



Northern Inyo County Local Hospital District

Board of Directors Regular Meeting

Wednesday, February 21, 2007

*Conference Room, Hospice of the
Owens Valley*

DRAFT AGENDA

NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT BOARD OF DIRECTORS MEETING

February 21, 2007 at 5:30 P.M.

In the Conference Room of the *Hospice of the Owens Valley*

1. Call to Order (at 5:30 P.M.).
2. Opportunity for members of the public to comment on any items on this Agenda.
3. Approval of minutes of the January 17 2007 regular meeting.
4. Financial and Statistical Reports for the month of December 2006 – John Halfen.
5. Administrator’s Report – John Halfen.
 - A. Building Update
 - B. JCAHO Survey
 - C. Swing Bed Status
 - D. Proposed Medicare and Medicaid budget cuts
 - E. Offer to purchase Northern Inyo Hospital
 - F. Additional parking lease (*possible action*)
 - G. NIH Foundation activities
 - H. Other
6. Chief of Staff Report – Taema Weiss, M.D.
7. Old Business
 - A. Communications Tower Lease (*action item*)
 - B. . Quick Pay System (*action item*)
 - C. Emergency Room Contracts (*action item*)
 1. Valley Emergency Physicians
 2. EM3
8. New Business
 - A. Swing Bed Policy and Procedure Approvals; S. Batchelder (*action items*)
 1. “Services for Swing-Bed Patients: Activities, Social Services, Speech and Occupational Therapy, Physical Therapy, Mental Health Services, and Dental Services”
 2. “Rights of Swing-Bed Patients”
 3. “Admission, Documentation, Assessment, Discharge, and Transfer of Swing-Bed Patients”
 4. “Prevention of Abuse of Swing-Bed Patients”

5. "Nutrition for Swing-Bed Patients"

- B. Contract for Services of Lara Jeanine Arndal, M.D.; Relocation Agreement; and Resolution No. 07-04 (*action items*)
- C. Clarification of meal time compensation for 12-hour shift agreement (*action item*)
- D. NIH Foundation Resignations (*action item*)

9. Reports from Board Members on Items of Interest

10. Opportunity for members of the public to comment on any items on this Agenda, and/or on any items of interest.

11. Adjournment to closed session to:

- A. Hear reports on the hospital quality assurance activities, and hear a report from the Medical Staff Executive Committee (Section 32155 of the Health and Safety Code, and Government Code Section 54962).
- B. Confer with legal counsel regarding claim filed by Patrick Plunkett, M.D. against Northern Inyo County Local Hospital District (Government Code Section 54956.9(a)).
- C. Confer with legal counsel regarding claim filed by Diane Grace against Northern Inyo County Local Hospital District (Government Code Section 54956.9(a)).
- D. Real Estate Opportunity / Discussion (Government Code Section 54956.8).
- E. Annual performance evaluation of CEO (Government Code Section 54957).

12. Return to open session, and report of any action taken in closed session

13. Opportunity for Members of the Public to Address the Board of Directors on Items of Interest.

14. Adjournment

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- CALL TO ORDER The meeting was called to order at 5:30 p.m. by Peter Watercott, President.
- PRESENT Peter Watercott, President
D. Scott Clark, M.D., Vice President
John Ungersma, M.D., Treasurer
Pat Calloway, Secretary
Taema Weiss, M.D., Chief of Staff
- ALSO PRESENT John Halfen, Administrator
Douglas Buchanan, Esq., Hospital District Legal Counsel
Dianne Shirley, R.N., Performance Improvement Coordinator
Sandy Blumberg, Administrative Secretary
- ABSENT Michael Phillips, M.D.
- OPPORTUNITY FOR
PUBLIC COMMENT Mr. Watercott asked if any members of the public wished to address the Board on any items listed on the agenda for this meeting. No comments were heard.
- MINUTES The minutes of the October 30 2006 special meeting; the November 14 2006 special meeting; the December 6 2006 regular meeting, and the December 20 2006 special meeting were approved.
- FINANCIAL AND
STATISTICAL REPORTS John Halfen, Chief Financial Officer, reviewed with the Board the financial and statistical reports for the month of November 2006. Mr. Halfen noted the statement of operations shows a bottom line excess of revenues over expenses of \$921,181. Mr. Halfen called attention to the following:
- Inpatient revenue was over budget*
Outpatient revenue was under budget
Total expenses were under budget
Employee salaries were under budget
Contractual adjustments were under budget
Assets and Liabilities remain relatively unchanged
- Mr. Halfen noted the increased profit for the month was largely a result of the change to Critical Access Hospital (CAH) status. The increase to Accounts Receivable on the Balance Sheet was also a result of the CAH change, due to the rebilling of patient charges at higher a reimbursement rate. Mr. Halfen additionally stated at this time he has no concerns about the expenses part of the budget, but on the revenue side gross patient revenue being under budget is of some concern. It was moved by Pat Calloway, seconded by D. Scott Clark, M.D., and passed to approve the financial and statistical reports for November 2006.

ADMINISTRATOR'S
REPORT

BUILDING UPDATE

Mr. Halfen stated that extreme cold weather has created challenges for Hospital construction crews, and he deferred to John Haas from Turner Construction to explain those challenges. Mr. Haas explained the site for the support building had to be dug deeper than expected and when the crew excavated deeper, they hit groundwater. The soil had to initially be refilled and re-compacted, then freezing conditions compromised the compacting process and it had to be re-done a second time. Mr. Haas has decided to delay the soil work until temperatures are warmer, so the crew is currently doing alternate work in order to keep the project on schedule. Mr. Haas additionally stated he is committed to saving the Hospital as much money as possible and he will not waste additional time trying to work with frozen soil. Another reason an attempt is being made to keep the project on schedule is to avoid further inflation of building costs.

CHARITY CARE
LEGISLATION

Mr. Halfen stated that per legislation titled AB 774, effective January 1 2007 hospitals are required to provide reduced rate fee schedules equal to what Medicare pays, for uninsurable poverty-level patients. Patients who meet the criteria to fall into this category will be considered charity care. Mr. Halfen feels the legislation will not have significant financial impact on Northern Inyo Hospital (NIH) and that only a small number of patients will fall into this category. Mr. Halfen additionally stated he would like to see NIH increase charity care to around four percent for IRS purposes.

AL NORRIS

Mr. Halfen informed the Board of the passing of Al Norris, a pharmacist employed by NIH for nearly 40 years. Mr. Norris was well loved by his co-workers and the Hospital is flying its flag at half-mast in his honor. Mr. Halfen extends the Hospital's deepest sympathy to the Norris family.

16, 875

Mr. Halfen informed the Board that Dietary Department employee Marty Taylor produced a total of 16,875 cookies during the 2006 calendar year, earning herself the title of NIH "Cookie Monster".

CHIEF OF STAFF
REPORT

Chief of Staff Taema Weiss, M.D. reviewed the following policies and procedures for the Board: *Propofol Use in Critical Care Areas*; and *Adult Immunizations in the Health Care Worker*. It was moved by Doctor Clark, seconded by Ms. Calloway, and passed to approve both policies and procedures as presented. Doctor Weiss also reported that Director of Nursing Susan Batchelder has finalized the swing bed policies and procedures, and they are progressing through the committee approval process at this time.

OLD BUSINESS

COMMUNICATIONS
TOWER LEASE

District Legal Counsel Douglas Buchanan Esq. stated he is continuing to negotiate with Alltel Communications to renew their lease of the communications tower located on Hospital property. Mr. Buchanan is currently countering Alltel's proposed agreement in regard to renewal terms and in regard to agreement termination details. Mr. Buchanan presented his recommendations for changes to the lease and asked the Board for guidance in continuing negotiations with Alltel. It was moved by Doctor Clark, seconded by Ms. Calloway, and passed to allow Mr. Buchanan to continue negotiations with Alltel per the terms he considers to be reasonable for the lease.

CHIEF OF SERVICES
CONTRACT /
RESOLUTION

Mr. Halfen referred to proposed Board Resolution 07-01 establishing compensation for the following Chiefs of Medical Services for a period of two years, as follows:

Medical Services/ICU Service	\$ 250 per month
Peri-Peds Service Chief	\$ 250 per month
Surgery/Tissue Service Chief	\$ 250 per month
Chief of Staff	\$ 1,250 per month

It was moved by Ms. Calloway, seconded by Doctor Clark, and passed to approve Resolution 07-01 as presented.

NEW BUSINESS

EKG SERVICES
AGREEMENT

Mr. Halfen stated the agreement for the EKG services of Vasuki Sittampalam, M.D. is currently being reviewed and will be brought back to the Board for approval at the February 21st regular meeting.

QUICK PAY SYSTEM

Mr. Halfen also stated the Quick-Pay system listed on the agenda for this meeting will be tabled for discussion at the February 21 regular meeting of the District Board as well.

GENERAL SURGEON
CONTRACT AND
RESOLUTION

Mr. Halfen referred to proposed Board Resolution 07-02 for the contract services of general surgeon Robbin Cromer-Tyler, M.D., who is expected to come on board at NIH in March of this year. Dr. Cromer-Tyler will visit the area next week, and a dinner event has been planned for her to "meet and greet" the NIH Medical Staff. It was moved by Doctor Clark, seconded by Ms. Calloway, and passed to approve Resolution 07-02 to retain the services of General Surgeon Robbin Cromer-Tyler, M.D..

REAL ESTATE
TRANSACTION
NEGOTIATION

Mr. Halfen asked for Board approval to be assigned as negotiator on NIH's behalf regarding a potential real estate purchase / lease at 152 Pioneer Lane, Bishop, in whole or in part. He noted negotiation will be with Pioneer Medical Associates singly or collectively and / or their designee. It was moved by Ms. Calloway, seconded by John Ungersma, M.D. and passed to assign NIH Administrator John Halfen to negotiate on the Hospital's behalf in a potential real estate purchase/lease with Pioneer Medical Associates, with Doctor Clark abstaining from the vote.

- BOARD MEMBER REPORTS Mr. Watercott asked if any members of the Board wished to report on any items of interest. No reports were heard.
- OPPORTUNITY FOR PUBLIC COMMENT Mr. Watercott asked if any members of the public wished to address the Board on any items listed on the agenda for this meeting. Kay O'Brien, NIH Foundation Chairperson informed the Board of the resignation of three Foundation members. She also informed the Board that a donation of a \$2,500 wheelchair was made in the Hospital's name to a child in need in the Los Angeles area. The Foundation continues to work on its annual fundraising events and on scheduling educational seminars. The group is currently in the process of reviewing its bylaws as well.
- CLOSED SESSION At 6:05 pm, Mr. Watercott announced the meeting was being adjourned to closed session to allow the Board of Directors to:
- A. Hear reports on the hospital quality assurance activities, and hear a report from the Medical Staff Executive Committee (Section 32155 of the Health and Safety Code, and Government Code Section 54962).
 - B. Confer with legal counsel regarding claim filed by Patrick Plunkett, M.D. against Northern Inyo County Local Hospital District (Government Code Section 54956.9(a)).
 - C. Confer with legal counsel regarding claim filed by Diane Grace against Northern Inyo County Local Hospital District (Government Code Section 54956.9(a)).
 - D. Discuss the CEO's Annual Performance Evaluation (Government Code Section 54957).
 - E. Discuss a Real Estate Opportunity (Government Code Section 54956.8).
- RETURN TO OPEN SESSION At 6:53 p.m., the meeting was returned to open session. Mr. Watercott announced the Board took no reportable action.
- PUBLIC COMMENT In keeping with the Brown Act, Mr. Watercott again asked if any members of the public wished to address the Board on any items listed on the agenda for this meeting, or on any items of interest. No comments were heard.
- ADJOURNMENT The meeting was adjourned at 6:54 p.m.

Peter Watercott, President

Attest:

Patricia Ann Calloway, Secretary

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BUDGET VARIANCE ANALYSIS

Dec-06 PERIOD ENDING

In the month, NIH was

12% over budget in IP days and under in OP Revenue resulting in
\$ (518,951) (-8.6%) under in gross patient revenue from budget and
\$ (219,911) (-6.1%) over in net patient revenue from budget

Total Expenses were:

\$ (240,827) (-7.3%) under budget. Wages and Salaries were
\$ (17,405) (-1.4%) under budget and Employee Benefits were
\$ (159,710) (-20.5%) under budget
\$ 122,169 of other income resulted in a net gain of
\$ 442,849 \$ (37,476) under budget.

The following expense areas were over budget for the month:

\$ 43,067 31% Bad Debt Expense; this is primarily due to
the reprocessing of Medicare claims and
should correct only all rebilling has finished.

Other Information:

41.89% Contractual Percentages for month

43.29% Contractual Percentages for Year

\$ 2,550,508 Year-to-date Net Revenue

We have received CAH Designation causing the sharp drop in contractual percentages for the month and correcting the year contractals.

NORTHERN INYO HOSPITAL

Balance Sheet

December 31, 2006

Assets

	<u>Current Month</u>	<u>Prior Month</u>	<u>FYE 2006</u>
Current assets:			
Cash and cash equivalents	1,414,847	931,342	3,148,845
Short-term investments	9,089,216	9,089,216	6,637,435
Assets limited as to use	638,920	539,908	603,039
Plant Expansion and Replacement Cash	15,818,520	15,818,732	15,515,948
Other Investments (Partnership)	369,561	369,561	369,561
Patient receivable, less allowance for doubtful accounts 532,148	7,896,906	7,647,775	6,374,400
Other receivables	388,646	501,043	212,005
Inventories	1,946,028	1,946,442	1,897,120
Prepaid expenses	590,154	459,129	470,018
Total current assets	<u>38,152,796</u>	<u>37,303,147</u>	<u>35,228,370</u>
Assets limited as to use:			
Internally designated for capital acquisitions	739,755	739,012	652,606
Specific purpose assets	537,596	25,535	474,914
	<u>1,277,351</u>	<u>764,547</u>	<u>1,127,520</u>
Revenue bond construction funds held by trustee	702,720	1,032,481	1,632,595
Less amounts required to meet current obligations	638,920	539,908	603,039
Net Assets limited as to use:	<u>1,341,151</u>	<u>1,257,119</u>	<u>2,157,076</u>
Long-term investments	<u>8,307,321</u>	<u>8,307,321</u>	<u>8,307,321</u>
Property and equipment, net of accumulated depreciation and amortization	<u>11,806,720</u>	<u>11,684,132</u>	<u>10,895,169</u>
Unamortized bond costs	<u>341,358</u>	<u>341,843</u>	<u>344,269</u>
Total assets	<u>59,949,347</u>	<u>58,893,563</u>	<u>56,932,206</u>

NORTHERN INYO HOSPITAL

Balance Sheet

December 31, 2006

Liabilities and net assets

	<u>Current Month</u>	<u>Prior Month</u>	<u>FYE 2006</u>
Current liabilities:			
Current maturities of long-term debt	-	180,000	235,000
Accounts payable	584,455	448,789	683,397
Accrued salaries, wages and benefits	3,023,473	2,936,850	2,954,330
Accrued interest and sales tax	164,605	260,713	168,166
Deferred income	308,846	344,014	97,853
Due to third-party payors	2,885,456	2,695,132	2,864,110
Due to specific purpose funds	-	-	-
Total current liabilities	<u>6,966,835</u>	<u>6,865,499</u>	<u>7,002,857</u>
Long-term debt, less current maturities	22,450,000	22,450,000	22,450,000
Bond Premium	413,504	414,709	431,586
Total long-term debt	<u>22,863,504</u>	<u>22,864,709</u>	<u>22,881,586</u>
Net assets:			
Unrestricted	29,581,412	29,137,820	26,572,849
Temporarily restricted	537,596	25,535	474,914
Total net assets	<u>30,119,008</u>	<u>29,163,354</u>	<u>27,047,763</u>
 Total liabilities and net assets	 <u>59,949,347</u>	 <u>58,893,563</u>	 <u>56,932,206</u>

NORTHERN INYO HOSPITAL

Statement of Operations

As of December 31, 2006

	MTD		MTD Variance		YTD		YTD Variance	
	MTD Actual	MTD Budget	Variance \$	%	YTD Actual	YTD Budget	Variance \$	%
Unrestricted revenues, gains and other support:								
In-patient service revenue:								
Routine	584,767	557,910	26,857	4.8	3,425,215	3,347,460	77,755	2.3
Ancillary	1,740,233	2,122,312	(382,079)	(18.0)	11,443,642	12,733,872	(1,290,230)	(10.1)
Total in-patient service revenue	2,325,000	2,680,222	(355,222)	-13.3%	14,868,857	16,081,332	(1,212,475)	-7.5%
Out-patient service revenue	3,186,485	3,350,214	(163,729)	(4.9)	19,618,917	20,101,284	(482,367)	(2.4)
Gross patient service revenue	5,511,485	6,030,436	(518,951)	(8.60)	34,487,774	36,182,616	(1,694,842)	(4.7)
Less deductions from patient service revenue:								
Patient service revenue adjustments								
Contractual adjustments	131,216	131,706	490	0.4	757,744	790,236	32,492	4.1
Contractual adjustments	1,995,835	2,294,385	298,550	13.0	13,307,032	13,766,310	459,278	3.3
Total deductions from patient service revenue	2,127,051	2,426,091	299,040	12.3	14,064,777	14,556,546	491,769	3.4
Net patient service revenue	3,384,434	3,604,345	(219,911)	-6%	20,422,998	21,626,070	(1,203,072)	-6%
Other revenue	30,438	20,957	9,481	45.2	158,191	125,742	32,449	25.8
Total revenue, gains and other support	3,414,871	3,625,302	(210,431)	45.1	20,581,189	21,751,812	(1,170,623)	25.7
Expenses:								
Salaries and wages	1,200,514	1,217,919	17,405	1.4	6,889,908	7,307,514	417,606	5.7
Employee benefits	621,142	780,852	159,710	20.5	4,240,926	4,685,112	444,186	9.5
Professional fees	196,116	216,718	20,602	9.5	1,389,883	1,300,308	(89,575)	(6.9)
Supplies	420,673	475,251	54,578	11.5	2,590,712	2,851,506	260,794	9.2
Purchased services	146,286	161,810	15,524	9.6	833,818	970,860	137,042	14.1
Depreciation	131,525	136,247	4,722	3.5	775,391	817,482	42,091	5.2
Interest	33,043	33,043	(0)	-	198,260	198,258	(2)	-
Bad debts	181,890	138,823	(43,067)	(31.0)	866,178	832,938	(33,240)	(4.0)
Other	143,119	154,472	11,353	7.4	914,722	926,832	12,110	1.3
Total expenses	3,074,308	3,315,135	240,827	7.3	18,699,797	19,890,810	1,191,013	6.0
Operating income (loss)	340,563	310,167	30,396	37.8	1,881,392	1,861,002	20,390	19.7
Other income:								
District tax receipts	35,168	102,713	(67,545)	(65.8)	211,008	616,278	(405,270)	(65.8)
Interest	74,867	70,588	4,279	6.1	460,447	423,528	36,919	8.7
Other	3,070	15,785	(12,715)	(80.6)	24,718	94,710	(69,992)	(73.9)
Grants and Other Non-Restricted Contributions	9,064	121	8,943	7,390.9	92,528	726	91,802	12,644.9
Partnership Investment Income	-	-	-	N/A	-	-	-	N/A
Total other income, net	122,169	189,207	(67,038)	(35)	788,701	1,135,242	(346,541)	(30.5)
Non-Operating Expense								
Medical Office Expense	14,062	13,858	(204)	(1.5)	63,174	83,148	19,974	24.0
Urology Office	5,821	5,191	(630)	(12.2)	56,411	31,146	(25,265)	(81.1)
Total Non-Operating Expense	19,884	19,049	(835)	(4.4)	119,585	114,294	(5,291)	(4.6)
Excess (deficiency) of revenues over expenses	442,849	480,325	(37,476)	(7.8)	2,550,508	2,881,950	(331,442)	(11.5)

NORTHERN INYO HOSPITAL
Statement of Operations--Statistics
As of December 31, 2006

	Month Actual	Month		YTD Actual	YTD Budget	Year	
		Month Budget	Variance			Variance	Percentage
Operating statistics:							
Beds	25.00	32.00	N/A	25.00	32.00	N/A	N/A
Patient days	304.00	271.00	33.00	1,847.00	1,626.00	221.00	1.14
Maximum days per bed capacity	775.00	960.00	N/A	4,600.00	5,760.00	N/A	N/A
Percentage of occupancy	39.23	28.23	11.00	40.15	28.23	11.92	1.42
Average daily census	9.81	9.03	0.77	10.04	9.03	1.00	1.11
Average length of stay	2.98	3.08	(0.10)	3.11	3.08	0.04	1.01
Discharges	102.00	88.00	14.00	593.00	528.00	65.00	1.12
Admissions	97.00	89.00	8.00	595.00	534.00	61.00	1.11
Gross profit-revenue depts.	3,626,984.65	3,937,409.00	(310,424.35)	22,639,766.14	23,624,454.00	(984,687.86)	0.96
Percent to gross patient service revenue:							
Deductions from patient service revenue and bad debts	41.89	42.63	(0.74)	43.36	42.63	0.73	1.02
Salaries and employee benefits	33.02	33.14	(0.12)	32.23	33.14	(0.91)	0.97
Occupancy expenses	3.28	3.08	0.20	3.12	3.08	0.04	1.01
General service departments	5.44	5.17	0.27	5.33	5.17	0.16	1.03
Fiscal services department	4.27	4.54	(0.27)	4.21	4.54	(0.33)	0.93
Administrative departments	5.28	5.16	0.12	4.68	5.16	(0.48)	0.91
Operating income (loss)	5.98	4.83	1.15	5.38	4.83	0.55	1.11
Excess (deficiency) of revenues over expenses	8.04	7.97	0.07	7.40	7.97	(0.57)	0.93
Payroll statistics:							
Average hourly rate (salaries and benefits)	35.51	40.34	(4.83)	37.11	40.34	(3.23)	0.92
Worked hours	45,545.76	42,077.00	3,468.76	260,110.29	250,458.00	9,652.29	1.04
Paid hours	51,250.57	49,534.00	1,716.57	299,554.35	297,204.00	2,350.35	1.01
Full time equivalents (worked)	258.78	243.22	15.56	248.20	241.29	6.91	1.03
Full time equivalents (paid)	291.20	286.32	4.87	285.83	286.32	(0.49)	1.00

Critical Access Hospital status equal 25 beds; note changes to Occupancy percentages due to change in maximum beds.

NORTHERN INYO HOSPITAL

Statements of Changes in Net Assets

As of December 31, 2006

	<u>Month-to-date</u>	<u>Year-to-date</u>
Unrestricted net assets:		
Excess (deficiency) of revenues over expenses	442,848.93	2,550,507.73
Net Assets due/to transferred from unrestricted	-	(82,714.25)
Net assets released from restrictions used for operations	-	453,620.00
Net assets released from restrictions used for payment of long-term debt	-	-
Contributions and interest income	743.17	87,149.17
Increase in unrestricted net assets	<u>443,592.10</u>	<u>3,008,562.65</u>
Temporarily restricted net assets:		
District tax allocation	511,973.02	515,515.55
Net assets released from restrictions	-	(453,620.00)
Restricted contributions	-	254.91
Interest income	88.12	531.62
Increase (decrease) in temporarily restricted net assets	<u>512,061.14</u>	<u>62,682.08</u>
Increase (decrease) in net assets	955,653.24	3,071,244.73
Net assets, beginning of period	29,163,354.48	27,047,762.99
Net assets, end of period	<u><u>30,119,007.72</u></u>	<u><u>30,119,007.72</u></u>

NORTHERN INYO HOSPITAL

Statements of Cash Flows

As of December 31, 2006

	<u>Month-to-date</u>	<u>Year-to-date</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	955,653.24	3,071,244.73
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:	-	-
Depreciation	131,525.26	775,390.94
Provision for bad debts	181,889.80	866,177.70
Loss (gain) on disposal of equipment	100.00	100.00
(Increase) decrease in:		
Patient and other receivables	(318,623.17)	(2,565,323.77)
Other current assets	(130,611.09)	(169,043.98)
Plant Expansion and Replacement Cash	211.52	(302,571.87)
Increase (decrease) in:		
Accounts payable and accrued expenses	91,012.37	177,631.86
Third-party payors	190,323.92	21,346.54
Net cash provided (used) by operating activities	<u>1,101,481.85</u>	<u>1,874,952.15</u>
Cash flows from investing activities:		
Purchase of property and equipment	(254,113.30)	(1,686,941.92)
Purchase of investments	-	(2,451,781.07)
Proceeds from disposal of equipment	(100.00)	(100.00)
Net cash provided (used) in investing activities	<u>(254,213.30)</u>	<u>(4,138,822.99)</u>
Cash flows from financing activities:		
Long-term debt	(181,205.55)	(253,082.55)
Issuance of revenue bonds	329,760.85	929,874.73
Unamortized bond costs	485.24	2,911.44
Increase (decrease) in donor-restricted funds, net	(512,804.31)	(149,831.25)
Net cash provided by (used in) financing activities	<u>(363,763.77)</u>	<u>529,872.37</u>
Increase (decrease) in cash and cash equivalents	483,504.78	(1,733,998.47)
Cash and cash equivalents, beginning of period	<u>931,341.99</u>	<u>3,148,845.24</u>
Cash and cash equivalents, end of period	<u><u>1,414,846.77</u></u>	<u><u>1,414,846.77</u></u>

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

Month	Operations Checking Account				Time Deposit Month-End Balances									
	Balance at Beginning of Month	Deposits	Disbursements	Balance at End of Month	Premium Interest Checking	Investment Operations Fund	Bond and Interest Fund (2)	Equipment Donations Fund	Childrens Fund	Scholarship Fund	Tobacco Settlement Fund	Total Revenue Bond Fund (1)	Project Revenue Bond Fund (1)	General Obligation Bond Fund
January	503,459	2,956,639	2,747,467	712,630	1,515,896	14,369,650	405,366	19,073	2,789	5,462	619,624	2,064,655	1,354,819	15,228,009
February	712,630	2,872,585	2,729,386	855,830	1,522,540	14,060,252	405,366	19,073	2,789	5,462	620,110	2,110,126	1,354,822	15,274,852
March	855,830	3,154,458	3,317,840	692,448	1,528,083	14,462,252	405,677	19,086	2,791	5,465	620,684	1,893,590	1,092,699	15,330,565
April	692,448	4,468,398	3,568,419	1,592,427	1,533,222	14,281,849	201,464	19,086	2,791	5,465	626,433	1,939,392	1,092,702	15,382,132
May	1,592,427	2,852,264	3,493,876	950,815	1,539,308	14,932,849	466,295	19,086	2,791	5,465	627,096	1,779,338	867,196	15,443,286
June	950,815	3,272,613	3,109,328	1,114,100	1,544,902	14,932,849	466,576	24,896	2,793	5,469	627,709	1,632,595	867,200	15,499,501
July	1,114,100	2,592,650	2,845,491	861,259	1,550,786	15,713,474	434,758	24,896	2,793	5,724	628,384	1,121,978	310,860	15,558,623
August	861,259	3,563,476	3,206,915	1,217,820	1,556,826	15,588,531	466,576	24,896	2,793	5,724	629,066	1,167,917	310,864	15,619,307
September	1,217,820	2,891,026	2,829,293	1,279,553	1,562,539	16,338,426	435,194	24,970	2,796	5,729	629,705	1,214,051	310,866	15,676,672
October	1,279,553	3,513,782	3,902,742	890,593	1,568,930	17,134,630	16,934	24,970	2,796	5,729	713,160	965,952	16,501	15,740,837
November	890,593	4,105,103	4,512,789	482,906	74,468	17,384,630	16,934	25,100	2,796	5,729	713,912	1,032,481	16,530	15,802,765
December	482,906	3,745,997	3,292,165	936,738	545	17,384,630	528,988	25,122	2,798	5,734	714,632	702,720	16,591	15,802,073

Notes: (1) The difference between the Total and Project Revenue Bond Funds represents amounts held by the trustee to make payments on the District's behalf and about \$575,000 to cover the Bond Reserve Account Requirement with respect to the Series 1998 Bonds. The Project amount represents the balance available to spend on the building project; however, the district accumulates invoices and only requests reimbursement quarterly.
(2) The Bond and Interest Fund now contains the Debt Service amount from the County for both the original Bond and the 2005 Bond.

Financial Indicators

	Target	Dec-06	Nov-06	Oct-06	Sep-06	Aug-06	Jul-06	Jun-06	May-06	Apr-06	Mar-06	Feb-06	Jan-06
Current Ratio	>1.5-2.0	5.48	5.43	4.77	4.65	4.77	4.71	5.03	4.99	5.05	4.76	4.77	4.93
Quick Ratio	>1.33-1.5	5.06	5.01	4.44	4.33	4.41	4.36	4.66	4.70	4.75	4.44	4.37	4.62
Days Cash on Hand	>75	349.52	339.70	363.56	324.75	330.63	305.76	390.80	336.95	330.17	284.11	326.36	295.71

Northern Inyo Hospital

Investments as of 12/31/2006

	Purchase Dt	Maturity Dt	Institution	Rate	Principal
1	12/2/2006	1/1/2007	Local Agency Investment Fund	5.13%	282,224.42
2	12/2/2006	1/1/2007	Local Agency Investment Fund	5.13%	4,327,497.60
3	10/27/2006	1/25/2007	United States Treasury Bills	4.91%	504,887.93
4	7/31/2006	1/25/2007	United States Treasury Bills	5.06%	250,810.00
5	12/19/2003	3/19/2007	Camden National Bank ME	3.00%	97,000.00
6	3/11/2004	3/19/2007	Commercial Savings Bank	2.75%	98,000.00
7	3/19/2004	3/19/2007	Summit State Bank	3.00%	99,000.00
8	3/28/2005	3/23/2007	Discover Bank	4.00%	100,000.00
9	7/27/2005	4/27/2007	Federal Home Loan Bank-MBS	4.00%	250,000.00
10	5/7/2004	5/7/2007	Five Star Bank Natomas	3.31%	99,000.00
11	5/11/2004	5/11/2007	Bear Stearns Security	3.25%	1,000,000.00
12	6/22/2005	6/22/2007	Federal Home Loan Bank-FNC	4.00%	1,000,000.00
13	7/8/2005	6/29/2007	FANNIE MAE FNMA-MBS	4.00%	500,000.00
14	7/5/2005	7/5/2007	Federal Home Loan Bank-MBS	4.00%	500,000.00
15	3/14/2006	9/14/2007	Federal Home Loan Bank-FNC	5.13%	600,000.00
16	11/15/2006	11/15/2007	Federal Home Loan Bank-FNC	5.35%	500,000.00
17	11/28/2005	11/28/2007	Federal Home Loan Bank-MBS	5.00%	500,000.00
18	8/19/2006	12/1/2007	Cantella & Co., Inc	4.50%	92,487.08
19	12/27/2005	12/27/2007	Federal Home Loan Bank-FNC	5.00%	500,000.00
20	1/24/2003	1/24/2008	Capital One Bank	4.31%	100,000.00
21	1/24/2003	1/24/2008	Capital One, F.S.B.	4.30%	100,000.00
22	1/24/2003	1/24/2008	Key Bank USA	3.50%	100,000.00
23	3/18/2005	3/18/2008	First Federal Bank	4.00%	100,000.00
24	12/14/2004	5/27/2008	Cantella & Co., Inc	3.50%	225,000.00
25	3/11/2005	6/11/2008	Community Bank	4.00%	98,000.00
26	3/11/2005	6/11/2008	Equity Bank	4.00%	100,000.00
27	1/30/2006	7/28/2008	Federal Home Loan Bank-FNC	5.00%	500,000.00
28	4/21/2005	10/7/2008	Federal Home Loan Bank-MBS	4.00%	1,335,000.00
29	10/15/2003	10/15/2008	R-G Crown Bank	4.00%	97,000.00
30	10/31/2005	10/27/2008	Federal Home Loan Bank-MBS	5.00%	500,000.00
31	5/26/2005	11/26/2008	Federal Home Loan Bank-FNC	4.50%	1,000,000.00
32	12/15/2003	12/15/2008	Bear, Stearns Securities	3.00%	300,000.00
33	1/4/2005	1/5/2009	Mututal Bank	4.36%	99,000.00
34	1/7/2004	1/7/2009	Bear Stearns Security	4.08%	100,000.00
35	8/19/2006	11/1/2009	Cantella & Co., Inc	4.50%	131,723.37
36	12/30/2004	12/30/2009	Capital City Bank and Trust	4.75%	99,000.00
37	4/22/2005	4/22/2010	Bank of Waukegan	4.75%	99,000.00
38	2/24/2006	2/24/2011	Federal Home Loan Bank-MBS	6.00%	1,000,000.00
			Total		\$17,384,630.40

NORTHERN INYO HOSPITAL
STATISTICS

12 MONTHS	SURGERIES						ER						OP REFERRALS			ADMITTS (W/INB)			PT DAYS (W/ONB)			PT DAYS (W/INB)			DISCH (W/INB)																																																																																																																																																
	IP		OP		TOTAL		ADMITTS		VISITS		BIRTHS		REFERRALS		ADMITTS		PT DAYS		PT DAYS		PT DAYS		DISCH																																																																																																																																																		
	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06																																																																																																																																															
JANUARY	24 / 35 / 40	76 / 65 / 72	100 / 100 / 112	15 / 17 / 19	43 / 49 / 60	494 / 563	2701 / 3048 / 3135	101 / 109 / 126	287 / 275 / 370	335 / 320 / 410	334 / 319 / 255	383 / 358 / 303	102 / 115 / 124	FEBRUARY	36 / 29 / 29	79 / 81 / 62	115 / 110 / 91	21 / 15 / 20	45 / 54 / 44	467 / 422 / 467	2567 / 2777 / 3100	117 / 121 / 106	334 / 319 / 255	383 / 358 / 303	102 / 115 / 124	MARCH	30 / 34 / 50	113 / 78 / 101	143 / 112 / 151	9 / 20 / 26	49 / 59 / 63	555 / 606 / 543	3086 / 3163 / 3387	101 / 123 / 152	291 / 356 / 333	320 / 395 / 399	94 / 127 / 149	APRIL	23 / 27 / 31	98 / 68 / 81	121 / 95 / 112	19 / 9 / 18	51 / 43 / 54	530 / 466 / 474	2932 / 3119 / 3145	106 / 97 / 114	300 / 244 / 310	350 / 262 / 346	107 / 104 / 116	MAY	25 / 41 / 31	87 / 74 / 73	112 / 115 / 104	21 / 16 / 20	42 / 49 / 53	515 / 594 / 564	2548 / 2868 / 3313	104 / 113 / 111	249 / 349 / 345	299 / 385 / 381	112 / 103 / 106	JUNE	22 / 32 / 49	75 / 60 / 76	97 / 92 / 125	17 / 16 / 16	56 / 53 / 44	641 / 631 / 552	2686 / 3287 / 3235	96 / 113 / 107	266 / 288 / 307	328 / 318 / 342	92 / 126 / 97	JULY	31 / 40 / 31	96 / 89 / 59	127 / 129 / 90	11 / 21 / 30	48 / 51 / 36	571 / 587 / 619	2822 / 2897 / 3012	90 / 128 / 129	252 / 306 / 313	278 / 345 / 371	93 / 122 / 126	AUGUST	35 / 30 / 40	64 / 84 / 117	99 / 114 / 157	13 / 14 / 26	52 / 66 / 54	573 / 716 / 580	2855 / 3276 / 3401	102 / 117 / 138	314 / 282 / 350	344 / 321 / 408	94 / 116 / 134	SEPTEMBER	27 / 48 / 35	92 / 93 / 86	119 / 141 / 121	17 / 22 / 14	50 / 52 / 42	516 / 567 / 470	2821 / 3063 / 2952	104 / 127 / 110	286 / 325 / 289	322 / 372 / 320	111 / 123 / 118	OCTOBER	42 / 28 / 26	84 / 86 / 62	126 / 114 / 88	21 / 4 / 16	51 / 40 / 43	484 / 494 / 523	2832 / 3061 / 3290	118 / 90 / 108	329 / 237 / 269	386 / 247 / 301	117 / 97 / 97	NOVEMBER	27 / 44 / 39	79 / 69 / 82	106 / 113 / 121	14 / 12 / 21	43 / 47 / 14	453 / 560 / 494	2906 / 3207 / 2991	91 / 105 / 100	183 / 278 / 323	219 / 304 / 369	87 / 101 / 103	DECEMBER	35 / 40 / 29	68 / 77 / 76	103 / 117 / 107	19 / 13 / 12	49 / 52 / 20	491 / 583 / 454	3160 / 3171 / 2792	109 / 121 / 109	275 / 352 / 304	320 / 377 / 329	115 / 120 / 117	CALENDAR YEAR	357 / 428 / 430	924 / 949	1368 / 1,352 / 1,379	197 / 179 / 238	579 / 615 / 527	6290 / 6766 / 6303	33916 / 37137 / 37753	1239 / 1364 / 1410	3396 / 3621 / 3768	3884 / 4004 / 4278	1246 / 1365 / 1400	MONTHLY AVERAGE	30 / 36 / 36	84 / 77 / 79	114 / 113 / 115	16 / 15 / 20	48 / 51 / 44	524 / 564 / 525	2,826 / 3,095 / 3,146	103 / 114 / 118	283 / 302 / 314	324 / 334 / 357	104 / 114 / 117

NORTHERN INYO HOSPITAL - RHC VISITS BY FC; DECEMBER 2006

ADMIT DATE	ST FC	ACCTNO	SERV	CHARGES	ADJ	PMT
		CASH Count		107		
		MC3RD Count		291		
		MCCIP Count		41		
		MCFM Count		1		
		MCMCL Count		2		
		TR3RD Count		45		
		TRCMP Count		18		
		TRFM Count		283		
		TRGOV Count		13		
		TRMCL Count		129		
		Grand Count		930		

**Northern Inyo Hospital
Monthly Report of Capital Expenditures
Fiscal Year Ending JUNE 30, 2005
As of December 31, 2006**

MONTH APPROVED BY BOARD	DESCRIPTION OF APPROVED CAPITAL EXPENDITURES	AMOUNT
FY 1995-96	Hospital Information System	\$1,300,000
	AMOUNT APPROVED BY THE BOARD IN PRIOR FISCAL YEARS TO BE EXPENDED IN THE CURRENT FISCAL YEAR	<u>1,300,000</u>
FY 2006-07	Philips Biphasic Defibrillators (eight)	101,388 *
	Crash Carts	15,735 *
	Urology Office Equipment & Charts (Purchased from Dr. Evantov) (Half of \$35,000 buy-up amount)	18,856 *
	Platelet Incubator/Agitator Purchase (non-budget)	2,600
	Computer Backup/Disaster Recovery Upgrade	77,124 *
	Virtual Servers	40,677 *
	QuadraMed Tempus One Scheduling System (Includes Surgery Module)	233,750
	Honda CRV	23,292 *
	GE Digital Mammography	363,546
	BECKMAN COULTER Blood Analyzer LH500 (Price ??)	50,000
	GE Centricity RHC Electronic Health Record Software	75,950
	Terason t3000 Ultrasound System	40,000
	AMOUNT APPROVED BY THE BOARD IN THE CURRENT FISCAL YEAR TO BE EXPENDED IN THE CURRENT FISCAL YEAR	<u>1,042,917</u>
	Amount Approved by the Board in Prior Fiscal Years to be Expended in the Current Fiscal Year	1,300,000
	Amount Approved by the Board in the Current Fiscal Year to be Expended in the Current Fiscal Year	<u>1,042,917</u>
	Year-to-Date Board-Approved Amount to be Expended	2,065,846

Northern Inyo Hospital
Monthly Report of Capital Expenditures
Fiscal Year Ending JUNE 30, 2005
As of December 31, 2006

MONTH
APPROVED

BY BOARD DESCRIPTION OF APPROVED CAPITAL EXPENDITURES	AMOUNT
Year-to-Date Administrator-Approved Amount	416,354 *
Actually Expended in Current Fiscal Year	<u>277,072 *</u>
TOTAL FUNDS APPROVED TO BE EXPENDED	<u>2,759,271</u>
Total-to-Date Spent on Incomplete Board Approved Expenditures (Hospital Information System and Building Project)	1,199,399

Reconciling Totals:

Actually Capitalized in the Current Fiscal Year Total-to-Date	693,425
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>2,065,846</u>
ACTUAL FUNDS APPROVED IN THE CURRENT FISCAL YEAR TOTAL-TO-DATE	<u><u>2,759,271</u></u>

Donations by Auxiliary	0
Donations by Hospice of the Owens Valley	0
Donations by Others	<u>0</u>
	<u><u>0</u></u>

*Completed Purchase

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

**Completed in prior fiscal year

Northern Inyo Hospital
Monthly Report of Capital Expenditures
Fiscal Year Ending JUNE 30, 2005
As of December 31, 2006

Administrator-Approved Item(s)	Department	Amount	Month Total	Grand Total
Month Ending November 30, 2006			0	350,119
CASE PREM ENG NA USLTR AHA 19"	EKG	17,620		
MAC5500 CLR STD ENG NA AHA	EKG	22,243		
TOTAL CARE BED	ICU	17,298		
28" MATTRESS DBL COATED	SURGERY	1,957		
28" MATTRESS DBL COATED	SURGERY	1,957		
28" MATTRESS DBL COATED	SURGERY	1,957		
HOVERMATT WITH AIR SUPPLY	SURGERY	3,204		
Month Ending December 31, 2006			66,235	416,354

**Northern Inyo Hospital
Monthly Report of Capital Expenditures
Fiscal Year Ending JUNE 30, 2005
As of December 31, 2006**

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

*Completed Purchase

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John Halfen

From: American Hospital Association [ahawashdc@aha.org]
Sent: Monday, February 05, 2007 11:09 AM
To: John Halfen
Subject: Update: AHA Special Bulletin - February 5, 2007



SPECIAL BULLETIN

Monday, February 5, 2007

President's Budget Calls for More Than \$100 Billion in Medicare, Medicaid Cuts

President Bush today in his fiscal year 2008 federal budget proposed cutting \$75.8 billion over next five years from Medicare and \$25.7 billion from Medicaid. A detailed breakdown of the impact on the Medicare and Medicaid programs is available at <http://www.aha.org/aha/content/2007/pdf/CMS-medicare-FY08.pdf> (it is also attached).

The AHA is strongly opposed to the provisions in the budget that would reduce payments for hospital services provided to the poor, elderly and disabled under the Medicare and Medicaid programs. The proposed budget includes a tidal wave of cuts that will inflict real damage on hospitals' ability to care for these patients.

Watch for more detailed information from us in the coming days on how the cuts would specifically impact *your* hospital.

The hospital field once again will need to pull together to fight these cuts. Join us in Washington D.C., on March 6 for an Advocacy Day to take our message to Congress that these proposed cuts cannot proceed. For more information and details on how to register, visit <http://www.aha.org/aha/content/2007/pdf/070306-advocacyday.pdf>.

2/5/2007



Feel free to talk to AHA News Now's editors with your feedback, stories and suggestions:

- Executive Editor: [Jim Reiter](#) (202) 626-2364
- Managing Editor: [Mary Ann Costello](#) (312) 839-6877
- For information on sponsoring AHA News Now, contact [Agatha Abbinanti](#).

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2/5/2007

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INTENTIONALLY

Southeast Equity Group

1000 W. McNab Road, Third Floor, Pompano Beach, Florida 33069
(305) 830-2200

January, 15 2007

John Halfen
Northern Inyo Hospital
150 Pioneer Ln
Bishop, CA 93514-2599



Dear John,

There is another serious buyer interested in exploring buying Northern Inyo Hospital. Please call Craig Weber at (305) 830-2200 ext. 3200. He will set up a time for you and I to discuss their interest in Northern Inyo Hospital. Thanks John.

Sincerely,

Steven West

Steven West
C.E.O. & Chairman of the Board

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SITE LICENSE AGREEMENT

THIS SITE LICENSE AGREEMENT ("License") is entered into this 1st day of February, 2007 ("Effective Date"), by and between Northern Inyo County Local Hospital District, a California Health Care District ("Licensor"), and WWC License LLC ("Licensee").

The parties hereto agree as follows:

1. Novation

(a) On November 1, 1995, Licensor and Licensee entered into a Site License Agreement under which Licensor agreed to license to Licensee a portion of its real property at 150 Pioneer Lane, Bishop, California, for use as the site of a Communications Tower and related equipment, for two (2) initial five-year terms and up to five (5) additional five-year renewal terms for an initial fee of \$1,200 per month with fees after the first five years subject to adjustment.

(b) Licensor and Licensee agree to extinguish the original Agreement referred to in Paragraph 1(a) above. Each party hereby relinquishes any claim that it had or may have had under that original agreement and stipulates that this agreement constitutes a novation with respect to the original agreement.

2. Definitions. The following terms shall have the meanings indicated:

"Commencement Date" shall mean February 1, 2007.

"Communications Facility" shall mean towers, antennas, buildings, and other incidental uses.

"CPI" shall mean the Consumer Price Index – U.S. City Averages for Urban Wage Earners and Clerical Workers published by the United States Department of Labor Statistics.

"Government Approvals" shall mean all licenses and permits required for Licensee's Use of the Premises

"Hazardous Materials" shall mean hazardous or toxic materials, wastes or substances, any pollutants, and/or contaminants, or any other similar substances or materials which are defined or identified as such in any federal, state or local laws, rules or regulations (whether now existing or hereinafter enacted) pertaining to environmental regulations, contamination, cleanup or any judicial or administrative interpretation of such laws, rules or regulations.

"Inspections" shall mean tests, borings, a survey, studies, inspections, and investigations of the Premises, and interviews of persons familiar with the Premises, including, without limitation, tests of structures, wells, septic tanks, underground storage tanks, soils, geologic hazards, utility lines and systems and environmental hazards.

"Inspection Period" shall mean that period of time which begins on the Effective date and ends 12 months after the Effective Date.

"Premises" shall mean that certain real property described on the attached Exhibit "A".

"Licensee's Use" shall mean constructing, installing, maintaining, improving, and operating a Communications Facility on the Premises.

"Term" shall mean the initial term and any applicable renewal terms.

3. The Premises. Subject to the following terms and conditions, Licensor licenses to Licensee a portion of the real property described in the attached Exhibit "A". Licensee's use of the Property shall be limited to that portion of the Property, together with all necessary easements of ingress, egress, and access, as said portion is described and depicted in attached Exhibit "B" (collectively referred to hereinafter as "the Premises"). Licensee

shall have 24-hours-a day, 7 days-a-week access to the Premises at all times during the Initial Term of this License Agreement and any Renewal Term.

4. Term.

(b) Initial Term. The initial term of this License shall commence on the Effective Date and expire 5 years after the Commencement Date, unless extended or sooner terminated in accordance with this License.

(b) Renewal Term. Licensee shall have the right to extend this License for one (1) additional term of five (5) years on the same terms and conditions as set forth in this Agreement. Unless Licensee notifies Licensor of its election not to exercise said renewal right at least sixty (60) days prior to the expiration of the Initial Term, said renewal shall be automatically exercised without notice or other action of any kind by Licensee. Said term shall be referred to herein as the "First Renewal Term".

(c) Licensee shall have the further and additional right to extend this License Agreement for four (4) additional terms of five (5) years each, following the Initial Term and the First Renewal Term, on the same terms and conditions as set forth in this Agreement, provided, however, that either party, Licensee or Licensor, may terminate such renewal rights by notifying the other, in writing, at least sixty (60) days prior to the expiration of the First Renewal Term or any subsequent term, of its intention to terminate.

5. Inspection Period.

(a) During the Inspection Period, Licensee or Licensee's officers, employees, agents, or independent contractors may enter upon the Premises for any lawful purpose, including, without limitation, to make Inspections. Licensee shall not unreasonably interfere with Licensor's use of the Premises while making the Inspections and shall repair damages, if any, to the Premises caused by the Inspections. Licensor agrees to cooperate with Licensee in obtaining, at Licensee's expense, all Governmental Approvals whether such Government Approvals are sought during the Inspection Period or otherwise during the Term.

(b) Licensee may, at Licensee's discretion and at any time during the Inspection Period, notify Licensor of the Commencement Date. If Licensee does not notify Licensor of the Commencement Date, this License shall automatically terminate at the end of the Inspection Period.

6. Rent.

(a) Beginning on the Commencement Date, Licensee shall pay Licensor the sum of \$1,800.00 per month as rental. Rent shall be payable on the first day of each month in advance at Licensor's address or as otherwise specified by Licensor and shall be prorated for any partial month at the commencement, expiration or earlier termination of this License, based upon the number of days in that month.

(b) In the event of termination for any reason other than nonpayment of rent, all prepaid rent shall be refunded to Licensee.

(c) In the event that Licensee elects to renew this License, rent shall, during the first month of each successive Renewal Term, be adjusted by the same percentage that the CPI increases during the current term. Such adjustment shall be calculated by multiplying the then-current monthly rent by a fraction, the denominator of which is the CPI for the first month of current term and the numerator of which is the CPI for the month immediately preceding the adjustment. In no event shall such adjustment result in a monthly rent that decreases and, in no event, shall such adjustment exceed 15% per term. If the Commencement Date falls on any day other than the first of the month, rent escalation shall be applied on the first day of the month following the applicable anniversary of the Commencement Date.

7. Licensor's Representations and Warranties. Licensor represents and warrants the following:

- (a) Licensee's Use is not prohibited by any covenant, restriction, easement, subdivision rule or other contract;
- (b) Licensee's Use is not prohibited by any easements, licenses, rights of use or other encumbrances of the Premises;

- (c) The Premises is free of Hazardous Materials as of the Effective Date;
- (d) Any use, storage, treatment or transportation of Hazardous Materials which has occurred on the Premises prior to the Effective Date has been in compliance with all applicable federal, state and local laws, regulations and ordinances;
- (e) Licensor has the full right, power and authority to execute this License;
- (f) Licensor has fee simple, marketable title to the Premises free and clear of any liens, encumbrances, or mortgages which would interfere with Licensee's Use;
- (g) Licensee shall, during the Term, have the quiet enjoyment of the Premises; and
- (h) There are no brokerage commissions or finders' fees owed in connection with this License.

8. Improvements

(a) Licensee shall, in Licensee's discretion, design and construct the Communications Facility in any manner Licensee deems appropriate. The Communications Facility shall remain the exclusive property of Licensee and Licensee shall have the option, but not the obligation, to remove the Communications Facility or any portion thereof following the expiration of the Term or earlier termination of this License.

(b) Licensee will use commercially reasonable efforts to install utilities on the Premises. If installation on the Premises is not possible, Licensor agrees to cooperate with Licensee in executing additional easements or agreements, as required by applicable utility companies and which are necessary to protect Licensee's rights under this License or Licensee's use of the Premises.

9. Default. A default shall occur if either party shall fail to keep and perform any express written provision of this License and such failure shall continue for a period of 30 days after receipt of written notice, unless such failure cannot be cured within a period of 30 days and, prior to the expiration of 30 days after receipt of notice, the party failing to keep or perform the provision commences to eliminate such failure and proceeds diligently to take steps to cure the same. On the occurrence of default, the non-defaulting party may, without limitation, remedy the default and deduct the cost thereof from subsequent payments to the defaulting party or pursue any available remedies at law or in equity. In no event shall Licensor be entitled to accelerate rent due from Licensee or to take possession of the Premises, the Communications Facility or other personal property owned by Licensee on the Premises. Both parties shall have the duty to use commercially reasonable efforts to mitigate damages in the event of default.

10. Interference. Licensor shall not use, nor shall Licensor permit the use of any portion of the Premises or adjoining or proximate property of Licensor in any way which interferes with Licensee's Use. If Licensor violates this Section and the violation continues for 24 hours after Licensee has given Licensor oral notice of such violation, Licensee may, beginning on the date of the violation, withhold rent payments until such violation is remedied.

11. Termination. Licensee may, without limiting rights otherwise set forth in this License or available at law or in equity, terminate this License without penalty or further liability, as follows:

- (a) Immediately during the Inspection Period for any reason or no reason;
- (b) After the Commencement Date, upon 6 months written notice to Licensor for any reason or no reason;
- (c) Immediately if Licensee is unable to obtain or maintain any Government Approvals necessary to the construction and operation of the Communications Facility or Licensee's Use;
- (d) Immediately if the Premises or Communications Facility is damaged so as to, in Licensee's discretion, hinder Licensee's Use;
- (e) Immediately in the event that, in Licensee's discretion, interference, whether or not from Licensor's activities or any other source, hinders Licensee's Use and which interference may not, in Licensee's discretion, be adequately corrected or eliminated by Licensee; and
- (f) Immediately if Hazardous Materials are discovered to exist on or under the Premises

12. Sublicense and Assignment. Licensee may, in its sole discretion, sublicense or license the Premises or any portion thereof to others. Licensee may, in its sole discretion, assign this License. Licensee's sublessees, licensees, or assignees shall be permitted the same rights granted to Licensee in accordance with this License including, without limitation, ingress and egress to the Premises. Upon assignment, Licensee shall owe no further duties or obligations under this License. Licensee may, upon notice to Licensor, mortgage or grant a security interest in this License and the Communications Facility, and may assign this License and the Communications Facility to any such mortgagees or holders of security interests including their successors and assigns. In such event, Licensor shall execute such consent to licensehold financing as may reasonably be required by such mortgagees. Licensor agrees to notify Licensee's mortgagees simultaneously with any notice to Licensee of any default by Licensee and to give mortgagees the same right to cure any default of Licensee as is afforded Licensee in accordance with this License.

13. Taxes. Licensor shall pay all real property taxes and all other fees and assessments attributable to the Premises when due. Licensee shall pay any personal property taxes assessed on, or any portion of such taxes attributable to, the Communications Facility.

14. Insurance. Licensee may, at Licensee's expense, purchase and maintain in full force and effect throughout the Term, such insurance policies as Licensee may deem necessary. Landlord shall have no interest in the proceeds of such insurance.

15. Condemnation. If a condemning authority takes, or acquires by deed in lieu of condemnation, all or a portion of the Premises, this License shall, at the option of Licensee, terminate as of the date the title vests in the condemning authority. Licensor and Licensee shall share in the condemnation proceeds in proportion to the values of their respective interests in the Premises (which for Licensee shall include, where applicable, the value of its Communications Facility, moving expenses, prepaid rent and business dislocation expenses). Should Licensee elect not to terminate this License, the rent due during the remainder of the License term shall be reduced in proportion to the area taken, effective on the date physical possession is taken by the condemning authority.

16. Licensee's Environmental Matters. Licensee shall comply with all applicable federal, state and local laws, regulations and ordinances applicable to Hazardous Materials. Licensee shall not use the Premises for treatment, storage, transportation to or from, use or disposal of Hazardous Materials (other than petroleum products and stand by batteries containing sulfuric acid in electrolyte necessary for the operation of an emergency electrical generator to serve the Communications Facility). Licensee shall be responsible for any expense for compliance with the requirements of any federal, state or local laws, regulations or ordinances caused, directly or indirectly, by the activities of the Licensee or Licensee's agents, employees or contractors.

17. Hold Harmless. Licensor agrees to defend, indemnify, protect and hold harmless Licensee and Licensee's officers, directors, employees, shareholders, successors, assigns, agents, affiliates, representatives, partners, and contractors from and against any and all claims, actions, administrative proceedings (including, without limitation, informal proceedings), judgments, damages, penalties, fines, costs, liabilities, interests, or losses, including, without limitation, reasonable attorneys' fees and expenses, consultant fees, and expert fees, together with all other costs and expenses of any kind or nature suffered by or asserted against Licensee as a result of Licensor's use or occupancy of the Premises, or from Licensor's performance or failure to perform under this License, or from the breach of any of Licensor's representations or warranties herein. This indemnification shall include, without limitation, all claims, damages and expenses arising during or after the Term from or in connection with the presence or suspected presence of Hazardous Materials on or under the Premises (including, without limitation, any Hazardous Materials which flow, diffuse, migrate or percolate into, onto or under the Premises after the Effective Date), unless such Hazardous Materials are present solely as the result of the negligence or willful misconduct of Licensee.

18. Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed given if personally delivered or mailed, by registered or certified mail, or by nationally recognized overnight courier having a record of receipt to the addresses indicated below:

If to Licensor:

Administrator, Northern Inyo Hospital
150 Pioneer Lane
Bishop, CA 93514
(760) 873-5811
95-6005449 Tax Identification No.

If to Licensee:

ALLTEL Communications, Inc.
P.O. Box 2177
Little Rock, AR 72203-2177
Attn: Property Management Dept.
877-557-8226

Hand Delivery Address:

ALLTEL Communications, Inc.
One Allied Drive
Little Rock, AR 72202
Attn: Property Management Dept.

19. Waiver of Licensors Lien. Licensor hereby waives any and all lien rights it may have, statutory or otherwise, in and to the Communications Facility or any portion thereof, regardless of whether or not same is deemed real or personal property under applicable laws.

20. Holding Over. In the event Licensee remains in possession of the Premises after the expiration of the Term without executing a new License, Licensee shall, subject to this License, occupy the Premises month-to-month. For such hold over period, Licensee shall pay the monthly rent which was applicable during the last month of the Term.

21. Waiver of Liability. LICENSEE SHALL NOT BE RESPONSIBLE OR LIABLE TO THE LICENSOR FOR ANY LOSS OR DAMAGE ARISING FROM ANY CLAIM TO THE EXTENT ATTRIBUTABLE TO (1) ANY ACTS OR OMISSIONS OF SUBLESSEES OR LICENSEES OR ANY OTHER PERSON, ENTITY OR ENTERPRISE OCCUPYING THE COMMUNICATIONS FACILITY; (2) VANDALISM; (3) ANY STRUCTURAL OR POWER FAILURES; OR (4) DESTRUCTION OR DAMAGE OF THE COMMUNICATIONS FACILITY. UNDER NO CIRCUMSTANCES SHALL LICENSEE BE LIABLE FOR ANY INCIDENTAL, CONSEQUENTIAL, PUNITIVE OR SPECIAL DAMAGES OF ANY NATURE WHATSOEVER ARISING OUT OF OR IN CONNECTION WITH THIS LICENSE INCLUDING, WITHOUT LIMITATION, LOST PROFITS OR LOSS OF BUSINESS.

22. Right of First Refusal. Licensee shall have and Licensor hereby grants to Licensee, the right, at Licensee's option, to purchase the Premises or a portion of the Premises, prior to Licensor selling the Premises or a portion thereof, to any person, entity or enterprise ("First Refusal Option"). Prior to any sale of the Premises or any portion thereof during the Term, Licensor shall give Licensee written notice, including a copy of the fully executed offer received ("First Refusal Notice"). Licensee may choose to exercise its First Refusal Option by giving Licensor notice of its intention to purchase the Premises (or the portion under offer) within 30 days of receipt of the First Refusal Notice. Licensee's purchase of the Premises under its First Refusal Option shall be on the same terms and conditions as the offer included with the First Refusal Notice, with the exception that, if the offer proposes a property exchange, Licensee may substitute a cash equivalent for the consideration to be given, and Licensee shall not be required to purchase property other than the Premises and may prorate the purchase price of any offer for the Premises and additional property based upon the square footage or acreage of the Premises compared to the total area to be purchased under the offer. If Licensee does not exercise its First Refusal Option by giving notice as set forth above, then the First Refusal Option shall expire and Licensor may proceed to sell the Premises upon the terms set forth in the offer included with the First Refusal Notice, provided the sale closes within six months of the date of that offer and provided the sale shall be subject to the terms of this License. Licensee's failure to exercise its First Refusal Option or its express waiver of the First Refusal Option shall not be deemed a waiver of Licensee's First Refusal Option for subsequent instances when Licensor receives an offer to purchase the Premises or a portion of the Premises.

23. Miscellaneous.

(a) The prevailing party in any litigation arising under this License shall be entitled to its reasonable attorney's fees and court costs, including those incurred in any appeals.

(b) This License constitutes the entire agreement and understanding of Licensor and Licensee, and supersedes all offers, negotiations and other agreements pertaining to the Premises Any amendments to this License must be in writing and executed by Licensor and Licensee.

(c) Licensor agrees to cooperate with Licensee in executing any documents Licensee deems necessary to protect Licensee's rights under this License or Licensee's use of the Premises. Licensee may record this License or a Memorandum of License executed by all parties and the cost of any recording fees shall be paid by Licensee.

(d) This License shall be construed in accordance with the laws of the State of California.

(e) All judicial proceedings to be brought with respect to this License shall be brought in Inyo County, California, in a State Court of competent jurisdiction and in the Eastern District of California, in a Federal Court of competent jurisdiction and each party accepts generally and unconditionally the exclusive jurisdiction of such courts and irrevocably waives any objection, including any objection to venue based upon forum non-conveniens, which either of them may now have or hereafter have to the bringing of any such proceeding with respect to this License.

(f) If any portion of this License is found to be void or invalid, such invalidity shall not affect the remaining terms of this License, which shall continue in full force and effect unless the invalidity, in Licensee's discretion, hinders Licensee's Use or defeats the overall intent of the License.

(g) Each of the undersigned warrants that he or she has the full right, power, and authority to execute this License on behalf of the party indicated.

(h) This License shall run with the Premises and shall be binding upon and inure to the benefit of the parties, their respective heirs, successors, personal representatives and assigns.

(i) Each party agrees to furnish to the other, within 10 days after request, such estoppel information as the other may reasonably request.

(Signature Pages Follow)

IN WITNESS WHEREOF, Licensor has executed this Agreement as of the day and year first above written.

Signed, sealed, and delivered
in the presence of:

Unofficial Witness

LICENSOR: Northern Inyo Local Hospital District

By: _____
Peter Watercott

Title: President- Board of Directors

Date: _____

STATE OF CALIFORNIA)
) ss
COUNTY OF INYO)

On _____, 2007, before me, _____, a Notary Public, personally appeared PETER WATERCOTT, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal. (Seal)

Notary Public in and for said
County and State

IN WITNESS WHEREOF, Licensee has executed this Agreement as of the day and year first above written.

Signed, sealed, and delivered in the presence of:

Unofficial Witness

LICENSEE: WWC License, LLC

By: _____

James E. McDonald

Title: Vice-President- Network Services

Date: _____

STATE OF ARKANSAS)

) ss

COUNTY OF PULASKI)

On _____, 2007, before me, _____, a Notary Public, personally appeared James E. McDonald, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal. (Seal)

Notary Public in and for said
County and State

EXHIBIT "A"

To the Site License agreement dated February 1, 2007 between Northern Inyo County Local Hospital District, as Licensor and WWC License, LLC as Licensee.

The property is legally described as follows:

That portion of the southeast quarter of Section 1, Township 7 south, Range 32 East, MDM, in the City of Bishop, County of Inyo, State of California, described as follows:

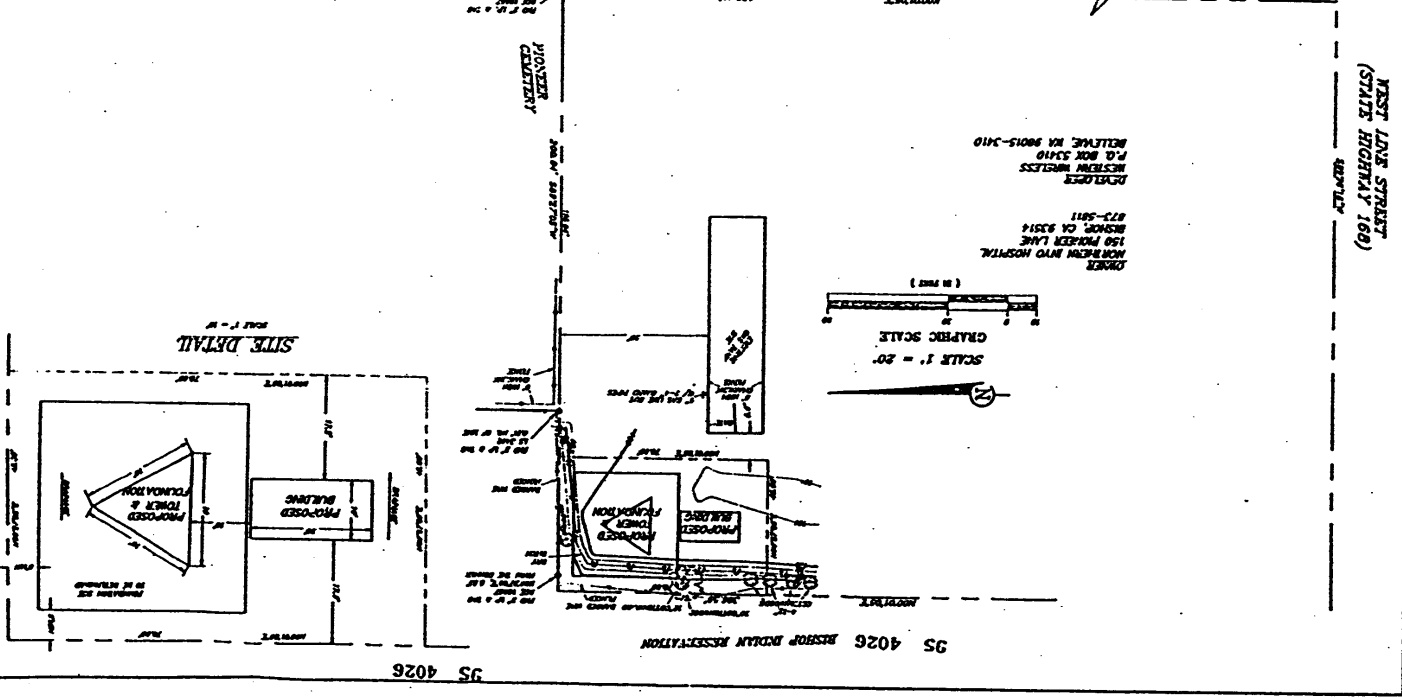
BEGINNING at a 2-inch pipe (with a concrete plug and tag, RCE 15557) at the intersection of the North line of State Route 168 and the west line of Pioneer Lane, as shown on Record of Survey Book 11, Page 40; thence North 0 01' 05" East along the west line of Pioneer Lane, 166.81 feet to a 2-inch pipe (with a concrete plug and tag, RCE 15557) and the TRUE POINT OF BEGINNING; thence continuing North 0 01' 05" East along the west line of Pioneer Lane, 386.59 feet to a 2-inch pipe (with a concrete plug and tag ECE 15557); thence South 89 27' 05" West, a distance of 200.04 feet; thence South 0 01' 05" West and parallel with Pioneer Lane, 386.59 feet to a 1 ½-inch pipe (with a concrete plug and tag RCE 15557); thence North 89 27' 05" East, a distance of 200.04 feet to the TRUE POINT OF BEGINNING.

EXHIBIT B

To the Site License Agreement, dated February 1, 2007, between Northern Inyo County Local Hospital District, as Licensor, and WWW License LLC, as Licensee.

The location of the Premises within the Property is more particularly described and depicted on Attachment 1 hereto which is, by this reference, incorporated herein.

**SITE PLAN FOR PROPOSED
 WESTERN WIRELESS TOWER SITE
 AT NORTHERN INYO HOSPITAL**
 VICINITY MAP
 NOT TO SCALE
 CITY OF BISHOP, INYO COUNTY, CALIFORNIA



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INTENTIONALLY

N . I . H . M E M O R A N D U M

DATE: February 14, 2007
TO: Northern Inyo Hospital Board of Directors
FROM: Carrie Petersen
RE: Quick Charge Solution for Employee Sales

For the last few years, we have been considering an option for employees to use a direct payroll reduction for employee purchases. The attached proposal is to begin with the implementation in our Dietary department for food purchase. Employees were polled using Outlook Express as to their opinion about using such a system. Below are the results:

50% of employee's responses (174 out of 344)

Yes = 107 or 62%

No = 46 or 27%

Maybe = 19 or 11%

Quick Charge would consist of a "smart cash register" where Dietary staff would key the meal choice of the employee, and then using our Kronos Time Keeping System badges, the employee would swipe their badge like an ATM card. The meal purchases would accumulate based on criteria we select, and then it would come out of the employee's next payroll check.

This process would eventually eliminate the need for Meal Ticket sales and would also alleviate the program we occasionally experience with collecting for Not Sufficient Fund checks from our employees.

If the process is successful, we would be able to purchase the Quick Pay option for UPS shipping charges in purchasing and Employee pharmacy charges in the future.

Thank you for your consideration of this proposal.



M.M. Hayes Company, Inc.
16 The Sage Estate
Menands, New York 12204
Phone 518-459-5545
Fax 518-459-5593

May 11, 2006

Carrie Peterson
Northern Inyo Hospital
150 Pioneer Lane
Bishop, CA 93514

QuickCharge

1	QuickCharge Employee Debit Software – 400 Employees	\$4,800.00
1	Datasym 6000 RT Intelligent Cash Register	2,495.00
1	Bar Code on Mag Stripe Reader Kit	180.00
1	Ethernet Converter Kit	180.00
1	Professional Services – Software Configuration and Training	3,000.00
1	Professional Services – Register Configuration and Setup	700.00
1	Annual Maintenance on the above	1,150.00
1	Budgetary Travel estimate	\$1,200.00
		<u>\$13,705.00</u>

Terms: Net 30 – Hardware and Software
Professional Services billed monthly as delivered
FOB: Shipping Point
Delivery: ARO

John Hayes

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INTENTIONALLY

AMENDMENT TO EMERGENCY CARE AGREEMENT
BETWEEN
VALLEY EMERGENCY PHYSICIANS
AND
NORTHERN INYO HOSPITAL

The Emergency Care Agreement dated April 7, 2003, between NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT, hereinafter referred to as "Hospital", and VALLEY EMERGENCY PHYSICIANS MEDICAL GROUP, INC., a California Professional Corporation, hereinafter referred to as "Physicians", is hereby amended as follows:

NOW, THEREFORE, the parties agree as follows:

Part II, Item 10. Daily Memoranda and Billing: Hospital agrees to pay Physicians one hundred ten dollars (\$110.00) per hour during the twelve (12) months in which this Amended Agreement is enforced. Payments shall be made on a monthly basis. Monthly payments shall be made by the Hospital to Physicians before the 15th day of the month following the month in which services are rendered.

The address for Physicians is to remain:

Valley Emergency Physicians
2107 Livingston Street, Suite A
Oakland, California 94606

Part II, Item 16. Term: The term of this Amended Agreement shall commence January 1, 2007 and extend through December 31, 2007.

/ / /

/ / /

IN WITNESS WHEREOF, the parties hereto have executed this Amendment to Emergency Care Agreement.

DISTRICT:

Dated: December ____, 2006.

NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT

BY _____
John Halfen, Administrator

PHYSICIANS:

Dated: December ____, 2006.

VALLEY EMERGENCY PHYSICIANS MEDICAL GROUP, INC.
a California professional corporation

BY _____
Steven Maron, M.D., President

VALLEY EMERGENCY PHYSICIANS

AND

NORTHERN INYO HOSPITAL

EMERGENCY CARE AGREEMENT

NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT, a political subdivision organized and existing pursuant to the Local Hospital District Law (Health and Safety Code Section 32000, et seq.) of the State of California, hereinafter referred to as "District", and **VALLEY EMERGENCY PHYSICIANS MEDICAL GROUP, Inc.**, a California professional corporation, hereinafter referred to as "Physicians", agree as follows:

PART I

RECITALS

1. District is the owner and operator of a Hospital located in Bishop, California. As a community service, District conducts an Emergency Department, hereinafter referred to as "Department", to serve the members of the community and other persons who may require immediate medical and/or hospital service.
2. Physicians are duly qualified and licensed physicians and surgeons having had experience in the operation of emergency facilities and the rendition of emergency and primary care.
3. District has concluded that engaging Physicians is the most desirable course of action considering both the cost and quality of service, which will be provided by Physicians as compared to other arrangements and providers available to District.
4. The parties to this agreement, in order to provide a full statement of their respective responsibilities in connection with the operation of the physician services during the term of this contract, desire to enter there into.

VALLEY EMERGENCY PHYSICIANS/NORTHERN INYO HOSPITAL
EMERGENCY CARE AGREEMENT

PART II

AGREEMENTS

- 1. Space.** District shall make available for the use of Physicians during the term hereof and during the hours hereinafter specified, the space that is now or may be hereafter occupied by the Department. District shall also furnish Physicians an appropriately furnished room, in which they may rest when their services are not otherwise required, together with meals while they are on duty. In addition, Physicians will be provided with office space suitable for the administration of the Department as available.
- 2. Equipment and Supplies.** District shall provide, at its own expense, for the use of Physicians, all necessary expendable and non-expendable medical equipment, drugs, supplies, furniture and fixtures as are necessary for the efficient operation of the Department. District shall consult with Physicians regarding decisions, which affect the selection and furnishing of particular facilities, equipment and supplies.
- 3. Maintenance.** District shall maintain and repair all equipment and shall provide utilities and services such as heat, water, electricity, telephone service, laundry and janitorial service.
- 4. Physician Services.** In order to provide quality emergency care on a prompt and continuing basis, available at all times at Hospital to the community, Physicians agree to provide the professional services of duly licensed physicians and surgeons in the Service 24 hours a day, seven days a week.

Physicians shall respond to in-house emergencies in the same manner as other members of the medical staff, and shall make pronouncements of death when attending physicians are not immediately available.

Physicians may be granted limited admitting privileges for patients without a private physician. Procedures, rules and regulations with respect to such privileges, and the obligations of Physicians to make referrals to the "on-call" panel and other physicians and other matters related thereto, shall be as set forth in the Medical Staff-By-Laws, rules and regulations or as otherwise determined by the Medical Staff Executive Committee or the Emergency Room Committee with the approval of the Board of Trustees.

Physicians agree to provide the following services relevant to the operation of the Northern Inyo Hospital Emergency Service as a Base Station for the provision of Advanced Life Support in pre-hospital care.

**VALLEY EMERGENCY PHYSICIANS/NORTHERN INYO HOSPITAL
EMERGENCY CARE AGREEMENT**

1. Physicians shall provide guidance, instruction, communication orders, and directives to EMT-II's/Paramedics involved in the treatment of patients with medical emergencies requiring transportation from the scene of a medical emergency to the nearest, or most appropriate hospital facility.

2. A member of the Emergency Physician Staff will be appointed to serve as Base Station Medical Director and Training Hospital Medical Director, and serve on the local Emergency Medical Service Advisory Committee, and will serve as the Medical Director for the Employee Health Department, if the Hospital Administration and Medical Staff deem this appropriate.

3. Physicians will participate actively in an ongoing system for critiquing the results of the mobile intensive care responses and auditing the quality of medical care provided by the mobile intensive care team.

It is understood and agreed that the District is contracting for the full-time services of physicians and surgeons and that said individuals shall be available on the premises of the Hospital at all times that they are to provide services in the Department. Furthermore, said individuals shall not engage in any activities while on duty which would be inconsistent with their obligation to provide full-time services, or engage in any outside practice of medicine or surgery while on duty, or operate a full-time practice.

5. **Standards.** It is understood and agreed that the standards of professional practice and duties of Physicians shall from time to time be set by the medical staff of Hospital, and Physicians shall abide by the by-laws, rules and regulations of the medical staff and Hospital policies. Further, Physicians shall cause the Service to comply with those standards and requirements of the Joint Commission on Accreditation of Healthcare Organizations and the California Medical Association, which relate to the Service over which Physicians have control.

6. **Personnel.** District shall provide the services of licensed registered and vocational nurses and other non-physician technicians and assistants, necessary for the efficient operation of the Department. Normal direction and control of such personnel for professional medical matters shall rest with Physicians. The selection and retention of all non-physician personnel is the responsibility of District. All Emergency Room physicians shall be Board Certified in Emergency Medicine unless specifically exempted from this provision by the District.

7. **District and Government Authorities.** Physicians, in connection with their operation and conduct of the Department, shall comply with all applicable provisions of law, and other valid rules and regulations of the District's Board of Trustees, its organized medical staff and all governmental agencies having jurisdiction over; (i) the operation of the District and services; (ii) the licensing of health care practitioners; (iii) and the delivery of services to patients of governmentally regulated third party payors whose members/beneficiaries receive care at the

**VALLEY EMERGENCY PHYSICIANS/NORTHERN INYO HOSPITAL
EMERGENCY CARE AGREEMENT**

District, including but not limited to rules and regulations promulgated with respect to the transfer of patients from the Emergency Department.

8. Independent Contractor. No relationship of employer or employee is created by this Agreement, it being understood that Physicians will act hereunder as independent contractors, and none of the physicians performing services for Physicians, whether said physicians be members, partners, employees, subcontractors, or otherwise, shall have any claim under this Agreement or otherwise against District for vacation pay, sick leave, retirement benefits, Social Security, Worker's Compensation benefits, or employee benefits of any kind; that District shall neither have nor exercise any control or direction over the methods by which Physicians shall perform their work and functions, which at all times shall be in strict accordance with currently approved methods and practices in their field; and that the sole interest of District is to ensure that said emergency service shall be performed and rendered in a competent, efficient and satisfactory manner and in accordance with the standards required by the Medical Staff of District.

9. Compensation. Physicians shall charge patients on a fee-for-service basis. Physicians' charges shall be in accordance with reasonable and customary fees charged by other physicians for the same service in similar communities. Physicians' charges will be reviewed and approved by the Hospital prior to any change. Physicians or their designated agents shall be responsible for billing and collections of professional fees.

10. Daily Memoranda and Billing. District agrees to act as Physicians' designated billing and collection agent. Physicians shall file with the Business Office of District periodic memoranda on forms agreed upon between the parties, covering services performed at the fees herein above mentioned and shall and does hereby assign the collection of said charges to District. Hospital's charges to the patient shall be separate and distinct from the charges by Physicians; however, patient may be sent a billing, which includes a combined Hospital and Physicians charge. If the patient's billing includes such a combined charge, it must be clearly indicated that the charge includes Physicians' professional component and that District is acting as billing agent for Physicians. Physicians agree to participate in compliance efforts of Hospital.

District agrees to pay Physicians ninety-five dollars and four cents (\$95.04) per hour from February 1st, 2006. Coincident with any Cost of Living Adjustments (COLA) paid to hospital employees, this amount will be increased an equal percentage.

**VALLEY EMERGENCY PHYSICIANS/NORTHERN INYO HOSPITAL
EMERGENCY CARE AGREEMENT**

Payment of all sums under this part shall be made to physicians at the following address:

**VALLEY EMERGENCY PHYSICIANS MEDICAL GROUP
2107 Livingston Street, Suite A
Oakland, California 94606**

11. Liability Insurance. District agree to procure and maintain, throughout the term of this Agreement, at their sole expense, a policy of professional liability (malpractice) insurance coverage with limits of at least \$1,000,000 for any one occurrence, and \$3,000,000 annual aggregate coverage per subcontracting physician. Physicians agree to cooperate with the District in connection with the purchase and maintenance of such coverage.

Physicians agree to assume responsibility for any deductible amount up to \$12,500.00 awarded to a claimant in the event of successful litigation against a member of the group.

12. Not Exclusive. It is specifically agreed and understood that Physicians shall not be required to, nor is it anticipated that Physicians will be exclusive to the District, it being understood that Physicians may have additional enterprises and other emergency service agreements.

13. Assignment. Physicians shall not assign, sell or transfer this Agreement or any interest therein without the consent of the District in writing first had and obtained. Notwithstanding any of the foregoing, it is understood and agreed that, in the event that Physicians form an alternative professional organization, duly authorized under the laws of this State to practice medicine, said alternative professional organization may be substituted in the place of Physicians, with all of the rights and subject to all of the obligations of Physicians under the terms of this Agreement. Said substitution shall be effected upon Physicians giving written notice to District.

14. Term. The term of this Agreement shall be from February 1, 2006 to December 31, 2006, and continuing from year to year thereafter. Either party may terminate this Agreement upon ninety (90) days written notice to the other party. In the event of non-renewal by Hospital, except for cause, Hospital agrees that it shall not employ nor contract with any physician subcontractor or employee of Physicians, nor with any partnership or medical corporation with which such subcontractor or employee of Physicians shall be associated as an employee or owner, for a period of one (1) year following the termination of this Agreement, without the prior written consent of Physicians.

Physicians supplied or introduced by Contractor to Hospital have been or will be recruited and oriented at great expense by Contractor and Contractor has a compelling interest in maintaining its contractual relationships and expectancy of future contractual relationships with Physicians it supplies to Hospital. Hospital's contract with any given Physician, supplied or introduced to

**VALLEY EMERGENCY PHYSICIANS/NORTHERN INYO HOSPITAL
EMERGENCY CARE AGREEMENT**

Hospital by Contractor under this Agreement constitutes a position of trust which may result in the establishment of a relationship whereby Hospital could influence the future actions of the Physician relative to his or her service to Contractor. In addition, if Physicians were to terminate their relationship with Contractor and render services to hospital, Hospital would be unfairly benefited, without adequate compensation to Contractor, causing irreparable harm to Contractor.

Therefore, Hospital covenants that it, its employees, agents, or independent contractors shall not, during the term of this agreement, and any renewals thereof, and for a period of 12 months after the effective date of termination, directly or indirectly impair or initiate any attempt to impair the relationship or expectancy of a continuing relationship which exists or will exist between the Contractor and Physicians retained by or under contract with the Contractor, who were supplied or introduced by Contractor to Hospital at any time during the term of this agreement or any renewals thereof, or make offers or contracts of employment with such Physicians or with any association through with such Physicians render services or employment to Hospital.

In addition, Hospital may terminate this Agreement and all rights of Physicians hereunder, without notice, immediately upon the occurrence of any of the following events:

1. Upon the failure of Physicians to provide the services required to be provided by Physicians for a period in excess of twenty four (24) hours.
 2. Upon a determination by a majority of Hospital's Board of Directors, after consultation with the Executive Committee of the Medical Staff, that Physicians, or any physician provided by Physicians have been guilty of professional incompetence, have failed to maintain the Service in a manner consistent with the highest standards maintained for the operation of the Service in comparable hospitals, or are otherwise bringing discredit upon the Hospital or its Medical Staff in the community.
 3. Immediately upon the appointment of a receiver of Physicians' assets, as assignment by Physicians for the benefit of its creditors or any action taken or suffered by Physicians (with respect to Physicians) under any bankruptcy or insolvency act.
15. **Amendment.** This Agreement may be amended at any time by written agreement duly executed by both parties.
16. **Attorney's Fees.** In the event that suit is brought regarding the provisions of this Agreement or the enforcement thereof, the prevailing party shall be awarded its cost of suit and reasonable attorney's fees as a part of any Judgment rendered therein.

**VALLEY EMERGENCY PHYSICIANS/NORTHERN INYO HOSPITAL
EMERGENCY CARE AGREEMENT**

17. Medical Records. Physicians shall in a timely manner, prior to the billing process, prepare and maintain complete and legible medical records, which accurately document the professional service and medical necessity of all services rendered, for each patient who is treated at the Service. Such medical records shall be the property of Hospital; however, Physicians shall have access to and may photocopy relevant documents and records, within the restrictions of the law, upon giving reasonable notice to Hospital.

18. Accounts and Records. Physicians agree to maintain books, records, documents, and other evidence pertaining to all costs and expenses incurred and revenues acquired under this Agreement to the extent and in such detail as will properly reflect all net costs direct and indirect, of labor, materials, equipment, supplies and services, and other costs and expenses of whatever nature for which payment or reimbursement is claimed.

The Authorized Federal Office shall have access for the purpose of audit and examination to any books, documents, papers, and records of Physicians which are pertinent to this Agreement, at all reasonable times during the period of retention provided for in the following paragraph.

All pertinent records and books of accounts related to this contract in the possession of Physicians shall be preserved by Physicians for a period of four (4) years after the end of the contract period. Physicians agree to transfer to District upon termination of this Agreement any records which possess long-term value to District beyond four (4) years.

Physicians shall include a clause providing similar access in any subcontract with a value or cost of \$10,000 or more over a twelve-month period when the subcontract is with a related organization.

19. Notices. The notices required by this Agreement shall be effective if mailed, postage prepaid as follows:

(a) To District at: 150 Pioneer Lane
 Bishop, California 93514

(b) To Physicians at: 2107 Livingston Street, Suite A
 Oakland, California 94606

**VALLEY EMERGENCY PHYSICIANS/NORTHERN INYO HOSPITAL
EMERGENCY CARE AGREEMENT**

IN WITNESS WHEREOF, the parties hereto have executed this Emergency Care Agreement at Oakland, California on February 1, 2006.

DISTRICT:

NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT

BY _____

**Peter J Watercott,
President of the Board**

PHYSICIANS:

**VALLEY EMERGENCY PHYSICIANS MEDICAL GROUP, INC.
a California professional corporation**

BY _____

**Adin Levine M.D.
President**

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4881 Lowry Road, Oakland, CA 94605
Phone: (510) 430-8582 Fax: (510) 430-8582 Email: info@EM3PRO.com

NORTHERN INYO HOSPITAL

PROPOSAL

- I. INTRODUCTION
- II. CONTRACTING ENTITY
- III. MANAGEMENT SERVICES
- IV. PHYSICIAN SERVICES
- V. HOSPITAL SERVICES AND PATIENT SATISFACTION
- VI. TERMS OF PROPOSAL
- VII. SUMMARY

2/6/2007

"Solutions as unique as your hospital"

INTRODUCTION

Emergency Medical Marketing and Management (EM3) is a partnership of health care professionals and experienced business people whose mission is to work with hospitals and physician groups in developing their Emergency Departments into more effective and consumer friendly environments. Committed to a new paradigm – one wherein local partnerships of ED physicians contract directly with hospitals, with EM3 providing comprehensive management services – we are convinced that we can design a system uniquely suited for each of our clients, one that will better serve the hospital, its nurses, ED physicians and our patients.

The traditional concept of Emergency Department staffing and management – in which a contract group assumes sole responsibility for all aspects of the job – leaves hospitals and their ED physicians at the mercy of that group when its mission becomes tainted, as it may be by the need to make a profit. Contrast this with the responsibility that a hospital and its medical staff must assume when it comes to the issue of delivery of quality care to ED patients. Because neither entity has an interest in the contract ED group, both are impotent when the mission or performance of the group becomes suspect. If frustration reaches a critical level, the contract can always be terminated, but entering into a relationship with a new group invites recurrence of the same problems.

EM3 proposes a solution. Why not create a partnership of local physicians that contracts directly with the hospital to provide Emergency Department physician services and add a management/consulting group that would work with both the ED physicians and the hospital to provide the administrative services that are typically assumed by the contract holder?

A model like this addresses many of the tensions inherent in the traditional hospital – contract group relationship. First of all, the partnership of practicing physicians owns the contract for medical services. Secondly, this ownership requires their active participation in the vital arenas of recruiting, scheduling and quality assurance. Finally, the hospital has direct and immediate access to the people who are responsible for the delivery of care in the ED.

The principals in EM3 have over six decades of experience and a proven track record in the management of EDs and the business of running an ER group. We are convinced that our model is a viable alternative to the traditional ED contract group approach.

Northern Inyo Hospital has had a contractual relationship with Valley Emergency Physicians for over 25 years. But the contract and the Department have always been managed locally. Michael Dillon and Carolyn Tiernan have proven their worth to both the hospital and the community; it is because of their local presence that the relationship between NIH and VEPMG has been so stable for so long.

But as VEPMG has become more involved with larger hospitals and bigger contracts, its need for money has grown and its relationships with its contracting physicians have suffered. In 2006, the bonus program that had rewarded tenured physicians for long term service and local commitment was inactivated for much of the year. Funds generated by working physicians were used to subsidize the chaos that developed in an inefficient central office.

Some of the money that Northern Inyo Hospital sends to Valley Emergency Physicians should be used to provide direct services to the hospital in Bishop, and the doctors who see the ill and infirm of Inyo County should continue to receive a share of the profits generated by the business they helped to create. These real issues must be addressed if the stability and quality of the ED physician staff in Bishop is to be maintained at its current level.

It may be time for Northern Inyo Hospital to consider alternatives to its current arrangement for ED staffing and management. But for a new system to make sense it must benefit both the hospital and the physicians.

In this proposal, EM3 will describe a plan – one that may seem revolutionary to some and bold to others – that addresses the ongoing needs of both the hospital and the ED group. If it is implemented, we believe that both the short and long term benefits to the medical community and the patients of Inyo County will be substantial.

CONTRACTING ENTITY

Presently, the contractual framework wherein ED physicians provide care at Northern Inyo Hospital is somewhat ambiguous. A new, valid, contract for services should be established as soon as possible. Time is of the essence. To minimize delay, EM3 proposes the following:

1. For a period of one year following the termination of the VEPMG contract, Northern Inyo Hospital would enter into an agreement with Peter A. Beoris, M.D., Inc. to provide services. EM3 cannot be the contractual vehicle during this period, as it is not a professional corporation for an exclusive physician partnership, but it would provide management services. Currently, EM3 and PAB, M.D., Inc. have this arrangement in place at Tuolumne General Hospital in Sonora.
2. The contracts between PAB, M.D., Inc., NIH and the subcontracting physicians who work in the ED would contain **no restrictive clauses**.
3. EM3 would be guaranteed management fees and Dr. Beoris would receive a management stipend during the first year. However, in 2008, this arrangement could be modified. But we are confident that the quality of our work will justify an ongoing relationship, one that is fair to all parties.

MANAGEMENT SERVICES

The founders of EM3, in combination with the physician colleagues who have helped us to staff and manage the ED at Tuolumne General in Sonora (our first client), have more than a century of combined experience in Emergency Department management. We are, therefore, able to offer other potential clients a wealth of resources in terms of physician recruiting and scheduling, continuing education for nursing staff, quality assurance in the Emergency Department, financial consultation, involvement in pre-hospital care, the development of industrial medicine programs and general administration.

We have researched the market place and cannot find another business that is modeled like ours. ED contract groups offer the same array of services that we do, but their structure precludes the development of a local physician partnership that has a direct relationship with the hospital and the community that it serves. Conversely, local physician partnerships that contract directly with hospitals for ED coverage frequently lack the resources or inclination to provide the hospital with the administrative services needed to make the Emergency Department the best that it can be.

The principals in EM3 have a proven track record, within the context of a physician owned contract ED group, of providing high quality ED management and marketing services. We are excited about this new way of doing business, which encourages a direct contractual relationship between a hospital and the physicians who staff its ED, while providing both with capable and innovative administrative support.

While concepts and ideals like these are essential in creating and maintaining an effective ED, there are still those times when issues demand immediate attention. Thus, in order to respond immediately to any medical or administrative problem that may arise, a member of the EM3 staff will be on call 24 hours a day, seven days a week. A senior EM3 physician will also be available at all times.

Recruiting and Scheduling

Effective recruitment of ED physicians involves the development of a network of medical professionals. When the members of that network, which includes doctors, nurses and other hospital personnel, are committed to making their client EDs a success, and when their mutual

relationships include a high degree of consideration and respect, the recruitment of ED physicians for a facility like Northern Inyo Hospital is enhanced.

EM3 brings this network and these relationships to the table. And our success in creating a high quality, stable group in the ED at TGH (where VEPMG canceled the contract in part because they “could not recruit”) speaks to the worthiness of our system.

Nearly every doctor whom we approached about working in the ED at TGH responded with statements like, “I’m a player.” This is not to understate the difficulty of developing the ideal ED team – a group of doctors who have superior medical and interpersonal skills, and who live locally, but it does indicate that the EM3 model is attractive to qualified physicians.

Quality Assurance

EM3 believes that there is no system better than Critical Indicator Review to provide ED physicians with meaningful feedback regarding medical decision making. Input from Northern Inyo Hospital was vital in developing this form for Valley Emergency Physicians, who implemented it for some clients. At one hospital, Critical Indicator Review was cited by State inspectors as exemplary of how this process should be done.

At NIH, we will continue to implement this process in an effective fashion. We will work with the hospital and its ED physicians to ensure that the department delivers care of the highest caliber.

Pre-Hospital Care

EM3 is knowledgeable regarding rural EMS systems; we have good relationships with providers and administrators associated with EMS programs throughout Northern California. Should you require our input, we are prepared to participate in local EMS efforts.

Continuing Education

EM3 is committed to improving the quality of care delivered in the ED by developing a program of site specific CME that incorporates both behavioral/patient satisfaction items and general medical information.

Our approach to this process would first include meetings with administration, physicians and nursing staff. We will spend time at the facility observing and conducting face-to-face interviews with physicians, nurses and patients, as well as using anonymous written survey tools. We will look at the flow and processes that are unique to NIH. We will prepare a report and action plan. We will return to the facility to again meet with administration, physicians and staff to present the action plan and will be there to provide ongoing implementation and motivation. We will do this by offering CME to hospital staff and physicians through a coordinated series of ongoing seminars.

We recognize that Northern Inyo Hospital has in place a sophisticated and effective program of CME for both physicians and nurses. We share the hospital's commitment to high quality continuing education and would consider it a privilege to be able to work with you in this vital arena.

Marketing Services

Although the delivery of quality care and the resultant "word of mouth" endorsement constitutes the best advertisement for any ED, EM3 will develop programs to maximize our value to the hospital through marketing and administrative assistance. These include capabilities in:

- . Industrial Medicine
- . Stratified Pricing
- . Marketing Consultation

Community outreach is an important component of ED marketing. We would be available to address local service clubs or write articles for the local paper. Also, we may develop and implement:

- . Direct Mail Programs
 - . Newspaper advertisements
 - . Emergency Department "Open House" Programs
 - . Radio Interviews and Programs
- ... as part of our marketing plan.

Industrial Medicine

In order for an Emergency Department to grow and be effective in a competitive marketplace, it must develop and maintain good relationships with local employers. In this regard, the E.D. physician staff should work with the hospital to implement programs designed to serve industry. The following services require attention.

- . Site Visits to Local Industry. The ED Medical Director might visit local industries in order to learn first-hand the nature of the work involved and the prospects for modified duty for the injured worker.
- . Close and Immediate Contact with Supervisors. When an injured worker presents to the Emergency Department, it is our policy to contact his/her supervisor at that time to discuss the nature of the injury, length of disability, type of modified duty, and so forth.

PHYSICIAN SERVICES

Emergency Department Physician Staffing

Full time Emergency Department coverage requires that a regular crew of full time physicians be developed in order to allow for close working relationships with Hospital personnel and attending staff. In any facility, it is clear that these physicians must be adept in the delivery of emergency care. **They must also be able to demonstrate the diplomatic skills required to get along with the other constituencies in a closely knit hospital and community.**

The ED staff at Northern Inyo Hospital is stable and locally committed. The intent of this proposal is ultimately to give them local control of their own contract as well as to preserve what has heretofore been their "bonus program". We feel that it is likely that most, if not all, members of the current staff would accept our concept and be willing to continue with us during the first year.

Emergency Department Physician Qualifications

Our physicians will have the following minimum qualifications:

- I. Be capable practitioners of emergency medicine, Board Certified or Eligible in Emergency Medicine or an acceptable primary care specialty.
- II. Maintain ACLS certification.
- III. Complete a minimum of 150 hours every three years of ACEP Category I continuing medical education. No less than 35 hours of Category I CME are completed every year.
- IV. Have a clear understanding of pre-hospital care protocols as well as attendant communication set-up, rescue equipment, drugs and supplies.
- V. Be familiar with basic requirements of an industrial medicine program.
- VI. Strive to improve customer satisfaction, throughput times in the ED and other delivery of care issues, as well as the overall working atmosphere in the Department.

Coverage Pattern

Given the current Emergency Department volume, shifts of 24 hours in length are acceptable. We recognize that many of the physicians who currently work in the department prefer shorter shifts. We expect to be able to maintain the current staffing pattern.

Facility Director

With the arrangement we have discussed in place, it would be the responsibility of PAB, M.D., Inc. to provide the services of an Emergency Department Director. The obvious candidate for this position is Dr. Tiernan, who has demonstrated her commitment to the hospital and community over the past three decades. We have not approached Dr. Tiernan regarding the situation in Bishop but believe that she would be receptive to the ideas contained in our proposal.

While none of us are irreplaceable, Dr. Tiernan's participation in this effort would be extremely beneficial, as her clinical and administrative abilities are respected within the hospital and medical community.

As the Medical Director, her responsibilities will include:

1. **Quality Assurance.** The critical indicator process is unquestionably the gold standard in ED physician chart review. We will implement this system vigorously in order to positively impact physician behavior and the quality of care.
2. **Involvement in pre-hospital care.** The Director, or her designee, will attend all EMS meetings in the region and be involved in local EMS efforts. This role is currently being performed by Michael Phillips, MD. We would hope that Dr. Phillips will continue to work with the EMS providers; we are able to provide him with resources that may help him to be more effective in his position.
3. **Physician recruitment and scheduling.**
4. **Continuing medical education** for hospital and pre-hospital personnel. We expect to be able to assist the hospital in providing ACLS, and other, classes for local physicians, EMS providers and nursing staff.

HOSPITAL SERVICES AND PATIENT SATISFACTION

The structure of a traditional ED contract group includes most of the services outlined above. However, ED nursing issues remain the purvey of the hospital.

But, an effective Emergency Department is not merely staffed with an ED physician. He does not exist in a vacuum. The ED nursing staff is the workhorse of the Department with challenges of their own. These two entities are interdependent. We would be remiss not to acknowledge the needs and/or difficulties of the nursing staff and provide them with the liaison to facilitate problem solving.

From the outset, EM3 incorporates these concepts in our mission. Susan Tickle, RN, is available to visit NIH and begin to analyze the culture of the ED. We want to look at staff dynamics. These include relationships between nurses and physicians, other nurses, patients and the hospital itself.

EM3 offers our help to the hospital in identifying opportunities to expedite patient care and improve patient satisfaction. If we are able to positively impact nursing staff morale, it follows that our patients will feel more comfortable when they need us.

Throughput times are an issue in every Emergency Department. While the NIH ED is generally very good at minimizing these, it may be that there is still some room for improvement. We are prepared to do a new analysis of the process and offer suggestions. As stated previously, we feel that a program of CME for the ED nursing staff provides a logical venue wherein matters like these can be addressed.

It seems that all healthcare providers are currently faced with fiscal challenges. It should be the responsibility of the Emergency Department contractor to help its client – the hospital - improve its “bottom line”. If we are awarded the ED contract, PAB, M.D., Inc. and EM3 are prepared to immediately begin efforts to increase patient utilization of the fixed cost services at Northern Inyo Hospital.

Our thoughts in this regard involve the retention of Inyo County residents within the Inyo County Healthcare Delivery System. Currently, patients who could be transferred to Northern Inyo Hospital for care are being sent from Southern Inyo Hospital to Ridgecrest when they require hospitalization. This constitutes a hardship for their families (who might live in Independence) and the loss of healthcare dollars that should remain in Inyo County. We believe that there is a solution to this problem; its implementation could mean tens of thousands of dollars annually in additional revenues for Northern Inyo Hospital.

TERMS OF PROPOSAL

In order for PAB, M.D., Inc. and EM3 to provide services at Northern Inyo Hospital, we will require a guarantee of one hundred and four dollars (\$104.00) per hour. With reimbursement at this level, we would ask the hospital to continue to provide malpractice insurance for the ED physicians.

With reimbursement to PAB, M.D., Inc. at this level, physicians will be paid an hourly guarantee exceeding eighty dollars (\$80.00). We would remunerate an onsite Emergency Department Director generously, and provide the various administrative programs outlined above. We would assume all costs inherent in the establishment of a new, local group. And we expect that sixty or seventy thousand dollars (\$60,000.00 or \$70,000.00) annually would still be available to fund a bonus program for the working clinicians. The decision regarding the disbursement of these funds would be made with input from the local staff.

In order for us to remunerate our physicians in a timely fashion, we would ask that the hospital remit funds to the group within ten (10) days following the month in which services are rendered. Delay in payment would require us to borrow money in order to pay the ED physicians and thus adversely impact their compensation packages.

SUMMARY

The decision to make a change in its ED contractor is not one that any hospital should take lightly. A transition in this important arena should only occur if it is likely to benefit both the hospital and the ED physician staff. Our proposal outlines our reasoning in this regard. It is time for Northern Inyo Hospital to work towards the creation of a local ED physician group; ultimately, this will ensure better quality and stability in the Department.

For insight into the quality of our service, we encourage you to contact Tuolumne General Hospital in Sonora, (209) 533-7100. You might speak to John Wilson, CEO, Darleen Hieb, RN, the Director of Nurses or Nancy Kirk, RN, the Emergency Department Manager.

For feedback regarding the administrative skills of Dr. Beoris, you may contact Dwayne Jones, the CEO of the Fairchild Medical Center in Yreka, (530) 842-2121 or Carol Peet, RN, Assistant Administrator at Sutter Coast Hospital in Crescent City, (707) 464-8500.

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**NORTHERN INYO HOSPITAL
POLICY AND PROCEDURE**

Title: Admission, Documentation, Assessment, Discharge, and Transfer of Swing-Bed Patients	
Scope: Hospital wide	Department:
Source: Survey Protocol, Regulations and Interpretive Guidelines for CAH and Swing-Beds in CAHs Rev 5/21/04	Effective Date:

POLICY:

The swing-bed concept was developed by Medicare to allow a Critical Access Hospital (CAH) to use their beds interchangeably for either acute care or post acute care. A swing-bed is a change in Medicare reimbursement status. The patient “swings” from receiving acute-care services and reimbursement to receiving skilled nursing (SNF) services and reimbursement.

Northern Inyo Hospital (NIH) has been approved by Medicare to utilize swing-beds.

Swing-bed patients receive a SNF level of care, and the CAH is reimbursed by Medicare for providing a SNF level of care, however swing-bed patients are not SNF patients. Swing-bed patients in CAHs are considered to be patients of the CAH.

Medicare reimbursement requires a 3-day qualifying stay in a CAH prior to admission to a swing-bed. The swing-bed stay must fall within the same spell of illness as the qualifying stay.

The change in status from acute care to swing-bed status can occur within one facility or the patient can be transferred from another facility for swing-bed admission. At NIH, most swing-bed admissions will be current NIH Medicare patients. On rare occasions, a Medicare patient may be admitted from another facility to an NIH swing-bed, but this will need to be approved by the Utilization Review Committee Chairman (or the Chief of Staff) and the CEO. For these situations, the Medicare requirement for a 3-day qualifying stay in a CAH will still be in effect.

PROCEDURE:

The Utilization Review Coordinator will work with the patient’s physician and with the Social Worker to determine whether a Medicare patient is eligible for swing-bed status. If there is a difference of opinion, the Utilization Review Committee Chairman (or the Chief of Staff) and the CEO will be consulted.

- Patients who benefit from the swing-bed program are individuals recovering from surgery or illness who require skilled care. Skilled care does not include “custodial care.” The goal of skilled nursing care is to help improve a patient’s condition or to maintain their current condition and prevent it from getting worse.
- To be admitted to a swing-bed, Medicare patients must have a 3-day qualifying stay, have Medicare Part A, and a physician order for swing-bed admission.
- A Medicare patient is allowed up to 100 days per benefit period for swing-bed, as long as criteria are being met.
- The patient does not have to physically move to a different bed from the acute setting, rather the ‘swing’ process is more of an accounting function that indicates a different level of care and Medicare payment.

Northern Inyo Hospital Policy and Procedure

Admission, Documentation, Assessment, Discharge, and Transfer of Swing-Bed Patients

Admission:

When a Medicare patient has been approved for swing-bed admission, the physician will write discharge orders from acute care and an admission order to swing-bed status, a discharge summary, update the history and physical, and write new orders for patient care.

The acute care chart will be sent to Medical Records for processing and coding, and a new swing-bed chart will be initiated.

The admitting office shall be notified by nursing that the patient is to be discharged from acute care and admitted to "swing-bed status with transitional care status."

Admitting will create and distribute a new face sheet, assign a new account number and will complete a swing-bed admission packet with the patient or the patient's legal representative.

Admitting will issue new statements of rights and responsibilities and will obtain signatures on ABN's if indicated.

The ward clerk will disassemble the acute care chart and will copy the following, which will be included in the swing-bed chart:

- History and physical
- Last order containing admission order to swing bed
- Discharge summary from acute care record
- Last two pages of physician progress notes
- Dietary assessment
- Acute care PT notes if ordered
- Pertinent lab, radiology and other notes
- New swing-bed admission orders
- Advanced Directives

The Activities person is notified of the patient's admission to swing-bed status.

The Dietary Department is notified of the patient's admission to swing-bed status and, if appropriate, a dietary consult is completed.

Assessment:

Physicians will visit swing-bed patients at least every 7 days. The physician will write a progress note at the time of each visit.

Nursing staff will conduct an initial and periodic comprehensive, accurate, standardized, reproducible assessment of each resident's functional capacity utilizing the "Minimum Data Set (MDS) for Swing-Bed Hospitals" form. The MDS form will not be electronically sent to Medicare as they are in a SNF, but a copy is placed in the NIH swing-bed chart.

The periodic MDS assessment will be repeated within 14 days after a significant change in the resident's physical or mental condition and not less often than once every 12 months.

Northern Inyo Hospital Policy and Procedure
Admission, Documentation, Assessment, Discharge, and Transfer of Swing-Bed Patients

The NIH nursing care plan and the NIH multi-disciplinary care plan will be utilized for swing-bed patients. The multidisciplinary team meets Monday-Friday to discuss the swing bed patient's care goals, and recommends appropriate interventions/referrals.

Families and/or significant others are included in the care planning, and family conferences are held as needed.

The NIH Restraints Policy will be utilized for swing-bed patients.

Documentation:

Nursing will utilize the NIH patient care flow sheets for documentation, and these will be completed at least every eight hours.

Medications will be administered and documented according to the current NIH policy.

Advance directives for swing-bed patients will be maintained according to the NIH hospital policy.

Discharge/Transfer:

Swing-bed patients at NIH are transferred or discharged in an appropriate manner. Patients or their guardians have the right to request transfer or discharge at any time, but NIH only initiates transfers or discharge when the appropriate regulatory criteria are met.

When a swing-bed patient is discharged/transferred, the physician completes a discharge summary and documents the reasons for the discharge/transfer in the progress notes.

The post-discharge plan of care is developed with the participation of the resident and his or her family.

The NIH non-emergent transfer form will be used for transfers. The NIH discharge instruction form will be used when a patient is discharged.

The swing-bed chart will be sent to Medical Records for processing and coding.

The swing-bed chart will remain separate from the acute care medical record.

If a patient is being transferred to a SNF a "Notice of Medicare Provider for Non-Coverage" will be completed by Admitting.

Committee Approval	Date
Surgery Tissue Committee	1/24/07
Medical Services Committee	1/25/07
Executive Committee of the Medical Staff	2/6/07

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**NORTHERN INYO HOSPITAL
POLICY AND PROCEDURE**

Title: Services for Swing-Bed Patients: Activities, Social Services, Speech and Occupational Therapy, Physical Therapy, Mental Health Services, and Dental Services		
Scope: Hospital Wide	Department:	
Source: Survey Protocol, Regulations and Interpretive Guidelines for CAH and Swing-Beds in CAHs Rev 5/21/04		Effective Date:

POLICY:

Northern Inyo Hospital (NIH) will provide an ongoing program of activities designed to meet, in accordance with the comprehensive assessment, the interests and the physical, mental, and psychosocial well-being of each swing-bed patient.

NIH will provide medically related social services to attain or maintain the highest practicable physical, mental, and psychosocial well being of each resident.

NIH ensures that swing-bed patients requiring specialized rehabilitative services receive those services. Rehabilitative services are either provided by NIH employees or through contracted services. Patients requiring services that cannot be provided by direct or contract service are transferred to another facility.

PROCEDURE:

Activities:

The Activities Director will visit all new swing-bed patients to inform them of available activities and to assess them for activities that are medically appropriate.

If the activities are inappropriate from the medical point of view because of the condition of the patient and the length of stay, an activities program needs to be modified to be appropriate for the patient.

An activities calendar, if indicated, is kept in the swing-bed patient's room.

Activities can occur at anytime and are not limited to formal activities being provided by activity staff. Others involved may be any facility staff, volunteers, and visitors.

Residents are encouraged to be out of their rooms and to mingle freely if their condition allows.

Clergy visits will be arranged according to the patient's wishes.

If the patient requests or needs diversional activity, therapeutic work can be employed to occupy the patient. The Activities Director will devise activity that is patient-specific as a way to relieve boredom or promote physical activity. The work is not to replace actual work necessary to the hospital functioning but "made-up" work for the sole purpose of diverting the resident. Residents are never hired for "paid work."

Northern Inyo Hospital Policy and Procedure
Services for Swing-Bed Patients: Activities, Social Services, Speech and Occupational Therapy,
Mental Health Services, and Dental Services

Social Services

Social Services visits every swing-bed patient to assess the patient for potential needs, and the medically related social services needed by each swing-bed patient are discussed at the routine multidisciplinary team meetings.

Speech and Occupational Therapy:

Swing-bed patients are evaluated by the multidisciplinary team in conjunction with the attending physician. When it is determined that Speech or Occupational Therapy services are needed, these will be provided by contract services.

Speech and Occupational Therapy interventions are documented on the Progress notes in the medical record.

Physical Therapy:

Patients requiring Physical Therapy must have a physicians order. The physical therapist makes an evaluative visit and, in consultation with the physician, develops a plan of care.

Physical therapy interventions are documented on the Progress notes in the medical record.

The Physical Therapist provides instructions to the nursing staff for activity orders that promote continuity of care.

Mental Health:

Local mental health services will be contacted to provide services when needed.

Dental Services:

NIH will assist residents in obtaining routine and 24-hour emergency dental care.

Oral care is performed on residents as part of AM/PM care. At that time the oral cavity is assessed by the nursing staff and any problems reported to the physician.

When dental care by a dentist is required, an appointment is made by the nursing staff to the dentist of the patient's choice. If the patient is unable to travel easily, an appointment will be made for an on-site dentist visit.

Committee Approval	Date
Surgery Tissue Committee	1/24/07
Medical Services Committee	1/25/07
Executive Committee of the Medical Staff	2/6/07

Revised
Reviewed
Supersedes

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**NORTHERN INYO HOSPITAL
POLICY AND PROCEDURE**

Title: Nutrition for Swing-Bed Patients		
Scope: Hospital Wide	Department:	
Source: Survey Protocol, Regulations and Interpretive Guidelines for CAH and Swing-Beds in CAHs Rev 5/21/04	Effective Date:	

POLICY:

Northern Inyo Hospital (NIH) will ensure that a swing-bed patient maintains acceptable parameters of nutritional status, based on a comprehensive nutritional assessment of the patient.

PROCEDURE:

The Dietary Department is notified when the resident is admitted to swing bed status using the dietary order in Affinity.

The NIH Nutritional Screening Questionnaire from the acute care stay is reviewed and utilized during the swing-bed stay.

The resident receives the appropriate diet, based on the assessment of the Dietician, and as ordered by the physician.

Dietary will provide meals and snacks to the patient that reflect the physician's order, patient preferences, and ability to eat.

The patient will be weighed weekly, or more frequently if ordered by the physician, and the weight documented in the medical record.

Nursing will notify dietary of any concerns regarding the patient's nutritional status.

Committee Approval	Date
Surgery Tissue Committee	1/24/07
Medical Services Committee	1/25/07
Executive Committee of the Medical Staff	2/6/07

Revised
Reviewed
Supercedes

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INTENTIONALLY

**NORTHERN INYO HOSPITAL
POLICY AND PROCEDURE**

Title: Rights of Swing-Bed Patients		
Scope: Hospital Wide	Department:	
Source: Survey Protocol, Regulations and Interpretive Guidelines for CAH and Swing-Beds in CAHs Rev 5/21/04	Effective Date:	

POLICY:

The resident has a right to a dignified existence, self-determination, and communication with, and access to, persons and services inside and outside the facility. Northern Inyo Hospital (NIH) will protect and promote the rights of each patient.

NIH will inform the patient, both orally and in writing, in a language that the resident understands, of his or her rights and all rules and regulations governing resident conduct and responsibilities during the stay in the facility. Receipt of such information, and any amendments to it, must be acknowledged in writing.

PROCEDURE:

Swing-bed residents have the right to:

- Be informed of their rights and responsibilities.
- Choose a physician.
- Refuse treatment.
- Be fully informed, in language that he or she can understand, of his or her total health status, including, but not limited to, his or her medical condition.
- Participate in decisions about treatment and care planning.
- Have privacy and confidentiality.
- Freedom from verbal, sexual, physical, and mental abuse; corporal punishment, and involuntary seclusion; and misappropriation of their property.
- Have privacy in sending and receiving mail.
- Visit and be visited by others from outside the facility, according to NIH visiting hours.
- Retain and use personal possessions, as space permits.
- Share a room with a spouse, when the spouse is also a patient, and when both mutually agree.
- Formulate an Advanced Directive.
- Upon an oral or written request, to access their medical record within 24 hours (excluding weekends and holidays).
- Refuse to perform services for the facility. All resident work, whether of a voluntary or paid nature, must be part of the plan of care.

Medicare patients are given, at the time of admission, a list of items that are not covered by Medicare reimbursement.

Northern Inyo Hospital Policy and Procedure
Rights of Swing-Bed Patients

The facility must permit each resident to remain in the facility, and not transfer or discharge the resident from the facility unless:

- The transfer or discharge is necessary for the patient's welfare and the patient's needs cannot be met in the facility;
- The transfer or discharge is appropriate because the patient's health has improved sufficiently so the patient no longer needs the services provided by the facility;
- The safety and/or health of individuals in the facility would otherwise be endangered;
- The patient has failed, after reasonable and appropriate notice, to pay for a stay at the facility.
- The facility ceases to operate.

Before transfers or discharge of a patient, NIH will:

- Notify the patient (in writing and in a language and manner they understand) and, if known, a family member or legal representative of the patient, of the reasons for the move.
- Record the reasons for the transfer for discharge in the patient's clinical record.
- Notification of transfer or discharge will be made as soon as practicable.
- NIH will provide sufficient preparation and orientation to patients to ensure safe and orderly transfer or discharge from the facility.

Committee Approval	Date
Surgery Tissue Committee	1/24/07
Medical Services Committee	1/25/07
Executive Committee of the Medical Staff	2/6/07

Revised
Reviewed
Supersedes

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NORTHERN INYO HOSPITAL POLICY AND PROCEDURE

Title: Prevention of Abuse of Swing-Bed Patients		
Scope: Hospital Wide	Department:	
Source: Survey Protocol, Regulations and Interpretive Guidelines for CAH and Swing-Beds in CAHs Rev 5/21/04	Effective Date:	

POLICY:

Northern Inyo Hospital (NIH) makes every attempt to ensure that residents are free from all kinds of abuse, and takes appropriate action for any suspected cases of abuse.

PROCEDURE:

1. Residents are assessed and evaluated and a plan developed for their safety and well-being. If a patient becomes agitated or attempts to get up in an unsafe manner, attempts are made to intervene and provide for their safety, as per the acute care Restraints policy and procedure.
2. NIH investigates, documents, takes corrective action when needed, and reports all cases of suspected abuse and misappropriation of resident property. The Administrator will be notified in a timely manner of any such incidents.
3. NIH performs appropriate screening of all new employees and does not hire anyone that has been found to have a prior conviction of elder abuse.

Committee Approval	Date
Surgery Tissue Committee	1/24/07
Medical Services Committee	1/25/07
Executive Committee of the Medical Staff	2/6/07

Revised
Reviewed
Supercedes

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

This Agreement is made and entered into on this ____ day of _____, 2007, by and between Northern Inyo County Local Hospital District ("District") and _____, M.D. ("Physician").

RECITALS

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

IN WITNESS WHEREOF, THE PARTIES AGREE AS FOLLOWS:

I.

COVENANTS OF PHYSICIAN

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

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

1.02. Limitation on Use of Space. No part of any offices provided by the district shall be used at any time by Physician as anything other than the private practice of OB/GYN medicine unless specifically agreed to, in writing, by the parties.

1.03. Medical Staff Membership and Service: Physician shall:

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

II.

COVENANTS OF THE DISTRICT

2.01. Hospital Services.

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

- b) **Equipment**. In consultation with Physician, Hospital shall provide all equipment as may be reasonably necessary for the proper operation and conduct of Physician's practice. Hospital shall repair, replace or supplement such equipment and maintain it in good working order.
- 2.02. **General Services**. District shall furnish ordinary janitorial services, maintenance services, and utilities, including telephone service, as may be required for the proper operation and conduct of Physician's Practice.
- 2.03. **Supplies**. District shall purchase and provide all supplies as may be reasonably required for the proper treatment of Physician's Practice patients. Physician shall inform Hospital of supply needs in a timely manner and shall manage the use of supplies in an efficient manner that promotes quality and cost-effective patient care.
- 2.04. **Personnel**. District shall determine the initial number and types of employees and place them in the Practice initially. Physician and Hospital will mutually agree to subsequent staffing requirements.
- 2.05. **Business Operations**. District shall be responsible for all business operations related to operation of the Practice, including personnel management, billing and payroll functions. Physician will provide the appropriate billing codes, which will be used unless changed by mutual consent of the Physician and Hospital. Hospital will incur and pay all operating expenses of the Practice.
- 2.06. **Hospital Performance**. The responsibilities of District under this Article shall be subject to District's discretion and its usual purchasing practices, budget limitations and applicable laws and regulations.
- 2.07. **Practice Hours**. The District desires, and Physician agrees, that Physician's Practice shall operate on a full time basis, maintaining hours of operation in keeping with the full time practice of one OB/GYN surgeon while permitting a surgery schedule sufficient to service the patients of the Practice. Specific shifts will be scheduled according to normal operating procedures of the Practice and will be mutually agreed upon with Physician.

III. COMPENSATION

- 3.01. **Compensation**. During the term of this agreement, District shall guarantee Physician an annual income of \$221,997, payable to Physician at the higher of 50% of fees collected for services rendered in Section II or the rate of \$8,538.34 every two (2) weeks, adjusted quarterly to reflect 50% of fees collected so that payments will not exceed the minimum guarantee unless 50% of the fees exceed the guarantee on an annualized basis. Additionally, Physician will be entitled to a \$500 per day stipend for taking C-Section call, which will count toward the annual guarantee. All payments shall be made on the same date as the District normally pays its employees.
- 3.02. **Malpractice Insurance**. Physician will secure and maintain her own malpractice insurance with limits of no less than \$1 million per occurrence and \$3 million per year. District will reimburse Physician eighty percent (80%) of the premiums for said insurance paid for by Physician.

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

IV. **TERM AND TERMINATION**

- 4.01. **Term.** The term of this Agreement shall be two (2) years beginning on the Monday next following the day upon which Physician is granted clinical privileges at Hospital and provisional membership on the Active Medical Staff of Hospital. The Agreement may be renewed, by written instrument signed by both parties, no later than 120 days before its expiration date.
- 4.02. **Termination.** Notwithstanding the provisions of section 4.01, this Agreement may be terminated:
- a) By Physician at any time, without cause or penalty, upon one hundred and eighty (180) days' prior written notice to the other party;
 - b) Immediately by Hospital in its sole discretion if Physician fails to maintain the professional standards described in Article V of this Agreement;
 - c) Immediately upon closure of the Hospital or Practice;
 - d) By either party upon written notice to the other party in the event that any federal, state or local government or agency passes, issues or promulgates any law, rule, regulation, standard or interpretation at any time while this Agreement is in effect that prohibits, restricts, limits or in any way substantially changes the arrangement contemplated herein or which otherwise significantly affects either party's rights or obligations under this Agreement; provided that in such event, Hospital must give notice to Physician equal to that provided to Hospital by the relevant federal, state or local government or agency. If this Agreement can be amended to the satisfaction of both parties to compensate for any such

prohibition, restriction, limitation or change, this clause shall not be interpreted to prevent such amendment; or

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

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

V.

PROFESSIONAL STANDARDS

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

5.02. **Licensure and Standards.** Physician shall:

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

VI.
RELATIONSHIP BETWEEN THE PARTIES

6.01. Professional Relations.

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

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

VII.
GENERAL PROVISIONS

7.01. No Solicitation. Physician agrees that she will not, either directly or indirectly, during and after the term of this Agreement, call on, solicit or take away, or attempt to call on, solicit or take away any patients or patient groups with whom Physician dealt or became aware of as a result of Physician's past, present or future affiliation with Hospital and Practice.

7.02. Access to Records. To the extent required by Section 1861(v)(i)(I) of the Social Security Act, as amended, and by valid regulation which is directly applicable to that Section, Physician agrees to make available upon valid written request from the Secretary of Health and Human Services, the Comptroller General, or any other duly authorized representatives, this Agreement and the books, documents and records of Physician to the extent that such books, documents and records are necessary to certify the nature and extent of Hospital's costs for services provided by Physician.

Physician shall also make available such subcontract and the books, documents, and records of any subcontractor if that subcontractor performs any of the Physician's duties under this

Agreement at a cost of \$10,000.00 or more over a twelve (12) month period, and if that subcontractor is organizationally related to Physician.

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

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

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

7.10. **Notices.** All notices or other communications under this Agreement shall be sent to the parties at the addresses set forth below:

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

Physician: Lara Jeanine Arndal, M.D.

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

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

7.17. **Authority and Executive.** By their signature below, each of the parties represent that they have the authority to execute this Agreement and do hereby bind the party on whose behalf their execution is made.

7.18. **Construction.** This Agreement has been negotiated and prepared by both parties and it shall be assumed, in the interpretation of any uncertainty, that both parties caused it to exist.

NORTHERN INYO COUNTY
LOCAL HOSPITAL DISTRICT

PHYSICIAN

By _____
Peter J. Watcrott, President
Board of Directors

By _____

APPROVED AS TO FORM:

Douglas Buchanan
District Legal Counsel

EXHIBIT A

SCOPE OF DUTIES OF THE PHYSICIAN

POSITION SUMMARY

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

Specifically, the Physician will:

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

RELOCATION EXPENSE AGREEMENT

THIS AGREEMENT, MADE AND ENTERED into this ____ day of _____, 2007, by and between the NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT, hereinafter referred to as “District” and Jeanine Arndal, M.D. hereinafter referred to as “Physician.”

I

RECITALS

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

1.02. Physician is licensed to practice medicine in the State of California, and is eligible to sit for the board examination of the American College of Obstetrics and Gynecology. Physician has applied for membership on the Medical Staff of Northern Inyo Hospital. Physician warrants that he is qualified for membership on the Provisional and Active Medical Staffs at Hospital and that there is no impediment to his obtaining such membership.

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

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

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

II

COVENANTS OF THE PARTIES

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

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

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

III

GENERAL PROVISIONS

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

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

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

LARA JEANINE ARNDAL, M.D.

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

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

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

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

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

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

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

NORTHERN INYO COUNTY LOCAL
HOSPITAL DISTRICT

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

By _____
Jeanine Arndal, M.D.

APPROVED FOR FORM:

Douglas Buchanan
District Legal Counsel

RESOLUTION NO. 06-4
OF THE
NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT
BOARD OF DIRECTORS

WHEREAS, the communities served by Northern Inyo County Local Hospital District ("District") are without the services of a full-time resident physician and surgeon who is a licensed board-certified specialist in the practice of obstetrics and gynecology ("OB/GYN") to practice in said communities; and

WHEREAS, the District operates Northern Inyo Hospital, a general acute care hospital, which includes a perinatal department, and serves said communities.

NOW, THEREFORE, BE IT RESOLVED by this Board of Directors of the District, meeting in regular session this 21st day of February, 2007, that it will be in the best interests of the public health of the aforesaid communities to obtain a full-time resident physician and surgeon who is a licensed board-certified specialist in the practice of OB/GYN to practice in said communities, on the terms and conditions set forth in that certain "Retention and Recruitment Agreement" which is marked Exhibit "A" and attached hereto; and

BE IT FURTHER RESOLVED that this Resolution be made a part of the minutes of this meeting.

Peter Watcrott, President

Attest:

Patricia Ann Calloway, Secretary

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INTENTIONALLY



People you know,
caring for people you love

**NORTHERN
INYO HOSPITAL**
Northern Inyo County Local Hospital District

150 Pioneer Lane
Bishop, California 93514
(760) 873-5811 voice
(760) 872-2768 fax

12-Hour Shift Agreement

Employee's Name (Please Print) Department Effective Date

In agreeing to work 12-hour shifts, the following terms and conditions apply, in addition to the Northern Inyo Hospital Payroll Policies and Guidelines and the Personnel Policies. **Twelve Hour Shift employees are subject to the Hours, Rest and Meals Periods policy as currently in the Personnel Policy Manual.**

1. Employees signing the 12-hour shift agreement will be on a 40-hour workweek. This means an employee will be paid overtime (time-and-a-half) if required to work more than 40 hours in a work week, or double time if required to work over 12 hours in any scheduled 12-hour work day.
2. Employees will be scheduled to work twelve-hour shifts; however, the hospital may require or permit more or less than twelve hours in any workday, depending on need. **Twelve Hour Shifts will include a meal break period of ½ hour of uncompensated time unless the employee meets the definition as outlined in the Payroll Policies and Guidelines under Meal Time Compensation.**
 - a. In the event a 12-hour employee is scheduled for less than 12 hours on a shift, the employee will not be paid overtime if he/she is then required to work over the scheduled 8 hours. Overtime would only apply if the employee were required to work over 40 hours in the workweek or 12 hours in the workday. Shift differential would be paid according to the hours worked.
3. Employees scheduled to work 12-hour shifts will be paid shift differential according to the Northern Inyo Hospital Payroll Policies and Guidelines.
4. All staffing decisions, including calling scheduled people off, will continue to be made according to the 8-hour shift schedule.
5. The workweek for 12-hour employees begins at _____ on Sunday and concludes at _____ the following Sunday. The workday includes the consecutive 24-hour period (within which the normal shift will occur) that begins at _____ and ends at _____. The hospital has the authority to change the workweek and/or workday in a manner consistent with the requirements of state and federal law.

I have read this agreement, understand it, and freely and voluntarily agree to its provisions. This 12-hour shift agreement will remain in effect until such a time as the hospital rescinds the agreement.

Employee's Signature Date

February 2007

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INTENTIONALLY

February 12, 2007

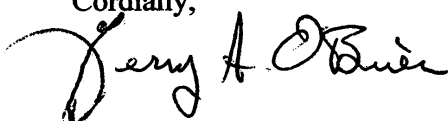
To: Kay O'Brien, Executive Director of the Northern Inyo Hospital Foundation;
Members of the Northern Inyo Hospital Foundation Board of Directors.

Due to unfortunate circumstances I have decided to resign my position as Chairman of the Northern Inyo Hospital Foundation Board of Directors as well as my role as a member of the board, effective this date February 12, 2007.

I genuinely felt that as a new group of enthusiastic, creative, dedicated individuals with a common cause to raise money and awareness for Northern Inyo Hospital, we could successfully effect some positive changes. There were a number of board members who embraced the idea of "growing" the Foundation. However, there were also a number of members who opposed any changes to the way the Foundation was structured or a change in direction for the Foundation. I do not feel that the common goal or united effort amongst the board or administration was ever realized.

Any committee should be free to govern themselves if they so choose.

Cordially,

A handwritten signature in black ink, appearing to read "Terry A. O'Brien". The signature is written in a cursive style with a large initial "T" and "O".

Terry A. O'Brien

February 6, 2007

To: Kay O'Brien, Executive Director of the Northern Inyo Hospital Foundation;
Members of the Northern Inyo Hospital Foundation Board of Directors.

This letter is to notify you of my resignation as a member of the Northern Inyo Hospital Foundation Board of Directors. My resignation is effective this date February 6, 2007.

I agreed to serve on the Foundation Board because I believed that with the creation of a refreshed board and people with new ideas and enthusiasm we could truly make a difference for our hospital and the needs of the community. It was soon apparent that the Foundation Board was steadfast in its unwillingness to take risks, try new ideas, generate new activities or accept new members or suggestions with an open mind.

I realize that many of you have served on the Foundation for many years and I commend you for your dedication.

Best wishes,


Dana Crom

February 6, 2007

To: Kay O'Brien, Executive Director of the Northern Inyo Hospital Foundation;
Members of the Northern Inyo Hospital Foundation Board of Directors.

Please accept this letter as my resignation as a member of the Northern Inyo Hospital Foundation Board of Directors. My resignation is effective this date February 6, 2007.

I agreed to serve on the Foundation Board because I believed that with new leadership, enthusiasm and ideas to enhance the Foundation we could truly make a difference in our community. It is apparent that the Foundation is not ready for these types of changes and wishes to stay with the program they have successfully maintained over the past several years.

Please call me if I can be of assistance to you or your committee for special events or projects benefiting the NIH Foundation on behalf of Northern Inyo Hospital.

Thank you.

Sincerely,



Jeff Buss

Suzanne C. Robinson
1373 Rocking W Dr.
Bishop, CA 93514

February 12, 2007

TO: Kay O'Brien, Executive Director of the Northern Inyo Hospital Foundation; Members of the Northern Inyo Hospital Foundation Board of Directors

I want to thank you for giving me the opportunity to serve on the NIH Foundation Board; however I must respectfully tend my resignation effective immediately.

My personal and professional commitments do not allow me much extra time right now. I have enjoyed my participation thus far and will possibly be available to assist for targeted events in the future.

I wish those who will continue much success in moving forward and appreciate getting to know and work with the dedicated group who has already given so much of their time and talent to the effort.

Thank you all again.

A handwritten signature in cursive script that reads "Suzie Robinson". The signature is written in black ink and is positioned above the printed name.

Suzie Robinson

November 1, 2006

Dear Members of the Northern Inyo Hospital Foundation:

Due to time constraints and other commitments in the community, Beth and I find it necessary to resign as Directors of the Northern Inyo Hospital Foundation Board.


We have every intention of serving, as time permits, to assist with special projects of the Foundation Board.

Thank you all for your dedication to the success of the NIH Foundation and the hospital it serves.

Sincerely,



Ed Himelhoch



Beth Himelhoch

November 1, 2006

Dear Members of the Northern Inyo Hospital Foundation:

Due to time constraints and other commitments in the community, I find it necessary to resign as a Director of the Northern Inyo Hospital Foundation Board.

I have every intention of serving, as time permits, to assist with special projects of the Foundation Board.

Thank you all for your dedication to the success of the NIH Foundation and the hospital it serves.

Sincerely,



Maggie Kingsbury

*I very much believe
in your mission please
call on me for help in your
projects!*

END