



Northern Inyo County Local Hospital District

Board of Directors Regular Meeting

Wednesday March 17, 2010; 5:30pm

Board Room

Northern Inyo Hospital

DRAFT AGENDA
NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT
BOARD OF DIRECTORS MEETING
March 17, 2010 at 5:30 P.M.
In the Board Room at Northern Inyo Hospital

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 February 17 2010 regular meeting.
4. Financial and Statistical Reports for the month of January 2010; John Halfen.
5. Administrator's Report; John Halfen.
 - A. Building Update
 - B. Security Report
 - C. Bonds Update
 - D. Other
6. Chief of Staff Report – Charlotte Helvie M.D., Chief of Staff.
7. Old Business
 - A. Inyo County Conflict of Interest Code, requirement to review, amend, or report (*action item*).
 - B. District Bylaws review (*Doug Buchanan*).
8. New Business
 - A. Renewal of agreement with Robbin Cromer-Tyler, M.D. (*action item*).
 - B. Agreement with Lara Jeanine Arndal, M.D. (*action item*).
 - C. Authority delegated to CEO (*action item*).
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).
 - B. Confer with legal counsel regarding claim filed by John Nesson M.D. against Northern Inyo County Local Hospital District and other Defendants (Government Code Section 54956.9(a)).
 - C. Consideration of employment, evaluation of performance, discipline, or dismissal of a District employee (Government Code Section 54957).
 - D. Confer with legal counsel regarding potential legal action against Northern Inyo County

Local Hospital District filed by Stephen Johnson and Elizabeth Monahan-Johnson
(Government Code Section 54956.9(a)).

- E. Conduct CEO annual performance evaluation (Government Code Section 54957).
- 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.

THIS SHEET

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- CALL TO ORDER The meeting was called to order at 5:30 p.m. by Peter Watercott, President.
- PRESENT Peter Watercott, President
John Ungersma, M.D., Vice President
M.C. Hubbard, Secretary
Michael Phillips, M.D., Treasurer
D. Scott Clark, M.D., Director
Charlotte Helvie, M.D., Chief of Staff
- ALSO PRESENT John Halfen, Administrator
Douglas Buchanan, District Legal Counsel
Sandy Blumberg, Administration Secretary
- ALSO PRESENT FOR
RELEVANT PORTIONS 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 January 20, 2010 regular meeting were approved.
- FINANCIAL AND
STATISTICAL REPORTS Mr. Halfen called attention to the financial and statistical reports for the month of December 2009. He noted the statement of operations shows a bottom line excess of expenses over revenues of \$271,200; and he additionally called attention to the following:
- *Inpatient service revenue was under budget*
 - *Outpatient service revenue was over budget*
 - *Total expenses were over budget*
 - *Salaries and wages were under budget, however employee benefits were over budget*
 - *Professional fees expense was over budget*
 - *The Balance Sheet showed no significant change*
 - *Year-to-date net revenue totals \$845,730*
- Mr. Halfen noted cash equivalents are high due to the movement of investments to help fund the hospital rebuild project, and he stated that currently around two million dollars per month is being withdrawn to help finance the project. Accounts receivable are at 57.7 average days, and bad debt expense has increased in recent months. Once the ten percent MediCal reduction becomes effective it is likely that bad debt expense will increase even more. Professional fees expense is high but should improve once a permanent Radiology solution is in place. The next revenue bond offering has yet to take place, and Administration is currently attempting to obtain the highest possible rating for the bonds.

ADMINISTRATOR'S
REPORT

It was moved by Michael Phillips, M.D., seconded by John Ungersma, M.D. and passed to approve the financial and statistical reports for the month of December 2009 as presented.

BUILDING UPDATE

Turner Construction Company project managers Kathy Sherry and John Hawes reported the foundation for the new hospital building will be completed in the next couple of weeks, and construction of the steel framework for the new building will begin in March. Kevin Boots with RBB Architects reported they are 85% through the peer review comments, and the peer review process has proven invaluable in preventing costly corrections. The remaining peer review comments are not time sensitive but will be reviewed as soon as possible.

SECURITY REPORT

Mr. Halfen called attention to the security report for December 2009 and January 2010, which revealed no significant security issues.

25,687

Mr. Halfen reported that 25,687 is the number of cookies produced by the Dietary Department during the 2009 calendar year.

BONDS UPDATE

Mr. Halfen noted the bond rating company is dragging their feet in regard to issuing a rating for the next series of revenue bonds, and he again noted he is doing everything possible to obtain the best possible rating for the bond issue, in an attempt to save taxpayers' dollars.

DISASTER DRILL
REPORT/EVALUATION

Mr. Halfen reported the Hospital recently held a disaster drill involving the stoves in the Dietary Department being down, and the drill went well with no corrective action being needed as a result.

CHIEF OF STAFF
REPORT

Chief of Staff Charlotte Helvie, M.D. reported following carefully review and consideration the Medical Executive Committee recommends approval of the following Great Basin Imaging/Tahoe Carson Radiology Radiologists to the Provisional Consulting Medical Staff, with requested privileges:

1. *Nicholas Carlevato, M.D.*
2. *Sheldon Kop, M.D.*
3. *Stephen Loos, M.D.*
4. *Thomas McNamara, M.D.*
5. *Keith Shonnard, M.D.*

It was moved by D. Scott Clark, M.D., seconded by Doctor Phillips, and passed to approve the appointments of the Great Basin Imaging/Tahoe Carson Radiologists as recommended. Dr. Helvie additionally reported the Medical Executive Committee recommends approval of the following hospital wide policies and procedures:

1. *Dispensing – General*
2. *Access to Medications in the Absence of the Pharmacist*
3. *Off-Label Use Policy*

4. Timeliness for Critical Results

It was moved by Doctor Phillips, seconded by Doctor Ungersma, and passed to approve all four hospital wide policies and procedures as recommended.

OLD BUSINESS

REAFFIRMATION OF
NEGOTIATOR

Mr. Halfen noted the reaffirmation of himself as negotiator regarding the potential acquisition of a real property at 2957 Birch Street in Bishop, California is no longer necessary, due to the fact that escrow on this property is about to close and no further negotiation will be necessary.

NEW BUSINESS

INYO COUNTY
CONFLICT OF
INTEREST CODE

Mr. Halfen noted the County of Inyo requires the Hospital District to review its Conflict of Interest Code on a bi-annual basis, and this year's review must be completed and returned to the Office of County Counsel by October 1, 2010. District Legal Counsel Doug Buchanan would like to review the District's existing code and revisit this agenda item at the next regular meeting of the District Board.

LANGUAGE SERVICES
ANNUAL REPORT

Language Services Director Jose Garcia referred to the Language Services annual report for calendar year 2009. Mr. Garcia reported the hospital provided language services to patients in 22 different languages during 2009, and currently 12 hospital employees are designated as approved interpreters for Spanish-speaking patients. Video interpretation is now available through the Health Care Interpreter Network (HCIN) and interpretation for languages not available through HCIN can still be accessed through use of the Hospital's Language Line. Mr. Garcia demonstrated use of the HCIN video interpreting system and contacted a sign-language interpreter who answered questions for the group. Board members expressed their appreciation of the job Mr. Garcia is doing to continually improve interpretive services available to Northern Inyo Hospital (NIH) patients.

DISTRICT BYLAWS
REVIEW

District Legal Counsel Doug Buchanan called attention to the District bylaws, which were included in the Board packet for review. Mr. Buchanan asked that the Board review the bylaws and be prepared to discuss possible changes and or corrections to them at the next regular meeting of the District Board.

BOARD MEMBER
REPORTS

Mr. Watercott asked if any members of the Board of Directors wished to report on any items of interest. Doctor Ungersma reported he recently attended a meeting of the Association of California Healthcare Districts (ACHD) and that Northern Inyo Hospital was recognized as being one of only six District hospitals in the state of California that have been profitable for the last five years.

OPPORTUNITY FOR
PUBLIC COMMENT

In keeping with the Brown Act, Mr. Watercott again asked if any members of the public wished to comment on any items listed on the

agenda and/or on any items of interest.

Mr. Halfen commented that the hospital recently held its annual Long-Term Employee Recognition Breakfast, and he distributed a list of employees who were honored. John Hawes with Turner Construction commented that 35 to 40 percent of rebuild project field workers are local workers. Medical Staff Vice Chief Helena Black, M.D. reported a Medical Staff leadership conference will be held on March 8 and 9, and Board Members and Administration are invited to attend. No additional comments were heard.

CLOSED SESSION

At 6:35 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 John Nesson M.D. against Northern Inyo County Local Hospital District and other Defendants (Government code Section 54956.9(a)).
- C. Consider employment, evaluation of performance, discipline, or dismissal of a District employee (Government Code Section 54957).
- D. Confer with legal counsel regarding potential legal action against Northern Inyo County Local Hospital district filed by Stephen Johnson and Elizabeth Monahan-Johnson (Government Code Section 54956.9(a)).

RETURN TO OPEN
SESSION AND REPORT
OF ACTION TAKEN

At 7:08 p.m. the meeting returned to open session. Mr. Watercott reported the Board took no reportable action.

OPPORTUNITY FOR
PUBLIC COMMENT

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

ADJOURNMENT

The meeting was adjourned at 7:11 p.m..

Peter Watercott, President

Attest:

M.C. Hubbard, Secretary

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BUDGET VARIANCE ANALYSIS

Jan-10 PERIOD ENDING After Audit

In the month, NIH was

	3%	over budget in IP days;
	(0.08%)	over in IP Revenue and
	(9.7%)	over in OP Revenue resulting in
\$ 645,686	(9.0%)	over in gross patient revenue from budget &
\$ 608,136	(14.2%)	over in net patient revenue from budget

Total Expenses were:

\$ 395,255	(9.5%)	under budget. Wages and Salaries were
\$ 28,949	(1.9%)	over budget and Employee Benefits
\$ 118,054	(12.9%)	over budget.
\$ (23,641)		of other income resulted in a net income of
\$ 391,615	\$ 120,753	over budget.

The following expense areas were over budget for the month:

\$ 118,054	13%	Employee Benefits
\$ 125,648	37%	Professional Fees; registry staff & Physicians
\$ 109,437	49%	Purchased Services
\$ 53,383	37%	Bad Debt

Other Information:

39.89%	Contractual Percentages for month
42.25%	Contractual Percentages for Year

\$ 1,237,345 Year-to-date Net Revenue

Special Notes:

Radiology Professional Fee Revenue and Expense were not budgeted. Other Income was a loss for the month due to Medical Office Expenses; physician's liability insurance.

NORTHERN INYO HOSPITAL

Balance Sheet
January 31, 2010

Assets

	<u>Current Month</u>	<u>Prior Month</u>	<u>FYE 2009</u>
Current assets:			
Cash and cash equivalents	3,977,866	4,290,579	881,651
Short-term investments	25,516,524	25,183,195	29,519,296
Assets limited as to use	854,424	1,865,913	738,740
Plant Expansion and Replacement Cash	2,952,215	4,816,077	10,439,607
Other Investments (Partnership)	961,824	961,824	961,824
Patient receivable, less allowance for doubtful accounts \$570,271	9,198,124	7,519,318	7,591,694
Other receivables (Includes GE Financing Funds)	1,021,440	955,531	867,584
Inventories	2,487,841	2,483,724	2,456,265
Prepaid expenses	1,259,362	1,189,885	1,057,280
Total current assets	48,229,620	49,266,045	54,513,940
Assets limited as to use:			
Internally designated for capital acquisitions	658,285	658,259	657,814
Specific purpose assets	816,522	54,497	564,033
	1,474,807	712,756	1,221,847
Revenue bond construction funds held by trustee	750,421	702,945	788,610
Less amounts required to meet current obligations	854,424	1,865,913	738,740
Net Assets limited as to use:	1,370,804	(450,212)	1,271,716
Long-term investments	1,595,933	1,595,933	100,000
Property and equipment, net of accumulated depreciation and amortization	41,911,337	41,204,691	35,316,271
Unamortized bond costs	669,656	672,272	687,964
Total assets	93,777,349	92,288,729	91,889,892

NORTHERN INYO HOSPITAL

Balance Sheet
January 31, 2010

Liabilities and net assets

	<u>Current Month</u>	<u>Prior Month</u>	<u>FYE 2009</u>
Current liabilities:			
Current maturities of long-term debt	304,548	364,717	1,103,540
Accounts payable	1,640,122	1,491,826	1,523,288
Accrued salaries, wages and benefits	3,283,106	3,108,032	2,807,675
Accrued interest and sales tax	360,089	241,158	247,663
Deferred income	267,546	311,257	48,991
Due to third-party payors	2,678,771	2,678,771	2,940,964
Due to specific purpose funds	-	-	-
Total current liabilities	<u>8,534,183</u>	<u>8,195,761</u>	<u>8,672,120</u>
Long-term debt, less current maturities	38,609,004	38,609,004	38,624,386
Bond Premium	1,451,188	1,455,531	1,481,587
Total long-term debt	<u>40,060,192</u>	<u>40,064,535</u>	<u>40,105,973</u>
Net assets:			
Unrestricted	44,366,452	43,973,937	42,547,767
Temporarily restricted	816,522	54,497	564,033
Total net assets	<u>45,182,974</u>	<u>44,028,434</u>	<u>43,111,799</u>
 Total liabilities and net assets	 <u>93,777,349</u>	 <u>92,288,729</u>	 <u>91,889,892</u>

NORTHERN INYO HOSPITAL

Statement of Operations

As of January 31, 2010

	MTD Actual	MTD Budget	MTD Variance \$	MTD Variance %	YTD Actual	YTD Budget	YTD Variance \$	YTD Variance %	Prior YTD
Unrestricted revenues, gains and other support:									
In-patient service revenue:									
Routine	640,384	658,285	(17,901)	(2.7)	4,211,107	4,607,929	(396,822)	(8.6)	4,374,524
Ancillary	2,351,279	2,114,597	236,682	11.2	14,106,825	14,801,705	(694,880)	(4.7)	14,056,139
Total in-patient service revenue	2,991,663	2,772,882	218,781	0.08	18,317,932	19,409,634	(1,091,702)	-5.6%	18,430,663
Out-patient service revenue	4,821,812	4,394,907	426,905	9.7	34,107,495	30,763,764	3,343,731	10.9	28,990,098
Gross patient service revenue	7,813,475	7,167,789	645,686	9.00	52,425,428	50,173,398	2,252,030	4.5	47,420,761
Less deductions from patient service revenue:									
Patient service revenue adjustments	(47,618)	233,202	280,820	120.4	1,012,533	1,632,392	619,859	38.0	1,650,193
Contractual adjustments	2,965,304	2,688,600	(276,704)	(10.3)	20,073,335	18,820,180	(1,253,155)	(6.7)	18,220,410
Prior Period Adjustments	-	(41,666)	(41,666)	100.0	(392,906)	(291,666)	101,240	100.0	(681,866)
Total deductions from patient service revenue	2,917,686	2,880,136	(37,550)	(1.3)	20,692,961	20,160,906	(532,055)	(2.6)	19,188,737
Net patient service revenue	4,895,789	4,287,653	608,136	14%	31,732,467	30,012,492	1,719,975	6%	28,232,024
Other revenue	30,495	40,127	(9,632)	(24.0)	208,033	280,832	(72,799)	(25.9)	279,236
Transfers from Restricted Funds for Other Operating Expenses	64,666	64,666	-	-	452,662	452,661	1	0.0	458,787
Total Other revenue	95,161	104,793	(9,632)	(9.2)	660,695	733,493	(72,798)	(9.9)	738,023
Total revenue, gains and other support	4,990,950	4,392,446	598,504	(9.1)	32,393,161	30,745,985	1,647,176	(9.8)	28,970,047
Expenses:									
Salaries and wages	1,535,364	1,506,415	(28,949)	(1.9)	10,518,941	10,544,772	25,831	0.2	9,742,344
Employee benefits	1,036,405	918,351	(118,054)	(12.9)	7,070,162	6,428,317	(641,845)	(10.0)	5,755,666
Professional fees	464,884	339,236	(125,648)	(37.0)	3,127,439	2,374,606	(752,833)	(31.7)	2,378,458
Supplies	477,489	507,117	29,628	5.8	3,592,905	3,549,682	(43,223)	(1.2)	3,392,322
Purchased services	332,715	223,278	(109,437)	(49.0)	1,807,984	1,562,816	(245,168)	(15.7)	1,365,804
Depreciation	222,834	230,400	7,566	3.3	1,557,516	1,612,790	55,274	3.4	1,508,115
Interest	108,026	105,660	(2,366)	(2.2)	758,458	739,609	(18,849)	(2.6)	765,938
Bad debts	198,890	145,507	(53,383)	(36.7)	1,454,230	1,018,548	(435,682)	(42.8)	904,384
Other	199,087	204,476	5,389	2.6	1,427,050	1,431,178	4,128	0.3	1,466,430
Total expenses	4,575,695	4,180,440	(395,255)	(9.5)	31,314,686	29,262,318	(2,052,368)	(7.0)	27,279,461
Operating income (loss)	415,255	212,006	203,249	0.4	1,078,475	1,483,667	(405,192)	(2.8)	1,690,587
Other income:									
District tax receipts	43,711	47,650	(3,939)	(8.3)	305,978	333,550	(27,572)	(8.3)	333,550
Interest	23,870	43,339	(19,469)	(44.9)	112,946	303,369	(190,423)	(62.8)	615,720
Other	3,310	-	3,310	N/A	34,043	-	34,043	N/A	37,771
Grants and Other Non-Restricted Contributions	-	1,224	(1,224)	(100.0)	36,963	8,566	28,397	331.5	9,105
Partnership Investment Income	-	-	-	N/A	-	-	-	-	-
Net Medical Office Activity	(94,532)	(33,357)	(61,175)	(140.2)	(331,059)	(233,447)	(97,612)	(41.8)	49,230
Total other income, net	(23,641)	58,856	(82,497)	(140)	158,870	412,038	(253,168)	(61.4)	1,045,376
Excess (deficiency) of revenues over expenses	391,615	270,862	120,753	45	1,237,345	1,895,705	(658,360)	(35)	2,735,963

NORTHERN INYO HOSPITAL

Statement of Operations--Statistics

As of January 31, 2010

	Month		Month		Year		Year	
	Actual	Budget	Variance	Percentage	Actual	Budget	Variance	Percentage
Operating statistics:								
Beds	25	25	N/A	N/A	25	25	N/A	N/A
Patient days	273	265	8	1.03	1,831	1,853	(22)	0.99
Maximum days per bed capacity	775	775	N/A	N/A	5,375	5,375	N/A	N/A
Percentage of occupancy	35.23	34.19	1.04	1.03	34.07	34.47	(0.40)	0.99
Average daily census	8.81	8.55	0.26	1.03	8.52	8.62	(0.10)	0.99
Average length of stay	3.33	3.01	0.32	1.11	3.15	3.01	0.14	1.05
Discharges	82	88	(6)	0.93	582	616	(34)	1
Admissions	81	88	(7)	0.92	585	612	(27)	1
Gross profit-revenue depts.	5,129,285	4,741,616	387,669	1.08	34,521,687	33,190,574	1,331,113	1.04
Percent to gross patient service revenue:								
Deductions from patient service revenue and bad debts	39.89	42.21	(2.32)	0.95	42.25	42.21	0.04	1.00
Salaries and employee benefits	32.63	33.81	(1.18)	0.97	33.29	33.81	(0.52)	0.98
Occupancy expenses	4.67	5.10	(0.43)	0.92	4.86	5.10	(0.24)	0.95
General service departments	5.82	5.90	(0.08)	0.99	5.74	5.90	(0.16)	0.97
Fiscal services department	3.95	5.13	0.46	1.09	5.02	5.13	(0.11)	0.98
Administrative departments	3.67	5.23	(1.28)	0.76	4.93	5.23	(0.30)	0.94
Operating income (loss)	5.01	1.41	2.26	2.60	0.57	1.41	(0.84)	0.40
Excess (deficiency) of revenues over expenses		3.78	1.23	1.33	2.36	3.78	(1.42)	0.62
Payroll statistics:								
Average hourly rate (salaries and benefits)	45.57	44.47	1.10	1.02	43.24	44.47	(1.23)	0.97
Worked hours	48,189.17	46,862.00	1,327.17	1.03	341,376.80	327,906.00	13,470.80	1.04
Paid hours	55,946.05	54,496.00	1,450.05	1.03	403,570.98	381,472.00	22,098.98	1.06
Full time equivalents (worked)	273.80	269.32	4.48	1.02	278.90	270.10	8.80	1.03
Full time equivalents (paid)	317.88	313.20	4.68	1.01	329.71	314.23	15.49	1.05

NORTHERN INYO HOSPITAL

Statements of Changes in Net Assets

As of January 31, 2010

	<u>Month-to-date</u>	<u>Year-to-date</u>
Unrestricted net assets:		
Excess (deficiency) of revenues over expenses	391,614.60	1,237,344.85
Net Assets due/to transferred from unrestricted	-	-
Interest posted twice to Bond & Interest	-	(47.40)
Net assets released from restrictions used for operations	875.00	580,870.00
Net assets released from restrictions used for payment of long-term debt	(64,666.00)	(452,662.00)
Contributions and interest income	25.40	470.50
Increase in unrestricted net assets	327,849.00	1,365,975.95
Temporarily restricted net assets:		
District tax allocation	762,900.17	817,828.71
Net assets released from restrictions	(875.00)	(580,870.00)
Restricted contributions	-	15,450.00
Interest income	-	128.50
Net Assets for Long-Term Debt due from County	64,666.00	452,662.00
Increase (decrease) in temporarily restricted net assets	826,691.17	705,199.21
Increase (decrease) in net assets	1,154,540.17	2,071,175.16
Net assets, beginning of period	44,028,434.11	43,111,799.12
Net assets, end of period	45,182,974.28	45,182,974.28

NORTHERN INYO HOSPITAL

Statements of Cash Flows

As of January 31, 2010

	<u>Month-to-date</u>	<u>Year-to-date</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	1,154,540.17	2,071,175.16
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities: (correcting fund deposit)		47.40
Depreciation	222,834.04	1,557,516.43
Provision for bad debts	198,890.38	1,454,230.23
Loss (gain) on disposal of equipment	-	4,137.56
(Increase) decrease in:		
Patient and other receivables	(1,943,604.92)	(3,214,517.21)
Other current assets	(73,594.54)	(233,658.41)
Plant Expansion and Replacement Cash	1,863,862.67	7,487,392.21
Increase (decrease) in:		
Accounts payable and accrued expenses	398,590.52	923,247.47
Third-party payors	-	(262,192.45)
Net cash provided (used) by operating activities	<u>1,821,518.32</u>	<u>9,787,378.39</u>
 Cash flows from investing activities:		
Purchase of property and equipment	(929,479.45)	(8,152,582.08)
Purchase of investments	(333,328.85)	2,506,840.27
Proceeds from disposal of equipment	-	(4,137.56)
Net cash provided (used) in investing activities	<u>(1,262,808.30)</u>	<u>(5,649,879.37)</u>
 Cash flows from financing activities:		
Long-term debt	(64,511.14)	(844,772.93)
Issuance of revenue bonds	(47,475.92)	38,188.56
Unamortized bond costs	2,615.43	18,308.01
Increase (decrease) in donor-restricted funds, net	(762,050.57)	(253,007.71)
Net cash provided by (used in) financing activities	<u>(871,422.20)</u>	<u>(1,041,284.07)</u>
 Increase (decrease) in cash and cash equivalents	<u>(312,712.18)</u>	<u>3,096,214.95</u>
 Cash and cash equivalents, beginning of period	<u>4,290,578.54</u>	<u>881,651.41</u>
 Cash and cash equivalents, end of period	<u>3,977,866.36</u>	<u>3,977,866.36</u>

Northern Inyo Hospital
Summary of Cash and Investment Balances
Calendar Year 2010

Operations Checking Account

Time Deposit Month-End Balances

Month	Operations Checking Account				Time Deposit Month-End Balances							
	Balance at Beginning of Month	Deposits	Disbursements	Balance at End of Month	Investment Operations Fund	Bond and Interest Fund	Equipment Donations Fund	Childrens Fund	Scholarship Fund	Tobacco Settlement Fund	Total Revenue Bond Fund	General Obligation Bond Fund
January	4,462,389	6,137,876	6,469,248	4,131,017	27,112,118	796,335	26,223	2,640	17,472	632,052	750,421	2,793,443
Prior Year												
February	573,681	5,073,277	4,962,667	684,291	25,701,675	557,358	26,212	3,137	8,014	521,965	759,081	-
March	684,291	6,979,617	5,689,346	1,974,563	23,604,971	557,497	26,218	3,138	8,016	530,337	806,520	-
April	1,974,563	9,529,952	9,189,387	2,315,128	24,919,927	167,252	26,218	3,138	8,016	630,495	853,958	14,464,947
May	2,315,128	3,264,722	4,556,036	1,023,814	28,168,905	552,617	26,218	3,138	8,016	631,411	934,534	11,007,929
June	1,023,814	3,947,195	3,990,630	980,379	29,618,958	552,753	26,225	3,184	8,018	631,589	788,610	10,122,651
July	980,379	7,052,713	7,416,364	616,727	30,121,668	574,431	26,225	2,639	18,468	631,762	836,048	9,398,497
August	616,727	6,367,182	5,462,850	1,521,059	29,615,171	574,431	26,225	2,639	18,468	631,852	883,487	8,652,655
September	1,521,059	4,571,506	4,221,577	1,870,988	29,609,631	574,537	26,230	2,639	17,470	631,900	930,926	8,074,645
October	1,870,988	6,700,748	6,690,198	1,881,538	29,097,832	34,292	26,230	2,639	17,470	631,949	978,365	8,074,772
November	1,881,538	14,574,637	14,781,591	1,674,584	28,603,006	34,292	26,230	2,639	17,470	631,999	1,045,102	6,395,453
December	1,674,584	9,083,464	6,295,659	4,462,389	26,778,789	34,310	26,233	2,640	17,472	632,026	702,945	4,657,307

Notes:

Investments as of January 31, 2010

Institution	Certificate ID	Purchase Dt	Maturity Dt	Principal	YTM
LAIF (Walker Fund)	20-14-002	15-Jan-10	01-Feb-10	\$317,487	0.56%
Union Bank-Money Market	2740028807	29-Jan-10	01-May-10	\$15,104,074	0.08%
Citigroup Inc	172967CU3	11-Dec-08	22-Feb-10	\$97,308	6.49%
Schwab Medium Term Note	80851QCX0	25-Jul-08	01-Mar-10	\$528,440	4.33%
Greater Bay Bancorp Sr Note	391648AT9	11-Dec-08	15-Apr-10	\$101,688	3.82%
Bank of Waukegan	065563AR9	22-Apr-05	22-Apr-10	\$99,000	4.75%
Toyota Motor Credit Corp Note	829233PV60	11-Dec-08	28-Apr-10	\$200,164	2.79%
American General Finance Corp Note	02635PSV6	24-Apr-08	15-May-10	\$503,905	4.47%
Total Short Term Investments				\$16,952,066	
Federal Home Loan Mtg Corp-MBS	313397L82	10-Nov-09	25-Oct-10	\$3,988,333	0.31%
United States Treasury Note-FNC	912828J50	10-Nov-09	30-Nov-10	\$4,038,750	0.33%
Worlds Foremost Bank (FNC CD)	5X42688	18-Dec-08	18-Dec-10	\$100,000	4.40%
National Rural Utilites Corp Bond-FNC	63743FLH7	13-Aug-09	15-Aug-11	\$250,000	2.35%
Union National Bank & Trust CO-FNC	5L27278	19-Oct-09	19-Oct-11	\$250,000	2.00%
HSBC Financial Corp	40429XWB8	15-Sep-09	15-Sep-12	\$250,000	3.85%
Citigroup Inc	125581FT0	10-Dec-09	01-May-13	\$46,122	7.00%
Citigroup Inc	125588FU7	10-Dec-09	01-May-14	\$66,903	7.00%
United States Treasury Note-FNC	912828LK4	31-Aug-09	31-Aug-14	\$995,933	2.46%
Citigroup Inc	125588FV5	10-Dec-09	01-May-15	\$66,181	7.00%
Citigroup Inc	125581FW3	10-Dec-09	01-May-16	\$107,830	7.00%
Total Long Term Investments				\$10,160,052	
Grand Total Investments				\$27,112,118	

Financial Indicators

	Target	Jan-10	Dec-10	Nov-09	Oct-09	Sep-09	Aug-09	Jul-09	Jun-09	May-09	Apr-09	Mar-09	Feb-09
Current Ratio	>1.5-2.0	5.65	6.01	5.99	6.10	5.81	6.05	6.39	6.29	6.56	7.53	4.20	4.09
Quick Ratio	>1.33-1.5	5.09	5.45	5.41	5.53	5.27	5.51	5.85	5.78	6.04	6.96	3.74	3.66
Days Cash on Hand	>75	293.20	315.81	306.58	307.60	364.93	344.81	349.84	388.66	289.03	337.98	227.43	222.55

Northern Inyo Hospital
 Monthly Report of Capital Expenditures
 Fiscal Year Ending JUNE 30, 2010
 As of JANUARY 31, 2010

MONTH APPROVED BY BOARD	DESCRIPTION OF APPROVED CAPITAL EXPENDITURES	AMOUNT
FY 2008-09	Coagulation Analyzer	25,000
	Zeiss Ophthalmic Argon Laser	42,642 *
	AMOUNT APPROVED BY THE BOARD IN PRIOR FISCAL YEARS TO BE EXPENDED IN THE CURRENT FISCAL YEAR	<u>67,642</u>
FY 2009-10	STAT Centrifuge	3,441 *
	QuickThaw Plasma Thawing System	5,736 *
	Blood Gas Analyzer	16,028 *
	Shredding Machine	32,178 *
	CommVault IT Data Backup	75,031
	Zumasys NetApp IT Data Storage	67,005 *
	CDW-G IT Network Switches	74,382
	AMOUNT APPROVED BY THE BOARD IN THE CURRENT FISCAL YEAR TO BE EXPENDED IN THE CURRENT FISCAL YEAR	<u>273,801</u>
	Amount Approved by the Board in Prior Fiscal Years to be Expended in the Current Fiscal Year	67,642
	Amount Approved by the Board in the Current Fiscal Year to be Expended in the Current Fiscal Year	<u>273,801</u>
	Year-to-Date Board-Approved Amount to be Expended	174,413
	Year-to-Date Administrator-Approved Amount	160,831 *
	Actually Expended in Current Fiscal Year	<u>167,029 *</u>
	Year-to-Date Completed Building Project Expenditures	0 *
	TOTAL FUNDS APPROVED TO BE EXPENDED	<u><u>502,274</u></u>
	Total-to-Date Spent on Incomplete Board Approved Expenditures	130,644

Northern Inyo Hospital
 Monthly Report of Capital Expenditures
 Fiscal Year Ending JUNE 30, 2010
 As of JANUARY 31, 2010

MONTH APPROVED BY BOARD	DESCRIPTION OF APPROVED CAPITAL EXPENDITURES	AMOUNT
Reconciling Totals:		
	Actually Capitalized in the Current Fiscal Year Total-to-Date	327,861
	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>174,413</u>
	ACTUAL FUNDS APPROVED IN THE CURRENT FISCAL YEAR TOTAL-TO-DATE	<u><u>502,274</u></u>
	Donations by Auxiliary	0
	Donations by Hospice of the Owens Valley	0
	+Tobacco Funds Used for Purchase	0
		<u>0</u>
		<u><u>0</u></u>

*Completed Purchase

(Note: The budgeted amount for capital expenditures for all priority requests for the fiscal year ending June 30, 2010, is \$1,800,000 coming from existing hospital funds.)

**Completed in prior fiscal year

**Northern Inyo Hospital
Monthly Report of Capital Expenditures
Fiscal Year Ending JUNE 30, 2010
As of JANUARY 31, 2010**

Administrator-Approved Item(s)	Department	Amount	Month Total	Grand Total
RESTAURANT RANGE 36" ELECTRIC	DIETARY	6,060		
RESTAURANT RANGE 36" ELECTRIC	DIETARY	5,124		
LYTEC 2010 PHYSICIAN SOFTWARE	PEDIATRIC OFFICE	5,317		
BROOKTROUT TR1034 VOICE	SURGERY CLINIC	1,588		
CANON ir3235I	MEDICAL OFFICE	6,677		
MONTH ENDING JANUARY 31, 2010			24,766	160,831

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**CONFLICT OF INTEREST CODE OF THE
NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT
COUNTY OF INYO, STATE OF CALIFORNIA**

SECTION 1: Purpose

Pursuant to California Government Code section 87300, et seq., the Northern Inyo County Local Hospital District hereby adopts the following Conflict of Interest Code. Nothing contained herein is intended to modify or abridge the provisions of the Political Reform Act of 1974 (Government Code section 81000). The provisions of this Conflict of Interest Code are additional to California Government Code section 87100 and other laws pertaining to conflicts of interest. Except as otherwise indicated, the definitions of said Act and regulations adopted pursuant thereto are incorporated herein and this Conflict of Interest Code shall be interpreted in a manner consistent therewith.

SECTION 2: Designated Positions

The positions listed on Appendix "A" are designated positions. Officers holding these positions are designated positions and are deemed to make, or participate in the making of, decisions which may foresee ably have a material effect of a financial interest.

SECTION 3: Disclosure Statements

Each designated position is assigned to one or more of the disclosure categories as set forth in Appendix "B". Each designated position shall file an annual statement disclosing that officer's interest in investments, business positions, real property, and income, designated as reportable under the disclosure category to which the officer's position is assigned on Appendix "A".

Notwithstanding the disclosure category to which a consultant position is assigned on Appendix "A", the President of the Northern Inyo County Local Hospital District Board of Directors may determine in writing that a particular consultant, although a "designated" position is hired to perform a range of duties that are limited in scope and, thus, is not required to fully comply with the disclosure requirements of the category designated for consultants on Appendix "A". Such written determination shall include a description of the consultant's duties and, based upon that description, a statement of the extent, if any, of the disclosure requirements for such consultant. Such written determination is a public record and shall be filed and retained for public inspection in the same manner and locations as is required for statements of financial interest.

SECTION 4: Place, Time, and Requirements of Filing

- (A) Place of Filing.

All designated positions required to submit a statement of financial interests shall file the original with the Inyo County Clerk, and a copy with the President of the Northern Inyo County Local District Board of Directors.

(B) Time and Content of Filing

The first statement filed under this conflict of interest code by a designated position shall disclose any reportable investments, business positions, interest in real property, and income. This first statement shall be filed by each designated officer thirty (30) days after the effective date of this Conflict of Interest Code, disclosing investments, business positions, and interest in real property, held on the effective date of this Conflict of Interest Code, and income received twelve (12) months before the effective date of this Conflict of Interest Code. Thereafter, each new designated officer shall file a statement within thirty (30) days after assuming office. Each designated officer shall file an annual statement on or before April 1, disclosing reportable investments, business positions, interests in real property held, and income received, any time during the previous calendar year or since the date the designated officer took office during the calendar year. Every designated officer who leaves office shall file, within thirty (30) days of leaving office, a statement disclosing reportable investments, business positions, interests in real property held, and income received, at any time during the period between the closing date of the last statement required to be filed, and the date of leaving office.

SECTION 5: Contents of Disclosure Statement

Statements of financial interest shall be made on forms supplied by the Inyo County Clerk and shall contain all of the information as required by the current provisions of Government Code sections 87206 and 87207 for interest in investments, business positions, real property, and income designated as reportable under the disclosure category to which the employee's position is assigned on Appendix "A".

SECTION 6: Disqualification

A designated officer must disqualify himself or herself from making, or participating in the making, or using their official position to influence the making of any decision which will foresee ably have a material financial effect, as distinguishable from its effect on the public generally, on any financial interest as defined in Section 87103 of the Government Code. No designated officer shall be required to disqualify himself or herself with the respect to any matter which could not be legally acted upon or decided without his or her participation.

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BYLAWS OF THE
NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT

PREAMBLE

Section 1. Name

The name of this non-profit hospital district organization shall be the Northern Inyo County Local Hospital District (hereinafter "the District"), organized January 11, 1946, under the terms of the Local Health Care District Law (Health and Safety Code, Section 32000, *et seq*), to promote the public health and the general welfare. This organization shall be fully empowered to receive and administer funds for the attainment of these objectives, all in accordance with the purposes and powers set forth in the Local Health Care District Law.

ARTICLE I

OFFICES

Section 1. Offices

The principal office for the transaction of the business of the District is hereby fixed at Northern Inyo Hospital (hereinafter referred to as "The Hospital") at 150 Pioneer Lane, Bishop, Inyo County, California. Branch offices may be established by the Board of Directors at such place or places within the geographical boundaries of the District as it deems necessary or advisable to the conduct of the business of the District.

Section 2. Title to Property

The title to all property of the District shall be vested in the Board of Directors, and the signatures of the President and Secretary authorized by appropriate resolution at any meeting of the Directors, shall constitute the proper authority for the purchase or sale of property, or for the investment or other disposal of trust funds which are subject to the control of the District.

ARTICLE II

PURPOSES AND SCOPE

Section 1. Scope of Bylaws

These Bylaws shall be known as the "District Bylaws," and shall govern the District, its Board of Directors (hereinafter "the Board"), and all of its affiliated and subordinate organizations and groups.

The Board may delegate certain powers to the Medical Staff and to other affiliated and subordinate organizations and groups. Such powers and functions not expressly delegated to such affiliated or subordinate organizations or groups are to be considered residual powers vested in the Board of the District provided, however, that no assignment, referral, or delegation

of authority by the Board shall preclude the Board from exercising the authority required to meet its responsibility for the conduct of the hospital and the quality of patient care.

The Bylaws of the Medical Staff and other affiliated and subordinate organizations and groups, and any amendments to such Bylaws, shall not be effective until the same are approved by the Board of the District. Said Bylaws may be reviewed by the Board annually, or at more frequent intervals if circumstances require, with the assistance of the Administrator and the attorney for the District.

In the event of any conflict between the Bylaws of the Medical Staff or any other affiliated or subordinate organization or group, and the provisions of these District Bylaws, these District Bylaws shall prevail. In the event the District Bylaws are in conflict with any statute of the State of California governing hospital districts or other applicable law, such statute or other applicable law shall prevail.

Section 2. Purposes

The purposes of the District shall include, but not necessarily be limited to, the following:

- a. Within the limits of community resources, to provide the best facilities reasonably possible for the acute and continued care of the injured or ill.
- b. To conduct educational and research activities essential to the attainment of its purposes.
- c. To coordinate the services of the District with community agencies and other hospitals and health care institutions providing specialized care.
- d. To do any and all other acts and things necessary to carry out the provisions of the Local Health Care District Law.

Section 3. Profit or Gain

There shall be no contemplation of profit or pecuniary gain, and no distribution of profits to any individual, under any guise whatsoever, nor shall there be any distribution of assets or surpluses to any individual on the dissolution of the District.

Section 4. Disposition of Surplus

Should the operation of the District result in a surplus of revenue over expenses during any particular period, such surplus may be used and dealt with by the Board for improvements in the hospital's facilities for the care of the sick, injured, or disabled, or for other purposes not inconsistent with the Local Health Care District Law or these Bylaws.

Section 5. Fiscal Year

The fiscal year of the District shall commence on the first day of July of each year and shall end on the last day of June of each year.

Section 6. Annual Audit

The affairs and financial condition of the District shall be audited annually at the end of each fiscal year by a Certified Public Accountant selected by the Board, and a written report of such audit and appropriate financial statements shall be submitted to the Board. Additional audits may be authorized as considered necessary or desirable by the Board.

The annual audit report shall be reviewed and discussed by the Administrator and the Board.

Section 7. Non-Discrimination

Unlawful discrimination is against the policy of the District in all activities including, but not limited to, admission, treatment, and employment. No person shall be excluded from participation in, or be denied the benefits of, any District program or activity on account of race, religious creed, color, national origin, physical disability, mental disability, medical condition, marital status, sex, age, sexual orientation, ancestry or pregnancy.

ARTICLE III

DIRECTORS

Section 1. Number and Qualifications

The Board shall consist of five (5) members elected from and representing five (5) zones into which the District is divided. Each Board member shall be a registered voter residing in the zone of the District from which he or she is elected.

Section 2. Election and Term of Office

Members of the Board shall be elected to overlapping four-year terms by the electors of the five (5) zones of the District. Elections shall be conducted pursuant to and as provided in the California Elections Code, amendments thereto, and other applicable California law.

Section 3. Powers and Duties

The Board shall have and exercise all the powers of a Health Care District permitted by applicable law, including but not limited to the powers set forth in the Local Health Care District Law. Specifically, but without limitation, the Board shall be empowered as follows:

- a. To control and be responsible for the management of all operations and affairs of the District.
- b. To make and enforce all rules and regulations necessary for the administration, government, protection, and maintenance of hospitals and other facilities under District jurisdiction.

- c. To appoint an Administrator, to approve appointment of all officers of the Medical Staff and all chiefs of the various medical services, and to define the powers and duties of such appointees.
- d. To delegate certain powers to the Medical Staff and other affiliated or subordinate organizations in accordance with their respective bylaws.
- e. To approve or disapprove all constitutions, Bylaws, Rules and Regulations, including amendments thereof, of all affiliated or subordinate organizations.
- f. To appoint, promote, demote, and remove all members of the Medical Staff.
- g. To provide for the election of its officers and for the appointment of committees as necessary to effect the discharge of its responsibilities. In addition, the Board shall adopt a schedule of meetings, attendance requirements, and methods of recording minutes of governing body proceedings not including closed sessions.
- h. To, if deemed appropriate, appoint an executive committee of the Board. Lacking the appointment of an executive committee by resolution of a majority of the Board, the Board shall fulfill its duties and responsibilities acting as a committee-of-the-whole.
- i. To adopt resolutions and ordinances establishing policies or rules for the operation of the District and any of its facilities. Such resolutions and ordinances shall be kept in a separate book or file, and shall be available for inspection at all times. Such resolutions and ordinances shall be considered to be a part of these Bylaws.
- j. To designate by resolution persons who shall have authority to sign checks drawn on the funds of the District.
- k. To assume the responsibility for and perform the functions inherent in maintenance of accreditation of the hospital by the Joint Commission on Accreditation of Healthcare Organizations. The Board shall be actively involved in the accreditation process which shall include participation in the hospital survey process.
- l. To delegate to the Administrator and to the Medical Staff such authority as is appropriate to carry out the general purposes referred to in these Bylaws provided, however, that no assignment, referral, or delegation of authority by the Board shall preclude the Board from exercising the authority required to meet its responsibilities for the conduct of the hospital and the quality of patient care.
- m. To insure the preparation and maintenance of adequate and accurate records for all patients.
- n. To conduct, on an annual basis, a self-evaluation and review of the performance of the Board.
- o. To conduct, on an annual basis, an evaluation and review of the performance of the Administrator.
- p. To do any and all other acts and things necessary to carry out the provisions of these Bylaws or the provisions of the Local Health Care District Law.

Section 4. Compensation

The members of the Board shall receive \$100 each meeting not to exceed five (5) meetings a month in payment in lieu of expenses. Each member shall be allowed his or her actual necessary traveling and incidental expenses incurred in the performance of official business of the District as approved by the Board, including, but not limited to, compensation for travel at the rate of thirty-seven cents per mile.

Section 5. Vacancies

Any vacancy upon the Board shall be filled by appointment by the remaining members of the Board, or, if the Board is unable to appoint, pursuant to applicable California law. Any person appointed to fill such vacancy shall hold office for the period prescribed by Section 1780 of the Government Code as it may be amended from time to time, or any successor statutes thereto.

Section 6. Orientation and Education

Orientation and continuing education programs relating to the operation of the hospital shall be provided to all members of the Board.

ARTICLE IV

MEETING OF DIRECTORS

Section 1. Regular Meetings

Regular meetings of the Board shall be held at 5:30 P.M. at the Northern Inyo Hospital on the third Wednesday of each month, excepting August and November when no regular meeting shall be held, and December when the regular meeting shall be held on the first Wednesday of said month, provided that if the day upon which a regular meeting is scheduled is a legal holiday then said meeting shall be held on another day selected by the Board. The Board may change the time and/or place of such regular meetings by resolution adopted at the regular meeting held in the month immediately preceding, or at a special meeting called for such purpose. All members must attend a minimum of fifty percent (50%) of the meetings unless excused for good cause as approved by the remaining members of the Board.

Section 2. Special Meetings

Special meetings may be called at any time by the President, or by a majority of members of the Board. Written notice of such meeting shall be posted in a location freely accessible to the public, and shall be delivered to each Board member at least 24 hours before the meeting.

Section 3. Quorum

A majority of the members of the Board shall constitute a quorum for the transaction of business, but a member not entitled to vote because of a conflict of interest shall not be counted for the purpose of establishing a quorum on a particular question.

Section 4. Voting

The Board shall act by majority vote of the quorum. In the event that one less than the necessary number of "aye" votes has been cast, then an "abstain" vote shall constitute concurrence and the Clerk shall set forth in his or her minutes that the matter was passed pursuant to this rule.

Section 5. Adjournment

A quorum of the Board may adjourn any Board meeting to meet again at a stated day and hour provided, however, that in the absence of a quorum, a majority of the Board members present at any Board meeting, either regular or special, may adjourn from time to time until the time fixed for the next regular meeting of the Board.

Section 6. Public Meetings

All meetings of the Board, whether regular, special, or adjourned, shall be open to the public, provided, however, that the foregoing shall not be construed to prevent the Board from holding closed sessions for any purpose for which California law allows closed sessions.

ARTICLE V

OFFICERS

Section 1. Officers

The officers of the Board shall be a President, a Vice President, a Secretary, and a Treasurer, all elected by the Directors from among themselves. The remaining Director shall be designated the "Member at Large."

Section 2. Election of Officers

The Board shall elect its officers annually at its regular December meeting. Each officer shall hold office for the calendar year beginning on the first day of January following the election, or until he or she dies, vacates his or her office, or is otherwise disqualified to serve.

Section 3. President

The Board shall elect one of its number to act as President. If at any time, the President shall be unable to act, the Vice President shall take his or her place and perform his or her duties. If the Vice President shall also be unable to act, the Member at Large shall take his or her place and perform his or her duties. Any person acting in place of the President in accordance with this Section 3 shall be vested temporarily with all the functions and duties of the office of President for such period as he or she may be required to act.

The President shall:

- a. Preside over all meetings of the Board.
- b. Sign, as President and, with the attestation of the Secretary, execute in the name of the District, all contracts and conveyances, and all other instruments in writing which have been authorized by the Board.
- c. Have, subject to the advice and control of the Board, general responsibility for management of the affairs of the District during his or her term of office.

Section 4. Vice President

The Vice President shall, in the event of death, absence, or other inability to act of the President, exercise all the powers and perform all the duties herein given to the President.

Section 5. Secretary

The Secretary shall keep, or cause to be kept, accurate and complete minutes of all meetings, except only those parts which are held in closed session; call meetings on order of the President; attend to all correspondence of the Board; attest the signature of the President on contracts and conveyances and all other instruments as outlined in Section 3 of this Article; and perform such other duties as ordinarily pertain to his or her office.

Section 6. Treasurer

The Board shall elect a Treasurer from its membership, whose duty shall be to ascertain that all receipts are deposited, and disbursements made, in accordance with these Bylaws, the directions of the Board, and good business practice. The Board may appoint an Assistant Treasurer to maintain the financial records of the District, and to prepare such financial reports as are required by the Board or the Administrator.

Section 7. Other Officers

The Board may create such other offices as the business of the District may require, and the holder of each such office shall hold office for such period, have such authority, and perform such duties as are provided in these Bylaws, or as the Board may from time to time determine. Such additional offices may be filled either by members or non-members of the Board.

ARTICLE VI

ADMINISTRATOR

Section I. Appointment

The Board shall appoint an Administrator, and such Administrator shall serve at the pleasure of the Board. The Administrator shall be the chief administrative officer of the District. It shall be his or her responsibility to carry out the policies of the Board, and he or she shall be responsible for the day-to-day operations of the District with power to hire and discharge District

employees. The Administrator shall also have such other duties and powers as may be determined by the Board from time to time.

The Board shall select and employ a competent and experienced Administrator who shall be its direct representative in the management of the hospital. It is desirable that the Administrator have at least a baccalaureate degree and a minimum of three years' experience in a reasonable administrative position in a hospital, or in the healthcare field, or have completed formal education in a graduate program in hospital administration. The Administrator shall be given the necessary authority and be held responsible for the administration of the hospital in all departments, and all other facilities of the District, subject only to the policies enacted by the Board or by any of its committees to which it has delegated power to act. More specifically, the authority and duties of the Administrator shall be:

- a. Carrying out all policies established by the Board;
- b. Development and submission to the Board, for approval, of a plan of organization of personnel and others connected with the operation of the hospital;
- c. Preparation of an annual budget showing the expected receipts and expenditures;
- d. Selection, employment, control and discharge of employees, and development and maintenance of personnel policies and practices for the hospital, including a personnel performance evaluation process;
- e. Maintenance of physical properties in a good state of repair and operating condition;
- f. Control of inventories including purchasing procedures, product selection, and supply distribution;
- g. Supervision of all business affairs to insure the wisest possible expenditure of funds in purchases of equipment, supplies, and payment of salaries, as well as the most efficient possible collection of monies owing to the District;
- h. Cooperation with the Medical Staff to the end that high quality care may be rendered to all patients;
- i. Presentation to the Board of periodic reports reflecting the financial activities of the hospital, and periodic reports of the performance evaluation process for all personnel who are not subject to the Medical Staff privilege delineation process, regarding competency of such personnel to provide services in their respective areas of responsibility;
- j. To attend all meetings of the Board and its committees;
- k. To designate in writing, on each occasion of the Administrator's absence, an individual to act for himself or herself in order to provide the hospital with administrative direction at all times;
- l. To perform any other duty that may be necessary in the best interests of the District.

ARTICLE VII
MEDICAL STAFF

Section 1. Medical Staff

The Medical Staff shall be organized in accordance with the Medical Staff Bylaws and shall be known as the Northern Inyo Hospital Medical Staff. The Medical Staff shall govern its own affairs, elect its own officers and conduct meetings in accordance with the Medical Staff Bylaws, provided, however, that such Medical Staff Bylaws shall include those matters as are required by Section 32128 of the Health and Safety Code of the State of California as the same may be amended from time to time.

The Medical Staff Bylaws and Rules and Regulations shall be adopted by the Medical Staff and approved by the Board before becoming effective. Neither body may unilaterally amend the Medical Staff Bylaws or Rules and Regulations.

Only a member of the Medical Staff with admitting privileges shall admit patients to the hospital, and only an appropriately licensed practitioner with clinical privileges shall be directly responsible for a patient's diagnosis and treatment within the area of his or her privileges. Each patient's general medical condition shall be the responsibility of a physician member of the Medical Staff, and each patient admitted to the hospital shall receive a baseline history and physical examination by a physician who is either a member of or approved by the Medical Staff.

Medical Staff appointments and reappointments are made by the Board. Recommendations are made by the Medical Staff Executive Committee and are to be submitted prior to action of the Board. Appointments and reappointments are not to exceed a term of two years. Final decisions regarding Medical Staff appointments, reappointments, and approval of clinical privileges shall be rendered by the Board, and the applicants shall be notified of these decisions in writing by the Hospital Administrator.

The authority for the evaluation of the professional competence of Medical Staff members and applicants for Medical Staff privileges is hereby delegated to the Medical Staff of the hospital. The Medical Staff Executive Committee shall be responsible for making recommendations to this Board concerning initial Medical Staff appointments, reappointments and assignment or curtailment of privileges. The Medical Staff of the hospital shall be so organized that it shall have bylaws which will include procedures for processing applications for membership and for clinical privileges as a basis for making of recommendations to the Board and for the establishment of qualifications for Medical Staff membership and for the criteria it delineates for clinical privileges within the hospital, to ensure the achievement and maintenance of high standards of professional ethical practices.

Whenever the Board does not concur with a Medical Staff Executive Committee recommendation relative to Medical Staff appointment, reappointment, or termination of appointment, and the granting or curtailment of clinical privileges, a committee consisting of the President of the Board (who shall be the chairperson of this committee), the Vice President of the Board, the Chief of Staff, the Vice Chief of Staff, and the Administrator shall review the matter

and submit a recommendation relative to the matter to the Board not later than the next scheduled regular meeting of the Board, provided, however, that the procedure set forth in this section shall not apply to the review, by the Board, of appeals from decisions of a hearing committee pursuant to Article 8 of the Bylaws of the Northern Inyo Hospital Medical Staff. Should any of the members of said committee be the same person, or the person whose appointment, reappointment, termination of appointment, and/or granting or curtailment of clinical privileges is the subject of the committee's meeting, such person shall not sit but be replaced by another Board member, or member of the Medical Staff, selected for such purpose by said body.

The Board shall adopt reasonable rules and regulations, or bylaws, providing for appellate review of any action, decision, or recommendation of the Medical Staff. This appellate review shall be conducted consistent with the requirements of Section 809.4 of the Business and Professions Code. Nothing in this section shall abrogate the obligation of the hospital and Medical Staff to comply with the requirements of Sections 809 to 809.9, inclusive, of the Business and Professions Code, and Sections 32150 to 32155, inclusive, of the Health and Safety Code.

The Administrator, and the Chief of Staff are hereby expressly given authorization, at their joint discretion, in the case of emergency, to grant Medical Staff privileges to any physician licensed to practice in the State of California.

The Medical Staff shall maintain a self-government with delegated authority to act on all medical matters considered to be in the best interest of the hospital and the welfare of the patient in conformity with the actions and directives of the Board.

The Bylaws of the Medical Staff will contain provisions whereby any doctor or other practitioner aggrieved may obtain a formal hearing by the Medical Staff incident to any adverse recommendations from the Medical Staff, regarding Medical Staff status or clinical privileges. Such Bylaws shall likewise provide a method and procedure for appeal to the Board by an aggrieved doctor or other practitioner.

Any doctor or other practitioner who feels aggrieved by any adverse recommendation or deprivation of Medical Staff status or clinical privileges shall be required, as a condition to exercising his or her right of appeal to the Board, to pursue his or her appeal through orderly channels of appeal and at the proper time and in the manner prescribed by the Bylaws and procedures of the Medical Staff of this hospital. When the Medical Staff has made its final ruling and decision concerning the appeal of any aggrieved doctor or practitioner in accordance with the Bylaws of the Medical Staff, and such doctor or practitioner then desires to appeal to the Board, he or she shall give notice in writing to the Hospital Administrator within ten (10) days next following the date of the entry of the final order of the Medical Staff. Said notices must state in substance the grievance made and complained of, and must be given in the time and manner herein specified, or the Board shall not take cognizance thereof except at its discretion. If said notice is so given within said time, then it shall be the duty of the Board to then consider such grievance in its entirety and render the decision of the Board in writing, and deliver a copy of its decision and findings to the aggrieved doctor or practitioner. Such decision shall be final.

The Medical Staff shall have the right to be heard, through its Chief of Staff or through any other representative it may designate, at meetings of the Board.

Section 2. Medico-Administrative Positions

Members of the Medical Staff may at times be assigned administrative duties and responsibilities by the Board. If in the opinion of the Board the practitioner does not discharge the administrative duties and responsibilities assigned to him or her in accordance with standards set by the Board, then the Board may dismiss the practitioner from said duties and responsibilities, but such action by itself will not affect the Medical Staff privileges held by the practitioner.

Section 3. Performance Improvement and Risk Management

The Board shall be responsible for providing for resources and support systems for the quality assurance/improvement functions and risk management functions related to patient care and safety.

The Board shall, in the exercise of its overall responsibility for consistent optimal quality of care provided to all patients, assign to the members of the Medical Staff directly responsible for patient care, reasonable authority for assuring the appropriate professional care to all patients. The Medical Staff shall conduct an ongoing review and appraisal of the quality of professional care rendered in the hospital and through monthly performance improvement reports shall report such activities and end results to the Board. Where the quality of care is shown to be less than optimal, improvement in quality shall be demonstrated.

The Board shall adopt a performance improvement plan that includes effective mechanisms for reviewing and evaluating patient care, and that focuses on the resolution of known or suspected problems. The Board and the Medical Staff Executive Committee will reappraise the plan at least annually to assure that the collective effort is comprehensive, shows minimal duplication of effort, is cost effective, and results in improved patient care. The reappraisal will identify components of the performance improvement program that need to be instituted, altered, or deleted.

ARTICLE VIII

PATIENTS' RIGHTS, PATIENTS' RESPONSIBILITIES AND PROCESS FOR RESOLUTION OF PATIENT GRIEVANCES OR COMPLAINTS

The Board and Medical Staff shall review and adopt a written policy on Patients' Rights, Patients' Responsibilities, and Process for Resolution of Patient Grievances or Complaints.

ARTICLE IX
AUXILIARIES

The hospital may have such auxiliary or auxiliaries to serve the community and patients, as the Board shall from time to time establish, authorize or approve. The organization, membership, officers, meetings, and proceedings shall be determined by the auxiliary or auxiliaries, subject to approval by the Board. The auxiliary or auxiliaries may adopt bylaws and rules and regulations to govern their organization and procedures, which shall be subject to the approval of the Board. The Board shall cause to be inspected or audited from time to time the financial books and records of the auxiliary. The auditors or examiners shall be selected by the Board.

ARTICLE X
REVIEW AND AMENDMENT

Section 1. Review

These Bylaws shall be reviewed by the Board annually, or at more frequent intervals if circumstances require, with the assistance of the Administrator and the attorney for the District.

Section 2. Amendment

These Bylaws may be altered, amended, repealed, added to or deleted by resolution of the Board adopted at any regular meeting of the Board by the vote of a majority of the members of the Board.

Adopted as revised at the regular meeting of the Board of Directors of the Northern Inyo County Local Hospital District held the 16th day of March, 2005.

Peter J. Watercott, President

M.C. Hubbard, Secretary

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

This Agreement is made and entered into on this 17th day of March, 2010 by and between Northern Inyo County Local Hospital District ("District") and Robbin Cromer-Tyler, 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. 09-01, 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 she 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 required for the operation of the Practice 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 personnel 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 conditional upon and 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 serve 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 \$325,000, 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 reflect 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.** None.
- 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 District.
- 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 4-1-2010 and ending on 3-31-2013. 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 District;
 - b) Immediately by District 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, District must give notice to Physician equal to that provided to District 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 precedent of District's obligation under this Agreement that Physician maintains 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 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 constitute any of 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 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: Robin Cromer Tyler
152 Pioneer Lane
Bishop, CA 93514

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. Watercott, President
District Board of Directors

By _____
Robbin Cromer-Tyler, M.D.

APPROVED AS TO FORM:

Douglas Buchanan
District 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.

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BOARD DELEGATED AUTHORITY

CONTRACTS

SERVICE

- Less than 60 days in length
- Less than 10K
- Less than 25K and budgeted

PHYSICIANS

- 30-day rollover with substantially existing agreement
- Continuing call coverage
- 30-day pendency Medical Staff application
- Less than 30-day locums

CAPITAL EXPENDITURES

- Budgeted less than 25 K
- Non-budgeted less than 10K
- Emergent (follow-up at Board meeting)

EMPLOYEE

- Separation / termination agreements
- Employment agreements within existing grades

PHASE II CONSTRUCTION

- Within existing limits (400K total)

PATIENT BILLING

- All charity determinations
- Admin. adjustments (less than 25% of balance due or 100% if patient pay is paid over \$5,000)

MISCELLANEOUS

- Maintenance (less than 10K non-budgeted, less than 25K if budgeted)
- Payor contracts with discount over 10%, one time only up to 50%
- Consulting contracts (less than 25K budgeted or less than 10K not budgeted)
- All attorney bills
- All Interagency agreements (less than 25K)
- Employee terminations
- All price setting less than 1 year
- All meeting expense (less than 10K)
- All promotional materials under 10K
- All marketing commitments under 10K each
- Staffing
- Grant applications

END