

January 14 2015 Special Meeting

2015-01 January - January 14 2015 Special Meeting

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DRAFT NOTICE

NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT BOARD OF DIRECTORS SPECIAL MEETING

January 14, 2015 at 5:30 p.m.

In the Northern Inyo Hospital Board Room at 2957 Birch Street, Bishop, CA

1. Call to Order (at 5:30 p.m.).
2. Opportunity for members of the public to comment on any items on this Notice.

Consent Agenda (action items)

3. Approval of minutes of the December 17, 2014 regular meeting
 4. Approval of minutes of the December 17, 2014 special meeting
 5. Financial and Statistical reports for November 2014
-
6. Chief Executive Officer's Report; Victoria Alexander-Lane.
 - A. Physician Recruitment
 - B. Licensing Issues
 - C. B-Clinic follow-up
 - D. Hospitalist program
 - E. Billing changeover follow-up
 - F. The flood
 7. Chief of Staff Report; Thomas Boo, M.D.
 8. Chief Nursing Officer Report (*information item*).
 9. New Business
 - A. Approval of Hospitalist Services Agreement with Rural Physicians Group (*action item*).
 - B. Personnel Policy approval, *Benefits - Tuition Reimbursement (action item)*.
 - C. NIH Foundation Board nominations, Richard Meredick, M.D.; and Calvin (Caddy) Jackson (*action item*).
 10. Reports from Board members (*information items*):
 - A. Bylaws Committee
 11. Opportunity for members of the public to comment on any items on this Agenda, and/or on any items of interest.
 12. Adjournment to closed session to/for:

- A. Hear reports on the hospital quality assurance activities from the responsible department head and the Medical Staff Executive Committee (*Section 32155 of the Health and Safety Code, and Section 54962 of the Government Code*).
 - B. Discussion of Labraque settlement (*Subdivision (b) of Government Code Section 54956.9(b) (3) (A)*).
 - C. Discuss trade secrets, new programs and services, letter to LAFCO (Colin Coffey) (*Section 32106 of the Health and Safety Code*).
 - E. Discussion of a Personnel matter, Adam Taylor (*Government Code Section 54957*).
- 13. Return to open session, and report of any action taken in closed session.
 - 14. Discussion of future meeting dates.
 - 15. Opportunity for members of the public to address the Board of Directors on items of interest.
 - 16. Adjournment.

- CALL TO ORDER The meeting was called to order at 4:20 pm by M.C. Hubbard, President.
- PRESENT M.C. Hubbard, President
Denise Hayden, Vice President
D. Scott Clark, M.D., Secretary
Peter Watercott, Treasurer
John Ungersma, M.D., Member At Large
- ALSO PRESENT Victoria Alexander-Lane, Chief Executive Officer
Sandy Blumberg, Executive Assistant
- ABSENT Thomas Boo, M.D. , Chief of Staff
- OPPORTUNITY FOR
PUBLIC COMMENT Ms. Hubbard asked if any members of the public wished to comment on any items listed on the agenda for this meeting. No comments were heard.
- CLOSED SESSION At 4:21pm Ms. Hubbard reported the meeting would adjourn to closed session to allow the Board of Directors to:
- A. Discuss trade secrets, new programs and services (estimated public session date for discussion yet to be determined) (*Health and Safety Code Section 32106*).
 - B. Discuss Culture of Quality (*Section 32155 of the Health and Safety Code and Section 54962 of the Government Code*).
- RETURN TO OPEN
SESSION AND REPORT
OF ACTION TAKEN At 5:12pm the meeting returned to open session. Ms. Hubbard reported that the Board took no reportable action.
- LEAD HOSPITALIST
AGREEMENT WITH
JOY ENGLADE, M.D. Ms. Hubbard called attention to a proposed *Lead Hospitalist Agreement* with Joy Engblade, M.D., which allows for an increase being made to the compensation for the Hospital's Lead Hospitalist physician. It was moved by Peter Watercott, seconded to John Ungersma, M.D., and passed to approve the proposed *Lead Hospitalist Agreement* with Joy Engblade, M.D. as presented.
- APPROVAL OF B
CLINIC DEVELOPMENT
AND STRUCTURE Ms. Hubbard then called attention to a proposal to approve the structure and development of a B Clinic for Northern Inyo Hospital (NIH). It was moved by Doctor Ungersma, seconded by D. Scott Clark, M.D. and passed to approve the structure and development of a Northern Inyo Hospital B Clinic as presented.
- OPPORTUNITY FOR
PUBLIC COMMENT Ms. Hubbard again asked if any members of the public wished to comment on any items listed on the notice for this meeting, or on any items of interest. No comments were heard.

ADJOURNMENT

The meeting was adjourned at 5:16 pm.

M.C. Hubbard, President

Attest:

D. Scott Clark, M.D., Secretary

- CALL TO ORDER The meeting was called to order at 5:30 pm by M.C. Hubbard, President.
- PRESENT M.C. Hubbard, President
Denise Hayden, Vice President
D. Scott Clark, M.D., Secretary
Peter Watercott, Treasurer
John Ungersma, M.D., Member At Large
- ALSO PRESENT Victoria Alexander-Lane, Chief Executive Officer
Thomas Boo, M.D., Chief of Staff
Sandy Blumberg, Executive Assistant
- OPPORTUNITY FOR
PUBLIC COMMENT Ms. Hubbard asked if any members of the public wished to comment on any items listed on the agenda for this meeting. No comments were heard.
- NIH AUXILIARY
BOUTIQUE REPORT Northern Inyo Hospital Auxiliary (NIHA) Treasurer Sharon Moore presented the financial report for the 2014 holiday boutique, which showed the event made a total of \$9,392 in revenue for the Auxiliary. She additionally reported the NIHA has again received \$3,000 in grant money from the Margaret Pillsbury Foundation, and it is the group's intention to use the grant money and the boutique revenue toward the purchase of medical equipment for Northern Inyo Hospital (NIH).
- REVIEW AND
ACCEPTANCE OF THE
NICLHD STRATEGIC
PLAN Chief Executive Officer Victoria Alexander-Lane introduced David Sandberg with *Focus and Execute* to present the Hospital District's Strategic Plan for the upcoming year. Ms. Alexander-Lane reviewed the process by which the Plan was developed, which involved participation on the part of Hospital Senior Management; the Northern Inyo County Local Hospital District Board of Directors; the NIH Medical Staff; and members of the local community. The main Goals, Objectives, and Action Plan for the Strategic Plan are as follows:
1. Service improvement: Exceed stakeholder expectations:
 - a. Develop and deploy a comprehensive customer service training program
 - b. Select a Customer Service Program
 2. Growth through Value:
 - a. Implement first telemedicine service
 - b. Explore expansion of services to Regional Healthcare Center
 - c. Certify the NIH Rural Health Clinic as a Patient-Centered Medical Home
 - d. Establish a Care Coordination program
 3. Performance Excellence and Quality:
 - a. Design and implement a policy and procedure development and approval system
 - b. Develop and implement an Analytics Plan which moves NIH from Stage 2 (Localized Analytics) to Stage 3 (Aspiring

- Analytics) in the Davenport Analytics Maturity Model
- c. Develop an effective comprehensive survey readiness plan in which all hospital departments participate
 - d. Develop and implement an effective hospital-wide QAPI plan
4. Community engagement and loyalty:
- a. Implement a patient portal
 - b. Implement a comprehensive communication plan
 - c. Identify and implement a speakers bureau to provide consistent community education
 - d. Implement Education for the Public on Hospital Finances
5. People: Fostering a Just and Creative Environment:
- a. Adopt an employee recognition program
 - b. Create a Physician Engagement Plan
 - c. Update on boarding process and content to include additional communication and customer service training
 - d. Develop and implement management/leadership training
 - e. Develop and implement an employee development plan
6. Finance: Sustainability:
- a. Migrate charges toward 50 percentile of National Pricing Model in three service areas
 - b. Implement "Value Analysis" Committee
 - c. Provide usable financial information to Physicians and Managers
7. Regulatory Compliance:
- a. Comply with Privacy and Security Audit Protocol of OCR

Mr. Sandberg stated his feeling that the proposed Plan is ambitious and will be a valuable tool in helping the Healthcare District focus on the future and enhance the quality and value of services provided, while improving the organization as a whole. NIH's Senior Management team will hold quarterly meetings to review the progress made toward achieving each of the identified goals. Following review and discussion of the proposed Plan it was moved by Denise Hayden, seconded by John Ungersma, M.D., and passed to approve the proposed Hospital District Strategic Plan for the 2015 calendar year as presented.

CONSENT AGENDA

Ms. Hubbard called attention to the Consent Agenda for this meeting, which contained the following items:

- Approval of minutes of the October 15, 2014 regular meeting
- Approval of minutes of the October 15, 2014 special meeting
- Financial and Statistical reports for September 2014 and October 2014

Following review of the information provided it was moved by Doctor Ungersma, seconded by Ms. Hayden and passed to approve the proposed consent agenda items as presented.

CHIEF EXECUTIVE OFFICER REPORT

Chief Executive Officer Victoria Alexander-Lane reported a potential general surgeon will come to NIH for a second visit tomorrow, and there is a second general surgeon who is interested in coming to visit as well.

Hospital Administration continues to work with Fidelis Partners recruiters in the search for a mid-level provider for the Rural Health Clinic (RHC), and on the search for additional hospitalist physicians. Ms. Alexander-Lane noted that Felix Karp, M.D. is currently working for NIH as a temporary hospitalist physician, and we would love to get him on board on a full-time basis. She additionally reported that OB/Gyn physician Marty Kim, M.D. has committed to coming on board at NIH full-time around June of next year. She noted that OB services will become part of the Rural Health Clinic, and that it is still the goal to eventually move the Clinic out of modular buildings and into a permanent building in the future. As the beginning of that process, the Community Relations and former Performance Improvement modular buildings will soon be moved off the hospital campus. Ms. Alexander-Lane also reported we have terminated our agreement with Watland Billing Services and are moving forward to do billing for our physician clinics in-house. She further stated we are moving forward to improve patient services in the future, and part of that process will be developing a B Clinic as approved at today's special meeting of the District Board of Directors.

CHIEF OF STAFF
REPORT

POLICY AND
PROCEDURE
APPROVALS

Chief of Staff Thomas Boo, M.D. reported following careful review and consideration the NIH Medical Executive Committee recommends approval of the following Medical Staff reappointments (and reprivileging):

- | | |
|------------------------------|-------------------------------|
| 1. Lara Jeanine Arndal, M.D. | 12. Mohammad Kanakriyeh, M.D. |
| 2. Thomas Boo, M.D. | 13. Catherine Leja, M.D. |
| 3. Tomi Bortolazzo, M.D. | 14. Gregg McAninch, M.D. |
| 4. Sierra Bourne, M.D. | 15. Mark Robinson, M.D. |
| 5. John Daniel Cowan, M.D. | 16. Anthony Schapera, M.D. |
| 6. Robbin Cromer-Tyler, M.D. | 17. Jeanette Schneider, M.D. |
| 7. Joy Engblade, M.D. | 18. Stuart Souders, M.D. |
| 8. James Englesby, M.D. | 19. Gary Turner, M.D. |
| 9. Anne Gasiior, M.D. | 20. Jennie Walker, M.D. |
| 10. Charlotte Helvie, M.D. | 21. Matthew Wise, M.D. |
| 11. Kristina Jong, M.D. | |

- *Allied Health Professional reprivileging/recredentialing:*

- | | |
|------------------------|-----------------------|
| 1. Tracy Drew, RN, NP | 2. Sarah Starosta, PA |
| 3. Mara Yolken, RN, NP | |

- *Staff Appointments/Privileges/Advancements/Additional Privileges:*

1. Martha Kim, M.D.; Appointment to Provisional Active Medical Staff
2. Stephen Wei, M.D.; Appointment to Provisional Consulting Medical Staff
3. Harry "Charlie" Wolf, M.D.; Appointment to Provisional Active Medical Staff
4. Anne Gasiior, M.D.; Advancement from Provisional Staff to Active Staff
5. Thomas McNamara, M.D.; Granting of additional privileges as requested

- *Acceptance of the Medical Staff resignations of:*
 1. Lois Alexander, RN, NP
 2. Mark Jacoby, M.D.
 3. Edric Willes, M.D.

Chief Performance Excellence Officer Maria Sirois asked that recredentialing of Doctors Boo and Englesby be approved on the condition that they complete their sedation MedCom certifications before being recredentialled for that service. It was moved by Peter Watcott, seconded by D. Scott Clark, M.D. and passed to approve all Medical Staff repriviliging, recredentialing, advancements and resignations as presented, with doctors Boo and Englesby being approved for sedation effective as of their completion of the required Medcom trainings.

Doctor Boo additionally stated that following careful review, consideration, and approval by the appropriate Committees, the Medical Executive Committee also recommends approval of the following hospital wide policies and procedures:

1. *RHC Scope of Services*
2. *Food and Drink in Patient Care Areas*
3. *Pediatric Academic Education Policy*
4. *Patient Sitter*
5. *Interdisciplinary Plan of Care*
6. *Organization – Wide Assessment and Reassessment of Patients*
7. *Patient Hand Off SBARQC*
8. *Labeling Medication/Fluids in the Sterile Field*
9. *Precleaning of Soiled Instruments*
10. *Sexual Assault Exam Policy*
11. *Admission of Hospice Inpatient*
12. *Scope of Service – Swing Bed*
13. *Acute/Subacute Care Services Method of Practice: Patient Coordinated Care*
14. *Recognizing and Reporting Swing Bed Resident Abuse/Neglect*
15. *Admission, Documentation, Assessment, Discharge, and Transfer of Swing-Bed Patients*
16. *Rights of Swing-Bed Patients*
17. *Education of Swing Bed Resident and Family*
18. *Services for Swing-Bed Residents: Activities, Case Management, Speech and Occupational Therapy, Physical Therapy, Mental Health Services, and Dental Services*
19. *Nutrition for Swing-Bed Patients*
20. *Swing Bed Patients Inter-disciplinary Care Conference*
21. *Sub acute Swing Patient Population Assessment/Reassessment Guidelines*
22. *Standards of Care – Swing Bed Resident*
23. *Verification of Correct Site, Correct Procedure, and Correct Patient for Invasive or Surgical Procedures*
24. *NIH Volunteer*
25. *Employee Tuberculosis Surveillance Program*
26. *RHC Standardized Procedures and Protocols:*

- a. Adult Health Maintenance (Physician Assistants; FNP; ANP)*
 - b. Emergency Care (Physician Assistant; NP)*
 - c. Furnishing Medications/Devices (Physician Assistant; NP)*
 - d. General Policy (Physician Assistant; NP)*
 - e. Laboratory and Diagnostic testing (Physician Assistant; NP)*
27. *RHC Supervising Physician's Responsibility for Supervision of Physician Assistant*
28. *Delegation of Services Agreement between Supervising Physician and Physician Assistant, Rural Health Clinic, Robert Nalumaluha*
29. *Delegation of Services Agreement Between Supervising Physician and Physician Assistant, Rural Health Clinic (pediatric patients), Sarah Starosta*

Following review of the information provided it was moved by Mr. Watercott, seconded by Doctor Clark, and passed to approve all 29 policies and procedures as presented.

CHIEF NURSING
OFFICER REPORT

Chief Nursing Officer Kathy Decker, R.N. reported the Nursing Departments are completing reviews of their end-of-year quality performance improvement Pillars of Excellence, and setting Pillars of Excellence for the upcoming year. She additionally reported that the OB department is our biggest recruitment challenge, and we currently have three RN travelers in that department. Staffing changes and challenges are also taking place at the RHC, largely due to employee transfers and retirements. Medical Surgical Unit Nurse Manager Barbara Smith RN will retire in July of 2015, and the decision has been made to refill her position rather than merging that job into other existing positions. Nursing is also working on reviewing their Competency Plan, and has created a Communicable Disease Task Force as well. A Safe Patient Handling Committee has also been formed, and correct body mechanics trainings are being provided for staff once a month. Ms. Decker additionally reported that six NIH nurses have volunteered to help in the event that a suspected Ebola patient presents to the facility.

NEW BUSINESS

IMPLEMENTATION OF
THE NICLHD 401(A)
RETIREMENT PLAN

Chief Human Relations Officer Georgan Stottlemire called attention to a proposal to implement funding of the Northern Inyo County Local Hospital District (NICLHD) 401(a) Retirement Plan, and to deposit funds for the Plan into an account by January 31 2015. The following proposed steps and actions used to implement the Plan are as follows:

- Step 1 – Retain services for the 401(a) Plan with Milliman, Inc.
- Step 2 – Engage the services of a custodian (Wilmington Trust Retirement and Institutional Services Company)
- Step 3 – Determine the investment options to be utilized in the Plan (TIAA CREF Lifecycle Funds have been recommended)

Following review of the information provided, it was moved by Doctor Ungersma, seconded by Ms. Hayden, and passed to approve the proposal to implement funding of the NICLHD 401 (a) Retirement Plan as presented. It was noted that this Plan is being back-funded retroactively

to January 1 2013, and the retroactive funding will cause a significant increase to the expense recorded for the rest of this fiscal year.

NIH FOUNDATION
BOARD NOMINATIONS

NIH Foundation Executive Director Greg Bissonette reported there are two nominations for the NIH Foundation Board of Directors, Mr. Jack England and Ms. Kay O'Brien, and that both individuals have hospital and business backgrounds that would greatly benefit the Foundation. It was moved by Mr. Watercott, seconded by Doctor Ungersma, and passed to approve appointment of both nominees to the NIH Foundation Board as presented.

HOSPITAL CODE OF
BUSINESS ETHICS AND
CONDUCT

NIH Compliance Officer Kelli Huntsinger called attention to the following three (proposed) items:

- Northern Inyo Hospital Code of Business Ethics and Conduct
- NIH Employee Non-Disclosure Agreement
- Employee Conflict of Interest Questionnaire

Ms. Huntsinger stated that implementation of these three items will help reaffirm the importance of high standards of business conduct at Northern Inyo Hospital, noting that they were put together by a Compliance Team composed of herself; Chief Human Relations Officer Georgan Stottlemyre; and Chief Performance Excellence Officer Maria Sirois. She additionally stated that these three items are a needed part of our Hospital compliance plan, and are common practices in the business world. Director Hayden inquired as to what we will do about pre-existing conflicts in the hospital workplace, and Ms. Alexander-Lane replied that they will be handled with consideration and fairness, and that the proposed changes may possibly create a career developing opportunity for some of our employees. Victoria also stated that management recently held an open forum on this topic for employees, and answered questions on this topic. She additionally stated that implementation of these three items is the right thing to do, and that it is important to be transparent and eliminate any appearance of bias and unfairness in the workplace. Following further discussion it was moved by Doctor Ungersma, seconded by Ms. Hayden, and passed to approve the Hospital Code of Business Ethics and Conduct; the NIH Employee Non-Disclosure Agreement; and the Conflict of Interest Questionnaire as presented.

DISBURSEMENT OF
JESSE MILLER
CHILDREN'S FUND

Chief Fiscal Officer Carrie Petersen called attention to a request to use funds from the Jesse Miller Children's Fund to assist a pediatric patient in need. At the October meeting of the District Board a request to transfer the \$3,000 plus remaining funds in the Jesse Miller account to the Eastern Sierra Breast Cancer Alliance (ESBCA) with the intent to help a pediatric patient was approved. However, since that time a patient in the pediatric clinic has been identified who is in need of those funds now. It was moved by Ms. Hayden, seconded by Mr. Watercott, and passed to approve disbursing the remaining funds in the Jesse Miller Children's Fund to assist a pediatric patient, rather than transferring the money to the ESBCA for future use.

MUNICIPALITIES
CONTINUING
DISCLOSURE
COOPERATION
INITIATIVE

Ms. Petersen then called attention to a proposed procedure to improve the District's method of response for meeting the continuing disclosure reporting requirements associated with both the District's General Obligation and Revenue Bond issues. The proposed policy provides guidelines to help the CEO and every future CEO of the Hospital meet our reporting guidelines in a compliant manner. It was moved by Doctor Ungersma, seconded by Ms. Hayden, and passed to approve the proposed procedure for meeting Bond continuing disclosure reporting guidelines as presented.

APPROVAL OF
FLOORING
REPLACEMENT

Property Manager Scott Hooker called attention to a proposal to replace flooring in the Surgery and Emergency Departments, due to the fact that the existing floor is bubbled as a result of the moisture content in the concrete mix originally poured for that area of the building. The cement and flooring in those departments needs to be replaced in order to fix ongoing problems, for a total cost of \$195,000. Mr. Hooker and Maintenance Director Danny Webster explained the origin of the problem and the process involved in fixing it. They additionally explained the plan to complete the project in a way that will not prevent those two areas of the Hospital from serving patients. It was moved by Mr. Watercott, seconded by Doctor Ungersma, and passed to approve the proposed flooring replacement and correction in the Emergency Department and Surgery Units as presented.

CAPITAL PURCHASE,
OPERATING ROOM
HUMIDIFIER

Ms. Alexander-Lane reported the humidifier in the Operating Room (OR) recently stopped working, and a quick solution was needed in order to prevent patient surgeries from being cancelled. As a result of efforts on the part of management and the NIH Maintenance Department patient services were able to continue, however it was necessary to order a new humidifier on an emergency basis. The original quote for the new equipment was \$41,000; however the final actual cost came in at only \$27,683. Following discussion of the emergent situation and the possible solutions it was moved by Mr. Watercott, seconded by Doctor Ungersma, and passed to ratify the purchase of the new OR humidifier on an emergency basis for a cost of \$27,683. It was also noted that the Hospital CEO was in contact with and provided updates to the Board President during the time that this emergency purchase was made.

ELECTION OF BOARD
OFFICERS FOR 2015

Ms. Hubbard called attention to the election of Board officers for the 2015 calendar year. Doctor Ungersma proposed keeping the current slate of officers for the upcoming year, expressing his feeling that the Board would benefit from the experience each of the officers has gained from being in their position for the first year. Following brief discussion it was moved by Mr. Watercott, seconded by Ms. Hayden, and passed to continue the existing slate of Board officers for the next calendar year. (President: M.C. Hubbard; Vice President: Denise Hayden; Secretary: D. Scott Clark, M.D.; Treasurer: Peter Watercott; and Member at Large: John Ungersma, M.D..)

BOARD MEMBER
REPORTS

Ms. Hubbard asked if any members of the Board of Directors wished to report on any items of interest. Director Hayden reported the Local Transportation Commission met today and reported they have received an additional \$50,000 in grants, and that patients can continue to apply for assistance with travel-related expenses incurred when obtaining health care services. Ms. Hubbard reported it is time for the Board's annual review of the District Board Bylaws, and following brief discussion it was decided that Directors Hubbard and Ungersma and Ms. Alexander-Lane will meet as a Bylaws Committee, in order to prepare for the annual review. Ms. Alexander-Lane stated that Bylaws; Finance; and Quality Committees should be formed as follows: the Bylaws Committee should be made up of 2 Board members and the CEO and should meet annually; the Quality Committee should consist of 2 Board members, the Chief of Staff, and Senior Managers and should meet on a quarterly basis; and a Finance Committee should be developed as yet to be determined. It was decided that the Board members who will sit on the Quality Committee will be Directors Hubbard and Watercott, with Doctor Ungersma filling-in as a backup when needed.

Ms. Alexander-Lane also noted that the Association of California Healthcare Districts (ACHD) Leadership Conference will take place in Sacramento during the month of January, and she encouraged those Directors who are interested to attend.

OPPORTUNITY FOR
PUBLIC COMMENT

Ms. Hubbard 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. Surgery Unit Nurse Manager Ann Wagoner, R.N. thanked the NIH Maintenance Department, Biomedical engineer Scott Stoner, and the Environmental Services Department for their hard work and attention to her department during the OR humidifier failure.

CLOSED SESSION

At 7:35pm Ms. Hubbard announced the meeting would be adjourned to closed session to allow the Board of Directors to:

- A. Hear reports on the Hospital quality assurance activities from the responsible department head and the Medical Staff Executive Committee, pursuant to Section 32155 of the Health and Safety Code, and Section 54962 of the Government Code.

RETURN TO OPEN
SESSION AND REPORT
OF ACTION TAKEN

At 8:26pm the meeting returned to open session. Ms. Hubbard reported that the Board took no reportable action.

OPPORTUNITY FOR
PUBLIC COMMENT

Ms. Hubbard again asked if any members of the public wished to address the Board of Directors on any items of interest. No comments were heard.

ADJOURNMENT

The meeting was adjourned at 8:27pm.

M.C. Hubbard, President

Attest: _____
D. Scott Clark, M.D., Secretary

BUDGET VARIANCE ANALYSIS

Nov-14 Fiscal Year Ending June 30, 2015

Year to date for the period ending October 30, 2014 NIH experienced:

	565	or	49%	more IP days than in the prior fiscal year
\$	2,208,569	or	14.47%	over budget in IP Ancillary Revenue and
\$	1,696,132	or	5.1%	over budget in OP Revenue resulting in
\$	3,904,701	or	8.0%	over budget in gross patient revenue &
\$	(1,240,119)	or	-3.9%	under budget in net patient revenue

Year-to-date Net Revenue was	\$			30,472,873
Total Operating Expenses were:	\$			29,108,051
				for the fiscal year to date
\$	(717,088)	or	-2.4%	under budget. Wages and Salaries were
\$	(915,629)	or	-9.2%	under budget and Employee Benefits
\$	879,784	or	13.2%	over budget.

The following expense areas were also over budget for the year for reasons listed:

\$	879,784	or	13.2%	Employee Benefits due to funding of Defined Contribution Plan & extremely high Health Claims
\$	62,298	or	4%	Other Expenses for relocation expenses & malpractice insurance adjustment

Other Information:

\$	2,026,701			Operating Income, less
\$	(1,575,195)			loss in non-operating activities created a net income of;
\$	451,506	\$	(175,975)	under budget.
			42.13%	Contractual Percentages for Year and
			34.96%	Budgeted Contractual Percentages including
\$	20,238			in prior year cost report settlement activity for Medicare & Medi-Cal

Non-Operating actives included:

\$	(2,033,428) loss	\$	310,120	under budget in Medical Office Activities
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Contractual Percentage Information

Month Percentage	Year Percentage	
41%	42%	Contractuals are running high as revenue has increased for Medi-Cal and the payment is much lower for Swing Bed Patients based on daily rate

NORTHERN INYO HOSPITAL
STATEMENT OF OPERATIONS
for period ending November 30, 2014

	ACT MTD	BUD MTD	VARIANCE	ACT YTD	BUD YTD	VARIANCE
Unrestricted Revenues, Gains & Other Support						
Inpatient Service Revenue						
Ancillary	803,365	628,346	175,019	3,906,080	3,204,568	701,512
Routine	2,438,859	2,363,775	75,084	13,562,293	12,055,236	1,507,057
Total Inpatient Service	3,242,224	2,992,121	250,103	17,468,373	15,259,804	2,208,569
Outpatient Service Revenue	5,899,676	6,567,886	(668,210)	35,192,355	33,496,223	1,696,132
Gross Patient Service	9,141,899	9,560,007	(418,108)	52,660,728	48,756,027	3,904,701
Less Deductions from						
Deductions						
Contractual Adjustments	161,153	310,801	(149,648)	1,248,870	1,585,085	(336,215)
Prior Period Adjustments *	3,612,382	3,030,969	581,413	20,959,223	15,457,950	5,501,273
	2,397	-	2,397	(20,238)	-	(20,238)
Total Deductions from Patient Service Revenue	3,775,932	3,341,770	434,162	22,187,855	17,043,035	5,144,820
Net Patient Service Revenue	5,365,967	6,218,237	(852,270)	30,472,873	31,712,992	(1,240,119)
Other revenue						
Transfers from Restricted Funds for Operating Exp	23,707	19,799	3,908	233,360	100,981	132,379
	85,704	84,530	1,174	428,520	431,104	(2,584)
Total Other Revenue	109,411	104,329	5,082	661,880	532,085	129,795
Expenses:						
SALARIES AND WAGES	1,732,406	1,944,142	(211,736)	8,999,487	9,915,116	(915,629)
EMPLOYEE BENEFITS	1,759,319	1,302,837	456,482	7,524,250	6,644,466	879,784
PROFESSIONAL FEES	492,675	564,819	(72,144)	2,531,330	2,880,576	(349,246)
SUPPLIES	437,083	561,835	(124,752)	2,683,536	2,865,362	(181,826)
PURCHASED SERVICES	270,682	325,628	(54,946)	1,545,595	1,660,696	(115,101)
DEPRECIATION	399,765	401,199	(1,434)	1,992,124	2,046,114	(53,990)
INTEREST EXPENSE	184,659	188,605	(3,946)	932,171	961,883	(29,712)
BAD DEBTS	224,931	214,617	10,314	1,080,881	1,094,547	(13,666)
OTHER EXPENSE	262,686	344,389	(81,703)	1,818,677	1,756,379	62,298
Total Expenses	5,764,206	5,848,071	(83,865)	29,108,051	29,825,139	(717,088)
Operating Income (Loss)	(288,828)	474,495	(763,323)	2,026,701	2,419,938	(393,237)
Other Income:						
District Tax Receipts	44,416	43,808	608	222,080	223,420	(1,340)
Partnership Investment		-	-		-	-
Grants and Other						
Contributions Unrestricted		7,966	(7,966)	3,670	40,625	(36,955)
Interest Income	11,802	11,212	590	57,962	57,182	780
Other Non-Operating Income	2,238	2,766	(528)	15,677	14,106	1,571
Net Medical Office Activity	(448,063)	(459,520)	11,457	(2,033,428)	(2,343,548)	310,120
340B Net Activity	75,899	42,305	33,594	158,843	215,758	(56,915)
Non-Operating Income/Loss	(313,708)	(351,463)	37,755	(1,575,195)	(1,792,457)	217,262
Net Income/Loss	(602,535)	123,032	(725,567)	451,506	627,481	(175,975)

*Northern Inyo Hospital
Balance Sheet
Period Ending November 30, 2014*

Current Assets:	Current Month	Prior Month	Change
Cash and Equivalents	1,329,434	3,291,035	(1,961,602)
Short-Term Investments	8,649,775	8,643,797	5,978
Assets Limited as to Use	-	-	-
Plant Replacement and Expansion Fund	2	2	-
Other Investments	1,045,238	1,045,238	-
Patient Receivable	45,974,295	44,079,080	1,895,215
Less: Allowances	(33,730,214)	(32,941,139)	(789,075)
Other Receivables	14,647	(72,010)	86,657
Inventories	3,391,881	3,298,890	92,991
Prepaid Expenses	1,245,952	1,296,260	(50,308)
Total Current Assets	27,921,009	28,641,152	(720,142)
Internally Designated for Capital Acquisitions	1,033,687	1,033,674	13
Special Purpose Assets	23,924	8,924	15,000
Limited Use Asset; Defined Contribution	450,030	300,030	150,000
Revenue Bonds Held by a Trustee	3,440,324	3,279,287	161,037
Less Amounts Required to Meet Current Obligations	-	-	-
Assets Limited as to use	4,947,964	4,621,914	326,050
Long Term Investments	1,452,143	1,302,143	150,000
Property & equipment, net Accumulated			
Depreciation	84,883,595	85,211,373	(327,778)
Unamortized Bond Costs	673,124	673,124	-
Total Assets	119,877,834	120,449,705	(571,871)

Northern Inyo Hospital
Balance Sheet
Period Ending November 30, 2014

Liabilities and Net Assets

Current Liabilities:

Current Maturities of Long-Term Debt	1,451,752	1,531,358	(79,605)
Accounts Payable	1,232,487	1,510,403	(277,916)
Accrued Salaries, Wages & Benefits	4,975,701	4,730,422	245,279
Accrued Interest and Sales Tax	622,420	445,006	177,413
Deferred Income	310,912	355,328	(44,416)
Due to 3rd Party Payors	2,058,931	2,058,931	-
Due to Specific Purpose Funds	-	-	-
Total Current Liabilities	10,652,204	10,631,449	20,755

Long Term Debt, Net of Current Maturities	50,353,007	50,343,677	9,330
Bond Premium	1,321,164	1,326,268	(5,103)
Total Long Term Debt	51,674,172	51,669,945	4,227

Net Assets

Unrestricted Net Assets less Income Clearing	58,130,070	58,407,947	(277,877)
Temporarily Restricted	23,924	8,924	15,000
Net Income (Income Clearing)	(602,535)	(268,559)	(333,976)
Total Net Assets	57,551,458	58,148,312	(596,853)

Total Liabilities and Net Assets	119,877,834	120,449,705	(571,872)
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NORTHERN INYO HOSPITAL
OPERATING STATISTICS
for period ending November 2014
FYE 2015

	Month to Date	Year-to-Date	FYE 2014 Year-to-Date	Variance from PY	
Licensed Beds	25	25	25		
Total Patient Days with NB	336	1,712	1,147	565	49%
Swing Bed Days	72	347	21	326	
Discharges with NB	98	532	449	83	
Days In Month	30	153	153		
Occupancy	11.20	11.19	7.50	4	
Average Stay (days)	3.43	3.22	2.55	1	
Hours of Observation (OSHDP)*	23	2,407	2,882	(475)	
Observation Adj Days	1	100	120	(20)	
ER Visits (OSHDP)	645	3,310	3,332	(22)	
Outpatient Visits (OSHDP)	3,357	15,631	15,666	(35)	
IP Surgeries (OSHDP)	23	117	121	(4)	
OP Surgery (OSHDP)	83	453	410	43	
Worked FTE's	289.72	283.41	312.04	(29)	
Paid FTE's	336.27	323.52	355.26	(32)	
Payor %					
Medicare		41%	43%	-2%	
Medi-Cal		22%	17%	5%	
Insurance, HMO & PPO		35%	36%	-1%	
Indigent (Charity Care)		0.2%	1%	-1%	
All Other		2%	3%	-1%	
Total		<u>100%</u>	<u>100%</u>		

*Observation Hours have been corrected for the year

Investments as of 11/30/2014

ID	Purchase Date	Maturity Date	Institution	Broker	Rate	Principal Invested
1	02-Nov-14	01-Dec-14	LAIF (Walker Fund)	Northern Inyo Hospital	0.26%	322,931.98
2	02-Nov-14	01-Dec-14	Local Agency Investment Fund	Northern Inyo Hospital	0.26%	8,226,842.81
3	20-May-10	20-May-15	First Republic Bank-Div of BOFA	Financial Northeast Corp.	3.10%	100,000.00
Short Term Investments						8,649,774.79
4	16-Apr-14	15-Oct-16	Wachovia Corp New Note	Multi-Bank Service	1.38%	552,142.50
5	13-Jun-14	13-Jun-18	Synchrony Bank Retail-FNC	Financial Northeast Corp.	1.60%	250,000.00
6	28-Nov-14	28-Nov-18	American Express Centurion Bank	Financial Northeast Corp.	2.00%	150,000.00
7	02-Jul-14	02-Jul-19	Barclays Bank	Financial Northeast Corp.	2.05%	250,000.00
8	02-Jul-14	02-Jul-19	Goldman Sachs Bank USA NY CE	Financial Northeast Corp.	2.05%	250,000.00
Long Term Investments						\$1,452,142.50
Total Investments						\$10,101,917.29
9	10-Nov-14	01-Dec-14	LAIF Defined Cont Plan	Northern Inyo Hospital	0.26%	450,029.73

Financial Indicators as of November 30, 2014												
	Target	Nov-14	Oct-14	Sep-14	Aug-14	Jul-14	Jun-14	May-14	Apr-14	Mar-14	Feb-14	Jan-14
Current Ratio	>1.5-2.0	2.62	2.69	2.68	2.69	2.58	2.65	3.04	3.14	3.11	3.87	7.89
Quick Ratio	>1.33-1.5	2.18	2.27	2.21	2.23	2.16	2.28	2.55	2.68	2.61	3.30	6.53
Days Cash on Hand	>75	127.59	122.64	136.14	138.13	138.95	108.11	132.93	138.32	131.35	153.58	120.21
Debt Service Coverage as outlined in 2010 and 2013 Revenue Bonds require that the district has a debt service coverage ratio of 1.50 to 1 (can be 1:25 to 1 with 75 days cash on hand)												
Debt Service Coverage	>1.5-2.0	1.72	2.16	2.61	2.08	3.44	2.06					
Debt Service Coverage is calculated as Net Income (Profit/Loss) from the Income Statement PLUS Depreciation & Interest Expense added back divided by the Current Interest & Principle for the Revenue & General Obligation bonds from the Debt Information divided by number of closed fiscal periods												
Current Ratio Equals (from Balance Sheet) Current Assets divided by Current Liabilities												
Quick Ratio Equals (from Balance Sheet) Current Assets;Cash and Equivalents through Net Patient Accounts Receivable Only divided by Current Liabilities												

Northern Inyo Hospital
Monthly Report of Capital Expenditures
Fiscal Year Ending June 30, 2015
As of November 30, 2014

MONTH APPROVED BY BOARD	DESCRIPTION OF APPROVED CAPITAL EXPENDITURES	AMOUNT
FY 2011-12	Paragon Physician Documentation Module	137,254
FY 2012-13	Paragon Rules Engine/Meaningful Use Stage 2 QeM	67,390 *
FY 2013-14	Caldwell Easy III	50,917
	Athrex Orthopedic Equipment & Instrumentation	70,010 *
	Phillips Monitors	88,247
	Blood Gas Analyzer Upgrade	14,687
	Stress Equipment	40,007 *
	5500 HD Resting ECG System	29,723 *
	GE OEC 9900 C-Arm	163,673 *
	Olympus 3-D Laparoscopic Cameras and Scopes	456,409 *
	Trlad Energy Platform	48,947 *
	AMOUNT APPROVED BY THE BOARD IN THE PRIOR FISCAL YEARS TO BE EXPENDED IN THE CURRENT FISCAL YEAR	<u>1,167,264</u>
FY 2014-15	Radio Frequent Ablation Hardware	36,580
	AMOUNT APPROVED BY THE BOARD IN THE CURRENT FISCAL YEAR TO BE EXPENDED IN THE CURRENT FISCAL YEAR	<u>36,580</u>
	Year-to-Date Board Approved Budgeted Capital	163,626
	Amount Approved by the Board in Prior Fiscal Years to be Expended in the Current Fiscal Year	1,167,264
	Amount Approved by the Board in the Current Fiscal Year to be Expended in the Current Fiscal Year	36,580
	Year-to-Date Board-Approved Amount to be Expended	
	Year-to-Date Administrator-Approved Amount Actually Expended in Current Fiscal Year	86,281 * <u>1,006,857 *</u>

Northern Inyo Hospital
Monthly Report of Capital Expenditures
Fiscal Year Ending June 30, 2015
As of November 30, 2014

MONTH APPROVED BY BOARD	DESCRIPTION OF APPROVED CAPITAL EXPENDITURES	AMOUNT
	Year-to-Date Completed Building Project Expenditures	23,511 *
	TOTAL FUNDS APPROVED TO BE EXPENDED	<u>1,116,648</u>

Total-to-Date Spent on Incomplete Board Approved Expenditures

Reconciling Totals:

Actually Capitalized In the Current Fiscal Year Total-to-Date	1,116,648
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>0</u>
ACTUAL FUNDS APPROVED IN THE CURRENT FISCAL YEAR TOTAL-TO-DATE	<u><u>1,116,648</u></u>

Donations by Auxiliary	0
Donations by Hospice of the Owens Valley	0
+Tobacco Funds Used for Purchase	<u>0</u>

*Completed Purchase

(Note: The budgeted amount for capital expenditures for all priority requests for the fiscal year ending June 30, 2015, is \$3,725,006 coming from existing hospital funds.)

**Completed in prior fiscal year

**Northern Inyo Hospital
Monthly Report of Capital Expenditures
Fiscal Year Ending June 30, 2015
As of November 30, 2014**

Administrator-Approved Item(s)	Department	Amount	Month Total	Grand Total
SONIKT6	Surgery	4,990		
Park Ave Desk	Administration	1,071		
Park Ave Credenza	Administration	1,240		
Park Ave Table	Administration	614		
Executive Chair	Administration	544		
Guest Chairs	Administration	3,184	11,643	
As of Month Ending July 31, 2014				11,643
McKesson HPF Upgrade	IT UPGRADE	32,929		
Upgrade to system required by McKesson				
Hospital Signage	Grounds	3,192		
HVAC-Old Hospice Building	Maintenance	5,869	41,989	
As of Month Ending August 31, 2014				53,633
Lab Refrigerator	Microbiology	4,488	4,488	
As of Month Ending September 30, 2014				58,121
Upright Plasma Freezer	Blood Bank	9,678		
Mini Vidas 12test-Capactiy Pack	Chemistry	18,481	28,160	
As of Month Ending November 31, 2014				86,281

Northern Inyo Hospital
CAPITAL EXPENDITURES APPROVED BY BOARD DURING BUDGET PROCESS
Fiscal Year Ending June 30, 2015
As of November 30, 2014

Item	Department	Amount	Month Total	Grand Total
Cisco 5508 HA	IT	42,050	42,050	
As of Month Ending July 31, 2014				42,050
Genexpert IV 4-Site Analyzer	Microbiology	64,609		
Genexpert Printer and UPS	Microbiology	1,245		
Ellucid Enterprise Policy Manager	Nursing Admin	17,168	83,022	
As of Month Ending September 30, 2014				125,072
Newborn Resuscitaire Warmer with Accessories	Perinatal Services	19,250		
Table with Motorized Longitudinal	Radiology	12,415	31,665	
As of Month Ending October 31, 2014				156,737
Stanley Magic Force Door	Radiology	6,890	6,890	
As of Month Ending November 30, 2014				163,626

Northern Inyo Hospital
PLANT EXPANSION AND REPLACEMENT BUILDING PROJECTS
Fiscal Year Ending JUNE 30, 2015
As of November 30, 2014
(Completed and Occupied or Installed)

Item	Project	Amount	Month Total	Grand Total
Symphony Ice and Water Dispenser	Infusion Center	6,008		
Ignition Single Seater	Infusion Center	215		
Ignition Two Seater	Infusion Center	635		
Ignition Three Seater	Infusion Center	797		
Ignition Bariatric Chair	Infusion Center	606		
Laminate End Table 20X24	Infusion Center	184		
Ignition Three Seater	Infusion Center	797		
Blanket Warmer	Infusion Center	6,259		
Treatment Recliner	Infusion Center	3,162		
Treatment Recliner	Infusion Center	3,162		
Treatment Recliner	Infusion Center	3,162	24,987	
As of Month Ending July 31, 2014				24,987
Corrections moving to Project	Infusion Center	(1,477)	(1,477)	
As of Month Ending October 31, 2014				23,511

HOSPITALIST SERVICES AGREEMENT

THIS HOSPITALIST SERVICES AGREEMENT (this "Agreement") is made and entered into as of the signature dates set forth below, to be effective as of _____ (the "Effective Date"), by and between Rural Physicians Group ("Contractor") and Northern Inyo Hospital

RECITALS:

WHEREAS, Hospital owns and operates Northern Inyo Hospital, a Critical Access Hospital located in Bishop, California.

WHEREAS, Hospital provides continuous twenty-four (24) hour inpatient services to the members of the community who require medical and hospital services through the Hospital's medical/surgical departments;

WHEREAS, Hospital has determined that a community need exists for inpatient hospitalist services for the adult population (i) for patients requiring admission to the Hospital but whose primary care physician is not available, (ii) for patients who have no primary care physician but require admission from the Hospital's Emergency Department, and collectively for "Unassigned Patients";

WHEREAS, Hospital desires to establish a hospitalist program at the Hospital (the "Hospitalist Program") for the purpose of making available to its inpatients complete and integrated hospitalist services provided by a cohesive group of physicians who strive for excellence in the provision of quality inpatient services;

WHEREAS, Hospital, acting through its Board of Directors, has determined that quality, efficiency, and continuity of care and other goals specified below will be best achieved by establishing a coordinated program of hospitalist services through an exclusive arrangement with a single entity; while this agreement is exclusive with Contractor, Contractor's arrangement with other providers is non-exclusive allowing local physicians to see their own patients.

WHEREAS, Contractor employs or contracts with physicians who have the training and qualifications to provide hospitalist services to the patients of Hospital (the "Physicians" as further defined below) and is otherwise able to make comprehensive hospitalist services available to hospitals and to communities specializing in the care and treatment of patients admitted to hospitals; and

WHEREAS, the parties desire to enter into an agreement that shall assure the necessary teamwork to provide the Hospitalist Services (as hereinafter defined), the maintenance of quality physician skills in inpatient care and treatment, the development of clinical protocols, supervision and consultations for improved care and treatment in the Hospital, and the attainment of the specific goals enumerated herein.

NOW, THEREFORE, for and in consideration of the mutual covenants and promises contained herein, the receipt and sufficiency of which are hereby acknowledged, it is understood and agreed upon by the parties hereto as follows:

ARTICLE I DEFINITIONS

For the purposes of this Agreement, the following terms shall have the meaning ascribed thereto, unless otherwise clearly required by the context in which such term is used:

- 1.1 CEO. The term "CEO" shall mean the Chief Executive Officer of the Hospital, or his/her designee.
- 1.2 Hospital Policies. The term "Hospital Policies" shall mean and include the Bylaws of Hospital, the rules and regulations of Hospital and the Hospital, the Medical Staff Bylaws, the rules and regulations of the Medical Staff (as hereinafter defined), and such other established policies and procedures of Hospital, the Hospital and the Medical Staff as are, or as may be, in effect during the term of this Agreement.
- 1.3 Liabilities. The term Liabilities shall have the meaning set forth in Section 2.37.
- 1.4 Medical Director. The Medical Director shall be a Physician who is assigned by Contractor and approved by the Hospital to provide the Medical Director services described in this Agreement.
- 1.5 Medical Staff. The term "Medical Staff" shall mean the organized medical staff of the Hospital.

ARTICLE II

DUTIES OF CONTRACTOR

- 2.1 Hospitalist Services. Contractor shall provide, through its arrangements with the Physicians, all medical inpatient coverage services and other related services to Unassigned Patients at the Hospital, as more particularly described in Exhibit "A" attached hereto and incorporated herein by this reference (collectively, the "Hospitalist Services"). Contractor agrees to provide the Hospitalist Services on a 24 hour in-house basis with the exception that a Physician may leave the Hospital for the purposes of obtaining meals or running errands provided that the Physician remains in communication with Hospital staff and is available to return to the Hospital within 25 (twenty five) minutes of receiving notification to do so.

Hospital and Contractor expressly agree that, notwithstanding anything in this Agreement to the contrary, every patient shall have the right to have his/her own private physician provide medical inpatient services and other medical treatment to such patient. Except as otherwise set forth herein, Contractor, acting through the Physicians, shall be the sole provider of the Hospitalist Services for Unassigned Patients at the Hospital, and Hospital shall not contract with any other person or entity to provide the Hospitalist Services for Unassigned Patients at the Hospital during the term of this Agreement.
- 2.2 Hospitalist Program Coverage. Contractor shall provide on-site Hospitalist Program coverage twenty-four (24) hours per day, seven (7) days per week, which coverage shall be provided by the physical presence of a Physician on site at the Hospital, in accordance with a schedule to be developed by the Medical Director of the Hospitalist Program.
- 2.3 Clinical Direction and Supervision. The Physicians shall provide clinical direction and clinical supervision to non-physician health care providers and to Hospital personnel working in the Hospital as necessary to provide medical care and services in accordance with the standards of practice for such services and for the efficient operation of the Hospitalist Program.
- 2.4 Selection and Retention of Non-Physician Health Care Providers. When requested to do so by Hospital, the Medical Director shall assist Hospital in the selection of non-physician health care providers and other Hospital personnel and in the retention of

such providers and other personnel as Hospital deems appropriate. Hospital shall be solely responsible for setting the work schedules of non-physician health care providers and other Hospital personnel who work in the Hospital.

- 2.5 Selection, Maintenance and Utilization of Hospital Facilities, Equipment and Supplies. The Medical Director shall consult with Hospital with respect to the selection of additional and/or replacement facilities and equipment for the Hospital. Whenever the Medical Director becomes aware of the need for repair, maintenance, replacement or purchase of equipment in the Hospital, the Medical Director shall promptly notify the Hospital of the need for such repair, maintenance, replacement or purchase. Upon the request of Hospital, the Medical Director shall consult with Hospital with respect to the selection, procurement and utilization of supplies required for the Hospital. Hospital shall have final authority with respect to such decisions.
- 2.6 Hospitalist Program Reports and Budgets. Contractor shall exercise diligence in assisting Hospital in keeping the dollar amount of controllable costs of the Hospitalist Program to a minimum.
- 2.7 Hospital and Hospitalist Program Quality Assurance. As requested by Hospital or the Medical Staff, including any committees thereof, the Medical Director shall advise and assist, and shall ensure that the Physicians advise and assist, Hospital in the development of a comprehensive quality assurance program for the Hospitalist Program, consistent with the responsibilities of the Physicians as members of the Medical Staff. The Physicians shall participate in the implementation of, and be subject to, the quality assurance, utilization review, peer review and patient satisfaction programs of Hospital and the Hospital, including, without limitation, the Hospital Care Management and Care Transformation processes, as such programs relate to the Hospitalist Program and the Hospitalist Services, and shall facilitate case reviews with multidisciplinary physicians, as appropriate.
- 2.8 Hospital and Medical Staff Committees. Contractor shall ensure that the Physicians participate in such activities and committees as Hospital or the Medical Staff Executive Committee may reasonably request.
- 2.9 Hospitalist Program Liaison Activities. Contractor shall develop lines of communication to ensure the harmonious interaction between the Physicians, the Hospitalist Program and other Hospital operations, and between the Physicians, the Hospitalist Program and the Medical Staff, including any committees thereof. Contractor also shall work with colleagues in other departments in order to determine appropriate follow up on patients seen in such other departments.
- 2.10 Applicable Standards. Contractor agrees that the Hospitalist Services shall be provided in an able, efficient, and competent manner. Contractor also shall ensure that Contractor and the Physicians comply with, and are subject to, applicable Hospital Policies when performing the Hospitalist Services. Contractor agrees that the Hospitalist Services provided hereunder shall meet the standards of the American Medical Association, The Joint Commission ("TJC"), the Department of Health and Human Services ("HHS"), and any other federal, state, or local government agency exercising authority with respect to the Hospitalist Program, and in no instance be less than professionally recognized standards of practice. As requested by Hospital, Contractor shall assist Hospital and the Hospital in the preparation for accreditation surveys, as such surveys relate to the Hospitalist Program and its services.
- 2.11 Hospital and Community Education; Outreach Activities. The Medical Director and Physicians shall advise and assist Hospital in the development and presentation of in-services, continuing medical education programs, and other Hospital/community relation

programs as Hospital or the Medical Staff, including any committee thereof, shall reasonably request.

- 2.12 Ownership. The ownership and right of control of all reports, records, including medical records, and supporting documents prepared in connection with the provision of the Hospitalist Services or the operation of the Hospitalist Program shall rest exclusively in Hospital; provided, however, that Contractor shall have such right of access to such reports, records and supporting documentation as shall be provided by applicable federal and state law, applicable Hospital Policies, and Section 4.4 of this Agreement. Contractor shall have the right to retain copies of any report dictated or entered by any Physician.
- 2.13 Hospital and Hospital Objectives. Contractor agrees that the Physicians have an obligation, as members of the Medical Staff, to assist Hospital in attaining its objectives as they pertain to the Hospitalist Program, and Contractor shall communicate such obligation to the Physicians. Such objectives of Hospital for the Hospitalist Program include, but are not limited to, the standardization of procedures performed in the Hospital, the effective and efficient operation of the Hospitalist Program, better patient care, and consistency of training and practice, thereby enabling Hospital to more effectively monitor and provide a consistent level of quality medical services rendered in the Hospital, and to maintain a pool of medical knowledge. Acceptance of this Agreement is evidence that Contractor and/or the Physicians are not now involved in, and agree that they shall not enter into, any activities that are in conflict with Hospital's objectives
- 2.14 Quality Indicators. The parties agree that all of the Hospitalist Services shall meet the quality indicators set forth in Exhibit "B" attached hereto and made a part hereof, pertaining to the core measures promulgated by the Centers for Medicare and Medicaid Services ("CMS"), patient satisfaction and other measures that shall be mutually agreed upon and reviewed each year during the term of this Agreement. If any of the Hospitalist Services provided under this Agreement fail to comply with any of the quality indicators set forth in Exhibit "B", Contractor shall be given written notice of such non-compliance and Contractor shall prepare a written action plan to address and remediate such non-compliance. Should Contractor fail to prepare a satisfactory written action plan within thirty (30) days following Contractor's receipt of such notice of non-compliance, the Hospital may, at its option, immediately terminate this Agreement.
- 2.15 Hospital Mission, Vision and Values Contractor shall ensure that Contractor and each of the Physicians demonstrate active support for Hospital's Mission, Vision and Values, including, without limitation, the provision of excellent patient care.
- 2.16 Service Excellence. Contractor, acting through the Medical Director, shall take reasonable steps to monitor, assess and improve the quality and service excellence of patient care services rendered in the Hospital, in accordance with applicable Hospital Policies and the Hospital's quality assessment and improvement plan, and shall cooperate in any internal and external reviews of the Hospitalist Program, when deemed advisable by those Medical Staff and/or Hospital personnel responsible for the quality of medical services in the Hospital. Contractor shall collaborate with the Program Director and other representatives of Hospital administration in order to determine annual service excellence goals for the Hospitalist Program.
- 2.17 Continuing Education. Contractor agrees that each Physician shall, at Contractor's expense, attend programs of continuing medical education, as reasonable and appropriate to maintain and enhance such Physician's skills and qualifications to perform the Hospitalist Services.

- 2.18 Professional Conduct. Contractor shall require that each Physician conducts himself/herself at all times with professional courtesy and demeanor, recognizing that the conduct of each such Physician may be a source of public interest that may reflect upon Hospital. Contractor further agrees that Contractor shall refrain from and, to the best of Contractor's ability, Contractor shall ensure that each Physician refrains from, making, causing, encouraging or soliciting any comments, statements, or the like, to the media, associations, other physicians, health care organizations, or others that may be considered to be derogatory negative or detrimental to the good name or business reputation of Hospital.
- 2.19 Notice of Acts or Omissions. Contractor shall notify Hospital of any act or omission by Contractor or any Physician, alleged or actual, that could result in claims of legal liability, whether justified or unjustified, immediately after Contractor becomes aware of such act or omission. Contractor also shall promptly notify Hospital of any disciplinary proceedings that may be filed involving any Physician and of any malpractice actions filed against Contractor or any Physician, regardless of whether they are related to Hospital, the Hospital or the Hospitalist Services.
- 2.20 Resolution of Claims. Contractor shall cooperate and shall require that each Physician cooperate with Hospital regarding any medical/legal claims, investigations, or lawsuits involving this Agreement or the Hospitalist Services provided by Contractor and/or the Physicians.
- 2.21 Special Hospital Administrative Services. When requested to do so by Hospital, Contractor shall advise and assist Hospital in special medical-administrative projects that are related to Contractor's responsibilities with respect to the Hospitalist Program pursuant to this Agreement. Such assistance shall include cooperating with and assisting Hospital in such a manner as Hospital may require to carry out the purposes and objectives of Hospital as such purposes and objectives relate to the Hospitalist Program and its services.
- 2.22 Medical Records and Transcription. Contractor agrees that the medical records of patients shall be treated as confidential so as to comply with all applicable federal and state laws and regulations regarding the confidentiality of patient records. Contractor shall ensure that the Physicians dictate and submit for transcription, or otherwise make, appropriate medical record entries concerning all examinations, procedures, and other services performed by the Physicians and otherwise keep customary and proper patient medical records. Such documentation shall be completed in a timely manner, which shall be no later than twenty-four (24) hours after the end of the applicable Contractor's shift. Contractor shall actively participate in all clinical documentation initiatives of Hospital and the Hospital.
- 2.23 Forms. As requested by Hospital, Contractor shall assist Hospital in the design and development of requisition forms, reporting forms and other forms for use within the Hospitalist Program.
- 2.24 Policies, Procedures and Protocols. When requested to do so by Hospital, Contractor shall consult with Hospital with respect to the development of policies and procedures for the Hospitalist Program. Contractor also shall ensure that the Physicians constructively participate in the development, review, and revision of clinical protocols and pathways pertinent to such Contractors, including such clinical protocols and pathways that are related to national patient safety initiatives and core measures.

- 2.25 Use of Hospital Resources. Contractor and the Physicians shall use the facilities, equipment and supplies of Hospital and the Hospital solely for the provision of the Hospitalist Services. Contractor and Hospital agree that no services, other than the Hospitalist Services, shall be rendered in the Hospital by the Physicians. No part of the premises, equipment or supplies of Hospital or the Hospital shall be used at any time by Contractor or any Physician as an office for the general practice of medicine, and neither Contractor nor any Physician shall employ or otherwise use any Hospital staff, employees or resources for outside medical practices and activities.
- 2.26 Specific Performance and Remedies. Contractor agrees that personal performance of Contractor's obligations under this Agreement is of the essence and that this Agreement may be specifically enforced. In the event Contractor or any of the Physicians refuse or fail to perform any of their assigned respective obligations hereunder, Hospital may hire qualified physician(s) to perform such obligations and terminate the contract.
- 2.27 Annual Review.
- (a) At least once every year, and more frequently if requested by either party, a representative of Contractor shall meet in person with the administration. At each such meeting, the participants shall, with respect to services provided by Contractor pursuant to this Agreement, including, without limitation, the Hospitalist Services, (i) review the results of any physician satisfaction questionnaires and survey results relating to the Hospitalist Services and develop plans for addressing any deficiencies; (ii) review all physician and patient complaints with respect to services provided by the Physicians and develop plans to follow-up and redress such complaints; (iii) review all other matters relating to the quality and timeliness of the services provided by Contractor pursuant to this Agreement, including, without limitation, the Hospitalist Services, and any other matters arising under this Agreement.
- (b) At least once each year during the term hereof, and more frequently if requested by Hospital, Contractor shall convene a focus group comprised of members of the Medical Staff. The purpose of the focus group shall be to review the quality and timeliness of the services provided by Contractor pursuant to this Agreement, including, without limitation, the Hospitalist Services. Following each such session, Contractor shall take appropriate follow-up actions (which shall be pre-approved by Hospital) to address all deficiencies identified in such sessions and shall communicate to Hospital and Hospital administration the results of such focus groups, the planned follow-up actions, and the status thereof.
- 2.28 No Authority. Contractor shall have no authority to enter into any contracts that purport to bind Hospital or to create any obligations on behalf of Hospital. Contractor also shall not incur, and shall not have the authority to incur, any financial obligation on behalf of Hospital.
- 2.29 Other Contractual Obligations. Contractor hereby represents, warrants and covenants that neither Contractor nor any Physician is subject to any contractual obligation,

including employment contracts, arrangements and understandings, that would be violated by execution of this Agreement or that could prevent Contractor from entering this Agreement, and that Hospital's agreement to engage Contractor pursuant to this Agreement did not in any way induce Contractor or any Physician to breach any contractual obligation or understanding.

- 2.30 Nondiscrimination. Neither Contractor nor any Physician shall discriminate against any person because of color, sex, sexual orientation, disability, participation in any state or federal health care program, race, creed, religion, nationality or economic status in the provision of the Hospitalist Services or in performance of any other duty imposed by this Agreement.
- 2.31 Conflict of Interest Disclosure.
- (a) Contractor represents and warrants that neither Contractor nor any Physician, officer, director, employee, partner, member, owner or shareholder of Contractor or any affiliate of Contractor is related to, affiliated in any way with, or employs (or otherwise has a compensation interest with) any officer, director or employee of Hospital
- (b) Contractor agrees to immediately report any conflict or potential conflict of interest between Contractor, any affiliate of Contractor or any Physician and Hospital to the CEO and to give full disclosure of facts pertaining to any transaction or related activity that may be reasonably construed as a conflict of interest. Contractor further agrees to report to the CEO the description of any influence adversely affecting the decision making process of Contractor and the performance of services under this Agreement.
- 2.32 Compliance with Employment Laws. Contractor shall comply with all applicable federal and state Equal Employment Opportunity, Immigration, and Affirmative Action requirements, including, without limitation, 42 U.S.C. Sec. 2000(e) et seq., the Civil Rights Act of 1964, the Civil Rights Act of 1991, Sections 503 and 504 of the Rehabilitation Act of 1973, Section 402 of the Vietnam Era Veterans' Readjustment Assistance Act of 1974, the Immigration Reform Act of 1986, and the Americans with Disabilities Act, together with any and all amendments and applicable regulations pertaining to any of the foregoing.
- 2.33 Compliance with HIPAA. Contractor and the Physicians shall comply with all requirements of the Health Insurance Portability and Accountability Act of 1996 as modified and supplemented by the HITECH Act of 2009, and the privacy and security standards set forth in 45 CFR Parts 160 and 164 ("HIPAA"). Additionally, Contractor shall execute and comply with the terms and provisions of the Hospital's standard business associate agreement.
- 2.34 Compliance with Health Testing and Immunization Policies. Contractor agrees to provide to Hospital quarterly disclosures of all Physicians and other individuals providing services in the Hospital. Such disclosure shall include information reasonably necessary to determine the assigned individual's compliance with Hospital's health

policies and testing and immunization requirements.

Drug Screening. Contractor agrees to require the Physicians and its other employees and contractors providing any Hospitalist Services on the premises of the Hospital pursuant to this Agreement to agree to undergo "for cause" drug screening in a similar manner and under policies similar to those affecting employees of Hospital. The parties agree that the results of such drug screening may be disclosed in the event of an industrial claim. Prior to any employee or contractor providing any Hospitalist Services on the premises of the Hospital pursuant to this Agreement, Contractor agrees to have such employee or contractor (a) agree in writing that Hospital may, at any time, require a "for cause" drug screen, (b) execute a consent for release of the results of the drug screening information to Hospital, and (c) acknowledge that all privileges shall be suspended if a "for cause" drug screening is declined or if any Hospitalist Services are provided by an individual who has not executed a consent for release

2.36 Excluded Provider. Contractor hereby covenants, represents and warrants that neither Contractor, nor any of Contractor's officers, directors, employees, partners, members, contractors, agents, owners, shareholders, parent or subsidiary organizations, or affiliates including but not limited to the Physicians (collectively "Contractor's Affiliates") is or at any time has been excluded from participation in any federally funded health care program, including Medicare and Medicaid, and that no such action is pending. Contractor hereby agrees to immediately notify Hospital of any threatened, proposed, or actual sanction or exclusion from any federally funded health care program, including Medicare and Medicaid. Such notice shall contain reasonably sufficient information to allow Hospital to determine the nature of any sanction. In the event that any Physician providing services under this Agreement is excluded from participation in any federally funded health care program during the term of this Agreement, or if, at any time after the Effective Date, it is determined that Contractor is in breach of this Section 2.36, Hospital shall terminate this Agreement, which termination shall be effective immediately upon notice to Contractor of such termination, except in cases where the exclusion relates to a Physician providing services under this Agreement and Contractor immediately terminates its relationship with such Contractor or such other personnel and continues to fully perform its obligations under this Agreement. Contractor shall indemnify and hold Hospital harmless from any losses, claims, damages, penalties, overpayment obligations, costs and expenses, including without limitation reasonable attorneys' fees ("Liabilities") which arise from or are attributable to any breach of the warranties, representations, or covenants in this Section 2.36 and/or the exclusion of Contractor and/or any of Contractor's Affiliates from any federally funded health care program.

2.37 Violation of Law. Contractor represents and warrants that neither Contractor nor any of Contractor's Affiliates is currently under investigation for any violation of any federal or state law or regulation. Contractor hereby agrees to immediately notify Hospital in writing, within ten (10) days after receiving notice of any such investigation or other proceeding, including any threatened legal or administrative action, related to any

alleged violation of federal or state law, as applicable to Contractor's obligations under this Agreement. Contractor further agrees to provide such information to Hospital as Hospital reasonably may request pertaining to such pending or threatened actions. Any breach of the representations, warranties and covenants set forth in this Section 2.37 shall constitute a material breach of this Agreement and shall entitle Hospital to obtain such remedies for breach as are provided in this Agreement, as well as any other remedies to which Hospital may be entitled by law.

2.38 Compliance. Contractor, employees and agents of Contractor shall cooperate with any corporate compliance program now or hereafter instituted by Hospital.

2.39 Illegal Aliens-Public Contracts for Services. Contractor certifies that it shall comply with all applicable provisions of California Revised Statutes §8-17.5-101 et seq., and that Contractor shall not knowingly employ or contract with an illegal alien to perform work under this Agreement or enter into an agreement with a subcontractor that knowingly employs or contracts with an illegal alien. Contractor represents, warrants and agrees that it (a) has confirmed or attempted to confirm the employment eligibility of all employees who are newly hired for employment in the United States through participation in the Basic Pilot Employment Verification Program administered by the Social Security Administration and Department of Homeland Security and (ii) otherwise will comply with the requirements of California Revised Statutes §8-17.5-102(2)(b). Contractor shall not use Basic Pilot Program Procedures to undertake pre-employment screening of job applicants while this Agreement is being performed. If Contractor obtains actual knowledge that a subcontractor performing work under this Agreement knowingly employs or contracts with an illegal alien, Contractor shall: (i) notify the subcontractor and the Hospital within three days that Contractor has actual knowledge that the subcontractor is employing or contracting with an illegal alien; and (ii) terminate the subcontract with the subcontractor is within three days of receiving such notice, the subcontractor does not stop employ or contracting with the illegal alien, unless the subcontractor provides information to establish that the subcontractor has not knowingly employed or contracted with the illegal alien. Contractor shall comply with all reasonable requests made in the course of an investigation by the California Department of Labor and Employment. If Contractor fails to comply with any requirement of this provision or of California Revised Statutes §8-17.5-101 et seq., the Hospital may terminate this Agreement for breach and notwithstanding anything else in this Agreement, Contractor shall be liable for actual and consequential damages to the Hospital.

2.40 Verification of Lawful Presence in U.S. Except where exempted by federal law and except as provided in California Revised Statutes § 24-76.5-103(3), Contractor shall cooperate with the Hospital as reasonably requested to implement appropriate procedures to confirm that any individual natural person eighteen years of age or older is lawfully present in the United States in accordance with California Revised Statutes § 24-76.5-103(4) if such individual applies for public benefits in connection with the services provided under this Agreement.

ARTICLE III
PHYSICIANS

- 3.1 Physicians Contractor shall fulfill its obligations under this Agreement by and through the services of Physicians meeting of all of the requirements of Section 3.2 below. Hospital may withdraw its approval of any Physician, with or without cause, upon thirty (30) days' prior written notice of such withdrawal to Contractor. Contractor shall immediately remove any Physician who is no longer approved by Hospital from providing any Hospitalist Services.
- 3.2 Qualifications of the Physicians. Contractor represents and warrants to Hospital that, at all times during the term of this Agreement, each Physician shall satisfy the following requirements:
- (a) Each Physician shall be duly licensed to practice medicine in the State of California and shall never have had a license denied, suspended, revoked, terminated, voluntarily relinquished under threat of disciplinary action, or restricted in any way in any jurisdiction.
 - (b) Each Physician shall be registered with the Drug Enforcement Administration to prescribe controlled substances and shall never have had such registration denied, suspended, revoked, terminated, voluntarily relinquished under threat of disciplinary action, or restricted in any way.
 - (c) Each Physician shall be board certified or eligible for board certification in the specialty of Internal Medicine, Family Practice with ICU certification or Internal Medicine-Pediatric Medicine combined.
 - (d) Each Physician shall be an active member of the Medical Staff, in good standing with appropriate clinical privileges to perform the Hospitalist Services; provided, however, that, notwithstanding anything else in this Agreement to the contrary, certain Physicians may be granted temporary clinical privileges to provide the Hospitalist Services without Medical Staff membership, but only after being specifically approved to do so by Hospital in advance.
 - (e) No Physician shall have had his/her medical staff appointment at any hospital denied, suspended, revoked, terminated (unless terminated through contractual requirement), voluntarily relinquished under threat of disciplinary action, or restricted in any way.
 - (f) No Physician shall have been, or shall now be, suspended, excluded, barred or sanctioned under the Medicare or Medicaid programs or other state or federal health insurance programs.

- (g) Each Physician shall be an employee of or an independent contractor answerable to Contractor.
- (h) Each Physician shall be approved in advance by Hospital to provide Hospitalist Services at the Hospital and such approval shall not have been withdrawn.
- (i) No Physician shall have been found to have committed unethical or unprofessional conduct by a court of competent jurisdiction or by any state board of medical examiners.
- (j) No Physician shall have been convicted of a felony or any other crime involving the delivery of, or billing or payment for, health care items or services.
- (k) Each Physician shall perform the services required hereunder in accordance with all applicable federal, state, and local laws, rules and regulations, all applicable standards of TJC and any other relevant accrediting organizations, and all applicable Hospital Policies.
- (l) Each Physician shall meet all of the applicable utilization, performance, productivity and quality standards of Hospital, the Hospital and the Medical Staff.
- (m) Each Physician shall conduct himself/herself in a manner that is not contrary to the interests, reputation or goodwill of Hospital or to the efficient and appropriate operation of the Hospital.
- (n) No Physician shall participate in any activity that constitutes a conflict of interest with the interests of Hospital, including, but not limited to, serving as an expert witness in any proceeding in which Hospital is or may reasonably be expected to be a defendant; provided, however, that, notwithstanding the foregoing, such Physician may testify in any such proceeding if involuntarily compelled by judicial process to do or if such Physician has an adverse position to Hospital. If, at any time, any Physician fails to meet any of the above requirements, Physician shall notify Hospital in writing of such failure.
- (o) Each Physician shall agree to immediately notify Contractor of the occurrence of any event that causes or may cause the Physician to lose any of the professional qualifications set forth in this Section.
- (p) Each Physician shall execute a written agreement to provide the Hospitalist Services in accordance with the terms and conditions of this Agreement (the "Physician Agreement"). The Physician Agreement shall be in the form set forth as Exhibit C to this Agreement and shall expressly acknowledge the Physician's agreement to automatically and voluntarily resign his or her Hospitalist Privileges (as defined in Section 3.2(q) of this Agreement) on the conditions described in Section 3.02(q).
- (q) Each Physician shall be deemed to have resigned voluntarily his or her Hospitalist

Privileges immediately upon the occurrence of any of the following: (a) this Agreement terminates and the Hospital subsequently enters into an exclusive agreement for the provision of Hospitalist Services by any person or entity other than Contractor or the Physician; (b) this Agreement expires without renewal and the Hospital subsequently enters into an exclusive agreement for the provision of Hospitalist Services by any person or entity other than Contractor or Physician; (c) the Physician ceases to be a member of, employed by, or under contract with Contractor during the term of this Agreement; or (d) the Physician fails to maintain the professional qualifications required by this Agreement. The Medical Staff shall accept the Physician's resignation upon the occurrence of any such events and the Physician shall not be entitled to the procedures set forth in the Medical Staff bylaws or in any Medical Staff or Hospital rules, regulations or policies. The Physician expressly waives any right to any notice, hearing, appeal, challenge or review of such resignation, pursuant to the hearing and appellate review provisions of the Medical Staff bylaws or otherwise, in any such case. If the Medical Staff bylaws or other relevant documents provide, or are amended to provide, for a hearing or other procedure inconsistent with the provisions of this section, the provisions hereof shall take precedence and control over the other documents.

- (ii) As a condition of Hospital's approval of each Physician providing the services set forth in this Agreement, Contractor shall require each Physician to execute an agreement to the foregoing and a waiver of any and all rights he or she may have to a hearing or appellate review under the Medical Staff bylaws or other relevant documents. The terms of such agreement and waiver shall be as set forth in Exhibit C.
- (iii) If there are grounds for termination, modification or restriction of Medical Staff privileges of any Physician under the Medical Staff bylaws, the Physician shall be entitled to a hearing and appellate review as provided in the Medical Staff bylaws or other relevant documents, unless such hearing rights are rendered moot by the occurrence of circumstances leading to automatic resignation as described in this Section 3.2(q).
- (iv) For purposes of this Agreement, Hospitalist Privileges shall mean those Medical Staff privileges necessary for or attendant to the provision of Hospitalist Services to Patients at the Hospital. (Revised as needed.)

ARTICLE IV DUTIES OF HOSPITAL

- 4.1 Hospital Facilities. During the term of this Agreement, Hospital shall provide and make available at its own cost and expense adequate space and facilities for the use of Contractor and the Physicians sufficient to enable them to perform their respective responsibilities hereunder to include a a sleep room with bathroom/shower located in the room, double or queen size bed, small refrigerator, microwave, chair, desk, computer and local cell phone. Hospital shall determine the space to be made available to Contractor for the operation of the Hospitalist Program. Hospital shall have the right of entry at any time to enter the space for the purpose of inspecting the

physical facilities thereof and for making such repairs or alterations therein as Hospital may deem necessary.

- 4.2 Equipment and Supplies. Hospital shall provide equipment, furniture, fixtures and supplies as Hospital deems to be necessary for the proper, efficient and economic operation of the Hospitalist Program. Hospital, when it deems appropriate, shall consult with Contractor in the purchase of equipment and supplies to be used in the Hospital; provided, however, that Hospital shall have the final authority with respect to such decisions

Hospital shall be responsible for keeping the equipment in the Hospital in good working order and shall repair and maintain such equipment at its discretion and at its own expense, in accordance with manufacturer's specifications and/or in accordance with the recommendations of the Hospital's Clinical Engineering Department.

- 4.3 Personnel. Hospital shall recruit, select, employ, terminate, and, when it deems appropriate, reinstate such technical, managerial, secretarial and clerical personnel as Hospital deems necessary for the proper, efficient and economic operation of the Hospitalist Program. Hospital, when it deems appropriate, shall consult with Contractor in making such employment decisions relating to the Hospitalist Program. In all cases, the final decision regarding employment of personnel rests with Hospital.

- 4.4 Access to Medical Records. Upon reasonable request, Contractor and the Physicians shall have access to the medical records of patients being treated by the Physicians at the Hospital. Access shall be limited to reasonable inspection of such medical records, except as otherwise provided in Section 2.12 above.

- 4.5 Retention of Records. Hospital shall provide appropriate facilities and support services for the retention and maintenance of records and films related to the Hospitalist Program. Hospital shall retain such records and films for such periods as required by applicable laws and standards of medical practice.

- 4.6 Medical Records Transcription. Hospital shall make personnel available for the timely transcription of Hospital medical record entries and Hospital reports submitted by the Physicians. This Section 4.6 shall only apply to procedures and services provided by the Physicians to patients of the Hospital.

- 4.7.1 Non-Competition.

During the term of this Agreement and for a term of one (1) year following the termination of this Agreement, a Physician under contract with RPG shall not directly or indirectly (whether for compensation or otherwise), alone or in combination with others, or as an officer, director, shareholder, partner, associate, employee, agent, principal, consultant, or owner, own, operate, manage, join, control, advise or otherwise participate with or become financially interested in or contractually associated with Hospital.

ARTICLE V FINANCIAL ARRANGEMENTS

- 5.1 Charge Schedule. Contractor shall establish charges for the Hospitalist Services rendered by the Physicians in the Hospital. All such charges shall be based upon the reasonable and customary fees charged for similar services in the Hospital's service area. Contractor shall provide its fee schedule to Hospital upon request; provided, however, that the Hospital shall maintain the confidentiality of such information and shall use and disclose such information only to the extent necessary for the

performance or enforcement of this, for purposes of regulatory compliance, and as required by law.

- 5.2 Billing. Contractor shall bill and collect for all of the Hospitalist Services rendered in the Hospital by the Contractor. Hospital shall bill and collect for the technical component of all services rendered in the Hospital. Contractor shall diligently and in good faith attempt to comply with all requirements of the Medicare program, the Medicaid program, pre-paid health plans and other third party payor programs in billing for the Hospitalist Services. Contractor further acknowledges and agrees that any third party utilized by Contractor in connection with such billing and collection activities shall be a "business associate", and that it is the responsibility of Contractor to ensure that such third party complies with all applicable HIPAA requirements. Contractor agrees to maintain a local mailing address and a toll free telephone number for patient billing inquiries. Contractor shall indemnify and hold harmless Hospital from any Liabilities arising from the billing and collection of reimbursement for the Hospitalist Services.
- 5.3 Supplemental Compensation. Contractor has no control over the payor mix of the patients and that the amount of compensation available to Contractor from patients, due to the proportion of indigent care, does not provide compensation to Contractor consistent with the fair market value of such services in the State of California. Contractor shall be paid, Six hundred and ninety three thousand dollars (\$693,000) per annum of contracted services provided at Hospital, to be paid in monthly installments. Each monthly installment shall be payable within fifteen (15) days following the end of the month in which the applicable Hospitalist Services were provided
- 5.4 Participation in Federal Health Care Programs. Contractor shall be enrolled as a participating provider or supplier in Medicare, Medicaid/Medical, and Tricare at all times during the term of this Agreement. Contractor and the Physicians shall treat indigents and the medically underserved as well as Medicare, Medicaid/Medical and other federal and state healthcare program members. This Section 5.4 is included to insure that all patients requiring medical services within the Hospital's service area are provided access to the Hospitalist Services.
- 5.5 Participation in Other Plans. Contractor shall seek, obtain and maintain the right to participate in insurance, managed care plans and third-party reimbursement arrangements as may be reasonably requested by Hospital. If Contractor fails or refuses to enter into an agreement with any plan or payor described in this Section 5.5 within ninety (90) days following the date of notice from Hospital, then Hospital shall have the right (but not the obligation) to enter into an agreement with such plan or payor for Hospitalist Services and such agreement shall be binding upon Contractor. Any agreement negotiated by Hospital on behalf of Contractor pursuant to this Section 5.6 shall include payment to Contractor by the plan or payor for medical services at a rate that takes into consideration input and consultation with Contractor. Any rate ultimately agreed to by Hospital on behalf of Contractor pursuant to this Section 5.5 shall, at a minimum, be generally comparable to rates paid to physicians providing hospitalist services by private payors having the three largest contracts (measured by number of adjusted patient days over the twelve (12) months preceding such agreement) with Hospital as of the date of the Hospital notice and in no event shall such rates be less than one hundred percent (100%) of the applicable Medicare reimbursement rates.
- 5.6 Indigent Care. It is understood and agreed that Contractor shall join with Hospital in furnishing services without charge or at a reduced rate in accordance with Hospital's financial assistance policy
- 5.7 Changes in Law. In the event that there are subsequent changes or clarifications of

statutes, regulations or rules relating to recordkeeping that Hospital determines must be complied with to insure proper reimbursement from third parties for payments made or services rendered by Hospital pursuant to this Agreement, Hospital shall notify Contractor of any actions it reasonably deems are necessary to comply with such changes, and Contractor shall promptly take such actions.

- 5.8 Donations, Grants and Bequests. Contractor agrees that all donations, grants, bequests, and/or contributions of any and all kinds and types made to Hospital or the Hospital by patients, benefactors, organizations and/or any and all other donors shall be the exclusive and sole property of Hospital, and that neither Contractor nor any Physician shall have any right or ownership whatsoever therein.

ARTICLE VI GOVERNMENTAL PROVISIONS

- 6.1 Governmental Access to Books and Records. Contractor agrees, until the expiration of four (4) years after the furnishing of services to be provided under this Agreement, to make available, upon request, to the Secretary of HHS, the Comptroller General of the United States of America, or any of their duly authorized representatives, the contracts, books, documents and records that are necessary to certify the nature and extent of reimbursable costs under the Medicare laws. If Contractor carries out any of the agreements under this Agreement through a subcontract with a value or cost of Ten Thousand and No/100ths Dollars (\$10,000.00) or more over a twelve (12) month period with a related organization, such subcontract shall contain a requirement identical to that set forth in the preceding sentence.
- 6.2 Medicare Fraud and Abuse. Notwithstanding any unanticipated effect of any of the provisions hereof, neither party shall intentionally conduct itself under the terms of this Agreement in a manner to constitute a violation of the Medicare and Medicaid Fraud and Abuse Provisions (42 U.S.C. Sections 1395nn(b) and 1396h(b)), including the Medicare and Medicaid Anti-Fraud and Abuse Amendments of 1977 and the Medicare and Medicaid Patient and Program Protection Act of 1987 (42 U.S.C. Sections 1320a-7 et seq.), or any other applicable federal, state or local law, rule, or regulation.
- 6.3 Non Referral. This Agreement is limited solely and strictly to Hospital's contractual arrangement with Contractor to provide the Hospitalist Services in accordance with the terms of this Agreement. Contractor acknowledges and agrees that there is no agreement or understanding in which Contractor, any Contractor or any or any other physician affiliated with Contractor (hereinafter, an "Affiliated Physician") has any obligation to admit or refer patients to any hospital or facility owned or operated by Hospital and that there is no requirement on the part of Contractor, any Contractor or any Affiliated Physician to recommend any hospital or facility owned or operated by Hospital to their respective patients. Furthermore, although the Physicians are expected to make certain referrals to Hospital for purposes of providing the Hospitalist Services, no Physician shall be required to make any referral if the patient expresses a preference for a different provider, practitioner or supplier; the patient's insurer determines the provider, practitioner or supplier; or the referral is not in the patient's best medical interests in the Physician's judgment.

ARTICLE VII TERM AND TERMINATION

- 7.1 Term. Subject to either party's right of termination as set forth below, this Agreement shall be in effect for a term of one (1) year, commencing as of the Effective Date and continuing until the first (1st) anniversary of the Effective Date. Thereafter, this

Agreement shall be automatically renewed for successive one (1) year terms until it is terminated as provided herein.

- 7.2 Termination without Cause. Either party may terminate this Agreement at any time, with or without cause, upon thirty (30) days' prior written notice to the other party.
- 7.3 Termination by Agreement. In the event the parties shall mutually agree in writing, this Agreement may be terminated on the terms and date stipulated therein.
- 7.4 Termination on Notice of Breach. In the event either party shall give written notice to the other party that such other party has failed, in any material respect, to perform any or all of its obligations under, or to comply with any or all of the provisions of, this Agreement and is therefore in breach of this Agreement and such breach shall not have been cured within thirty (30) days following the giving of such notice, this Agreement shall terminate on any further date specified in such notice, unless the parties hereto otherwise agree, in writing, that an extension of time in which to cure is necessary, which extension shall not be unreasonably withheld.
- 7.5 Termination by Hospital for Specific Cause. Hospital may terminate this Agreement immediately upon the occurrence of any of the following:
- (a) The death of any Physician, unless Contractor is able to assure that the responsibilities of such Physician are met by the other Physicians and that the Hospitalist Services are provided as required by this Agreement.
 - (b) The full or partial disability of any Physician to the extent that such Physician is unable to provide the full complement of the Hospitalist Services or otherwise to perform such Physician's obligations under this Agreement for a period of more than thirty (30) days from the onset of such full or partial disability, unless Contractor is able to assure that the responsibilities of such Physician are met by the other Physicians and that the Hospitalist Services are provided as required by this Agreement.
 - (c) The failure of Contractor to meet the on-site staffing requirements set forth in Section 2.2 above.
 - (d) The arrest, indictment or conviction of Contractor or any Physician for any act constituting a felony or for any crime involving the delivery of, or billing or payment for, health care items or services, except in cases where the conduct is committed by a Physician and Contractor promptly removes such Physician from the performance of any Hospitalist Services under this Agreement, and Contractor continues to fully perform its obligations under this Agreement.
 - (e) The recommendation by any professional review body of any medical staff or hospital facility that any Physician's membership on such medical staff or clinical privileges at such hospital facility be denied, restricted, suspended, revoked or terminated (unless terminated through contractual requirement).
 - (f) If Hospital does not appropriate funds sufficient to make all payments due under this Agreement in any fiscal year, Hospital may terminate the Agreement effective as of the end of the Hospital's last fully funded fiscal year. Hospital shall make good faith efforts to provide at least thirty (30) days prior notice of any such termination.

Regulatory Termination. If, prior to the expiration of the term of this Agreement, any federal, state or local regulatory body, including, but not limited to,

CMS, HHS or the Internal Revenue Service ("IRS") determines that this Agreement is illegal or jeopardizes the tax-exempt status of Hospital or the Hospital or either party determines, based on any action or threatened action by any local, state, or federal government or accrediting body, any material change in state or federal law, regulation or enforcement policy, or the advice of legal counsel, that such party, by virtue of this Agreement, is in violation of any law or regulations that create a serious risk of assessment, sanction, penalty, loss of tax exemption, or other significant consequence to the party giving such notice (the "Legal Issue"), then either party may give the other party such notice as is reasonable in the circumstances and shall make available a reasonable period within which to cure. During such period, each of the parties shall negotiate in good faith to agree upon an appropriate amendment to this Agreement or other actions necessary to resolve the Legal Issue. If amendment or resolution is agreed and implemented by the parties, then either party, in its discretion, may terminate this Agreement with such notice to the other party as it deems appropriate under the circumstances.

- 7.7 Performance of Obligations Prior to Termination. In the event of any termination hereunder, during the period from notice of termination by either party to the other party until the actual date of termination, Contractor shall continue to perform its respective obligations hereunder, unless released or relieved from such obligations at the sole discretion of Hospital. The failure of Contractor to perform any of its respective obligations hereunder shall subject Contractor to the various remedies available to Hospital.
- 7.8 Amendments and Early Terminations Both parties acknowledge and agree that this Agreement may not be amended prior to the first (1st) anniversary hereof, or more than once during any twelve (12) month period thereafter, unless the terms of such amendment do not change the terms of this Agreement in any material respect and the compensation for services provided hereunder are not changed at all during any such twelve (12) month period. If this Agreement is terminated prior to the first (1st) anniversary hereof for any reason, the parties may not enter into a successor agreement for the same services provided hereunder prior to the first (1st) anniversary hereof. Any termination of Contract will terminate Hospital's obligations after the 30-day notice period. Hospital may then enter into an agreement with another Hospitalist Group.

ARTICLE VIII
Intentionally left blank.

ARTICLE IX
INDEPENDENT CONTRACTOR STATUS

- 9.1. Nature of Relationship. The relationship between Hospital and Contractor is agreed by the parties to be one of an independent contract. Nothing herein is deemed to create any other relationship between the parties such as principal or agent or a joint venture or joint enterprise. Nothing in this Agreement shall constitute, or be construed as, the corporate practice of medicine by either party. Furthermore, each of the Physicians shall provide the Hospitalist Services as an employee or contractor of Contractor and shall have no employment, joint venture, partnership or other relationship with Hospital.

- 9.2 No Benefits. None of the benefits provided by Hospital to its employees shall be available to the Contractor or any of the Physicians. Contractor shall be exclusively responsible for all applicable federal, state or local tax withholding and reporting requirements, contributions to insurance and pension or other deferred compensation plans, including, but not limited to, workers' compensation and Social Security obligations, and the filing of all necessary documents, forms and returns pertinent to all of the foregoing with respect to the Physicians, the Hospitalist Services, and any of the compensation payable by Hospital under this Agreement. Contractor shall indemnify and hold Hospital harmless from any and all claims or liability relating to benefits and shall cooperate with Hospital in response to any such claim.
- 9.3 No Direction or Control by Hospital. Hospital shall neither have nor exercise any control or direction over the method by which the Contractor or Physicians perform their respective work and functions, the sole interest and responsibility of Hospital is to assure that the Hospitalist Services contemplated by this Agreement shall be performed in a competent, efficient and satisfactory manner in accordance with the standards and specifications established herein. Contractor and the Physicians shall perform their respective work and functions in strict accordance with currently approved methods and practices of the medical profession. All applicable provisions of law and the rules and regulations of any and all governmental authorities relating to the licensure and regulation of physicians and hospitals and the provision of hospitalist services shall be fully complied with by the parties hereto. In addition, the Hospitalist Services also shall be provided in accordance with the standards and recommendations of TJC and applicable Hospital Policies, as may be in effect from time to time.
- 9.4 Challenge to Independent Contractor Status. In the event the IRS should question or challenge the independent contractor status of Contractor or any Physician, the parties hereto mutually agree that both parties shall have the right to participate in any discussion or negotiation occurring with the IRS, even if such party did not initiate such discussions or negotiations, and each party shall notify the other party, in advance, of any such question, challenge, planned meeting or discussion.

ARTICLE X

INSURANCE AND INDEMNIFICATION

- 10.1 Contractor Insurance. Hospital shall obtain professional liability insurance covering Contractor, the Physicians, and all of Contractor's other personnel, if any, practicing in the Hospital, in the minimum amount of One Million and No/100ths Dollars (\$1,000,000.00) per occurrence and Three Million and No/100ths Dollars (\$3,000,000.00) in the aggregate annually including "tail-coverage". Hospital shall provide Contractor with a certificate of insurance as evidence of the required coverage. Such certificate shall also provide for notice to Hospital of any change in the status of the policy at least thirty (30) days prior to the effective date of such change. All coverage shall be written on an occurrence or claims-made basis. It is understood that termination of this Agreement shall not relieve Hospital from its obligation to maintain insurance coverage, as specified herein, for claims arising from acts of omission or commission during the term of this Agreement.
- 10.2 Hospital Insurance. Hospital shall obtain professional liability insurance covering its employees, agents and representatives in reasonable and customary amounts. Additionally, Hospital shall maintain general liability insurance covering its premises against property damage and bodily injury in amounts reasonable and customary for facilities of its size and nature. It is agreed that Hospital may self-insure for the

insurance coverage required under this Section 10.2. Hospital shall provide Contractor with certificates of insurance or other evidence of the required coverage at the commencement of this Agreement and thereafter as reasonably requested

- 10.3 Indemnification. Each party shall indemnify and save harmless the other party for, from and against all actions, liabilities, losses, damages, claims and demands whatsoever, including, without limitation, costs, expenses and attorneys' fees ("Liabilities"), to the extent that such Liabilities result resulting from or are claimed to have resulted from any intentional or negligent acts or omissions of the indemnifying party or its employees or agents engaged in the work under this Agreement at the time of the event or occurrence upon which such actions, claims or demands are based. Where both Hospital and Contractor, including their respective employees or agents, if any, participated in the liability causing event, each party shall contribute to the common liability a pro rata share based upon its relative degree of fault. Notwithstanding the foregoing, Hospital's indemnification obligation contained in this paragraph is only to the extent permitted by law, and it is specifically understood and agreed by Contractor that nothing contained in this paragraph or elsewhere in this Agreement shall be interpreted or applied as an express or implied waiver by Hospital of its governmental immunity or as an express or implied acceptance by Hospital of liabilities arising as a result of actions which lie in tort or could lie in tort in excess of the liabilities allowable under the California Governmental Immunity Act, C.R.S. § 24-10-101, et seq., as a pledge of the full faith and credit of the State of California.

ARTICLE XI MISCELLANEOUS

- 11.1 Retention and Inspection of Records. Contractor shall keep all records related to this Agreement for a period of four (4) years from the date the record is made. Upon reasonable notice, Contractor shall give Hospital, or its authorized representative, the privilege of inspecting, examining, and auditing, during normal business hours, such of Contractor's business records that are directly relevant to this Agreement. The cost of such inspection, examination, and audit shall be at the sole expense of Hospital, and such inspection, examination, and audit shall be conducted where such records are normally maintained.
- 11.2 Confidentiality of Information. Contractor recognizes and acknowledges that Contractor and the Physicians shall have access to certain confidential information of the Hospital, and that such information constitutes valuable, special and unique property of Hospital. Contractor agrees that neither Contractor nor any Physician shall use or disclose, during or after the term of this Agreement, without the prior written consent of Hospital, any such confidential information to any person, firm, corporation, association, or other entity for any reason or purpose whatsoever, except to the limited extent required for the performance of this Agreement or as may otherwise be required by law. Confidential information includes, but is not limited to, the names of patients and the terms and conditions (including financial information) of agreements with or for the benefit of patients, all medical records and information, business plans and opportunities, trade secrets, proprietary information, non-public information, clinical, marketing, personnel and administrative policies, procedures, manuals, protocols and reports, all written agreements and contracts, including this Agreement, and any other assets of Hospital.
- 11.3 Work Product. Contractor acknowledges and agrees that all creations of, revisions of, modifications to, and improvements on, documents, writings, computer software programs and other information implemented by or under the supervision and control of Contractor for purposes of providing the Hospitalist Services, including but not

limited to the services of the Medical Director and all other such works and writings created by or for Contractor for Hospital or the Hospitalist Program pursuant to this Agreement and in connection with Contractor's services rendered hereunder (hereinafter collectively "Work Product") shall remain the exclusive property of Hospital, to be held by Contractor in trust and solely for the benefit of Hospital and to be released to Hospital upon request. Accordingly, except as required by law, Contractor shall not, at any time, either during or subsequent to the term of this Agreement, use, reveal, report, publish, copy, transcribe, transfer or otherwise disclose to any person or entity, any of the Work Product without the prior written consent of Hospital, except to responsible officers and employees of Hospital.

- 11.4 Governing Law. This Agreement shall be governed by the internal substantive laws of the State of California, without regard for conflicts of laws.
- 11.6 Assignment/Subcontracting. Neither Contractor nor any Physician shall have the right or power to assign or subcontract any of their respective rights or obligations under this Agreement. Any transactions or series of transactions that would result in a change of control of Contractor shall constitute an assignment for the purpose of this Section 11.6. Any attempt to do so without the express prior written consent of Hospital shall be null and void and shall give Hospital the right to cancel and terminate this Agreement. In the event consent is properly given, the provisions of this Agreement shall bind and benefit the respective successors and assigns of Contractor. Hospital shall have the right to assign or otherwise transfer its interest under this Agreement to any "related entity." For the purposes of this Section 11.6, a related entity shall be deemed to include a parent or subsidiary of Hospital, any entity that acquires all or substantially all of Hospital's assets or operations relating to this Agreement, and the surviving entity of any merger or consolidation involving Hospital. Any assignment to a related entity shall not require the consent or approval of Contractor in order to be effective.
- 11.7 Waiver of Breach. No waiver of the enforcement or breach of any agreement or provision of this Agreement, including any attachments or documents specifically incorporated herein by reference, shall be deemed a waiver of any preceding or succeeding breach thereof or of the enforcement of any other agreement or provision of this Agreement, including any attachments or documents specifically incorporated herein by reference. No extension of time for performance of any obligations or acts shall be deemed an extension of the time for performance of any other obligations or acts.
- 11.8 Enforcement In the event either party resorts to legal action to enforce the terms and provisions of this Agreement, the prevailing party shall be entitled to recover the costs of such action so incurred, including, without limitation, reasonable attorneys' fees.
- 11.9 Additional Assurances. The provisions of this Agreement shall be self-operative and shall not require further agreement by the parties except as may be herein specifically provided to the contrary; provided, however, that, at the request of either party, the other party shall execute such additional legally valid instruments and take such additional lawful acts as are reasonably necessary to effectuate the purpose and intent of this Agreement.
- 11.10 Force Majeure. Neither party shall be liable for any delay or failure in performance hereunder caused, in whole or in part, by reason of force majeure, which shall be deemed to include the occurrence of any event beyond the control of the parties, war (whether an actual declaration thereof is made or not), sabotage, insurrection, riot and other acts of civil disobedience, action of a public enemy, laws, regulations or acts of any national, state or local government (or any agency, subdivision or instrumentality

thereof), judicial action, labor dispute, accident, fire, explosion, flood, storm or other act of God.

- 11.11 Severability. In the event any provision of this Agreement is held to be unenforceable for any reason, such unenforceability shall not affect the remainder of this Agreement, which shall remain in full force and effect and enforceable in accordance with its terms.
- 11.12 Construction. All personal pronouns used in this Agreement, whether used in the masculine, feminine, or neuter gender, shall include all other genders, and the singular shall include the plural and vice versa. Titles of articles, sections and subsections are for convenience of reference only, and shall neither limit nor amplify the provisions of this Agreement. Such titles shall not be deemed to be a part of this Agreement for any purpose, and shall not in any way define or affect the meaning, construction or scope of any of the provisions hereof. The use herein of the word "including," when following any general statement, term or matter, shall not be construed to limit such statement, term or matter to the specific items or matters set forth immediately following such word or to similar items or matters, whether or not non-limiting language (such as "without limitation," or "but not limited to," or words of similar import) is used with reference thereto, but rather shall be deemed to refer to all other items or matters that could reasonably fall within the broadest possible scope of such general statement, term or matter.
- 11.13 Notice. Any notice required to be given pursuant to the terms and provisions of this Agreement shall be in writing and may be either personally delivered or sent by registered or certified mail in the United States Postal Service, return receipt requested, postage prepaid, addressed to each party at the addresses that follow or to such other addresses as the parties may hereinafter designate in writing:

If to Rural Physicians Group:
Rural Physicians Group
Attn Sukhbir Pannu, M.D
10023 Bryce Rose Ave.
Las Vegas, NV 89148

If to Hospital:
Victoria Alexander-Lane, CEO
Northern Inyo Hospital
150 Pioneer Lane
Bishop, CA 93514

Any such notice shall be deemed to have been given when personally delivered or, if sent by registered or certified mail, three (3) days after the same is sent as provided herein.

- 11.14 Integration and Amendment. This Agreement, including any attachments and documents specifically incorporated herein by reference, contains the entire agreement between the parties with respect to the subject matter hereof. All prior negotiations between the parties are merged in this Agreement, and there are no understandings or agreements other than those incorporated into this Agreement, including any attachments and documents specifically incorporated herein by reference. This Agreement may not be modified except by written instrument signed by both parties.
- 11.15 Alternate Dispute Resolution Process. If any dispute arising out of this Agreement cannot be resolved in a timely manner through executive-level negotiation, the parties

shall try in good faith to settle the dispute through non-binding mediation. A neutral third party mediator shall be agreed upon by the parties. If, within fourteen (14) days after either party makes written request for mediation, the parties have not agreed upon the identity of the mediator and the structure thereof, the mediation shall be held in Bishop, CA., and shall be administered by the American Arbitration Association ("AAA") in accordance with mediation rules established by the AAA, and the parties shall share equally the cost thereof. Subject to the approval of all parties, such mediation may be conducted by telephone conference call for the convenience of the parties. A good faith attempt at negotiation and mediation shall be a condition precedent to the commencement of arbitration or litigation, but is not a condition precedent to any court action for injunction or other interim relief pending the outcome of mediation.

If the parties are unable to resolve the dispute in a timely manner (which, in any case, shall not exceed thirty (30) days from the first notice of mediation), through negotiation or mediation, then the dispute shall be promptly submitted to arbitration by a single arbitrator through the AAA or any similar arbitration provider who can provide a former judge to conduct the arbitration in accordance with arbitration rules established by the AAA or such other provider. If possible, the arbitrator shall be selected by the AAA or such other provider on the basis of his/her expertise in the subject matter(s) of the dispute. The decision of the arbitrator shall be final, non-appealable and binding upon the parties, and it may be entered in any court of competent jurisdiction; provided, however, that either party to the arbitration proceeding may seek a court order vacating the decision of the arbitrator in accordance with the provisions of, and upon the grounds set forth in, California law. The arbitration shall take place at Bishop, CA., or such other location as the parties may agree. The obligation of the parties to submit any dispute arising under or related to this Agreement to arbitration as provided in this Section 11.14 shall survive the expiration or termination of this Agreement.

- 11.16 Survival. Any covenant or provision herein that requires or might require performance after the termination or expiration of this Agreement, including, but not limited to, indemnities, confidentiality, settlement of accounts, and records retention and access, shall survive any termination or expiration of this Agreement.
- 11.17 Mutual Contribution. The parties to this Agreement and their respective counsel, if any, have had the opportunity to review this Agreement and to contribute to its drafting. Consequently, no provision of this Agreement shall be construed against either party on the grounds that (a) such party drafted the provision or caused it to be drafted, or (b) the provision contains a covenant of such party.
- 11.18 Corporate Authority. The individual(s) executing this Agreement on behalf of, or as a representative for, a corporation or other person, firm, partnership or entity, represents and warrants that he or she is duly authorized to execute and deliver this Agreement on behalf of such corporation, person, firm, partnership or other entity and that this Agreement is binding upon such entity in accordance with its terms.
- 11.19 Counterparts. This Agreement may be executed in one or more copies or counterparts, each of which when signed shall be an original, but all of which together shall constitute one instrument.
- 11.20 Maintenance of Master Contract List. This Agreement, and all other agreements between Hospital, on one hand, and Contractor, any Physician or any member of the immediate family of Contractor or any Physician, on the other hand, shall be entered into the master list of contracts that is maintained by Hospital.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement individually or by signature of their duly authorized representative as of the signature dates set forth below, to be effective as of the Effective Date.

Victoria Alexander-Lane
Chief Executive Officer
Northern Inyo Hospital

DATE: _____

Cindy Johnson, MHA FACHE
Chief Executive Officer
Rural Physicians Group

DATE: _____

EXHIBIT "A"

HOSPITALIST SERVICES

Hospitalist Services shall include, without limitation, the following services:

1. Providing quality, cost effective medical management by managing length of stay, cost, and clinical outcomes for designated patients of the Hospital, including, without limitation:
 - a. Inpatient Hospital coverage beginning at the time of admission, for daytime admissions, or at the time of transfer, for nighttime admissions;
 - b. Timely discharge reporting to the primary care physicians;
 - c. Admissions, day and night, of all unassigned adult medical admissions;
 - d. Preadmission in-Hospital assessment of all patients directly admitted to observations from outpatient clinics;
 - e. Recommendations regarding the appropriate level of care;
 - f. Initiation and discontinuation of consultations on medical cases;
 - g. Management of surgical cases with medical complications, as requested; and
 - h. Assistance with the transfer of out-of-area patients to the Hospital.

Designated patients shall include Unassigned Patients as defined in the Agreement.

The Physicians shall not manage patients in a clinic or outpatient setting. Discharged patients shall be referred to an outpatient physician for continuing care. The Physicians do not establish an ongoing obligation to continue care for patients following discharge.

2. Being available by telephone to discharged patients for advice/questions related to their recent hospitalizations. The period of availability should be limited to one (1) week post discharge.
3. Collaborating with care coordination on development of best practice guidelines.
4. Using best efforts to establish and maintain professional working relationships and to foster a high level of satisfaction with Hospital staff, physicians and patients and families.
5. Responding promptly to pages from physicians and Hospital staff, rounding timely and routinely on all assigned hospital patients.
6. Responding to codes on critically ill patients and cardiac arrest cases, and, at the request of the patient's attending physician, examining patients thought to be deceased and pronouncing deceased patients to be dead.
7. Complying with the Medical Staff Bylaws of the Hospital.
8. Attending and participating in appropriate committees of the Hospital and the Medical Staff

for utilization and quality management.

9. Following Hospital and Medical Staff guidelines for referrals to subspecialists and other healthcare providers, including Hospital managed care guidelines and protocols, when medically appropriate or in the patient's best interest.

10. Providing in-services and continuing education that is responsive to needs of physicians, nurses, or other healthcare professionals regarding current and future trends and practices.

EXHIBIT "B"

QUALITY INDICATORS

TJC core measures for community acquired pneumonia.

TJC core measures for antibiotic timing and selection.

TJC core measures for acute myocardial infarction.

Heart failure for ACE/ARB on admission and discharge.

Clinical practice protocols and guidelines that are established by, and must be reported to, regulatory or accrediting agencies or patient safety organizations, including such protocols and guidelines that are related to national patient safety initiatives and core measures. Should a Contractor Physician fail to meet an established protocol or guideline, such Contractor Physician shall clearly document the clinical reasons for such variance.

Clinical practice protocols and guidelines pertinent to such Contractor Physician's professional specialty, as may be adopted by the Medical Staff or the Medical Staff leadership. Should a Contractor Physician fail to meet an established protocol or guideline, such Contractor Physician shall clearly document the clinical reasons for such variance.

Patient safety initiatives (as determined by Hospital's measurement tool).

Patient satisfaction targets (as determined by Hospital's measurement tool).

Staff satisfaction targets (as determined by Hospital's measurement tool)

EXHIBIT "C"
ACKNOWLEDGMENT, AGREEMENT AND WAIVER
OF PHYSICIAN

1. In consideration of the opportunity to provide Hospitalist Services at Northern Inyo Hospital ("the Hospital") pursuant to the Hospitalist Services Agreement between the Hospital and Rural Physician Group ("the Agreement"), the undersigned ("Physician") hereby agrees as follows:

a. To provide Hospitalist Services as scheduled by Rural Physician Group ("Contractor ") in accordance with the terms hereof;

b. To be bound by all of the terms of the Agreement, including without limitation, provisions for the automatic and voluntary resignation of Physician's Hospitalist privileges pursuant to Section 3.2(q) of the Agreement and the resolution of any disputes with the Hospital which arise from or are related to the Agreement in accordance with Section 11.15 of the Agreement;

c. There is no representation made by Contractor in the Agreement which Physician believes to be untrue as of the date hereof; and

e. To use his or her best efforts to cause Contractor to perform its duties as set forth in this Agreement.

2. In addition, in consideration of the opportunity to provide Hospitalist Services at the Hospital, Physician agrees to waive any rights he/she may have to hearing and appellate review under the Medical Staff bylaws of the Hospital or any related rules, regulations or policies with respect to the automatic and voluntary resignation of his or her Hospitalist Privileges as provided in Section 3.2(q) of the Agreement.

Executed this ____ day of _____, _____.

_____, M.D



OBJECTIVE

Provide Quality Hospitalist Coverage for Northern Inyo Hospital

PROPOSAL

1. Rural Physicians Group ("RPG") proposes to provide hospitalist coverage, with four BC/BE physicians, for inpatients at Northern Inyo Hospital ("Hospital"). The coverage will be 24 hrs a day 7 days a week.
2. The physicians providing coverage will have unrestricted license to practice in California.
3. Physician responsibilities will include admitting patients from the ED and directly from physician offices; provide consultation services to other specialties, request consultations from other specialists when appropriate, monitor patients on a daily basis and discharge when appropriate. Physicians will be provided privileges by Northern Inyo Hospital and physicians will adhere to the facility policies and medical staff by-laws in addition to those required of them by RPG.

SERVICES

Our physicians are seasoned hospitalists who are experienced in treating complex medical in-patients and specialize in rural community and critical access hospitals.

1. **IN-HOUSE AVAILIBLITY:** Hospitalists will be "in-house" to provide prompt and timely treatment and care to patients and address staff concerns. Northern Inyo Hospital will provide appropriate quarters and amenities for physicians' stay to include a sleep room with bathroom/shower located in the room, double or queen size bed, microwave, small refrigerator, chair, desk, and computer. In case physicians have to leave the facility for obtaining meals or other minor errands, they shall be able to return to the facility within 25 minutes.
2. **CELL PHONES:** Hospitalists will be accessible through cell phone to ALL patients, their families, ED and hospital staff for timely resolution of issues. The cell phone will be provided by the facility with a local area code so the patients have no obstacles in reaching their attending physicians at all times.

3. **EMR:** Our hospitalists understand and appreciate the advantages of electronic medical records. Historically, EMR has improved our efficiency and increased patient safety.
4. **EVIDENCE BASED MEDICINE:** The RPG physicians are very aware of the importance of evidence based medicine in patient care and will work diligently to adhere to the highest standards of medical care that are quantifiable through various metrics adopted by the hospital. RPG physicians strive to improve Core Measure metrics and are active participants in Hospital Quality Committees
5. **CASE MIX INDEX:** RPG physicians are diligent in documenting the services provided and patient condition severity. This is helpful in accurate billing and reimbursements. We employ various tools to keep our physicians aware of appropriate diagnostic codes to correctly document the services provided.
6. **PATIENT SATISFACTION:** Our physicians are alive to the fact that patient satisfaction is not just a good disease outcome! It involves kind, prompt and effective communication with the patients and their families and proper coordination of their care from admission to the time they follow up with their primary care provider. We take ownership and pride in patient care from the moment they are admitted to the time they are discharged and followed up by their primary care provider.
7. **CONTINUITY OF CARE:** We request our patients to call us on our cell phones even AFTER they are discharged and before they see their primary care provider if they have a question regarding their care and condition. This is to ensure that they can leave the hospital confident in the knowledge that if their medical condition changes or they have a concern it will be addressed immediately and they will not have to wait to see their primary care provider to obtain clarification or advice.
8. **COMMUNICATION WITH PRIMARY CARE PHYSICIANS:** We inform the primary care physicians when their patients are admitted to the hospital. We also provide daily updates to the PCP if they so desire. On discharge, the PCPs are again informed. We also go to great lengths to ensure that the community physicians have the contact information for all the Hospitalists in case they have a concern when the patients follow up with them after discharge from the hospital.
9. **EDUCATION:** To compliment Northern Inyo's Hospital's ability to care for more acute the RPG Hospitalist will provide didactic and real time education to clinical staff enhancing their skills and comfort in caring for sicker patients.
10. **TEAMWORK:** We strongly believe that we are able to provide safe and effective care when we interact respectfully and collegially with our nursing and ancillary staff rather than working as disengaged cerebral diagnosticians.

COST

RPG will provide these services at an annual rate of \$693,000 (Dollars Six Hundred and Ninety Three Thousand).

Northern Inyo Hospital will be responsible for the malpractice premiums including tail coverage for the providers. The coverage will be limited to the providers' practice at Northern Inyo Hospital.

Malpractice coverage carried per provider will be \$1,000,000/\$3,000,000 (Limit per Claim/Annual Aggregate).

Northern Inyo Hospital will **not** be responsible for expenses related to physician airfare/car rental/meals.

RPG has a pool of hospitalists to cover non-availability of physicians due to emergencies. As an added measure of back-up, RPG is contracted with locum tenens companies. The extra cost to use these services will be the responsibility of RPG.

Payments are requested to be made to "Rural Physicians Group" on a monthly basis in the amount of \$ 57,750.00, the second Monday after the services are provided.

All physicians' professional charges will be billed and retained by the physicians. Hospital will retain the technical components.

Respectfully submitted,

Cindy Johnson MHA FACHE

Chief Executive Officer

Rural Physicians Group

7754-690-4559

cjohnson@rpgdocs.com

"...your Hospitalist partner in achieving medical excellence"

Memorandum

Date: January 9, 2015
To: Victoria Alexander-Lane, CEO/Administrator
Trustees of the Northern Inyo Hospital Board of Directors
From: Georgan Stottlemyre, Chief Human Relations Officer
RE: Proposed personnel policy – Benefits – TUITION REIMBURSEMENT

Proposed personnel policy for Board approval, Benefits – TUITION REIMBURSEMENT, lays out the policy and procedure including eligibility requirements for employee tuition reimbursement program.

Approval of this policy is one action step toward meeting one goal, development and implementation of an employee development program, under NIH's strategic objective – People: Fostering a Just and Creative Environment.

Attachments:

Proposed personnel policy:
Benefits – TUITION REIMBURSEMENT

**NORTHERN INYO HOSPITAL
EMPLOYEE HANDBOOK – PERSONNEL POLICY**

Title: Benefits - TUITION REIMBURSEMENT	
Scope: Hospital Wide	Department: Human Resources - Employee Handbook
Source: Chief Human Relations Officer	Effective Date:

PURPOSE:

To encourage employees to pursue higher education.

POLICY:

It is the policy of Northern Inyo Hospital to provide reimbursement to full time regular employees for job-related education and development activities.

Reimbursement is for course fees and textbooks for education and development obtained from university courses and technical college courses for requests that have been pre-approved by Senior Management.

PROCEDURE:

Eligibility requirements

1. Employee must have successfully completed their introductory period.
2. Employee's performance must be at least satisfactory, meeting all expectations and not be in the progressive disciplinary process.
3. The paperwork must be submitted to Senior Management for approval prior to the start of the course.
4. The course must be directly related to the employee's position and be job-related.
5. The course must be through an accredited educational institution (university, technical college, or extension facility).
6. A passing grade of "C" or better, or a completion certificate, is required prior to reimbursement.

Reimbursement Criteria

1. Pre-approved university courses or technical college courses and associated textbooks are covered at a maximum of \$1,000 per fiscal year. Courses applicable to potential future assignment may be approved at a lesser amount.
2. It is not the intent of this program to underwrite the pursuit of a technical school or college degree; however, if certain courses in the degree curriculum meet the above guidelines, they may be submitted for consideration.
3. Termination of employment (actual date of termination) for any reason prior to the completion of the class(es) and submittal of the letter grade completion certificate will make the employee ineligible for this reimbursement.

**NORTHERN INYO HOSPITAL
EMPLOYEE HANDBOOK – PERSONNEL POLICY**

Title: Benefits - TUITION REIMBURSEMENT	
Scope: Hospital Wide	Department: Human Resources - Employee Handbook
Source: Chief Human Relations Officer	Effective Date:

Approval Procedure

1. Prior to enrollment, employees will need to complete the appropriate form, give it to their supervisor for approval, then their supervisor will send the form to Senior Management for consideration. The employee will be notified by Human Relations whether the request is approved or denied. Pre-approval from Senior Management is required for reimbursement.
2. If the request is approved, the employee will receive two copies of the approved form. When the course is completed, the employee will send one copy along with their class grade or completion certificate and a verified statement of tuition costs or adequate receipts to Human Relations for reimbursement of up to the maximum amount defined under Reimbursement Criteria.
3. Initial approval of a course of study does not obligate Northern Inyo Hospital to approve future courses in that course of study. Approvals are only valid for the specific course and quarter/semester requested. Payment of courses at a higher institution rate does not obligate Northern Inyo Hospital to continue payment at that higher rate.

Additional Information

1. Employees may not apply for the tuition reimbursement for courses previously taken, or courses currently in progress. Pre-approval of Senior Management is required.
2. Unless directed and approved by Northern Inyo Hospital, an employee's regular work schedule will not be altered to allow time off the job for participation in courses. Employee's time to participate in courses is not paid time unless approved PTO is used.
3. It is expected that employees who use this program will select courses locally if available and then pursue courses at a reasonable cost so that the most education and credits can be obtained for the reimbursement dollars provided.

FORMS:

Tuition Reimbursement Request Form

Approval	Date
Senior Management	
Board of Directors	

Developed: 09/2014

Revised:

Reviewed: