

EMPLOYEE HANDBOOK

This Handbook may be superceded by any personal contracts

For employees of



Mercy Health Services, Inc.

March 1, 2010

Table of Contents

SECTION 1 – INTRODUCTION.....	2
OUR HISTORY AND MISSION	2
PURPOSE OF THIS HANDBOOK	2
SECTION 2 - GENERAL EMPLOYMENT INFORMATION.....	3
EMPLOYMENT AT WILL	3
CATEGORIES OF EMPLOYMENT	3
INTRODUCTORY PERIOD	4
AGE	4
PERFORMANCE EVALUATIONS	4
CHANGE OF PERSONAL STATUS	5
PROMOTIONS AND TRANSFERS	5
TERMINATION OF EMPLOYMENT	5
EXIT INTERVIEWS.....	6
SECTION 3 - COMPANY POLICIES.....	6
EQUAL EMPLOYMENT OPPORTUNITY	6
PROHIBITION OF DISCRIMINATION AND HARASSMENT	7
POLICY ON SUSPECTED MISCONDUCT, DISHONESTY, FRAUD, AND WHISTLE-BLOWER PROTECTION	8
PROCEDURE	8
SAFEGUARDS.....	9
DEFINITION OF TERMS	10
NONDISCRIMINATION AGAINST AND ACCOMMODATION OF INDIVIDUALS WITH DISABILITIES.....	11
OPEN DOOR POLICY	12
TOBACCO POLICY	12
DRUG FREE WORKPLACE.....	12
INFLUENZA VACCINATION POLICY	13
VOLUNTEERING.....	14
PERSONAL APPEARANCE/DRESS CODE.....	14
CORRECTIVE ACTION POLICY	15
STANDARDS OF CONDUCT	15
ATTENDANCE, PUNCTUALITY AND DEPENDABILITY	16
TECHNOLOGY ACCEPTABLE USE POLICY	17
CONFIDENTIALITY	17
CONFLICT OF INTEREST AND OUTSIDE EMPLOYMENT	17
EMPLOYER INFORMATION AND PROPERTY	18
WEAPONS	18
SOLICITING AND CANVASSING	18
POLITICAL ACTIVITIES	19
EMPLOYMENT OF RELATIVES	19
PERSONAL PROPERTY	19
PERSONAL MAIL	19
TELEPHONE	20

PHARMACEUTICAL SAMPLES	20
USE OF COMPANY VAN.....	21
SECTION 4 - COMPENSATION POLICIES	21
PAYCHECK	21
PAY INCREASES.....	21
WORKING HOURS	21
OVERTIME.....	22
TIMEKEEPING	22
PAY POLICIES UNDER EXTENUATING CIRCUMSTANCES	23
GARNISHMENTS, ATTACHMENTS AND JUDGEMENTS.....	24
PAYROLL AND SALARY DEDUCTIONS (FAIR PAY POLICY)	24
SECTION 5 - TIME AWAY FROM WORK	25
HOLIDAYS.....	25
PAID TIME OFF (PTO) (Contractual agreements may supersede these).....	26
BEREAVEMENT LEAVE	27
JURY DUTY	28
FAMILY AND MEDICAL LEAVE OF ABSENCE.....	28
PERSONAL LEAVE OF ABSENCE.....	31
WORKERS' COMPENSATION.....	32
TIME OFF TO VOTE	32
MILITARY LEAVE	32
SECTION 6 - EMPLOYEE FRINGE BENEFITS.....	33
INSURANCE.....	33
CONTINUATION OF COVERAGE (COBRA).....	34
SECTION 125 BENEFIT PLAN (CAFETERIA PLAN)	34
DIRECT DEPOSIT	34
CONTINUING EDUCATION/TUITION REIMBURSEMENT.....	34
ACKNOWLEDGMENT	36

Mission Statement: To reflect the love and compassion of Jesus Christ by providing quality healthcare services to ALL and support to their families and our communities.

Welcome to Mercy Health Services!

Dear Employee,

Welcome to Mercy Health Services!

I am so excited that you have accepted the offer to serve the children of Franklin, TN and surrounding communities by working at Mercy Health Services (MHS). Compelled by the biblical mandate to serve our neighbors in “word and deed”, Mercy Health Services is distinct as a healthcare entity. We pray your contributions to our mission to serve children and their families with the love and compassion of Jesus Christ will be an awesome experience for you and the lives you touch while working here at MHS.

Please read through this Employee Handbook. It provides you with information regarding employment at MHS and should answer many of your questions. Also, please don't hesitate to talk with your manager or the Chief Operations Officer, Chief Medical Officer, Chief Care Coordinator Officer, Chief Behavioral Health Officer, or Chief Executive Officer if you have additional questions. At the end of this handbook, you will find an Acknowledgement Receipt. Be sure to print out the receipt, sign it and return to the HR Manager.

It's my hope that you will better know the love of God at the end of each day than when it started.

David Winningham,
Chief Executive Officer

SECTION 1 – INTRODUCTION

OUR HISTORY AND MISSION

In 1998, after completing his pediatric residency at Vanderbilt Children's Hospital, Dr. Tim Henschel felt called to provide pediatric care to children in Williamson County who could not conveniently access care because of their lack of insurance or TennCare (Medicaid) coverage. Feeling this burden, he began meeting with local pastors, businessmen, and community leaders to explore the possibility of establishing a clinic where these children could receive care. After several months of discussion, Mercy Health Services was created out of the belief that local businesses, churches, and individuals, and not solely the government, should help shoulder the burden for providing care for these children.

Incorporated as a Tennessee not-for-profit in April of 1999, Mercy Health Services (MHS) began seeing patients on November 1, 1999 in a small house on Ninth Avenue in the heart of downtown Franklin. The following May they moved into their facility next door and have steadily grown ever since. With the vision of providing quality pediatric care to any child who needs it, MHS has impacted the lives of more than 10,000 children from more than 30 counties and their families and continues to do so today.

In June of 2012, Mercy was designated a Section 330 (of the Public Health Service Act) Federally Qualified Health Center. Effective January 2013, this designation will mean the addition of adults to our practice and a "Doing Business As or DBA" name change to **Mercy Community Healthcare**.

MHS provides complete pediatric and adult care including well-care, acute sick visits, chronic disease management, and even some minor office procedures. Additionally, MHS has grown to include Mercy Behavioral Health Services - social services, psychiatry, counseling, and patient advocacy while striving to provide holistic care to every individual who walks through our doors. Mercy has a sliding fee scale for the uninsured patients who are in need of primary healthcare. Additionally, through formalized referral arrangements, Mercy is able to provide additional services like dentistry, OB-GYN, Pharmacy, and other specialty services.

It is the unique combination of quality whole-person care and a staff which sees each individual as a unique creation that has made Mercy Health Services the thriving ministry it is today.

PURPOSE OF THIS HANDBOOK

This handbook is designed as a general guide to policies, benefits, rules and regulations applicable to our employees. It is your responsibility to become familiar with the contents of this document, and any questions regarding the interpretation of policies should be directed to your supervisor or directly to the Management of Mercy Health Services.

Mercy Health Services ("The Company") reserves the right to change its policies, benefits, rules and regulations at any time, and the provisions of this handbook are subject to change at any time.

This handbook is not a contract guaranteeing employment for any specific duration. Both you and the Company have the right to terminate your employment at any time, with or without cause, and with or without advance notice. Only the Directors of Mercy Health Services have the authority to enter into any agreement for employment for any specified period of time or to make any promises or commitments contrary to the foregoing.

SECTION 2 - GENERAL EMPLOYMENT INFORMATION

EMPLOYMENT AT WILL

It is important that you understand the terms of your employment. You and the Company have an “employment-at-will” relationship. The employment relationship is for an unspecified time period, and either you or the Company may terminate your employment at any time, with or without cause, and with or without notice. However, a minimum two week notice for a non-exempt employee and a four week notice for exempt employees is expected.

While the Company strives to make the employment relationship a mutually satisfying one, the Company can make no assurances, either expressed or implied, concerning the duration of employment, or any possible reason for termination of employment. Nothing in this employee handbook should be construed to create an employment agreement for a specified period of time.

CATEGORIES OF EMPLOYMENT

Mercy Health Services has four categories of employment:

1. **Full-time**

Employees who are *regularly scheduled* for 30 or more hours per week and who work a minimum of 1664 hours annually. Full-time employees will be eligible to participate in all employee benefits offered by Mercy Health Services.

2. **Part-time**

Employees who are *regularly scheduled* for less than 30 hours per week and who work less than 1664 hours annually. Generally part-time employees are not eligible to participate in employee benefits.

3. **Temporary/Seasonal**

Employees who are hired for a specific time frame, not to exceed 1560 hours per year. Temporary/Seasonal employees are not eligible to participate in employee benefits.

4. **PRN**

A PRN is an individual who is so classified, whose employment is for no definite period term and who is scheduled to work on an “as needed” basis.

In addition, each employee is classified as either “exempt” or “non-exempt.” The term “exempt” refers to an employee who is exempt under the executive, administrative, professional exemptions from the minimum wage, timekeeping and overtime requirements of the Fair Labor Standards Act (FLSA) and any similar requirements of applicable state laws. The term “non-exempt” refers to an employee who is not exempt from the FLSA or state law requirements. These terms are further defined as follows:

- Exempt Employees: Exempt employees are paid on a salary basis and the employee's salary is total compensation for all hours worked in a workweek. This does not, however, mean that such employees are employed for any definite period of time. Exempt employees are not compensated for overtime (i.e. hours in excess of 40 hours per workweek).
- Non-Exempt Employees: Non-exempt employees' rates of pay are typically stated in terms of hourly rates. Non-exempt employees must accurately report hours worked in each day and the total for each workweek. Non-exempt employees are paid overtime if hours worked exceed 40 in one workweek.

ORIENTATION

As you begin your employment with Mercy Health Services, you will be required to attend a New Hireorientation session where you will have an opportunity to learn about various Human Resources policies, procedures and employee benefits in addition to HIPAA training, OSHA training, and reviewing Mercy's Emergency Preparedness Plans. This session will also acquaint you with the facilities and other services available to employees. In addition to your initial orientation, your manager will assist you in learning about your job, and will explain any special procedures, techniques or processes required in the performance of your duties.

INTRODUCTORY PERIOD

Your first ninety (90) calendar days of employment will be an introductory period. (Any contractual arrangement may supercede this or other Handbook issues). During this period, your performance will be evaluated to ensure that you are able to perform the duties of your position. If, during this time, it is determined that your conduct or performance is not acceptable, your employment may be terminated without prior notice.

At the same time, you should use the introductory period to evaluate your satisfaction with all aspects of your job. If you conclude that the job does not meet your needs, you may resign at any time.

Management may extend your introductory period if your performance does not meet the job requirements at the end of the initial ninety-day period.

Successful completion of the introductory period and any extension thereof does not change the employment at-will relationship.

AGE

Candidates for full time employment must have reached their eighteenth birthday. Under the limits of federal and state law, persons between age sixteen and eighteen may be considered for limited employment.

PERFORMANCE EVALUATIONS

It is the practice of Mercy Health Services to evaluate employee performance on a continuing basis and to do so more formally at periodic intervals. The purpose of these more formal evaluations is to allow managers and employees to communicate concerning the employee's performance results and job-related behaviors compared to the results and behaviors that are desired and expected. These annual performance evaluations are part of your permanent

personnel file. These reviews will occur in April each year. New employees will receive a performance appraisal near 90 days of their initial hire and may depending on the review may require another follow up evaluation again after (6) six months.

Periodically, Mercy Health Services may engage in 360 evaluations where employees may be invited to provide feedback on their managers and MHS as an employer. These evaluations will be for the purpose of evaluating MHS to enhance management and operational effectiveness.

Pay increases are typically given annually based on several factors including operating budget and employee performance. Such increases are not guaranteed.

CHANGE OF PERSONAL STATUS

Human Resources should be notified immediately concerning any change of address or telephone number, as well as any change of marital status or dependents.

PROMOTIONS AND TRANSFERS

MHS believes in transferring and promoting qualified employees to positions of increased responsibility whenever that action is most appropriate. Transfer and promotion decisions are based on long-term business goals, employee performance and the employee's potential for success in the new position. Such decisions are at the sole discretion of management.

TERMINATION OF EMPLOYMENT

Employment at Mercy Health Services is based on mutual consent and, with some exceptions, is not of a contractual nature. Either the Company or you may terminate your employment at any time, with or without cause and with or without notice. Mercy Health Services requests, however, that you give the Company a minimum of two weeks written notice prior to terminating your employment. If you fail to provide the requested notice listed below prior to terminating your employment, then the Company may use this as a basis for declining to re-hire you if you ever apply for employment with the Company in the future. Terminated employees must return company name tags and keys to their manager on their last day of employment.

1. Resignation With Notice: An employee who voluntarily terminates employment with MHS must give the appropriate written notice to the immediate manager – two weeks for a non-exempt employee, four weeks for an exempt employee. Typically, PTO may not be used during the notice period. PTO requests must be approved by HR after submitting your notice.
2. Resignation Without Notice: This is the term applied when an employee is absent from work for consecutive days and does not notify his/her management; or leaves without written notice or with less than the requested time-notice mentioned above. Employees who fail to give adequate notice of resignation may be considered ineligible for re-hire.
3. Staff Reduction: This term refers to a termination of employment by MHS due to lack of work or reorganization.
4. Discharge: An involuntary termination initiated by MHS.

When employment is terminated, only an employee who has been employed for at least 12 consecutive months will receive pay for all earned and unused paid time off (PTO) within 30 days. Medical and dental coverage in effect at the time of termination will remain in effect

through the end of the month in which employment was terminated. Continuation of insurance coverage may be available through COBRA.

REFERENCES

Requests for information on current or former employees will be handled only through Human Resources. Personnel are NOT authorized to disclose any information to outside sources regarding current or former employees.

Without a written release signed by the employee or former employee, Mercy Health Services will not make available to outside sources any information on either current or previous employees, except the following data:

- *Dates of employment
- *Last job title
- *Salary information

Any further information requested, such as that pertaining to job performance or eligibility for rehire, may be obtained only if the person or company requesting the information secures the employee's or former employee's written authorization for MHS to release that information.

Employees leaving Mercy Health Services who wish to have a reference should request one from the HR Department before leaving the services of MHS.

EXIT INTERVIEWS

Whenever possible, MHS will conduct face-to-face exit interviews for all employees who are leaving employment to obtain and discuss the employee's opinions about Mercy Health Services policies, working conditions, benefits and pay as well as the employee's reason(s) for departure. If a face-to-face interview is not possible, a telephone interview may be requested or an exit interview questionnaire may be mailed to the former employee's address on file. Mercy Health Services recognizes that in some instances, an exit interview may not be warranted.

SECTION 3 - COMPANY POLICIES

EQUAL EMPLOYMENT OPPORTUNITY

At Mercy Health Services, Equal Employment Opportunity is a major policy commitment and an important company goal.

Mercy Health Services is an Equal Employment Opportunity employer. We make every effort to provide fair and equal treatment on the basis of merit in all our employment decisions, including but not limited to decisions concerning hiring, retention, promotions, working conditions, compensation, benefits, training, and all other privileges, terms, and conditions of employment. We pledge to treat all employees fairly without regard to race, color, sex, pregnancy, national origin, ancestry, age, marital status, veteran status, disability, handicap, or any other legally protected characteristic or status.

To the extent permitted by law, Mercy Health Services reserves the right to consider in some or all of the open positions, the applicant's compliance with its Mission Statement.

PROHIBITION OF DISCRIMINATION AND HARASSMENT

Mercy Health Services strives to provide a work environment that is free from discrimination and unlawful harassment. We will not permit discrimination or harassment on the basis of race, color, religion, sex, pregnancy, national origin, ancestry, age, marital status, veteran status, disability, handicap, or any other protected characteristic or status. This standard of conduct applies to all managers, supervisors, employees, customers, and vendors.

The following are some examples of harassing behavior that will not be tolerated:

- Unwelcome slurs, epithets, jokes, and harassing comments about someone's race, color, religion, sex, pregnancy, national origin, citizenship, age (40 or above), disability, veteran status or any other protected status.
- Unwelcome graffiti, cartoons, drawings, emails, or other written comments about someone's race, color, religion, sex, pregnancy, national origin, citizenship, age (40 or above), disability, veteran status or any other legally protected status.
- Unwelcome sexual advances, repeated unwelcome requests for dates, and requests for sexual favors.
- Unwelcome or offensive touching or other physical conduct directed at an employee because of their race, color, religion, sex, pregnancy, national origin, citizenship, age (40 or above), disability, veteran status or any other legally protected status.
- Threatening or requiring an employee to submit to sexual advances in return for an employment benefit.
- Retaliation for having reported possible harassment, discrimination or other misconduct.
- Retaliation for having participated in an investigation of possible harassment, discrimination or other misconduct.

This is not an exhaustive list.

If you experience what you believe to be job-related harassment based on your sex, race, national origin, disability, or another factor, or if you believe you have been treated in an unlawful, discriminatory manner, you should fill-out a Grievance Form and promptly report the incident to Human Resources (in the absence of HR, please see the COO.), who will investigate the matter and take appropriate action, including reporting it to company Directors, if needed. Your complaint will be kept confidential to the maximum extent possible.

If Mercy Health Services determines that an employee is guilty of harassing another individual, appropriate disciplinary action will be taken against the offending employee, up to and including termination of employment. Mercy Health Services prohibits any form of retaliation against any employee for filing a bona fide complaint under this policy or for assisting in a complaint investigation. However, if, after investigating any complaint of harassment or unlawful discrimination, the company determines that the complaint is not bona fide or that an employee

has provided false information regarding the complaint, disciplinary action may be taken against the individual who filed the complaint or who gave the false information.

POLICY ON SUSPECTED MISCONDUCT, DISHONESTY, FRAUD, AND WHISTLE-BLOWER PROTECTION

Mercy Health Services ("Mercy") is committed to the highest possible standards of ethical, moral, and legal conduct. Consistent with this commitment, this policy aims to provide avenues for employees to raise concerns about suspected misconduct, dishonesty, and fraud and to provide reassurance that they will be protected from reprisals or victimization for whistle-blowing in good faith.

PROCEDURE

Reporting

Employees and any other person who has a concern relating to suspected misconduct, dishonesty or fraud may make a report. Mercy wants to hear of possible problems in these areas.

Concerns or suspected misconduct, dishonesty or fraud may be reported by telephone, email or regular mail, at the employee's or reporter's preference.

An employee should contact the CEO of Mercy. Should the CEO be involved in the suspected misconduct, an employee should contact the Chairman of the Operations Committee of the Board.

An employee can email directly the Chairman of the Operations Committee at:

Lance Bridgesmith-Chairman of Operations Committee

Lance.brigdesmith@butlersnow.com

An employee may write a letter or contact the Chairman of the Operations at the following address:

Lance Bridgesmith-Chairman of Operations Committee

1741 Hickory Bark Lane

Nashville, TN 37211

Timing

The earlier a concern is expressed, the easier it is to take action.

Investigating the Concern

Following the receipt of any complaints submitted, the Operations Committee will investigate each matter so reported and take corrective and disciplinary actions where appropriate.

The Operations Committee may enlist committee members, employees of the organization and/or outside legal, accounting or other advisors, as appropriate, to conduct any investigation of complaints regarding financial reporting, accounting, internal accounting controls, operation matters, or any other form of misconduct, dishonesty, or fraud. In conducting any investigation, the Operations Committee shall use reasonable efforts to protect the confidentiality and anonymity of the complainant.

Further Information

The amount of contact between the complainant and the body investigating the concern will depend on the nature of the issue and the clarity of information provided. Further information may be sought from the complainant.

Report to Complainant

The complainant will receive follow-up on their concern within two weeks which shall include the following items:

- Acknowledgment that the concern was received;
- Indication of how the matter will be addressed;
- Estimate of the time that it will take for a final response;
- Indication whether initial inquiries have been made; and
- Indication whether further investigations will follow.

Information

Subject to legal constraints the complainant will receive information about the outcome of any investigations.

Document Retention

The Operations Committee shall retain as a part of the records of the Committee any such complaints or concerns for a period of at least seven years.

SAFEGUARDS

No Retaliation

No director, officer, or employee or other person who in good faith reports a violation shall suffer harassment, retaliation or adverse employment consequence. An employee who retaliates against someone who has reported a violation in good faith is subject to discipline up to and including termination of employment. This policy is intended to encourage and enable

employees and others to raise concerns within the organization prior to seeking resolution outside the organization.

Additionally, no employee shall be adversely affected because they refuse to carry out a directive which, in fact, constitutes corporate fraud, or is a violation of state or federal law.

Confidentiality

Violations or suspected violations may be submitted on a confidential basis by the complainant or may be submitted anonymously. Reports of violations or suspected violations will be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation. Every effort will be made to protect the complainant's identity.

Anonymous Allegations

Employees are encouraged to identify their names to allegations because appropriate follow-up questions and investigation may not be possible unless the source of the information is identified. Concerns expressed anonymously will be investigated, but consideration will be given to:

- The seriousness of the issue raised;
- The credibility of the concern; and
- The likelihood of confirming the allegation from attributable sources.

Acting in Good Faith

Anyone filing a complaint must be acting in good faith and have reasonable grounds for believing the information disclosed indicates misconduct, dishonesty, or fraud. Any allegations that prove not to be substantiated and which prove to have been made maliciously or knowingly to be false will be viewed as a serious disciplinary offense.

DEFINITION OF TERMS

For purposes of this policy, the definition of misconduct, dishonesty, and fraud includes but is not limited to:

- Acts which are grossly inconsistent with organization policy
- Theft or other misappropriation of organization assets
- Misstatements or other irregularities in organization records
- Incorrect financial reporting
- Misuse of organization resources
- Illegal activities
- Activities that may reflect negatively on Mercy in the community
- Forgery or alteration of documents
- Any other form of fraud

Mercy's Board of Directors may modify or amend this policy at any time as it deems necessary.

NONDISCRIMINATION AGAINST AND ACCOMMODATION OF INDIVIDUALS WITH DISABILITIES

The Americans With Disabilities Act (“ADA”) was enacted in 1992 to ensure that disabled individuals who are qualified to perform a job are not discriminated against in any area of employment including hiring, testing, promotion, compensation, benefits, and termination because of their disabilities.

Mercy Health Services abides by the ADA guidelines by providing for nondiscrimination in employment against qualified individuals with disabilities or handicaps and providing reasonable accommodation for such individuals in accordance with these laws. It is Mercy Health Services’s policy to, without limitation:

1. Ensure that qualified individuals with disabilities are treated in a nondiscriminatory manner in the pre-employment process and that employees with disabilities are treated in a nondiscriminatory manner in all terms, conditions, and privileges of employment.
2. Administer medical examinations to applicants only after conditional offers of employment have been extended; and to employees when Mercy Health Services determines such examinations are necessary to establish whether particular employees are able to perform the essential functions of their jobs, with or without reasonable accommodation, without posing a threat to the safety of themselves or others, or when otherwise justified by business necessity.
3. Keep all medical-related information confidential in accordance with the requirements of the ADA and retain such information in separate confidential files.
4. Provide applicants and employees who are qualified individuals with disabilities under the ADA with reasonable accommodations that will permit them to perform the essential functions of their jobs, except where such accommodations would create an undue hardship on Mercy Health Services.
5. Notify individuals with disabilities that Mercy Health Services provides reasonable accommodation to qualified individuals with disabilities, by including this policy in Mercy Health Services ’s Employee Handbook and by posting the Equal Employment Opportunity Commission's poster on nondiscrimination against individuals with disabilities and other protected groups conspicuously on Mercy Health Services’s premises.

Qualified individuals with disabilities may make requests for reasonable accommodation to their supervisor or the management of Mercy Health Services. On receipt of an accommodation request, a designated representative of Mercy Health Services will meet with the requesting individual to discuss and identify the precise limitations resulting from the disability and the potential accommodation that needs to be made to help overcome those limitations. Mercy Health Services will determine the feasibility of the requested accommodation, considering various factors, including, but not limited to, the nature and cost of the accommodation, the availability of tax credits and deductions, outside funding, overall financial resources and organization, and the accommodation’s impact on the company’s operation, including its impact on the ability of other employees to perform their duties and the company’s ability to conduct

business.

If you have questions regarding disabilities or job accommodations, contact the Human Resources or COO.

OPEN DOOR POLICY

Mercy Health Services is committed to keeping you informed of policies and procedures affecting your employment. Management will provide opportunities for you to express opinions, to discuss complaints and misunderstandings, and to seek information on matters affecting your job. Organizations depend on feedback from their customers to improve their operations and services. Your opinion is very important

You may use the following open door process for presenting and resolving your concerns and questions without fearing retribution or prejudice:

1. Address the matter with your immediate supervisor.
2. If you are not entirely satisfied with your immediate supervisor's solution, or if you believe it would be inappropriate to discuss the matter with your supervisor, you are encouraged to submit your question or concern to Human Resources.
3. If you fear your questions or concerns have not been completely addressed or resolved, you are welcome to notify the Chief Executive Officer.

TOBACCO POLICY

Since tobacco is widely recognized as a major preventable cause of many diseases and Mercy Health Services is committed to the promotion of good health, it is our policy to discourage tobacco use. Mercy Health Services prohibits the use of tobacco products anywhere on the premise.

DRUG FREE WORKPLACE

Mercy Health Services prohibits the following actions at all times on Company property and/or while performing your job off site:

- selling, buying, transferring, possessing, and/or using drugs or non-physician prescribed controlled substances
- reporting to work or performing Company business under the influence of alcohol, drugs, or controlled substances (This includes driving Company owned or leased vehicles)

The Company may conduct worker's compensation post accident and reasonable suspicion drug and alcohol testing on all employees. A positive test result under either of the aforementioned circumstances may result in immediate termination of employment. Failure to submit to a post accident drug test may also result in immediate termination.

If a worker is hurt on the job and medical treatment is required, the employee may be asked to submit to a post accident substance test. In the event the employee tests positive, worker's compensation benefits may be forfeited by the employee, and the employee may be terminated.

If an employee fails to cooperate with this policy, he or she may be subject to disciplinary action, up to and including immediate termination.

If your doctor has prescribed medication that may alter your physical and/or mental ability, you must notify your supervisor. If you believe you have a drug or alcohol problem, we encourage you to get help. Mercy Health Services will handle all related discussions or referrals for treatment with strictest confidentiality. If you enter an alcohol or drug rehabilitation program voluntarily and request a leave of absence to do so, Mercy Health Services will make every reasonable effort to grant the leave. However, participation in an alcohol or drug rehabilitation program will not excuse employees from their obligations to perform their jobs or insulate them from disciplinary action or discharge.

INFLUENZA VACCINATION POLICY

As Mercy Health Services is an institution caring for many children who are too young to be immunized against influenza or who are at risk for severe complications of influenza, and as influenza is contagious 24 hours prior to the onset of symptoms, Mercy Health Services requires all employees to receive yearly influenza immunizations.

Per Centers for Disease Control recommendations, the exceptions to this rule include the following:

- * Women in the first trimester of pregnancy
- * Those with severe allergic reaction (anaphylaxis) to chicken or egg products.
- * Those with severe allergic reaction (anaphylaxis) to individual vaccine components
- * Those with personal history of Guillain-Barre Syndrome
- * Those whose Dr. advises against it and provides a medical note for the file

For such employees, a note by personal physician documenting the type and severity of reaction will be required.

VOLUNTEERING

Mercy is a non-profit organization. Mercy needs to raise approximately \$1 million annually for the day-to-day operations, including salaries. Mercy's staff does this through relationships with individuals, corporations, and foundations throughout the community. Mercy also has three major fundraising events each year; The Mercy Golf Classic, The Franklin Classic 5k and 10k runs on Labor Day, and American Girl Fashion Show in the fall. Labor Day is a work day for the entire staff in order to meet the manpower needs of the event. However, the other two major events and other smaller events require a large number of volunteers. Mercy staff is not required to participate but is highly encouraged to volunteer their time because the funds raised with these events often have a bearing on the financial stability of the organization.

PERSONAL APPEARANCE/DRESS CODE

Mercy Health Services requires its employees to dress in a professional manner. The appearance of our facility and employees is of utmost importance for first and lasting impressions. The Dress Code policy provides guidelines to ensure that all MHS employees maintain a professional and consistent appearance while at work. Additionally, this policy helps to prevent mistaken identification of staff members by the public (e.g., nurse mistaken as a provider, office employee mistaken as nurse, etc). Mercy ID badges are required as part of the dress code. Mercy ID badges must be worn every day and there is a \$10 replacement fee if lost.

Jogging clothes, blue jeans (any blue denim clothing unless it is a designated special event such as United Way day), shorts, halters, sundresses, standard rubber flip-flops, warm ups, spaghetti straps, sweatshirts, printed T-shirts, sports jerseys, clothing that is backless, off-the-shoulder, or strapless will be considered inappropriate and may not be worn in the clinic. Shirts should be long enough and pants high enough that midriff areas are not seen. Skirts and dresses must be no higher than 3" above the knee. Clothing promoting commercial products, advertisements, slogans and travel locations are not allowed. Approved Mercy Health Services apparel is acceptable.

No caps, scarves covering the head, sweatbands, or other head covering is allowed. All jewelry worn must be conservative and worn solely as decoration. No more than two (2) matching earrings may be worn at one time and earrings must be worn in the lower ear lobe only. Ear lobe extenders are not allowed. Large earrings and excessive jewelry are not acceptable in clinical areas as they can catch on babies, possibly causing injury. Nose rings, tongue rings, and other visible body piercing (other than pierced ears) are strictly prohibited. Tattoos must be covered at all times on all parts of the body.

Perfumes and scented lotions are prohibited.

Good judgement is expected when deciding what constitutes proper dress and appearance. Management and HR are available for consultation about interpretation of this policy.

We encourage you to seek the advice of your supervisor if you have questions regarding appropriate dress or appearance at work. If you report to work inappropriately dressed, you may be instructed by your supervisor to return home to change. The time that a non-exempt employee is absent for this purpose will be unpaid unless state law requires otherwise.

CORRECTIVE ACTION POLICY

Mercy Health Services maintains a progressive company discipline policy as a means for ensuring that all employees are treated fairly and consistently when job performance problems arise or when violations of our policies occur. Although employment with Mercy Health Services is based on mutual consent, both the employee and Mercy Health Services have the right to terminate employment at will, with or without cause or advance notice. Mercy Health Services may use progressive discipline at its discretion.

1. Verbal warning that the employee's performance or actions are unacceptable.
2. Written warning that places the employee on probationary status.
3. Termination of employment.

Depending on the seriousness of the infraction as determined at management's discretion, Mercy Health Services may skip one or more steps of this process and move to immediate termination.

STANDARDS OF CONDUCT

Mercy Health Services is a Christian medical ministry dedicated to reflecting the love and compassion of Jesus Christ and to the care of God's children. As ministers of this ministry, all employees are expected to assist in our mission to provide complete primary healthcare and treatment to patients and their families. Also, all employees are expected to conduct themselves in a professional and respectful manner exhibiting: (1) integrity in all that they do, (2) fairness and grace in dealing with each other, and (3) excellence in both quality and productivity while performing their work assignments.

Also, rules of conduct are necessary for the orderly operation of every company. Mercy Health Services views compliance with these rules as an important responsibility of every employee. They are not meant to restrict, but to protect the rights of everyone within the Company. While it is impossible to provide an exhaustive list that identifies every type of conduct or performance problem that may result in disciplinary action, the following list provides examples of conduct that may result in disciplinary action up to and including immediate termination:

- Altering, falsifying or destroying any time record, intentionally recording on another employee's timecard, allowing someone else to record on your timecard.
- Insubordination, including improper conduct toward a supervisor or refusal to perform tasks assigned by a supervisor in the appropriate manner.
- Possession, distribution, sale, use or being under the influence of alcoholic beverages or illegal drugs while on Company property, while performing work of any kind for the Company, or while operating company owned or leased equipment:
- The unauthorized release of confidential information about the Company, its customers or employees;

- Theft or unauthorized possession or removal of the Company's property or another person's property;
- Absence of one or more consecutive work days without notice to your supervisor or department head (excluding absences protected by applicable law);
- Falsifying or making a material omission on an employment application or any other company record;
- Fighting, any act of violence, or any threat of violence on Company property or while performing work for the Company;
- Bringing dangerous or unauthorized materials such as explosives, firearms or other similar items on company property;
- Misconduct;
- Making a false claim against a coworker
- Sexual harassment or other unlawful harassment of another employee, or any other violation of the Company's Equal Employment Opportunity Policy or its policies prohibiting discrimination and harassment;
- Unsatisfactory performance;
- Leaving the office or job during your shift without permission; and
- Sleeping on the job.

It should be remembered that employment is at the mutual consent of the employee and the Company and either the employee or the Company can terminate the employment relationship at will, at any time, either with or without cause or advance notice.

ATTENDANCE, PUNCTUALITY AND DEPENDABILITY

Because Mercy Health Services depends heavily upon its employees, it is important that employees attend work as scheduled. Dependability, attendance, punctuality, and a commitment to do the job right are essential at all times. As such, employees are expected to work on all scheduled work days and during all scheduled work hours and to report to work on time. Moreover, an employee must notify his/her supervisor as far in advance as possible, but not later than fifteen minutes before his/her scheduled starting time if he/she expects to be late or absent. This policy applies for each day of absence. Employees who fail to contact their immediate supervisor may be considered as having voluntarily resigned. To the extent permitted by law, absenteeism and tardiness lessen your chances for advancement and may result in disciplinary action up to and including immediate termination.

TECHNOLOGY ACCEPTABLE USE POLICY

Mercy Health Services email, computer, internet, wireless communication and voice mail systems are Company property. Anything you create or load on the systems may become Company property. These systems are in place to facilitate your ability to efficiently and productively do your job.

Mercy Health Services reserves the right to, intercept, access, monitor, search, copy, review and download any communications or files you receive, create or maintain on these systems, at any time, without prior notice to you. Mercy Health Services further reserves the right to disclose any such communications or files to others in our discretion. You have no right or expectation of privacy in such communications or files even if you are permitted to have a password to review such employee's files or communications without permission from the management.

When using the internet, do not send materials of a sensitive nature or which constitute our confidential information unless the information is appropriately encrypted to prevent interception by third parties. Treat all communications, particularly of a confidential nature, just as you would if they were in written, "memo" form. Do not access "confidential information" that you are not authorized to see. Information on the internet may be protected by copyright law.

Your communications and use of email, computer, internet, wireless communication and voice mail systems will be held to the same standard as all other business communications, including compliance with our anti-discrimination and anti-harassment policies. We expect you to use good judgment in your use of our system. Company management should be notified of unsolicited, offensive materials received by any employee on any of these systems.

Your consent to and compliance with the Technology Acceptable Use Policy is a term and condition of your employment. Failure to abide by this policy or to consent to any interception, accessing, monitoring, searching, copying, reviewing, and downloading of any communications or files may result in disciplinary action, up to and including immediate termination.

CONFIDENTIALITY

Mercy Health Services is committed to respecting the privacy of our patients (HIPPA) and employees. Information regarding employees' personnel files and or payroll is confidential. **Sharing your or anyone's payroll information is grounds for dismissal.** Certain other non-work related issues are also inappropriate to be shared in the workplace, and you are advised to use discretion in such matters to ensure a professional work environment. Information about Mercy Health Services and its clients is confidential. Financial data, operational procedures, donor information, client names, and information about their companies and staff; vendor, creditor, and investor lists and/or arrangements is Company property considered proprietary and may not be shared with outside parties unless required by law or approved by the management of Mercy Health Services. Employees must hold all such information in confidence, and not disclose or allow it, through lack of reasonable care, to be divulged to anyone, for employee's own use or the benefit of any other person or entity.

CONFLICT OF INTEREST AND OUTSIDE EMPLOYMENT

Mercy Health Services expects employees to conduct business according to the highest ethical standards of conduct. Employees are expected to devote their best efforts to the interests of the Company. Business dealings that create or appear to create a conflict between the

interests of the Company and an employee are unacceptable. Furthermore, working at another job that interferes with your work at Mercy Health Services will not be permitted. The Company recognizes the right of employees to engage in activities outside of their employment which are of a private nature and unrelated to our business. However, the employee must disclose any possible conflicts so that the Company may assess and prevent potential conflicts of interest from arising. A potential or actual conflict of interest occurs whenever an employee is in a position to influence a decision that may result in a personal gain for the employee or an immediate family member (i.e., spouse or significant other, children, parents, siblings) as a result of the Company's business dealings.

If you become aware of a potential conflict of interest, you should notify Mercy Health Services's management immediately. A violation of this policy may result in immediate and appropriate discipline, up to and including immediate termination.

EMPLOYER INFORMATION AND PROPERTY

The protection of Mercy Health Services business information, property and all other Company assets are vital to the interests and success of Mercy Health Services. No Mercy Health Services related information or property, including without limitation, documents, files, records, computer files, equipment, office supplies or similar materials (except in the ordinary course of performing duties on behalf of Mercy Health Services) may, therefore, be removed from the Company's premises. Violation of this policy is a serious offense and will result in disciplinary action, up to and including immediate termination. In addition, when an employee leaves Mercy Health Services, the employee must return to the Company all Mercy Health Services related information and property that the employee has in his/her possession, including without limitation, documents, files, ID badge, keys, records, manuals, information stored on a personal computer or on a computer disc, supplies, and equipment or office supplies.

WEAPONS

It is the intent of the Company to provide a safe and secure workplace for employees, clients, customer, visitors, and others with whom we do business. The Company specifically forbids the possession of firearms on company property, regardless of whether the employee has a license to carry a concealed weapon. Company property includes, but it not limited to, all company facilities, vehicles, and equipment, whether leased or owned by the Company or its client. Violation of this policy is a serious offense and will result in appropriate disciplinary action, up to and including immediate termination.

SOLICITING AND CANVASSING

Solicitation of employees for anything unrelated to Mercy Health Services or its events on it's premises will not be permitted during working time or during non-working time in work areas. Solicitation will not be permitted in patient care areas. Distribution or circulation of printed materials, collections for any purpose, and the sale of tickets or merchandise are prohibited during working time or during non-working time in work areas. Distribution will not be permitted in immediate patient care areas. "Working time" refers to that portion of any work day during which an employee is supposed to be performing any actual job duty. Solicitation and distribution by non-employees on Company property is strictly prohibited. Employees are allowed to leave materials in break rooms for other employees to look at during breaks and lunches.

POLITICAL ACTIVITIES

Employees may not use the clinic or any of its resources (facilities, supplies, equipment, etc.) for endorsing political candidates. Mercy Health Services as an organization will not support or endorse political candidates, nor will Mercy Health Services or its employees give the appearance of political support by displaying signs, buttons, flags, etc. in company buildings. Any Mercy Health Services employees who elect to run for a political office may do so but cannot engage in campaigning or any other political activity during working hours or on company premises. Additionally, such employees cannot use Mercy Health Services resources (facilities, supplies, equipment, etc.) for political purposes. Employees may seek and hold elective offices as long as those offices do not conflict or interfere with Mercy Health Services mission or the employee's duties and responsibilities at Mercy Health Services.

EMPLOYMENT OF RELATIVES

Individuals are not permitted to be employed in a department under the management of a relative. For purposes of this policy, a relative is defined as an employee's spouse, child, mother, father, brother, sister, grandparent, grandchild, aunt, uncle or cousin. In-law and step family relationships also apply.

PERSONAL PROPERTY

Employees are urged to safeguard their personal articles. You may bring personal property to the premises for decoration or personal use. However, use of personal property for decoration requires approval of the employee's immediate supervisor and is subject to approval by management.

Routine checks of employees leaving the premises with packages or articles may be held periodically without prior announcement or consent. The clinic's insurance does not cover and the clinic is not responsible for lost or stolen items belonging to employees that have been brought onto the premises.

Some employees are provided desks and/or filing cabinets or other storage containers for their use during work. However, the desks, cabinets and other containers remain the sole property of Mercy Health Services. MHS reserves the right to open and inspect desks, cabinets, or other containers, at any time, without consent or advance notice.

Lockers are available in both clinics for employees to use. Employees must provide their own lock on the locker. Any open locker may be claimed.

PERSONAL MAIL

Mercy Health Services does not permit personal mail to be stamped by the postage meter. It is for Mercy Health Services use only.

TELEPHONE

Good public relations and telephone etiquette are critical to the success of mercy Health Services. Our telephone lines are the primary link to our patients and business associates.

Personal phone calls, including personal cell phones, should be kept to a minimum. Long distance personal calls should not be made on clinic phones. Employees are not to make "900" number calls on any MFS lines.

A good telephone personality will win friends for you and Mercy. Telephone contacts warrant special consideration because the personal calling cannot see you. Patients can only draw impressions from your voice and manner. You should apply the following guidelines:

1. Be alert, pleasant, natural, distinct and expressive.
2. Speak at a moderate rate of speed to allow the caller time to hear and understand your message.
3. Answer the telephone promptly, no later than the third ring. Prompt answering helps build a reputation of service for you and the clinic.
4. Always identify yourself by name.
5. Have pen and paper available so you can write messages.
6. Use the hold key when leaving the phone line.
7. Exercise care that a patient's confidential matters are not discussed where another party can hear the conversation.
8. Remember to use the caller's name in the conversation.
9. Say "thank you for waiting" when you return to the line.

Our telephone lines must be left free for patient calls. Therefore, personal telephone calls, either outgoing or incoming, are to be limited during working hours. Please tell individuals who call you to discuss personal affairs to be as brief as possible or use your personal cell phone during breaks and lunchtime.

Everyone has access to the internet for look up phone numbers. Do NOT call directory assistance. Do not use "call return" feature.

When on the telephone, remember that before revealing any information of a HIPAA sensitive nature, you must verify that you are speaking with a biological parent or designee, and then proceed to obtain 2 clinic established identifiers.

PHARMACEUTICAL SAMPLES

Only physicians, nurses and lab personnel are permitted to remove items from the medical closet. This includes the removal of formula and non-prescription medications. If you need something, ask a nurse or physician to assist you.

USE OF COMPANY VAN

The company van is for the purpose of facilitating the work of the clinic, including the transportation of patients. However, patients may be transported only when the driver of the van is an employee (not a volunteer) of Mercy Health Services.

With the permission of the Chief Operations Officer or CEO, the van may be used for personal use for no more than 24 hours and may not leave Williamson/Davidson/Maury counties

SECTION 4 - COMPENSATION POLICIES

PAYCHECK

Paydays occur every other Friday. Paycheck stubs include the total number of regular, overtime hours, special pay for non-worked hours, rate of pay, any deductions authorized by you and the deductions required by law (Federal Income Tax, FICA, Medicare Tax, and State Income Tax) and PTO information. Paystubs are also available online from Paychex.

If there is an error on your paycheck please report it to your supervisor. Your paycheck will only be given to you or directly deposited in your bank account. If other arrangements are requested or necessary, a written authorization from you will be required for your paycheck to be given to anyone other than yourself.

PAY INCREASES

As stated in the Performance Evaluations section of this handbook, employees may be eligible to receive pay increases annually. Such increases are not guaranteed and depend on several factors to include operating budget and individual employee performance. Increases, when granted, will be effective the pay period following the anniversary date unless otherwise stated and written. Please keep in mind that MHS is a non-profit. Currently, MHS must raise a substantial portion of its annual revenue.. A shortfall in donations can mean a lack of raises or even a lessening of staff.

WORKING HOURS

Work schedules for employees may vary according to the operational needs of the Mercy Health Services. Working hours are scheduled to satisfy the operational needs of the department in which you work; therefore, an employee's work schedule may change at any time to meet these needs.

- Workday: A normal workday at Mercy Health Services is nine hours in length, which includes a one-hour (non-paid) meal break.
- Workweek: Mercy's workweek is defined as a seven-day period starting at 12:01 a.m. Sunday morning and ending at midnight on Saturday. MHS is typically open each week from Monday – Noon on Saturday.
- Meetings: Attendance at staff meetings (the last Tuesday of every month, 12:30 – 2 PM) is required as meetings are considered part of the normal scope of job responsibilities at Mercy Health Services. All staff members are required to attend and non-exempt employees will be compensated for their time.

Events: Special events (e.g., fairs, fundraisers, etc.) are voluntary unless they fall on a regularly scheduled workday but attendance is highly encouraged. Employees will not be compensated for their involvement with these functions. Participation in these events will not dictate future advancement or other employment decisions by Mercy Health Services.

OVERTIME

Employees are paid for their hours worked in accordance with all legal applicable requirements. Overtime compensation is paid to all non-exempt employees in accordance with federal and state laws. Employees who qualify as administrative, executive or professional employees within the meaning of the state and federal wage and hour laws are exempt from overtime pay and not subject to this policy.

Overtime hours worked by eligible employees will be paid at a rate of 1.5 times your regular base hourly rate for all hours over forty (40) hours worked in a workweek. The fixed, seven day workweek starts at 12:01 am Sunday morning and ends at midnight on Saturday. Mercy Health Services is typically open each week from Monday to Saturday. "Hours worked" means explicitly time spent on the job, not hours away from work due to vacation, sickness or holiday, even when those hours may be compensated within that given work week.

As required by law, overtime is based on actual hours worked. Time off (even if compensated) for holidays, sick leave, vacation leave, or any leave of absence will not be considered hours worked for the purposes of calculating overtime.

All overtime must be approved by your manager in advance. Non-approved overtime will be paid, but you may be subject to disciplinary action. If overtime is required of you, management will try to give you notice when possible.

TIMEKEEPING

Accurately recording time worked is the responsibility of every non-exempt employee. Federal and state laws require Mercy Health Services to keep an accurate record of all time worked for non-exempt employees in order to calculate pay and benefits. Time worked is all the time actually spent on the job performing assigned duties.

Non-exempt employees should accurately record the time they begin and end their work through the use of the online time clock. They should also record the beginning and ending time of departure from work for lunch or personal reasons via the time clock. Overtime work must always be approved before it is performed.

Exempt employees must use the online time clock once daily to confirm their presence.

Altering, falsifying, tampering with time records, or recording time on another employee's time record may result in disciplinary action, up to and including termination of employment.

It is the employee's responsibility to sign his/her time card to certify the accuracy of all time recorded. The supervisor will review and then initial the time card before submitting it for payroll processing. In addition, if corrections or modifications are made to the time card, both the

employee and the supervisor must verify the accuracy of the changes by initialing the time sheet.

Any employee who has concerns about Mercy Health Services's timekeeping practices should contact Human Resources.

PAY POLICIES UNDER EXTENUATING CIRCUMSTANCES

MHS management will determine if or when the clinic may need to close. Official notice of a closing will be communicated by your manager. Reasons for closure may be, but are not limited to:

- hazardous weather conditions (e.g., snow, ice, tornado, etc..),
- emergency situations (e.g., fire, power outage, etc..), or
- business reasons (work shortages, holiday weekend Saturdays, etc.).

In the event the clinic closes because of hazardous weather conditions or other emergency situations, non-exempt employees will receive pay for actual hours worked on the day of closing provided the closure occurs after the start of the workday. If actual hours worked do not exceed 4 hours, a minimum of 4 hours of pay will be granted. For closures prior to the start of the workday, pay will not be provided. In these situations, nonexempt employees may elect to take PTO (if available) to cover regular hours missed due to the closing.

Exempt employees will receive their regular salary. Exempt employees may be required to assist in emergency situations which may require extended hours.

In the event the clinic is overstaffed due to a temporary work shortage, management will ask for a certain number of employees in affected job classifications to volunteer to be relieved of their work duties for the remainder of the work shortage period (number and classifications of employees are determined by management). Should there not be a sufficient number of volunteers, management will have the sole discretion to identify those employees to be temporarily relieved. Nonexempt employees relieved of duty (voluntarily or involuntarily) will not be paid. Affected employees may elect to utilize PTO (if available) to cover regular hours missed due to the work shortage. Exempt employees will receive their regular salary. Additionally, in the event the clinic would close temporarily for business reasons, the above pay provisions apply.

GARNISHMENTS, ATTACHMENTS AND JUDGEMENTS

Generally, Mercy Health Services will not help creditors in the collection of personal debts from our employees. However, under certain legal procedures known as garnishments, levies, etc. Mercy Health Services is required by law to withhold a specified amount of any employees' earnings until legal judgments have been satisfied and released.

PAYROLL AND SALARY DEDUCTIONS (FAIR PAY POLICY)

The law requires that the Company make certain deductions from every employee's compensation, including, but not limited to, applicable federal, state, and local income taxes. Social Security taxes also must be deducted from each employee's earnings. The Company matches the amount of Social Security taxes paid by each employee.

The Company offers programs and benefits beyond those required by law. Eligible employees may voluntarily authorize deductions from their paychecks to cover the costs of participation in these programs. Contact you're the Operations Coordinator with questions concerning deductions and how they are calculated.

The Company prohibits deductions from the salary of a salaried-exempt employee based on the quality or quantity of work performed or any other reason that is inconsistent with pay on a salary basis under federal wage and hour regulations. Subject to certain exceptions, a salaried-exempt employee must receive his or her full salary for any week in which he or she performs any work without regard to the number of days or hours worked. Exceptions to this general rule include the following:

1. The Company need not pay the salary of a salaried-exempt employee for any workweek in which the employee performs no work.
2. The Company may make deductions from salary for an exempt employee's absence for one or more full days for personal reasons, other than sickness or disability.
3. The Company may make deductions from salary for absences of one or more full days occasioned by sickness or disability so long as the Company maintains a bona fide leave plan that provides compensation for loss of pay occasioned by such sickness or disability. (Deductions for such full day absences may be made, for instance, before the employee has qualified under the plan or after the employee has exhausted his or her leave under the plan.)
4. The Company will not make deductions from salary for absences of an exempt employee occasioned by jury duty, attendance as a witness, or temporary military leave. The Company can offset any amounts received by an employee as jury fees, witness fees, or military pay for a particular week against the salary due for that particular week.
5. The Company may make deductions from the salary of exempt employees for penalties imposed in good faith for infractions of major significance.
6. The Company may make deductions from the salary of exempt employees for unpaid disciplinary suspensions of one or more full days imposed in good faith for infractions of workplace conduct rules.
7. The Company is not required to pay the full salary of a salaried-exempt employee in the initial or terminal week of his or her employment if the employee works a partial week during such week.
8. The Company is not required to pay the full salary of a salaried-exempt employee for weeks in which an exempt employee takes unpaid leave.

If a salaried-exempt employee believes that the Company has made an improper deduction from his or her salary, he or she should report the alleged improper deduction to their manager. An employee may also report an improper salary deduction by contacting Mercy Health Services's management. The Company will in no way retaliate against any employee for making a good faith complaint about any payroll discrepancies or problems.

SECTION 5 - TIME AWAY FROM WORK

HOLIDAYS

Full-time employees working a scheduled 32 hour work week will be paid for a full day on all Company observed holidays. Part-time employees, if typically scheduled for that day (i.e. Thursday), would be paid for their scheduled hours.

Labor Day is a work day for Mercy.

Scheduled Holidays are:

- New Year's Day
- Martin Luther King Day
- Good Friday
- Memorial Day
- Independence Day
- Thanksgiving Day
- Friday after Thanksgiving
- Christmas Eve
- Christmas Day

- A floating holiday to be used on a date of the employee's choosing and approved in advance by your manager (Floating holidays must be used in calendar year).

In addition, Mercy Health Services may choose on a yearly basis to be closed at other times.

Eligibility:

- You are eligible for authorized holidays immediately.
- All Full-Time and scheduled part-time employees are eligible for holiday pay.
- Only employees regularly scheduled on the holiday will receive holiday pay.
 - *Example: An eligible employee who does not regularly work on Fridays would not receive holiday pay for Good Friday.*
- Holiday pay will be equivalent to the normal hours worked on the day the holiday falls.
 - *Example: An eligible employee who regularly works 4 hours on Thursday will receive 4 hours holiday pay for Thanksgiving.*
- *Employees must work "their" scheduled day before and after a holiday to be eligible for payment unless PTO has been scheduled and approved in advance.*

Scheduled holidays that fall on Saturday are observed on the preceding Friday. Scheduled holidays that fall on Sunday are observed on the following Monday.

If you are required to work on an authorized holiday, the Company will attempt, upon request from you, to reschedule your day off depending on your preference and our staffing needs.

Holidays may not be carried over from year to year and will not be paid for an employee on leave without pay.

Mercy Health Services will be closed on Saturdays during a holiday weekend. No holiday pay benefits are available on these Saturdays.

PAID TIME OFF (PTO) (Contractual agreements may supersede these)

PTO is an employee benefit that **combines** traditional vacation and sick leave programs into one plan. PTO is to be used for any time off taken by the employee and is subject to a 30-day advance notice, if possible, and management approval.

Plan Year

The PTO plan year coincides with the calendar year.

Eligibility

Effective Jan. 1, 2009, only Full-Time employees (and those part-time employees grandfathered in) are eligible for PTO. They are eligible effective upon their hire date. However, there is a 30-day waiting period before PTO can be utilized.

Accrual Methodology

Salaried Employees Full-Time employees earn PTO hours per pay period. PTO is allocated to each employee's PTO account based upon the following schedule (with the exception of providers and directors):

Years of Service	Hours Per Bi-Weekly Pay Period	Maximum Hours Earned Annually
0-4	4.62	120 (3 wks)
5-9	6.15	160 (4 wks)
10 and over	7.69	200 (5 wks)

Hourly Employees (Full-Time= scheduled 32+hours per week) earn PTO hours based upon total payroll hours each pay period (payroll hours = total hours worked and/or paid). PTO is allocated to each employee's PTO account based upon the following schedule:

Years Of Service	PTO per Hour Worked	Maximum Hours Earned Annually
0-4	.0577	120 (3 wks)
5-9	.0769	160 (4 wks)
10 and over	.0962	200 (5 wks)

Accrual Change

Any changes to an employee's accrual rate take effect in the next pay period following the effective date of the change.

Representation on Pay Receipts

PTO accrual and balance information appears on employees' pay stubs so that employee's may monitor their use of time throughout the year. Employees should allow adequate processing time following the date of hire for such information to begin appearing on pay stubs.

Additional Details:

- Employees should make a PTO requests from their supervisor 30 days in advance when a planned absence is being scheduled. Request should be made online on the Paychex timeclock web site for approval and tracking purposes.
- In case of conflict, priority in scheduling PTO will be determined by the necessity of business operations, timeliness of PTO request and then by length of continuous employment.
- All employees may take PTO in hourly increments.
- Employees may not use PTO hours in excess of their current balance.
- If an observed holiday falls during an employee's PTO time, that day will be treated as a holiday and not PTO time.
- PTO cannot be taken during an employee's resignation/notice period.
- When employment is terminated, only an employee who has been employed for at least 12 consecutive months will receive pay for all earned and unused paid time off (PTO) within 30 days.
- PTO time may roll over from one calendar year to the next up to a maximum of 240 hours. **Should an employee accrue enough hours in the *current year* to put them over 240 total accrued hours, they will be paid for 50% of hours over 240 at their current hourly rate in January and forfeit the balance.**

BEREAVEMENT LEAVE

Regular employees are eligible for up to 3 days paid (in addition to regular PTO) bereavement leave to attend the funeral of an "immediate family" member. An "immediate family member" is generally defined as you or your spouse's mother, father, brother, sister, grandparent, , son, or daughter. An employee should discuss the need for bereavement leave with their manager as soon as they learn of the need for the leave. Written confirmation may be required. Only days that the employee was scheduled to work will be eligible for bereavement pay. Additional time, if approved in advance, may be taken as PTO. Unpaid time off may be approved if PTO is not available. Failure to return to work timely at the end of the approved bereavement leave period may be considered a voluntary termination.

JURY DUTY

It is each employee's civic duty to serve on a jury when called. In the event you are called to serve on jury duty you should notify your supervisor and provide a copy of the summons immediately. You will be paid by Mercy Health Services for any time spent during your regularly scheduled work time in jury selection and service, however, any payment received from the court for your jury duty must be turned over to Mercy Health Services. Employees should continue to report to work on days or parts of days when excused from jury duty. Evidence of jury duty attendance may be required in order to receive jury duty pay.

FAMILY AND MEDICAL LEAVE OF ABSENCE

We recognize that you may need to be absent from work for an extended period of time for family and/or medical reasons. We will provide leaves in accordance with the requirements of applicable state and federal laws, including the federal Family and Medical Leave Act ("FMLA"), in effect at the time the leave is granted. All questions concerning your eligibility for FMLA leave should be directed to your supervisor or Human Resources.

Employee Eligibility

To be eligible for FMLA benefits, an employee **must** work for a covered employer; have worked for the employer for a total of 12 months; have worked at least 1,250 hours over the previous 12 months; and work at a location in the United States or in any territory or possession of the United States where at least 50 employees are employed by the employer within 75 miles.

Leave

Eligible employees may request FMLA leave for one or more of the following:

- (a) the birth of a son or daughter of the employee and in order to care for such son or daughter (eligibility for leave for the birth of a son or daughter expires at the end of the 12-month period beginning on the date of such birth);
- (b) the placement of a son or daughter with the employee for adoption or foster care (eligibility for leave for the placement of a son or daughter with the employee expires at the end of the 12-month period beginning on the date of such placement);
- (c) to care for the spouse, or a son, daughter, or parent, of the employee, if such spouse, son, daughter, or parent has a serious health condition;
- (d) a serious health condition that makes the employee unable to perform the functions of the position of such employee;
- (e) a "qualifying exigency" arising out of an employee's spouse, parent or child's service on active duty in the Armed Forces or call to active duty in the Armed Forces in support of a contingency plan; and/or
- (f) to care for a spouse, son, daughter, parent, or next of kin (defined as the nearest

blood relative) who is a “covered service member” and who has incurred an injury or illness in the line of the duty while on active duty in the Armed Forces provided that such injury or illness may render the family member medically unfit to perform duties of the member’s office, grade, rank or rating. A “covered service member” is defined as a member of the Armed Forces, including a member of the National Guard or Reserves, who is undergoing medical treatment, recuperation, or therapy, is otherwise in outpatient status, or is otherwise on the temporary disability retired list, for a serious injury or illness.

If you have questions with respect to whether your circumstances qualify for FMLA leave, contact your supervisor.

Serious Health Condition

The term “serious health condition” means an illness, injury, impairment, or physical or mental condition that involves:

- (a) an overnight stay in a hospital, hospice, or residential medical care facility, as well as any period of incapacity or any subsequent treatment in connection with such overnight stay; or
- (b) continuing treatment by a health care provider.

Any request for leave for the employee’s serious health condition or to care for a parent, spouse or child with a serious health condition must be supported by a certification issued by the health care provider of the eligible employee or of the child, spouse, or parent of the employee, as appropriate. Certification forms for this purpose are available from Human Resources. You must provide a copy of the completed certification form to your supervisor within 15 calendar days. If a completed form is not returned in a timely manner, you will be subject to Mercy’s attendance policy. You may be required, at Mercy’s expense, to obtain the opinion of a second (or third) health care provider designated or approved by Mercy concerning any information certified for your leave.

If you have questions with respect to whether a particular condition is a “serious health condition” within the meaning of the FMLA, contact your supervisor.

Intermittent and Reduced Schedule Leave

Under certain circumstances, eligible employees may take leave intermittently (*i.e.*, in separate blocks of time) or on a reduced leave schedule (*i.e.*, a schedule that reduces the usual number of hours per workweek, or hours per workday) when medically necessary:

- (a) to care for a spouse, son, daughter, or parent of the employee with a serious health condition; or
- (b) due to the employee’s own serious health condition. Requests for intermittent or reduced schedule leave for the birth or placement of a son or daughter and will be considered on a case-by-case basis depending on the needs of Mercy. If leave is taken intermittently or on a reduced schedule, Mercy may transfer you temporarily to an alternative position with equivalent pay and benefits that better accommodates your leave schedule.

Requesting FMLA Leave

You should contact Human Resources as soon as you become aware of the need for FMLA leave. Requests for FMLA must be made in writing. Medical certification may be requested. Mercy will respond to FMLA requests in writing.

In any case in which the necessity for leave is foreseeable based on an expected birth or placement of a child, you must provide Mercy with at least 30 days' notice, before the date the leave is to begin, of your intention to take such leave.

In any case in which the necessity for leave is foreseeable based on planned medical treatment, you:

- (a) must make a reasonable effort to schedule the treatment so as not to disrupt unduly the operations of Mercy, subject to the approval of your health care provider or the health care provider of your son, daughter, spouse, or parent, as appropriate; and
- (b) must provide Mercy with at least 30 days' notice, before the date the leave is to begin, of your intention to take leave.

If the need for leave is not foreseeable, you must provide as much advance notice as possible.

Failure to provide reasonable notice may result in the denial of leave for a reasonable period.

Length of FMLA Leave

An eligible employee may take up to 12 workweeks of FMLA leave in the "rolling" 12-month period measured backward from the date the employee uses FMLA leave.

In any case in which a husband and wife are both employed by Mercy and are eligible for leave, the aggregate number of workweeks of leave to which both may be eligible is limited to 12 workweeks during any 12-month period, if such leave is taken:

- (a) for the birth or placement of a child; or
- (b) to care for a sick parent with a serious health condition.

When FMLA leave is because of a "qualifying exigency," related to the active military duty of your spouse, parent or child, you may take up to 12 workweeks of leave during any 12-month period.

If the leave is to care for an employee's spouse, son, daughter, parent, or next of kin who is an injured or ill covered service member, an eligible employee may take up to 26 workweeks of leave during a single 12-month period to care for the service member.

Service member-related leave runs concurrently with other FMLA leave and other leaves for which you are eligible under federal, state and local law. Leave to care for an injured or ill covered service member, when combined with other FMLA-qualifying leave, may not exceed 26 weeks in a single 12-month period. FMLA leave due to a "qualifying exigency" related to military leave is limited to 12 workweeks and runs concurrently with other types of FMLA leave.

Unpaid/Substitution of Paid Leave

FMLA leave is unpaid. However, employees must use their accrued PTO for FMLA leave taken: (a) to care for the spouse, son, daughter, or parent, of the employee with a serious health condition; or (b) a serious health condition that makes the employee unable to perform the functions of the position of such employee. All such payments must be coordinated so that the employee does not receive a greater total payment than the employee's regular compensation.

Benefits

During any period that an eligible employee takes leave, coverage will be maintained under the applicable group health plan at the level and under the conditions coverage would have been provided if the employee had continued in employment continuously for the duration of such leave. An employee must continue to pay his/her portion of any premium payments on the same terms as if the employee had continued working if the employee wants the coverage to continue during the leave, otherwise, benefits will cease. If the employee does not return to work from a leave allowed by this policy, Mercy may require the employee to repay the premium amounts Mercy paid during the leave.

No loss of service credit with Mercy will occur as a result of the leave, but an employee who takes FMLA leave is not entitled to the accrual of any seniority or employment benefits during any period of leave.

Return from Leave

Upon return from FMLA leave, you usually will be restored to your prior position or to an equivalent position with equivalent employment benefits, pay, and other terms and conditions of employment. You have no greater right to continued employment or reinstatement than if you had been continuously employed. For example, employment may be terminated in conjunction with a layoff or job elimination during a leave of absence the same as if the employee was not on leave.

We require each employee returning from a leave taken for his or her own serious health condition, to receive certification from a health care provider that the employee is able to resume work.

PERSONAL LEAVE OF ABSENCE

By definition, a leave of absence is a pre-approved leave without pay. Certain personal circumstances may arise which require a leave of absence without pay. A regular full-time or part-time employee may be granted a leave of absence if approved by management and if there is a reasonable expectation that reinstatement will follow the leave. To be eligible for a leave of absence, an employee must have been with the Company for one year. The employee must first utilize any earned paid time off (PTO). Employees may take this time without pay if paid time off (PTO) is not available.

Employees should request a leave of absence by submitting a written request and forwarding it to the immediate supervisor who, along with management, will consider its merit. Arrangements

will be made for employees on an individual basis. Management will take into account the needs of the department; the employee's past performance, attendance records, and length of service; and the urgency of the request.

Reinstatement from a leave of absence to the same position is not guaranteed since operational conditions may make reinstatement impossible or impracticable. When such absences require replacement, the employee must be willing to be assigned when and where business necessitates.

An employee may not obtain a leave of absence to seek new employment. An employee on leave of absence, other than military service, should submit a letter of intent to return to work to his/her supervisor no later than 30 days prior to the expiration of the leave.

Provided the employee returns to work at the time agreed upon, his/her record of continuous service would not be broken.

All group health benefits will continue during the leave, provided that the employee continues to pay full premium contributions to these plans for which the employee is responsible. Premiums are to be paid pursuant to a system voluntarily agreed to by Mercy Health Services and the employee. If the employee's payment of health insurance premiums is more than 30 days late, Mercy Health Services may discontinue health insurance coverage upon notice to the employee. Other benefits will be governed in accordance with the terms of their respective benefits plans. Eligible employees on Family and Medical Leave will need to make arrangements to pay their share of any group insurance premiums while on leave.

WORKERS' COMPENSATION

If you are injured on the job, a portion of your wages is protected under the Company's paid worker's compensation coverage. In addition to continuing your wages for lost time, workers' compensation will also assume the responsibility of paying medical expenses that are related to the covered injury.

In the event you are hurt on the job, you must immediately report the injury to your supervisor, who will help you file a claim and instruct you on the proper procedures to follow. All workers' compensation claims should be reported immediately. Failure to report an injury promptly may lead to a reduction or denial of workers' compensation benefits.

An employee who is injured in a work-related accident that requires professional medical treatment may be required to submit to a post-accident substance test.

TIME OFF TO VOTE

On days when elections for public office are scheduled throughout the state, county, city or town in which the employee works, schedules may be changed as needed to ensure that the employee is able to cast their vote.

MILITARY LEAVE

An employee who is a member of the United States Army, Navy, Air Force, Marines, Coast Guard, National Guard, Reserves or Public Health Service will be granted an unpaid leave of

absence for military service, training or related obligations in accordance with applicable law. Employees on military leave may substitute their accrued paid leave time for unpaid leave. At the conclusion of the leave, upon the satisfaction of certain conditions, an employee generally has a right to return to the same position he or she held prior to the leave or to a position with like seniority, status and pay that the employee is qualified to perform. Contact Century II for additional exclusions and terms as defined by the specific federal and state law requirements.

During a military leave of less than 31 days, an employee is entitled to continued group health plan coverage under the same conditions as if the employee had continued to work. For military leaves of more than 30 days, an employee may elect to continue his/her health coverage for up to 24 months of uniformed service, but will be required to pay the full premium for the continuation coverage.

SAFETY AND REPORTING OF ACCIDENTS

Mercy Health Services is committed to providing a safe and healthy place of employment. MHS will assist each employee in understanding the safety policies and responsibilities applicable to his/her job duties as well as safety rules with which all employees are expected to comply.

There are two general causes of accidents—unsafe working conditions and unsafe acts. An unsafe working condition exists due to lack of required safeguards in and around a work area (for example, a stairway without a required handrail or a neglected, wet slippery floor). Most accidents are the direct result of unsafe acts. An unsafe act is an act or motion by an employee which places that person (and perhaps others) in such a position that they are likely to be hurt (for example, ignoring “wet floor” signs, attempting to lift heavy objects in an improper manner, and failure to wear the appropriate personal protective equipment when the task requires it. MHS is committed to the detection and elimination of unsafe working conditions.

It is essential that any accidents and/or injuries received while on Mercy Health Services premises be reported immediately to your supervisor, HR and the Chief Operations Officer.

MHS has both a Blood-Borne Pathogen Exposure Control Plan and a Chemical Safety, Hazard Communication and Chemical Hygiene Plan to protect our employees in the work place. Both of these handouts are given to employees when they are hired. All employees are encouraged to ask questions about any material in these handouts that you do not understand. MHS will have periodic meetings to discuss office safety. Personal protective equipment such as disposable lab coats, gloves, and face shields are provided for your protection at all times. You are encouraged to use them whenever necessary.

SECTION 6 - EMPLOYEE FRINGE BENEFITS

At your time of hire, you are classified as either a regular full-time, part-time, or temporary/seasonal employee. If you are a regular full-time employee, you are eligible to receive full Company benefits.

INSURANCE

Mercy Health Services commits to offering full time employees medical, dental, and life insurance benefits. Plans will require an employee co-payment and employees may add dependent coverage at a rate determined by management. Effective July 1, 2012, Mercy will

include a "Working Spousal Provision". If an employee's spouse has access to health insurance at their job, they must use it or pay their share of being a part of Mercy's plan. Contact your supervisor for a list of costs and full plan summary descriptions. The effective date of the coverage will be the first of the month following 60 days after your initial start date, provided that the coverage is elected at that time. Should you elect coverage at a later date, certain restrictions may apply. Each employee is personally responsible for advising Human Resources in writing of any change in personal, spousal, or dependent status.

CONTINUATION OF COVERAGE (COBRA)

If you are an active employee covered by the medical and/or dental/vision plan, and you lose your coverage because your employment is terminated (for any reason other than gross misconduct), or your hours are reduced, then Mercy Health Services is required to offer you and your family the opportunity for a temporary extension of coverage under the Consolidated Omnibus Budget Reconciliation Act (COBRA). You must pay the full cost of this coverage. If you become eligible for coverage under COBRA, BCBS, the plan administrator, will provide you with complete information regarding your rights under COBRA.

SECTION 125 BENEFIT PLAN (CAFETERIA PLAN)

Mercy Health Services provides all full time employees the opportunity to choose between taxable and tax free fringe benefits. Not only will the cafeteria plan permit an eligible employee to pay for items such as medical, dental/vision, and life insurance with pre-tax dollars, the plan also allows an employee to pay for dependent care (such as day care expenses), or items that may not be covered under your medical, dental/vision or life insurance coverage. By choosing to pay for these items using pre-tax dollars, an employee can lower his/her taxable income and, ultimately, increase take home pay. At the time you are hired you will be given a full summary plan description of the Mercy Health Services Flexible Spending Plan and Health Savings Plan.

DIRECT DEPOSIT

All Mercy Health Services employees are immediately eligible to have their wages directly deposited into an account of their choosing. The plan is flexible and allows the employee to direct deposit into multiple accounts. The direct deposit program is optional to the employee and there is no charge to the employee. Please see Human Resources to elect.

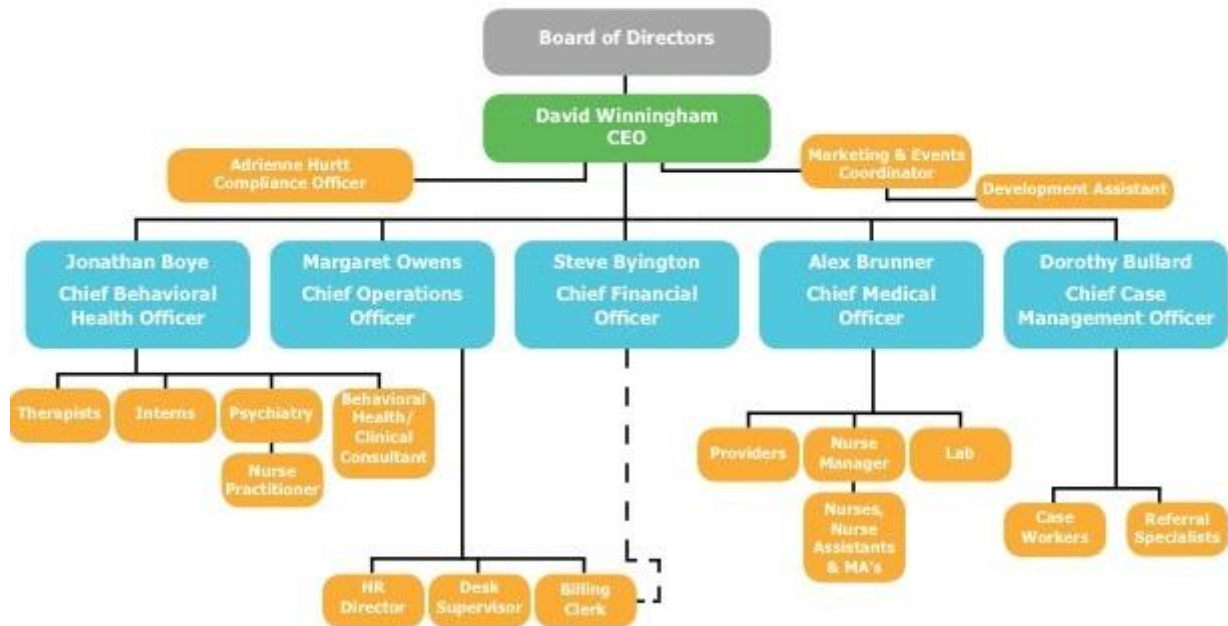
CONTINUING EDUCATION/TUITION REIMBURSEMENT

Tuition reimbursement and training expenses, based on funding availability, may be available to Full-Time employees who have been employed at Mercy Health Services for at least 1 year. Employees who accept tuition/training assistance are required to continue employment with MHS for a minimum of two years. Employees leaving prior to this timeframe will be required to reimburse Mercy Health Services for all expenses related to their education. This includes tuition, travel, books, food, and wages during time of coursework. For more information contact your supervisor.

MERCY HEALTH SERVICES, INC. (1/14/14)



Mercy Health Services, Inc. Organizational Chart



ACKNOWLEDGMENT

I have received a copy of Mercy Health Services's Employee Handbook. I understand that the information in the Handbook represents guidelines only and that Mercy Health Services reserves the right to modify the Handbook or amend or terminate any policies, procedures, or employee benefit programs whether or not described in the Handbook at any time, including increasing contributions toward employee benefit programs.

I understand that this Handbook is not a contract of employment, express or implied, between me and Mercy Health Services and that I should not view it as such or as a guarantee of employment for any specific period of time. I understand that I am an employee-at-will and that either my employer or I may terminate my employment at any time, for any reason or no reason, with or without cause or notice.

I further understand that no supervisor, manager, or representative of Mercy Health Services has the authority to enter into any agreement guaranteeing my employment for any specified period of time. Only the Chief Executive Officer, Chief Medical Officer, Chief Operations Officer and Chief Behavioral Health Officer can make any assurances or commitments concerning my employment. I also understand that any such agreement, if made, will not be enforceable unless it is in a formal written agreement signed by both me and the Chief Executive Officer.

I acknowledge that I have read Mercy Health Services's Employee Handbook and that I understand the paragraphs above.

Employee Name (print)

Employee Signature

Date