Title: Severance Policy  
Department: Human Resources  
To Review: System Policy Committee  
Policy No.: 900.1.197  
Effective Date: 10-24-17  
Page Number: 1 of 2

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<th>Last Review</th>
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- Cottage Grove Medical Center
- Ketchikan Medical Center
- Peace Harbor Medical Center
- PeaceHealth Medical Group
- PeaceHealth Laboratories
- Peace Island Medical Center
- Sacred Heart River Bend
- Sacred Heart University District
- Southwest Medical Center
- St. John Medical Center
- St. Joseph Medical Center
- United General Medical Center
- Shared Services Center

SCOPE
This policy applies to caregivers in the PeaceHealth Divisions (PHDs) checked above including leadership other than executives, in a 0.5 FTE or higher position. Part-time less than 0.5 FTE, temporary, relief, contract and per diem caregivers are not eligible.

PURPOSE
The Purpose of this Policy is to establish requirements for severance pay when PeaceHealth determines in its sole discretion to provide such pay in the event of a position elimination or reduction in force.

POLICY
- It is the Policy of PeaceHealth to provide severance packages to qualified employees in the event of a position elimination or reduction in force when PeaceHealth determines in its sole discretion that such packages are appropriate.
- Caregivers are the heart and hands of PeaceHealth's ministry. PeaceHealth makes every effort to retain qualified Caregivers who meet its performance and conduct standards. However, in the event that economic or business circumstances dictate organizational change resulting in position elimination or reduction in force as defined in Procedure No. BUS-1120, Caregivers may be eligible for transitional financial support as determined in the sole discretion of PeaceHealth.
- Affected Caregivers who are not able to secure another position with PeaceHealth or another employer by the date of their separation from employment from PeaceHealth may be eligible in the sole discretion of PeaceHealth for the following severance package:

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<th>Level</th>
<th>Salary Continuation</th>
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<tr>
<td>Directors</td>
<td>8 weeks + 1 week for every completed year of service up to a maximum of 36 weeks</td>
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<tr>
<td>Manager and Supervisor</td>
<td>6 weeks + 1 week for every completed year of service up to a maximum of 31 weeks</td>
</tr>
<tr>
<td>All Other Caregivers</td>
<td>4 weeks + 1 week for every completed year of service up to a maximum of 26 weeks</td>
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- If a Caregiver declines a substantially equivalent position with PeaceHealth or another employer, the Caregiver is no longer eligible for severance.
- Generally, any severance pay is paid as salary continuation according to the normal pay schedule.
  - Salary continuation is determined using base rates of pay and does not include differentials, overtime, or other pay premiums.
  - Any exceptions must be approved by the System Chief Administrative Officer or designee.
- Caregivers are paid for their accrued Paid Time Off balances, as of their date of separation, in addition to any amounts included in a severance package. PTO stops accruing when any severance starts.
- Affected Caregivers may elect the normal continuation of health plan coverage provided by PeaceHealth plans during a salary continuation period. PeaceHealth may pay the premiums for medical, dental, and employee assistance plan coverage, on the same basis as when employed, for the length of any salary continuation period.
  - Caregivers may continue these benefits after the salary continuation on a self-pay basis for up to the balance of the 18-month continuation coverage period or until covered under another group plan, whichever comes first.
  - The 18-month continuation coverage period starts on the first of the month following the date of separation from employment.
- Receipt of any continuation pay is contingent on the voluntary signing of a release which effectively waives any and all claims against the organization.
  - Salary continuation generally lasts for the designated time period, unless the individual returns to a position with PeaceHealth or obtains a substantially

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equivalent position with another employer or begins receiving unemployment benefits for lost wages, at which time it stops.

- Severance benefits are not provided until this release is executed and in effect.
- PeaceHealth may provide outplacement assistance based on available resources.
- The terms of this policy apply to Caregivers covered by a collective bargaining agreement if the agreement provides that the policy terms are subject to the unconditional right of PeaceHealth, as expressed in Requirement #9, to modify or terminate them unilaterally at any time.
- This policy is subject to review and modification or termination at any time by the PeaceHealth System Leadership Team. No Caregiver has a vested right to receive any severance benefit at any time.

**DEFINITIONS**

**Caregiver:** An employee of PeaceHealth.

**Date of Separation:** The last day employed.

**Outplacement Assistance:** The support given by PeaceHealth and facilitated through HR to help terminated Caregivers search for a new job. Examples of this support may include assistance in how to write a resume, complete an application, interview techniques, job search strategies, career exploration, and, by provision of a professional service, counseling support paid for by the former employer.

**PeaceHealth Division (PHD):** A medical center, clinic, operating unit, or operating division of PeaceHealth that maintains day-to-day management oversight of a designated portion of PeaceHealth System operations. PHDs may be based on a geographic market or dedication to a service line or business.

**Position Elimination:** A termination of employment due to reorganization, changed business needs, or budget reductions which has resulted in the elimination of a position with no opportunity for recall.

**Reduction in Force:** A termination of employment due to a business development, economic condition, elimination of service or other circumstance which has resulted in a surplus of Caregivers to perform existing work. The termination does not offer an opportunity for recall. Partial or periodic reductions in Caregivers’ hours do not constitute a reduction in force.
Substantially Equivalent Position: A position, when compared to the Caregiver's current position, which meets all three of the following:

- within a .2 FTE (+/-),
- within 20% of the level of pay, and
- the distance between the work locations of proposed work location and current work location is equal to, or less than, 50 miles.

Year of Service: A period of twelve (12) months of continuous employment from the most recent date of hire.

HELP
Further guidance concerning this Policy may be obtained from your local Human Resources partner.

APPROVALS
Initial Approval:
System VP of Labor/Caregiver Relations approved revisions on January 1, 2017
EVP Chief Administrative Officer approved January 1, 2017
EVP General Counsel approved January 1, 2017

Subsequent Review/Revision(s):
System Policy Committee approved on October 24, 2017