of care problems;
and

4.1.2.2.3 The ASC Administrator shall ensure that the Medical Staff of the facility develops and maintains a peer review process as part of the quality assurance program.

- 4.1.2.3 In collaboration with the Medical Director, the ASC Administrator shall assure an effective process for documenting, reviewing, and recommending credentials and privileges for physicians and allied health professionals practicing in the ASC, and submitting recommendations for final approval to the Governing Body.

4.1.2.4 The ASC Administrator shall be responsible for the development and review of the ASC's policies and procedures for employee and Medical Staff use. All policies and procedures shall be updated as necessary but at least annually.

4.1.2.5 The ASC Administrator shall approve ASC policies and oversee management and fiscal affairs for the ASC, including budgets.

4.1.2.6. The ASC Administrator shall have the authority to delegate to appropriate staff the authority to represent the ASC, including, without limitation, the authority to accept licensing reports, citations, and other legal documents from governmental authorities.

4.1.2.7 The ASC Administrator shall exercise such authority and perform such other duties as the Board of Directors or his or her immediate supervisor shall designate, or as the Bylaws may provide.

4.2 Medical Director. The ASC shall have a Medical Director meeting the qualifications of these Bylaws, recommended by the ASC Administrator and the Physician in Chief of the Mid-Atlantic Permanente Medical Group, P.C. and approved by the Governing Body.

4.2.1 Qualifications.

4.2.1.1 The Medical Director shall hold a current license to practice medicine issued by the jurisdiction in which the ASC is located.

4.2.1.2 The Medical Director shall hold a current DEA registration and controlled substance registration if required by the applicable jurisdiction.

4.2.1.3. The Medical Director shall be board eligible or certified by a member board of the American Board of Medical Specialties.

4.2.2. Duties.

4.2.2.1. The Medical Director is responsible for the overall medical care that is provided by the facility.

4.2.2.2. The Medical Director advises and consults with the staff of the facility on all medical issues relating to services provided by the facility.

4.2.2.3. The Medical Director, in collaboration with the ASC Administrator, is responsible for assuring an effective process for credentialing and privileging of ASC Medical Staff members and Allied Health Professionals, peer review, and quality assurance.

4.2.2.4. The Medical Director shall have the responsibility for development and review of Medical Staff policies and procedures

necessary to direct the clinical care provided by the Medical Staff in the ASC.

4.2.2.5. The Medical Director shall have the authority and responsibility to see that the policies and procedures of the ASC are carried out by the Medical Staff.

4.2.2.6. The Medical Director shall meet regularly with the ASC Administrator to collaborate in assuring delivery of high quality clinical care to ASC patients in compliance with regulatory requirements and Kaiser Permanente policies.

Article V: Medical Staff

5.1 Nature of Membership. Membership on the Medical Staff of the ASC is a privilege extended to Physicians and APRNs who continuously meet the standards and requirements set forth in these Bylaws and ASC policies and procedures. No person otherwise qualified as provided for in these Bylaws shall be denied appointment or reappointment to the Medical Staff or denied particular privileges solely on the basis of gender, sex, race, color, age, creed, national origin, sexual orientation, disability or veteran status.

5.2 Qualifications for Membership. To qualify for, and continue membership on the Medical Staff, a Physician or APRN must meet all of the following:

5.2.1. Must abide by the terms, conditions, and procedures set forth in these Bylaws, and the policies of the ASC, KFHP-MAS, and MAPMG as appropriate to the Physician or APRN.

5.2.2. All physicians and APRNs who are members of the Medical Staff, must maintain privileges at a nearby hospital or hospitals, in order to be able to admit patients requiring admission from the ASC, or must have an arrangement or arrangements with a physician or physicians who maintain admitting privileges at a nearby hospital or hospitals, in order to be able to admit patients requiring admission from the ASC.

5.2.3 Podiatrists, dentists, or APRNs who are members of the Medical Staff must have a physician or physicians (M.D. or D.O) available at all times who will take responsibility for the general medical care of their patients, including but not limited to perioperative evaluation, treatment, and hospital admission, should admission become necessary.

5.2.5. Continuously maintain professional liability insurance in an amount required by MASCAP.

5.2.6. Demonstrate compliance with any additional criteria imposed by the Medical Staff.

5.3 Application for Membership and/or Clinical Privileges. An applicant applying for initial or renewal of membership on the Medical Staff and/or clinical privileges shall file a written application on a form approved by MASCAP, presenting the professional qualifications of the applicant, and additional relevant information outlined in the Mid-Atlantic States Region's credentialing policies. It is the applicant's responsibility to provide all information required to make an application complete. If a complete application is not provided within thirty (30) days after any request for information is made by the ASC Administrator or a designee, the application shall be automatically removed from consideration for membership and privileges. The application shall not be denied, but will be filed as incomplete, which action shall not entitle the applicant to the hearing and appeals procedure set forth in Article VII. Members shall be appointed to the Medical Staff and granted clinical privileges for a term not to exceed two (2) years.

5.4 Consideration and Review.

5.4.1. Granting of clinical privileges shall be based upon demonstrable current competence, including sufficient education and training applicable to the procedure for which the privilege is being sought. Each Chief of Service shall develop criteria for recommending specific privileges in that service. Such criteria shall be approved by the Medical Director.

5.4.2. Privileges shall be reviewed and recommended for approval, modification, or denial, as the case may be, by the Chief of the respective Service and the Medical Director of the ASC. With the concurrence of the ASC Administrator, the Medical Director will make membership and clinical privileging recommendations to MASCAP. Recommendations may include a proctoring requirement for new privileges.

5.4.3. ASC Medical Staff membership and clinical privileges applications shall then be reviewed and recommended for approval, denial, or modification by MASCAP. The Committee, at its discretion, may request an interview with the applicant. The Committee or its delegate(s) shall verify, through information provided by the applicant and other sources available to it, that the applicant meets and has established the necessary qualifications for Medical Staff membership and privileges. The Committee may defer action on the application pending reasonable inquiries into the qualifications and competence of the applicant as the Committee considers appropriate.

5.4.4. If MASCAP, upon considering the application and supporting information has doubts regarding the privileges the applicant seeks in the ASC, it shall make such further inquiry as it deems appropriate. However, the burden of

establishing his or her qualifications and producing the requisite information shall be on the applicant. Misrepresentations, omissions, or the failure to furnish requested information are grounds for denying the application.

5.4.5. The recommendations of the Committee shall be referred to the Governing Body, or a committee thereof, for final action. Only recommendations for appointment shall be referred to the Governing Body for final action, except that, in its discretion, the Committee may forward recommendations to defer or reject applications that it deems worthy of Governing Body consideration.

5.4.6. The applicant shall be notified of the Committee's recommendation within thirty (30) days, thereof.

5.5 Action by Governing Body on Initial Applications; Conference with Staff Representatives. The Governing Body, at its next regular meeting after receipt of the final report and recommendations of MASCAP on any initial application for membership, shall consider same. If the Governing Body or a committee thereof, determines to act contrary to the recommendation of MASCAP, a conference between representatives of the Governing Body and MASCAP shall be arranged. When the Governing Body has taken final action on any application for membership on the Medical Staff, the Governing Body shall notify the ASC Administrator, noting the extent of privileges granted, if any, including any restrictions or limitations thereon or reduced duration of the appointment. The ASC Administrator or designee shall inform the applicant, MASCAP, and the Medical Director of the action taken.

5.6. Reappointment of Medical Staff Members.

5.6.1. Members shall be appointed to the Medical Staff and granted clinical privileges for a term not to exceed two (2) years. Within six (6) months before the lapse of appointment period, the member is required to apply for reappointment.

5.6.2. The member shall promptly furnish a completed application with current information. If the applicant has not provided a completed application within thirty (30) days of the notice of expiration of the appointment period, the application may be removed from consideration and filed as incomplete, which action shall not entitle the member to the hearing and appeals procedure set forth in Article VII. The ASC Administrator or designee shall notify the member that his or her application has been removed from consideration.

5.6.3. MASCAP shall review the information provided by the applicant for renewal of membership and privileges and any reports from the Medical Director. The Medical Director or his/her designee shall be responsible for the review of the performance of the member seeking renewal, and shall consider, but not limit review to, factors relevant to the applicant's competency and shall make a timely recommendation to MASCAP, with the concurrence of the ASC Administrator.

5.6.4. MASCAP shall make a written recommendation to the Governing Body for or against reappointment of each member of the Medical Staff for the ensuing appointment period (which shall not exceed two (2) years), including the clinical privileges to be granted and the extent thereof, and whether such privileges are to be changed. MASCAP shall review the information provided by the applicant for renewal of membership and privileges and other pertinent information.

5.7 MASCAP and Governing Body Action on Applications for Reappointment or Renewal of Privileges; Conference with Staff Representatives. MASCAP shall make its report to the Governing Body, or a committee thereof, recommending for or against the reappointment of each applicant to the Medical Staff and/or renewal of clinical privileges for the ensuing appointment period, the appropriate privileges, whether to change them, and listing any restrictions as to such privileges. The Governing Body, at its next regular meeting after receipt of the final report and recommendations of MASCAP on any application for renewal of membership and/or clinical privileges, shall consider same. If the Governing Body or a committee thereof, determines to act contrary to the recommendation of MASCAP, a conference between representatives of the Governing Body and MASCAP shall be arranged. When the Governing Body has taken final action on any application for renewal of membership on the Medical Staff and/or renewal of clinical privileges, the Governing Body shall notify the ASC Administrator, noting the extent of privileges granted, if any, including any restrictions or limitations thereon or reduced duration of the appointment. The ASC Administrator or designee shall inform the applicant, MASCAP, and the Medical Director of the action taken.

5.8 Temporary Membership and Temporary Privileges. Upon the recommendation of the Medical Director and the ASC Administrator, MASCAP may grant temporary clinical privileges: (1) when an important patient care need mandates an immediate authorization to practice that may include, for example, the care of a specific patient or the unscheduled absence of a practitioner; or (2) for new applicants to the Medical Staff or new applications for clinical privileges. In all circumstances, temporary privileges may be granted for no more than one hundred and twenty (120) days. Before temporary privileges are granted, the practitioner must acknowledge that he or she agrees to abide to the terms, conditions, and procedures set forth in these Bylaws, and the policies, rules, and regulations of the ASC and KFHP-MAS, and MAPMG as appropriate. Any Physician or Allied Health Professional exercising temporary privileges shall be under the supervision of the Medical Director or his or her designee.

5.9 Corrective Actions Affecting Clinical Privileges. The Medical Director and MASCAP shall ensure professional, ethical conduct on the part of all members of the Medical Staff and initiate corrective measures as required. A Physician's or Allied Health Professional's clinical privileges may be reduced, limited, suspended, terminated, or otherwise restricted by MASCAP based upon the recommendation of the Medical Director or clinical service chief, upon

MASCAP's own initiative, upon the initiative of the Governing Body in accordance with these Bylaws as otherwise provided in these Bylaws.

- 5.10 Patient Admission and Discharge. Patients shall be admitted to the ASC under the care of a Physician and discharged according to the order of a Physician.

Article VI Quality Improvement Program

6.1 The Governing Body has ultimate accountability for the safety and quality of care, treatment, and services provided by the ASC. The Governing Body carries out its responsibilities through the Quality Program of Kaiser Foundation Health Plan of the Mid-Atlantic States, including but not limited to the Practitioner Performance and Oversight Program and the Patient Safety Program.

6.2 The Regional Quality Improvement Committee (RQIC) shall have accountability to conduct, with the active participation of the Medical Staff, an ongoing, comprehensive self-assessment of the quality of care provided, including the medical necessity of procedures performed, the appropriateness of care, and the appropriateness of utilization. This information shall provide a basis for the revision of ASC policies and the granting of continuation of clinical privileges. RQIC shall assure that the ASC's Quality Assessment Performance Improvement ("QAPI") Program ensures adequate investigation, control and prevention of infections. RQIC shall receive and act upon reports and recommendations concerning the Quality Program from departments, committees and other groups performing services under the Bylaws of the ASC. RQIC shall provide reports concerning the ASC QAPI Program to the Quality and Health Improvement Committee (QHIC) of the Board of Directors as required by QHIC.

Article VII. Corrective Actions

- 7.1 Initiation of Corrective Actions and Adverse Membership/Privileging Decisions. Corrective actions and adverse Medical Staff membership and Medical Staff and Allied Health Professional clinical privilege decisions, including denial, limitation or revocation of privileges, shall be through and pursuant to these Bylaws, ASC and MASCAP policies and procedures, and Quality Management policies and procedures including, without limitation, applicable Peer Review policies.
- 7.2 Right to a Hearing. A Practitioner's right to a hearing and appeals procedure regarding ASC clinical privileges and Medical Staff membership shall be governed by the policies and procedures of MASCAP.
- 7.3 Summary suspension. MASCAP, the Medical Director, Chief of Service, or ASC Administrator may immediately suspend a Practitioner's clinical privileges, subject to subsequent notice and hearing (as provided herein), without prior

- notice in the event that there is a reasonable belief that the Practitioner's conduct presents an imminent risk of harm to an ASC patient or other individual including behavior by a Practitioner that indicates unacceptable quality of care, fraud, patient abuse, or incompetence. Within ten (10) working days, MASCAP shall review the circumstances of the summary suspension and determine whether to continue, modify, discontinue, or rescind the summary suspension.
- 7.4 Automatic suspension. The following events shall result in an automatic suspension of a Practitioner's clinical privileges without recourse or prior notice, corrective action, or hearing rights: (a) action by any federal or state authority suspending or limiting the Practitioner's professional license; (b) suspension or revocation of the Practitioner's federal or state controlled substance certificate; or (c) lapse of professional liability insurance coverage. As soon as practicable after the imposition of an automatic suspension, MASCAP shall convene to determine if further action is necessary. The lifting of the action or inaction that gave rise to an automatic suspension shall result in the automatic reinstatement of the Practitioner's clinical privileges.
- 7.5 Automatic termination. The following events shall result in an automatic termination of a Practitioner's clinical privileges without recourse to prior notice, corrective action, or hearing rights: (a) Action by any federal or state authority terminating a Practitioner's professional license; (b) lapse of professional liability insurance for a period greater than thirty (30) days; (c) exclusion from the Medicare Program;

Article VIII. Allied Health Professionals

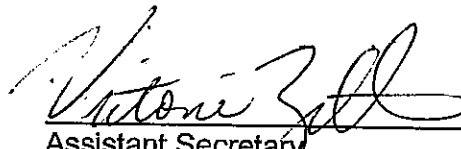
- 8.1 Allied Health Professionals must apply for clinical privileges to perform the procedures of their respective specialty upon initial and reappointments.
- 8.2 No Allied Health Professional may perform a procedure for which he or she does not have clinical privileges.
- 8.3 Allied Health Professionals meeting the qualifications under these Bylaws, following the procedure set forth in Article V, may be granted clinical privileges based upon demonstrable education and training applicable to the procedure for which the privilege is being sought.
- 8.4 Allied Health Professionals must be under the clinical supervision of a Physician member of the Medical Staff.

Article IX.
Miscellaneous Provisions

- 9.1 Policies and Procedures. The ASC and the Medical Staff may adopt policies and procedures for specialized practice, including but not limited to appropriate policies on admissions, surgical procedures and the timely completion of medical records. They shall be consistent with the Bylaws and shall be subject to the approval of the Governing Body or designated committee.
- 9.2 Adoption, Review and Amendment of the ASC Bylaws.
- 9.2.1 Adoption. The ASC Bylaws may be adopted at any meeting of the Quality Health Improvement Committee of the Governing Body (QHIC) by vote of a majority of the members of QHIC present, or may be adopted by a majority of all members of the QHIC by subscription without a meeting.
- 9.2.2 Effective Date. The ASC Bylaws shall become effective upon approval by the Governing Body and shall replace previous Bylaws.
- 9.2.3 Review. A review will be conducted by a standing or ad hoc committee appointed by the ASC Executive Committee as frequently as necessary to determine the need for amendments.
- 9.2.4 Amendments. Amendment of the Bylaws and Rules and Regulations may be initiated by action of the ASC Executive Committee or by the Governing Body. No amendments shall be effective until approved by the Governing Body.
- 9.2.4.1 Initiation of Amendments by the ASC Executive Committee
Proposed amendments to the Bylaws may be initiated by the ASC Executive Committee whose proposals then shall be considered and voted upon at QHIC meetings or by ballot as described in subsection 9.2.1.
- 9.2.4.2 Initiation of Amendments by the Governing Body. Amendments to the Bylaws may be proposed by the Governing Body. The proposed amendment(s) shall be communicated in writing to the ASC Executive Committee. The Governing Body shall solicit the response of the ASC Executive Committee. If the ASC Executive Committee opposes the proposed amendment(s), the Governing Body may request a conference with the ASC Executive Committee. In no event, however, shall the consideration and action by the Governing Body and the ASC Executive Committee exceed ninety (90) days. Notwithstanding the above, neither the Governing Body nor the ASC Executive Committee shall unilaterally amend the ASC Bylaws.

The Bylaws of the Ambulatory Surgery Center are approved by the Governing Body effective:

Feb. 7, 2011
Date



Assistant Secretary
Kaiser Foundation Health Plan of the Mid-Atlantic States