



Northern Inyo County Local Hospital District

Board of Directors Regular Meeting

Wednesday, December 6, 2006

*Conference Room, Hospice of the
Owens Valley*

AGENDA

NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT BOARD OF DIRECTORS MEETING

December 6, 2006 at 5:30 P.M.

In the Conference Room of the Hospice of the Owens Valley

1. Call to Order (at 5:30 P.M.).
2. Opportunity for members of the public to comment on any items on this Agenda.
3. Approval of minutes of the October 18, 2006 regular meeting.
4. Financial and Statistical Reports for the month of September 2006 – J. Halfen.
5. Administrator's Report – John Halfen.
 - A. Building Report
 - B. Solar energy, Rebuild Project
 - C. Cost of Living Adjustment (*action item*)
 - D. Critical Access Hospital Update
 - E. Patient dumping
 - F. Board Member re-election
 - G. Radiology Equipment (*action item*)
 - H. Groundbreaking
 - I. Regional Service Planning Commission
6. Chief of Staff Report – Taema Weiss, M.D.
 - A. Action items:
 1. Policy and Procedure approval, "Preoperative Early Pregnancy Testing Protocol"
 2. Policy and Procedure approval, "Perinatal HIV Prevention Program"
 3. Policy and Procedure approval, "Newborn Hepatitis B Vaccine"
 4. Policy and Procedure approval, "(Newborn) Blood Glucose Monitoring Protocol"
 5. Medical Staff Reappointment (*action item*)
 6. Credentialing timing issue (*action item*)
7. Old Business
 - A. Employee Satisfaction Survey (*follow-up and possible action*)
 - B. Communications tower lease (*action item*)
 - C. Purchase of Honda CRV (*action item*)
 - D. Letter from Patrick Plunkett, M.D.

8. New Business
 - A. Digital Mammography proposal (*action item*)
 - B. Blood analyzer purchase (*action item*)
 - C. Contract with Robin Cromer-Tyler, M.D. (*action item*)
 - E. Electronic Health Record Hardware and Software Purchase for NIH Rural Health Clinic (*action item*)
 - F. Terason Color Doppler Ultrasound Purchase (*action item*)
 - G. Accept bids for Construction Project (*possible action*)
9. Reports from Board Members on Items of Interest
10. Opportunity for members of the public to comment on any items on this Agenda, and/or on any items of interest.
11. Adjournment to closed session to:
 - A. Hear reports on the hospital quality assurance activities, and hear a report from the Medical Staff Executive Committee (Section 32155 of the Health and Safety Code, and Government Code Section 54962).
12. Return to open session, and report of any action taken in closed session
13. Opportunity for Members of the Public to Address the Board of Directors on Items of Interest.
14. Adjournment

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CALL TO ORDER The meeting was called to order at 5:35 p.m. by Peter Watercott, President.

PRESENT Peter Watercott, President
D. Scott Clark, M.D., Vice President
Pat Calloway, Secretary
John Ungersma, M.D., Treasurer
Michael Phillips, M.D.

ALSO PRESENT John Halfen, Administrator
Douglas Buchanan, Esq., Hospital District Legal Counsel
Richard Nicholson, M.D., Vice Chief of Staff
Sandy Blumberg, Administrative Secretary

ABSENT Taema Weiss, M.D., Chief of Staff

ALSO PRESENT FOR
RELEVANT PORTION(S) Dianne Shirley, R.N., Performance Improvement Coordinator

PUBLIC COMMENTS
ON AGENDA Mr. Watercott asked if any members of the public wished to address the Board on any items listed on the agenda for this meeting. No comments were heard.

MINUTES The minutes of the September 20, 2006 regular meeting were approved.

FINANCIAL AND
STATISTIAL REPORTS John Halfen, Chief Financial Officer, reviewed with the Board the financial and statistical reports for the month of August 2006. Mr. Halfen noted the statement of operations shows a bottom line excess of revenues over expenses of \$550, 641. Mr. Halfen called attention to the following:
Inpatient revenue was over budget
Total Expenses were under budget
Wages and Salaries and Employee benefits were under budget
Total Assets continue to grow steadily
Liabilities experienced no significant change
Year-to-date net revenue is \$733,548
Mr. Halfen noted a portion of the Hospital's long term assets are liquid, in case they are needed to help with cash flow during the Hospital rebuild project. He also called attention to the fact that the Hospital's bad debt expense has steadily increased, due to a trend toward having to write off an increasing number of delinquent patient accounts. It was moved by Pat Calloway, seconded by Michael Phillips, M.D. and passed to approve the financial reports for the month of August 2006.

ADMINISTRATOR'S
REPORT

COMPLAINT ABOUT
AN EMPLOYEE Mr. Halfen informed those present that a complaint about an employee was heard in closed session during the last regular meeting of the District Board. No action was taken in regard to the complaint.

BUILDING UPDATE

Mr. Halfen reported that subcontractor bids for the new Support and Radiology buildings have been received and they are dramatically higher than original projections. Bids for the plumbing portion of the project came in around the expected amount, but bids for other portions of the rebuild came in at twice the amount originally projected or higher. Turner Construction representatives feel one reason the bids came in so high may be that the contractors involved are also bidding on four projects in the Reno area, that are larger than the Northern Inyo Hospital (NIH) rebuild. That factor along with dramatically rising construction costs across the nation could possibly drive the total price for the Hospital rebuild to around 55 million dollars if current trends in the industry do not improve.

Mr. Halfen feels it may in the Hospital's best interest to reject those bids that came in higher than expected and re-bid them in an attempt to obtain a lower price. Bids that came in at acceptable amounts can be approved while the others can be re-bid in an attempt to draw in more reasonable prices. Another suggestion was made to reject the current bids and wait until the spring to re-bid the project, in hopes that industry trends will improve during the next several months. Following discussion this suggestion was rejected due to the fact that construction costs could still continue to rise in the next several months. A third suggestion was made to re-bid the project continuously until more desirable bids are obtained. Mr. Halfen stated he does not plan to go back to taxpayers to ask for additional tax dollars to cover the Hospital rebuild project, and he intends to cover construction overages with revenue from Hospital operations and from debt service if necessary. Mr. Halfen is interested in conducting a debt capacity study in order to determine how much the Hospital might be able to borrow toward covering the increase in building costs.

The current bids came in only a few hours in advance of the start of this meeting, so they have yet to be analyzed in great detail. It was suggested that a special meeting of the Board of Directors be called after the bids have been reviewed in greater detail, and at that point the Board can decide on what action to take regarding the bids. Following discussion, it was decided that a special meeting of the District Board will be called tentatively for Monday, October 30th at noon in the Administration meeting room at Northern Inyo Hospital. Turner Construction representatives will be asked to be present at that meeting.

On an additional note regarding the rebuild project, Mr. Halfen informed the Board that the concerns the City of Bishop had about drainage issues in the area of the Hospital and Home Street Middle School have been resolved, and the City no longer has any concerns in this area.

**MEDICAL STAFF
DONATION TO
EMPLOYEES
COMMITTEE**

Mr. Halfen stated that the agenda item "Medical Staff Donation to the Sunshine Committee" will be discussed as part of the Chief of Staff report later in this meeting.

REGIONAL SERVICE
PLANNING MEETING

Mr. Halfen reported that the Regional Service Planning Commission met to discuss taking the next steps necessary to reinstate an LVN training program in this area. The meeting was productive and it looks promising that an LVN training program will start up at Cerro Coso Community College in the fall of 2007.

The group also discussed the benefits and challenges of NIH and Mammoth Hospital continuing to share urology services, and orthopaedic surgeon services.

GROUNDBREAKING

Mr. Halfen stated that the Hospital rebuild project groundbreaking ceremony will take place as soon as possible after the Board takes action on the current construction bids. Mr. Halfen hopes the ceremony will take place during the first week of December.

FLU SHOT CLINIC

Mr. Halfen also informed the Board that the Rural Health Clinic's annual drive-through flu shot clinic will be held on Wednesday and Thursday, October 25th and 26th. Additionally, NIH employees who wish to receive a flu shot may receive their immunization free of charge through the NIH Employee Health Department.

AUDITED FINANCIAL
STATEMENTS

Mr. Halfen called attention to the Hospital's Financial Statements for the years ending June 2006 and June 2005, which have been audited by KC Miller Associates. Adjustments made by the auditing firm include changes to inventory totals and adjustments to the Hospital's bond payable fund, for a net change of - \$25,247.28. It was moved by Michael Phillips, M.D., seconded by Doctor Ungersma, and passed to approve the financial statements audited by KC Miller Associates as presented.

TRUSTEE
SUBSCRIPTION
RENEWAL

Mr. Halfen asked if any member of the Board of Directors was interested in renewing their subscription to *Trustee Magazine*. None of the members of the Board felt it was necessary to renew their subscription.

EVEREST CHALLENGE
DONATION, DR. TOM
REID

Mr. Halfen informed the Board that Thomas Reid, M.D. donated \$2,500 of the proceeds from the *Everest Challenge* bicycle race to the NIH Foundation. Mr. Halfen expressed his appreciation of Doctor Reid's generosity, and complimented Doctor Reid on the success of the event.

OTHER

Mr. Halfen also reported that the NIH semi-annual blood drive will now be co-sponsored by the Bishop Sunrise Rotary Club and the NIH Auxiliary. Mr. Halfen thanked both groups for volunteering their time and energy to the blood drive effort.

Mr. Halfen also noted that Radiology Director Marsha Winston has resigned in order to accept the Radiology Director position at Mammoth Hospital. The Hospital wishes Ms. Winston well in her future employment endeavors.

CHIEF OF STAFF
REPORT

Maggie Egan, Medical Staff Coordinator reported the Medical Staff Executive Committee has made the following recommendations to the District Board:

1. Approval of the Hospital-wide policy and procedure entitled *Informed Consent Required for Pregnant Patients Before Radiologic Procedures*. It was moved by Doctor Phillips, seconded by Doctor Ungersma, and passed to approve the policy and procedure as presented.
2. Advancement of Mammoth-based urologist Tomi Bortolazzo, M.D. to Active Staff with privileges as previously granted. It was moved by Doctor Phillips, seconded by Doctor Ungersma, and passed to approve the advancement of Doctor Bortolazzo.
3. Advancement of Mammoth-based orthopaedic surgeon Mark Robinson, M.D. to Active Staff with privileges as previously granted. It was moved by Doctor Ungersma, seconded by Ms. Calloway, and passed to approve the advancement of Doctor Robinson.
4. The appointment of Sierra Park Orthopaedic Clinic fellow Alexander Denes, M.D. to the Northern Inyo Hospital Provisional Consulting Medical Staff with requested privileges related to his orthopaedic fellowship. It was moved by Doctor Ungersma, seconded by Ms. Calloway, and passed to approve the appointment of Doctor Denes as recommended.
5. Acceptance of letters of resignation from Staff Radiologist John Montin, M.D. and Staff urologist Daniel Eventov, M.D. It was moved by Ms. Calloway, seconded by Doctor Ungersma, and passed to approve the letters of resignation as presented.

Ms. Egan additionally reported that the Medical Staff discussed at great length the appropriateness of holding floor beds for possible admissions of Emergency Room (ER) and other hospital patients. It was agreed that floor beds should be available on a first-come, first-served basis, with the understanding that Medical Staff and Hospital Staff will work together to facilitate the best care for all patients.

Ms. Egan also noted that in a show of support and appreciation of Hospital staff, the Medical Staff has agreed to pay for the band that will perform at the NIH Employee Christmas party to be held in December.

Vice Chief of Staff Richard Nicholson, M.D. reported the Executive Committee also discussed compensation for non-contracted Services Chiefs who conduct peer review. This topic will be addressed as part of the *New Business* portion of this meeting.

OLD BUSINESS

CRITICAL ACCESS
UPDATE

Mr. Halfen informed the Board that the Hospital's Critical Access application is continuing through processing, and that it has been held up due to minor paperwork glitches that have hopefully been resolved. As

soon as NIH achieves Critical Access status, the Hospital will proceed with submitting its application for designation of swing beds.

EMPLOYEE
SATISFACTION
SURVEY

Mr. Halfen reported that follow-up on the NIH Employee Satisfaction Survey revealed unhappiness on the part of many employees regarding their survey responses being shared with the rest of the Hospital staff. The sharing of comments was considered by many to be a breach of confidentiality, which is of concern if it results in employees not responding honestly to future surveys. The current survey is still being discussed by Administration and Department Heads, and Department Heads are being asked to help find solutions to the most significant areas of employee dissatisfaction as revealed by the survey. Mr. Halfen will continue to work with Department Heads and members of the employee PPAC (Personnel Advisory) Committee on the subject of employee satisfaction, and he will report any significant actions taken back to the Board. Mr. Watercott noted the design of future employee satisfaction surveys might be changed in order to prevent unhappiness on the part of those employees who respond.

NIH PERFORMANCE
IMPROVEMENT PLAN

Dianne Shirley, Performance Improvement Coordinator called attention to the NIH Performance Improvement Plan, and noted the Medical Executive Committee has reviewed the plan and provided input to it, and it is now ready for Board approval. It was moved by Ms. Calloway, seconded by Doctor Clark, and passed to approve the NIH Performance Improvement Plan as presented.

COMMUNICATIONS
TOWER LEASE

Mr. Halfen reported that the communications tower lease with Alltel Wireless is still being reviewed, and it is expected to be finalized and ready for approval by the next regular meeting of the District Board.

NEW BUSINESS

GE CENTRICITY
SOFTWARE PURCHASE

Mr. Halfen also reported that a decision on the purchase of GE Centricity software for the Rural Health Clinic (RHC) has been postponed, in order to give those involved a chance to review another system that has been suggested as a possible alternative.

QUADRAMED TEMPUS
ONE SCHEDULING

Mr. Halfen referred to a proposal to purchase a Quadramed Tempus One scheduling system to be used in virtually all areas of the Hospital, including Radiology, EKG, and the Lab. The Tempus One system would allow for vast improvement to the amount of time needed to schedule a patient, and would make the scheduling process much easier and more efficient. Surgery scheduling capabilities are not included as part of the main system but Surgery unit manager Barbara Stuhaan, R.N. requests the Surgery add-on be included as part of the purchase. The system has the ability to interface with other physician offices, and it is believed it will work very well at the Rural Health Clinic. The Tempus One system has

been researched in depth by Lisa Harmon and by other users of patient scheduling software. It was moved by Doctor Clark, seconded by Pat Calloway, and passed to approve the purchase of the Quadramed Tempus One Scheduling system as requested.

**WAGE ADJUSTMENT
FOR GRADES 1-7**

Mr. Halfen called attention to a proposal to increase the pay of lower level pay grade employees (grades 1-7) in order to bring their salaries to a more appropriate level. A pay adjustment for grades 1 – 7 has not been made for several years, and is being deemed necessary in order to remain competitive with other employers in this area. The result of the increase would be an approximate 10% increase to the wages of the following groups of employees:

Nursing Ward Clerks, Aides, and Techs

Dietary Employees

Laundry Employees

Environmental Services Staff

Fiscal Services Registration Clerks, Scan Clerks, and Data Clerks, and
Medical Records Clerks

The suggested pay increase would benefit roughly 1/3 of all Hospital employees. It was moved by Doctor Clark, seconded by Pat Calloway, and passed to approve the pay grade increase as suggested. Mr. Halfen thanked the Board for approving the increase, on behalf of nearly 100 NIH employees. The increase will become effective as of the first full pay period in the month of January 2007.

**COMPENSATION OF
SERVICE CHIEFS**

Mr. Halfen discussed the Medical Staff Executive Committee proposal to allow for compensation of non-contracted chiefs of service. The proposal was initiated in order to increase physician interest in performing the duties of service chief, a job which can involve extensive hours of time being spent on chart review and peer review for no additional compensation. The proposal was discussed in depth by the Medical Staff, and met with overwhelming but not unanimous approval. The suggested rate of compensation is \$250 per month, which does not apply to contracted service chiefs, but does include Surgery, Peri-peds and Med/ICU service chiefs. It was moved by Doctor Ungersma, seconded by Pat Calloway and passed to approve the compensation of non-contracted chiefs of service, with Doctor Clark abstaining from the vote.

**MUNIVEST BANKING
CORPORATE
RESOLUTION**

Mr. Halfen reported that no action will be necessary on the proposed Munivest Banking Corporate Resolution, due to the fact that Administration has decided the Hospital will no longer do business with Munivest, and their services are no longer needed.

**BOARD MEMBER
REPORTS**

Mr. Watercott asked if any members of the Board of Directors wished to report on any items of interest. No reports were heard.

OPPORTUNITY FOR
PUBLIC COMMENT

In keeping with the Brown Act, Mr. Watercott asked if any members of the public wished to address the Board of Directors on items of interest. Kay O'Brien, NIH Foundation Executive Director noted that the Foundation continues to be active, and that another seminar on the subject of Living Wills and related topics will be held in the spring of 2007.

Leo Freis, Compliance Officer and Administrative Support Services noted that Omnicell medication dispensing machines are now in use at NIH, and Hospital staff is pleased with the performance of the new machines. Mr. Freis also noted the Eastern Sierra Breast Cancer Association (ESBCA) will hold its fundraising walk/run this weekend, and members of the public are encouraged to attend the event.

Mr. Halfen called attention to a two-page letter submitted by a former NIH Lab employee who was terminated two weeks ago, and who disagrees with that termination. The employee in question did not file a formal grievance within the time allowed, but he wished to inform the Board of his unhappiness regarding his termination from NIH.

CLOSED SESSION

At 6:50 p.m., Mr. Watercott announced the meeting was being adjourned to closed session to allow the Board of Directors to:

- A. Hear reports on the Hospital quality assurance activities, and hear a report from the Medical Staff Executive Committee (Section 32155 of the Health and Safety Code, and Government Code Section 54962).
- B. Confer with legal counsel regarding claim filed by Jeffrey L. Montgomery against Northern Inyo County Local Hospital District and other Defendants (Government Code Section 54956.9(a)).

OPEN SESSION

At 7:07 p.m., the meeting was returned to open session. Mr. Watercott announced the Board took no reportable action.

PUBLIC COMMENT

Mr. Watercott again asked if any members of the public wished to address the Board of any items listed on the agenda for this meeting. No comments were heard.

ADJOURNMENT

The meeting was adjourned at 7:08 p.m.

Peter Watercott, President

Attest:

Patricia Ann Calloway, Secretary

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BUDGET VARIANCE ANALYSIS

Sep-06 PERIOD ENDING

In the month, NIH was

7% over budget in IP days and under in OP Revenue resulting in
\$ (604,654) (-10.0%) under in gross patient revenue from budget and
\$ (199,026) (-5.5%) under in net patient revenue from budget

Total Expenses were:

\$ (92,838) (-2.8%) under budget. Wages and Salaries were
\$ (62,699) (-5.2%) under budget and Employee Benefits were
\$ 19,900 (2.6%) over budget
\$ 125,342 of other income resulted in a net gain of
\$ 309,828 \$ (170,497) under budget.

The expense overage was primarily

\$ 19,900 2.6 Employee Benefits
\$ 14,414 9.3 Other Expenses

Other Information:

39.80% Contractual Percentages for month

44.68% Contractual Percentages for Year

\$ 1,043,376 Year-to-date Net Revenue

Although we were over budget in Routine Inpatient Revenue the Ancillary Inpatient revenue was down for the month contributing to the Gross Revenue shortage.

Contractuals includes a prior year tentative settlement for Medi-Cal in the amount of \$227,285 cause the contractuals to be lower in September.

NORTHERN INYO HOSPITAL

Balance Sheet

September 30, 2006

Assets

	<u>Current Month</u>	<u>Prior Month</u>	<u>FYE 2006</u>
Current assets:			
Cash and cash equivalents	3,242,249	3,117,078	3,148,845
Short-term investments	8,043,012	7,293,116	6,637,435
Assets limited as to use	443,027	357,046	603,039
Plant Expansion and Replacement Cash	15,693,120	15,635,754	15,515,948
Other Investments (Partnership)	369,561	369,561	369,561
Patient receivable, less allowance for doubtful accounts 689,696	6,611,185	6,883,346	6,374,400
Other receivables	232,450	286,341	212,005
Inventories	1,886,829	1,882,744	1,897,120
Prepaid expenses	479,549	514,837	470,018
Total current assets	<u>37,000,980</u>	<u>36,339,824</u>	<u>35,228,370</u>
Assets limited as to use:			
Internally designated for capital acquisitions	654,674	654,012	652,606
Specific purpose assets	443,794	443,351	474,914
	<u>1,098,469</u>	<u>1,097,363</u>	<u>1,127,520</u>
Revenue bond construction funds held by trustee	1,214,051	1,167,917	1,632,595
Less amounts required to meet current obligations	443,027	357,046	603,039
Net Assets limited as to use:	<u>1,869,493</u>	<u>1,908,234</u>	<u>2,157,076</u>
Long-term investments	<u>8,307,321</u>	<u>8,307,321</u>	<u>8,307,321</u>
Property and equipment, net of accumulated depreciation and amortization	<u>11,393,526</u>	<u>11,393,845</u>	<u>10,895,169</u>
Unamortized bond costs	<u>342,814</u>	<u>343,299</u>	<u>344,269</u>
Total assets	<u>58,914,134</u>	<u>58,292,523</u>	<u>56,932,206</u>

NORTHERN INYO HOSPITAL

Balance Sheet

September 30, 2006

Liabilities and net assets

	<u>Current Month</u>	<u>Prior Month</u>	<u>Prior Month</u>
Current liabilities:			
Current maturities of long-term debt	205,000	205,000	235,000
Accounts payable	526,797	626,415	683,397
Accrued salaries, wages and benefits	3,360,259	3,214,247	2,954,330
Accrued interest and sales tax	457,948	360,597	168,166
Deferred income	(7,651)	27,517	97,853
Due to third-party payors	3,408,697	3,192,131	2,864,110
Due to specific purpose funds	-	-	-
Total current liabilities	<u>7,951,050</u>	<u>7,625,907</u>	<u>7,002,857</u>
Long-term debt, less current maturities	22,450,000	22,450,000	22,450,000
Bond Premium	417,121	431,586	431,586
Total long-term debt	<u>22,867,121</u>	<u>22,881,586</u>	<u>22,881,586</u>
Net assets:			
Unrestricted	27,652,169	27,341,678	26,572,849
Temporarily restricted	443,794	443,351	474,914
Total net assets	<u>28,095,963</u>	<u>27,785,029</u>	<u>27,047,763</u>
 Total liabilities and net assets	 <u>58,914,134</u>	 <u>58,292,523</u>	 <u>56,932,206</u>

NORTHERN INYO HOSPITAL

Statement of Operations

As of September 30, 2006

	MTD Actual	MTD Budget	MTD Variance \$	MTD Variance %	YTD Actual	YTD Budget	YTD Variance \$	YTD Variance %
Unrestricted revenues, gains and other support:								
In-patient service revenue:								
Routine	522,149	557,910	(35,761)	(6.4)	1,747,429	1,673,730	73,699	4.4
Ancillary	1,689,691	2,122,312	(432,621)	(20.4)	5,827,929	6,366,936	(539,007)	(8.5)
Total in-patient service revenue	2,211,840	2,680,222	(468,382)	-17.5%	7,575,358	8,040,666	(465,308)	-5.8%
Out-patient service revenue	3,213,942	3,350,214	(136,272)	(4.1)	10,132,271	10,050,642	81,629	0.8
Gross patient service revenue	5,425,782	6,030,436	(604,654)	(10.00)	17,707,629	18,091,308	(383,679)	(2.1)
Less deductions from patient service revenue:								
Patient service revenue adjustments	143,304	131,706	(11,598)	(8.8)	344,293	395,118	50,825	12.9
Contractual adjustments	1,877,159	2,294,385	417,226	18.2	7,042,430	6,883,155	(159,275)	(2.3)
Total deductions from patient service revenue	2,020,464	2,426,091	405,627	16.7	7,386,723	7,278,273	(108,450)	(1.5)
Net patient service revenue	3,405,319	3,604,345	(199,026)	-6%	10,320,906	10,813,035	(492,129)	-5%
Other revenue	21,461	20,957	504	2.4	77,196	62,871	14,325	22.8
Total revenue, gains and other support	3,426,779	3,625,302	(198,523)	2.3	10,398,102	10,875,906	(477,804)	22.8
Expenses:								
Salaries and wages	1,155,220	1,217,919	62,699	5.2	3,423,093	3,653,757	230,664	6.3
Employee benefits	800,752	780,852	(19,900)	(2.6)	2,227,086	2,342,556	115,470	4.9
Professional fees	201,501	216,718	15,217	7.0	721,156	650,154	(71,002)	(10.9)
Supplies	440,310	475,251	34,941	7.4	1,389,736	1,425,753	36,017	2.5
Purchased services	154,966	161,810	6,844	4.2	408,752	485,430	76,678	15.8
Depreciation	128,711	136,247	7,536	5.5	384,635	408,741	24,106	5.9
Interest	33,043	33,043	(0)	-	99,130	99,129	(1)	-
Bad debts	138,908	138,823	(85)	(0.1)	525,105	416,469	(108,636)	(26.1)
Other	168,886	154,472	(14,414)	(9.3)	454,622	463,416	8,794	1.9
Total expenses	3,222,297	3,315,135	92,838	2.8	9,633,315	9,945,405	312,090	3.1
Operating income (loss)	204,482	310,167	(105,685)	(0.5)	764,787	930,501	(165,714)	19.7
Other income:								
District tax receipts	35,168	102,713	(67,545)	(65.8)	105,504	308,139	(202,635)	(65.8)
Interest	88,914	70,588	18,326	26.0	231,243	211,764	19,479	9.2
Other	1,260	15,785	(14,525)	(92.0)	9,120	47,355	(38,235)	(80.7)
Grants and Other Non-Restricted Contributions	-	121	(121)	(100.0)	750	363	387	106.6
Partnership Investment Income	-	-	-	N/A	-	-	-	N/A
Total other income, net	125,342	189,207	(63,865)	(34)	346,617	567,621	(221,004)	(38.9)
Non-Operating Expense								
Medical Office Expense	10,696	13,858	3,162	22.8	29,695	41,574	11,879	28.6
Urology Office	9,300	5,191	(4,109)	(79.2)	38,334	15,573	(22,761)	(146.2)
Total Non-Operating Expense	19,996	19,049	(947)	(5.0)	68,029	57,147	(10,882)	(19.0)
Excess (deficiency) of revenues over expenses	309,828	480,325	(170,497)	(35.5)	1,043,376	1,440,975	(397,599)	(27.6)

NORTHERN INYO HOSPITAL
Statement of Operations—Statistics
As of September 30, 2006

	Month Actual	Month Budget		Month Variance		YTD Actual	YTD Budget	Year	
		Month Budget	Variance	Month Variance	Percentage			Variance	Percentage
Operating statistics:									
Beds	32.00	32.00	N/A	N/A	1.07	32.00	32.00	N/A	N/A
Patient days	289.00	271.00	18.00	18.00	1.07	952.00	813.00	139.00	1.17
Maximum days per bed capacity	960.00	960.00	N/A	N/A	1.07	2,944.00	2,880.00	N/A	N/A
Percentage of occupancy	30.10	28.23	1.87	1.87	1.07	32.34	28.23	4.11	1.15
Average daily census	9.63	9.03	0.60	0.60	1.07	10.35	9.03	1.31	1.15
Average length of stay	2.86	3.08	(0.22)	(0.22)	0.93	3.10	3.08	0.02	1.01
Discharges	101.00	88.00	13.00	13.00	1.15	307.00	264.00	43.00	1.16
Admissions	96.00	89.00	7.00	7.00	1.08	307.00	267.00	40.00	1.15
Gross profit-revenue depts.	3,403,020.93	3,937,409.00	(534,388.07)	(534,388.07)	0.86	11,602,344.88	11,812,227.00	(209,882.12)	0.98
Percent to gross patient service revenue:									
Deductions from patient service revenue and bad debts	39.89	42.63	(2.74)	(2.74)	0.94	44.77	42.63	2.14	1.05
Salaries and employee benefits	36.02	33.14	2.88	2.88	1.09	31.86	33.14	(1.28)	0.96
Occupancy expenses	3.30	3.08	0.22	0.22	1.07	3.03	3.08	(0.05)	0.98
General service departments	6.17	5.17	1.00	1.00	1.19	5.30	5.17	0.13	1.03
Fiscal services department	4.70	4.54	0.16	0.16	1.04	4.12	4.54	(0.42)	0.91
Administrative departments	5.36	5.16	0.20	0.20	1.04	4.49	5.16	(0.67)	0.87
Operating income (loss)	3.40	4.83	(1.43)	(1.43)	0.70	3.94	4.83	(0.89)	0.82
Excess (deficiency) of revenues over expenses	5.71	7.97	(2.26)	(2.26)	0.72	5.89	7.97	(2.08)	0.74
Payroll statistics:									
Average hourly rate (salaries and benefits)	40.76	40.34	0.42	0.42	1.01	38.21	40.34	(2.13)	0.95
Worked hours	42,917.40	42,077.00	840.40	840.40	1.02	129,114.04	124,227.00	4,887.04	1.04
Paid hours	47,952.28	49,534.00	(1,581.72)	(1,581.72)	0.97	147,667.17	148,602.00	(934.83)	0.99
Full time equivalents (worked)	249.52	243.22	6.30	6.30	1.03	246.40	239.36	7.04	1.03
Full time equivalents (paid)	278.79	286.32	(7.53)	(7.53)	0.97	281.81	286.32	(4.52)	0.98

NORTHERN INYO HOSPITAL

Statements of Changes in Net Assets

As of September 30, 2006

	<u>Month-to-date</u>	<u>Year-to-date</u>
Unrestricted net assets:		
Excess (deficiency) of revenues over expenses	309,828.22	1,043,375.85
Net Assets due/to transferred from unrestricted	-	-
Net assets released from restrictions used for operations	-	33,875.00
Net assets released from restrictions used for payment of long-term debt	-	-
Contributions and interest income	662.17	2,068.79
Increase in unrestricted net assets	<u>310,490.39</u>	<u>1,079,319.64</u>
Temporarily restricted net assets:		
District tax allocation	-	2,056.96
Net assets released from restrictions	-	(33,875.00)
Restricted contributions	-	254.91
Interest income	443.50	443.50
Increase (decrease) in temporarily restricted net assets	<u>443.50</u>	<u>(31,119.63)</u>
Increase (decrease) in net assets	310,933.89	1,048,200.01
Net assets, beginning of period	27,785,029.11	27,047,762.99
Net assets, end of period	<u><u>28,095,963.00</u></u>	<u><u>28,095,963.00</u></u>

NORTHERN INYO HOSPITAL

Statements of Cash Flows

As of September 30, 2006

	Month-to-date	Year-to-date
Cash flows from operating activities:		
Increase (decrease) in net assets	310,933.89	1,048,200.01
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:	-	-
Depreciation	128,711.32	384,635.17
Provision for bad debts	138,907.97	525,105.09
Loss (gain) on disposal of equipment	-	-
(Increase) decrease in:		
Patient and other receivables	187,144.73	(782,334.87)
Other current assets	31,203.06	759.60
Plant Expansion and Replacement Cash	(57,365.39)	(177,171.22)
Increase (decrease) in:		
Accounts payable and accrued expenses	108,576.76	433,606.32
Third-party payors	216,566.00	544,587.00
Net cash provided (used) by operating activities	1,064,678.34	1,977,387.10
 Cash flows from investing activities:		
Purchase of property and equipment	(128,392.59)	(882,992.07)
Purchase of investments	(749,895.34)	(1,405,577.05)
Proceeds from disposal of equipment	-	-
Net cash provided (used) in investing activities	(878,287.93)	(2,288,569.12)
 Cash flows from financing activities:		
Long-term debt	(14,465.20)	(44,465.20)
Issuance of revenue bonds	(46,133.73)	418,544.38
Unamortized bond costs	485.24	1,455.72
Increase (decrease) in donor-restricted funds, net	(1,105.67)	29,050.84
Net cash provided by (used in) financing activities	(61,219.36)	404,585.74
 Increase (decrease) in cash and cash equivalents	 125,171.05	 93,403.72
Cash and cash equivalents, beginning of period	3,117,077.91	3,148,845.24
Cash and cash equivalents, end of period	3,242,248.96	3,242,248.96

Financial Indicators

	Target	Sep-06	Aug-06	Jul-06	Jun-06	May-06	Apr-06	Mar-06	Feb-06	Jan-06	Dec-05	Nov-05	Oct-05
Current Ratio	>1.5-2.0	4.65	4.77	4.71	5.03	4.99	5.05	4.76	4.77	4.93	5.02	4.76	4.43
Quick Ratio	>1.33-1.5	4.33	4.41	4.36	4.66	4.70	4.75	4.44	4.37	4.62	4.69	4.47	4.16
Days Cash on Hand	>75	324.75	330.63	305.76	390.80	336.95	330.17	284.11	326.36	295.71	294.69	290.98	296.59
Debt Service Coverage	>1.5-2.0												
Current Ratio Equals (from Balance Sheet) Current Assets divided by Current Liabilities													
Quick Ratio Equals (from Balance Sheet) Current Assets;Cash and Equivalents through Patient Accounts Receivables Only divided by Current Liabilities													
In September 2005, we received the \$15,000,000 of Project Money from the 2005 General Obligation Bond causing our Current Assets to climb increasing our ratios of Assets to Liabilities.													

Northern Inyo Hospital
Summary of Cash and Investment Balances
Calendar Year 2006

Month	Operations Checking Account				Time Deposit Month-End Balances									
	Balance at Beginning of Month	Deposits	Disbursements	Balance at End of Month	Premium Interest Checking	Investment Operations Fund	Bond and Interest Fund (2)	Equipment Donations Fund	Childrens Fund	Scholarship Fund	Tobacco Settlement Fund	Total Revenue Bond Fund (1)	Project Revenue Bond Fund (1)	General Obligation Bond Fund
January	503,459	2,956,639	2,747,467	712,630	1,515,896	14,369,650	405,366	19,073	2,789	5,462	619,624	2,064,655	1,354,819	15,228,009
February	712,630	2,872,585	2,729,386	855,830	1,522,540	14,060,252	405,366	19,073	2,789	5,462	620,110	2,110,126	1,354,822	15,274,852
March	855,830	3,154,458	3,317,840	692,448	1,528,083	14,462,252	405,677	19,086	2,791	5,465	620,684	1,893,590	1,092,699	15,330,565
April	692,448	4,468,398	3,568,419	1,592,427	1,533,222	14,281,849	201,464	19,086	2,791	5,465	626,433	1,939,392	1,092,702	15,382,132
May	1,592,427	2,852,264	3,493,876	950,815	1,539,308	14,932,849	466,295	19,086	2,791	5,465	627,096	1,779,338	867,196	15,443,286
June	950,815	3,272,613	3,109,328	1,114,100	1,544,902	14,932,849	466,576	24,896	2,793	5,469	627,709	1,632,595	867,200	15,499,501
July	1,114,100	2,592,650	2,845,491	861,259	1,550,786	15,713,474	434,758	24,896	2,793	5,724	628,384	1,121,978	310,860	15,558,623
August	861,259	3,563,476	3,206,915	1,217,820	1,556,826	15,588,531	466,576	24,896	2,793	5,724	629,066	1,167,917	310,864	15,619,307
September	1,217,820	2,891,026	2,829,293	1,279,553	1,562,539	16,338,426	435,194	24,970	2,796	5,729	629,705	1,214,051	310,866	15,676,672
Prior Year														
October	870,383	2,533,574	2,895,822	508,135	1,005,208	14,557,305	3,524	19,063	2,788	461	618,256	2,652,889	1,727,134	15,083,773
November	508,135	3,524,877	3,799,669	233,343	1,008,257	14,450,700	3,524	19,063	2,788	461	618,629	2,548,065	1,558,118	15,128,734
December	233,343	3,726,751	3,456,635	503,459	1,011,394	14,499,600	405,366	19,073	2,789	5,462	619,106	2,222,618	1,558,120	15,175,801

Notes:

(1) The difference between the Total and Project Revenue Bond Funds represents amounts held by the trustee to make payments on the District's behalf and about \$75,000 to cover the Bond Reserve Account Requirement with respect to the Series 1998 Bonds. The Project amount represents the balance available to spend on the building project; however, the district accumulates invoices and only requests reimbursement quarterly.

(2) The Bond and Interest Fund now contains the Debt Service amount from the County for both the original Bond and the 2005 Bond.

Northern Inyo Hospital

Investments as of 9/30/2006

	Purchase Dt	Maturity Dt	Institution	Rate	Principal
1	9/2/2006	10/1/2006	Local Agency Investment Fund	5.02%	278,872.44
2	9/8/2006	10/1/2006	Local Agency Investment Fund	5.02%	3,540,458.15
3	7/31/2006	10/26/2006	United States Treasury Bills	4.98%	499,075.34
4	8/22/2005	11/22/2006	Federal Home Loan Bank-FNC	4.18%	250,000.00
5	7/31/2006	1/25/2007	United States Treasury Bills	5.06%	250,810.00
6	12/19/2003	3/19/2007	Camden National Bank ME	3.00%	97,000.00
7	3/11/2004	3/19/2007	Commercial Savings Bank	2.75%	98,000.00
8	3/19/2004	3/19/2007	Summit State Bank	3.00%	99,000.00
9	3/28/2005	3/23/2007	Discover Bank	4.00%	100,000.00
10	7/27/2005	4/27/2007	Federal Home Loan Bank-MBS	4.00%	250,000.00
11	5/7/2004	5/7/2007	Five Star Bank Natomas	3.31%	99,000.00
12	5/11/2004	5/11/2007	Bear Stearns Security	3.25%	1,000,000.00
13	6/22/2005	6/22/2007	Federal Home Loan Bank-FNC	4.00%	1,000,000.00
14	7/8/2005	6/29/2007	FANNIE MAE FNMA-MBS	4.00%	500,000.00
15	7/5/2005	7/5/2007	Federal Home Loan Bank-MBS	4.00%	500,000.00
16	3/14/2006	9/14/2007	Federal Home Loan Bank-FNC	5.13%	600,000.00
17	11/28/2005	11/28/2007	Federal Home Loan Bank-MBS	5.00%	500,000.00
18	8/19/2006	12/1/2007	Cantella & Co., Inc	4.50%	92,487.08
19	12/27/2005	12/27/2007	Federal Home Loan Bank-FNC	5.00%	500,000.00
20	1/24/2003	1/24/2008	Capital One Bank	4.31%	100,000.00
21	1/24/2003	1/24/2008	Capital One, F.S.B.	4.30%	100,000.00
22	1/24/2003	1/24/2008	Key Bank USA	3.50%	100,000.00
23	3/18/2005	3/18/2008	First Federal Bank	4.00%	100,000.00
24	12/14/2004	5/27/2008	Cantella & Co., Inc	3.50%	225,000.00
25	3/11/2005	6/11/2008	Community Bank	4.00%	98,000.00
26	3/11/2005	6/11/2008	Equity Bank	4.00%	100,000.00
27	1/30/2006	7/28/2008	Federal Home Loan Bank-FNC	5.00%	500,000.00
28	4/21/2005	10/7/2008	Federal Home Loan Bank-MBS	4.00%	1,335,000.00
29	10/15/2003	10/15/2008	R-G Crown Bank	4.00%	97,000.00
30	10/31/2005	10/27/2008	Federal Home Loan Bank-MBS	5.00%	500,000.00
31	5/26/2005	11/26/2008	Federal Home Loan Bank-FNC	4.50%	1,000,000.00
32	12/15/2003	12/15/2008	Bear, Stearns Securities	3.00%	300,000.00
33	1/4/2005	1/5/2009	Mututal Bank	4.36%	99,000.00
34	1/7/2004	1/7/2009	Bear Stearns Security	4.08%	100,000.00
35	8/19/2006	11/1/2009	Cantella & Co., Inc	4.50%	131,723.37
36	12/30/2004	12/30/2009	Capital City Bank and Trust	4.75%	99,000.00
37	4/22/2005	4/22/2010	Bank of Waukegan	4.75%	99,000.00
38	2/24/2006	2/24/2011	Federal Home Loan Bank-MBS	6.00%	1,000,000.00
			Total		\$16,338,426.38

NORTHERN INYO HOSPITAL
STATISTICS

9 MONTHS 2006	SURGERIES						ER						ADMITTS						PT DAYS						DISCH																																																																																																																																																											
	IP		OP		TOTAL		BIRTHS		ADMITTS		VISITS		REFERRALS		ADMITTS		PT DAYS		PT DAYS		DISCH																																																																																																																																																															
	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06																																																																																																																																																													
JANUARY	24 / 35 / 40	76 / 65 / 72	100 / 100 / 112	15 / 17 / 19	43 / 49 / 60	484 / 540 / 563	3135 / 2701 / 3048	3135 / 2701 / 3048	101 / 109 / 126	287 / 275 / 370	335 / 320 / 410	102 / 115 / 124	FEBRUARY	36 / 29 / 29	79 / 81 / 62	115 / 110 / 91	21 / 15 / 20	45 / 54 / 44	467 / 422 / 467	2867 / 2777 / 3100	117 / 121 / 106	334 / 319 / 255	383 / 358 / 303	122 / 111 / 113	MARCH	30 / 34 / 50	113 / 78 / 101	143 / 112 / 151	9 / 20 / 26	49 / 59 / 63	555 / 606 / 543	3387 / 3086 / 3163	3387 / 3086 / 3163	101 / 123 / 152	291 / 356 / 333	320 / 395 / 399	94 / 127 / 149	APRIL	23 / 27 / 31	98 / 68 / 81	121 / 95 / 112	19 / 9 / 18	51 / 43 / 54	530 / 466 / 474	3145 / 2832 / 3119	3145 / 2832 / 3119	106 / 97 / 114	300 / 244 / 310	350 / 262 / 346	107 / 104 / 116	MAY	25 / 41 / 31	87 / 74 / 73	112 / 115 / 104	21 / 16 / 20	42 / 49 / 53	515 / 594 / 564	2968 / 2548 / 2968	2968 / 2548 / 2968	104 / 113 / 111	249 / 349 / 345	299 / 385 / 381	112 / 103 / 106	JUNE	22 / 32 / 49	75 / 60 / 76	97 / 92 / 125	17 / 16 / 16	56 / 53 / 44	641 / 631 / 552	3287 / 2686 / 3287	3235 / 2686 / 3287	96 / 113 / 107	286 / 288 / 307	328 / 318 / 342	92 / 126 / 97	JULY	31 / 40 / 31	96 / 89 / 59	127 / 129 / 90	11 / 21 / 30	48 / 51 / 36	571 / 587 / 619	3012 / 2822 / 2997	3012 / 2822 / 2997	90 / 128 / 129	252 / 306 / 313	278 / 345 / 371	93 / 122 / 126	AUGUST	35 / 30 / 40	64 / 84 / 117	99 / 114 / 157	13 / 14 / 26	52 / 66 / 54	573 / 716 / 580	3401 / 2855 / 3276	3401 / 2855 / 3276	102 / 117 / 138	314 / 292 / 350	344 / 321 / 408	94 / 116 / 134	SEPTEMBER	27 / 48 / 35	92 / 93 / 86	119 / 141 / 121	17 / 22 / 14	50 / 52 / 42	516 / 567 / 470	2952 / 2821 / 3063	2952 / 2821 / 3063	104 / 127 / 110	286 / 325 / 289	322 / 372 / 320	111 / 123 / 118	OCTOBER	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	NOVEMBER	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	DECEMBER	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	CALENDAR YEAR	253 / 316 / 336	780 / 692 / 727	1033 / 1,008 / 1063	143 / 150 / 189	436 / 476 / 450	4862 / 5129 / 4832	25018 / 27698 / 28680	25018 / 27698 / 28680	921 / 1048 / 1093	2599 / 2754 / 2872	2959 / 3076 / 3280	927 / 1047 / 1083	MONTHLY AVERAGE	28 / 35 / 37	87 / 77 / 81	115 / 112 / 118	16 / 17 / 21	48 / 53 / 50	540 / 570 / 537	2,780 / 3,078 / 3,187	2,780 / 3,078 / 3,187	102 / 116 / 121	289 / 306 / 319	329 / 342 / 364	103 / 116 / 120

NORTHERN INYO HOSPITAL
DEPARTMENTAL NON-EMERGENCY OUTPATIENT VISITS

MONTHS 2006	DIAGNOSTIC RADIOLOGY			MAMMOGRAPHY			NUCLEAR MEDICINE			ULTRASOUND			CT SCANNING			MRI			LABORATORY			EKG / EEG			PHYSICAL THERAPY			RESPIRATORY THERAPY			RURAL HEALTH CLINIC			TOTALS		
	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06					
JANUARY	309 / 340 / 312	240 / 202 / 229	221 / 203 / 211	32 / 47 / 29	97 / 102 / 107	98 / 151 / 123	92 / 86 / 85	1755 / 1968 / 1686	97 / 127 / 103	515 / 313 / 302	16 / 16 / 12	21 / 12 / 19	841 / 921 / 970	953 / 1014 / 1029	4204 / 4366 / 4017																					
FEBRUARY	225 / 323 / 250	221 / 203 / 211		40 / 52 / 60	104 / 119 / 135	115 / 142 / 111	64 / 77 / 92	1719 / 1753 / 1633	95 / 83 / 82	502 / 306 / 361			841 / 921 / 970	953 / 1014 / 1029	4204 / 4366 / 4017																					
MARCH	306 / 413 / 329	257 / 201 / 83		47 / 52 / 52	121 / 113 / 133	110 / 161 / 126	93 / 92 / 105	2067 / 2105 / 1853	99 / 81 / 132	648 / 315 / 425	15 / 12 / 14	1099 / 1240 / 1099	4862 / 4785 / 4351																							
APRIL	256 / 349 / 254	217 / 232 / 237		41 / 40 / 35	126 / 137 / 109	100 / 180 / 107	88 / 84 / 84	2022 / 1815 / 1984	82 / 97 / 84	567 / 378 / 397	11 / 18 / 21	910 / 1103 / 915	4420 / 4433 / 4227																							
MAY	275 / 304 / 263	204 / 221 / 241		45 / 54 / 41	121 / 98 / 122	97 / 161 / 110	85 / 96 / 88	1833 / 1782 / 1741	84 / 85 / 95	372 / 333 / 374	12 / 17 / 18	828 / 971 / 958	3956 / 4122 / 4051																							
JUNE	325 / 302 / 257	235 / 208 / 220		57 / 47 / 32	126 / 117 / 128	116 / 146 / 119	73 / 81 / 111	2007 / 1902 / 1828	133 / 87 / 104	281 / 420 / 370	26 / 15 / 10	993 / 1016 / 859	4372 / 4341 / 4038																							
JULY	207 / 236 / 228	207 / 145 / 134		55 / 46 / 35	126 / 119 / 126	102 / 113 / 121	95 / 84 / 71	1865 / 1742 / 1615	83 / 93 / 93	234 / 375 / 379	16 / 15 / 13	1019 / 952 / 946	4009 / 3920 / 3761																							
AUGUST	244 / 254 / 269	213 / 237 / 275		63 / 50 / 47	144 / 123 / 135	121 / 128 / 120	91 / 90 / 97	1937 / 1838 / 1741	75 / 86 / 132	223 / 389 / 408	20 / 23 / 14	1016 / 1059 / 1020	4147 / 4277 / 4258																							
SEPTEMBER	242 / 278 / 251	159 / 179 / 229		68 / 65 / 45	128 / 110 / 126	113 / 135 / 99	94 / 81 / 78	1864 / 1784 / 1542	113 / 102 / 111	230 / 350 / 355	15 / 18 / 11	985 / 1011 / 917	4011 / 4113 / 3764																							
OCTOBER	/ / /	/ / /		/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /																						
NOVEMBER	/ / /	/ / /		/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /																						
DECEMBER	/ / /	/ / /		/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /																						
CALENDAR YEAR	2389 / 2799 / 2413	1953 / 1828 / 1659		448 / 453 / 376	1093 / 1038 / 1121	972 / 1317 / 1036	775 / 771 / 811	17069 / 16689 / 15623	861 / 841 / 936	3572 / 3179 / 3371	152 / 146 / 132	8644 / 9287 / 8713	37928 / 38348 / 36391																							
MONTHLY AVERAGES	265 / 311 / 268	217 / 203 / 207		50 / 50 / 42	121 / 115 / 125	108 / 146 / 115	86 / 86 / 90	1897 / 1854 / 1736	96 / 93 / 104	397 / 353 / 375	17 / 16 / 15	960 / 1032 / 968	4214 / 4261 / 4043																							

Northern Inyo Hospital
Monthly Report of Capital Expenditures
Fiscal Year Ending JUNE 30, 2005
As of September 30, 2006

MONTH	APPROVED	BY BOARD DESCRIPTION OF APPROVED CAPITAL EXPENDITURES	AMOUNT
FY 1995-96		Hospital Information System	\$1,300,000
		AMOUNT APPROVED BY THE BOARD IN PRIOR FISCAL YEARS TO BE EXPENDED IN THE CURRENT FISCAL YEAR	<u>1,300,000</u>
FY 2006-07		Philips Biphasic Defibrillators (eight)	101,388 *
		Crash Carts	15,735 *
		Urology Office Equipment & Charts (Purchased from Dr. Evantov) (Half of \$35,000 buy-up amount)	18,856 *
		Platelet Incubator/Agitator Purchase (non-budget)	2,600
		Computer Backup/Disaster Recovery Upgrade	59,122
		Virtual Servers	36,888
		AMOUNT APPROVED BY THE BOARD IN THE CURRENT FISCAL YEAR TO BE EXPENDED IN THE CURRENT FISCAL YEAR	<u>234,589</u>
		Amount Approved by the Board in Prior Fiscal Years to be Expended in the Current Fiscal Year	1,300,000
		Amount Approved by the Board in the Current Fiscal Year to be Expended in the Current Fiscal Year	<u>234,589</u>
		Year-to-Date Board-Approved Amount to be Expended	1,398,610
		Year-to-Date Administrator-Approved Amount	331,198 *
		Actually Expended in Current Fiscal Year	<u>135,979 *</u>
		TOTAL FUNDS APPROVED TO BE EXPENDED	<u><u>1,865,787</u></u>
		Total-to-Date Spent on Incomplete Board Approved Expenditures (Hospital Information System and Building Project)	1,199,399

**Northern Inyo Hospital
Monthly Report of Capital Expenditures
Fiscal Year Ending JUNE 30, 2005
As of September 30, 2006**

MONTH APPROVED BY BOARD DESCRIPTION OF APPROVED CAPITAL EXPENDITURES	AMOUNT
Reconciling Totals:	
Actually Capitalized in the Current Fiscal Year Total-to-Date	467,177
Plus: Lease Payments from a Previous Period	0
Less: Lease Payments Due in the Future	0
Less: Funds Expended in a Previous Period	0
Plus: Other Approved Expenditures	<u>1,398,610</u>
ACTUAL FUNDS APPROVED IN THE CURRENT FISCAL YEAR TOTAL-TO-DATE	<u><u>1,865,787</u></u>
Donations by Auxiliary	0
Donations by Hospice of the Owens Valley	0
Donations by Others	<u>0</u>
	<u><u>0</u></u>

*Completed Purchase

(Note: The budgeted amount for capital expenditures for the fiscal year ending June 30, 2006, is \$3,600,000 coming from existing hospital funds.)

**Completed in prior fiscal year

**Northern Inyo Hospital
Monthly Report of Capital Expenditures
Fiscal Year Ending JUNE 30, 2005
As of September 30, 2006**

MONTH	APPROVED	AMOUNT
BY BOARD DESCRIPTION OF APPROVED CAPITAL EXPENDITURES		
Board Approved Construction and Remodel amounts to be Reimburse from Revenue Bonds:		
FY 1996-97	Central Plant and Emergency Power Generator	3,000,884 **
FY 1997-98	Administration/Office Building (Includes Furniture and Landscaping)	1,617,772 **
FY 2000-01	New Water Line Construction	89,962 **
FY 2001-02	Siemens ICU Patient Monitoring Equipment	170,245 **
	Central Plant and Emergency Power Generator OSHPD Fee	18464.5 **
FY 2003-04	Emergency Room Remodel (Included in New Building & Remodel)	0
FY 2004-05	Emergency Room Remodel (add to \$500,000) (In New Building & Remodel)	0
FY 2005-06	Hospital Building and Remodel	39,500,000
FY 2005-06	Construction Cost Overrun Approval	15,250,000
Total-To-Date Board Approved Construction Amounts to be reimbursed from Revenue Bonds & General Obligation Bond		<u><u>59,647,328</u></u>
Total-To-Date Spent on Construction In Progress from Rev Bonds for Incomplete Projects (Includes Architect Fees for Future Phases)		

*Completed Purchase

Northern Inyo Hospital
Monthly Report of Capital Expenditures
Fiscal Year Ending JUNE 30, 2005
As of September 30, 2006

SPIRIT XT200 TREADMILL	Physical Therapy	1,831	
CISCO ASA AIP Security Service	IT	4,165	
UPS for Servers	IT	2,204	
VersaCare Bed w/Accessories	Med/Surg	6,506	
VersaCare Bed w/Accessories	Med/Surg	6,506	
VersaCare Bed w/Accessories	Med/Surg	6,506	
VersaCare Bed w/Accessories	Med/Surg	6,506	
Month Ending September 30, 2006		34,224	331,198

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November 13, 2006

RE: Northern Inyo Hospital Solar Water Heating

Kevin,

There are multiple uses for hot water generated by solar energy, which include space heating, hot water fired absorption chilling for chilled water and domestic hot water (DHW) production. After evaluating the options, I feel that domestic water heating is the best option for the hospital. Domestic hot water is in demand 24 hours a day and is independent of the ambient temperature. Also, DHW requirements are small enough to allow for 100% production of hot water via solar energy.

Solar water heating is accomplished by the absorption of solar radiation via an absorber plate. This radiation heats the absorber plate, which conducts the heat into water filled tubes. These elements are enclosed in an insulated box with double walled polycarbonate glazing to form a solar panel. See Attachment "A". Since solar energy is only captured for about 6 hours a day, a hot water storage system will store the heat energy generated by the collectors.

Sizing the system is based on the daily demand of DHW. Currently the DHW system is sized for maximum possible load, which is around 400 GPH of hot water recovery. This is good engineering practice to ensure that hot water is available under all conditions. To size a solar water heater to the same criteria, would be cost prohibited and the area consumed by the solar panels would be great. See table B-1 on attachment "B". I've included the cost and square foot requirements of sizing a system this way.

Due to diversity of the DHW system, this maximum possible load is rarely, if ever, achieved. Under normal everyday operation the actual instantaneous usage is 25-30% of the maximum possible load. Sizing a solar system to the probable load makes more sense, and should provide 100% hot water production on a typical day. Table B-2 on attachment "B" shows this option for cost and square foot requirement.

Solar systems can supply 100% DHW production or a percentage of the required DHW. Attachment "B" also shows the cost and size of installing a partial load solar system.

The solar absorption (MBTU/Day recovery per panel) is dependant on the entering water temperature, the ambient temperature, and the sky clearness. This ranges from about 6 MBTU/day per panel to 23 MBTU/day per panel. I used 15 MTBU/day as a good estimate of a typical day. Attachment "A" also has the collector thermal rating for various conditions.

Jon Alan Baker, AIA
President/CEO

R. Todd Suchler
Partner/CFO

Jay R. Whisenant, AIA, CCS
Principal/COO

G. Wayne Hunter AIA, ACHA
Partner

Richard E. Nowicki, AIA
Partner

Jerry L. Jensen
Principal

Linda J. Mitchell, CID
Principal

Jaynelle F. Stichler, DNSc, RN
Principal

Steven W. Ward, AIA
Principal

9655 Granite Ridge Drive
Suite 400
San Diego, California
92123-2676

858.565.4440
Fax 858.569.3433

ntdstichler.com



NTDSTICHLER
ARCHITECTURE

After discussion the current situation with SolarRoof's representative he estimated that the installed cost would be between \$50.00 and \$100.00 per square foot or \$1,000 to \$2,000 a panel. I used a median figure of \$75.00 a square foot.

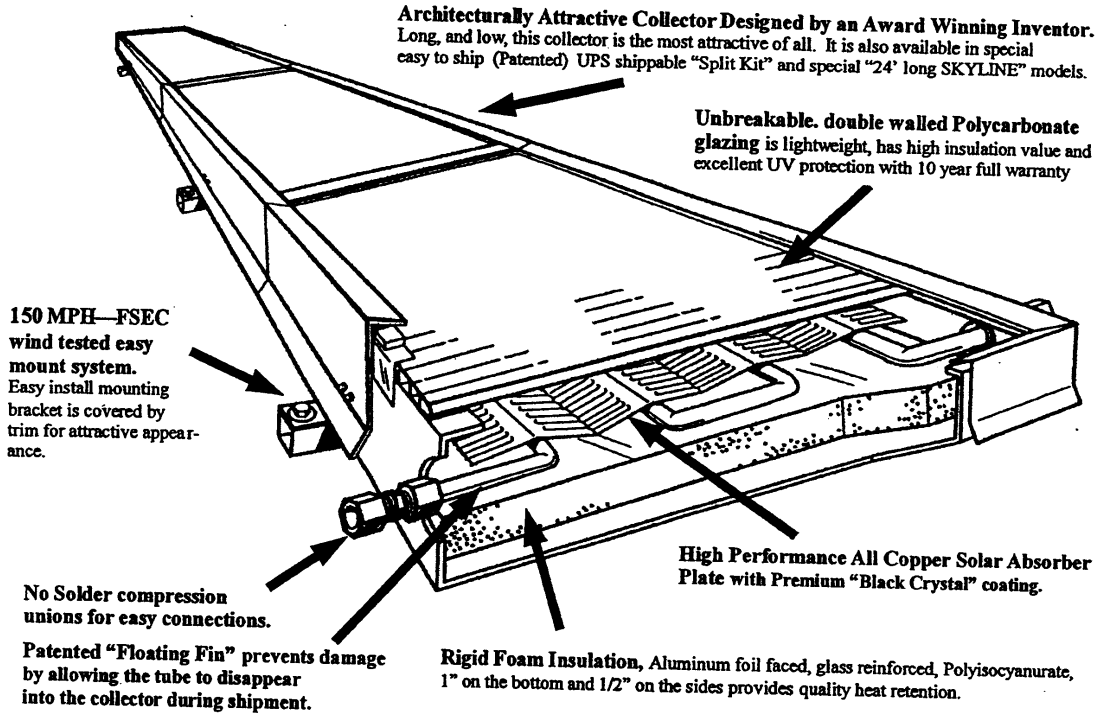
In conclusion, there are a lot of factors involved in deciding if a solar hot water system is right for a project. I hope that this will help you to make an informed decision about solar water heating.

Sincerely,

Dave Smith, EIT
Mechanical Designer

ATTACHMENT "A"

SolarRoofs "Skyline" 10-01 and 20-01 Solar Collectors: These rugged, powerful 10 and 20 Square foot collectors weigh only 19 and 38 pounds. They are easy to carry by one person and are much safer to get on the roof to install. They are available in architectural colors and have an attractive appearance on the roof. No soldering is required to install the collector (s).




COLLECTOR SPECIFICATIONS:

Trim & Frame Materials: Finished 27 mil Aluminum Trim and Frame = Total 54 mil (1.37 mm)
 Absorber Material: "Black Crystal" or Black Chrome coated absorber with all copper 1/2" od tube
 Glazing: Twinwall Polycarbonate UV Treated .236" (6.0 mm)
 Dimension / Weight: 72" / 144.1" x 20" x 3" 19 / 38 lb = 1.9 lb. s/f (3.67 m x 0.51 m x 0.076 m 17.24 Kg) 18.4 net s/f (1.71 m²)
 Recommended Flow Rate: .20 to .6 GPM
 Maximum Working Pressure: 150 PSI (10.21 atm) Maximum Stagnation Temp: 250 °F (121.11 °C).
 Heat Transfer Fluid: Potable water or Propylene glycol - Fluid Capacity: 10-01 = .15 gal. / 20-01 = .3 gal.
 Standard Components: Mounting Ell brackets with tech screws and 2 1/4" washers.
 Color: Standard: Musket Brown or Dove Gray. Optional trim colors are available.

SolarRoofs 20-01 SRCC OG 100 Collector Rating:

COLLECTOR THERMAL PERFORMANCE RATING

SOLAR COLLECTOR CERTIFICATION AND RATING	CERTIFIED SOLAR COLLECTIVE	Thousands of Btu Per Panel Per Day			
		CATEGORY (Ti-Ta)	CLEAR DAY 2000 Btu/ft ² -d	MILDLY CLOUDY 1500 Btu/ft ² -d	CLOUDY DAY 1000 Btu/ft ² -d
 SRCC OG-100	SUPPLIER: ACR Solar International 5940 Gibbons Dr. Suite G Carmichael, CA 95608 MODEL: Furbell Finball 2001 COLLECTOR TYPE: Glazed Flat-Plate CERTIFICATION #: J40-2801-002A	A (-9 °F)	23	17	12
		B (9 °F)	20	15	9
		C (36 °F)	17	11	6
		D (90 °F)	10	6	1
		E (144 °F)	6	2	

Web: www.SolarRoofs.com Email: richsolar@aol.com Phone: (916) 481-7200
 Fax: (916) 481-7203 Address: 5840 Gibbons Drive Suite G, Carmichael CA 95608

Attachment "B"

Solar Water Heating - Northern Inyo Hospital

11/9/2006
Prepared by: Dave Smith

Table B-1

% Possible MAX Load	Req. Solar Recovery Gal./Hr @ % Poss. Load	DHW EWT	DHW LWT	MBH Output/Boiler	Number Of Boilers	Total MBH Output	Hours/Day	MBH / Day Output	MBT U/Day Recovery / Panel	Number of Panels	Sq. Ft. Per Panel	Total Sq. Ft. Of Panels	Installed Cost/ Sq. Ft. Panel	Total Cost
	200	40	140		2	800	24	33000	15	20	20		\$75.00	
	180	40	140		2	720	24	30000	15	20	20		\$75.00	
	160	40	140		2	640	24	27000	15	20	20		\$75.00	
	140	40	140		2	560	24	24000	15	20	20		\$75.00	
	120	40	140		2	480	24	21000	15	20	20		\$75.00	
	100	40	140		2	400	24	18000	15	20	20		\$75.00	
	80	40	140		2	320	24	14400	15	20	20		\$75.00	
	60	40	140		2	240	24	10800	15	20	20		\$75.00	
	40	40	140		2	160	24	7200	15	20	20		\$75.00	
	20	40	140		2	80	24	3600	15	20	20		\$75.00	

Table B-2

% Probable MAX Load	Req. Solar Recovery Gal./Hr @ % Prob. Load	DHW EWT	DHW LWT	MBH Output/Boiler	Number Of Boilers	Total MBH Output	Hours/Day	MBH / Day Output	MBT U/Day Recovery / Panel	Number of Panels	Sq. Ft. Per Panel	Total Sq. Ft. Of Panels	Installed Cost/ Sq. Ft. Panel	Total Cost
	56	40	140		2	96	24	2304	15	20	20		\$75.00	
	50	40	140		2	84	24	2016	15	20	20		\$75.00	
	45	40	140		2	75	24	1799	15	20	20		\$75.00	
	39	40	140		2	65	24	1560	15	20	20		\$75.00	
	34	40	140		2	56	24	1344	15	20	20		\$75.00	
	28	40	140		2	47	24	1120	15	20	20		\$75.00	
	22	40	140		2	37	24	896	15	20	20		\$75.00	
	17	40	140		2	28	24	672	15	20	20		\$75.00	
	11	40	140		2	19	24	456	15	20	20		\$75.00	
	6	40	140		2	9	24	228	15	20	20		\$75.00	

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GE Healthcare Financial Services

Bruce Barnum

GE Healthcare Financial Services

5335 SW Meadows Road, Suite 450
Lake Oswego, OR 97035

503 603-1511 Fax: 503-603-1512

November 27, 2006

Mr. John Halfen
Northern Inyo Hospital
150 Pioneer Lane
Bishop, CA 93514

Dear Mr. Halfen:

GE Healthcare Financial Services ("GEHFS") is pleased to submit the following Tax-Exempt Financing Proposal for your consideration.

Transaction: Financing transaction with interest that is exempt from federal income taxation documented pursuant to one or more Master Lease Agreements (each, an "Agreement") between Lessor and Lessee. The Agreement contains the general terms and conditions applicable to each financing and each financing will be documented pursuant to an Equipment Schedule to the Agreement. Documents shall include the Agreement, Equipment Schedules and certificates as are reasonably necessary to evidence and carry out the transactions including representations, warranties and indemnities which are deemed appropriate by Lessor. Lessor will provide the form of documentation upon Lessee's execution of this Proposal.

Lessee: Northern Inyo County Local Hospital District dba Northern Inyo Hospital (the "Hospital")

Lessor: General Electric Capital Corporation ("GECC") and/or GE Capital Public Finance, Inc. ("GECPF), and their assigns.

For all Equipment manufactured by the General Electric Company, transactions would be documented on an Agreement with GECC as Lessor. For all other Equipment, transactions would be documented on an Agreement with GECPF as Lessor.

Equipment: Various GE Healthcare Technologies equipment (see attached equipment list)

Equipment Cost: \$3,712,015.90 (including 7.75% sales tax)

Escrow Funding Date(s): Upon execution and delivery of the Agreement and all documents specified therein, including Escrow Agreement(s), by Lessor and Lessee, and the satisfaction of all terms and conditions of the Agreement relating to the closing of each Equipment Schedule.

Lease Term: 60 months

Base Interest Rate: 4.65%

Interest Rate Index: The quoted Interest Rate will float until two weeks prior to the Escrow Funding Date. The interest rate and resulting payment schedule will be calculated using the following index:

U.S. Treasury Note Index: Calculated as follows:

$[(\text{Current U.S. Treasury Rate} - \text{Base U.S. Treasury Rate}) \times .56] + \text{Base Interest Rate}$

Base Interest Rate:	U.S. Treasury Note Term:	Base U.S. Treasury Rate:
4.65%	Five (5) Years	4.55%

U.S. Treasury Note Term: Corresponds to the Equipment's financing term.

Base U.S Treasury Note Rate: The daily 5-year U.S. Treasury Note rate from the Federal Reserve Statistical Release H.15(519) dated November 24, 2006.

Current U.S. Treasury Note Rate: The daily 5-year U.S. Treasury Note rate posted from the most recently published Federal Reserve Statistical Release H.15 (519).

The index shall be evaluated and adjusted 90 days from the date of this proposal and at the end of every subsequent 90-day period to ensure that the index reflects current tax-exempt market conditions.

Monthly Payments: Based upon the above Funding Amount, Interest Rates, and financing Term(s) indicative monthly payments, in arrears, as of November 24, 2006 would be \$69,456.66

**Ownership for Tax Purposes
And Grant of Security Interest:**

For Federal Income Tax purposes, Lessee and Lessor agree that it is their mutual intention that Lessee shall be considered the owner of the Equipment.

A first priority security interest in all of the Equipment will be granted to Lessor and the Equipment may be subject to no other liens. If the Equipment is deemed to be a fixture, Lender will require a legal description of the premises where the Equipment is located in

order that the necessary fixture filings may be made to create and preserve Lessor's first priority security interest and that a landlord or mortgagee waiver be executed, as applicable.

Lessee hereby irrevocably authorizes Lender and its assigns at any time and from time to time to file in any jurisdiction any initial financing statements and amendments thereto that identify the Equipment, facility or any other assets of Lessee subject to the financing described herein.

Net Lease:

All obligations, costs and responsibilities associated with ownership of the Equipment will be borne by Lessee including insurance, maintenance, and applicable taxes. Lessee will be responsible for making payments in all circumstances (except in the event of Non-Appropriation).

Legal Opinions:

Counsel to Lessee shall provide an opinion as to legality, enforceability, authority, title and execution and effect of the Agreement and other documents in form and substance satisfactory to Lessor.

Lease Structure:

Tax-exempt \$1 buyout Lease Agreement. The lease may be structured, at the discretion of the Lessor, as an abatement lease or as an annually appropriated lease.

Fees:

Lessor will be responsible for all of its closing and transaction costs. Lessee will be responsible for all of its closing and transaction costs, including the cost of all required legal opinions.

Prepayment:

Lessee shall have the right to prepay in full, but not in part, the entire principal balance, plus interest and any other additional charges due under the Agreement, upon payment of an additional sum as a premium equal to five percent (5%) of the unpaid principal balance during the first year of the Lease Term, four percent (4%) during the second year of the Lease Term, three percent (3%) during the third year of the Lease Term, two percent (2%) during the fourth year of the Lease Term, and one percent (1%) thereafter.

Insurance Requirements:

Lessor will require Lessee to maintain liability and physical damage insurance throughout the term of each Equipment Schedule which shall be reviewed and approved by Lessor prior to funding. Lessor shall be a loss payee and additional insured on all policies. The physical damage insurance shall include a breach of warranty clause for the benefit of Lessor. Upon execution of this Proposal, Lessor shall provide further information on its insurance requirements.

Assignment:

Lessor may assign its rights to enter into an Equipment Schedule and its rights as Lessor under an Equipment Schedule without the consent of Lessee.

Proposal Expiration:

The proposal must be accepted by December 15, 2006. Extensions to this date may be granted by Lessor in its sole discretion.

This proposal constitutes only a general, non-binding expression of interest on the part of Lessor. THIS PROPOSAL IS SUBJECT TO LESSOR'S CREDIT, LEGAL AND INVESTMENT APPROVAL PROCESS AND IS NOT INTENDED TO, AND DOES NOT, CREATE A LEGALLY BINDING COMMITMENT OR OBLIGATION ON THE PART OF LESSOR. The creation of such a legally binding commitment or obligation is subject to, among other things, the completion by Lessor of an in-depth investigation of the proposed investment, the results of which are deemed satisfactory by Lessor and the negotiation, execution and delivery of definitive documents which shall be mutually agreed upon by all parties. IT IS UNDERSTOOD THAT NO PARTY HERETO SHALL BE LEGALLY BOUND TO THE OTHER BY REASON OF THIS LETTER, NOR SHALL RIGHTS, LIABILITIES OR OBLIGATIONS ARISE AS A RESULT OF THIS LETTER.

We look forward to your favorable review and response. By accepting this Proposal, Lessee acknowledges that this letter contains the entire proposal (superseding all previous representations and agreements, either oral or written) and that there are no promises, agreements or understandings outside of this letter.

If there are any questions, we would appreciate the opportunity to discuss this proposal in more detail at your earliest convenience. Please do not hesitate to contact me directly at (503) 603-1511.

Sincerely,

Bruce Barnum
Senior Account Manager

Agreed and Accepted:

Lessee

By: _____

Title: _____

Date: _____

Federal Tax I.D. # _____

Northern Inyo Equipment List 11-22-06

Equipment	Pre Tax Amount	Including 7.75% Sales Tax
GE LightSpeed 64 VCT	\$1,267,919.00	\$1,366,182.72
Definium 8000	\$387,467.70	\$417,496.45
Precision 500 D	\$322,827.83	\$347,846.99
Precision 500 D #2	\$322,827.83	\$347,846.99
Digital AMX 700	\$211,907.50	\$228,330.33
Digital Mamo	\$337,397.50	\$363,545.81
Infinia Hawkeye	\$521,679.00	\$562,109.12
Bone Density	\$73,000.00	\$78,657.50
TOTAL	\$3,445,026.36	\$3,712,015.90

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NORTHERN INYO HOSPITAL POLICY AND PROCEDURE

Title: Preoperative EPT Testing Protocol	
Scope: Multi-Departmental	Department: Nursing, Laboratory
Source: OP Services	Effective Date:

PURPOSE:

To establish a protocol for nursing to perform or order a pre-operative early pregnancy test (EPT) prior to the start of anesthesia for any elective surgery with the exception of cesarean sections on female patients of child bearing potential.

POLICY:

1. Any nurse preparing a female patient of child bearing potential for any elective surgery will explain to the patient the need for an EPT either by urine or blood sample.
The exceptions are:
 - patients scheduled for a cesarean section
 - patients that have had a prior hysterectomy, bilateral tubal ligation / fulguration,
 - Patients for whom the anesthesiologist deems the test unnecessary.
2. The day of surgery, the nurse will obtain the urine sample and perform the test per protocol
3. The results will be recorded in the patient's chart prior to the initiation of anesthesia.

PROTOCOL:

The RN preparing the patient for surgery will:

- Determine if the patient is a female of childbearing potential (age 11-50)
- Explain the need for a urine test to ascertain pregnancy status and obtain verbal permission from patient to proceed with test.
- Obtain specimen, ensure the container is properly labeled, and perform the dipstick test.
- Record test results in patient's chart.

In the event that urine is not obtainable prior to surgery, the RN will get an order from the surgeon to have the EPT done by a blood test.

- Submit request to NIH Laboratory via computer for a blood EPT; the test should be run STAT or ASAP.
- Have the phlebotomist obtain the specimen, or get blood when starting the IV, ensure the vial is properly labeled, and ensure the specimen gets to the lab as quickly as possible.
- Put test results in patient's chart.

SPECIAL CONSIDERATIONS:

Physician order required: No for urine test, yes for a blood test

Procedure may be performed by: RN, LVN, Phlebotomist or Lab Tech

Special education required to perform procedure: No

Age specific considerations: see above

Committee Approval	Date
Surgery –Tissue Committee	10/25/06

Revised 10/25/06
Reviewed
Supercedes

**NORTHERN INYO HOSPITAL
POLICY AND PROCEDURE**

Title: Perinatal HIV Prevention Program	
Scope: Departmental	Department: Perinatal
Source: Perinatal Nurse Manager	Effective Date:

PURPOSE:

To comply with Section 125085 of the Health and Safety Code requiring provision of HIV information to the pregnant patient, collection of blood and documentation of her consent. Providers are asked to utilize the “opt-out” rather than the “out-in” which means they have the right to refuse.

POLICY:

1. Perinatal staff will review prenatal records for all patients presenting to Labor & Delivery department for evidence of prenatal HIV testing or that the patient has declined testing.
2. If there is no record (check with the office or provider to confirm) or if there was no prenatal care, staff will give an information sheet to the patient and discuss the option of rapid HIV testing. The patient will sign the form to either consent to or decline testing.

PROCEDURE:

1. Review records for evidence of testing or a refusal of testing.
2. If there is no record of either, check with the office or the provider for this information.
3. If there has been no discussion or there was no prenatal care, inform the patient in private that her HIV status was not listed, give her the information sheet and offer her the right to accept or decline testing at this time.
4. Obtain a signature for either consent or refusal.
5. If she consents, notify the laboratory of the need to draw a rapid HIV test. (We are not, as of the effective date of this policy, performing this test but it can be completed at Mammoth Hospital. A staff member will transport the specimen there for testing).
6. When results are obtained:
 - a. If HIV test is negative, discuss results with the patient assuring them that a negative result is reliable, except in the case of a very recent exposure.
 - b. If HIV test is positive:
 - i. Notify the Practioner to come ASAP to discuss with the patient in person the results, confirmatory testing and treatment options.
 - ii. Notify Pharmacy while waiting med orders to ensure that antiviral meds are available for administration.
 - iii. Plan for a private room after delivery.
 - iv. Avoid invasive procedures (such as AROM, FSE ...) until discussed with Practioner, as this may increase the chance of vertical transmission.
 - v. Administer medications as ordered.
7. Post delivery:
 - a. Educate the patient in regards to safe sex, confirmatory testing, infant care, and community resources.
 - b. No breastfeeding.

DOCUMENTATION:

Document this in the nursing progress notes and on the MAR as indicated. Consent for testing or refusal will be placed in the mother's chart.

Committee Approval	Date
Peri-Peds Committee	
Medical Executive Committee	
Administration	
Board of Directors	

Revised
Reviewed
Supercedes



Protecting Yourself and Your Baby Can Be A Success Story...

If you are pregnant or think you may be pregnant, you need to know about HIV, the virus that leads to AIDS.

Pregnancy is a time to take care of yourself and get regular medical checkups for your health and your baby's health. Your health care provider will ask you questions and check you for conditions that can harm you and your baby. As part of your routine prenatal care, you will be tested for HIV unless you decline. Early detection and treatment are your best choices.

Your health care provider will ask you to sign a consent form to document your acceptance to be tested for HIV.

What is HIV?

- Human Immunodeficiency Virus (HIV) is a disease that weakens the immune system, making it hard for the body to fight infections.

How is HIV transmitted?

- HIV is primarily spread by having unprotected sex or sharing needles with an HIV-infected person.
- A pregnant woman who is HIV infected or who has AIDS can pass HIV to her baby during pregnancy, delivery, and while breastfeeding.

How will an HIV test help my baby?

- An HIV test will help you and your baby by alerting you to the need for treatment if your HIV test is positive. Treatment before, during, and after labor and delivery can help decrease the risk of transmitting HIV to your baby.
- Doctors have learned that if you are infected with HIV, treatment with appropriate medication can greatly reduce your chances of giving HIV to your baby.

What if I test HIV positive?

- If you are HIV positive, you may want to discuss treatment options with your health care provider.

You can protect yourself from HIV by:

- Using a latex/polyurethane condom (male or female) when you have sex, even if you are pregnant.
- Not sharing needles for injecting drugs, steroids, vitamins, tattooing, or piercing.

Other resources for help:

- Call the California HIV/AIDS Hotline at 1-800-367-2437 (AIDS) for HIV referral and consultation resources including experts of prenatal HIV treatment in your local area.
- Some California hospitals are also offering rapid HIV testing in labor and delivery. Rapid HIV Testing delivers HIV test results in as little as 20 minutes. You may want to ask your health care provider if Rapid HIV Testing is available in your area.

By signing here, I do not agree to be tested for HIV at this time.

Printed name	Signature	Date
--------------	-----------	------



PERINATAL HIV TESTING CONSENT

I have been informed that my blood or other bodily fluid will be tested for Human Immunodeficiency Virus (HIV), the causative agent for AIDS, unless I decline. I understand that I have the right to refuse this routine test.

I have also been given perinatal HIV informational materials and HIV referral and consultation resources for perinatal HIV treatment. These materials also describe the risk of perinatal transmission of HIV to babies, that approved treatments are known to decrease risk of perinatal transmission of HIV, and the risks and benefits of the tests. I have been informed of the limitations and implications of the test.

By my signature below, I acknowledge that I have read the HIV information provided to me by my provider, or have had it read to me, and that I have had a chance to ask questions which were answered to my satisfaction.

As a general rule, the law states that no one but my doctor and other caregivers may be told about my test results unless I give specific written consent to let other people know. Positive results will be reported to the local health officer.

I acknowledge that I have been given information concerning the benefits and risks and I understand by signing this consent form **I agree** to be tested for HIV.

Printed name	Signature	Date
--------------	-----------	------

NORTHERN INYO HOSPITAL POLICY AND PROCEDURE

Title: Newborn Hepatitis B Vaccine	
Scope: Departmental	Department: Newborn Nursery
Source: Perinatal Nurse Manager	Effective Date:

PURPOSE:

To comply with the CDC recommendation that all newborns receive a birth dose of Hepatitis B vaccine before leaving the hospital unless a physician provides a written order to defer the birth dose.

POLICY:

1. Northern Inyo Hospital will provide all parents with a Hepatitis B vaccine information sheet.
2. In addition, upon a physicians order and the parent's agreement, staff will administer the vaccine to the newborn.
3. If the Practioner orders the delay of the birth dose, a copy of the original laboratory report indicating that the mother was HbsAg negative will be placed in the infant's medical record.

PROCEDURE:

1. All obstetrical new mothers will get a hepatitis B information sheet upon delivery.
2. A laboratory report of the mother's HbsAg result will be placed on the infant's chart.
3. The attending Practioner will either order the vaccine to be given or delayed
4. If the vaccine is administered, the date, time, vaccine manufacturer, and lot number of the vaccine will be recorded, as well as the name and title of the health care provider administrating the dose.
5. The information sheet (current edition 7/11/2001) will be given to the patient.
6. Fill out the immunization record yellow card and give to the mother for her records.

Committee Approval	Date
Peri-Peds Committee	
Medical Executive Committee	
Administration	
Board of Directors	

Revised
Reviewed
Supercedes

4**Some people should not get hepatitis B vaccine or should wait**

People should not get hepatitis B vaccine if they have ever had a life-threatening allergic reaction to baker's yeast (the kind used for making bread) or to a previous dose of hepatitis B vaccine.

People who are moderately or severely ill at the time the shot is scheduled should usually wait until they recover before getting hepatitis B vaccine.



Ask your doctor or nurse for more information.

5**What are the risks from hepatitis B vaccine?**

A vaccine, like any medicine, is capable of causing serious problems, such as severe allergic reactions. The risk of hepatitis B vaccine causing serious harm, or death, is extremely small.

Getting hepatitis B vaccine is much safer than getting hepatitis B disease.

Most people who get hepatitis B vaccine do not have any problems with it.

Mild problems

- soreness where the shot was given, lasting a day or two (up to 1 out of 11 children and adolescents, and about 1 out of 4 adults)
- mild to moderate fever (up to 1 out of 14 children and adolescents and 1 out of 100 adults)

Severe problems

- serious allergic reaction (very rare)

6**What if there is a moderate or severe reaction?****What should I look for?**

Any unusual condition, such as a serious allergic reaction, high fever or unusual behavior. Serious allergic

reactions are extremely rare with any vaccine. If one were to occur, it would be within a few minutes to a few hours after the shot. Signs can include difficulty breathing, hoarseness or wheezing, hives, paleness, weakness, a fast heart beat or dizziness.

What should I do?

- Call a doctor, or get the person to a doctor right away.
- Tell your doctor what happened, the date and time it happened, and when the vaccination was given.
- Ask your doctor, nurse, or health department to report the reaction by filing a Vaccine Adverse Event Reporting System (VAERS) form.

Or you can file this report through the VAERS web site at www.vaers.org, or by calling 1-800-822-7967.

VAERS does not provide medical advice

7**The National Vaccine Injury Compensation Program**

In the rare event that you or your child has a serious reaction to a vaccine, a federal program has been created to help you pay for the care of those who have been harmed.

For details about the National Vaccine Injury Compensation Program, call 1-800-338-2382 or visit the program's website at www.hrsa.gov/osp/vicp

8**How can I learn more?**

- Ask your doctor or nurse. They can give you the vaccine package insert or suggest other sources of information.
- Call your local or state health department's immunization program.
- Contact the Centers for Disease Control and Prevention (CDC):
 - Call 1-800-232-4636 (1-800-CDC-INFO) or 1-888-443-7232
 - Visit the National Immunization Program's website at www.cdc.gov/nip or CDC's Division of Viral Hepatitis website at www.cdc.gov/hepatitis



U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Disease Control and Prevention
National Immunization Program

Vaccine Information Statement
Hepatitis B (7/11/01) 42 U.S.C. § 300aa-26

**NORTHERN INYO HOSPITAL
POLICY AND PROCEDURE**

Title: Blood Glucose Monitoring Protocol	
Scope: Nursery	Department: Nursery
Approved Date:	Effective Date: 8/23/06
Approved By:	
Source: Nursery Nurse Manager	
Administrator Approved:	Admin. Approved Date:

PURPOSE:

Blood glucose monitoring is done to ensure stable blood glucose levels in neonates at risk.

POLICY:

The following infants will have bedside glucose done per procedure 30-90 minutes after delivery (refer to procedure section below):

- A. Infants of non-insulin dependent diabetic mothers.
- B. Infants less than 2268 grams (5lb) or greater than 4000 grams (9lb).
- C. Infants less than 37 weeks gestation.
- D. Maternal IDDM
- E. Five-minute Apgar less than 6.
- F. Infants delivered by difficult delivery.
- G. Infants of mothers with positive drug screens
- H. Infants with immediate signs of:
 1. Jitteriness
 2. Respiratory distress
 3. Apnea or dusky episodes
 4. Temperature instability
 5. Poor feedings
 6. Seizure activity (notify physician immediately)

PROCEDURE:

Gather equipment:

- Blood glucose monitoring machine/strips
- Formula

Obtain bedside blood glucose 30-90 minutes after delivery on the following:

- A. Infants of non-insulin dependent diabetic mothers.
- B. Infants less than 2268 grams (5lbs) or greater than 4000 grams (9 lbs).
- C. Infants less than 37 weeks gestation.

- D. Maternal IDDM
- E. Five-Minute Apgar less than 6.
- F. Infants delivered by a difficult delivery.
- G. As ordered by a MD.

DOCUMENTATION:

Documentation of the procedure in the nursing progress notes and time completed with result on the MAR.

Committee Approval	Date

Index Listing: Blood Glucose Monitoring Protocol; Neonatal Blood Glucose Monitoring; Insulin-Dependent Infant; Diabetic Mother Care Of; Lab Tests in the Nursery Unit

- Initiated:**
 Revised
 Reviewed
 Supersedes

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Employee Satisfaction Survey

Management Response and Recommendations

11-26-2006

Management has been tasked with the job of responding to and implementing action plans to improve the ten "Least Positive" results of the recent Employee Satisfaction survey. These "least Positive" items are listed on the following page. They are preceded by an item number and are followed by a percentage factor indicating the percentage of responses that agreed with the statement. This can be somewhat confusing in that in eight of the ten cases the majority of the responses were positive. For example, 60% agreed with statement #27, meaning less than (assuming that there were some N/A's) 40% disagreed with it.

In order to get the consensus of the Management team, each Department Head was asked to address at least one item and suggest a plan to improve the issue. They were not asked to debate or disagree with the responses, nonetheless, many did just that. The principle area of disagreement was item two (citing employees who have been very successful in progressing, followed by numbers 51 and 52 (citing the belief that physicians are just on a different page and not a lot should be expected.

Management's findings follow.

Least Positive Item Report

June-06

Least Positive Items	Total Northern Inyo Hospital
96 . There will be some positive changes around here as a result of this survey. (A)	42 %
34 . The most deserving people are recognized for good performance. (A)	48 %
2 . There are good opportunities for advancement for me here. (A)	54 %
37 . There is an atmosphere of trust between employees and management. (A)	58 %
39 . This hospital does a good job resolving our problems and complaints. (A)	58 %
98 . There is a spirit of cooperation and teamwork among the departments here. (A)	60 %
51 . Our physicians recognize and value my efforts. (A)	60 %
52 . Our physicians are encouraged to participate in decision making. (A)	60 %
28 . Management works well together as a team. (A)	60 %
27 . Departments work together closely to improve the quality of products and services. (A)	60 %

Findings and Recommendations

Item 96: “There will be some positive changes around here as a result of this survey”

Management findings: Document and publish changes.

- Proposed:
1. Bi-weekly information emails to “Everyone” indicating activities and changes for the period.
 2. Write informational update for NIH newsletter.
 3. Take survey asking for specific ideas

Item 34: “The most deserving people are recognized for good performance”

Management findings: Recognize individual employees.

- Proposed:
1. Department Heads and Supervisors to generate “everyone” Emails and postings to recognize employees.
 2. Improve employee of the month program.

Item 2: “There are good opportunities for advancement for me here.”

Management findings: improve educational opportunities.

- Proposed:
- Design and implement a tuition reimbursement program to include all employees.

Item 37: “There is a an atmosphere if trust between employees and Management”

Management findings: re-invigorate PPAC and appoint employees reps to various Committees.

- Proposed:
1. Appoint line employee to Department Head meeting.
 2. More frequent PPAC meetings.
 3. Develop PPAC subgroups that meet more frequently

Item 39: “The Hospital does a good job resolving our problems and complaints”

Management findings: Publish complaints and fixes.

- Proposed: Include in Item 96

Item 98: “there is a spirit of cooperation and teamwork among the departments here.

Management findings: appoint a broader cross section of employees to Committees.

- Proposed: Broaden committee participation.

Item 51: “Our Physicians recognize and value my efforts”

Management findings: Level the playing field, get physicians on same page

- Proposed: Address possible solutions with Medical Staff.

Item 52: “Our physicians are encouraged to participate in decision making”

Management findings: No response.

- Proposed: Address possible solutions with Medical Staff.

Item 28: "Management works well together as a team."

Management Findings: None (no responses)

Proposed: Establish "team award" at Board level and publish.

Item 27: "Departments work together closely to improve the quality of products and services."

Management findings: None

Proposed: Establish "team award" at Board level and publish.

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PERRY MOTORS INC.

310 S. Main Street
Bishop, CA 93514

PH: (760) 872-4141

FAX: (760) 872-1274

FAX COVER SHEET

To: SCOTT Hooker

Date: 11-2-06

Fr: KEITH McGUIRE

Pages Sent: 2
Includes header

RE: Let me know if this works

Thank You

Keith

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INTENTIONALLY

Patrick Aaron Plunkett, M. D.
1231 Blair Avenue * South Pasadena, CA. 91030
PH: 323/258-8051 * FAX: 323/258-1999
Email: arborlady@socal.rr.com

Mr. John Halfen
CEO - Northern Inyo Hospital
150 Pioneer Lane
Bishop, CA 93514

Dear Mr. Halfen and Dr. Dillon,

The accusations filed against me with the Medical Board of California (805 claim) have now come to a conclusion. Enclosed is the notice of accusation from the Medical Board and the Attorney General's office, stating that I must appear at a hearing on December 4th to respond to the accusation.

I would like to inform you that the Northern Inyo Hospital medical staff by-laws were not followed when this 805 was filed with the Medical Board. There was no formal investigation or review by the Executive Committee, the Hospital Board, or any medical peer review entity. This lack of adherence to proper conduct and due process has evolved into this current accusation which is available publicly and nationwide. I am enclosing a letter written by Dr. Curt Schweizer on my behalf which he sent to the Medical Board.

I have documented my counsel as Roger Rosen. His address and contact information are contained within my notice of defense.

As you have learned, I was guilty of a DUI that occurred on December 13, 2003. Because the truck driver involved in this minor collision suffered a feigned neck strain injury, the judge in the Mojave court accepted my voluntary enrollment into the Betty Ford Treatment Center. My driver's license was suspended for one year because of this feigned injury. On May 19, 2004, I had a spontaneous rupture of my shoulder rotator cuff, and I knew it would require surgical intervention. Therefore, I took a medical leave of absence to enter Betty Ford and also to have my rotator cuff repaired. The Executive Committee of the Medical Staff granted my medical leave without question.

The accusation by Dr. Dillon was particularly hurtful and unsubstantiated. It did not appear in the original language of the 805 filing, and the due process I should have received was never provided. I would like, therefore, for you and Dr. Dillon to review the lack of appropriate protocol and take immediate remedial action.

Please direct your response to my attorney, Roger Rosen.

Sincerely,


Patrick A. Plunkett, M. D.

cc: Roger Rosen, Esq.

Enclosures

1 BILL LOCKYER, Attorney General
of the State of California
2 GAIL M. HEPPELL,
Supervising Deputy Attorney General
3 JENNEVER H. DE GUZMAN, State Bar Number 197817
Deputy Attorney General
4 California Department of Justice
1300 I Street, Suite 125
5 P.O. Box 944255
Sacramento, CA 94244-2550
6 Telephone: (916) 327-4511
Facsimile: (916) 324-5205

FILED
STATE OF CALIFORNIA
MEDICAL BOARD OF CALIFORNIA
SACRAMENTO September 1, 2006
BY M. Lewis MD ANALYST

7 Attorneys for Complainant

9 **BEFORE THE**
10 **DIVISION OF MEDICAL QUALITY**
11 **MEDICAL BOARD OF CALIFORNIA**
DEPARTMENT OF CONSUMER AFFAIRS
STATE OF CALIFORNIA

12 In the Matter of the Accusation Against:

13 PATRICK AARON PLUNKETT, M.D.
14 1231 Blair Avenue
South Pasadena, California 91030
15 Physician and Surgeon's Certificate number
16 C 30729,

Case Nos. 08-2003-153848

ACCUSATION

17 Respondent.

19 Complainant alleges:

20 PARTIES

- 21 1. David T. Thornton (Complainant) brings this Accusation solely in his
22 official capacity as the Executive Director of the Medical Board of California.
23 2. On or about November 13, 1968, the Medical Board of California issued
24 Physician and Surgeon's certificate number C 30729 to Patrick Aaron Plunkett, M.D.
25 (Respondent). The Physician and Surgeon's Certificate was in full force and effect at all times
26 relevant to the charges brought herein and will expire on June 30, 2008, unless renewed.

27 ///
28 ///

**BEFORE THE
DIVISION OF MEDICAL QUALITY
MEDICAL BOARD OF CALIFORNIA
DEPARTMENT OF CONSUMER AFFAIRS
STATE OF CALIFORNIA**

In the Matter of the Accusation)

Against:)

PATRICK AARON PLUNKETT, M.D.)

Physician's and Surgeon's)

Certificate No. C 30729)

Respondent.)

File No. 08-2003-153848

STATEMENT TO RESPONDENT

RESPONDENT ABOVE - NAMED: .

There is attached hereto a copy of an Accusation which has been filed with the office of the State agency named herein and which is hereby served upon you.

Unless a written request for a hearing signed by you or on your behalf is delivered or mailed to the agency named herein within fifteen (15) days after a copy of the Accusation was personally served on you or mailed to you, you will be deemed to have waived your right to a hearing in this matter and the agency may proceed upon the Accusation without a hearing and may take action thereon as provided by law.

The request for a hearing may be made by delivering or mailing one of the enclosed forms entitled "Notice of Defense" or by delivering or mailing a Notice of Defense as provided in Section 11506 of the Government Code to both the Deputy Attorney General and the Medical Board of California. The Deputy Attorney General's name, address and telephone number appears on the front page of the Accusation. The notice to the Medical Board should be directed to the Discipline Coordination Unit, 1426 Howe Avenue, Suite 54, Sacramento, CA 95825-3236

The hearing may be postponed for a good cause. If you have good cause, you are obliged to notify the agency or, if an administrative law judge has been assigned to the hearing, the Office of Administrative Hearings, within 10 working days after you discover the good cause. Failure to notify the agency within 10 days will deprive you of a postponement.

You may, but need not, be represented by counsel at any or all stages of these proceedings. The enclosed Notice of Defense, if signed and filed with the above - designated agency shall be deemed a specific denial of all parts of the Accusation, but you will not be permitted to raise any objection to the form of the Accusation unless you file a further Notice of Defense as provided in Section 11506 of the Government Code within fifteen (15) Days after service of the Accusation upon you.

INFORMATION FOR PHYSICIANS AND SURGEONS STIPULATED SETTLEMENTS

Hearings are set for the earliest possible date, but due to the volume of cases heard by the Office of Administrative Hearings, and the staffing challenges of those offices, it can take several months before a hearing is scheduled.

The Medical Board of California (Board) often resolves cases through the settlement process, which then eliminates the need for a hearing, and allows for expeditious resolution of the administrative matter. In this case, all parties should get together at the earliest time to discuss whether any terms or conditions can be mutually agreed upon. If you are interested in talking with the Board about the possibility of a settlement, please contact the Deputy Attorney General assigned to your case; or, if you are represented by counsel, speak with your counsel about the possibility of settlement discussions.

All stipulated settlements require the approval of the Division of Medical Quality (Division). The Division has published the Manual of Model Disciplinary Orders and Disciplinary Guidelines, 9th Edition, 2003 (enclosed). Note: The Manual is also available on the Board's website at www.caldocinfo.ca.gov under 'forms and publications'.

If you look up those code sections charged in the Accusation, you can learn the penalty ranges and conditions that may be acceptable to the Division.



MEDICAL BOARD OF CALIFORNIA

CENTRAL COMPLAINT UNIT
1428 HOWE AVE, SUITE 54
SACRAMENTO CA 95825-3236
TELEPHONE: (916) 263-2424
FAX: (916) 263-2435



www.caldocinfo.ca.gov

September 1, 2006

PATRICK PLUNKETT, M.D.
1231 BLAIR AVENUE
SOUTH PASADENA, CA 91030

Dear Dr. PLUNKETT:

Pursuant to Business and Professions Code section 803.1(f), the Board is notifying you that the attached information will be released for public disclosure. This section allows you 10 working days to provide proposed corrections, in writing, of factual inaccuracies to the Board. Proposed changes other than factual inaccuracies will not be considered. This section does not prohibit the Board from disclosing this information prior to the expiration of the 10-day period.

Any proposal must be accompanied by a copy of this letter and submitted to the above address.

Sincerely,

GERALDINE F CUMMINS
Analyst

Control Number: 08 2003153848

Enclosure

**BEFORE THE
DIVISION OF MEDICAL QUALITY
MEDICAL BOARD OF CALIFORNIA
DEPARTMENT OF CONSUMER AFFAIRS
STATE OF CALIFORNIA**

In the Matter of the Accusation)	
Against:)	File No. 08-2003-153848
)	
PATRICK AARON PLUNKETT, M.D.)	NOTICE OF DEFENSE
)	
Physician's and Surgeon's)	
Certificate No. C 30729)	
)	
Respondent.)	(Pursuant to sections 11505 and 11506, Government Code)

I, the undersigned, the respondent named in the above-entitled proceeding, hereby acknowledge receipt of a copy of the Accusation, Statement to Respondent, Government Code sections 11507.5, 11507.6, 11507.7 and 11455.10, and two copies of a Notice of Defense.

I hereby request a hearing in this proceeding to permit me to present my defense to the charges contained in said Accusation.

DATED: September 7, 2006

Respondent's Name	<u>Patrick Aaron Plunkett, M.D.</u>
Respondent's Signature	<u><i>Patrick Plunkett, M.D.</i></u>
Respondent's Mailing Address	<u>1231 Blair Avenue</u>
City, State and Zip Code	<u>S. Pasadena, CA 91030</u>
Respondent's Telephone Number	<u>(323) 258-8051</u>

Check off appropriate box

I am represented by counsel, whose name, address and telephone number appear below:

Counsel's Name	<u>Roger J. Rosen</u>
Counsel's Mailing Address	<u>1801 Avenue of the Stars, Suite 900</u>
City, State and Zip Code	<u>Los Angeles, CA 90067</u>
Counsel's Telephone Number	<u>(310) 557-1242</u>

I am not now represented by counsel. If and when counsel is retained, immediate notification of the attorney's name, address, and telephone number will be filed with you so that counsel will be on record to receive legal notices, pleading, and other papers.

805

Patrick Plunkett, M. D., took a medical leave of absence from the Medical Staff, Northern Inyo Hospital, Bishop, CA, around May 19, 2004, due to a spontaneous tear to his rotator cuff and for family reasons.

He pursued a conservative non-invasive treatment initially by resting the impaired left shoulder as he attended to personal family matters. His pain, however, continued in spite of this "resting" period. On July 16, 2004, an MRI was ordered by his orthopedic surgeon, Dr. Greg Adamson. This test revealed two nearly complete tears along with other medical issues, as the report indicates. Surgery was performed arthroscopically on August 6, 2004. Instead of the three portals anticipated and approximately 30 minutes surgery time, five were needed during the 90 minute surgery.

Following surgery, the shoulder was immobilized for several weeks. Physical therapy was recommended and utilized for rehabilitation and recovery. The three full months suggested as normal recovery time actually lasted five months before range of motion returned without severe pain.

Please refer to the accompanying medical reports for more detail.

Curtis J Schweizer, MD
Chief of Surgery
Northern Inyo Hospital
150 Pioneer Lane, Bishop, CA 93514

August 16, 2005

Gary L. Hudson
Senior Investigator, Medical Board of California
5070 North Sixth Street, Suite 105
Fresno, CA 93710

Dear Mr. Hudson:

I am writing on behalf of Patrick Plunkett, MD.

I've known Dr Plunkett for 2 years as colleague, neighbor, and friend. He's a gentleman and a fine physician.

I also was on the Executive Committee when Dr. Plunkett requested a leave of absence from his duties at Northern Inyo Hospital.

Contrary to the 805 report filed by Administrator John Halfen and then Chief of Staff Dr. Anne Gasior there was no investigation or pending investigation of Dr. Plunkett nor was any notice given of such an investigation or pending investigation. Dr. Plunkett requested a leave of absence to attend to personal problems, not to circumvent peer review.

My understanding of the facts is that Dr. Plunkett was contracted to provide orthopedic services at Northern Inyo Hospital starting in September 2003. He performed his duties well, and was well received by patients, physicians and nurses.

He called in sick to the orthopedic clinic on Wednesday, May 19, and Thursday, May 20. I believe that Friday, May 21 was a scheduled day off. He requested a leave of absence on Saturday, May 22. Sometime during this time frame Mr. Halfen apparently walked over to the clinic to inquire about Dr. Plunkett's absence.

At our June 1st Executive Committee, we granted Dr. Plunkett's request for a leave of absence. No investigation was in progress or pending.

Later that month, Mr. Halfen and Dr. Gasior submitted the 805 report without the permission or sanction of the Executive Committee.

At the July Executive Committee meeting, we were informed of this 805 filing and told that it was done under the advice of Hospital counsel. The attorney is claiming that Mr. Halfen's inquiry constituted an investigation. (My personal feeling was that it was done to strengthen the Hospital position in the event of a wrongful termination lawsuit.) This

805 report was not warranted and is a misuse of the peer review process.

I recently met with Dr. Plunkett. He looks good - his health is recovered, his shoulder has healed. He appears ready to return to work. I would welcome him back to Northern Inyo Hospital.

If I can be of any assistance in clarifying any facts or issues in this case, please contact me. Home # is (760) 872-3708, work # is (760) 873-5811, ext 2259, e-mail is curtschweizer@aol.com.

Respectfully,

A handwritten signature in black ink, appearing to read 'C. Schweizer', written over a horizontal line.

Curtis J Schweizer, MD, Chief of Surgery, NIH

cc: Patrick Plunkett, MD

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INTENTIONALLY



250 S Kramer Blvd. P.O. Box 800, Brea, CA 92822

October 24, 2006

CONFIDENTIAL

Northern Inyo Hospital
150 Pioneer Lane
Bishop, CA 93514
Att: Cathy Creekmur, Laboratory Mgr

Dear Cathy:

First of all, it was very nice meeting you and your husband at the CLMA event in Murphys. Hope you had a great extended vacation!

Per your request, I am attaching a comparison of the features of the LH500 vs. LH750. Please remember the advantage of the Decision Rules, on both these analyzers, in light of the new Autoverification Law. I'm also enclosing an old MAXM brochure, so you can see the differences in the LH500 vs. your MAXM. I believe you will find the biggest differences in:

- Improved VCS Technology analysis on LH500—fewer flags and false positives
- Improved Data Management – Windows 2000 Operating System on LH500
- Increased patient and QC storage
- Decision Rules on LH500
- Extended linearity
- Electronic IQAP

Once again, please find the LH500 pricing below. The PROMO which ends December 15:

- Requires minimal reagent spend, or a bill-back will result
- Must purchase annual service after 1 year warranty, at prices listed, for duration of contract
- Reagents and service priced at Amerinet contract pricing

	Analyzer price – 72 month agreement – cash only	Analyzer price – 60 month agreement cash or financed	Regular Amerinet pricing – cash and cost/test all-inclusive	Annual Service	Monthly Reagent Spend
LH 500	\$50,000 – reagents for at least 40 CBC/day	\$62,500 – reagents for at least 40 CBC/day	<ul style="list-style-type: none"> • \$85,500 cash or lease-2 yr warranty • \$3,046.81 per month cost/test –minimal 20 CBCs 	\$11,659	Need CBCs/day, controls/day, retics/day

I checked on the locations of LH500s, and there a plenty in LA (and at our Vision Ctr in Brea). They are in-the-Bay-area, Bakersfield area, and one in Victorville. I'm not sure if the lab in Carson City is still open—am checking on that. Please let me know which area would work best for you, to visit, if you'd like. I can sponsor your trip.

Sincerely,

Deb Lial, CLS
Hematology CEC
916-847-1366; 1-877-888-8643
DMLial@beckman.com

LH 500 vs LH 750 Comparison
Confidential

Instrument	Unique Features (red = unique to that instrument only)
LH750	<ul style="list-style-type: none"> • Random access – any tube any test—put it on and walk away • Fully automated retics • 6-part diff (NRBCs included—no added reagent) • WBC auto corrected for interfering substances • Dilution factor auto correction • Linearity = 1-400,000 WBC, 0-3 million Platelet • Fluid counts – FDA approved • Instrument grades RBC aniso and poik • Approx 110 samples/hr • Pro-Service – 24 hour monitoring of instrument • Windows operating system • Constant feed autoloader—easy to add STATs • User defined flagging • Decision Rules • Unlimited control files, 20,000 patient, 5,000 patient graphics • IQAP • Longest diff stability—up to 48 hours • LH system reagents same for all LH products • Walk away calibration
LH 500	<ul style="list-style-type: none"> • Semi-automated retic • Approx 70 samples/hour • 50 ul whole blood pre-dilute mode • Linearity = 0-200,000 WBC, 0-2 million platelets • Pro-Service – 24 hour monitoring of instrument • Windows operating system • Constant feed autoloader—easy to add STATs • User defined flagging • Decision Rules • Unlimited control files, 20,000 patient, 5,000 patient graphics • IQAP • Longest diff stability—up to 48 hours • LH system reagents same for all LH products • Walk away calibration

**Performance You'd Expect
From a High-Volume Analyzer**

COULTER® LH 500 Hematology Analyzer

General Chemistry

Immunodiagnosics

Hematology

Centrifugation

Disease Management

Clinical Research

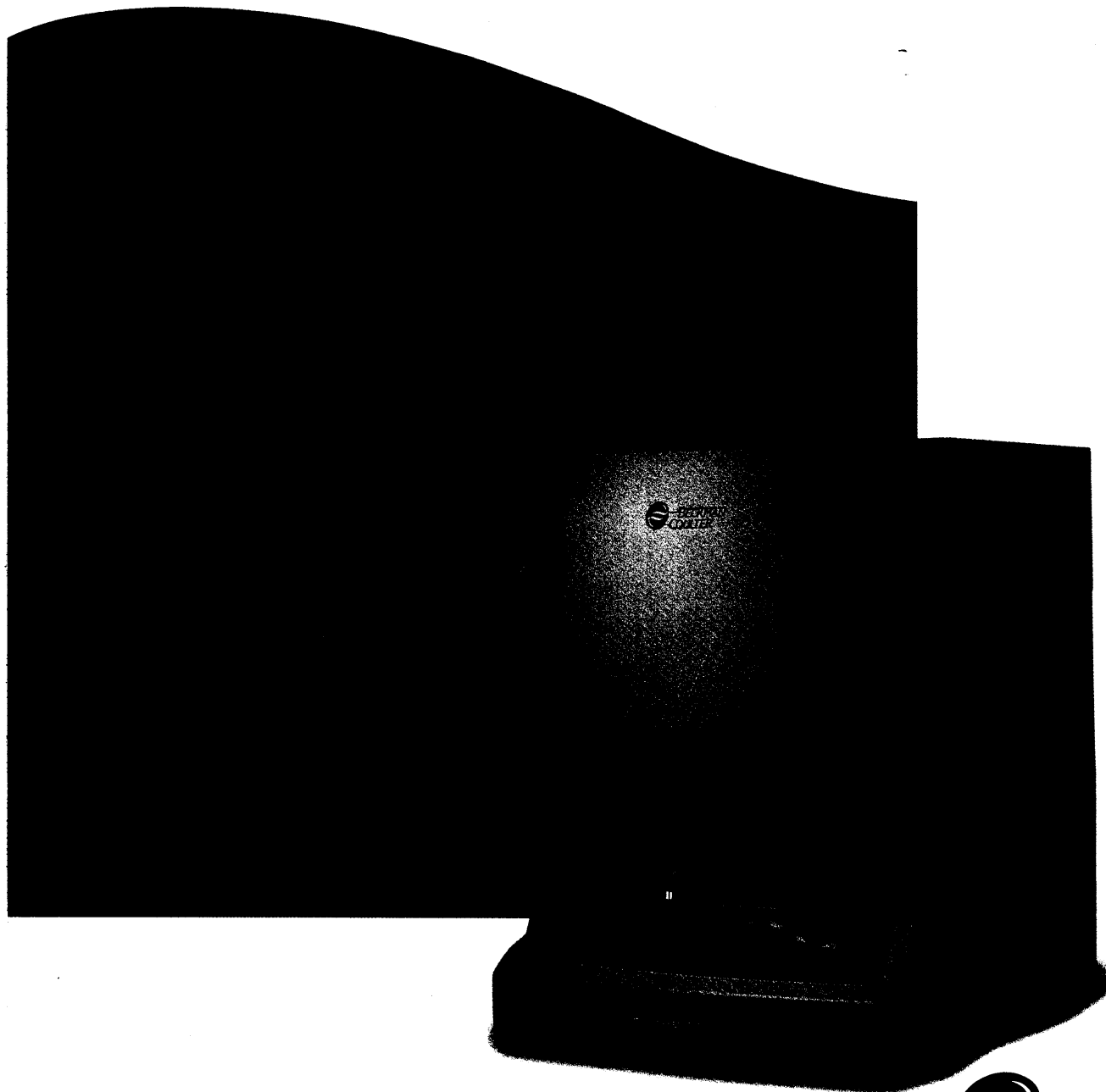
Hemostasis

Lab Automation

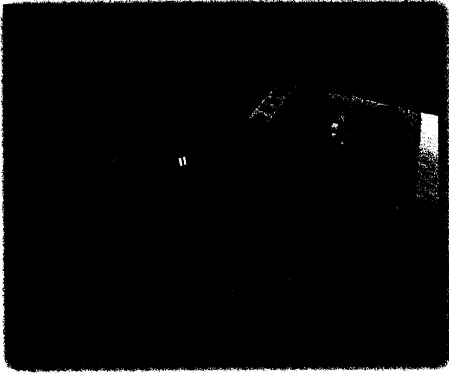
Data Management

Flow Cytometry

Primary Care



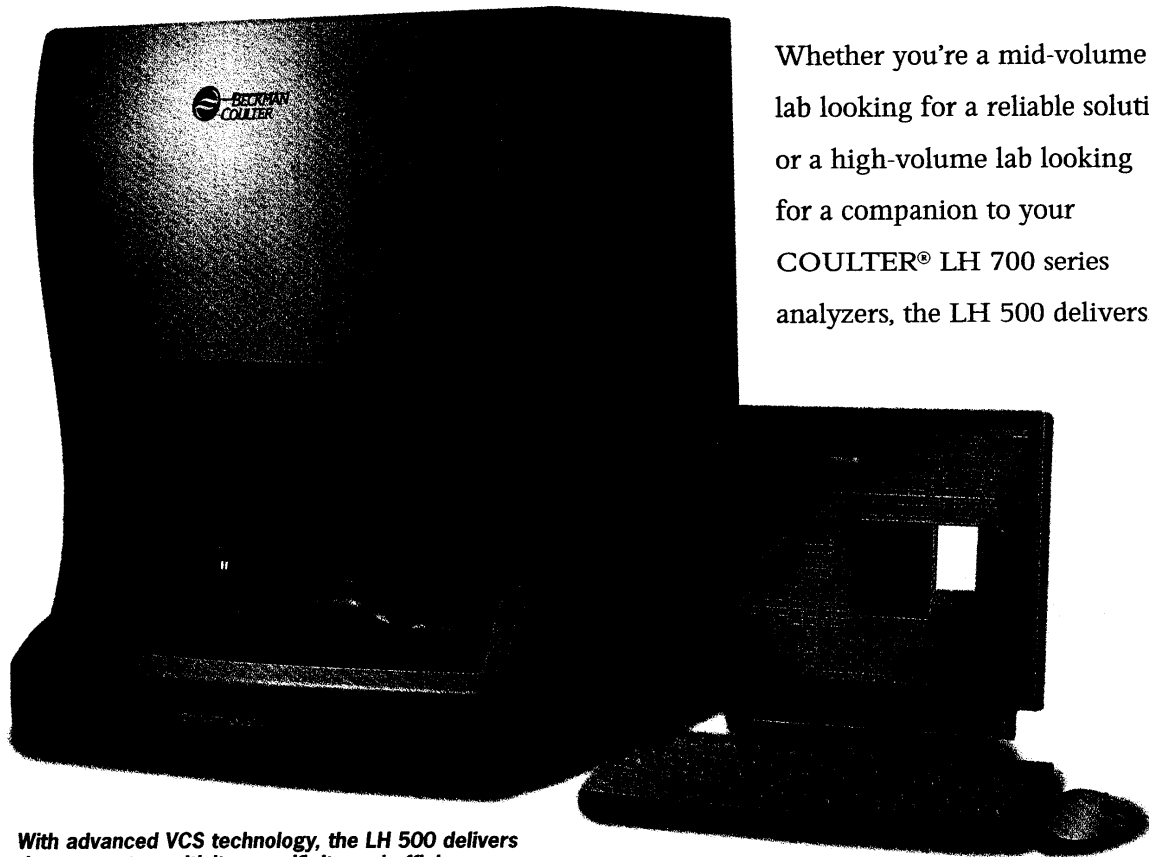
High-Volume Performance in a Compact Design



Continuous sample loading provides walkaway efficiency.

For your lab, mid-size is the right size. But you also need the kind of performance typically available only from high-volume hematology analyzers. Now you can have both.

The COULTER® LH 500 offers advanced three-dimensional VCS technology, which provides the highest level of sensitivity, specificity and efficiency in white cell differential analysis. The LH 500 helps increase productivity, enhances linearity, improves diff flagging and reduces false positive flagging -- features you'd expect from a high-volume analyzer. With the LH 500, you get all of this in a compact design that fits your needs and your limited lab space.

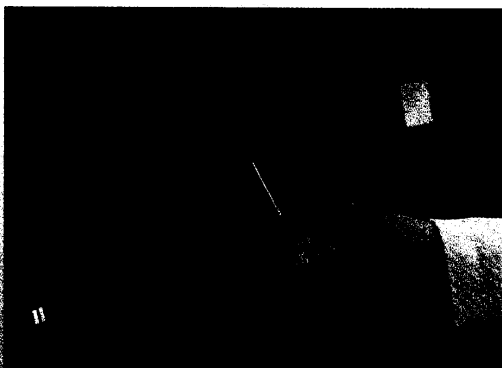


Whether you're a mid-volume lab looking for a reliable solution, or a high-volume lab looking for a companion to your COULTER® LH 700 series analyzers, the LH 500 delivers.

With advanced VCS technology, the LH 500 delivers the greatest sensitivity, specificity and efficiency.

Increased Efficiencies Help You Manage Your Workload

- Reduce repeat testing and save time with expanded linearity for WBC and Platelet counts
- Improved flagging reduces review rates
- Standardize lab processes across all shifts with user-defined decision rules
- Save time with continuous automated sample loading for complete walkaway operation



Run STAT samples with minimal interruption to your routine workflow.

Integrated Solutions Expand Your Lab's Capabilities

- Simplify supply ordering with reagents interchangeable between all LH series models
- Eliminate additional technologist training with a common user interface
- Common LH series core technologies provide closest correlation of results between instruments
- LH series data management capabilities include full decision support
- Easy-to-use Windows* based software
- Save valuable lab space with a compact design that complements existing instruments
- Run STAT samples with minimal interruption of routine workflow
- Increase uptime and productivity with PROService™, online proactive support



User-defined decision rules help optimize and standardize lab processes across all shifts.

Performance You Can Count On

Choose Beckman Coulter products for our world-class performance and reliability, and because you can count on our industry-best service and customer support. We pledge to provide efficient technical assistance, swift response times and replacement parts when you need them. Regardless of which Beckman Coulter systems you select, our dedication to customer service ensures they will continue to operate at peak efficiency for years to come.

Our robust tradition of innovation and achievement has helped us earn our position as the global leader in cellular analysis. And it's how we can offer you the most sensitive, cost-efficient and reliable hematology systems available. No one can match our success at delivering sophisticated and innovative technology-based solutions.

Contact your Beckman Coulter representative today to discover how our technological tools can improve the lives of your patients as well as the efficiency of your organization.

*Windows is a trademark of Microsoft Corporation.

COULTER® LH 500 Specifications

Method and Technologies

CBC Analysis & Hgb

- Coulter Principle: counting and sizing
- Triplicate counting
- Coincidence correction
- Pulse editing
- Sweep flow
- Extended platelet counting
- Hemoglobin method equal in accuracy to reference method
- LH Series Diluent and COULTER® LYSE S® III diff reagent system

5-Part Differential Analysis

- VCS Technology
- LH Series reagent system

Retic Analysis

- VCS™ Technology
- COULTER® ReticPrep™ reagent system (New Methylene Blue)

26 Parameters

WBC	RBC	PLT	RETIC #
NE#	HGB	MPV	RETIC %
NE%	HCT	PCT*	IRF
LY#	MCV	PDW*	MRV
LY%	MCH		
MO	MCHC		
MO%	RDW		
EO#			
EO%			
BA#			
BA%			

* For Research Use Only. Not for use in diagnostic procedures.

Sample Size

- 185 µL whole blood, closed vial sampling
- 125 µL whole blood, open vial sampling
- 50 µL whole blood, predilute mode

Barcode Symbology

Positive Barcode ID

- Codabar
- NW 7
- Code 39®
- Code 128
- Interleaved 2-of-5

LH 500 Workstation/Data Management

- Windows 2000 operating system
- Database capacity: 20,000 sets of results, graphics and listmode files
- User-defined flagging
- Archive and transmit patient and QC to host computer
- Decision rules criteria

Quality Control Management

- Unlimited control files with unlimited runs on each file
- Control and user-defined flagging
- Upload and download information from a diskette

Improved Linearity/Operating Ranges

Parameter	Linearity Ranges	Operating Ranges
WBC	0.0 – 200.00 x 10 ³ cells/µL	0.00 – 300.0 x 10 ³ cells/µL
RBC	0.0 – 7.00 x 10 ⁶ cells/µL	0.0 – 9.99 x 10 ⁶ cells/µL
HGB	0.0 – 25.0 g/dL	0.0 – 99.9 g/dL
PLT	0.0 – 2,000.0 x 10 ³ cells/µL	0.0 – 3500 x 10 ³ cells/µL
Parameter	Reportable Ranges	Operating Range
MCV	50.0 – 150.0 fL	0.0 – 999.9 fL
Diff%	0 – 100%	0 – 100%
Diff#	0.00 – 200.00 x 10 ³ cells/µL	0.00 – 300.00 x 10 ³ cells/µL
RET%	0.00 – 30%	0.00 – 100.0%
RET#	0.00 – 0.7900 x 10 ⁶ cells/µL	0.0000 – 999.9 x 10 ⁶ cells/µL

Precision

Parameter	@ Approximate Level	Limit
WBC	4.0 – 15.0 x 10 ³ cells/µL	≤2.5% CV
RBC	3.00 – 6.0 x 10 ⁶ cells/µL	≤2.0% CV
HGB	12.0 – 18 g/dL	≤1.5% CV
MCV	80 – 100 fL	≤2.0% CV
RDW	12 – 15%	≤2.5% CV
PLT	200 – 500 x 10 ³ cells/µL	≤5.0% CV
MPV	7 – 12 fL	≤3.0% CV
NE%	50 – 60%	2SD ≤3.0
LY%	25 – 35%	2SD ≤3.0
MO%	5 – 10%	2SD ≤2.0
EO%	2 – 5%	2SD ≤1.0
BA%	0.5 – 1.5%	2SD ≤1.0
RET %	<1.00%	1SD ≤0.23 or 23.0% CV
RET %	1.00 – 4.00%	1SD ≤0.23 or 17.0% CV
RET %	4.01 – 15.00%	1SD ≤0.68 or 15.0% CV

Accuracy

Parameter	Mean Difference	Mean Difference % using LH 750 Hematology Analyzer
WBC	0.00 – 100.0 100.1 – 200.0	±0.2 N/A† 3.5% 12.0%
RBC		±0.05 2.0%
HGB		±0.2 3.0%
MCV		N/A† 2.0%
PLT		±10 7.0%
MPV		N/A† 5.0%
Lymphocyte		±1.5
Monocyte		±1.5
Neutrophil		±2.0
Eosinophil		±0.5
Basophil		±0.5
RET% Range 0.00 – 30.00%		±1.50

†Both requirements must be met.

Dimensions/Weight

	Height	Width	Depth	Weight
Analyzer	84.84 cm (33.4 in)	61.5 cm (25.1 in)	69.85 cm (27.5 in)	94.5 kg (210 lb)
Computers	43.18 cm (17.0 in)	19.7 cm (7.75 in)	47.6 cm (18.75 in)	9.7 kg (21.5 lb)
LCD Display	41.9 cm (16.5 in)	40.4 cm (15.9 in)	19.6 cm (7.7 in)	7.34 kg (16.3 lb)

Temperature, Ambient Operating

18° – 29°C (65 – 85°F)

Humidity

0 – 95% non-condensing

Throughput

Up to 75 samples/hour in Automatic mode



Simplify • Automate • Innovate

Eastern Europe, Middle East, North Africa, South West Asia: Switzerland, Nyon (41) 22 994 0707.
 Australia, Gladesville (61) 2 9844 6000. Canada, Mississauga (1) 905 819 1234. China, Beijing (86) 10 6515 6028.
 Hong Kong (852) 2814 7431, 2814 0481. France, Villepinte (33) 1 49 90 90 00. Germany, Krefeld (49) 2151 33 35.
 Italy, Cassina de' Pecchi (Milan) (39) 02 953921. Japan, Tokyo (81) 3 5404 8424. Latin America (1) (305) 380 4709.
 Mexico, Mexico City (52) 55 560 57770. Netherlands, Mijdrecht (31) 297 230630. Puerto Rico (787) 747 3335.
 Singapore (65) 6339 3633. South Africa/Sub-Saharan Africa, Johannesburg (27) 11 805 2014.
 Sweden, Bromma (46) 8 564 85 900. Switzerland, Nyon 0800 850 810. Taiwan, Taipei (886) 2 2378 3456.
 Turkey, Istanbul (90) 216 309 1900. UK, High Wycombe (44) 01494 441181. USA, Brea, CA (1) 800 352 3433, (1) 714 993 5321.

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INTENTIONALLY

**NORTHERN INYO HOSPITAL
PRIVATE PRACTICE PHYSICIAN
INCOME GUARANTEE AND PRACTICE MANAGEMENT AGREEMENT**

This Agreement is made and entered into on this 13 day of November, 2006 by and between Northern Inyo County Local Hospital District ("District") and ROBYN CRONIN-TYCE M.D. ("Physician").

RECITALS

- A. District, which is organized and exists under the California Local Health Care District Law, *Health & Safety Code section 32000, et seq.*, operates Northern Inyo Hospital ("Hospital"), a general acute care hospital serving northern Inyo County, California, including the communities of Bishop and Big Pine.
- B. The District Board of Directors has found, by Resolution No. _____, that it will be in the best interests of the public health of the aforesaid communities to obtain a licensed physician and surgeon who is a board-certified/eligible specialist in the practice of General Surgery, to practice in said communities, on the terms and conditions set forth below.
- C. Physician is a physician and surgeon, engaged in the private practice of medicine, licensed to practice medicine in the State of California, and a member of the American College of Surgeons. Physician desires to relocate her practice ("Practice") to Bishop, California, and practice Surgery in the aforesaid communities.

IN WITNESS WHEREOF, THE PARTIES AGREE AS FOLLOWS:

**I.
COVENANTS OF PHYSICIAN**

Physician shall relocate her Practice to medical offices ("Offices") provided by District at a place to be mutually agreed upon in Bishop, California and shall, for the term of this Agreement, do the following:

- 1.01. Services.** Physician shall provide Hospital with the benefit of her direct patient care expertise and experience, and shall render those services necessary to enable Hospital to achieve its goals and objectives for the provision of Surgical Services. The scope of services to be performed by Physician is described in Exhibit A attached hereto and incorporated by reference herein. Physician shall provide Hospital with patient medical record documentation of all direct patient care services rendered hereunder; such documentation shall be submitted to Hospital on an ongoing basis, and shall be in the form, and contain the information, requested by the Hospital such that a complete medical record can be assembled.

1.02. Limitation on Use of Space. No part of any offices provided by the District either by lease or other arrangement shall be used at any time by Physician as anything other than the private practice of SURGICAL medicine unless specifically agreed to, in writing, by the parties.

1.03. Medical Staff Membership and Service: Physician shall:

- a) Apply for and maintain Provisional or Active Medical Staff ("Medical Staff") membership with Surgical privileges sufficient to support a full time SURGICAL practice, for the term of this Agreement.
- b) Provide on-call coverage to the Hospital's Emergency Services within the scope of privileges granted to her by Hospital and as required by the Hospital Medical Staff. Physician shall not be required to provide more than fifty percent (50%) of the annual call in weekly increments unless otherwise agreed upon from time to time. Physician shall be solely responsible for call coverage for her personal private practice.
- c) Maintain books, records, documents, and other evidence pertaining to all costs and expenses incurred, and revenue acquired, pursuant to this Agreement to the extent, and in such detail, as will properly reflect all net costs, direct and indirect, of labor, materials, equipment, supplies, services, and other costs and expenses of whatever nature, for which she may claim payment or reimbursement from the District. Physician acknowledges and agrees that any federal office authorized by law shall have access, for the purpose of audit and examination, to any books, documents, papers, and records of Physician which are relevant to this Agreement, at all reasonable times for a period of four (4) years following the termination of this Agreement, during which period Physician shall preserve and maintain said books, documents, papers, and records. Physician further agrees to transfer to the District, upon termination of this Agreement, any books, documents, papers or records which possess long-term [*i.e.*, more than four (4) years] value to the Hospital. Physician shall include a clause providing similar access in any sub-contract he may enter with a value of more than Ten Thousand Dollars (\$10,000) or for more than a twelve (12) month period, when said sub-contract is with a related organization.
- d) At all times comply with all relevant policies, rules and regulations of the Hospital, subject to California and federal statutes governing the practice of medicine.
- e) District expressly agrees that said services might be performed by such other qualified physicians as the Physician may employ or otherwise provide so long as each such physician has received proper training, is properly licensed, has been granted privileges by the Hospital Medical Staff, and has received approval in writing from the Hospital.

II.

COVENANTS OF THE DISTRICT

2.01. Hospital Services.

- a) **Space.** Hospital shall make the Offices available for the operation of Physician's Practice either through a direct let at no cost to the physician or through an arrangement with a landlord, also at no cost to the physician, other than the fees retained by the hospital (3.05).

- b) **Equipment**. In consultation with Physician, Hospital shall provide all equipment as may be reasonably necessary for the proper operation and conduct of Physician's practice. Hospital shall repair, replace or supplement such equipment and maintain it in good working order.
- 2.02. **General Services**. District shall furnish ordinary janitorial services, maintenance services, and utilities, including telephone service, as may be required for the proper operation and conduct of Physician's Practice.
- 2.03. **Supplies**. District shall purchase and provide all supplies as may be reasonably required for the proper treatment of Physician's Practice patients. Physician shall inform Hospital of supply needs in a timely manner and shall manage the use of supplies in an efficient manner that promotes quality and cost-effective patient care.
- 2.04. **Personnel**. District shall determine the initial number and types of employees and place them in the Practice initially. Physician and Hospital will mutually agree to subsequent staffing requirements. Physician shall not be required to maintain any personell that she does not feel is appropriate for the practice.
- 2.05. **Business Operations**. District shall be responsible for all business operations related to operation of the Practice, including personnel management, billing and payroll functions. Physician will provide the appropriate billing codes, which will be used unless changed by mutual consent of the Physician and Hospital. Hospital will incur and pay all operating expenses of the Practice.
- 2.06. **Hospital Performance**. The responsibilities of District under this Article shall be subject to District's discretion and its usual purchasing practices, budget limitations and applicable laws and regulations.
- 2.07. **Practice Hours**. The District desires, and Physician agrees, that Physician's Practice shall operate on a full-time basis, maintaining hours of operation in keeping with the full time practice of one GENERAL surgeon while permitting a surgery schedule sufficient to service the patients of the Practice. Specific shifts will be scheduled according to normal operating procedures of the Practice and will be mutually agreed upon with Physician.

III. **COMPENSATION**

- 3.01. **Compensation**. During the term of this agreement, District shall guarantee Physician an annual income of \$299,997, payable to Physician at the higher of 50% of fees collected for services rendered in Section II or the rate of \$11,500 every two (2) weeks, adjusted quarterly to reflected 50 % of fees collected so that payments will not exceed the minimum guarantee unless 50% of the fees exceed the guarantee on an annualized basis. All payments shall be made on the same date as the District normally pays its employees.
- 3.02. **Malpractice Insurance**. Physician will secure and maintain her own malpractice insurance with limits of no less than \$1 million per occurrence and \$3 million per year. District will

reimburse Physician eighty percent (80%) of the premiums for said insurance paid for by Physician.

- 3.03. Health Insurance.** During the first year of the term of this Agreement, and no longer, Physician will be admitted to the Hospital's self-funded Medical Dental Vision Benefit Plan and be provided the benefits contained therein as if she were an employee of District.
- 3.04. Billing for Professional Services.** Subject to section 2.05 above, Physician assigns to District all claims, demands and rights of Physician to bill and collect for all professional services rendered to Practice patients, for all billings for surgical services, for all billings consulting performed or provided by the Physician. Physician acknowledges that Hospital shall be solely responsible for billing and collecting for all professional services provided by Physician to Practice patients at Practice and for all surgical services performed at the Hospital, and for managing all Practice receivables and payables, including those related to Medicare and MediCal beneficiaries. Physician shall not bill or collect for any services rendered to Practice patients or Hospital patients, and all Practice receivables and billings shall be the sole and exclusive property of Practice. In particular, any payments made pursuant to a payer agreement (including co-payments made by patients) shall constitute revenue of the Practice. In the event payments are made to Physician pursuant to any payer agreement, Physician shall promptly remit the payments directly to Hospital.
- 3.05. Retention.** Hospital will retain 50% of all fees collected from the activities of physician/practice in exchange for the services rendered in II above.

IV. TERM AND TERMINATION

- 4.01. Term.** The term of this Agreement shall be three (3) years beginning on the Monday next following the day upon which Physician is granted clinical privileges at Hospital and provisional membership on the Active Medical Staff of Hospital. The Agreement may be renewed, by written instrument signed by both parties, no later than 120 days before its expiration date.
- 4.02. Termination.** Notwithstanding the provisions of section 4.01, this Agreement may be terminated:
- a) By Physician at any time, without cause or penalty, upon one hundred and eighty (180) days' prior written notice to the other party;
 - b) Immediately by Hospital in its sole discretion if Physician fails to maintain the professional standards described in Article V of this Agreement;
 - c) Immediately upon closure of the Hospital or Practice;
 - d) By either party upon written notice to the other party in the event that any federal, state or local government or agency passes, issues or promulgates any law, rule, regulation, standard or interpretation at any time while this Agreement is in effect that prohibits, restricts, limits or in any way substantially changes the arrangement contemplated herein or which otherwise significantly affects either party's rights or obligations under this

Agreement; provided that in such event, Hospital must give notice to Physician equal to that provided to Hospital by the relevant federal, state or local government or agency. If this Agreement can be amended to the satisfaction of both parties to compensate for any such prohibition, restriction, limitation or change, this clause shall not be interpreted to prevent such amendment; or

- e) By either party in the event of a material breach by the other party and, in such event, the non-breaching party shall have the right to terminate this Agreement after providing thirty (30) days' written notice to the breaching party, explaining the breach, unless such breach is cured to the satisfaction of the non-breaching party within the thirty (30) days.

4.03. Rights Upon Termination. Upon any termination or expiration of this Agreement, all rights and obligations of the parties shall cease except those rights and obligations that have accrued or expressly survive termination.

V.

PROFESSIONAL STANDARDS

5.01. Medical Staff Membership. It is a condition of this Agreement that Physician obtain Provisional or Active Medical Staff membership on the Hospital Medical Staff with appropriate clinical privileges and maintain such membership and privileges throughout the term of this Agreement.

5.02. Licensure and Standards. Physician shall:

- a) At all times be licensed to practice medicine in the State of California;
- b) Comply with all policies, bylaws, rules and regulations of Hospital, Hospital Medical Staff, and Practice, including those related to documenting all advice to patients and proper sign-off of lab and X-ray reports;
- c) Be a member in good standing of the Provisional or Active Medical Staff of Hospital;
- d) Maintain professional liability coverage in an amount required for membership on the Active Medical Staff of Hospital;
- e) Participate in continuing education as necessary to maintain licensure and the current standard of practice; and
- f) Comply with all applicable laws, rules and regulations of any and all governmental authorities, and applicable standards and recommendations of the Joint Commission on Accreditation of Healthcare Organizations.
- g) At all times conduct herself, professionally and publicly, in accordance with the standards of the medical profession, the American College of Surgeons, the Hospital Medical Staff, and the District. Further, she shall not violate any California law which prohibits (1) driving a motor vehicle under the influence of alcohol or prescription drugs or the combined influence of such substances, (2) unlawful use of controlled substances, (3) being intoxicated in a public place in such a condition as to be a danger to herself or others, and/or (4) conduct justifying imposition of an injunction prohibiting harassment of Hospital employees in their workplace. Entry of any injunction, judgment, or order against

Physician based upon facts, which constitutes the above offenses, shall be a material breach of this Agreement.

VI. RELATIONSHIP BETWEEN THE PARTIES

6.01. Professional Relations.

- a) Independent Contractor. No relationship of employer and employee is created by this Agreement. In the performance of Physician's work and duties, Physician is at all times acting and performing as an independent contractor, practicing the profession of medicine. District shall neither have nor exercise control or direction over the methods by which Physician performs professional services pursuant to this Agreement; provided, however, that Physician agrees that all work performed pursuant to this Agreement shall be in strict accordance with currently approved methods and practices in Physician's professional specialty and in accordance with the standards set forth in this Agreement.
- b) Benefits. Except as specifically set forth in this Agreement, it is understood and agreed that Physician shall have no claims under this Agreement or otherwise against Hospital for social security benefits, worker's compensation benefits, disability benefits, or any other employee benefit of any kind. In addition, Hospital shall have no obligation to reimburse Physician for any costs or expenses associated with Physician's compliance with continuing medical education requirements.

6.02. Responsibility for Own Acts. Each party will be responsible for its own acts or omissions and all claims, liabilities, injuries, suits, demands and expenses for all kinds which may result or arise out of any malfeasance or neglect, caused or alleged to have been caused by either party, their employees or representatives, in the performance or omission of any act or responsibility of either party under this contract. In the event that a claim is made against both parties, it is the intent of both parties to cooperate in the defense of said claim and to cause their insurers to do likewise. However, both parties shall have the right to take any and all actions they believe necessary to protect their interest.

VII. GENERAL PROVISIONS

- 7.01. No Solicitation. Physician agrees that she will not, either directly or indirectly, during and after the term of this Agreement, call on, solicit or take away, or attempt to call on, solicit or take away any patients or patient groups with whom Physician dealt or became aware of as a result of Physician's past, present or future affiliation with Hospital and Practice.
- 7.02. Access to Records. To the extent required by Section 1861(v)(i)(I) of the Social Security Act, as amended, and by valid regulation which is directly applicable to that Section, Physician agrees to make available upon valid written request from the Secretary of HHS, the Comptroller General, or any other duly authorized representatives, this Agreement and the books, documents and records of Physician to the extent that such books, documents and

records are necessary to certify the nature and extent of Hospital's costs for services provided by Physician.

Physician shall also make available such subcontract and the books, documents, and records of any subcontractor if that subcontractor performs any of the Physician's duties under this Agreement at a cost of \$10,000.00 or more over a twelve (12) month period, and if that subcontractor is organizationally related to Physician.

Such books, documents, and records shall be preserved and available for four (4) years after the furnishing of services by Physician pursuant to this Agreement. If Physician is requested to disclose books, documents or records pursuant to this subsection for purposes of an audit, Physician shall notify Hospital of the nature and scope of such request, and Physician shall make available, upon written request of Hospital, all such books, documents or records. Physician shall indemnify and hold harmless Hospital in the event that any amount of reimbursement is denied or disallowed because of the failure of Physician or any subcontractor to comply with its obligations to maintain and make available books, documents, or records pursuant to this subsection. Such indemnity shall include, but not be limited to the amount of reimbursement denied, plus any interest, penalties and legal costs.

This section is intended to assure compliance with Section 1861 of the Social Security Act, as amended, and regulations directly pertinent to that Act. The obligations of Physician under this section are strictly limited to compliance with those provisions, and shall be given effect only to the extent necessary to insure compliance with those provisions. In the event that the requirements or those provisions are reduced or eliminated, the obligations of the parties under this section shall likewise be reduced or eliminated.

- 7.03. Amendment.** This Agreement may be amended at any time by mutual agreement of the parties, but any such amendment must be in writing, dated, and signed by both parties.
- 7.04. No Referral Fees.** No payment or other consideration shall be made under this Agreement for the referral of patients, by Physician, to Hospital or to any nonprofit corporation affiliated with District.
- 7.05. Repayment of Inducement.** The parties stipulate and agree that the income guaranteed to Physician under this Agreement, and the covenants of the District to provide office space, personal, equipment, and certain other benefits, are the minimum required to enable Physician to relocate herself to Bishop, California; that she is not able to repay such inducement, and no such repayment shall be required.
- 7.06. Assignment.** Physician shall not assign, sell, transfer or delegate any of the Physician's rights or duties, including by hiring or otherwise retaining additional physicians to perform services pursuant to this Agreement, without the prior written consent of Hospital.
- 7.07. Attorneys' Fees.** If any legal action or other proceeding is commenced, by either party, to enforce rights, duties, and/or responsibilities under this Agreement, the prevailing party shall be entitled to recover reasonable attorney's fees and costs. As used in this Section 7.07, the term "prevailing party" shall have the meaning assigned by Section 1032(a)(4) of the California Code of Civil Procedure.

- 7.08. **Choice of Law.** This Agreement shall be construed in accordance with, and governed by, the laws of the State of California.
- 7.09. **Exhibits.** All Exhibits attached and referred to herein are fully incorporated by this reference.
- 7.10. **Notices.** All notices or other communications under this Agreement shall be sent to the parties at the addresses set forth below:

Hospital: Administrator
Northern Inyo Hospital
150 Pioneer Lane
Bishop, CA 93514

Physician:

Notice may be given either personally or by first-class mail, postage prepaid, addressed to the party designated above at the address designated above, or an address subsequently specified in writing by the relevant party. If given by mail, notice shall be deemed given two (2) days after the date of the postmark on the envelope containing such notice.

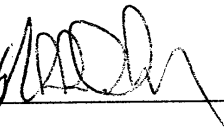
- 7.11. **Records.** All files, charts and records, medical or otherwise, generated by Physician in connection with services furnished during the term of this Agreement are the property of Practice. Physician agrees to maintain medical records according to Practice policies and procedures and in accordance with community standards. Each party agrees to maintain the confidentiality of all records and materials in accordance with all applicable state and federal laws. Hospital agrees to permit Physician to have access, during or after the term of the Agreement, to medical records generated by Physician if necessary in connection with claims, litigation, investigations, or treatment of patients.
- 7.12. **Prior Agreements.** This Agreement represents the entire understanding and agreement of the parties as to those matters contained in it. No prior oral or written understanding shall be of any force or effect with respect to the matters contained in this Agreement. This Agreement may be modified only by a writing signed by each party or his/its lawful agent.
- 7.13. **Referrals.** This Agreement does not impose any obligation or requirement that Hospital shall make any referral of patients to Physician or that Physician shall make any referral of patients to Hospital. The payment of compensation pursuant to section 3.01 is not based in any way on referrals of patients to Hospital.
- 7.14. **Severability.** If any provision of this Agreement is determined to be illegal or unenforceable, that provision shall be severed from this Agreement, and the remaining provisions shall remain enforceable between the parties.
- 7.15. **Waiver.** The failure of either party to exercise any right under this Agreement shall not operate as a waiver of that right.

- 7.16. **Gender and Number.** Use of the masculine gender shall mean the feminine or neuter, and the plural number the singular, and vice versa, as the context shall indicate.
- 7.17. **Authority and Executive.** By their signature below, each of the parties represent that they have the authority to execute this Agreement and do hereby bind the party on whose behalf their execution is made.
- 7.18. **Construction.** This Agreement has been negotiated and prepared by both parties and it shall be assumed, in the interpretation of any uncertainty, that both parties caused it to exist.

NORTHERN INYO COUNTY
LOCAL HOSPITAL DISTRICT

PHYSICIAN

By _____
Peter J. Watcrott, President
Board of Directors

By  _____

APPROVED AS TO FORM:

Douglas Buchanan
NICLHD Legal Counsel

EXHIBIT A

SCOPE OF DUTIES OF THE PHYSICIAN

POSITION SUMMARY

The Physician is a Member of the Northern Inyo Hospital Active Medical Staff. Physician provides direct primary medical diagnosis and treatment to Practice and Hospital patients. The Physician will provide services commensurate with the equivalent of a full time Surgical Practice. Full time shall mean regularly scheduled office hours to meet the service area demand and performance of surgeries as may be required. Full time shall also mean the provision of no more than four (4) weeks of vacation and two (2) weeks of time to acquire CME credits, if needed, as well as all recognized national holidays. All time off will be coordinated with Call coverage such that scheduled time off will not conflict with the Physician's call requirement.

Specifically, the Physician will:

1. Provide high quality primary medical care services.
2. Direct the need for on-going educational programs that serve the patient.
3. Evaluate and develop treatment plans to facilitate the individual healthcare needs of each patient.
4. Work with all Practice personnel to meet the healthcare needs of all patients.
5. Assess, evaluate, and monitor on-going health care and medication of Practice patients.
6. Manage all medical and surgical emergencies.
7. Participate in professional development activities and maintain professional affiliations.
8. Participate with Hospital to meet all federal and state regulations.
9. Accept emergency call as provided herein.

RELOCATION EXPENSE AGREEMENT

THIS AGREEMENT, MADE AND ENTERED into this 13 day of November, 2006, by and between the NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT, hereinafter referred to as "District" and Resyia V. Cameron-Tyler M hereinafter referred to as "Physician."

I

RECITALS

1.01. District is a Local Healthcare District, organized and existing under the California Local Health Care District Law, Health and Safety Code Section 32000, et seq., with its principal place of business in Bishop, California, at which location it operates Northern Inyo Hospital (hereinafter "Hospital").

1.02. Physician is licensed to practice medicine in the State of California, and is certified by the American Surgeons. Physician has applied for membership on the Medical Staff of Northern Inyo Hospital. Physician warrants that she is qualified for membership on the Provisional and Active Medical Staffs at Hospital and that there is no impediment to her obtaining such membership.

1.03. The Board of Directors (hereinafter "Board") of District has determined, pursuant to Health & Safety Code section 32121.3, that the Northern Inyo Hospital Medical Staff requires an additional physician practicing general surgery in order to insure adequate coverage of that medical specialty and, further, has determined that recruitment of such a physician would be in the best interests of the public health of the communities served by the District and would benefit the District.

1.04. Physician desires to relocate her practice in Bishop, California.

NOW, THEREFORE, IN CONSIDERATION OF THE PROMISES SET FORTH BELOW, THE PARTIES AGREE AS FOLLOWS:

II

COVENANTS OF THE PARTIES

2.01. Physician agrees to relocate her practice in Bishop, California; to apply for and use her best efforts to obtain membership on the Provisional and Active Medical Staffs of Northern Inyo Hospital, with privileges in Obstetrics and Family Practice, to maintain such memberships for an aggregate period of at least two (2) years and to maintain an active practice in family practice and obstetrics in the City of Bishop, California, for at least two (2) years.

2.02. District agrees to pay up to \$16,000.00, as incurred, to Physician for moving expenses (which shall include items such as moving company fees, U-Haul and other conveyance expenses, travel expenses, and lodging) to support his move to Bishop, California.

2.03. Physician agrees that should she fail to perform all of the acts promised in Section 2.01 above, that he shall, not later than thirty (30) days after being given written notice by the District, repay to the District, with interest at the rate of three and six tenths percent (3.6%) a prorated share, representing that portion of the two (2) years in which he is or will not be performing such acts, of those funds expended by the District pursuant to Section 2.02 above. For example, if Physician fulfills her obligations for 18 months, then he shall repay the District, with interest, \$4,000.00 (representing the product of $6/24 \times \$16,000.00$)

I

GENERAL PROVISIONS

3.01. This is the entire Agreement of the parties. It may not be modified except by a writing signed by each of the parties.

3.02. Any written notice given pursuant to the Agreement shall be deemed given when such notice is deposited in the U.S. Mail, first class postage prepaid, addressed to the respective parties as follows:

NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT
150 Pioneer Lane
Bishop, CA 93514

C/O Northern Inyo Hospital
150 Pioneer Lane
Bishop, CA 93514

3.03. If either party brings legal action to enforce any rights or obligations under this Agreement, the Court shall have the power to award reasonable attorney's fees to the prevailing party.

3.04. The rights and obligations set forth in this Agreement are personal to all parties, and may not be assigned without the express written consent of all parties.

3.05. This Agreement shall be binding upon the heirs, successors, assigns, and personal representatives of the respective parties.

3.06. The parties acknowledge and agree, in accord with the requirements of Health & Safety Code section 32121.3(c) (2), that no payment or other consideration shall be made for the referral of patients to the District's hospital or to any affiliated non-profit corporation, and that no such payment or consideration is contemplated or intended.


3.07. This Agreement shall be interpreted according to the laws of California.

3.08. The term of this agreement shall be from the first day Physician is granted privileges and is available to fulfill this agreement obligations until the last day of the twenty-fourth month thereafter.

EXECUTED at Bishop, California, on the day and year first above written.

NORTHERN INYO COUNTY LOCAL
HOSPITAL DISTRICT

By _____
President, Board of Directors
Northern Inyo County Local
Hospital District

By  _____, M.D.

THIS SHEET

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INTENTIONALLY



NORTHERN INYO HOSPITAL
Rural Health Clinic

153 Pioneer Lane
Suite B
Bishop, CA 93514
(760) 873-2849
Fax (760) 873-2836

November 28, 2006

Northern Inyo Hospital Board Members

Re: Rural Health Clinic Electronic Health Record

Dear Board Members,

I have spent 18 months investigating Electronic Health Record software for use at the NIH RHC. After visiting other clinics and viewing presentations on various products, I have chosen GE Centricity Software. The NIH Information Technology department has reviewed the specifications and approve of this product for use with our current Hospital Information System, Affinity.

The Electronic Health Record software has been approved on the Capital Budget as priority one. The estimated cost for the hardware and software is \$75,950. The IT department will purchase the hardware via their current source. The contract for the software is attached.

Dr. Brown and I will be presenting information on this product and hope to answer your questions at the upcoming December 2006 Board of Directors Meeting. We plan to describe how this system will help decrease NIH liability risks and improve patient care, as well as improve efficiency in providing care.

I look forward to meeting with you at the next Board Meeting.

Respectfully,

A handwritten signature in black ink that reads 'Tracy Aspel'.

Tracy Aspel, RN, BSN
Clinic Nurse Manager

Proposal Summary

Doctor: Northern Inyo Rural Health

Presented To: Tracy Aspel

Date: April 19, 2006

Presented By: Daniel Gallagher

<u>Total Network Hardware/ Software</u>	
Centricity Software	\$ 47,820.00
Centricity Professional Services	\$ 9,600.00
Total Project Cost	\$ 57,420.00
<hr/>	
Monthly Centricity Maintenance Fees	\$ 500.00
Alliance Monthly Support Fees	\$ 400.00

Customer Acceptance

Client Name

Alliance Name

Signature

Signature

Title

Title

Date

Date

There are two primary options for financing -You can coordinate with our Leasing Agent (HPSC, see "Leasing Options" page for information), or 50% down payment at time of proposal signing with the remaining 50% due at "Go-Live".

Hardware and software prices are good for 30 days from the above date. Merchandise is subject to availability and substitutes may become necessary. Alliance Healthcare Solutions, Inc. reserves the right to charge for connector when needed.

Northern Inyo Rural Health

Centricity Software		Unit Price	Unit Price	Sell Price
ELECTRONIC MEDICAL RECORD SOFTWARE				
4	Electronic Medical Records Physician Access License with Media	\$ 8,925.00	\$ 8,925.00	\$ 35,700.00
4	Electronic Medical Records Physician Access Annual Software Subscription	\$ 1,400.00	\$ 1,400.00	\$ 5,600.00
1	Visual Form Editor and Annual Software Subscription	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00
1	Basic LinkLogic Package (DemographicsLink Import, NotesLink Import, LabLink Import, Cross Reference Editor, ImageLink and ScheduLink Import) and Annual Software Subscription.	\$ 3,025.00	\$ 3,025.00	\$ 3,025.00
1	Bizcom Fax Solution with 2 Line Fax Board <i>(This cost does not include the \$295 annual maintenance fee to be paid in advance)</i>	\$ 1,995.00	\$ 1,995.00	\$ 1,995.00
ENHANCED EMR CLINICAL CONTENT				
1	Clinical Content - Primary Care Subscription	\$ -	\$ -	\$ -
Total Centricity Software Cost				\$ 47,820.00

Professional Services - Software		Unit Price	Unit Price	Sell Price
8	Electronic Medical Record Training Days	\$ 1,000.00	\$ 1,000.00	\$ 8,000.00
2	8 Hours of Development for Interfaces	\$ 800.00	\$ 800.00	\$ 1,600.00
Total Professional Services - Software				\$ 9,600.00



Centricity®

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Quotation Prepared For-
Northern Inyo Hospital
Rural Health Clinic

Presented To:
Tracy Aspel

Centricity Electronic Medical Record

Prepared By-
Daniel Gallagher
27-Nov-06

GE Healthcare



GE Healthcare is a \$14 billion unit of General Electric Company (NYSE: GE) that is headquartered in the United Kingdom. Worldwide, GE Healthcare employs more than 42,500 people committed to serving healthcare professionals and their patients in more than 100 countries. For more information about GE Healthcare, visit our website at www.gehealthcare.com.

Centricity® Physician Office

GE's expansion beyond hospitals and outpatient care areas into high-growth physician practices strengthens its ability to deliver a complete "next generation" information system that can track a patient's entire medical experience with their physician.

Uniting the best-of-class software in both electronic medical records and practice management, Centricity® Physician Office integrates clinical and financial data to help reduce expenses and improve patient care. GEHealthcare started with the best clinical and practice management software available, then brought them together on GE's strong foundation. The new Centricity Physician Office package offers practices the best of all worlds: entrepreneurial innovation, GE's technological depth and strength, and comprehensive integration. Centricity Physician Office includes two main components: Electronic Medical Records (EMR) and Practice Management (PM). For more information on Centricity Physician Office, visit our website at www.gehealthcare.com/it_solutions/clinical/physician_office.html.

Electronic Medical Records (EMR)

Centricity EMR is an electronic medical record (EMR) system that enables ambulatory care physicians and clinical staff to document patient encounters, streamline clinical workflow, and securely exchange clinical data with other providers, patients, and information systems.

Centricity EMR is used by thousands of physicians to manage millions of patient records; making it the most widely used ambulatory care electronic medical record. Centricity EMR empowers healthcare providers to deliver the highest quality of care at lower costs.

Practice Management (PM)

Centricity PM is a practice management (PM) system that enables physician staff to efficiently interact with patients for increased levels of patient satisfaction, and manage the business processes required for effective and productive billing and A/R controls.

Centricity PM is used by thousands of offices to properly bill and collect for tens of millions of claims each year. Centricity PM is designed to fit your current processes, size, and structure, providing an easily adaptable solution as individual as your practice.

Alliance Healthcare Solutions, Inc.

was founded in 1983 to bring technology driven solutions into the physician's office. Alliance's core business focuses on the sale, installation and ongoing support of the Centricity Physician Office Practice Management and Electronic Medical records Systems. Alliance supports over 300 Centricity customers in California and Northern Nevada and for your convenience, is a single source for hardware, network services and ongoing support for the entire Centricity Physician Office system.

imagination at work





Northern Inyo Hospital Rural Health Clinic

CENTRICITY SOFTWARE		Unit Price	Sell Price
ELECTRONIC MEDICAL RECORD SOFTWARE			
4	Electronic Medical Records Physician Access License with Media	\$ 8,925.00	\$ 35,700.00
4	Electronic Medical Records Physician Access Annual Software Subscription	\$ 1,400.00	\$ 5,600.00
1	Visual Form Editor	\$ 1,500.00	\$ 1,500.00
1	Basic LinkLogic Package, per Enterprise (DemographicsLink Import, NotesLink Import, LabLink Import, Cross Reference Editor, ImageLink and ScheduLink Import) and Annual Software Subscription	\$ 3,025.00	\$ 3,025.00
1	Bizcom Fax Solution with 2 Line Fax Board <i>(This cost does not include the \$295 annual maintenance fee to be paid in advance)</i>	\$ 1,995.00	\$ 1,995.00
ENHANCED EMR CLINICAL CONTENT			
1	Clinical Content - Primary Care Subscription	\$ -	\$ -
Total Centricity Software Cost			\$ 47,820.00

		Unit Price	
8	Electronic Medical Record Training Days	\$ 1,000.00	\$ 8,000.00
2	8 Hours of Development for Interfaces	\$ 800.00	\$ 1,600.00
Total Professional Services - Software			\$ 9,600.00

Proposal Summary

Doctor: Northern Inyo Hospital Rural Health Clinic	Presented To: Tracy Aspel
Date: November 27, 2006	Presented By: Daniel Gallagher
Centricity Software	\$ 47,820.00
Centricity Professional Services	\$ 9,600.00
	\$ 57,420.00
Monthly Centricity Maintenance Fees	\$ 500.00
Alliance Monthly Support Fees	\$ 400.00

Customer Acceptance

_____	_____
<i>Client Name</i>	<i>Alliance Name</i>
_____	_____
<i>Signature</i>	<i>Signature</i>
_____	_____
<i>Title</i>	<i>Title</i>
_____	_____
<i>Date</i>	<i>Date</i>

There are two primary options for financing -You can coordinate with a Leasing Agent (US Express Leasing, see "Leasing Options" page for information) , or 50% down payment at time of proposal signing with the remaining 50% due at "Go-Live".

Hardware and software prices are good for 30 days from the above date. Merchandise is subject to availability and substitutes may become necessary. Alliance Healthcare Solutions, Inc. reserves the right to charge for connector when needed.

Training and Classes - EMR

Kickoff Meetings	During this time the Clinical Systems Consultant (CSC) and clinic are drafting the project plan, organizing the clinic team and setting their EMR goals and any metrics.
Centricity EMR In Your Clinic Session	This is a comprehensive demonstration and exploration of what the product can do and how it is typically used. The CSC usually gives this class.
Planning & Implementation Seminar	This is a seminar offered to the clinic team. The class is designed to familiarize them with our implementation methodology and processes. It is customized to the project goals of the clinic, and is used by the CSC to help the customer appropriately plan the implementation, and make sure all the clinic goals are met.
Workflow Development	Multiple sessions conducted by the CSC are used to map existing operational workflows and how to design new workflows that maximize Centricity EMR's capabilities by practice and specialty. Output from workflow meetings influence the content of set up and end user training.
Hardware/Network Consultation	This step is conducted by the Technical Systems Consultant (TSC) to ensure that the network and computing infrastructure environment meets Logician specifications and works properly prior to the installation of Centricity EMR.
Centricity EMR Installation	This is the actual installation of the software upon the server and the workstations and is work conducted by the TSC. In a two-tier installation this will require Centricity EMR to be installed at each workstation in the clinics.
Set up	This is the customized end user set up of Centricity EMR based on policy decisions made during the planning phase of the implementation. The set up determines the privileges and preferences for roles and individual users. This milestone is managed jointly by the TSC and CSC. The customer is responsible for set up decisions, set up input and will be trained to handle ongoing maintenance.

Terms & Other Disclosures

Terminal/Printer Cables and Electrical Requirements	Please note that cable is not provided with any system and must be ordered separately by your Alliance Engineer. Your Alliance Engineer will also advise you of your specific electrical requirements during the system site-check, but all electrical wiring and services needed to meet these requirements are the responsibility of the practice.
Taxes and Freight	Taxes and freight charges are not included in the purchase schedule and are billed separately as charged.
Financing	In the event that the Client has approved funding set up for the Total System Investment through US Express Leasing, a 10% initial payment is due to Alliance Computer Technologies Incorporated, upon signing the Alliance Agreement. Upon receipt of payment for the Total System Investment from US Express Leasing, the Client shall be entitled to a refund of the 10% initial payment from Alliance Computer Technologies Incorporated.
Definition of "Go Live"	Alliance considers a client's installation to be "Live" when the following milestones are achieved: <ul style="list-style-type: none"> • Practice Manager - Defined as the submitting electronically or on paper the first payor claim from Centricity Practice Manager. • Electronic Medical Record - Defined as the first functional use of any single module of Centricity EMR.
Travel Expenses	Alliance will be reimbursed for reasonable business travel expenses incurred while on assignment at Customer's location per the guidelines listed below. When approved, the actual costs of travel, meals, lodging, and other expenses directly related to accomplishing business travel objectives will be reimbursed by to Alliance employees by Alliance. Alliance will invoice Customer for these travel expenses. Alliance employees are expected to limit expenses to reasonable amounts.
Expenses to be Reimbursed	<p><u>Expenses that will be reimbursed include the following:</u></p> <ul style="list-style-type: none"> • Car rental fees, only for compact or mid-sized cars. • Taxi fares, only when there is no less expensive alternative • Airfare, if necessary airfare charges at reasonable coach rate if no other less expensive alternative. • Mileage costs for use of personal cars to be paid at the federal rate, only when less expensive transportation is not available. • Cost of standard accommodations in low to mid-priced hotels, motels, or similar lodgings • Cost of meals: <ul style="list-style-type: none"> Breakfast - up to \$7.50 Lunch - up to \$10.00 Dinner - up to \$20.00 • These limits include tax, tip, and non-alcoholic beverage. • Charges for telephone calls, fax, and similar services required for business purposes
EDI Services	<ul style="list-style-type: none"> • \$86 Flat Rate fee per month per <u>Full Time Provider</u> for all claims (Electronic and Paper) to private participating/ non-participating and governmental insurance providers. <i>(Unlimited electronic and up to 150 paper claims processing) [\$0.48 per paper claim over 150 count per provider]</i> • \$43 Flat Rate fee per month per <u>Half Time Provider</u> for all claims (Electronic and Paper) to private participating/ non-participating and governmental insurance providers. <i>(Unlimited electronic and up to 75 paper claims processing) [\$0.48 per paper claim over 75 count per provider]</i> • <input type="checkbox"/> \$30 Flat Rate Per month per <u>Full Time Provider</u> for Electronic Remittance Advice with eligible payers • <input type="checkbox"/> \$15 Flat Rate Per month per <u>Half Time Provider</u> for Electronic Remittance Advice with eligible payers • Electronic Patient Statement Processing First Page @ \$0.63 (Additional page per statement will be \$0.19) <i>Additional postal charges may apply if document weighs more than 1 ounce.</i>

"I have read and agree to the above Terms and Conditions as a part of this agreement."

Client Initials/Date

Alliance Initials/Date

ALLIANCE HEALTHCARE SOLUTIONS, INCORPORATED MAINTENANCE and SUPPORT AGREEMENT

This agreement is between Alliance Healthcare Solutions, Inc., hereafter referred to as "Alliance", and Northern Inyo Hospital Rural Health Clinic, hereafter referred to as "Client".

Alliance will furnish software support according to the terms of this agreement in consideration of the payment described herein. Support will begin on effective date set forth below and will continue until terminated by either party. Support is payable in advance and will not commence until support invoice is paid in full.

BASIC TERMS

TIME

Support service will be provided during normal working hours, i.e. 7a.m. to 6p.m. PST, Monday through Friday excluding Alliance holidays. Alliance's current holiday schedule is as follows: New Years Day, Presidents Day, Memorial Day, Fourth of July, Labor Day, Thanksgiving Day, Day after Thanksgiving, ½ day Christmas Eve, Christmas Day, ½ day New Years Eve.

SERVICES PROVIDED

- 1) "HELPLINE" (916) 722-1145 or (800) 238-4228 – unlimited calls.
- 2) Software updates issued by Centricity provided client has paid Centricity's portion of the Maintenance fee.
- 3) Pre-scheduled classroom training held monthly at Alliance's facility.
- 4) Priority response on service calls relative to non-support Clients.
- 5) A remote troubleshooting service via modem or VPN, assuming the Client installs a modem or high speed connection.
- 6) Preferred rates for customized programming and for other billable services.
- 7) Database management guidance.
- 8) Routine issues that arise under "normal" course of business use for software covered under this agreement.
- 9) Troubleshooting issues that arise between intermediaries with which Alliance has contracts (Centricity, ProxyMed, EMR Vendors, etc.). Though Alliance may not have the technical expertise to resolve the issues, Alliance will act on behalf of the Client to resolve such issues.

SERVICES NOT PROVIDED

- 1) Software Support does not include customized programming or on-site software support visits. Customized programming or other services requested by the Client and not covered under "Services Provided" will be provided to Client at a discount from normal billing rates.
- 2) Software, hardware, labor or training that is required in order for client's system to be updated to new versions of software provided by Centricity.
- 3) Software Support does not cover reprogramming or reinstalling customized modifications into a new release of the software.
- 4) Software Support does not cover the detection and removal of computer viruses, nor the correction of collateral damage from computer viruses. Under no circumstances is Alliance responsible for any damages arising from viruses.
- 5) Products not specifically listed as "Software Covered" in this agreement and/or supported by Alliance. If Alliance has knowledge of such products, Alliance may be retained by the Client on an hourly basis at preferred rates to provide the desired service on those unsupported products.
- 6) This Maintenance Agreement does not cover software and operating re-license fees, if applicable. These fees will be billed at the rates set by the software and operating systems manufactures as they are incurred by Alliance.
- 7) This Maintenance Agreement does not cover non-application related support issues, but those services can be provided at rates outlined in Attachment "B", such as;
 - a. Troubleshooting and repair of routers, hubs, switches or other networking components.
 - b. Troubleshooting and repairs of any network operating system related issues.
 - c. Troubleshooting and repairs of application software including Microsoft Office products, Crystal Reports, etc.

EXTENDED EMERGENCY SERVICE

If Client requests emergency service outside of Alliance's business hours, service will be provided at a rate of 1.5 times the standard billing rates, subject to availability of Alliance staff. Time will be charged on a portal-to-portal basis and out-of-pocket expenses will also be charged.

CANCELLATIONS

Support Agreements may be canceled by either party with thirty (30) days written notice to the other party. Any prepaid balances beyond the 30-day notice period will be refunded to Client.

LATE CHARGES

Any balance 30 or more days past due will incur a late charge. The late charge will be 10% interest per year plus the cost of billing and collection services, for a total of 1.5% per month on the unpaid balance.

RATE & TERMS CHANGES

Rates and/or terms may be changed by Alliance with thirty (30) days written notice to Client.

DISCLAIMER OF SOFTWARE WARRANTY

With respect to all software, Client agrees that its sole remedy in case of any defects shall be such remedy as is afforded by the software manufacturer's warranty of the software, or other such remedy against the software manufacturer as it may have under any provision of contract or law. Alliance itself, and its agents, disclaim all warranties, express or implied, including, but not limited to, any implied warranty of merchantability, or fitness or adequacy for any particular purpose or use, of quality, of productiveness or of capacity, with respect to any such software.

In no event shall Alliance be liable to Client for loss of profits, consequential, incidental, indirect or special damages, arising out of tort, breach of warranty or any other breach of contract, representations or obligations with respect to such software.

MAINTENANCE LIMITATIONS

Alliance is under no obligation to furnish any maintenance caused by the following:

- 1) Damage caused by abnormal electrical service, inadequate air conditioning, or other environmental conditions outside of the manufacturers' or Alliance's operating specifications.
- 2) FORCE MAJEURE: Neither party shall be in default by reason of any failure of its performance under this agreement if such failure results whether directly or indirectly, from fire, explosion, strike, freight embargo, act of God, or the public enemy, war, civil disturbance, act of any government, de jure or defacto, or any agency or official thereof; labor shortage, transportation contingencies, unusually severe weather, default of manufacturer or supplier as a subcontractor, quarantine or restriction, epidemic, or catastrophe or other similar event beyond the control of either party.
- 3) Client not performing regular backups, or system not backing up for any reason whatsoever. Alliance uses third party application software to backup servers and other devices, the software manufacturers recommended backup procedure must be followed and it is the client's responsibility to insure that backup procedures are being followed. In no case, does Alliance assume responsibility for insuring that backups are being performed.
- 4) Failure of Client to perform operator-level preventive maintenance as defined in the software manuals or instructions supplied by Alliance's specifications.
- 5) This agreement does not cover detection or removal of computer viruses, nor correction of collateral damage as a result of computer viruses.

SOFTWARE COVERED: **See Attachment "A"**

MAINTENANCE FEE: **See Attachment "A"**

ACCEPTANCE/NON-ACCEPTANCE

Accepted By: _____ Date: _____
Authorized Client Representative

Non-Acceptance By: _____ Date: _____
Authorized Client Representative

NOTE: With a NON-ACCEPTANCE of this SOFTWARE AGREEMENT, Alliance shall continue to provide Support Services to Client on a per call basis at our standard billing rates.

Approved By: _____ Date: _____
Alliance Healthcare Solutions, Inc.
6375 Auburn Boulevard, Citrus Heights, CA 95621
(916) 722-1111

ATTACHMENT "A"

SOFTWARE COVERED:

- Total Centricity EHR Physician Licenses: 4
- Total Number of Licenses: 4

MAINTENANCE FEE:

The fee for this Support Agreement is: \$900 to be paid MONTHLY and in advance. Included in the maintenance fee is the Centricity Electronic Medical Record Subscription of \$1400 per license.

EFFECTIVE DATE:

This attachment "A" will become effective on: _____.

ATTACHMENT "B"

**ALLIANCE COMPUTER TECHNOLOGIES, INC.
LABOR RATES**

DESCRIPTION OF WORK	MAINTENANCE CUSTOMER	NON-MAINTENANCE CUSTOMER
TRAINING:		
Classroom ½ day: Pre-Scheduled	INCLUDED	\$400.00
Classroom ½ day: Non-Standard	\$400.00	\$600.00
Classroom full day: Non-Standard	\$600.00	\$800.00
On-site ½ day	\$500.00	\$800.00
On-site full day	\$800.00	\$1,000.00
TECHNICAL CONSULTING:		
Application Support Calls	INCLUDED	\$125.00 per hour
Support Calls not Covered Under this Agreement	\$95.00 per hour	\$125.00 per hour
Programming	\$95.00 per hour	\$125.00 per hour
Tools and Systems Maintenance	\$95.00 per hour	\$125.00 per hour
Systems Evaluations	\$95.00 per hour	\$125.00 per hour
OTHER SERVICES:		
Depot Service	\$95.00 per hour	\$95.00 per hour
On-Site Repairs	\$95.00 per hour	\$125.00 per hour
Remote Diagnostics	\$95.00 per hour	\$125.00 per hour
After Hours Site Visits	\$125.00 per hour	Double-Time

1. Mileage and out-of-pocket expenses including hotel accommodations, parking, tolls, and meals will be billed for on-site visits. Current mileage rate is \$.33 per mile and will be charged portal-to-portal from Alliance facility.
2. All services for Maintenance Customers are 1/2 hour minimums.
3. All services for Non-Maintenance Customers are one hour minimum. If an on-site visit is required, there is a two hour minimum for Non-Maintenance Customers



MASTER AGREEMENT

PROPRIETARY INFORMATION

CUSTOMER INFORMATION	
(Customer Name) Northern Inyo Hospital Rural Health Clinic	(Date) 11-27-06
(Main Address) 153B Pioneer Lane	(City, State and Zip Code) Bishop, CA 93514
(Billing Address) Same as above	(City, State and Zip Code)
(Customer Contact) Tracy Aspel	(Phone) 760-873-2849
Term and Effective Date) This Agreement shall commence on ("Effective Date").	
Customer and Alliance shall initial and date below such additional Schedules to this Agreement the terms and conditions of which shall apply as of such date:	
 _____ / _____ Terms and Conditions (Initials) (Date)	

This Master Agreement, together with all Schedules attached hereto (or to be attached at a later date) is further subject to the Master Agreement Terms ("Agreement Terms") attached hereto, and the Schedule Terms printed on Schedules (as defined therein), if any (collectively referred to hereafter as the "Agreement"). Customer has read and understands the Agreement terms and conditions and agrees to be bound by those terms and conditions. Acceptance of this Agreement is contingent upon acceptance by a representative of the Alliance duly authorized to execute this Agreement. The parties have executed this Agreement as of the last date shown below.

Alliance Healthcare Solutions, Inc. (Alliance)

Customer

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

Agreement Terms

SECTION I: GENERAL TERMS AND CONDITIONS

1. SERVICES. Alliance shall provide Customer with the "Services" as described in this Agreement and as described in the schedules attached hereto (the "Schedules") and as may be entered into between the parties hereafter during the Term or Renewal Term of this Agreement. All such Schedules shall be subject to the terms and conditions of this Agreement and any terms or conditions printed on the Schedules. In the event Customer requests Services during the Term of this Agreement by submitting a purchase order, the terms and conditions of such purchase order shall be void and of no effect, and the terms and conditions of this Agreement shall control.

2. TERM. This Agreement shall commence on the Effective Date and shall remain in effect for the Term. The Term of this Agreement shall renew automatically for additional one year periods ("Renewal Term") unless either party gives written notice to the other party at least thirty (30) days prior to the expiration of the then existing term that it elects not to renew the Agreement. If, at the expiration of the Term or Renewal Term, any Schedule has not been completed, this Agreement shall remain in effect until completion of the performance of the outstanding Schedule(s).

3. FEES AND PAYMENT SCHEDULE. The fees and payment schedule for the Services are set out in the Schedule(s). Payment on invoiced charges is due within thirty (30) days of the invoice date. Balances, which remain unpaid more than thirty (30) days from the invoice date, shall be deemed past due. The past due balance may be subject to late charges not to exceed 1-1/2% per month, or the highest rate allowed by law, whichever is less. Customer shall be liable for all costs incurred in collection of past due balances including but not limited to collection fees, attorneys' fees, filing fees and court costs. Customer shall be responsible for and shall pay all sales taxes, use taxes, property taxes or other assessments with respect to the sale of Equipment or the Services provided hereunder. **TIME IS OF THE ESSENCE IN THE PERFORMANCE OF ALL PAYMENT OBLIGATIONS BY CUSTOMER.**

4. AUTHORIZED CONTACT PERSON. Customer shall designate one or more Authorized Contact Person(s) for each project in each Schedule who shall be the single point of contact for Customer for work direction to Alliance. The scope of the Authorized Contact Person's authority and responsibilities will be detailed in each Schedule. If during the Term of this Agreement, Customer wishes to change the Authorized Contact Person, Customer shall notify Alliance in writing of the name, address, and telephone numbers of the new Authorized Contact Person.

5. MODIFICATIONS. This Agreement may be modified or amended only by a written amendment specifically referencing this Agreement by number, date, title and parties and executed by a person authorized to execute agreements on behalf of Customer and Alliance.

6. MODIFICATIONS TO SCHEDULES. Any Schedules may be modified or amended only by a written document entitled a "Change Order" specifically referencing the original Schedule and Master Agreement Numbers. The Change Order will not be effective unless it is signed by Customer's Authorized Contact Person and a person authorized to execute contracts on behalf of Alliance.

7. WARRANTIES AND LIMITATIONS OF LIABILITY

7.1 LABOR WARRANTY. Alliance warrants that its labor will be free from defects in material and workmanship under conditions of normal use for a period of one year from the earlier of the date of acceptance of the installation or the first commercial use thereof. **THIS WARRANTY DOES NOT INCLUDE, AND ALLIANCE SHALL NOT BE RESPONSIBLE FOR, DAMAGE TO THE EQUIPMENT RESULTING FROM CAUSES BEYOND ITS CONTROL, INCLUDING, WITHOUT LIMITATION, NEGLIGENCE, ACCIDENT, UNREASONABLE USE, OR SERVICING OR MODIFICATION OF THE PART BY ANYONE OTHER THAN ALLIANCE OR AN ORGANIZATION CERTIFIED BY ALLIANCE.** Warranty service may be obtained by providing Alliance with written notification of a defect within ten (10) days of defect discovery and before the expiration of the warranty period. After warranty service, the warranty with respect to a corrected problem will continue for the remaining unexpired warranty period or sixty (60) days, whichever is longer. Alliance shall provide and Customer may purchase out-of-warranty repair service for the Equipment at Alliance's then prevailing repair rate as provided in a specific Schedule entered into between the parties for such Service.

7.2. PRODUCT WARRANTY. If applicable, certain other written warranties may be given with respect to certain products only to the extent provided in writing in a Schedule issued under this Agreement. Any such warranty period shall commence on the earlier of the date of acceptance of the installation of the product or the first commercial use thereof.

7.3 THE SPECIFIC WRITTEN WARRANTIES SET OUT IN THIS AGREEMENT OR ANY SCHEDULE OR ADDENDUM ISSUED HEREUNDER FROM ALLIANCE ARE IN LIEU OF ANY WARRANTY WHATSOEVER. ALLIANCE MAKES NO WARRANTY, EXPRESSED OR IMPLIED, INCLUDING BUT NOT LIMITED TO, ANY WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE OR USE, OR ANY WARRANTY OF MERCHANTABILITY WITH RESPECT TO SERVICES, EQUIPMENT OR PRODUCTS FURNISHED HEREUNDER, ALL SUCH WARRANTIES BEING SPECIFICALLY DISCLAIMED BY ALLIANCE.

7.4 IT IS THE CUSTOMER'S RESPONSIBILITY TO ENSURE THAT ALL OF ITS FILES ARE ADEQUATELY DUPLICATED, DOCUMENTED, AND PROTECTED, AND IN NO EVENT SHALL ALLIANCE BE RESPONSIBLE FOR CUSTOMER'S FAILURE TO DO SO. ALLIANCE SHALL NOT BE RESPONSIBLE FOR THE COST OF RECONSTRUCTING DATA STORED ON DISK FILES, TAPES, MEMORIES, ETC., LOST DURING THE COURSE OF ALLIANCE'S PERFORMANCE HEREUNDER, OR FOR LOSS OF PROFITS OR OTHER ECONOMIC LOSS ARISING THEREFROM.

Agreement Terms

7.5 IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES WHATSOEVER ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, INCLUDING, BUT NOT LIMITED TO, LOSS OF PROFITS, REVENUE, DATA OR USE, INCURRED OR SUFFERED BY EITHER PARTY OR ANY THIRD PARTY, WHETHER IN AN ACTION IN CONTRACT OR TORT, EVEN IF THE OTHER PARTY OR ANY OTHER PERSON HAS BEEN ADVISED OF THE POSSIBILITY OF DAMAGES.

7.6 EXCEPT FOR PERSONAL INJURY CAUSED BY ALLIANCE'S NEGLIGENCE OR WILLFUL MISCONDUCT, THE ENTIRE LIABILITY OF ALLIANCE AND ITS AFFILIATES AND SUBSIDIARIES AND THEIR OFFICERS, DIRECTORS, EMPLOYEES, AGENTS AND SUPPLIERS FOR ANY DAMAGE OR EXPENSE FROM ANY CAUSE WHATSOEVER SHALL IN NO EVENT EXCEED, AT ALLIANCE'S OPTION, THE REPLACEMENT COST OR PURCHASE PRICE OF THE PRODUCT OR SERVICE WHICH DIRECTLY GIVES RISE TO THE CLAIM.

7.7 CUSTOMER ACKNOWLEDGES THAT ALLIANCE IS NOT THE MANUFACTURER OF ANY EQUIPMENT AND THAT ALLIANCE SHALL HAVE NO OBLIGATION TO IDENTIFY AND NO OBLIGATION TO CORRECT ANY ISSUES INVOLVING THE YEAR 2000. CUSTOMER'S SOLE REMEDY IN THE EVENT OF A SOFTWARE, HARDWARE OR OTHER EQUIPMENT FAILURE AS A RESULT OF THE INABILITY TO CORRECTLY ACCEPT, PROCESS OR DISPLAY THE YEAR 2000 AND ANY FOLLOWING YEARS SHALL BE TO CONTACT THE MANUFACTURER OF THE APPLICABLE SOFTWARE, HARDWARE OR OTHER EQUIPMENT.

7.8 NO ACTION OR PROCEEDING AGAINST ALLIANCE, ITS AFFILIATES OR SUBSIDIARIES, OR ITS SUPPLIERS MAY BE COMMENCED MORE THAN TWENTY-FOUR (24) MONTHS AFTER THE CLAIM ARISES.

7.9 THIS SECTION SHALL SURVIVE TERMINATION OF THE AGREEMENT

8. INDEMNIFICATION. Customer and Alliance hereby indemnify and agree to hold each other harmless from and against any and all loss, damage, cost, expense or liability (including reasonable attorneys' fees) except to the extent it arises from the gross negligence or willful misconduct of the party seeking indemnification in connection with the Services provided or used herein. Customer shall indemnify and hold Alliance harmless from any and all damage, loss and liability, including reasonable attorneys' fees, arising out of or related to (i) Customer's possession, use or resale of any product installed by Alliance; and (ii) the use and content of any Services provided by Alliance. This obligation shall survive the expiration or termination of this Agreement.

9. FORCE MAJEURE. Alliance shall not be liable for delay in performance or nonperformance of any term or condition of this Agreement directly or indirectly resulting from matters beyond Alliance's control, including, without limitation, fire, explosion, accident, flood, labor trouble or stoppage, any regulation, rule or act promulgated by any governmental agency, inability to obtain or shortage of suitable software, material, components, parts, equipment, machinery, fuel, power, transportation, acts of God, or any other causes beyond Alliance's control.

10. CONFIDENTIAL INFORMATION. Alliance and Customer in the course of their negotiations and performance of this Agreement and subsequent relationship may be handling financial, accounting, statistical, personnel, customer and other business data of Customer or Alliance. All such data is confidential, proprietary and the sole property of Customer or Alliance, as the case may be, and shall not be deemed released to the other party, in the public domain, or for any other reason deemed to be usable by the other party in any form. Alliance and Customer agree not to use, disclose, license or otherwise transfer any such knowledge relating to the other party in any manner except as is necessary to implement this Agreement.

11. EMPLOYMENT RECRUITMENT. Customer acknowledges that Alliance provides a valuable service by identifying and assigning personnel to provide services to Customer. Customer further acknowledges that the Customer would receive substantial additional value and Alliance would be deprived of the benefits of Alliance's work force, if Customer were to directly hire Alliance's personnel after they have been introduced to Customer. As such, Customer shall not, without the prior written consent of Alliance, recruit or hire any personnel of Alliance who are or have been assigned to perform services during the Term of this Agreement and until one year after the expiration of this Agreement. In the event that Customer breaches this Section, Customer shall pay Alliance a recruiting fee equal to two (2) times the total annual compensation paid to Alliance's employee by Alliance.

12. ACCESS TO PREMISES. With respect to Services to be performed on property owned by Customer, Customer represents that it has the authority to allow and does grant Alliance the right of ingress and egress over Customer's real property and further grants Alliance a license to provide those Services described in any Schedule issued hereunder within the premises described therein. With respect to Services to be performed for Customer on property not owned by Customer, it shall be Customer's responsibility to secure, at its own cost, prior to the commencement of any Services, any necessary rights of entry, licenses or other permission necessary for Alliance to provide Services. Alliance shall not be liable for delay in performance or nonperformance of any term or condition of this Agreement directly or indirectly resulting from Customer's denial to Alliance of full and free access to Customer's systems and components thereof, or Customer's denial to Alliance of full and free access to Customer's personnel or premises pursuant to this Agreement essential for completion of the project.

13. CANCELLATION OF SERVICES AND CANCELLATION FEE.

13.1 In the event Customer desires to cancel the Services described herein or in any Schedule, Customer shall give Alliance thirty (30) days written notice of Customer's intent to cancel ("Notice Period"). During the Notice Period, Alliance and Customer shall meet to determine the work that remains outstanding and how the work is to be concluded by the end of the Notice Period. Customer shall pay a cancellation fee equal to ten percent (10%) of the total contracted amount for the canceled Services or the amount specified

Agreement Terms

on the applicable Schedule attached hereto, whichever is higher ("Cancellation Fee"). In the event Customer has paid a Retainer Fee, as may be defined in any applicable Schedules, any remaining Retainer Fee shall be credited to the Cancellation Fee and the unpaid balance, if any, of the Cancellation Fee shall be invoiced to Customer. Any remaining Retainer Fee, after subtraction of the Cancellation Fee and any other costs, shall be returned to Customer. The Cancellation Fee reflects administrative costs and other out-of-pocket expenses incurred by Alliance prior to cancellation of the Services and is not a penalty. This section does not pertain to computer system support agreement, which contains cancellation language superceding this section.

13.2 In the event Customer has executed an Equipment Lease Addendum and has decided to terminate the Equipment Lease Addendum or any Lease Schedule related thereto, Customer shall be subject to any additional termination charges described in the Equipment Lease Addendum or Lease Schedule.

14. OTHER BILLABLE COSTS. The fees specified herein and in the Schedules do not include reasonable costs required to be incurred by Alliance to provide the Services, including, but not limited to the following: (i) reasonable travel and per diem expenses incurred by Alliance in the course of providing Services under this Agreement; (ii) reasonable long distance telephone expenses resulting directly from Services provided pursuant to this Agreement; (iii) any CAD drawings or sub-contract expenses; and (iv) any other reasonable out-of-pocket expenses incurred by Alliance on behalf of Customer (collectively "Other Billable Costs"). Alliance will invoice Customer separately for reimbursement of Other Billable Costs, and Customer hereby agrees to reimburse Alliance for the Other Billable Costs upon receipt of the invoices. Other Billable Costs shall not be paid out of Customer's Retainer Fee balance.

15. ACCOUNT STATEMENTS. Alliance shall provide Customer with monthly statements and reports reflecting the Services provided by Alliance to the Customer in the preceding month. The statements shall itemize the time utilized by Alliance, summarizing the work performed, the fees charged to the Customer's balance, and shall indicate the balance of the Customer's account. Time shall be accrued in fifteen-minute increments. Total time shall be rounded up to the next fifteen-minute increment. Travel time shall accrue at one-half time.

16. APPLICABLE LAW. This Agreement shall be governed and interpreted according to the laws of the State of California.

17. TERMINATION OF AGREEMENT. Either party may terminate this Agreement for the following reasons: (i) In the event that either party files or initiates proceedings or has proceedings filed or initiated against it, seeking liquidation, reorganization or other relief (such as appointment of a trustee, receiver, liquidator, custodian or such other official) under any bankruptcy, insolvency or other similar law, and such petition is not discharged within sixty (60) days of filing; or (ii) In the event that either party is in default under the terms or conditions of this Agreement, including, but not limited to, any terms or conditions contained in any Schedules or amendments thereto, the non-defaulting party shall provide written notice of the default. The defaulting party shall have ten (10) days from the date of the written notice in which to cure monetary default(s), and thirty (30) days from the date of the written notice in which to cure non-monetary default(s). In the event the default is not cured within the cure period, then this Agreement may be terminated, at the option of the non-defaulting party. In the event Customer fails to cure a default for non-payment of amounts due under any payment schedule or invoice, in addition to terminating this Agreement, Alliance may retain all prepaid retainers and recover all remaining sums due under all Schedules outstanding at the time of the default.

18. NOTICES. Notification of either party to this Agreement shall be effective upon receipt, or refusal of delivery, when deposited in the United States Mail, first class mail, certified or return receipt requested, postage prepaid, or when sent by a nationally recognized overnight delivery service, to the addresses set forth above or such other address provided for such purposes.

19. DISPUTES AND ARBITRATION. The parties will use their best efforts to resolve any disputes arising hereunder. Notwithstanding anything to the contrary herein, any unresolved disputes arising pursuant to or in any way related to this Agreement or the Schedule(s) shall be settled by arbitration at a mutually agreed upon location in Sacramento, California; provided, however, that nothing in this Section shall restrict the right of either party to apply to a court of competent jurisdiction for emergency relief pending final determination of a claim by arbitration in accordance with this Section. All arbitration shall be conducted in accordance with the rules and regulations of the American Arbitration Association, in force at the time of any such dispute, by a panel of three (3) arbitrators. Each party shall pay its own expenses associated with such arbitration, provided that the prevailing party in any arbitration shall be entitled to reimbursement of reasonable attorney's fees and expenses (including, without limitation, arbitration expenses) relating to such arbitration. The decision of the arbitrators, based upon written findings of fact and conclusions of law, shall be binding upon the parties; and judgment in accordance with that decision may be entered in any court having jurisdiction thereof. In no event shall the arbitrators be authorized to grant any punitive, incidental or consequential damages of any nature or kind whatsoever.

20. SEVERABILITY. In the event any provision contained in this Agreement is for any reason held to be unenforceable in any respect, such unenforceability shall not effect any other provision of this Agreement, and the Agreement shall be then construed as if such an unenforceable provision or provisions had never been included in this Agreement.

21. WAIVER. The failure of either party to enforce or insist upon compliance with any of the terms and conditions of this Agreement, the waiver of any term or condition of this Agreement, or the granting of an extension of the time for performance, shall not constitute an Agreement to waive such terms with respect to any other occurrences.

22. PARAGRAPH HEADINGS. Paragraph headings as contained herein are provided for convenience and reference only. They in no way restrict, limit or define the contents or terms of this Agreement.

Agreement Terms

23. SUCCESSORS AND ASSIGNS. Customer may not assign this Agreement without the express written consent of Alliance. Assignment of this Agreement shall not release Customer from liability hereunder. To the extent that an approved assignment occurs, the terms and conditions of this Agreement shall be binding upon the successors and assigns of the parties hereto.

24. COUNTERPARTS. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same instrument.

25. PURCHASE ORDERS. In the event that Customer submits a purchase order for any Services or Equipment to be provided by Alliance, Alliance shall not be bound by any of the terms or conditions printed on the purchase order and such terms and conditions shall be null and void. Any purchase orders shall be governed by the terms and conditions of this Agreement and any Schedule Terms, as applicable.

26. CONFLICTS. In the event that there are any conflicting terms or conditions between the terms and conditions of the Agreement Terms and the terms and conditions of the Schedule Terms, the terms and conditions of the Schedule Terms shall control.

27. FINAL AGREEMENT. This Agreement, together with any Schedules attached hereto, or to be attached in the future, or Addenda or Amendments attached hereto, sets forth the entire understanding of the parties and supersedes any and all prior agreements, arrangements or understandings related to the Services described herein and therein, and no representation, promise, inducement or statement of intention has been made by either party which is not embodied herein. Alliance shall not be bound by any agents' or employees' representations, promises or inducements not set forth herein.

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November 28,2006

TO: Northern Inyo Hospital Board of Directors
FROM: Barbara Stuhaan RN, OR Nurse Manager
RE: Purchase of Ultrasound System for the Operating Room

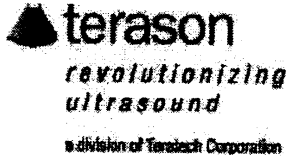
Dear Members of the Board, on December 6th, I will be requesting your approval on the purchase of an Ultrasound System (color doppler) for the operating room. This is a portable system used primarily for vascular access, although it has the capability to be used for location of breast cysts and masses, nerve location for blocks and abdominal imaging particularly useful in operative obstetrics.

We have been utilizing Dr. Clark's personal ultrasound for the past five years and now since more physicians have a use for it, I feel it is time for the hospital to purchase our own. Since this is a software based unit, it can be expanded to other uses as indicated in the future, unlike the GE or Sonosite which are hardware based units.

We have had demonstrations of both this unit and the GE and feel this unit will most meet our needs.

Attached please find a quote from the manufacturer.

Thank You for your attention concerning this issue.



Quotation/Purchase Agreement

Quote No.: 12-111606SP-A
 Date: November 16, 2006
 Presented by: Stella Pineda, Sales Consultant
 Mobile: (323) 578-5196

Presented To:
 Barbara Stuhaan RN
 Northern Inyo Hospital
 150 Pioneer Lane
 Bishop, CA 93514
 Tel.: (760) 873-5811 ext.2260

Ship to:

Bill to:

TERASON t3000™ Ultrasound System

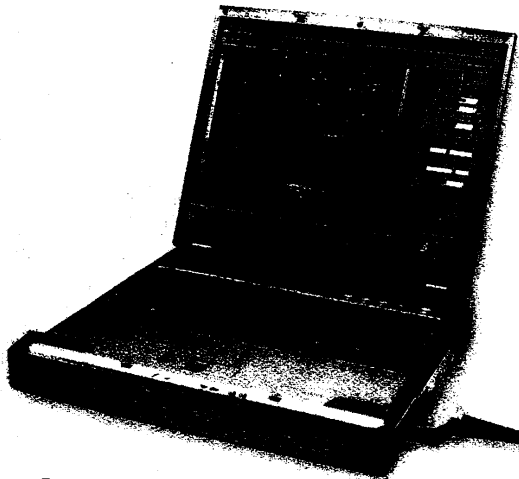
Consists of Terason Software, Terason Transducer and Laptop
 Additional Features: Directional Color Power Doppler, M-mode, Measurements
 Image Archiving storage 50,000+ images, still frame, dynamic clip, Integrated CDRW
 Image format: Bitmap, TIFF, JPEG, AVI
 Battery or AC

Line Item	Qty	Part#	Product Description	Unit Price	Total Price USD\$
01	1		TERASON t3000™ Ultrasound System		
			Includes:		
		10-3225	Laptop with Custom Docking Station		
		10-3ADV	Terason t3000 Advanced Software License (Color Doppler, Spectral Doppler, Triplex Mode, Vascular Reporting, Teravision)		
		10-3076	12L5 Linear Array Transducer		
02	1	10-3088	5C2 Curved Array Transducer		
03	1	18-26020	Customized Terason Cart		
			Terason t3000 Ultrasound Package Price	\$57,400.00	
			*Special Promo Package Pricing		*\$40,000.00
			Terason will provide a 5 year warranty on the t3000 System at no charge if signed order is received by December 22, 2006.		
			Total (tax not included)		\$40,000.00
			<i>less 15% deposit with order:</i>		
			<i>balance upon delivery:</i>		

Terms of Delivery: Freight charges prepaid and added to invoice Est. Del. A.R.O.: 45-60 days	Payment Terms: 15% deposit Balance: Net delivery MasterCard and Visa Accepted Terms and Conditions: (see Exhibit A) One Year Warranty
AUTHORIZED SIGNATURES REQUIRED FOR ACCEPTANCE	
Purchase Order No. _____ Acceptance Date _____ _____ Print Name _____ Title _____ _____ Purchaser's Authorized Signature	Terason Division of TERATECH Corporation Acceptance Date _____ _____ Terason Authorized Signature

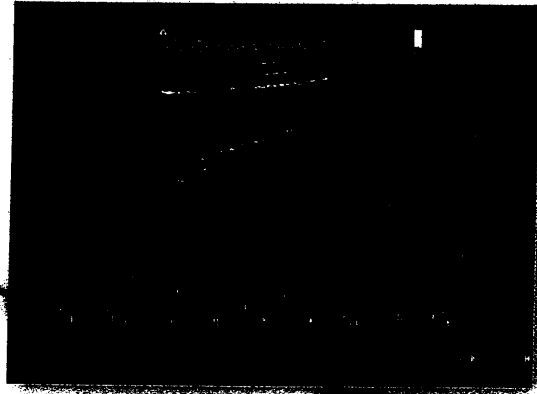
Please fax acceptance to Penny Beal, Sales Administrator: 781-272-2609
 Questions - Call 866-Terason ext. 1051

Terason division of Teratech Corp. 77 Terrace Hall Avenue Burlington, MA 01803 voice 781-270-4143 fax 781-270-4145
 www.terason.com



**High Performance
Laptop Ultrasound™**

***Images so rich, you won't
believe they were created
with a laptop computer***



The Terason t3000™ Ultrasound System

is a powerful, portable imaging solution that delivers image quality, networking, and workflow benefits not previously possible in a small system. The Terason t3000 System delivers world-class imaging performance by leveraging the power of the revolutionary Fusion™ Processor and a high-performance laptop computer. The familiar Windows® graphical user interface makes the system intuitive and easy to use, and its flexible design allows the system to be instantly converted from a portable unit to a cart-based system.

Unbelievable Power

Teratech™ Architecture

The Terason t3000 system is based upon Teratech Architecture, the most significant ultrasound system architecture breakthrough in years. Teratech Architecture combines the front-end Fusion processor with powerful PC-based software back-end data processing. Leveraging patented charge-domain processing and system integration technologies, this enormously flexible, scalable platform enables the development and seamless integration of cutting-edge imaging applications and the flexibility to expand system capabilities.

Fusion™ Processor

Terason's Fusion Processor is the brain of the Terason t3000 System. Unlike "custom ASIC" solutions that are based on off-the-shelf components, the Fusion Processor is the world's only fully custom-designed, integrated ultrasound chip set. The Fusion Processor drives 256 beam forming channels. Its 128 transmit channels allow multi-focal transmit zones, each dynamically focused with different aperture, frequency and waveform characteristics. It also drives 128 receive beam forming channels, for incredible B-Mode sensitivity and exceptionally high frame rates, and supports higher frequency transducers for applications requiring high-resolution imaging.



terason
revolution

High Performance Laptop Ultrasound

Unbelievable Portability

The t3000 system's compact size and light weight make it easy to image in patient rooms or at remote sites. Weighing in at just 8.0 pounds, the system can operate on batteries for over two hours. The t3000 also easily converts to a cart-based system, or is available in a component configuration.

Unbelievable Usability

Because the t3000 system runs as a Windows application on a standard laptop computer, you already understand how to use it. Further, it offers PC-related productivity benefits that are second nature. Images, loops, and reports can be transferred to standard word-processing and presentation software applications with cut-and-paste simplicity. Data file management is intuitive. Wireless and Ethernet connectivity are built in. DICOM export is a snap, and integration with voice command and other applications is seamless. OneButton™ optimization simplifies the beginning of each exam by adjusting TGCs and a wide variety of other imaging controls, so you can immediately focus on the patient – not the hardware. During the exam, most common tasks are accomplished with a single keystroke.

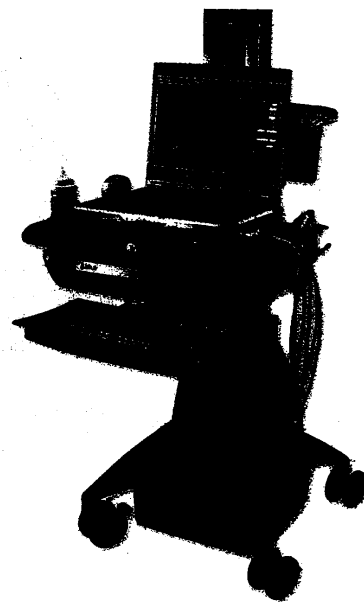
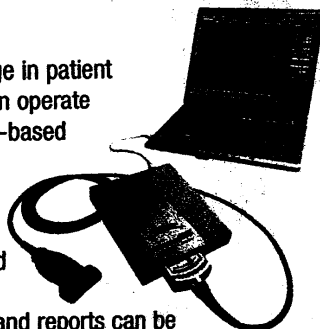
The t3000 supports a wide variety of transducers and exam types, delivers powerful vascular and cardiac reporting, and is designed to augment larger systems for imaging at remote locations or to serve as the primary imaging solution in smaller or office-based practice settings.

Unbelievable Value

An investment in the Terason t3000 Ultrasound System will maintain its value for years to come. Teratech Architecture enables simple and frequent software upgrades, and our unique Laptop Upgrade extended warranty program makes it easy and inexpensive to keep your hardware up to date with the latest advances in PC processing, communications, data storage and display technologies.

Believe!

We frequently hear such comments as "I can't believe how good this image is!" See for yourself how the Terason t3000 Ultrasound System can help your practice grow, smooth your workflow, and change the way you think about laptop ultrasound. We are sure that you'll agree: Seeing is believing! High Performance Laptop Ultrasound has arrived. Contact your local Terason sales representative to schedule a demonstration by calling the number below, or visit us on the web at www.terason.com.

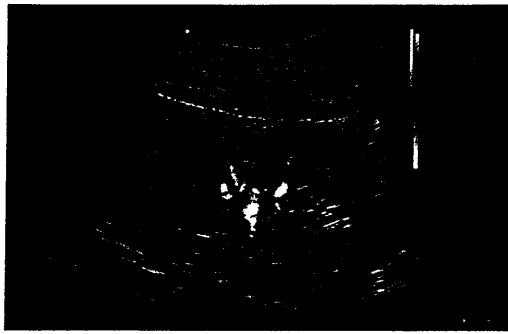


 **terason**
*revolutionizing
ultrasound*

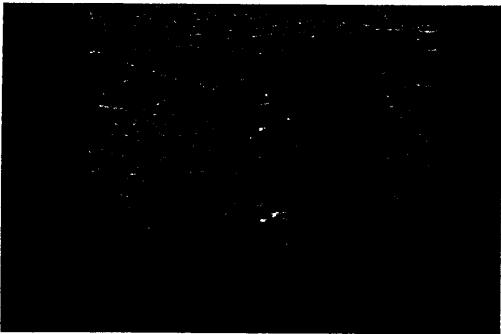
Terason Division
Teratech Corporation
77 Terrace Hall Ave.
Burlington, MA 01803
1-866-TERASON
781-270-4143
info@terason.com
www.terason.com



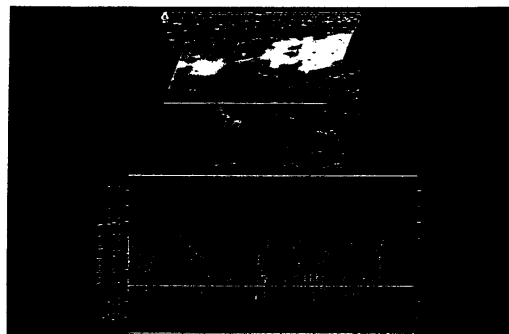
Hepatic Vasculature Color Doppler



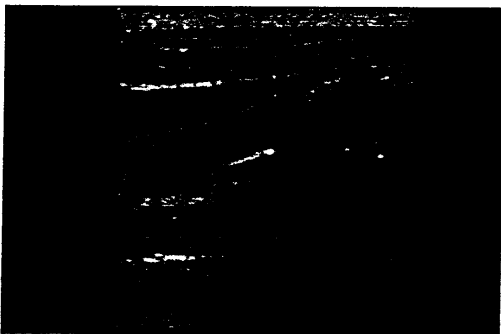
Renal Flow Color Doppler



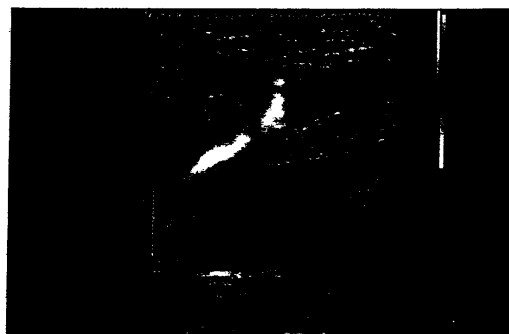
Breast-Benign Cysts with Sedimentary Calcifications*



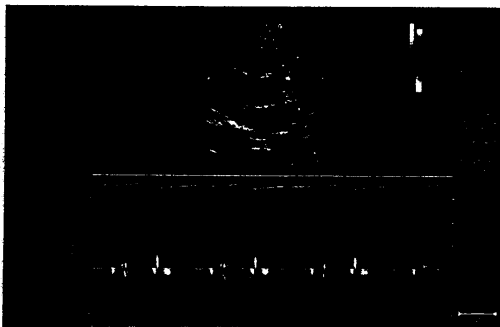
Arterio-Venous Fistula Triplex Imaging



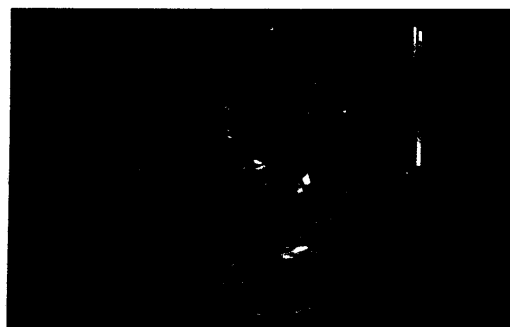
Carotid Stenosis Color Doppler



Common Femoral Venous Confluence Color Doppler



Pulmonic Regurgitation CW Doppler



Apical Four-Chamber Color Doppler

*revolutionizing
ultrasound*

a division of Teratech Corporation

* Image courtesy of the Rose Organization
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16-3068 Rev 0
Terason is a registered trademark of Teratech Corporation.
t3000 is a trademark of Teratech Corporation.

revolutionizing ultrasound

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INTENTIONALLY

Cindy LeFever
PO Box 762
Bishop, CA 93515

.....
Cindy LeFever

November 5, 2006

John Halfin
CC: Leo Fries
CC: Mike Earls
CC: And the Northern Inyo Hospital Board of Directors

Dear Sir or Madam:

I have had the pleasure of working for Mike Earls in environmental services for the past 8 years, the same department since starting my employment with Northern Inyo Hospital.

I want to thank all of you for passing the wage adjustment, and let you know that I'm proud to be a part of the Northern Inyo Hospital family.

I'm looking forward to many more years of service.

Sincerely,



Cindy LeFever
Environmental Services

.....

THANK YOU FOR THE
RECOGNITION & THE
PRAISE IT IS GREATLY
APPRECIATED

Ricky noc SHIF
Dietary
Thank you!!!

Thanks for a
job well done.
Allen Kahlke
Dietary Director

Susan Sembowick

Robert Lopez

Thank you
Barbara Miller
DIETARY DEPT

Rita Littlewood

Rick
Sunderland

Camille
Kortz

Mary Anne

Maria Danner

Thank you so much!
Asia Gonzales

BOARD OF DIRECTORS
NORTHERN INYO HOSPITAL
150 PIONEER LANE
BISHOP, CA. 93514

DEAR BOARD :

THIS IS WRITTEN SUBSEQUENT TO MY RECENT HIP REPLACEMENT
SURGERY PERFORMED BY DR. KARCH ON NOV. 8 06.
THIS TO EXPRESS MY SINCERE THANKS AND APPRECIATION
FROM DAY ONE UNTIL MY RELEASE FROM N I H ON NOV. 12 06
FOR THE EXCELLENT PERFORMANCE OF DR. KARCH,
DR. SCHAPEREA, SURGICAL TEAM AND NIH NURSES AND STAFF.
EVERYONE INVOLVED IN MY STAY AT THE HOSPITAL WERE
PROFESSIONAL, PROFICIENT, COMPASSIONATE, PROMPT
WHEN ANSWERING CALLS — ALL RESPONSIBILITIES
COMPLETED WITH AN UPBEAT ATTITUDE.
HIGH MARKS ALSO GO TO THE KITCHEN STAFF — MEALS
SERVED, EXCEPTIONALLY GOOD.
A SATISFIED CUSTOMER ??? — YES !!!!!!!!!!!

THANKS AGAIN
CONNIE MORRIS

Monday, November 20, 2006 America Online: cnarl

END