

**BYLAWS
OF
DELAWARE CENTER FOR HEALTH INNOVATION, INC.**

ARTICLE I -- GENERAL

Section 1.1 Organization

Delaware Center for Health Innovation, Inc. (the “Corporation”) is a charitable nonstock corporation organized under the Delaware General Corporation Law (8 *Del. C.* §§ 101 *et seq.*, referred to herein as the “Act”).

Section 1.2 Purposes

The Corporation is organized and shall be operated in furtherance of the purposes set forth in its Certificate of Incorporation (the “Certificate”), *i.e.*, to develop, facilitate and oversee the implementation of collaborative efforts aimed at transforming the delivery of health care services in the State of Delaware.

Section 1.3 Authority

Except as otherwise provided in the Certificate or in these Bylaws, the Corporation shall have all the authority necessary to achieve its purposes and shall be permitted to do all things that can be done by a charitable nonstock corporation organized under the Act.

ARTICLE II – MEMBER

Section 2.1 Sole Member

The Corporation shall have a sole member, which shall be Delaware Health Information Network, a not-for-profit body both politic and corporate established pursuant to 16 *Del. C.* §§ 10301 *et seq.* (the “Member”).

Section 2.2 Authority Reserved to Member

Notwithstanding the broad general authority vested in the Board of Directors of the Corporation as provided in Article III below, action as to the matters set forth below shall require the approval of the Member, to be exercised in the manner described in Section 2.3 below:

- (a) Appointment of the Directors of the Corporation, as provided in Section 3.2 below;
- (b) Removal of one or more Directors of the Corporation for cause, as provided in Section 3.4(a) below;
- (c) Incurrence of any long-term borrowing or indebtedness of the Corporation;
- (d) Adoption of any plan of merger, consolidation or dissolution involving the

Corporation, or the sale of all or substantially all of the Corporation's assets; and

- (e) Approval of any amendment of the Certificate or these Bylaws, based on the recommendation of the Board of Directors.

Section 2.3 Action by Member

In exercising its authority pursuant to these Bylaws and the Act, the Member shall be subject to the following:

- (a) The Member's authority may be exercised by the Member's governing body or, if and to the extent provided in the authorizing legislation or organizational documents of the Member, or by resolution of the Member's governing body, by its duly-authorized committees or designees.
- (b) Prior to exercising any of its authority in relation to the Corporation pursuant to these Bylaws or the Act, the Member shall consult with the Delaware Health Care Commission, an independent public instrumentality established pursuant to 16 *Del. C. §§ 9902 et seq.* (the "Commission"), to ensure that such authority is exercised in a manner consistent with the objectives of both the Member and the Commission in promoting the delivery of cost-effective quality health care to all Delawareans.
- (c) After consultation with the Commission, the Member shall act by executing and delivering to the Corporation a written instrument or instruments (including, by way of example, minutes of the board of directors of the Member) setting forth the action taken and the applicable corporate authorizations or directions from the Member. The action of the Member shall be deemed to have been taken on the dates the written instruments bear unless the instruments provide otherwise.

ARTICLE III – BOARD OF DIRECTORS

Section 3.1 Powers and Authority

Subject to the authority reserved to the Member, the property, funds and affairs of the Corporation shall be managed by or under the direction of its Board of Directors (together, the "Board," and individually, one or more "Directors"). The Board shall direct and control the assets, business and activities of the Corporation, acting at all times in a manner consistent with the provisions of the Certificate and these Bylaws, including without limitation the purposes of the Corporation as set forth in the Certificate.

Section 3.2 Composition and Qualifications

- (a) *Voting Directors.* The Board of Directors shall consist of not fewer than nine (9) and not more than fifteen (15) voting Directors, as may be determined and appointed by the Member based on input from the current Board Chair. Insofar as the achievement of the Corporation's purposes is believed to require an inclusive,

multi-stakeholder approach, the Board shall at all times include:

- (i) At least one (1) representative of patient or consumer groups; and
 - (ii) At least two (2) practicing physicians;
 - (iii) At least one (1) practicing non-physician clinician;
 - (iv) The Chair of the Delaware Health Care Commission;
 - (v) At least two (2) members with expertise in hospital/health system administration;
 - (vi) At least one (1) member with experience in administration of a community health provider;
 - (vii) The Secretary of the State of Delaware Department of Health and Social Services;
 - (viii) At least one (1) member with expertise in health care payor administration;
 - (ix) At least one (1) member with expertise in purchasing health care coverage for employers;
 - (x) At least one (1) representative of an institution of higher education; and
 - (xi) The Director of the Delaware Office of Management and Budget.
- (b) *Non-Voting Directors.* In addition to the voting Directors described above, the Board shall also include the following individuals, who shall serve on an *ex officio*, non-voting basis:
- (i) The Executive Director of the Corporation; and
 - (ii) The Chief Executive Officer of the Member.
- (c) *Qualifications.* All Directors shall be knowledgeable about the delivery, reimbursement and/or regulation of health care services, shall share a commitment to the stated purposes of the Corporation, and shall have both the ability and willingness to promote the successful implementation of the fruits of the collaborative efforts undertaken by and through the Corporation.

Section 3.3 Appointment and Term

- (a) *Appointment.* The initial voting Directors shall consist of those individuals named by the Member as initial voting Directors. Terms of the initial voting Directors shall be staggered so that the terms of approximately one-third (1/3) of the voting Directors shall expire each year. Following appointment of the initial voting Directors, subsequent appointments shall be made based upon input and recommendations of the Corporation's Nominating Committee. For any vacancy on the Board of Directors, the Nominating Committee shall submit to the Board candidates for appointment who would be qualified for appointment under Section 3.2 of these By-Laws. Appointment of voting Directors shall be made by the Board, with approval of the Member, in accordance with Sections 2.2 and 2.3 of these By-Laws.
- (b) *Term.* Newly-appointed voting Directors shall take office at the close of each annual meeting of the Board. Voting Directors shall serve a term of approximately three (3) years, continuing through the close of the annual meeting in the third year thereafter or, if later, until their successors are elected. Terms shall be staggered so that the terms of approximately one-third (1/3) of the voting Directors expire each year. Notwithstanding the foregoing, the *ex officio* Directors, including voting Directors who shall hold office by virtue of their position and title, shall serve on the Board without limitation as to tenure or term of office.

Section 3.4 Resignation or Removal; Vacancy

- (a) *Resignation or Removal.* A Director may resign at any time by filing a written resignation with the Secretary. A voting Director may be removed from office at any time either: (i) by the Board, based on such Director's demonstrated failure to comply with attendance standards or other governance policies as established by the Board from time to time; or (ii) by the Member, based on the existence of cause as determined by the Member in its discretion.
- (b) *Vacancy.* A vacancy on the Board of Directors, occurring by reason of death, incapacity, removal or resignation, or for any reason other than by expiration of a Director's term, shall be filled through appointment by the Board, with approval of the Member, based on a slate of nominees prepared and presented by the Nominating Committee. The newly-elected Director shall serve for the unexpired portion of the vacating Director's term.

Section 3.5 Meetings and Notice

- (a) *Annual, Regular and Special Meetings.* Unless otherwise determined by the Member, the Annual Meeting of the Board shall be held during the month of October in each year. Regular meetings of the Board shall be held at least two (2) times per year (including the Annual Meeting as a regular meeting for this purpose). Special meetings may be called by the Chair, the Executive Director, or upon the written request of one-third (1/3) of the voting Directors then in office.

- (b) *Notice.* Written notice of the date, time and place of all meetings of the Board of Directors shall be delivered to all Directors at least forty-eight (48) hours prior thereto. Such notice shall be provided by first class mail, courier, facsimile or electronic mail to the address, facsimile number or electronic mail address of each Director as it appears on the records of the Corporation. Written notice shall be considered delivered: (i) if sent by first class mail, two (2) days after it is deposited in the United States mail in a sealed, properly addressed envelope, first class, postage prepaid; (ii) if sent by courier, one (1) day after being placed in the hands of the courier in a sealed, properly addressed envelope; (iii) if sent by facsimile, when the receipt of the facsimile is confirmed by facsimile printout; and (iv) if sent via electronic mail (including an e-mail notification of materials posted to a shared Board portal), when receipt of the e-mail is confirmed through electronic confirmation of delivery. Notice of any special meeting shall state the purpose for which the special meeting has been called, and no business other than that stated in the notice shall be transacted at such special meeting.
- (c) *Waiver.* A Director may waive any notice required to be provided hereunder. Any such waiver shall be in writing and signed by the Director, and shall be filed with the meeting minutes or other corporate records. In addition, a Director's attendance at or participation in a meeting shall constitute a waiver of notice of such meeting, except where a Director attends or participates in the meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or conveyed.

Section 3.6 Quorum and Action

- (a) *Quorum.* At each meeting of the Board, a majority of the Directors then in office shall constitute a quorum. However, a majority of the Directors present at a meeting, though less than such quorum, may adjourn the meeting from time to time without further notice.
- (b) *Voting and Action.* Each voting Director shall be entitled to cast one (1) vote on all matters presented to the Board for its approval. Action of the Board shall be based on the affirmative vote of a majority of those voting Directors who are present at a meeting at which a quorum exists, except as otherwise expressly provided herein. Voting by proxy shall not be permitted.
- (c) *Participation by Electronic Means.* Any one or more Directors may participate in, and shall be deemed present in person at, any meeting conducted by conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other.
- (d) *Presumed Assent.* A Director who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his or her dissent shall be entered in the minutes of the meeting or unless he or she files his or her written dissent to such action with the person acting as the secretary of the meeting before the

adjournment thereof, or forwards such dissent in writing to the Secretary of the Corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favor of such action.

- (e) *Action by Unanimous Written Consent.* Any action required or permitted to be taken by the Board of Directors at a meeting may be taken without a meeting if all Directors consent thereto either in writing or by electronic transmission and such written or electronic consents are filed with the minutes of proceedings of the Board.

ARTICLE IV -- COMMITTEES

Section 4.1 Committee Authority

The Board of Directors shall be assisted through the work of various standing and special committees. Each committee shall have a charter, which must be approved by the Board. Each committee charter shall specify the composition of the committee (including qualifications of committee members, if any), and the authority and responsibilities of the committee. No committee shall approve or recommend any action required to be taken by the Member, nor any amendment of the Certificate or these Bylaws.

Section 4.2 Standing Committees

The standing committees of the Board shall include the following:

- (a) A Clinical Committee;
- (b) A Payment Model Monitoring Committee;
- (c) A Patient and Consumer Advisory Committee;
- (d) A Workforce and Education Committee;
- (e) A Healthy Neighborhoods Committee; and
- (f) A Nominating Committee.

Additional standing committees may be established by resolution of the Board and the Board's adoption of an appropriate charter for such committee.

Section 4.3 Special Committees

The Board may establish such special committees as it shall deem appropriate for the conduct of the business of the Corporation. The Board of Directors may create or terminate special committees at any time through adoption of an appropriate charter therefor. Special committees shall serve as long as the purpose for which they were created continues to exist, unless dissolved prior thereto by the Board of Directors.

Section 4.4 Composition and Election

The membership of each committee shall include at least one Director and may include standing committee members who are not Directors of the Corporation. Committee members and committee chairs shall be elected by the Board of Directors at the Annual Meeting thereof. Initial committee chairs and committee members, and those to fill vacancies, may be designated and approved by the Board of Directors prior to the Annual Meeting.

Section 4.5 Term

Committee members shall take office immediately following their election, and shall serve a term of one (1) year or until their successors are elected. Notwithstanding the foregoing, committee members shall serve at the pleasure of the Board. In the event that a Director serving on any committee ceases to be a Board member (whether due to resignation, removal, expiration of term or any other reason), such individual shall concurrently cease to serve on any committees on which he or she had been serving, unless otherwise specifically determined by the Board.

Section 4.6 Committee Procedures

Unless otherwise provided in its charter, committees shall meet at least four (4) times per year and shall function pursuant to the procedures applicable to the Board, as described in Article III above. A recording secretary shall be appointed by each committee to keep written minutes of all business conducted by the committee, to be approved by co-chairs. Such minutes shall be maintained for review and analysis by the Board.

Section 4.7 Advisory Bodies

Each committee of the Board may establish such advisory bodies as it may deem necessary or helpful to carry out the responsibilities of such committee. Any such advisory body, regardless of how denominated, shall serve in a purely advisory capacity to the committee by which it is established (the "Sponsoring Committee"), and shall not be authorized to exercise any of the powers of the Board or the Sponsoring Committee. Accordingly, advisory bodies may be comprised substantially, if not exclusively, of non-Directors. Each advisory body shall be comprised and shall function as determined by the Sponsoring Committee and, unless otherwise expressly stated herein, shall not be considered a "committee" as that term is used herein.

ARTICLE V -- OFFICERS

Section 5.1 Officers

The officers of the Board (the “Officers”) shall consist of a Chair, Executive Director, Secretary, Treasurer, and such other officers as shall be chosen and elected. Officers other than the Executive Director shall be elected by the Board from among its number. Any two (2) offices may be held simultaneously by one person, except for the offices of Chair and Executive Director, and Chair and Secretary.

Section 5.2 Election and Term

- (a) *Election.* Officers other than the Executive Director shall be elected by the Board of Directors at the annual meeting. Initial Officers shall be elected by the Board to serve prior to the first annual meeting.
- (b) *Term.* Officers other than the Executive Director shall take office at the close of the annual meeting at which they are elected. Officers shall serve a term of one (1) year, continuing through the close of the annual meeting in the year following their election or, if later, until their successors are elected. Notwithstanding the foregoing, the Executive Director shall serve for so long as he or she continues to be employed or engaged by the Corporation in such capacity, without other limitation as to tenure or term of office.
- (c) *Term Limit.* Officers other than the Executive Director shall be limited to four (4) consecutive one (1)-year terms in a particular office, without regard to any partial terms occurring due to filling of vacancies during a term. An individual may later be re-elected to the same office, provided that an interval of at least one (1) year has elapsed.

Section 5.3 Resignation or Removal; Vacancy

- (a) *Resignation or Removal.* An Officer may resign at any time by filing a written resignation with the Secretary. An Officer may be removed from office at any time, with or without cause, based on the affirmative vote of at least two-thirds (2/3) of the Directors then in office.
- (b) *Vacancy.* A vacancy in any office occurring by reason of death, incapacity, removal or resignation, or for any reason other than by expiration of an Officer’s term, shall be filled through election by the Board. The newly-elected Officer shall serve for the unexpired portion of the vacating Officer’s term.

Section 5.4 Chair

The Chair shall preside at all meetings of the Board of Directors and shall oversee the Corporation’s implementation of policies and measures designed to promote integrity, prudence, transparency and efficiency in the governance of the Corporation. The Chair shall have such other duties as may be prescribed from time to time by the Board. The Chair shall provide input to the Member regarding candidates for appointment to the Board, and shall recommend to the Board individuals to comprise the various committees of the Corporation. The Chair shall serve

as a resource and counsel for the Executive Director, and as a liaison with the Member and the Commission.

Section 5.5 Executive Director

The Executive Director shall be employed or engaged by the Corporation to serve in such capacity. The Executive Director shall be the chief administrative officer of the Corporation and, in such role, shall have the necessary authority and responsibility to manage the day-to-day assets, businesses and activities of the Corporation. The Executive Director shall report directly to the Board. The Board shall maintain a written job description for the Executive Director, which description shall be reviewed and updated from time to time as appropriate. The Executive Director shall be authorized to sign all significant documents, contracts or instruments pertaining to the affairs of the Corporation unless such signing and execution has been expressly delegated by the Board of Directors or these Bylaws to some other Officer or agent, or shall otherwise be required by law. The Executive Director shall act as the duly authorized representative of the Board in all matters in which the Board has not formally designated some other person or committee to act.

Section 5.6 Secretary

The Secretary shall oversee: (i) the preparation of minutes of meetings of the Board of Directors and committees thereof; (ii) the provision of notice required for all such meetings; attending all meetings of the Board; and (iii) the secure retention of all books, records, and papers of the Corporation except those in custody or possession of the Treasurer or some other person authorized to have custody and possession thereof. The Secretary shall have all such other power and authority as necessary and appropriate to carry out the specific duties as set forth above, and shall perform such other duties as may be assigned by the Chair or by the Board from time to time.

Section 5.7 Treasurer

The Treasurer shall oversee the receipt and deposit of all funds of the Corporation in the depository institution or institutions selected by the Board of Directors. Unless otherwise determined by the Board, such funds shall be withdrawn only by checks or orders executed in the name of the Corporation and signed by the Treasurer or the Executive Director (or subordinates under their respective direction and control). The Treasurer shall ensure the making of true and accurate accountings of the assets, business transactions, and financial condition of the Corporation, with regular reports regarding the same provided to the Board. The Treasurer shall have all such other power and authority as necessary and appropriate to carry out the Treasurer's specific duties as set forth above, and shall perform such other duties as may be assigned by the Chair or by the Board from time to time.

ARTICLE VI – INDEMNIFICATION

Section 6.1 Directors and Officers

The Corporation shall, to the maximum extent permitted under the Act, indemnify against liability and allow reasonable expenses of any person who was or is a party or threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she is or was a Director or Officer of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of any committee or of any other corporation or enterprise. Such right or indemnification shall inure to the benefit of the heirs, executors, administrators and personal representatives of such a person. The foregoing provisions shall not preclude or limit any additional rights to indemnification which a Director or Officer may have, or to which he or she may be entitled, under the Certificate, these Bylaws, a written agreement with the Member or the Corporation, or a resolution of the Member or the Board.

Section 6.2 Other Employees, Agents and Volunteers

The Corporation may indemnify and allow reasonable expenses of an employee, agent or volunteer who is not a Director or Officer if and to the extent provided by the Act, by general or specific action of the Board of Directors, or by contract.

Section 6.3 Insurance

The Corporation shall procure and maintain insurance on behalf of an individual who is an employee, agent, volunteer, Director or Officer against liability asserted against and incurred by the individual in his or her capacity as an employee, agent, volunteer, Director or Officer, or arising from his or her status as an employee, agent, volunteer, Director or officer, regardless of whether the Corporation is required or authorized to indemnify or allow expenses to the individual against the same liability.

ARTICLE VII - AMENDMENTS

Section 7.1 Amendment

The Corporation's Certificate and/or these Bylaws may be amended by the Board of Directors; *provided, however*, that no such amendments shall become effective unless and until approved by the Member.