

CALL TO ORDER The meeting was called to order at 5:30 pm by Peter Watercott, President.

PRESENT Peter Watercott, President
John Ungersma, M.D., Vice President
M.C. Hubbard, Secretary
Denise Hayden, Treasurer
D. Scott Clark, M.D., Director

ALSO PRESENT John Halfen, Administrator
Helena Black, M.D. Chief of Staff
Douglas Buchanan District Legal Counsel
Sandy Blumberg, Administration Secretary

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

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

MINUTES The minutes of the April 20 2011 regular meeting were approved.

CHIEF OF STAFF
REPORT Mr. Watercott noted the Chief of Staff Report would be presented first in order to accommodate Chief of Staff Helena Black, M.D. in the event that she is called to the Emergency Room (ER) to attend to a patient.

 Doctor Black reported following careful consideration and approval by the appropriate committees the Medical Executive Committee recommends approval of the following hospital wide policies and procedures:

 1. *Bladder Catheterization*
 2. *Urinalysis Reflex*

 It was moved by D. Scott Clark, M.D., seconded by M.C. Hubbard, and passed to approve both policies and procedures as presented.

NOTICE OF
TERMINATION,
VALLEY EMERGENCY
PHYSICIANS Doctor Black also called attention to agenda item E under the “New Business” section on the agenda, which is a request to issue a Notice of Termination for the contract with Valley Emergency Physicians. Dr. Black explained that the Emergency Department (ED) physicians as a group have concerns about the management of the Valley contract, and they have worked diligently with Valley in an attempt to address and resolve those concerns. The ED physician group now no longer desires to be under Valley management, and they request that the Board of Directors terminate the Valley Emergency Physicians agreement. Doctor Black and ED Service Chief Jennie Walker, M.D. have created a new corporation, Eastern Sierra Emergency Physicians, which they feel is fully prepared to manage the current ED contract in a manner which will continue to ensure

the excellent quality of care provided at Northern Inyo Hospital (NIH), while supporting the physician group at the same time. Eastern Sierra is prepared to provide immediate coverage of the ED. Dr. Walker stated the switch from Valley to Eastern Sierra Emergency Physicians is supported by the hospital's ED physician group, however some physicians will need to continue to work a number hours for Valley each year in order to maintain their pension plan.

District Legal Counsel Douglas Buchanan reviewed the termination clause in the existing Valley Emergency Physicians (VEP) contract, and stated the agreement may be cancelled with cause in three different ways; or it may be cancelled without cause with 90 days advance notice. He also stated the termination notice should be carefully stated due to potential risk to the new physician group if it can be determined that they induced the Hospital to terminate the existing VEP agreement. Following further discussion, it was decided that NIH Administrator John Halfen will contact and inform Valley management of the probable termination in order to determine their reaction. Mr. Halfen asked Doctors Black and Walker if the Hospital has a non-compete agreement with Valley, and the response was that it does; however the physicians have information in writing that Valley will not enforce the non-compete clause. Mr. Halfen suggested the Board approve the recommendation to issue a 90-day termination notice for the agreement with Valley Emergency Physicians, giving the Hospital approximately three months to finalize the decision on Emergency Department coverage. It was moved by Doctor Clark, seconded by Ms. Hubbard, and passed to issue a 90-day termination notice for the existing agreement between NIH and Valley Emergency Physicians.

FINANCIAL AND STATISTICAL REPORTS

Mr. Halfen called attention to the financial and statistical reports for the month of March 2011. He noted the statement of operations shows a bottom line excess of revenues over expenses of \$47,564. Mr. Halfen additionally called attention to the following:

- *Inpatient service revenue was under budget, however outpatient service revenue was over budget*
- *Total expenses were under budget*
- *Salaries and wages were under budget, but employee benefits expense was over budget*
- *Professional Fees expense was over budget*
- *The Balance Sheet showed no significant change*
- *Total net assets continue to grow*
- *Year-to-date net income totals \$4,739,746*

Mr. Halfen briefly reviewed the hospital's investments which remain stable at this time; however there are three holdings that he feels need to be watched carefully. He also stated patient accounts receivable currently average 50.72 days, and the average daily accounts receivable total is \$259,785.26. Mr. Halfen also noted that patient volume is down partly

due to a decline in the number of surgeries, which is beginning to show on the income statement. The financials still look good for the year however,

largely due to a large prior period adjustment being made. Medical office activity and revenue across the board in general is under budget, and the budget for the upcoming fiscal year will need to be conservative and carefully considered. Following discussion of the hospital's overall financial condition, it was moved by John Ungersma, M.D., seconded by Denise Hayden, and passed to approve the financial and statistical reports for the month of March 2011 as presented.

ADMINISTRATOR'S
REPORT

BUILDING UPDATE

John Hawes with Turner Construction Company reported the Hospital rebuild project is picking up speed and the walls of the new building are now being closed. Exterior walls are being prepared for paint and second floor mechanical inspections will be finished next week. Site work is proceeding; pipe in the chiller building is being installed; and overhead electrical is going in. Turner expects to be able to fire up the chillers in approximately four weeks, and Mr. Hawes also noted that the plastic has been removed from the exterior of the building. Finish coats of plaster are being applied and overall the project is progressing well and on schedule. Mr. Hawes also noted a tour of the building site will be available to Board members and other interested persons following the close of this meeting.

SECURITY REPORT

Mr. Halfen called attention to the Security Report for the month of March, which revealed no new security issues of significance.

ORTHOPEDIC
SERVICES

Mr. Halfen stated a potential new orthopedic surgeon will arrive in Bishop this evening, and in the next couple of days he will meet with Administration and the Medical Staff in order to become familiar with the hospital and the surrounding area. Administration continues to actively recruit to bring new orthopedic surgeons to practice in this area.

PHYSICIAN
RECRUITING UPDATE

The Hospital has retained a locum's hospitalist to provide one week of coverage per month, and plans are also being made to secure locums coverage for Lara Jeanine Arndal, M.D. who will be out on maternity leave beginning in the month of October.

OTHER

Mr. Halfen also reported the Hospital received notice that David Greene, M.D. will be moving out of the area in the next couple of months, and he will be slowing his medical practice in preparation for retirement. Administration and members of the Board expressed how greatly Dr. Greene will be missed, by the Hospital and by the community as a whole. The Board wishes Dr. Greene well in all of his future endeavors.

Administration continues to recruit and interview for the positions of Surgery Unit Nurse Manager and Director of Nursing for NIH.

OLD BUSINESS

There was no Old Business scheduled for discussion at this meeting.

NEW BUSINESS

Kathy Sherry, Project Manager with Turner Construction called attention to the following construction change order requests:

CONSTRUCTION
CHANGE ORDER
REQUESTS

1. COR 49R1; Bond and Builder's Risk
2. COR 123; IB 084, Central Plant Redesign
3. COR 142; IB 150, 24/7 Monitoring
4. COR 149; IB 160, Revisions to Toilet Room H1020
5. COR 157; IB 251, RFI 931, Pipe Support in existing central plant
6. COR 170; IB 230, Panel DEQ 600 amp breaker change
7. COR 172; IB 083, RF Room Coordination
8. COR 174; IB 231, Chiller Building and Boiler Building
9. COR 179; Payment Terms (Early Release Discount) (*cost reduction*)
10. COR 181; IB 185, Code required clock/timers
11. COR 129R1; Wage Rate Increase (*cost reduction from original estimate*)
12. COR 186; VE items for glass (*cost reduction*)

Ms. Sherry explained the need for each of the change orders, and noted these are not new expenditures because the amounts indicated were included in previously submitted cost forecasts. She additionally noted that two of the items listed represent cost reductions from original quotes. Following review of the information provided it was moved by Ms. Hubbard, seconded by Ms. Hayden, and passed to approve Construction Change Orders 1 through 12 as presented.

ANNUAL BYLAWS
REVIEW

District Legal Counsel Douglas Buchanan stated that annual review of the Northern Inyo County Local Hospital District bylaws will be tabled for discussion at the next regular meeting.

CONSULTING
AGREEMENT, PAT
CALLOWAY

Mr. Halfen called attention to a proposed continuation of a Consulting Agreement with Ms. Pat Calloway to provide Activities Director services at Northern Inyo Hospital. He noted it is a State requirement that the Hospital contract with an activities director to provide services for swing bed patients, and this contract is simply a renewal of a previously established agreement. District Legal Counsel Douglas Buchanan feels the Hospital should come up with a better model for this agreement, however for the time being it was moved by Doctor Ungersma, seconded by Ms. Hubbard, and passed to approve the Consulting Agreement with Ms. Patricia Calloway as presented.

KRONOS CAPITAL
ACQUISITION

Carrie Petersen, Controller called attention to a proposal to purchase an upgrade to the hospital's Kronos employee time and attendance system, in preparation for the switch to the McKesson Hospital Information System (HIS). Ms. Petersen explained the upgrade will prevent the addition of at least one full time equivalent (FTE) employee, and that it will improve

payroll functions and management for department supervisors and give employees improved access to their personal information. Human Resources Director Georgan Stottlemyre also noted it will benefit the Hospital in other areas such as open benefits enrollment, and it will allow for improved management of employee's personnel benefits. It will also allow for creation of electronic personnel files, and will provide reports such as overtime tracking and other labor management tools. Following brief discussion it was moved by Doctor Ungersma, seconded by Ms, Hubbard, and passed to approve the proposed Kronos time and attendance system upgrade as requested.

HOSPITAL
REORGANIZATION

Mr. Halfen called attention to a proposed reorganization of Hospital management that would reduce the number of persons reporting directly to the Administrator from 25 to 13 people. Mr. Halfen noted 25 direct reports is an unreasonable number, and a reduction or reorganization has been overdue for some time. Carrie Petersen, Controller; and Leon Freis, Laboratory, Compliance, and Administration Support Services will each acquire additional direct reports who fall into their areas of Hospital management. Following review of the proposed (new) organizational chart for NIH, it was moved by Doctor Clark, seconded by Doctor Ungersma, and passed approve the proposed Hospital management reorganization as requested.

BOARD MEMBER
REPORTS

Mr. Watercott asked if any members of the Board of Directors wished to report on any items of interest. Doctor Ungersma provided an update on the Association of California Healthcare Districts' (ACHD) annual meeting, and he informed the Board of pending legislation that may significantly affect California Healthcare Districts. The legislation which would affect this District the most is AB 375, which proposes large scale changes to workers compensation benefits, which would result in much higher costs for the District.

OPPORTUNITY FOR
PUBLIC COMMENT

Maggie Egan, Medical Staff Coordinator and President of the Northern Inyo Hospital Foundation gave a report on the annual Bishop High Sierra Ultra Marathon, which was once again a highly successful event.

CLOSED SESSION

At 7:09 pm 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 action filed by John Nesson M.D. against Northern Inyo County Local Hospital District and other Defendants (Government Code Section 54956.9(a)).
- C. Confer with legal counsel regarding action filed by Stephen Johnson and Elizabeth Monahan-Johnson against Northern Inyo

County Local Hospital District and other Defendants (Government Code Section 54956.9(a)).

Director D. Scott Clark, M.D. was not present during closed session discussion.

RETURN TO OPEN
SESSION AND REPORT
OF ACTION TAKEN

At 7:36pm the meeting returned to open session. Mr. Watercott announced that the Board took no reportable action.

PUBLIC COMMENT

Mr. Watercott again asked if anyone present 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 7:37pm.

Peter Watercott, President

Attest:

M.C. Hubbard, Secretary