

	Human Resource Policy Benefits & Compensation	No. HR.BNC.16
	Title: PAID TIME OFF PLAN	Page: 1 of 9
		Effective Date: 11-30-18
		Retires Policy Dated: 01-01-15
		Previous Versions Dated: 05-20-13; 05-10-13; 09-27-11; 01-01-09; 07-01-08; 10-01-06

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 entity in which or an Affiliate either manages or controls the day-to-day operations of the entity (each, a “Tenet Entity”) (collectively, “Tenet”). This policy does not apply to Conifer Health Solutions, which maintains a separate paid time off policy for its employees. This policy also does not apply to Tenet Entities that are not yet on Tenet’s HR and payroll systems.

The provisions of this policy, including related accrual schedules, are subject to change and may be modified at any time by the Tenet to the extent permitted by law.

II. PURPOSE:

The purpose of this policy is to provide employee and supervisors information on Tenet’s paid time off programs.

III. DEFINITIONS:

- A. **“Scheduled Hours”** means the number of hours an employee is regularly scheduled to work as defined by his or her role or position at Tenet.
- B. **“Full Time”** - employees who are not in a temporary status and are regularly scheduled to work a full-time schedule of 30 hours or more per week. Generally, regular full-time employees are eligible for Tenet’s benefit programs, which are subject to the actual terms, conditions, and limitations of each benefit programs’ plan documents.
- C. **“Part Time 1”** and **“Part Time 2”** - employees who are not assigned to a temporary status and are scheduled to work less than a full-time schedule. While these employees receive all legally mandated benefits, such as Social Security and Workers’ Compensation Insurance, they may not be eligible for some or all of Tenet’s benefit programs based on the actual terms, conditions, and limitations of each benefit program’s plan documents.
 - 1. Part-Time 1- employees who are scheduled to work 24 hours per week or more.
 - 2. Part-Time 2 - employees who are scheduled to work less than 24 hours per week.

	Human Resource Policy Benefits & Compensation	No. HR.BNC.16
	Title: PAID TIME OFF PLAN	Page: 2 of 9
		Effective Date: 11-30-18
		Retires Policy Dated: 01-01-15
		Previous Versions Dated: 05-20-13; 05-10-13; 09-27-11; 01-01-09; 07-01-08; 10-01-06

- D. **“Non-Exempt”** and **“Exempt”** - employees designated as either “non-exempt” or “exempt” based on federal and state wage and hour laws and a comprehensive analysis of the responsibilities of each job. “Non- exempt” employees are entitled to overtime pay under the specific provisions of federal and state laws, while exempt employees are excluded from specific provisions of federal and state wage and hour laws.

IV. POLICY:

Tenet’s mission is to improve the quality of life of every patient who enters our doors. Our success in achieving our mission depends on the work of our dedicated employees. Through our “Commitment to People” philosophy, our employees will be recognized and rewarded through competitive benefits such as paid time off programs. We believe that employees need and deserve personal time off to achieve a healthy work and balanced lifestyle.

For employees eligible for PTO, an hours-based account is established where hours are accrued and are available to replace hours when an employee takes time off.

Paid Time Off plan is a core benefit that Tenet provides to its employees and may change from time to time, upon periodic review.

A. Eligibility

The PTO program is available to regular Full-Time or Part-Time 1 employees who are in benefits eligible roles and who have been with Tenet for at least 30 days. PTO accruals begin on the first day of the pay period in which the 31st day of employment falls.

Part-Time 2 employees, per diem employees, physicians, residents, and employees receiving severance pay are not eligible for PTO.

All changes in employment status that affect PTO plan eligibility are effective on the first day of the pay period in which the status change occurred.

If an employee is changed from an eligible to a non-eligible status, accruals will cease and 100% of the employee’s PTO hours will be paid to the employee within two pay periods at the base rate in effect at the time the status change occurred. If the employee returns to a benefit-eligible status, PTO accruals will begin on the first day of the pay period in which the employee again becomes eligible, with the accrual based on the employee’s hire date.

If any employee is hired into a role that is non-eligible and later becomes eligible, PTO accruals will begin on the first day of the pay period in which the employee

	Human Resource Policy Benefits & Compensation	No. HR.BNC.16
	Title: PAID TIME OFF PLAN	Page: 3 of 9
		Effective Date: 11-30-18
		Retires Policy Dated: 01-01-15
		Previous Versions Dated: 05-20-13; 05-10-13; 09-27-11; 01-01-09; 07-01-08; 10-01-06

becomes eligible, with the hours accrual based on the employee’s hire date provided that the employee has satisfied the initial 30 days of employment eligibility requirement.

We recognize that eligibility and the impact of transition is not simple. Your local Human Resource team can answer questions you make have based on your personal situation.

For employees covered by a collective bargaining agreement, the relevant union contract(s) will apply. Employees should seek information from their local union representative.

B. PTO Accrual During Leave of Absence

Employees on Leave of Absence, paid or unpaid, with no Scheduled Hours will not accrue PTO hours.

C. PTO Accrual During Severance Period

PTO hours do not accrue when an employee is receiving any type of severance pay.

D. Holidays

Tenet observes the following public holidays:

New Year’s Day	Labor Day
Memorial Day	Thanksgiving Day
Independence Day	Christmas Day

If a department is closed on an observed holiday, the employees will not be scheduled. If the employee is regularly scheduled for that day, he or she can use their PTO hours for compensation. .

Non-Exempt employees who do not have a balance in their PTO accounts as of the beginning of the pay period in which the holiday occurs will not be paid for the holiday.

Exempt employees will be paid regular time for the scheduled holidays that occur during their first 30 days of employment. After 30 days of employment, hours for these scheduled holidays will be charged to their PTO accounts, to the extent that it is available.

	Human Resource Policy Benefits & Compensation	No. HR.BNC.16
	Title: PAID TIME OFF PLAN	Page: 4 of 9
		Effective Date: 11-30-18
		Retires Policy Dated: 01-01-15
		Previous Versions Dated: 05-20-13; 05-10-13; 09-27-11; 01-01-09; 07-01-08; 10-01-06

- E. Some facilities may designate alternate or additional holidays with approval by the VP, HR Operations. However, the amount of PTO accrual will not change.

Full-Time or Part-Time 1 employees who have been with Tenet for at least 30 days, will earn PTO hours each pay period, based on length of service and Scheduled Hours.

PTO plan participants should confirm their accrual rate with the Human Resource team.

- F. PTO Plan Cap

The hours in an employee's PTO account cannot exceed 150% of the employee's annual accrual. At the point the limit is reached, accruals cease, until the hours balance is reduced below the limit. Accruals will begin in the pay period immediately following the pay period in which the hours balance is reduced below the cap.

- G. PTO Plan Accrual Upon Transfer

Employees who transfer to another Tenet Entity will accrue PTO based on the receiving facility's accrual schedule.

- H. Sale of PTO

Employees may elect to sell PTO hours at 100% of the value equal to hours requested times current base rate (*i.e.*, hours requested x current base rate). A request for sale of PTO does not require supervisory approval. The request should be submitted to payroll on an Absence Approval Form. A request for the sale of PTO will reduce the account by the requested hours and the employee will receive 100% of the requested amount, less withholding of appropriate payroll taxes².

Employees who sell PTO will not be eligible for further PTO hour accruals for three pay periods beginning with the pay period in which the sale was processed. Unless provided otherwise under collective bargaining agreement, the accruals will begin again on the first day of the pay period following the three pay period suspension

² Please check with your payroll department concerning the applicable federal tax rate that applies to your PTO Sell Back or payout upon termination.

	Human Resource Policy Benefits & Compensation	No. HR.BNC.16
	Title: PAID TIME OFF PLAN	Page: 5 of 9
		Effective Date: 11-30-18
		Retires Policy Dated: 01-01-15
		Previous Versions Dated: 05-20-13; 05-10-13; 09-27-11; 01-01-09; 07-01-08; 10-01-06

of accruals, with the hourly accrual rate based on the employee’s hire date and the facility’s selected accrual schedule.

The company may periodically offer alternative programs to sell PTO. These offers will be communicated as permitted by state and federal law.

I. Medical Emergency Donation

If an employee is absent due to extended illness or medical emergency for him/herself or an eligible family member³ and does not have the hours available in his/her PTO account, other employees may voluntarily donate any accrued PTO hours on the employee’s behalf.

The donating employee must complete a PTO Donation Form. The hours donated are transferred to the recipient’s PTO account. The value of the hours donated (the number of hours donated x the donor's base rate of pay) is converted into hours based on the recipient’s base rate and applied to the recipient’s PTO account. For example, if the donating employee has a base hourly rate of \$10.00 per hour and donates 10 hours, the value of the donation will be \$100.00. If the receiving employee makes \$12.50 per hour, 8 hours will be credited to their PTO account since \$100 / \$12.50 equals 8 hours.

The recipient may use hours donated to his/her PTO account to replace Scheduled Hours lost as a result of the extended illness or medical emergency. Donated hours may not exceed the amount of Scheduled Hours necessary to replace Scheduled Hours lost as a result of the medical emergency. The funds are taxable to the recipient at the time of payment.

J. Termination of Employment

Upon termination of employment, all accrued PTO hours, including any amounts in the Pre-PTO account, are paid to an employee at full value based on the employee’s current base hourly rate less withholding of applicable payroll taxes⁴.

Employees receiving severance pay are not eligible for accrual of PTO and are paid out their PTO account balance, as if employment is terminated.

³ Eligible Family member for purposes of this policy is defined as child, parent or spouse.

⁴ Please check with your payroll department concerning the applicable federal tax rate that applies to your PTO Sell Back or payout upon termination.

	Human Resource Policy Benefits & Compensation	No. HR.BNC.16
	Title: PAID TIME OFF PLAN	Page: 6 of 9
		Effective Date: 11-30-18
		Retires Policy Dated: 01-01-15
		Previous Versions Dated: 05-20-13; 05-10-13; 09-27-11; 01-01-09; 07-01-08; 10-01-06

K. Extended Illness

Some employees have balances in a former Extended Illness program. These balances remain available to employees.

Extended Illness hours may only be used after an employee has been absent for seven consecutive calendar days and is ill or disabled. An employee that is admitted to a hospital or undergoes an outpatient procedure may begin using Extended Illness hours immediately. If after seven consecutive calendar days and the employee's condition is such that that he/she is released to work on a reduced work schedule, Extended Illness hours may be used to make up missed hours due to the employee's illness or disability. Extended Illness may not be used to supplement disability payments under Tenet's Income Replacement Plans. Since the intention of Extended Illness was to provide income replacement in a time of hardship, it may not be used if an employee is earning wages for that same period from another employer.

Extended Illness is not vested and cannot be sold. When used, the hours are paid at the employee's current hourly base rate. Employees who received Extended Illness pay in conjunction with an acquisition can use those benefits in the same manner described above.

California Only: In accordance with California Kin Care law, employees working in a California facility are eligible to use some of their Extended Illness balances to pay for their absence from work associated with the care of a child, parent or spouse.

IV. PROCEDURE:

A. Requesting Time Off

Employees request time off by submitting a completed Absence Approval Form, or other documents as approved by their facility, to their supervisors. Requests for time off will be subject to approval by the supervisor and will not be approved if the requested time off would adversely impact the facility's operations. Each facility will establish guidelines for the timeliness of requests, including those for illness and emergency. Priority for time off requests will be given to individuals with balances in their PTO account. PTO may not be paid for any hours in excess

	Human Resource Policy Benefits & Compensation	No. HR.BNC.16
	Title: PAID TIME OFF PLAN	Page: 7 of 9
		Effective Date: 11-30-18
		Retires Policy Dated: 01-01-15
		Previous Versions Dated: 05-20-13; 05-10-13; 09-27-11; 01-01-09; 07-01-08; 10-01-06

of the employee's balance as of the beginning of the pay period in which the absence occurred.

Operational needs are paramount in determining approval of requests for time off. Each facility will establish policies for scheduling time off, which are equitable for all departments. The facility may, for operational reasons, cancel previous approvals of time off and PTO payments.

B. Requesting PTO

PTO should be documented on an Absence Approval Form or other documents as approved by the facility, and authorized by the supervisor, except as otherwise provided by this policy.

Employees may elect to use PTO hours not to exceed regularly scheduled hours for absences from scheduled work if they have a balance in their PTO account as of the beginning of the pay period in which the absence occurs. This includes absences that are occasioned by the employer due to flexing or during any pay period in which they are on an approved Leave Of Absence.⁵ The employee's supervisor must approve the request in order for the employee to receive the PTO payment.

An employee may request to make up some or all of the missed Scheduled Hours for a particular shift at the beginning or end of the shift in which the missed Scheduled Hours occurred.

If an employee's absence was of an unexpected nature, not allowing time for advance approval, or the required forms were not completed, the supervisor may authorize the payment of hours from the employee's PTO account as available.

The amount of PTO hours paid is limited to the balance an employee has in his/her PTO account as of the beginning of the pay period. The current pay period accrual may not be used towards time off, sale or donation in the current pay period.

Requests for PTO are limited to the regularly Scheduled Hours an employee is absent due to vacation, holiday, personal or sick time plus the number of hours (or partial hours) requested by an employee to cover shift differentials that would apply to the requested time off.

⁵Special consideration should be given to any decision to flex exempt staff, and each Tenet Facility will comply with the Fair Labor Standards Act and any applicable state law. Managers should consult with the Facility's Human Resource Department.

	Human Resource Policy Benefits & Compensation	No. HR.BNC.16
	Title: PAID TIME OFF PLAN	Page: 8 of 9
		Effective Date: 11-30-18
		Retires Policy Dated: 01-01-15
		Previous Versions Dated: 05-20-13; 05-10-13; 09-27-11; 01-01-09; 07-01-08; 10-01-06

The PTO account will be reduced by the hours an employee is absent due to vacation, holiday, personal, or sick time, (unless the employee is on an approved leave of absence and has elected not to use PTO), not to exceed the balance as of the beginning of the pay period. Payments are calculated as hours multiplied by the employee's base hourly rate.

PTO is not paid if an employee's absence was the result of, or directly resulted from, corrective action. It is the responsibility of the supervisor to notify payroll of any non-payment situation.

PTO may be used to supplement Workers' Compensation payments, Supplemental Social Security Disability Income (SDI), or state mandated disability plans. When combined with the Workers' Compensation or disability payment, the total value of the hours taken may not exceed an employee's regularly scheduled income.

Tenet's Income Replacement Plans require offset for any income the employee receives during the disability period; therefore, PTO may not be used to supplement disability payments.

California Only: In accordance with Kin Care provisions of California law employees working in a California facility are eligible to use six months of PTO accrual associated with the care of a child, parent or spouse. The employee must have the time accumulated in their PTO account.

California Only: If an employee has missed any Scheduled Hours during a pay period, PTO may be used if the Scheduled Hours missed exceed four hours. An employee may choose to make up some or all of the missed Scheduled Hours for a particular shift at the beginning or end of the shift in which the missed Scheduled Hours occurred.

C. Reduction of Scheduled Hours

If an employee's Scheduled Hours are reduced, the employee's PTO maximum is recalculated. If the recalculation results in an employee's PTO account to be above 125% of the new maximum, the employee's account is loaded to 125% of the annual accrual, and the remaining amount is placed into a separate PTO account, known as "Pre-PTO". The employee does not lose the PTO hours, the Pre-PTO account may be utilized for time off, sell back, or an emergency donation once an employee has exhausted all time under their PTO account. Any amount in the Pre-PTO account, not used during employment, is paid out in full upon termination.

D. Administration and Review

	Human Resource Policy Benefits & Compensation	No. HR.BNC.16
	Title: PAID TIME OFF PLAN	Page: 9 of 9
		Effective Date: 11-30-18
		Retires Policy Dated: 01-01-15
		Previous Versions Dated: 05-20-13; 05-10-13; 09-27-11; 01-01-09; 07-01-08; 10-01-06

The Plan Administrator shall be Tenet’s VP, HR Operations or his or her designee. The Plan Administrator shall have the responsibility for assessing eligibility or to construe the terms of this Plan and to decide any question arising in the administration, interpretation and application of this Plan.

E. Auditing and Monitoring

Audit Services will audit adherence to this policy as part of its full scope audit process.

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.

*This policy may not apply, in part or in its entirety, to employees covered by a collective bargaining agreement. Those employees should consult their facility HR leader to determine the impact, if any, of their collective bargaining agreement on this policy.