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	<b>MANAGEMENT QUALITY, COMPLIANCE, AND ETHICS COMMITTEE COMPENSATION MODIFIER</b>	<b>Effective Date:</b>	<b>09-27-11</b>	
		<b>Retires Policy Dated:</b>	<b>10-01-09</b>	
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## I. SCOPE:

This policy applies to (1) Tenet Healthcare Corporation and its wholly-owned subsidiaries and affiliates (each, an “Affiliate”); (2) any other entity or organization in which Tenet Healthcare Corporation or an Affiliate owns a direct or indirect equity interest greater than 50%; and (3) any hospital or healthcare facility in which Tenet Healthcare Corporation or an Affiliate either manages or controls the day-to-day operations of the facility (each, a “Tenet Facility”) (collectively, “Tenet”).

## II. PURPOSE:


The purpose of this policy is to establish the means by which compensation modifiers will be reviewed and applied to employees who fail to comply with quality, ethics or compliance guidelines.

## III. POLICY:

- A. Tenet’s compensation programs are governed by the Compensation Committee of the Board of Directors. Any questions as to the interpretation of this policy remain the purview of the Compensation Committee.
- B. Tenet’s merit increase program, Annual Incentive Plan (AIP), and stock incentive program (SIP) permit the Compensation Committee to apply a positive or negative adjustment of awards to reflect any eligible employee’s performance related to quality, ethics, and compliance issues. In addition, the Compensation Committee has formally adopted incentive plan and performance management designs which incorporate quality indicator data. For purposes of this policy, compliance issues include those referenced in [Regulatory Compliance Policy 4.21 Internal Reporting of Potential Compliance Issues](#).
- C. The Management Quality, Compliance, and Ethics Committee (MQCE) has adopted this policy. This policy is not intended to change the discretionary nature of the compensation awards and any adjustments made to them.
- D. Specific factors in each case, such as the nature of the violation, legal ramifications, the severity of the potential or actual harm or damage, and the culpability of the employee involved may be considered by the MQCE.


## IV. PROCEDURE:

- A. Process for Adjusting Awards Under Compensation Programs
  1. Throughout the year, any documented quality, ethics or compliance issue that requires personnel action, including the adjustment of an eligible employee’s compensation award, should be reported to the Senior Vice

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President, Human Resources and the Chief Compliance Officer. This notice may come from any Corporate department or facility. The employee involved, and the employee's manager, will be notified in writing that the matter has been referred to the Senior Vice President, Corporate Human Resources and the Chief Compliance Officer for review prior to any personnel action involving such employee taking place.

2. The Senior Vice President, Human Resources and the Chief Compliance Officer will meet, review each case, and obtain necessary input from operations and other sources with information regarding the issue, including a response from the employee involved, and prepare a recommendation for the MQCE. The Chief Compliance Officer and Senior Vice President, Human Resources, shall consider any evidence relevant to a quality, compliance or ethics issue when making their recommendation to the MQCE. Examples of evidence include, without limitation:
  - a. The Monthly Compliance Report or similar reports;
  - b. Calls to the Ethics Action Line;
  - c. Recommendations from the employee's supervisor or above relating to quality, compliance or ethics;
  - d. Internal audits relating to quality compliance or ethics;
  - e. External reports, audits, surveys, investigations or other reviews relating to quality, compliance or ethics;
  - f. Performance evaluations, commendations, and discipline;
  - g. Degree of adherence to policies and procedures related to quality, compliance or ethics;
  - h. Actions to advance a key initiative related to quality, compliance or ethics;
  - i. Self-reporting of the issue; or
  - j. Actions to handle and resolve the issue.
  
3. The Senior Vice President, Human Resources shall keep a log of prior compensation adjustments made, including the amount of each adjustment and the reason(s) and facts supporting each adjustment, as a reference for the MQCE to consider when making adjustments pursuant to this policy.


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4. The MQCE will consider the recommendation and make a final decision regarding the amount of the compensation adjustment, if any. These decisions will be made and communicated to the Vice President, Compensation and Benefits in time to be included in the applicable compensation process. Employees impacted by the MQCE's decision shall receive written notice of the decision as soon as practicable following the decision of the MQCE. The facility leader and the employee's manager shall be notified prior to the employee.
5. The following guidelines shall apply to all adjustments:
  - a. Decisions regarding adjustment of awards will be made on a case-by-case basis.
  - b. The amount of an adjustment will be based on the nature and circumstances of the issues including, without limitation, the risk posed to the facility and Tenet.
  - c. An incentive award, stock award or merit increase may be adjusted upward as much as 15% and downward as much as 100%. The amount of any adjustment will be determined in the sole discretion of the MQCE.
  - d. An upwards adjustment will reflect extraordinary initiative in quality, ethics, and compliance while recognizing that adhering to Tenet's ethics, compliance and quality standards is every employee's job.
  - e. See Section III for examples of factors that could lead to potential negative adjustments.
  - f. An employee may appeal the adjustment of the award as outlined in Section IV.C.

**B. Examples of Factors That Could Lead to Downward Adjustments**

The following examples are merely illustrative and are not intended to limit the issues that may be considered by the MQCE when making decisions under these guidelines.


1. Untimely response to quality, compliance and ethics issues raised through any source including, without limitation, the Ethics Action Line, monthly compliance reports, internal or external audits, reviews or surveys, when the failure to respond in a timely manner exposes the facility or Tenet to unnecessary risk.

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2. Failure to report potential quality, compliance and ethics issues or failure to access the appropriate Tenet resources when resolving quality, compliance or ethics issues when such failure exposes the facility or Tenet to unnecessary risk.
3. Unintentional failure to follow Tenet or facility policies, procedures and initiatives related to quality, compliance and ethics including, without limitation, the [Standards of Conduct](#), quality initiatives and policies, regulatory compliance policies, Law Department policies and accounting policies, when the failure to follow such policies and initiatives exposes the facility or Tenet to unnecessary risk.
4. Knowing or intentional violation of Tenet policies, procedures and initiatives related to quality, compliance and ethics including, without limitation, the [Standards of Conduct](#), quality initiatives and policies, regulatory compliance policies, Law department policies and accounting policies.
5. Engaging in behavior that jeopardizes or results in the loss of the facility's Medicare provider agreement, Joint Commission or other accreditation or participation in federal, state or private healthcare programs.
6. Engaging in behavior that results in an external investigation by federal, state or other agency.
7. Refusal to cooperate or behavior that demonstrates lack of support in any internal or external investigation or review, or destruction of documents in violation of Tenet or facility policy.
8. Patterns of behavior or a single isolated incident that demonstrates a clear lack of support of the quality, compliance or ethic programs.
9. Performance on the Hospital Compliance Scorecard.

C. Appeal Process

1. If an eligible participant disagrees with the decision to adjust an award, this decision may be appealed to the MQCE. The appeal must be made in writing to the Senior Vice President, Human Resources, and must be received within 14 days after notice has been sent to the employee regarding the decision. The eligible employee should explain the reasons that the employee believes that the decision made was unjustified and provide any documentation available to support his or her appeal.

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2. The MQCE will consider the employee’s appeal, gather additional evidence as needed, and reconsider the decision. The MQCE will then communicate the decision on the appeal to the eligible employee in writing. Any further appeals by the employee will be governed by Tenet’s [Fair Treatment Process](#).

D. Application and Use

The MQCE may amend or modify this policy as needed and may exercise discretion in interpreting this policy to reward or use as a remedial actions related to quality, compliance or ethics.

E. Relation to Other Policies

1. The MQCE’s adjustment of an award is independent of any other corrective, remedial, or disciplinary action, which may be taken in response to a quality, compliance or ethics issue. Such other actions are governed by Tenet’s policies and procedures and may include any other personnel action, including termination of employment.
2. This policy is not intended to alter the discretionary nature of any incentive award.

F. Enforcement

All employees whose responsibilities are affected by this policy are expected to be familiar with the basic procedures and responsibilities created by this policy. Failure to comply with this policy will be subject to appropriate performance management pursuant to all applicable policies and procedures, up to and including termination. Such performance management may also include modification of compensation, including any merit or discretionary compensation awards, as allowed by applicable law. In addition, failure to adhere to the terms and conditions of this policy will be referred to the Quality, Compliance and Ethics Committee of the Tenet Board of Directors.

V. REFERENCES:

- [Standards of Conduct](#)
- [Quality, Compliance and Ethics Charter](#)
- [Regulatory Compliance Policy 4.21 Internal Reporting of Potential Compliance Issues](#)
- [HR-110 Open Door and Fair Treatment Policy](#)