

## **BOT-07 – Delegations of Authority**

### Key Points

- This policy applies to The MetroHealth System (MHS).
- This policy sets forth authority delegated by the Board of Trustees to the President and Chief Executive Officer (CEO), in accordance with Ohio law. The policy supersedes all previous standing delegations from the Board to the CEO on these issues, including those set forth in Resolutions 18724, 18947, 19284, and 19417.
- This Policy does not supersede project-specific delegations, including those set forth in Resolution 19396, which remain in effect through the life of the relevant project.

### Policy

1. Pursuant to Ohio law, the Board has broad authority for the governance, management, and control over MHS operations. Ohio law authorizes the Board to delegate certain of its authorities, including management and control, to the CEO.
2. Consistent with its fiduciary and statutory duties, the Board has determined that the following delegations of authority are in the best interests of MHS. Such delegations of authority are in addition to the authorities granted a county hospital administrator under ORC Chapter 339.
3. The Board expressly retains the authority to approve an operating and capital budget for MHS (collectively, the Budget).
  - 3.1. The CEO shall be responsible for presenting a proposed budget to the Board on an annual basis and no later than the October prior to the start of the fiscal year.
4. Under all of the following delegations, all actions taken must be:
  - 4.1. In accordance with any other relevant policies approved by the Board, including conflicts of interest;
  - 4.2. Consistent with MHS' mission, vision, and values; and,
  - 4.3. As applicable, consistent with and in accordance with the Budget as approved at any time by the Board.
5. The CEO will report all material<sup>1</sup> changes and impacts resulting from actions taken under these delegations to the Board on a regular basis.

### **Operations**

6. Services and Programs Offered by MHS
  - 6.1. The CEO has the authority to determine the composition of services and programs offered by MHS to its patients and the community, including the addition, closure, and termination of MHS services and programs, subject to the other limits of authority established in this policy (leasing, budget approval, etc.).

- 6.2. Notwithstanding the foregoing, the Board must approve of the termination of an MHS service and program, if:
  - 6.2.1. MHS is the sole provider of the service in Cuyahoga County;
  - 6.2.2. The service or program represents (or is expected to represent) more than 5% of MHS' net patient revenue;
  - 6.2.3. The termination directly impacts more than 10,000 patients in any given year; or
  - 6.2.4. The termination adversely affects more than 200 FTEs.
- 6.3. The CEO will regularly report all material changes in MHS programs and services to the Board.
7. Control of Property and Real Estate Leases
  - 7.1. The CEO has the authority to control all MHS property, including the management and disposal of surplus property other than real estate or an interest in real estate.
  - 7.2. Notwithstanding the foregoing, the CEO has the authority to lease space for a Hospital Facility<sup>2</sup> that is reasonably related to MHS operations and is at fair market value rates, except that the Board must approve a lease of space for a Hospital Facility if the cost of the lease exceeds \$1 million per year or the total obligation under the lease exceeds \$10 million.
8. Membership in Associations
  - 8.1. The CEO has the authority to authorize MHS and any MHS employees, including medical staff members, to be a member of and maintain membership in any local, state, or national group or association organized and operated for the promotion of the public health and welfare or advancement of the efficiency of hospital administration, and to pay for the dues, fees, and related expenses associated with such membership.

## Finance and Spending

9. Control of Operating Funds, including Capital Improvements and Furniture, Fixtures, and Equipment
  - 9.1. The CEO has the authority to control all funds used in MHS operations, subject to and consistent with the Budget, including but not limited to:
    - 9.1.1. The selection and installation of all necessary and proper furniture, fixtures and equipment; and
    - 9.1.2. Making capital improvements, including the purchase of equipment and vehicles.
  - 9.2. Notwithstanding the foregoing, the Board must approve of a MHS expenditure, reallocation of funds, or capital improvement if:
    - 9.2.1. The expenditure, reallocation, or capital improvement was not previously approved in the Budget and the expected expenditure, reallocation, or capital improvement is in excess of \$5 million; or
    - 9.2.2. The reallocation would result in the 'defunding' of a Board-approved project.
  - 9.3. The CEO has the authority to enter into a contract for an unsecured line of credit with a bank.
  - 9.4. The CEO shall adopt policies to govern the disbursement and expenditure of MHS funds.
10. Charges for Services and Treatment
  - 10.1. The CEO has the authority to:
    - 10.1.1. Establish a schedule of charges for all services and treatment rendered by MHS; and
    - 10.1.2. Establish policies that provide for free/uncompensated and discounted services and treatment by MHS.

## 11. Donation of Money, Property or Services

- 11.1. The CEO has the authority to donate MHS money, assets, property (other than real estate or an interest in real estate) or services to a nonprofit entity.
- 11.2. The CEO will report any such donations to the Board on an annual basis.
- 11.3. Notwithstanding the foregoing, the Board must approve any donation by MHS to a nonprofit entity with which the CEO has a potential conflict of interest.

## 12. Receipt of Gifts and Bequests

- 12.1. The CEO has the authority to approve the receipt, on behalf of MHS, any gift, bequest, or devise of real or personal property, so long as such donation is not stipulated to be held in trust.

## 13. Settlement of Claims

- 13.1. The CEO has the authority to resolve and settle any claims, including liability claims, on behalf of MHS.
- 13.2. Notwithstanding the foregoing, the Board must approve any settlement of a liability claim in excess of \$500,000.

## **Procurement and Contracted Services**

### 14. Professional Services

- 14.1. The CEO has the authority to hire or contract with management consultants, accountants, attorneys, engineers, architects, construction managers, and other professional advisors (collectively, Professionals) as the CEO determines are necessary and desirable to assist in the management and operation of MHS, subject to the requirements in this Section.
- 14.2. The CEO must establish a policy setting forth procedures that ensure the appropriate and competitive engagement of Professionals.
- 14.3. The Board must approve the hiring or engagement of a Professional if the expected cost of the engagement(s) of that Professional is at or above \$500,000 annually.
- 14.4. The CEO will report all engagements of Professionals in the previous year to the Board on an annual basis.

### 15. Insurance Products

- 15.1. The CEO has the authority to contract for, purchase, or otherwise procure insurance contracts that provide for the protection of MHS, including the Board and MHS employees, against liability.
- 15.2. The CEO will report to the Board on the scope of insurance coverages purchased for MHS on an annual basis and any material changes as they may arise.
- 15.3. The CEO will not reduce the scope or limits of coverage without the prior approval of the Board.

## Compensation and Benefits

### 16. Wages and Salaries

- 16.1. The CEO has the authority to employ individuals and set the wages and salaries for MHS employees, subject to the requirements of Policy BOT-06, including the authority to enter into collective bargaining agreements on behalf of MHS.
- 16.2. The CEO will report all material changes in wages and salaries, including those with a budgetary impact in excess of \$5 million, to the Board.

### 17. Benefits

- 17.1. The CEO has the authority to:
  - 17.1.1. Establish insurance benefits for MHS employees in accordance with R.C. 339.16;
  - 17.1.2. Grant MHS employees any fringe benefits that are customary and usual in the nonprofit hospital field in MHS's community;
  - 17.1.3. Provide scholarships for education in the health care professions, tuition reimbursement, and other staff development programs to enhance the skills of health care professionals for the purpose of recruiting or retaining qualified employees;
  - 17.1.4. Provide employee recognition awards and hold employee recognition dinners; and,
  - 17.1.5. Grant employees recruitment and retention benefits.
- 17.2. The CEO will report all material changes in employee benefits, including those with a budgetary impact in excess of \$5 million, to the Board.

### 18. Holidays

- 18.1. The CEO has the authority to establish floating holidays in accordance with the requirements of R.C. 339.06(J)(6) and R.C. 1.14.
- 18.2. The CEO has the authority to grant MHS employees such personal holidays as are customary and usual in the hospital field in MHS's community.
- 18.3. The CEO will report all material changes in granted holidays, including those with a budgetary impact in excess of \$5 million, to the Board.

## References

[ORC 339.01 et seq.](#)

## Endnotes

<sup>1</sup> A material change and impact includes, but is not limited to, an issue or an action that can have a major impact on the financial, reputational, and/or legal aspects of MHS or its stakeholders.

<sup>2</sup> A Hospital Facility means a hospital facility as defined in R.C. 140.01.