



GROUP HEALTH COOPERATIVE

Board of Trustees Compensation Philosophy

Philosophy

Group Health Cooperative will pay reasonable compensation to the members of its Board of Trustees, in recognition of the important service that they provide, their expertise, the significant time commitment required by their Board duties, and the other contributions that they make to the organization. Group Health's ability to fulfill its mission depends to a large extent on the contributions and leadership of its Board of Trustees. Paying trustee compensation is fair and appropriate under the circumstances.

The compensation paid to trustees will recognize that they devote substantial and valuable time to Group Health and have overall responsibility for setting the strategy, policy and direction for the entire Group Health enterprise, which includes Group Health Cooperative and subsidiaries. Within a volatile, highly competitive, and highly regulated business environment, the Board oversees and governs Group Health's operations, which include delivery of hospital and ambulatory health care services in multiple medical centers located in two states; provision of health coverage to individuals and public and private employers; participation in government programs; and operation of a nationally recognized research institute.

Within this context, trustee compensation will reflect the following principles:

- The compensation must be at a level that acknowledges the valuable service provided by trustees;
- The compensation cost must be at a level that is justifiable to Group Health's membership and the broader communities served by Group Health;
- The compensation must be consistent with Group Health's charitable mission and overall performance; and
- The compensation must be adequate to attract and retain qualified Board members, who will help lead the achievement of Group Health's mission and business goals.

Strategies

Compensation will be compared to that for Board members in similarly complex, non-profit organizations (1) that compensate directors/trustees, (2) that are engaged in health care delivery and/or health insurance, cooperatives, and other organizations with similar services that may be deemed comparable by the Standing Nominating Committee, and (3) whose directors/trustees assume generally similar responsibilities and risk. To assist in determining comparability, factors such as annual revenues, geographic location, and industry type will be considered. Group Health will not base trustee compensation on a specific number of hours spent performing trustee duties or meetings attended. Further, recognizing that some comparable organizations pay more and others pay nothing, Group Health will not seek to pay precisely the same amount as any single comparable organization, but will instead periodically seek information as to what comparable organizations pay and then determine trustee compensation based on the principles and strategies outlined in this philosophy.

Trustee Service Compensation: Group Health will pay compensation to all trustees, in an amount to be determined by the Standing Nominating Committee consistent with this philosophy and applicable policy. This compensation will reflect the complexity and importance of the decisions that face Board members during their service as trustees, their work as members of Board committees (including any service as chairs of Board committees), as well as the substantial time and expense associated with their service.

Leadership Compensation: In addition, Group Health will pay leadership compensation, in an amount to be determined by the Standing Nominating Committee, to individuals who serve in the roles of Chair of the Cooperative, Vice Chair of the Cooperative, and Immediate Past Chair in recognition of the additional, significant time commitment and responsibilities associated with these leadership roles.

Trustees will be advised of this compensation philosophy and the elements of trustee compensation.

This philosophy document will be reviewed periodically and modified, as appropriate, to reflect industry changes, the organization's strategies, and other factors deemed relevant by the Standing Nominating Committee.

Related Document: Board Policy 100-210, Board of Trustees Compensation
Approved by the Standing Nominating Committee, April 26, 2010 and revised November 1, 2010