



Northern Inyo County Local Hospital District

Board of Directors Regular Meeting

Wednesday, May 16, 2007

*Conference Room, Hospice of
The Owens Valley*

DRAFT AGENDA

NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT BOARD OF DIRECTORS MEETING

May 16, 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 April 18 2007 regular meeting.
4. Financial and Statistical Reports for the month of March 2007 – John Halfen.
5. Administrator's Report – John Halfen.
 - A. Building Update
 - Critical Access Hospital Fact Sheet
 - B. Property Available at 2957 Birch Street
 - NIH Organizational Chart Distributed
 - C. FYI Section:
 - Thank you, Employee Recognition breakfast
 - Medicaid program cuts
 - F. Other
6. Chief of Staff Report – Taema Weiss, M.D.
7. Old Business
 - A. Reaffirmation of Assignment of John Halfen as negotiator on NIH's behalf regarding potential real estate purchase/lease at 152 Pioneer Lane, Bishop, California in whole or in part. Negotiations may be with Stephen Kobayashi, M.D., Pioneer Medical Associates, a partnership, or its designee, singly or collectively.
 - B. E.R. Contract (*action item*)
8. New Business
 - A. Compliance Program Annual Report (Leon Freis)
 - B. Laundry Equipment Purchase (*action item*)
 - C. Identification of John Halfen as negotiator regarding potential acquisition of real property at 2957 Birch Street, Bishop, California. Negotiation will be with the designee(s) of Southern Mono County Healthcare District.
 - D. 2007-2008 Annual Budget (*action item*)
 - E. EKG Contract Clarification (*action item*)

- F. Lease of 152-D Pioneer Lane (*action item*)
- G. Policy and Procedure approvals:
 - 1. Disclosure of Name of Emergency Department Physician on Duty (*action item*)
 - 2. Avian Influenza – H5N1 Flu Hospitalized Patients Infection Control (*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 April Villalobos against Northern Inyo County Local Hospital District and other defendants (Government Code Section 54956.9(a)).
 - C. Confer with legal counsel regarding claim received from [XXXXX XXXX] against Northern Inyo County Local Hospital District (Government Code Section 54956.9(a)).
 - D. Confer with legal counsel regarding claim received from Landon and Lisa Kleeman against Northern Inyo County Local Hospital District and other defendants (Government Code Section 54956.0(a)).
 - E. Instruction of negotiator regarding price and terms of payment for the purchase, sale, exchange, or lease of real property (Government Code Section 54956.8).
 - F. Instruction of negotiator regarding price and terms of payment for the purchase, sale, exchange, or lease of a 2nd real property (Government Code Section 54956.8).
- 11. 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
Michael Phillips, M.D., Secretary
John Ungersma, M.D., Treasurer
Taema Weiss, M.D., Chief of Staff
- ALSO PRESENT John Halfen, Administrator
Sandy Blumberg, Administrative Secretary
- ALSO PRESENT FOR
RELEVANT PORTIONS Dianne Shirley, R.N. Performance Improvement Director
- PUBLIC COMMENTS
ON THE AGENDA Mr. Watercott asked if any members of the public wished to address the Board on any items listed on the agenda for this meeting. No comments were heard.
- MINUTES The minutes of the March 21, 2007 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 February 2007. Mr. Halfen noted the statement of operations shows a bottom line deficit of revenues over expenses of -\$193,448. Mr. Halfen called attention to the following:
- *Inpatient and ancillary patient revenue were under budget*
 - *Total expenses were under budget, but were not low enough to compensate for low patient revenue*
 - *Salaries and wages were under budget*
 - *Employee benefits were under budget*
 - *Accounts receivable averaged 56 days*
 - *Assets and Liabilities did not experience significant change*
 - *Year-to-date net revenue is \$3,007.813*
- ADMINISTRATOR'S
REPORT Mr. Halfen noted the Hospital had a busy prior fiscal year and that revenue estimates for this fiscal year may have been too high. It is possible that revenue projections for the upcoming 2007-2008 budget year may be adjusted to lower numbers. It was moved by John Ungersma, M.D. seconded by D. Scott Clark, M.D. and passed to approve the financial and statistical reports for the month of February 2007.
- BUILDING UPDATE Mr. Halfen referred to reports provided by Turner Construction detailing budget information and timelines for completion of the Support and Radiology Buildings. Construction of both buildings is running on

schedule and on budget at this time. John Haas of Turner Construction was available at this meeting to answer any questions the Board may have on the building project. The Board reviewed the reports presented and had no questions on their content.

PARKING

Mr. Halfen stated rebuild construction is still creating parking challenges at the Hospital, and he has submitted a formal request to the Bishop Paiute Tribe to lease land adjacent to the Hospital to create additional parking space. He is currently waiting to hear back from the Tribe on this subject, and reminded everyone that in the mean time overflow parking is still available at the Nazarene Church across West Line Street.

GRANTS

Mr. Halfen reported that Georgan Stottlemire has been hired as the Hospital's new Grant writing and Marketing Director, and he stated that she will begin work on obtaining grants that may help offset the cost of the Hospital rebuild project.

FYI SECTION

Mr. Halfen called attention to a Legislative Update from the California Hospital Association (CHA) regarding health-related bills that will be presented to the California State Legislature at its next session.

CHIEF OF STAFF
REPORT

Chief of Staff Taema Weiss, M.D. reported the Executive Committee met on April 3 2007, and following careful review and consideration of the recommendations of the Credentials Committee recommends the following to the District Board:

1. Appointment of Board-certified general surgeon Robbin Cromer-Tyler, M.D. to the Northern Inyo Hospital (NIH) Provisional Active Medical Staff with requested privileges. It was moved by Doctor Clark, seconded by Michael Phillips, M.D. and passed to approve the appointment of Doctor Cromer-Tyler as recommended.
2. Appointment of William M. Carter, D.D.S. to the NIH Provisional Consulting Medical Staff with requested privileges. It was moved by Doctor Clark, seconded by Doctor Ungersma, and passed to approve the appointment of Doctor Carter as recommended.

OLD BUSINESS

REAFFIRMATION OF
ASSIGNMENT OF
NEGOTIATOR

Mr. Halfen asked for reaffirmation of assignment of himself as negotiator on NIH's behalf regarding a potential real estate purchase or lease at 152 Pioneer Lane, Bishop, California in whole or in part. Negotiations may be with Stephen Kobayashi, M.D., Pioneer Medical Associates, a partnership, or its designee, singly or collectively. It was moved by Doctor Phillips, seconded by Doctor Ungersma, and passed to reaffirm the assignment of Mr. Halfen as negotiator on behalf of NIH.

POSSIBLE
REPLACEMENT OF A
DIRECTOR

Mr. Halfen called attention to a letter of interest received from M.C. Hubbard to serve as the Board representative of Zone 5 of the Hospital District. Ms. Hubbard's letter of interest is the only letter of interest

received as of this date. Following discussion of Ms. Hubbard's qualifications and extensive experience and service to the local community, it was moved by Doctor Clark, seconded by Doctor Phillips, and passed to approve appointment of M.C. Hubbard to the Northern Inyo County Local Hospital District (NICLHD) Board of Directors to represent Zone 5. Ms. Hubbard will fill the vacancy of Patricia Calloway, who recently resigned in order to accept the position of Activities Director at Northern Inyo Hospital. Mr. Halfen, Mr. Watercott, and Doctor Ungersma expressed their feeling that Ms. Hubbard will be a tremendous addition to the District Board.

NEW BUSINESS

RADIOLOGY POLICY AND PROCEDURE MANUAL APPROVAL

Mr. Halfen referred to a Radiology Policy and Procedure manual submitted for approval at this meeting. PACS Administrator Bill St Jean informed the Board the *Mammography and MQSA* manual is required to be reviewed and approved on an annual basis, and it has already been approved by appropriate committees and service chiefs. It was moved by Doctor Clark, seconded by Doctor Phillips, and passed to approve the *Mammography and MQSA* Policy and Procedure manual as presented.

HOLOGIC STEREOTACTIC BREAST BIOPSY SYSTEM

Mr. Halfen referred to a proposal from the Radiology Department to purchase a Hologic Stereotactic Breast Biopsy system for NIH. PACS Administrator Bill St Jean presented an overview of the equipment and stated the purchase would bring local services to a level where residents no longer need to travel outside the area for breast diagnoses. John Nesson, M.D. added the system will allow for quicker patient diagnoses and will bring NIH's breast assessment and treatment abilities to a state-of-the-art level. The system was not included in the 2006-2007 budget but if purchased now the Hospital will realize a considerable cost savings on the equipment. Additionally, it is expected the equipment will pay for itself within 3 years of purchase. It was moved by Doctor Clark, seconded by Doctor Ungersma, and passed to approve the purchase of the Hologic Stereotactic Breast Biopsy system. Mr. St Jean stated a media campaign will take place in order to inform local residents of the level of care available in this area for breast assessment and treatment.

NATIONAL PATIENT SAFETY GOALS AT NIH

Compliance Officer Leo Freis presented an update to the Board on the status of NIH's compliance with National Patient Safety goals. The current National Patient Safety goals are as follows:

- Improve the accuracy of patient identification
- Improve the effectiveness of communication among caregivers
- Improve the safety of using medications
- Reduce the risk of health care-associated infections
- Accurately and completely reconcile medications across the continuum of care
- Reduce the risk of patient harm resulting from falls

Encourage patients' active involvement in their own care as a patient safety strategy

Mr. Freis reviewed the Hospital's performance in each of these areas and also reviewed ongoing efforts to maintain high standards in all areas of patient safety.

EKG AGREEMENT,
VASUKI
SITTAMPALAM, M.D.

Mr. Halfen referred to an agreement for the EKG services of Vasuki Sittampalam, M.D.. Doctor Sittampalam has been reading EKG's at NIH for some time and has been overseen by EKG service chief Asao Kamei, M.D.. It was moved by Doctor Phillips, seconded by Doctor Clark, and passed to approve the agreement with Doctor Sittampalam as presented.

IDENTIFICATION OF
JOHN HALFEN AS
NEGOTIATOR IN A
POTENTIAL REAL
ESTATE ACQUISITION

Mr. Halfen asked the Board to identify him as negotiator regarding the potential acquisition of real property at 2957 Birch Street, in Bishop California. NIH is looking into the possibility of purchasing the former Cerro Coso College building, and Mr. Halfen requested Board authority to look into the possibility more and to negotiate on behalf of the Hospital if necessary. It was moved by Doctor Ungersma, seconded by Doctor Clark, and passed to approve identifying Mr. Halfen as negotiator regarding the potential acquisition of real property at 2957 Birch Street in Bishop, California.

RESOLUTION 07-04
LAFCO ANNEXATION

Mr. Halfen stated the Hospital intends to pursue the possibility of annexing additional areas into the Northern Inyo County Local Hospital District (NICLHD). He asked for Board approval of Resolution 07-04 to request that the Local Agency Formation Commission Organization (LAFCO) annex areas including Swall Meadows, Hammill Valley, Chalfant, and Benton into the NICLH District. The majority of residents in these communities receive healthcare at NIH but currently do not contribute to the District's tax base. Annexation into the District would also allow residents in those areas to benefit from the 10% discount provided to District residents. District legal counsel Doug Buchanan suggested minor changes to the wording of the Resolution, and it was moved by Doctor Clark, seconded by Doctor Ungersma, and passed to approve Resolution 07-04 to annex additional areas into the Hospital District.

BOARD MEMBER
REPORTS

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

OPPORTUNITY FOR
PUBLIC COMMENT

In keeping with the Brown Act, Mr. Watercott asked if any members of the public wished to address the Board of Directors on items of interest. No comments were heard.

CLOSED SESSION

At 6:40p.m., Mr. Watercott announced the meeting was being adjourned to closed session to allow the Board of Directors to:

- A. Hear reports on the Hospital quality assurance activities, and hear a report from the Medical Staff Executive Committee (Section 32155 of the Health and Safety Code, and Government Code Section 54962).
- B. Confer with legal counsel regarding claim filed by 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 April Villalobos against Northern Inyo County Local Hospital District and other defendants (Government Code Section 54956.9(a)).
- D. Confer with legal counsel regarding claim received from [XXXX] against Northern Inyo County Local Hospital District (Government Code Section 54956.9(a)).
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RETURN TO OPEN
SESSION

At 7:21p.m., the meeting was returned to open session. Mr. Watercott reported that the Board took no reportable action taken.

PUBLIC COMMENT

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.

Mr. Halfen reported the NIH Foundation's annual Spring Fling was held on April 14th and the event was a great success. Doctor Ungersma reported on an item of personal interest, and stated he recently traveled to Germany where universal health care is provided to citizens, but with that care comes a high cost to the citizens (in the form of taxation) and a significant compromise to the quality of services provided.

ADJOURNMENT

The meeting was adjourned at 7:26 p.m.

Peter Watercott, President

Attest:

Michael Phillips M.D., Secretary

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BUDGET VARIANCE ANALYSIS

Mar-07 PERIOD ENDING

In the month, NIH was

		over budget in IP days; under in IP Ancillary
	6%	and under in OP Revenue resulting in
\$ (723,567) (-12.0%)	under in gross patient revenue from budget and
\$ (627,064) (-17.4%)	under in net patient revenue from budget

Total Expenses were:

\$ (171,773) (-5.2%)	under budget. Wages and Salaries were
\$ 3,515 (0.3%)	over budget and Employee Benefits were
\$ (169,798) (-21.8%)	under budget
\$ 115,950		of other income resulted in a net Loss of
\$ (32,215)	\$ (512,540)	under budget.

The following expense areas were over budget for the month:

\$ 89,681	41%	Professional Fees; registry staff
\$ 6,643	5%	Depreciation Expense (Digital Mammography)
\$ 11,397	8%	Bad Debt; correcting for year after rebill

Other Information:

46.73%	Contractual Percentages for month (correcting for year after Medicare rebill was complete)
43.62%	Contractual Percentages for Year

\$ 2,975,599 Year-to-date Net Revenue

NORTHERN INYO HOSPITAL

Balance Sheet

March 31, 2007

<u>Assets</u>	<u>Current Month</u>	<u>Prior Month</u>	<u>FYE 2006</u>
Current assets:			
Cash and cash equivalents	986,904	934,100	3,148,845
Short-term investments	10,718,691	9,822,703	6,637,435
Assets limited as to use	787,803	1,441,334	603,039
Plant Expansion and Replacement Cash	13,996,056	15,392,697	15,515,948
Other Investments (Partnership)	369,561	369,561	369,561
Patient receivable, less allowance for doubtful accounts 649,832	6,766,700	6,998,998	6,374,400
Other receivables	368,556	291,951	212,005
Inventories	1,871,572	1,877,885	1,897,120
Prepaid expenses	724,118	641,187	470,018
Total current assets	<u>36,589,960</u>	<u>37,770,415</u>	<u>35,228,370</u>
Assets limited as to use:			
Internally designated for capital acquisitions	741,905	741,183	652,606
Specific purpose assets	535,135	534,571	474,914
	<u>1,277,040</u>	<u>1,275,754</u>	<u>1,127,520</u>
Revenue bond construction funds held by trustee	829,159	786,899	1,632,595
Less amounts required to meet current obligations	787,803	1,441,334	603,039
Net Assets limited as to use:	<u>1,318,396</u>	<u>621,319</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>14,139,799</u>	<u>13,069,432</u>	<u>10,895,169</u>
Unamortized bond costs	<u>339,902</u>	<u>340,387</u>	<u>344,269</u>
Total assets	<u>60,695,378</u>	<u>60,108,874</u>	<u>56,932,206</u>

NORTHERN INYO HOSPITAL

Balance Sheet

March 31, 2007

Liabilities and net assets

	<u>Current Month</u>	<u>Prior Month</u>	<u>FYE 2006</u>
Current liabilities:			
Current maturities of long-term debt	-	-	235,000
Accounts payable	880,413	580,156	683,397
Accrued salaries, wages and benefits	3,304,382	3,206,723	2,954,330
Accrued interest and sales tax	456,463	356,794	168,166
Deferred income	203,342	238,510	97,853
Due to third-party payors	2,838,723	2,682,500	2,864,110
Due to specific purpose funds	-	-	-
Total current liabilities	<u>7,683,323</u>	<u>7,064,685</u>	<u>7,002,857</u>
Long-term debt, less current maturities	22,450,000	22,450,000	22,450,000
Bond Premium	409,887	411,093	431,586
Total long-term debt	<u>22,859,887</u>	<u>22,861,093</u>	<u>22,881,586</u>
Net assets:			
Unrestricted	29,617,033	29,648,526	26,572,849
Temporarily restricted	535,135	534,571	474,914
Total net assets	<u>30,152,168</u>	<u>30,183,097</u>	<u>27,047,763</u>
Total liabilities and net assets	<u>60,695,378</u>	<u>60,108,874</u>	<u>56,932,206</u>

NORTHERN INYO HOSPITAL

Statement of Operations

As of March 31, 2007

	MTD		MTD		YTD		YTD	
	Actual	Budget	Variance \$	Variance %	Actual	Budget	Variance \$	Variance %
	MTD Actual	MTD Budget	Variance \$	%	YTD Actual	YTD Budget	Variance \$	%
Unrestricted revenues, gains and other support:								
In-patient service revenue:								
Routine	543,008	557,910	(14,902)	(2.7)	5,013,477	5,021,190	(7,714)	(0.2)
Ancillary	1,686,857	2,122,312	(435,455)	(20.5)	16,148,893	19,100,808	(2,951,915)	(15.5)
Total in-patient service revenue	2,229,865	2,680,222	(450,357)	-16.8%	21,162,369	24,121,998	(2,959,629)	-12.3%
Out-patient service revenue	3,077,004	3,350,214	(273,210)	(8.2)	29,287,518	30,151,926	(864,408)	(2.9)
Gross patient service revenue	5,306,869	6,030,436	(723,567)	(12.00)	50,449,888	54,273,924	(3,824,036)	(7.1)
Less deductions from patient service revenue:								
Patient service revenue adjustments	230,353	131,706	(98,647)	(74.9)	1,190,870	1,185,354	(5,516)	(0.5)
Contractual adjustments	2,099,235	2,294,385	195,150	8.5	19,528,638	20,649,465	1,120,827	5.4
Total deductions from patient service revenue	2,329,588	2,426,091	96,503	4.0	20,719,508	21,834,819	1,115,311	5.1
Net patient service revenue	2,977,281	3,604,345	(627,064)	-17%	29,730,380	32,439,105	(2,708,725)	-8%
Other revenue	38,031	20,957	17,074	81.5	250,634	188,613	62,021	32.9
Transfers from Restricted Funds for Other Operating Expenses	-	-	-	N/A	394,745	-	394,745	N/A
Total Other revenue	38,031	20,957	17,074	81.5	645,379	188,613	456,766	242.2
Total revenue, gains and other support	3,015,312	3,625,302	(609,990)	81.3	30,375,759	32,627,718	(2,251,959)	242.1
Expenses:								
Salaries and wages	1,221,434	1,217,919	(3,515)	(0.3)	10,495,393	10,961,271	465,878	4.3
Employee benefits	611,054	780,852	169,798	21.8	6,226,061	7,027,668	801,607	11.4
Professional fees	306,399	216,718	(89,681)	(41.4)	2,198,428	1,950,462	(247,966)	(12.7)
Supplies	405,735	475,251	69,516	14.6	3,920,389	4,277,259	356,870	8.3
Purchased services	137,797	161,810	24,013	14.8	1,282,588	1,456,290	173,702	11.9
Depreciation	142,890	136,247	(6,643)	(4.9)	1,182,937	1,226,223	43,286	3.5
Interest	33,043	33,043	(0)	-	297,390	297,387	(3)	-
Bad debts	150,220	138,823	(11,397)	(8.2)	1,287,443	1,249,407	(38,036)	(3.0)
Other	134,791	154,472	19,681	12.7	1,458,424	1,390,248	(68,176)	(4.9)
Total expenses	3,143,362	3,315,135	171,773	5.2	28,349,052	29,836,215	1,487,163	5.0
Operating income (loss)	(128,050)	310,167	(438,217)	76.1	2,026,707	2,791,503	(764,796)	237.1
Other income:								
District tax receipts	35,168	102,713	(67,545)	(65.8)	316,512	924,417	(607,905)	(65.8)
Interest	77,012	70,588	6,424	9.1	681,909	635,292	46,617	7.3
Other	3,770	15,785	(12,015)	(76.1)	33,662	142,065	(108,403)	(76.3)
Grants and Other Non-Restricted Contributions	-	121	(121)	(100.0)	92,528	1,089	91,439	8,396.6
Partnership Investment Income	-	-	-	N/A	-	-	-	N/A
Total other income, net	115,950	189,207	(73,257)	(39)	1,124,612	1,702,863	(578,251)	(34.0)
Non-Operating Expense								
Medical Office Expense	12,043	13,858	1,815	13.1	96,606	124,722	28,116	22.5
Urology Office	8,072	5,191	(2,881)	(55.5)	79,114	46,719	(32,395)	(69.3)
Total Non-Operating Expense	20,115	19,049	(1,066)	(5.6)	175,720	171,441	(4,279)	(2.5)
Excess (deficiency) of revenues over expenses	(32,215)	480,325	(512,540)	(106.7)	2,975,599	4,322,925	(1,347,326)	(31.2)

NORTHERN INYO HOSPITAL
Statement of Operations—Statistics
As of March 31, 2007

	Month		Month		YTD Actual	YTD Budget	Year	
	Actual	Budget	Variance	Percentage			Variance	Percentage
Operating statistics:								
Beds	25.00	32.00	N/A	N/A	25.00	32.00	N/A	N/A
Patient days	286.00	271.00	15.00	1.06	2,683.00	2,439.00	244.00	1.10
Maximum days per bed capacity	775.00	960.00	N/A	N/A	6,850.00	8,640.00	N/A	N/A
Percentage of occupancy	36.90	28.23	8.67	1.31	39.17	28.23	10.94	1.39
Average daily census	9.23	9.03	0.19	1.02	9.79	9.03	0.76	1.08
Average length of stay	2.92	3.08	(0.16)	0.95	3.09	3.08	0.01	1.00
Discharges	98.00	88.00	10.00	1.11	868.00	792.00	76.00	1.10
Admissions	100.00	89.00	11.00	1.12	877.00	801.00	76.00	1.09
Gross profit-revenue depts.	3,285,962.58	3,937,409.00	(651,446.42)	0.83	32,514,676.54	35,436,681.00	(2,922,004.46)	0.92
Percent to gross patient service revenue:								
Deductions from patient service revenue and bad debts	46.73	42.63	4.10	1.10	43.66	42.63	1.03	1.02
Salaries and employee benefits	34.49	33.14	1.35	1.04	33.10	33.14	(0.04)	1.00
Occupancy expenses	3.61	3.08	0.53	1.17	3.23	3.08	0.15	1.05
General service departments	5.36	5.17	0.19	1.04	5.51	5.17	0.34	1.07
Fiscal services department	4.33	4.54	(0.21)	0.95	4.34	4.54	(0.20)	0.96
Administrative departments	4.85	5.16	(0.31)	0.94	4.97	5.16	(0.19)	0.96
Operating income (loss)	(2.79)	4.83	(7.62)	(0.58)	3.85	4.83	(0.98)	0.80
Excess (deficiency) of revenues over expenses	(0.61)	7.97	(8.58)	(0.08)	5.90	7.97	(2.07)	0.74
Payroll statistics:								
Average hourly rate (salaries and benefits)	36.49	40.34	(3.86)	0.90	37.62	40.34	(2.73)	0.93
Worked hours	44,215.85	42,120.00	2,095.85	1.05	389,618.36	377,076.00	12,542.36	1.03
Paid hours	50,165.91	49,534.00	631.91	1.01	443,969.57	445,806.00	(1,836.43)	1.00
Full time equivalents (worked)	251.23	243.47	7.76	1.03	249.76	242.18	7.57	1.03
Full time equivalents (paid)	285.03	286.32	(1.29)	1.00	284.60	286.32	(1.73)	0.99

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 March 31, 2007

	<u>Month-to-date</u>	<u>Year-to-date</u>
Unrestricted net assets:		
Excess (deficiency) of revenues over expenses	(32,214.64)	2,975,598.59
Net Assets due/to transferred from unrestricted	-	(82,714.25)
Net assets released from restrictions used for operations	-	456,745.00
Net assets released from restrictions used for payment of long-term debt (correcting YTD)	-	(394,745.00)
Contributions and interest income	722.13	89,299.61
Increase in unrestricted net assets	<u>(31,492.51)</u>	<u>3,044,183.95</u>
Temporarily restricted net assets:		
District tax allocation	-	515,515.55
Net assets released from restrictions	-	(456,745.00)
Restricted contributions	100.00	454.91
Interest income	463.63	995.25
Increase (decrease) in temporarily restricted net assets	<u>563.63</u>	<u>60,220.71</u>
Increase (decrease) in net assets	(30,928.88)	3,104,404.66
Net assets, beginning of period	30,183,096.53	27,047,762.99
Net assets, end of period	<u><u>30,152,167.65</u></u>	<u><u>30,152,167.65</u></u>

NORTHERN INYO HOSPITAL

Statements of Cash Flows

As of March 31, 2007

	<u>Month-to-date</u>	<u>Year-to-date</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	(30,928.88)	3,104,404.66
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities: (correcting debt payment)	-	-
Depreciation	142,889.70	1,182,937.38
Provision for bad debts	150,219.61	1,287,442.82
Loss (gain) on disposal of equipment	-	100.00
(Increase) decrease in:		
Patient and other receivables	5,472.99	(1,836,294.07)
Other current assets	(76,617.81)	(228,551.69)
Plant Expansion and Replacement Cash	1,396,640.44	1,519,892.10
Increase (decrease) in:		
Accounts payable and accrued expenses	462,415.42	940,852.77
Third-party payors	156,223.00	(25,386.35)
Net cash provided (used) by operating activities	<u>2,206,314.47</u>	<u>5,945,397.62</u>
Cash flows from investing activities:		
Purchase of property and equipment	(1,213,256.76)	(4,427,566.76)
Purchase of investments	(895,988.16)	(4,081,256.37)
Proceeds from disposal of equipment	-	(100.00)
Net cash provided (used) in investing activities	<u>(2,109,244.92)</u>	<u>(8,508,923.13)</u>
Cash flows from financing activities:		
Long-term debt	(1,205.55)	(256,699.20)
Issuance of revenue bonds	(42,259.92)	803,436.49
Unamortized bond costs	485.24	4,367.16
Increase (decrease) in donor-restricted funds, net	(1,285.76)	(149,520.32)
Net cash provided by (used in) financing activities	<u>(44,265.99)</u>	<u>401,584.13</u>
Increase (decrease) in cash and cash equivalents	52,803.56	(2,161,941.38)
Cash and cash equivalents, beginning of period	<u>934,100.30</u>	<u>3,148,845.24</u>
Cash and cash equivalents, end of period	<u>986,903.86</u>	<u>986,903.86</u>

**Northern Inyo Hospital
Summary of Cash and Investment Balances
Calendar Year 2007**

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	Equipment Donations Fund	Childrens Fund	Scholarship Fund	Tobacco Settlement Fund	Total Revenue Bond Fund	Project Revenue Bond Fund	General Obligation Bond Fund
January	936,738	3,349,146	3,230,137	1,055,747	519	17,418,118	525,863	25,122	2,798	5,734	715,405	744,735	16,654	15,331,544
February	1,055,747	3,012,726	3,529,773	538,700	8	18,118,118	525,863	25,122	2,789	5,834	716,060	786,899	16,717	15,376,250
March	538,700	3,711,798	3,700,602	549,896	0	19,014,106	526,320	25,141	2,900	5,839	716,784	829,159	16,775	13,996,056
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	966,952	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	1,032,451	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 \$675,000 to cover the Bond Reserve Account Requirement with respect to the Series 1998 Bonds. The Project amount represents the balance available to spend on the building project; however, the district accumulates invoices and only requests reimbursement quarterly.

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

Northern Inyo Hospital
Investments as of 3/31/2007

	Purchase Dt	Maturity Dt	Institution	Rate	Principal
1	3/29/2007	4/1/2007	Local Agency Investment Fund	5.21%	6,281,980.39
2	3/2/2007	4/1/2007	Local Agency Investment Fund	5.21%	285,750.12
3	1/26/2007	4/26/2007	United States Treasury Bills	4.94%	749,865.44
4	7/27/2005	4/27/2007	Federal Home Loan Bank-MBS	4.00%	250,000.00
5	5/7/2004	5/7/2007	Five Star Bank Natomas	3.31%	99,000.00
6	5/11/2004	5/11/2007	Bear Stearns Security	3.25%	1,000,000.00
7	6/22/2005	6/22/2007	Federal Home Loan Bank-FNC	4.00%	1,000,000.00
8	7/8/2005	6/29/2007	FANNIE MAE FNMA-MBS	4.00%	500,000.00
9	7/5/2005	7/5/2007	Federal Home Loan Bank-MBS	4.00%	500,000.00
10	3/14/2006	9/14/2007	Federal Home Loan Bank-FNC	5.13%	600,000.00
11	11/28/2005	11/28/2007	Federal Home Loan Bank-MBS	5.00%	500,000.00
12	3/2/2007	12/1/2007	Cantella & Co., Inc	4.50%	76,355.13
13	12/27/2005	12/27/2007	Federal Home Loan Bank-FNC	5.00%	500,000.00
14	1/24/2003	1/24/2008	Capital One Bank	4.31%	100,000.00
15	1/24/2003	1/24/2008	Capital One, F.S.B.	4.30%	100,000.00
16	1/24/2003	1/24/2008	Key Bank USA	3.50%	100,000.00
17	3/18/2005	3/18/2008	First Federal Bank	4.00%	100,000.00
18	3/23/2007	3/24/2008	Farmers Bank	5.00%	100,000.00
19	12/14/2004	5/27/2008	Cantella & Co., Inc	3.50%	225,000.00
20	3/11/2005	6/11/2008	Community Bank	4.00%	98,000.00
21	3/11/2005	6/11/2008	Equity Bank	4.00%	100,000.00
22	1/30/2006	7/28/2008	Federal Home Loan Bank-FNC	5.00%	500,000.00
23	4/21/2005	10/7/2008	Federal Home Loan Bank-MBS	4.00%	1,335,000.00
24	10/15/2003	10/15/2008	R-G Crown Bank	4.00%	97,000.00
25	10/31/2005	10/27/2008	Federal Home Loan Bank-MBS	5.00%	500,000.00
26	5/26/2005	11/26/2008	Federal Home Loan Bank-FNC	4.50%	1,000,000.00
27	12/15/2003	12/15/2008	Bear, Stearns Securities	3.00%	300,000.00
28	1/4/2005	1/5/2009	Mututal Bank	4.36%	99,000.00
29	1/7/2004	1/7/2009	Bear Stearns Security	4.08%	100,000.00
30	2/20/2007	2/20/2009	Federal Home Loan Bank-FNC	5.28%	500,000.00
31	3/2/2007	11/1/2009	Cantella & Co., Inc	4.50%	119,154.62
32	12/30/2004	12/30/2009	Capital City Bank and Trust	4.75%	99,000.00
33	4/22/2005	4/22/2010	Bank of Waukegan	4.75%	99,000.00
34	2/24/2006	2/24/2011	Federal Home Loan Bank-MBS	6.00%	1,000,000.00
			Total		\$19,014,105.70

Financial Indicators

	Target	Mar-07	Feb-07	Jan-07	Dec-06	Nov-06	Oct-06	Sep-06	Aug-06	Jul-06	Jun-06	May-06	Apr-06
Current Ratio	>1.5-2.0	4.76	5.35	5.54	5.48	5.43	4.77	4.65	4.77	4.71	5.03	4.99	5.05
Quick Ratio	>1.33-1.5	4.38	4.95	5.11	5.06	5.01	4.44	4.33	4.41	4.36	4.66	4.70	4.75
Days Cash on Hand	>75	327.83	331.37	327.96	349.52	339.70	363.56	324.75	330.63	305.76	390.80	336.95	330.17

NORTHERN INYO HOSPITAL
STATISTICS

MONTHS 2007	SURGERIES												ER			OP REFERRALS			ADMITTS (W/NB)			PT DAYS (W/NB)			DISCH (W/NB)																																																																																																																																																																																																
	IP			OP			TOTAL			ADMITTS			VISITS			REFERRALS			ADMITTS			PT DAYS			DISCH																																																																																																																																																																																																
	05 / 06 / 07	06 / 06 / 07	07 / 06 / 07	05 / 06 / 07	06 / 06 / 07	07 / 06 / 07	05 / 06 / 07	06 / 06 / 07	07 / 06 / 07	05 / 06 / 07	06 / 06 / 07	07 / 06 / 07	05 / 06 / 07	06 / 06 / 07	07 / 06 / 07	05 / 06 / 07	06 / 06 / 07	07 / 06 / 07	05 / 06 / 07	06 / 06 / 07	07 / 06 / 07	05 / 06 / 07	06 / 06 / 07	07 / 06 / 07	05 / 06 / 07	06 / 06 / 07	07 / 06 / 07																																																																																																																																																																																														
JANUARY	35 / 40 / 36	65 / 72 / 73	100 / 112 / 111	17 / 19 / 17	49 / 60 / 47	640 / 663 / 610	3048 / 3135 / 3331	109 / 126 / 111	275 / 370 / 299	320 / 410 / 360	115 / 124 / 106	FEBRUARY	29 / 29 / 24	81 / 62 / 69	110 / 91 / 83	15 / 20 / 19	54 / 44 / 14	422 / 467 / 521	2777 / 3100 / 2991	121 / 106 / 107	319 / 285 / 251	358 / 303 / 291	111 / 113 / 105	MARCH	34 / 50 / 28	78 / 101 / 83	112 / 181 / 78	20 / 26 / 17	89 / 63 / 49	606 / 643 / 460	3163 / 3387 / 3079	123 / 152 / 117	366 / 353 / 286	396 / 399 / 322	127 / 149 / 116	APRIL	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	MAY	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	JUNE	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	JULY	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	AUGUST	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	SEPTEMBER	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	OCTOBER	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	NOVEMBER	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	DECEMBER	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	CALENDAR YEAR	98 / 119 / 87	224 / 235 / 185	322 / 354 / 272	52 / 65 / 53	162 / 167 / 110	1568 / 1573 / 1491	8988 / 8922 / 9401	353 / 364 / 338	960 / 868 / 836	1073 / 1112 / 963	303 / 306 / 327	MONTHLY AVERAGE	33 / 40 / 29	75 / 78 / 62	107 / 118 / 91	17 / 22 / 19	54 / 56 / 37	623 / 624 / 497	2,996 / 3,207 / 3,134	118 / 128 / 112	317 / 319 / 279	368 / 371 / 321	118 / 129 / 109

**Northern Inyo Hospital
 Monthly Report of Capital Expenditures
 Fiscal Year Ending JUNE 30, 2005
 As of MARCH 31, 2007**

MONTH	APPROVED	AMOUNT
BY BOARD DESCRIPTION OF APPROVED CAPITAL EXPENDITURES		
Y 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>
Y 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	380,671 *
	BECKMAN COULTER Blood Analyzer LH500 (Price ??)	50,000
	GE Centricity RHC Electronic Health Record Software	75,950
	Terason t3000 Ultrasound System	43,396 *
	QuickPay System	13,700
AMOUNT APPROVED BY THE BOARD IN THE CURRENT FISCAL YEAR TO BE EXPENDED IN THE CURRENT FISCAL YEAR		<u>1,077,139</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		1,077,139

**Northern Inyo Hospital
 Monthly Report of Capital Expenditures
 Fiscal Year Ending JUNE 30, 2005
 As of MARCH 31, 2007**

**MONTH
 APPROVED**

3Y BOARD DESCRIPTION OF APPROVED CAPITAL EXPENDITURES

AMOUNT

Year-to-Date Board-Approved Amount to be Expended	1,676,000
Year-to-Date Administrator-Approved Amount	458,023 *
Actually Expended in Current Fiscal Year	<u>701,139 *</u>
 TOTAL FUNDS APPROVED TO BE EXPENDED	 <u>2,835,162</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	1,159,162
Plus: Lease Payments from a Previous Period	0
Less: Lease Payments Due in the Future	0
Less: Funds Expended in a Previous Period	0
Plus: Other Approved Expenditures	<u>1,676,000</u>
 ACTUAL FUNDS APPROVED IN THE CURRENT FISCAL YEAR TOTAL-TO-DATE	 <u>2,835,162</u>

Contributions by Auxiliary	0
Contributions by Hospice of the Owens Valley	0
Contributions by Others	<u>0</u>
	<u>0</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 MARCH 31, 2007**

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

Completed Purchase

**Northern Inyo Hospital
 Monthly Report of Capital Expenditures
 Fiscal Year Ending JUNE 30, 2005
 As of MARCH 31, 2007**

Administrator-Approved Item(s) Month Ending February 28, 2007	Department	Amount	Month Total 3,500	Grand Total 425,361
Sony Flat Panel Monitor	SURGERY	2,742		
Sony Printer	SURGERY	5,172		
Intelect Legend XT2 Channel Combination System	PHYSICAL THERAPY	3,384		
Gateway Laptop and Docking System	GRANT WRITING/MARK	1,690		
HARMONIC GENERATOR	SURGERY	19,673		
Month Ending February 28, 2007			32,662	458,023

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Inyo Listing Service: Property Profile

MLS #: 2305359

Data current: 04/20/07

Office #:

PROPERTY DATA

Listing Status: Active - 03/29/07 List Price: \$825,000
 Property Type: CB Commercial,
 Built: 1968 Sold Price:
 Lot Size/Acres: 0.71 Acres.
 Car Garage:
 Roof/Exterior: Comp. Roof - Stucco Exterior
 Heating/Cool: Forced Air/Central, Heat - Evap. cooler roof,
 Assoc. Dues:
 Annual Taxes:

2 Building Units: - Sq. Ft. per: CD Data

1 Level	Basemnt	Main	Upstairs	Other	Total
Square Feet:		9,597			9,597
#Bedrooms					
#Bathrooms					
#Kitchens					
#Dining Room					
#Fam./Living					
#Laundry					
#Other Rooms					



Address: 2957 Birch - Bishop, CA 93514
 Legal: - Inyo County
 Subdivsn. Area: #7 Bishop, West
 APN/Tax #011280810 Zoning: C-1
 Income:
 Schools:
 Basemnt.

Room Dimensions:

UTILITIES:

Community Well Water, Electricity, Legal Access, On Sewer, Phone,

FEATURES & INCLUSIONS:

Landscape- Part, Lawn, Sprinklers Automatic, Trees,

Ad: "Great Commercial/Office Space."

Rare Commercial / office space over 9,000 sq. ft. 2 buildings, parking lot, building needs interior renovation. Previous site of community college.

Listed by: Cindy Freeman/Coldwell Banker LeeAnn Rasmuson & Associates



As a member of the Inyo Listing Service -
 your real estate agent can assist you with any questions you may
 have about this property or any other properties for sale in the area.
 For more information, contact the agent below:

**Coldwell Banker LeeAnn
 Rasmuson & Associates**
 370 W Line St
 Bishop, CA 93514
 Phone: 760-873-4264
 Fax: 760-873-4875

Nancy Lowthorp
 Agent
 Home: 760-873-6949

e-mail: lowthorp@qnet.com



All measurements are a courtesy estimate only and should be verified by the Buyer.

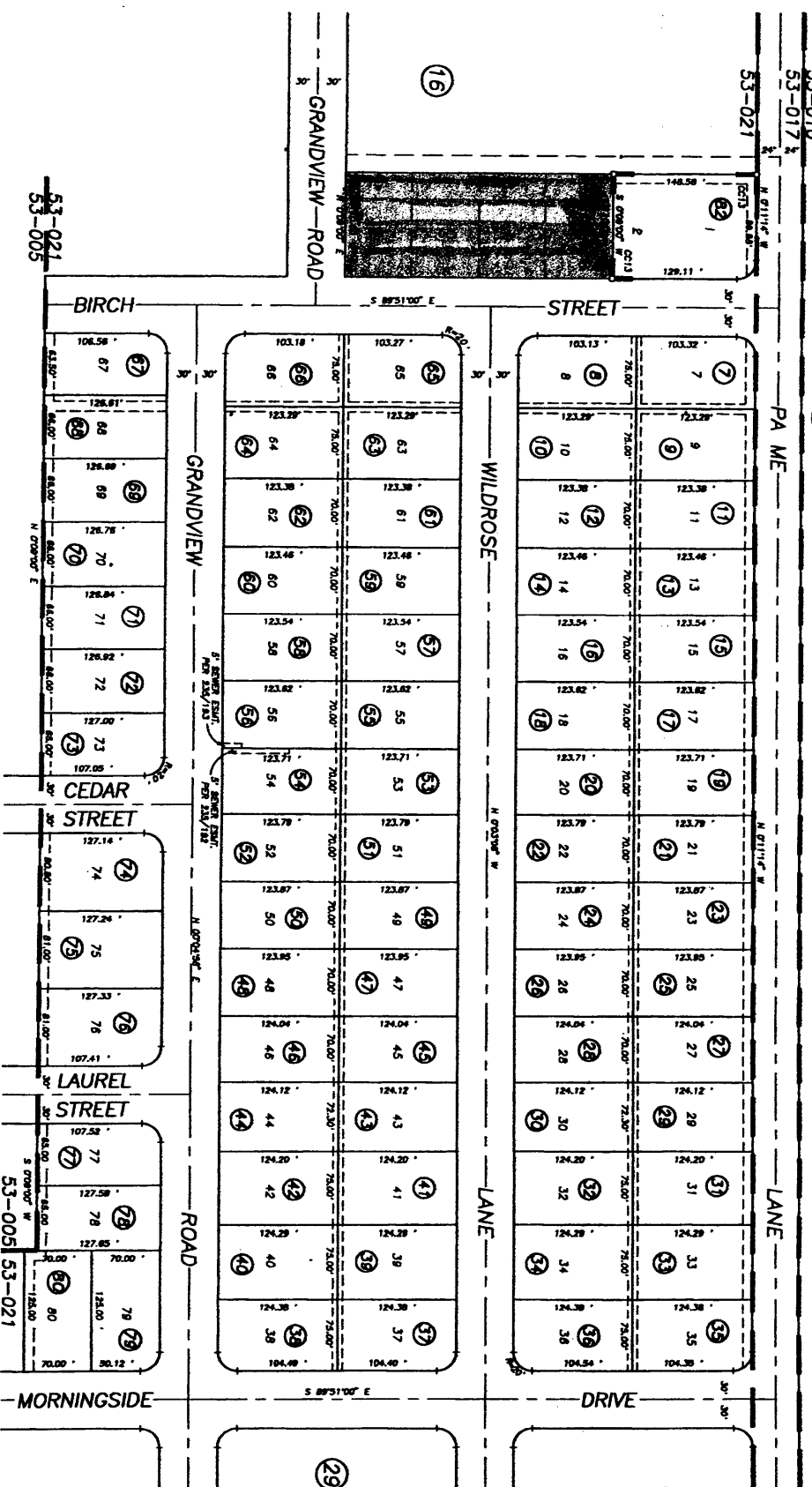
The accuracy of this information is not guaranteed. It is not to be relied upon and should be verified by the Buyer.

POR. NW1/4 SEC. 11 T.7S., R.32E., M.D.B. & M.
 GRANDVIEW HEIGHTS SUB. BLOCK 1

TAX RATE AREA
 53-017 53-021

(38)

1" = 100'



GRANDVIEW HEIGHTS Bk. 2 Pg. 10
 C.C. 13 - 219/26

(15)

NOTE: 1. THE PROPERTY HAS BEEN REAPPRAISED FOR
 2. NO LIABILITY IS ASSIGNED FOR THE
 3. ASSESSOR'S MAPPING WHICH IS NOT COMPLETE
 WITH LOCAL LOT-SETTLER OR BUILDING SITE
 DIMENSIONS.

Assessor's Map Bk. 11 Pg. 28
 County of Inyo, Calif.
 1959

(11-21-58)
 (11-18-59)

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INTENTIONALLY

1. Congress passes one-year moratorium on Medicaid rule

The Senate voted 51-46 today to approve an Iraq-war spending bill that includes a one-year moratorium on a proposed rule that would cut \$4 billion from the Medicaid program. The bill, which cleared the House yesterday by a 218-208 margin, also prevents the Centers for Medicare & Medicaid Services from developing regulations that eliminate payments for graduate medical education under Medicaid, and provides \$650 million to address expected budget deficits for the State Children's Health Insurance Program in 14 states. Although President Bush has said he plans to veto the bill, primarily due to its war-related provisions, inclusion of the moratorium increases the likelihood that the provision will be retained in a second iteration of the bill, as urged by the AHA and other health care organizations.

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Critical Access Hospital



LEGISLATION ENACTED AS PART OF THE BALANCED BUDGET ACT (BBA) OF 1997 authorized states to establish State Medicare Rural Hospital Flexibility Programs (Flex Program), under which certain facilities participating in Medicare can become Critical Access Hospitals (CAH). The following providers may be eligible to become CAHs:

- Currently participating Medicare hospitals;
- Hospitals that ceased operation during the 10 year period from November 29, 1988 through November 29, 1999; or
- Health clinics or centers (as defined by the State) that previously operated as a hospital before being down-sized to a health clinic or center.

Unlike facilities such as Medicare Dependent Hospitals or Sole Community Hospitals, CAHs represent a separate provider type with their own Medicare Conditions of Participation as well as a separate payment method.

Critical Access Hospital Designation

A hospital must meet the following criteria to be designated a CAH:

- Be located in a state that has established a State Flex Program (as of August 2005, only Connecticut, Delaware, Maryland, New Jersey, and Rhode Island did not have such a program);
- Be located in a rural area or be treated as rural under a special provision that allows qualified hospital providers in urban areas to be treated as rural for purposes of becoming a CAH;
- Furnish 24-hour emergency care services, using either on-site or on-call staff;
- Provide no more than 25 inpatient beds;
- Have an average annual length of stay of 96 hours or less; and
- Be located either more than 35 miles from the nearest hospital or CAH or more than 15 miles in areas with mountainous terrain or only secondary roads OR be State certified by December 31, 2005 as a "necessary provider" of health care services to residents in the area.

ambulance service within 35 miles, they are also paid based on a reasonable cost basis for ambulance services. CAHs are not subject to the Inpatient Prospective Payment Systems (IPPS) and Hospital Outpatient Prospective Payment System (OPPS).



The Medicare Part A and Part B deductible and coinsurance rules applicable to hospital services also apply to CAHs. All outpatient CAH services other than pneumococcal pneumonia vaccines, influenza vaccines, related administration of the vaccines, screening mammograms, and clinical diagnostic laboratory tests are subject to Medicare Part B deductible and coinsurance.

→ Reasonable Cost Payment Principles that Do NOT Apply to Critical Access Hospitals

Payment for inpatient or outpatient CAH services is NOT subject to the following reasonable cost principles:

- Lesser of cost charges; and
- Reasonable compensation equivalent limits.

In addition, payment to a CAH for inpatient CAH services is not subject to ceilings on hospital inpatient operating costs or the 1-day or 3-day preadmission payment window provisions applicable to hospitals paid under the IPPS and OPSS.

Critical Access Hospital Payments

Medicare pays CAHs for most inpatient and outpatient services to Medicare beneficiaries on the basis of 101 percent of their allowable and reasonable costs. Under the Medicare ambulance benefit, if CAHs own and operate the only



Election of Standard Payment Method or Optional (Elective) Payment Method

Standard Payment Method—Cost-Based Facility Services, With Billing of Carrier for Professional Services

Under Section 1834(g) of the Social Security Act (the Act), CAHs are paid under the Standard Payment Method unless they timely elect in writing to be paid under the Optional (Elective) Payment Method. For cost reporting periods beginning on or after January 1, 2004, outpatient CAH services payments have been increased to the lesser of:

- 80 percent of the 101 percent of reasonable costs for outpatient CAH services; or
- 101 percent of the reasonable cost of the CAH in furnishing outpatient CAH services less the applicable Medicare Part B deductible and coinsurance amounts.

Payment for professional medical services furnished in a CAH to registered CAH outpatients is made by the Medicare Carrier under the Medicare Physician Fee Schedule (MPFS), as is the case when such professional services are furnished in a hospital outpatient department. For purposes of CAH payment, professional medical services are defined as services furnished by a physician or other qualified practitioner.

Optional (Elective) Payment Method—Cost-Based Facility Services Plus 115 Percent Fee Schedule Payment for Professional Services (Method 2)

Under Section 1834(g) of the Act, a CAH may elect the Optional (Elective) Payment Method, under which it bills the Medicare Fiscal Intermediary (FI) for both facility services and professional services to its outpatients. However, even if a CAH makes this election, each practitioner furnishing professional services to CAH outpatients can choose whether to:

- Reassign his or her billing rights to the CAH, agree to being included under the Optional (Elective) Payment Method, attest in writing that he or she will not bill the Carrier for professional services furnished in the CAH outpatient department, and look to the CAH for payment for the professional services; or
- File claims for his or her professional services with the Carrier for standard payment under the MPFS (i.e., either by billing directly to the Carrier or by authorizing the CAH to bill on his or her behalf via a valid reassignment of benefits).

If a physician or other practitioner reassigns his or her Part B billing rights and agrees to be included under a

CAH's Optional (Elective) Payment Method, he or she must not bill the Carrier for any outpatient professional services furnished at the CAH once the reassignment becomes effective.

For each physician or practitioner who agrees to be included under the Optional (Elective) Payment method and reassigns benefits accordingly, the CAH must forward a copy of the completed assignment form (Form CMS 855R) to the FI and Carrier and keep the original on file. Each practitioner must sign an attestation which clearly states that he or she will not bill the Carrier for any services furnished in the CAH outpatient department once the reassignment has been given to the CAH. This attestation will remain at the CAH. The Optional (Elective) Payment Method remains in effect for the entire cost reporting period and applies to all CAH professional services furnished in the CAH outpatient department by physicians and practitioners who have agreed to be included under the Optional (Elective) Payment Method, completed a Form CMS 855R, and attested in writing that they will not bill the Carrier for their outpatient professional services. An Optional (Elective) Payment Method election and each practitioner's agreement to be included under the election must be renewed yearly based on the cost reporting year. Form CMS 855R can be found at www.cms.hhs.gov/CMSForms/CMSForms/list.asp on the CMS website.

As of January 1, 2004, payment for outpatient CAH services under the Optional (Elective) Method is based on the sum of:

- For facility services, the lesser of 80 percent of 101 percent of the reasonable cost of the CAH in furnishing CAH services OR 101 percent of the outpatient CAH services less applicable Medicare Part B deductible and coinsurance amounts; and
- For physician professional services, 115 percent of the allowable amount, after applicable deductions, under the MPFS. Payment for nonphysician practitioner professional services is 115 percent of the amount that would otherwise be paid for the practitioner's professional services under the MPFS.

To elect the Optional (Elective) Payment Method or to change a previous election, a CAH should notify the FI at least 30 days in before the start of the affected cost reporting period.

Effective January 1, 2007, the payment amount is 80 percent of the MPFS for telehealth services when the distant site physician or other practitioner is



located in a CAH that has elected the Optional (Elective) Payment Method and the physician or practitioner has reassigned his or her benefits to the CAH.

➤ **Medicare Rural Pass-Through Funding for Certain Anesthesia Services**

CAHs may participate in the Medicare Rural Pass-Through Program to secure reasonable cost-based funding for certain anesthesia services as an incentive to continue to serve the Medicare population in rural areas. The *Code of Federal Regulations (CFR)* under 42 CFR 412.113 lists the specific requirements hospitals or CAHs must fulfill to receive rural pass-through funding from Medicare for anesthesia services furnished by Certified Registered Nurse Anesthetists (CRNA) that they employ or contract with to furnish such services to CAH patients. CAHs that qualify for a CRNA pass-through exemption receive reasonable cost for CRNA professional services, regardless of whether they choose the Standard Payment Method or the Optional (Elective) Payment Method for outpatient services.

Health Professional Shortage Area Incentive Payments

If the CAH is located within a primary medical care Health Professional Shortage Area (HPSA), physicians who furnish outpatient professional services in the CAH are eligible for a 10 percent HPSA incentive payment. If a CAH located in such a HPSA elects the Optional (Elective) Payment Method, payments to the CAH for professional services of physicians in the outpatient department will be 115 percent of the otherwise applicable MPFS amount multiplied by 110 percent.

➤ **Physician Scarcity Area Bonus Payments**

Primary and specialty physicians affiliated with a CAH may also be eligible for a Physician Scarcity Area (PSA) bonus payment of five percent if the CAH is located in an area with few physicians available. One of the following modifiers must accompany the Healthcare Common Procedure Coding System code to indicate the type of physician:

- AG—Primary physician; or
- AF—Specialty physician.

If a CAH located in a PSA elects the Optional (Elective) Payment Method, payments to the CAH for professional services of physicians in the outpatient department will be 115 percent of the otherwise applicable MPFS amount multiplied by 105 percent.

Additional Medicare Prescription Drug, Improvement, and Modernization Act of 2003 Provisions that Impact Critical Access Hospitals

For services furnished on or after January 1, 2005, Section 405 (b) extends reasonable cost reimbursement for CAH costs of compensating physician assistants, nurse practitioners, and clinical nurse specialists who are on call to furnish emergency services. Under previous law, this coverage was limited to compensation for physicians who were on call to furnish emergency services.

Section 405(c) states that periodic interim payments will be paid every two weeks for CAH inpatient services furnished on or after July 1, 2004 for CAHs that apply and qualify for the periodic interim payment method.

Section 405(d) mandates that for cost reporting periods beginning on and after July 1, 2004, each physician or other practitioner furnishing professional services in the CAH is not required to reassign his or her Medicare Part B benefits to the CAH in order for the CAH to elect the Optional (Elective) Payment Method. For CAHs that elected the Optional (Elective) Payment Method before November 1, 2003 for a cost reporting period that began on or after July 1, 2001, the effective date of the rule is retroactive to July 1, 2001. For CAHs that elected the Optional (Elective) Payment Method on or after November 1, 2003, the effective date of the rule is July 1, 2004.

Under Section 405(e), beginning on January 1, 2004, CAHs may operate up to 25 beds for acute (hospital-level) inpatient care, subject to the 96-hour average length of stay for acute care patients. For CAHs with swing bed agreements, any of its beds may be used to furnish either inpatient acute care or Skilled Nursing Facility level swing bed services. Prior to January 1, 2004, CAHs could not operate more than 15 acute care beds or if they had a swing bed agreement, 25 beds.

Section 405(g) states that for cost reporting periods beginning on or after October 1, 2004, CAHs may establish psychiatric units and/or rehabilitation units that are CAH distinct parts (DP). The total number of beds in each CAH DP may not exceed ten. These beds will not count against the CAH inpatient bed limit of 25. Psychiatric and rehabilitation DPs must meet the applicable requirements for such beds in short-term general acute care hospitals, and Medicare payments will equal payments that would be made to general short-term acute care hospitals for these services (i.e., payments that are made under the Inpatient Psychiatric Prospective Payment System or the Inpatient Rehabilitation Facility Prospective Payment System). Therefore, payment for services in DP units of CAHs is not made on a reasonable costs basis.

Section 405(h) mandates that effective January 1, 2006, the provision permitting a state to waive the distance requirements for CAH status via State "necessary provider" designation has sunset. Providers that gained CAH status via "necessary provider" designations prior to January 1, 2006 are grandfathered as CAHs on and after January 1, 2006.

Grants to States Under the Medicare Rural Hospital Flexibility Program

The Flex Program, which was authorized by Section 4201 of the BBA, Public Law 105-33, consists of two separate but complementary components:

- A Medicare reimbursement program that provides reasonable cost reimbursement for Medicare-certified CAHs is administered by the Centers for Medicare & Medicaid Services (CMS); and
- A State grant program that supports the development of community-based rural

organized systems of care in the participating states is administered by the Health Resources and Services Administration through the Federal Office of Rural Health Policy.

To receive funds under the grant program, states must apply for the funds and engage in rural health planning through the development and maintenance of a State Rural Health Plan that:

- Designates and supports the conversions of CAHs;
- Promotes emergency medical services (EMS) integration initiatives by linking local EMS with CAHs and their network partners;
- Develops rural health networks to assist and support CAHs;
- Develops and supports quality improvement initiatives; and
- Evaluates State programs within the framework of national program goals.

HELPFUL RURAL HEALTH WEBSITES

<p>GENERAL MEDICARE SERVICES WEBSITES</p> <p>Centers for Medicare & Medicaid Services www.cms.hhs.gov</p> <p>Generally Certified Health Centers Provider Center www.cms.hhs.gov/center/gchc.asp</p> <p>Hospital Provider Center www.cms.hhs.gov/center/hospital.asp</p> <p>HPSA/PSA (Physician Bonuses) www.cms.hhs.gov/HPSAPSAPhysicianBonuses</p> <p>Internet-Only Manuals www.cms.hhs.gov/Manuals/IOM/list.asp</p> <p>Paper-Based Manuals www.cms.hhs.gov/Manuals/PBM/list.asp</p> <p>Medicare Learning Network www.cms.hhs.gov/MLNGenInfo</p> <p>Medicare Modernization Update www.cms.hhs.gov/MMAUpdate/MMU/list.asp</p> <p>MLN Matters Articles www.cms.hhs.gov/MLNMattersArticles</p> <p>Physician's Resource Partner Center www.cms.hhs.gov/center/physician.asp</p> <p>Regulations & Guidance www.cms.hhs.gov/home/regsguidance.asp</p>	<p>OTHER ORGANIZATIONS' WEBSITES</p> <p>American Hospital Association Section for Small or Rural Hospitals www.aha.org/aha/key_issues/rural/index.html</p> <p>Government Printing Office—Code of Federal Regulations www.gpoaccess.gov/cfr/index.html</p> <p>Health Resources and Services Administration www.hrsa.gov</p> <p>National Association of Community Health Centers www.nachc.org</p> <p>National Association of Rural Health Clinics www.narhc.org</p> <p>National Rural Health Association www.nhrarural.org</p> <p>Rural Assistance Center www.raconline.org</p> <p>U.S. Census Bureau www.census.gov</p>
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This fact sheet was prepared as a service to the public and is not intended to grant rights or impose obligations. This fact sheet may contain references or links to statutes, regulations, or other policy materials. The information provided is only intended to be a general summary. It is not intended to take the place of either the written law or regulations. We encourage readers to review the specific statutes, regulations, and other interpretive materials for a full and accurate statement of their contents. The Medicare Learning Network (MLN) is the brand name for official CMS educational products and information for Medicare fee-for-service providers. For additional information visit the Medicare Learning Network's web page at www.cms.hhs.gov/MLNGenInfo/ on the CMS website.

Medicare Contracting Reform (MCR) Update
Section 911 of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) Congress mandated that the Secretary of the Department of Health and Human Services replace the current contracting authority under Title XVIII of the Social Security Act with the new Medicare Administrative Contractor (MAC) authority. This mandate is referred to as Medicare Contracting Reform. Medicare Contracting Reform is intended to improve Medicare's administrative services to beneficiaries and health care providers. Currently, there are three Durable Medical Equipment (DME) MACs that handle the processing of DME claims and one A/B MAC (jurisdiction 3) to handle the processing of both Part A and Part B claims for those beneficiaries located within the states included in jurisdiction 3. All Medicare work performed by Fiscal Intermediaries and Carriers will be replaced by the new A/B MACs by 2011. Providers may access the most current MCR information to determine the impact of these changes at www.cms.hhs.gov/MedicareContractingReform on the CMS website.

March 2007 ICN: 006400

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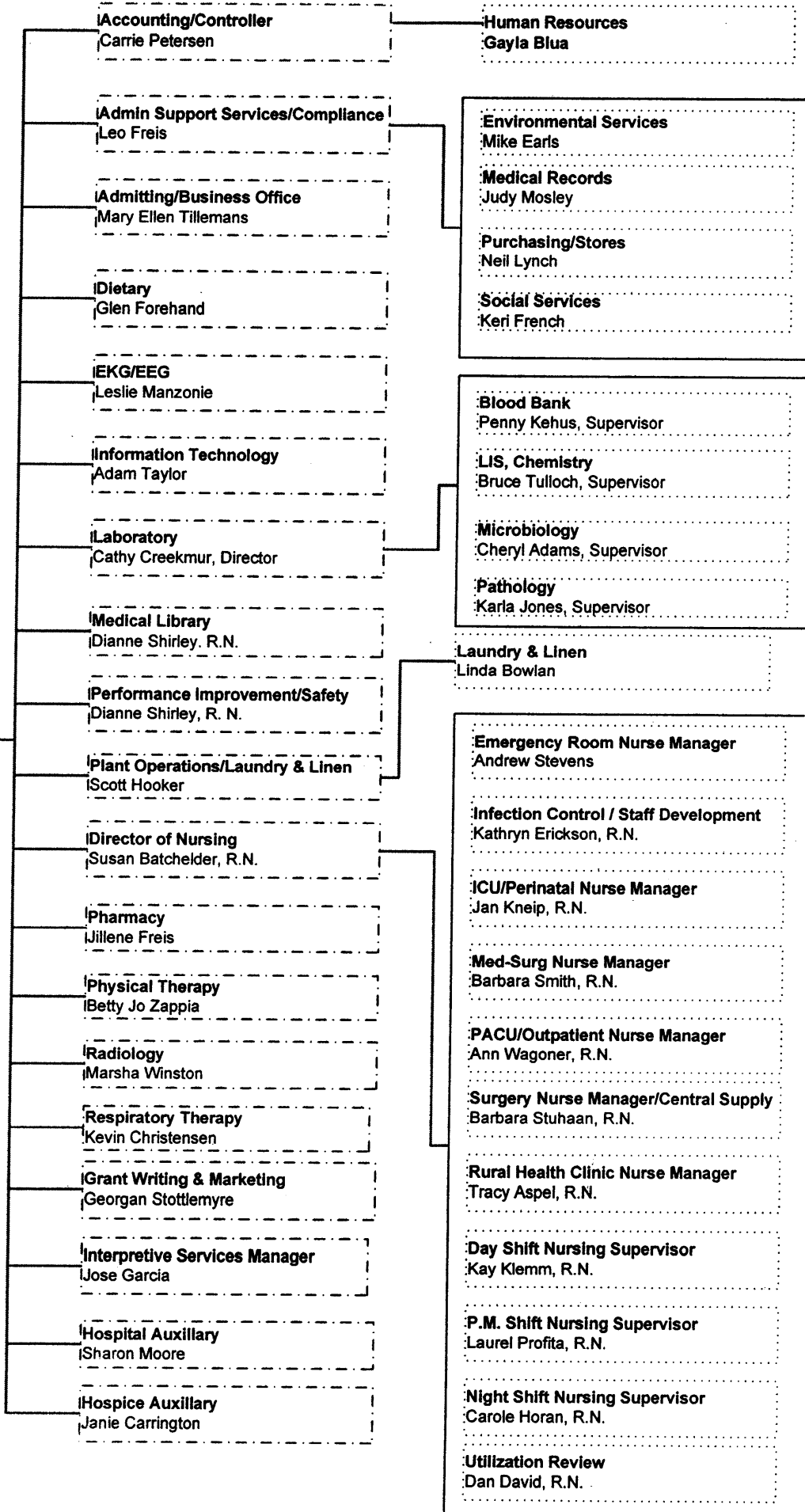
Board of Directors
 President, Peter Watcott
 Vice President, D. Scott Clark M.D.
 Secretary, Michael Phillips, M.D.
 Treasurer, John Ungersma, M.D.
 Member, M.C. Hubbard

Medical Staff
 Taerna Weiss M.D., Chief of Staff

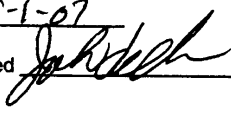
Medical Staff Coordinator
 Maggie Egan

Administrative Secretary
 Sandy Blumberg

Administrator (CEO/CFO)
 John Halfen



Date 5-1-07

Approved 

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Dear NTH Board and
John Halpern -

Last Thursday's Breakfast
Celebrating long term employees
was so very nice.

Thank you for the breakfast
and especially for the \$100⁰⁰
gift certificates.

It is very hard to believe
that I have been employed
by NTH for over 26 years.
I am proud to be ~~part~~
part of this wonderful team.

Thank you, again -

Minto Ozolin

4/24/07

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**COMPLIANCE PROGRAM ANNUAL REPORT
TO THE
NORTHERN INYO COUNTY HOSPITAL DISTRICT BOARD OF DIRECTORS
CALENDAR YEAR 2006**

Executive Summary:

In calendar year 2006, the Compliance program at NIH educated or re-educated 267 employees and students. Fourteen compliance audits were conducted that caused 1 change initiative to be undertaken. One compliance investigation was performed leading to action. Four privacy violation complaints were received and investigated resulting in 1 disciplinary action and 3 memoranda to employee files. In calendar year 2006, the compliance program at NIH has been effective in identifying and correcting compliance and HIPAA violations. In calendar year 2007, we will continue to monitor OIG work plan elements and will access a newly available CMS database that tracks billing and coding compliance.

Staff Education

Trained 267 employees October 19, 2006

Audits Conducted

1. Retrospective Coding and DRG review March 2006
2. Concurrent review of Procedure Consents January 1 to January 20, 2006
3. Concurrent Surgery "Time Out Audit" reported October 7, 2006
4. Retrospective Surgical Cases – Surgery Moderate Sedation Audit for 3rd quarter 2006 on October 7, 2006.
5. Concurrent Inpatient Record review May, 2006
6. Concurrent Inpatient Record review June, 2006
7. Concurrent Inpatient Record review August, 2006
8. Retrospective Delinquent Chart Review 1st Qtr. 2006
9. Retrospective Delinquent Chart Review 2nd Qtr. 2006
10. Retrospective Delinquent Chart Review 3rd Qtr. 2006
11. Retrospective Delinquent Chart Review full year 2006
12. O.R. Safe Medication Practices 3rd Qtr. 2006
13. Medication Reconciliation Audit 1st Qtr. 2006
14. Medication Reconciliation Audit 3rd Qtr. 2006

HIPAA/Compliance Complaints and Issues Investigated

1. Investigation of laboratory billing processes for laboratory send-outs led to a change in outside laboratory billing and a laboratory service agreement with Mammoth Lakes Hospital.

2. Between 11/05 and 12/06, 5 privacy violation complaints were received and investigated. Four of the complaints did not have sufficient evidence of wrongdoing to result in action by the hospital. One of the complaints resulted in counseling of the employees involved with counseling memos to the employees' files.

OIG Work plan Actions – The following elements of the OIG 2005 Work Plan will be continued in the coming year by the Compliance Department

Coding of Evaluation and Management Services

(OEI; 00-00-00000; expected issue date: FY 2005; new start)

Hospital Capital Payments

(OAS; W-00-07-35300; various reviews; expected issue date: FY 2007; new start)

Critical Access Hospitals

We will review critical access hospital (CAH) cost reports to examine the administrative and other costs incurred by CAHs for inpatient and outpatient services before and after their conversion to CAH status. The Medicare Rural Hospital Flexibility Program, established in 1997, designated certain limited service hospitals as CAHs. The Medicare statute provides that CAHs be reimbursed reasonable costs for their inpatient and outpatient services.

(OAS; W-00-06-35101; A-06-00-00000; expected issue date: FY 2007; work in progress)

Rebates Paid to Hospitals

We will determine whether hospitals are properly identifying purchase credits rebates as a separate line item in their Medicare cost reports. We will visit several large vendors and determine the amount of rebates paid to hospitals in a given year. We will then examine a sample of Medicare hospital cost reports to determine whether the rebates were properly credited on the Medicare cost reports.

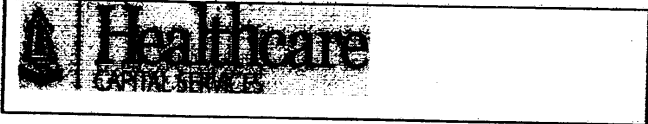
(OAS; W-00-05-35161; various reviews; expected issue date: FY 2007; work in progress)

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April 24, 2007
To: John Halfen
CFO
Northern Inyo Hospital



Healthcare Capital Services is pleased to present the following proposal for the transaction described below:

LESSOR: Healthcare Capital Services

OBLIGOR: Northern Inyo Hospital

PROPERTY: Laundry
Equipment

EXPIRATION: April 30, 2006

**LEASE
QUOTE:**

Estimated Amount	Rate	Payments	Factor	Pmts / Year	Term	Adv. / Arr.
452,000.00	4.92	8,475.00	.018750%	5	60 Months	Arrears

LEASE: This is a net lease under which, all costs, including insurance, maintenance and taxes, are paid by Lessee for the term of the lease.

DEBT SERVICE: 5 years, monthly in arrears. Last payment due at time of closing.

MATURITY: 5 years

DEBT SERVICE: Commences upon completion of installation.

APPROVAL: The financing contemplated by this proposal is subject to the execution and delivery of all appropriate documents (in form and substance satisfactory to Lessor), including without limitation, to the extent applicable, the Master Lease Agreement, any Schedule, financing statements, legal opinion or other documents or agreements reasonably required by Lessor.

Thank you for the opportunity to present this commitment. If you have any questions, please contact me at my number or e-mail address below. If you wish to accept this commitment, please do so by signing below and returning this proposal to me via FAX or e-mail. Upon receipt of this proposal, Lessor will promptly begin its documentation process

Offered by:
Healthcare Capital Services, L.L.C.

By: Don Ferguson

Accepted by:
By:

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**Northern Inyo Hospital
Budget Narrative
And
Assumptions**

2007-2008 Budget

1. There is no change in-patient activity budgeted for FY 2008. (Current YTD Average Daily Census is 9.63) Daily total patient census will average 10.0 patients per day, categorized as follows:
 - a. Med/Surg/Peds 2367 Annual 6.46 Daily Average (2566)
 - b. ICU 327 Annual 0.9 Daily Average (312)
 - c. OB 483 Annual 1.32 Daily Average (427)
 - d. Nursery 483 Annual 1.32 Daily Average (427)
 - e. RHC 1000 visits per month
2. There will be no budgeted change in the payer mix or services from current operations.
3. Other Operating Revenue will include \$786,490 from the District for Debt Service payments on the 2005 General Obligation Bond.
4. The cost of supplies, purchased services and miscellaneous expenses will increase at a 5% inflation rate.
5. There will be two positions added to the Budget for FY 08, namely a Laundry worker (With all of the building activity Maintenance is less able to help out in the Laundry and reflects a return to FY 06 staffing levels.) and one 80% FTE in Administration who will be a Patient/Employee advocate who is also a Certified Social Worker. This budget also reflects the addition of Grant Writer, Activities Director, and Language Services Manager, all recently hired but not budgeted in FY 07
6. Wages and salaries will be increase by 3.5% for cost of living adjustments (2% effective 7/08/07 and 1% 01/13/08) The second of these will be reviewed as last year and be dependant on performance to budget and actual increase in the Cost of Living. Currently the COLA according to the BLS in the fourth Q 2007 is 3.3%. Total wages will increase an additional 1.8% for anniversary (step) increase and wage adjustments. Approximately 30% of employees are eligible each year for step increases.
7. It is expected that employee benefits will run about 60% of Wages and Salaries, as is currently the case.

8. Non-Operating Revenue will be budgeted at \$1,833,496 including \$501,790 for District Tax Receipts, \$150,000 from Contributions and \$169,605 from Tobacco settlement funds and Medical Office and Cellular Tower rent.
9. The hospital's operating reserves (not including the building fund(s)) will increase to at about \$20,000,000, producing a budgeted interest income of \$1,000,000 (5% yields.)
10. Capital expenditures will be budgeted at \$2,387,113.61 excluding the building project related capital purchases.
11. A 6% across the board rate increase (effective 7-1-2007) and will produce an increase to Gross Revenue of \$4,062,871 but only \$2,474,237 in net revenue. At this time the bulk of the benefits of Critical Access Status is incorporated into the Budget Actual rate adjustments may not be "across the board" to insure that we stay within Market Parameters.
12. FY 07 saw a general decline in ancillary activity and hence revenue saw a 10% decline from FY 06. Budget 08 assumes we regain 2% of that lost activity.

Management Request the following action from the Board:

1. Approve a 6% across the Board increase with minor variations.
2. Approve a 2% COLA for all employees effective the first pay period in July
3. Approve a Capital Expenditure Budget of \$2,387,113.
4. Approve the FY '08 operating Budget.

Cash provided by:

Operations	\$2,794,979
Depreciation	\$1,954,072
Increase in Payables	\$44,000
TOTAL SOURCES OF CASH	\$4,793,051

Cash used by:

Capital Expenditures	\$2,000,000
Increase in AR	\$203,000
increase in Inventory	\$100,000
	\$2,303,000

Net Cash **\$2,490,051**

NORTHERN INVO HOSPITAL
Statement of Operations

Budget for 2007-08

Unrestricted revenues, gains and other support:
In-patient service revenue:
Routine

Anclitary
Total In-patient service revenue
Out-patient service revenue
Gross patient service revenue

Less deductions from patient service revenue:

Patient service revenue adjustments
Contractual adjustments
Total deductions from patient service revenue

Net patient service revenue

Other revenue

Transfers from Restricted Funds for Other
Operating Expenses
Total Other revenue

Total revenue, gains and other support

Expenses:

Salaries and wages
Employee benefits
Professional fees
Supplies
Purchased services
Depreciation
Interest
Bad debts
Other

Total expenses

Operating Income (loss)

Other Income:
District tax receipts
Interest
Other

Grants and Other Non-Restricted Contributions
Partnership Investment Income
Total other income, net

Non-Operating Expense
Medical Office Expense
Urology Office
Total Non-Operating Expense

Excess (deficiency) of revenues over expenses

	06 Budget	07 Budget	07 Projected	Early '08 Projected	08 Proposed	Method Used
Unrestricted revenues, gains and other support:						
In-patient service revenue:						
Routine	6,268,855	6,694,920	6,705,702	7,108,044	7,108,044	1 6% all areas
Anclitary	23,844,922	25,467,744	21,693,054	23,454,530	23,116,017	12 6% all areas plus 2% Surgery Only
Total In-patient service revenue	30,113,777	32,162,664	28,398,756	30,562,574	30,224,061	
Out-patient service revenue	37,358,150	40,202,568	39,315,771	41,674,717	42,508,212	12 6% price increase/2% activity increase
Gross patient service revenue	67,471,927	72,365,232	67,714,527	72,237,291	72,732,273	6
Less deductions from patient service revenue:						
Patient service revenue adjustments	1,414,573	1,580,472	1,440,775	2,167,119	2,167,119	
Contractual adjustments	26,223,363	27,532,620	26,144,104	28,894,916	28,894,917	2
Total deductions from patient service revenue	27,637,936	29,113,092	27,584,879	31,062,035	31,062,036	
Net patient service revenue	39,833,991	43,252,140	40,129,648	41,175,256	41,670,237	
Other revenue	259,549	251,484	318,904	341,623	317,948	Decrease in Drugs sold to non-Patients Includes expected increase in food sales
Transfers from Restricted Funds for Other						
Operating Expenses	259,549	251,484	788,740	788,490	788,490	actual Debt Service Amounts
Total Other revenue	0	0	1,107,644	1,128,113	1,104,438	3
Total revenue, gains and other support	40,093,540	43,503,624	41,237,292	42,303,369	42,774,675	
Expenses:						
Salaries and wages	13,309,434	14,615,028	13,910,938	14,606,485	15,640,250	5,6 More Employees less registry
Employee benefits	8,241,125	9,370,224	8,422,510	8,843,636	9,363,421	7 Approximately 60% of Salaries & Wages
Professional fees	2,803,369	2,600,616	2,838,044	3,108,327	2,497,802	Includes \$100,000 for new Surgeon & less Registry
Supplies	4,431,084	5,703,012	5,277,981	5,535,580	5,614,678	4
Purchased services	1,484,378	1,941,720	1,717,186	1,803,045	1,842,992	4
Depreciation	1,577,197	1,634,964	1,560,072	1,636,075	1,954,072	10 Includes Radiology & Support Buildings
Interest	405,912	396,516	396,519	416,345	387,265	
Bad debts	1,498,910	1,865,876	1,705,835	1,808,185	1,808,185	
Other	1,678,259	1,853,664	1,985,449	2,131,576	2,376,799	4 Includes \$27,000 for Surgery Clinic Lease & \$160,000 for new Trailer leases
Total expenses	35,409,667	39,781,620	37,808,534	39,891,254	41,485,454	
Operating Income (loss)	4,683,873	3,722,004	3,428,758	2,412,114	1,289,221	
Other Income:						
District tax receipts	501,790	1,232,556	422,016	601,790	501,790	
Interest	754,054	847,056	907,346	1,000,000	1,000,000	9
Other	169,605	189,420	44,838	169,605	55,953	8
Grants and Other Non-Restricted Contributions	16,289	1,452	138,792	150,000	150,000	
Partnership Investment Income	12,101	-	12,101	12,101	-	
Total other income, net	1,453,849	2,270,484	1,525,094	1,833,496	1,707,743	
Non-Operating Expense	278,554	186,286	126,844	133,187	121,331	
Medical Office Expense	90,317	62,292	106,564	111,892	80,654	
Urology Office	368,871	228,588	233,408	245,079	201,985	
Total Non-Operating Expense	5,766,951	5,763,900	4,720,443	4,000,532	2,794,979	

Northern Inyo Hospital - 2007-08 Capital Expenditure Requests

Department	Description	Est Cost	Life Priority	Yrs of	1-Budget Year	2-Budget Year; Optional	3-Future Purchase	4-Requested not in near future	5-Budget Year; Building Proj Purchase from Operating
Accounting	Kronos Manager Licenses	\$2,100	5	1					
Biomed	Patient Simulator	\$4,000	5	1					
ECHO		\$75,000	5	1					
ECHO		\$26,000	5	1					
Emergency Department	Two ER Gurneys / Replace Old Models	\$10,000	7	1					
IT	Fiber Channel Drives for SAN	\$9,000	5	1					
IT	Web Filter Appliance	\$9,000	5	1					
IT	Cluster Server for Interface Engine	\$17,500	5	1					
IT	LAN Desk Network Management Suite	\$40,000	5	1					
IT	20 Cisco Catalyst Express Switches	\$55,500	5	1					
IT	Catalyst 6500 Series Core Switch Chassis	\$96,000	5	1					
Laundry	Power Pal Cart Mover	\$6,887	10	1					
Laundry/Maintenance	Laundry Delivery Carts	\$5,000	10	1					
Maintenance	Intercom Speakers	\$1,500	10	1					
Maintenance	Low Water Cutoff Valves For Old Boilers	\$2,000	20	1					
Maintenance	Auto Cad Drawings	\$2,500	5	1					
Maintenance	PIM For Phone System	\$2,500	10	1					
Maintenance	Propane Satellite Meter	\$2,500	12	1					
Maintenance	New High Pressure Air System For Shop	\$3,000	15	1					
Maintenance	Sewer Snake	\$3,000	10	1					
Maintenance	Cement Repair around Campus	\$8,000	15	1					
Maintenance	Utility Tracer	\$8,000	5	1					
Maintenance	Nurse Call System For ICU	\$10,000	10	1					
Maintenance	Hot Water Heater X 2	\$11,758	10	1					
Maintenance	Security Cameras	\$15,000	5	1					
Maintenance	RHC Asphalt	\$25,000	8	1					
Maintenance	Truck For Maintenance	\$25,000	4	1					
Maintenance	Tribe Parking Asphalt	\$25,000	8	1					
Maintenance/Grounds	Various Landscaping Around the Hospital	\$9,500	10	1					
Med/Surg Nursing	Vital Care Blood Pressure Monitor w/Stand	\$3,000	8	1					
Med/Surg Nursing	4-Versicare Patient Beds	\$24,400	12	1					
Medical Library 8690	Replacement Computer Work Station/Monitor	\$2,000	5	1					
Medical Records	High Volume Fax Machine	\$1,500	5	1					
Medical Records	Document Management System	\$450,000	5	1					
Nursing - PACU 7427	Portable Bladder Scanner	\$16,144	5	1					

Department	Description	Est Cost	Life	Priority
Perinatal	Newborn Hearing Screener (OAE by Marco)	\$4,400	5	1
Perinatal	Infant, Pediatric, and Wandering Adult Security System By Accutech	\$48,000	5	1
Pharmacy	Flooring For Pharmacy	\$7,000	10	1
Pharmacy	1 Tower Omni Cell for PACU	\$51,000	5	1
Pharmacy	15-Genstar Infusion Pumps for PCA	\$54,000	10	1
Pharmacy	Omni Cell 2 Tower for Surgery	\$104,000	5	1
Physical Therapy	Moving/New Equipment (Full Body Whirlpool/Hi-Lo Treatment Table)	\$50,000	5	1
Pulmonary Function	Bi-Directional HL7 for Pulmonary Equipment	\$10,000	5	1
Pulmonary Function	Pulmonary Diagnostic Equipment	\$37,000	8	1
Purchasing	Electric Fork-lift	\$33,100	10	1
Purchasing	Purchasing Office Suite	\$6,000	5	1
Radiology	FCR Mobile Cassette Stand for 50" long images	\$12,093	5	1
Radiology	NovapACS Solution, RIS, Digitizer and CR Reader and Plates	\$502,269	5	1
Surgery	Flushing Pump for Endoscopy (request by Dr. Cromer-Tyler)	\$1,700	10	1
Surgery	Prep Carts for each Operating Room (two carts @850 each)	\$2,500	5	1
Surgery	AORN Perioperative Video Library for Education of OR Personnel	\$5,000	5	1
Surgery	Computer Workstations Mobile X 2 (2500 each)	\$5,000	5	1
Surgery	Printer for Endoscopic Cart	\$7,154	3	1
Surgery	Backup 10mm and 5mm Laparoscope	\$9,000	5	1
Surgery	Computers for Operating room X 3 (3000 each)	\$20,000	3	1
Surgery	Additional Set of Arthroscopy Instrumentation for Processing and Backup		3	1
Surgery			3	1
Surgery		\$150,000	5	1
Surgery			5	1
Surgery	Art Work/Paintings	\$2,000	5	1
Surgery Clinic	Weight Scale	\$2,600	10	1
Surgery Clinic	Furniture Suite Dr. Cromer-Tyler	\$3,000	5	1
Surgery Clinic	Manual Exam Table 1 of 2	\$4,500	15	1
Surgery Clinic	Manual Exam Table 2 of 2	\$4,500	15	1
Surgery Clinic	Phone System/Voice Mail/10 Phones	\$5,000	10	1
Surgery Clinic	Powered Exam Procedure Table	\$16,509	10	1
Urology Clinic	Furniture Suite	\$3,000	5	1
	Total Priority 1 Capital Requests	\$2,387,114		
Accounting	Kronos Manager Licenses	\$2,100	5	2
EKG		\$166,000	5	1
ICU	Additional Cardiac Monitor for 29-5 (refurbished)	\$7,000	5	2
Maintenance	Vacuum For Coil Cleaner	\$1,500	15	2
Maintenance	Computer For Lock Management	\$1,501	5	2
Maintenance	Various Rain Gutters	\$2,500	10	2
Maintenance	Ariel Scissor Lift	\$5,000	12	2
Maintenance	Replacement Voice Mail System	\$25,000	10	2
Med/Surg Nursing	Model 2002 Sling Scale	\$4,500	10	2
Nursing - PACU 7391	Portable Computer/Laptop Holding Room	\$2,000	5	2
Nursing - PACU 7391	Stand For Portable Computer Holding Room	\$2,500	10	2
Nursing - PACU 7391	Portable Computer/Laptop X 2	\$4,000	5	2
Nursing - PACU 7427	Stand For Portable Computer X 2	\$5,000	10	2
Performance Improvement	Replacement Computer Work Station/Monitor	\$2,000	5	2
Perinatal	Newborn Isolette	\$13,000	10	2

Department	Description	Est Cost	Life Priority
Perinatal	Affinity 4 Birthing Bed for Labor and Delivery	\$14,000	15 2
Perinatal	New Fetal Monitor with Telemetry System and BP Monitor	\$25,000	5 2
Respiratory Care	Capnograph	\$4,000	5 2
Staff Development	ALS Baby	\$2,244	10 2
Staff Development	ECG Kid	\$2,352	10 2
Surgery	Compartmental Pressure Indwelling Monitoring System	\$7,000	3 2
Surgery	Brookwater Retraction System	\$20,000	10 2
Surgery	High Powered Drill for use in Orthopedic Procedures	\$22,000	5 2
	Total Priority 2 Capital Requests	\$340,197	
Dietary	Servewell	\$3,000	15 3
Dietary	Refrigerator	\$5,000	10 3
Laboratory	New Phone System For Laboratory	\$20,000	10 3
Maintenance	Plasma Cutter	\$1,500	10 3
Maintenance	Synchronized Clocks	\$5,175	15 3
Maintenance	Push Button Locks For Various Doors	\$6,000	10 3
Maintenance	Tractor	\$25,000	10 3
Maintenance	Nurse Call System	\$50,000	10 3
Maintenance		\$350,000	10 3
Maintenance/Grounds	Various Tree Trimming/Removal Around Campus	\$9,600	5 3
Radiology	Discovery LS 4 Slice PET/CT Scanner	\$879,377	5 3
	Total Priority 3 Capital Requests	\$1,354,652	
Maintenance	Hankison Medical Air Dryer	\$2,000	10 4
	Total Priority 4 Capital Requests	\$2,000	
Laundry	Delivery Cart	\$3,000	10 5
Laundry	Shelving	\$5,000	10 5
Laundry	Folding Tables times 6	\$6,000	10 5
Maintenance	Hospital Signage	\$40,000	10 5
Radiology	Office Furniture	\$4,000	5 5
Purchasing	Warehouse Shelving	\$11,560	10 5
	Total Priority 5 Capital Requests	\$69,560	
Late Requests			
Pathology	Tissue Processor	\$53,000	1 1
Lab-Microbiology	Computer Workstation with Flat screen monitor	\$3,000	1 1
Lab-Microbiology	Computer Workstation with Flat screen monitor for Orchard Lab System	\$3,000	1 1
Lab-Blood Bank	Platelet Incubator	\$6,226	1 1
Lab-Microbiology	CO2 Incubator	\$9,000	1 1
Lab-Microbiology	3D Combination Module	\$43,875	1 5
	Total Capital Requests received after Purchasing Priority Committee Meeting	\$118,101	
	Grand Total of Capital Expenditure Requests	\$4,271,623	

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6. Hospital shall pay Physician \$___ per EKG interpreted, \$___ per EKG rhythm strip interpreted, \$___ per cardiac event recorder strip interpreted, and \$___ per treadmill study directly supervised. Said sums are payable on the twentieth (20th) day of the calendar month immediately following the service performed. Payments made pursuant to this Paragraph 6 shall be deemed Physician's full, complete, and reasonable compensation for services under this Agreement.

REPLACE WITH

2. Hospital shall pay Physician in accordance with Exhibit A for all interpretation rendered by the Physician. Said sums are payable on the twentieth (20th) day of the calendar month immediately following the service performed. Payments made pursuant to this Paragraph 2 shall be deemed Physician's full, complete, and reasonable compensation for services under this Agreement.

EXHIBIT A

EKG Interpretation Rates

1.	EKG Interpretation	20.50
2.	Rhythm Strip	16.25
3.	Tele Strip	19.00
4.	Cardiac event recorder	29.95
5.	Treadmill Study	102.35
6.	Cardiac Nuclear	125.00
7.	Adenosine Nuclear	150.00

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LEASE PREAMBLE

THIS LEASE is entered into on May 17, 2007, by and between, NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT (hereinafter "TENANT"), and Pioneer Medical Associates a General Partnership (hereinafter "LANDLORD").

RECITALS

- A. TENANT is a California Health Care District, organized and existing pursuant to the Local Health Care District Law, *Health & Safety Code §32000, et seq.*, with its principal place of business at Bishop, California.
- B. TENANT owns and operates NORTHERN INYO HOSPITAL (hereinafter "Hospital"), an acute care general hospital, at 150 Pioneer Lane, Bishop, California.
- C. LANDLORD owns and operates a medical office building designed for the practice of medicine.

LEASE

Subject to and governed by the terms and conditions set forth below, Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, on the terms and conditions set forth in this lease a 2017 square foot Medical office suite ("the PREMISES") located at 152-D Pioneer Lane, in the City of Bishop, County of Inyo, State of California.

ARTICLE I TERM OF LEASE

1.01. Original Term. The term of this lease shall be for a period of three years, commencing at 12:01 A.M. on May 19, 2007 and ending at 12:01 A.M. on May 18, 2010, unless terminated sooner as provided in this lease.

Page 1 of 14

1.02. Renewal Term. The Original Term, described in Section 1.01 above, shall automatically renew for an additional three (3) year term unless either party has given written notice of the other, in the manner set forth in Section ~~10.03~~ below, of its intention not to renew. Said notice of non-renewal must be given no less than One Hundred Twenty (120) days prior to the expiration of the Original Term or it will be without effect.

1.03. Holding Over. If Tenant holds over and continues in possession of the Premises after termination of the term of this lease, including any renewed term, Tenant's continued occupancy of the Premises shall be deemed merely a tenancy from month to

month at a minimum rental of \$1.25 per square foot, per month subject to all other terms and conditions, contained in this lease.

ARTICLE II

RENT

2.01 Rental for Original Term. Tenant agrees to pay to Landlord a minimum advance monthly rent of One Dollar and twenty five cents (\$1.25) a square foot, for a total monthly rental of \$2521, on the first (1st day of each calendar month) commencing on the 1st day of June, 2007 and continuing on the 1st day of each calendar month thereafter through the Original Term. Tenant shall pay all rent without deduction to Landlord at the address set forth in this lease for mailing notices to Landlord, or at any other place or places that Landlord may from time to time designate by written notice given to Tenant.

2.02 Rental for Renewal Term. Tenant agrees to pay to Landlord a minimum advance monthly rent of One Dollar and Twenty-five Cents (\$1.25) a square foot, for a total monthly rental of \$2521, on the 1st day of each calendar month, commencing on the 1st day of June 2010, and continuing on the 1st day of each calendar month thereafter through the Renewal Term. Tenant shall pay all rent without deduction to Landlord at the address set forth in this lease for mailing notices to Landlord, or at any other place or places that Landlord may from time to time designate by written notice given to Tenant.

ARTICLE III

REPAIRS, MAINTENANCE & IMPROVEMENTS

3.01. Improvements to be made by Landlord. NONE

3.02 Present Condition of Premises. Tenant has inspected the Premises and agrees and hereby stipulates with Landlord that the Premises are in good and tenantable condition for its purposes on the date of this lease.

3.03. Repairs by Landlord. During the term of this lease and any renewal or extension of the term of this lease, Landlord shall, at Landlord's own cost and expense, keep the exterior roof, sidewalls, structural supports, and foundation of the building on the Premises in good repair and make all necessary repairs to, or replacements of, the plumbing, and electrical systems on the Premises; provided, however, Landlord shall not:

(a) Be required to make any repairs to the exterior roof, sidewalls, structural supports, and foundations of the building on the Premises that are rendered necessary by the negligence of or abuse of that property by Tenant or any employees, agents, subtenants, or permittee of Tenant; or

(b) Be liable for any damages resulting from Landlord's failure to make any repairs required by this section to be made by Landlord, unless Tenant gives written notice to

Landlord specifying the need for the repairs and Landlord fails to make the repairs or to commence making the repairs within 45 days after Tenant gives notice.

3.04. Repairs by Tenant; Removal of Hazardous Waste. Except as provided in Sections 3.03 and 3.04 above, Tenant shall, at Tenant's own cost and expense, during the term of this lease or any extension of the term of this lease:

- (a) Keep and maintain the interior of the Premises in good order, repair, and tenable condition;
- (b) Properly remove from the premises, and dispose of, all hazardous waste in accordance with applicable federal, state, county and city laws, ordinances and regulations. Tenant shall defend, indemnify, and hold harmless Landlord from any liability for this failure to discharge his duties under this sub-section 3.04 (b).

3.05. Tenant Alterations. Subject to the provisions of Section 3.07 of this Lease, Tenant may make nonstructural alterations or improvements to the Premises deemed necessary by Tenant for Tenant's business without Landlord's approval, provided that Tenant notifies Landlord in writing at least three days before the date construction for alterations or improvements is to commence so that Landlord may post and record a notice of nonresponsibility, and further provided that all construction complies with the requirements of all appropriate government agencies. Before making any nonstructural alterations or improvements to the interior of the building that are estimated to exceed in cost the sum of \$2,000.00 or any structural alterations or improvements to the interior of the building or any alterations or improvements to the exterior of the Building or before constructing any new improvements on the Premises, Tenant shall submit to and obtain Landlord's written approval on final construction plans and specifications for the alterations or improvements. Landlord shall not unreasonably withhold approval. All improvements or alterations made by Tenant on the Premises shall comply with the requirements of any federal, state, or municipal authority having jurisdiction.

3.06 Tenant Improvements and Trade Fixtures.

- (a) Any alterations, improvements, or installations made by Tenant to the Premises shall at once become a part of the realty and belong to Landlord. On expiration or earlier termination of this Lease, Tenant shall surrender the Premises and all improvements thereon to Landlord in good sanitary, and near order, condition, and repair, excluding ordinary wear and tear.
- (b) Tenant shall have the right to remove its trade fixtures from the Premises at the expiration or earlier termination of this lease term provided Tenant is not then in default under this lease and provided that Tenant shall repair any damage to the Premises caused by that removal.

3.07. Liens.

(a) Tenant agrees to keep all of the Premises and every part thereof and the building and other improvements at any time located on the Premises free and clear of any and all mechanics' material-men's, and other liens for or arising out of or in connection with work or labor done, services performed, or materials or appliances used or furnished for or in connection with any operations to Tenant, any alteration, improvements, or repairs or additions that Tenant may make or permit or cause to be made, or any work or construction by, for, or permitted by Tenant on or about the Premises, or any obligations of any kind incurred by Tenant. Tenant further agrees to pay promptly and fully and discharge any and all claims on which any such lien may or could be based, and to save and hold Landlord and all of the Premises and the building and any other improvements on the Premises free and harmless from any and all such liens and claims of liens and suits or other proceedings pertaining thereto.

(b) If Tenant desires to contest any such lien, it shall notify Landlord of its intention to do so within ten days after the filing of that lien. In such a case, and provided that Tenant on demand of Landlord protects Landlord by a good and sufficient surety bond against any such lien and any costs, liability, or damage arising out of that contest, Tenant shall not be in default hereunder until five days after the final determinations of the validity thereof, within which time Tenant shall satisfy and discharge that lien to the extent held valid. The satisfaction and discharge of any such lien shall not, in any case, be delayed until execution is had on any judgment rendered on the lien, and that delay shall be a default of Tenant under this Lease. In the event of any such contest Tenant shall protect and indemnify Landlord against all loss, cost, expense, and damage resulting from the contest.

3.08. Landlord's Right of Inspection. Landlord or Landlord's duly authorized agents may enter the Premises at any and all reasonable times during the term of this lease, including any extended term, to determine whether Tenant is complying with the terms and conditions of this lease or to perform any other acts authorized by this lease to be performed by Landlord or reasonably necessary to protect Landlord's rights under this lease.

3.09 Surrender of Premises. On expiration or earlier termination of this lease, Tenant shall promptly surrender possession of the Premises to Landlord in as good condition as the Premises are on the date of this lease, reasonable wear and tear excepted.

ARTICLE IV

USE OF PREMISES

4.01. Permitted and Prohibited Use of Premises. Tenant shall use the Premises for operating and conducting a practice of a medical specialty or other permitted use and for no other purpose without the written consent of Landlord. Landlord shall not unreasonably withhold consent.

4.02 Medical Staff Membership. Tenant shall not allow or permit the practice of medicine on the Premises by any physician who is not licensed to practice medicine in the State of California and a member in good standing of either the Provisional or Active Medical Staff of the Hospital. Tenant acknowledges and agrees that compliance with the requirements of this Section 4.02 is a condition of this Agreement and not a covenant and that failure to comply with this condition shall be, notwithstanding any other term or provision of this Agreement, cause for termination and forfeiture of this Lease.

4.03 Compliance With Law. The Premises shall not be used or permitted by Tenant to be used in violation of any law or ordinance. Tenant shall maintain the Premises in a clean and sanitary manner and shall comply with all laws, ordinances, rules, and regulations applicable to the Premises, enacted or promulgated by any public or governmental authority or agency having jurisdiction over the Premises.

ARTICLE V

INSURANCE & TAXES

5.01. Liability Insurance. Tenant shall, at Tenant's own cost and expense, secure and maintain during the entire term of this lease and any extended term of this lease, public liability, property damage, and products liability insurance, insuring Tenant and Tenant's employees against all bodily injury, property damage, personal injury, and other loss or liability caused by or connected with Tenant's occupation and use of the Premises under this lease in amounts not less than:

- (a) \$300,000 for injury to or death of one person and, subject to the limitation for the injury or death of one person, of not less than \$1,000,000 for injury to or death of two or more persons as a result of any one accident or incident; and
- (b) \$250,000 for property damage.

Landlord shall be named as an additional insured and the policy or policies shall contain cross-liability endorsements.

In the event that Landlord determines, in Landlord's reasonable judgment, that the limits of the public liability, property damage, or products liability insurance then carried by Tenant are materially less than the amount or type of insurance typically carried by

owners or tenants of properties located in the same county in which the Premises are located, which are similar to and operated for similar business purposes as the Premises, Landlord may elect to require Tenant to increase the amount of specific coverage, change the type of policy carried, or both. If Landlord so elects, Tenant shall be notified in writing of the specific change in policy amount or type required and shall have 30 days after the date of Landlord's notice to effect the change in amount or type of policy. Unless otherwise agreed by Landlord and Tenant, any adjustment under this section may be made not more often than every two years.

5.02 Tenant's Personal Property. Tenant shall at all times during the term of this Lease and at Tenant's sole expense, keep all of Tenant's personal property, including trade fixtures and equipment and all merchandise of Tenant that may be in the Premises from time to time, insured against loss or damage by fire and by a peril included within fire and extended coverage insurance for an amount that will insure the ability of Tenant to fully replace the trade fixtures, equipment, and merchandise.

5.03 Worker's Compensation Insurance. Tenant shall maintain in effect throughout the term of this lease, at Tenant's sole expense, Workers' Compensation insurance in accordance with the laws of California, and employers' liability insurance with a limit of not less than \$1,000,000 per employee and \$1,000,000 per occurrence.

5.04. Cancellation Clause. Any policy of insurance required under this Article shall be written by insurance companies authorized to do business in California.

5.05. Deposit of Insurance Policies With Landlord. Promptly on this issuance, reissuance, or renewal of any insurance policy required by this lease, including fire and liability insurance policies, Tenant shall cause a duplicate copy of the policy or a certificate evidencing the policy and executed by the insurance company issuing the policy or its authorized agent to be given to Landlord.

5.06. Taxes. Tenant shall promptly pay, and not allow to fall into arrears, all personal property taxes assessed against it by the County of Inyo, State of California, or by any other competent governmental authority.

5.07 Conditions. Tenant acknowledges and agrees that its obligations under this Article V are conditions, and not covenants, of its right to occupy the Premises under this Lease and that its failure to comply with any term or requirement of this Article shall be cause for termination and forfeiture of the Lease.

ARTICLE VI
DESTRUCTION OF PREMISES

6.01. Duty to Repair or Restore. If any improvements, including buildings and other structures, located on the Premises are damaged or destroyed during the term of this lease or any renewal or extension thereof, the damage shall be repaired as follows:

- (a) If damage or destruction is caused by a peril against which insurance is not required to be carried by this lease, Landlord, subject to its right to terminate this lease described in Section 6.02, shall repair that damage as soon as reasonably possible and restore the Premises to substantially the same condition as existed before the damage or destruction.
- (b) If the damage or destruction is caused either by a peril against which fire and extended coverage insurance is required by this lease to be carried by Tenant, or by a peril against which insurance is not required to be carried by this lease, Tenant expressly waives any right under Civil Code Section 1931-1933 to terminate this lease for damage or destruction to the Premises.

6.02. Termination of Lease for Certain Losses

- (a) Tenant or landlord shall have the right to terminate this lease under either of the following circumstances:
 - (1) If the Premises are destroyed from any cause whatsoever, insured or uninsured, during the term of this lease (provided that destruction to extend the term of this lease in accordance with the provisions of Section 1.02) or during the extended term, if any, of this lease.
- (b) Either party may terminate this lease by giving written notice of termination to the other not later than four days after occurrence of the event giving rise to termination under subsection (a), and termination shall be effective as of the date of the notice of termination. In the event of a termination under subsection (a), Tenant shall not be entitled to collect any insurance proceeds attributable to insurance policies covering the Premises or improvements, except those proceeds attributable to Tenant's personal property and trade fixtures.
- (c) If this lease is terminated pursuant to either subsection (a) or (b) above, rent, taxes, assessments, and other sums payable by Tenant to Landlord under this lease shall be prorated as of the termination date. If any taxes, assessments, or rent have been paid in advance by Tenant, Landlord shall refund it to Tenant for the unexpired period for which the payment has been made.

6.03. Time for Construction of Repairs. Any and all repairs and restoration of improvements required by this Article shall be commenced by Landlord or Tenant, as the case may be, within a reasonable time after occurrence of the damage for destruction requiring the repairs or restoration, shall be diligently pursued after being commenced;

and shall be completed within a reasonable time after the loss. If Landlord is required under this lease to perform the repairs and restoration, Landlord shall cause the repairs and restoration to be completed not later than 180 days after occurrence of the event causing destruction or Tenant shall have the right to terminate this lease.

6.04 Abatement of Rent.

(a) If the damage or destruction to the Premises is caused by a peril against which insurance is not required to be carried under this lease, rent shall be abated only for the time and to the extent Tenant is prevented from occupying the Premises for the uses authorized in this lease.

(b) If the damage or destruction is caused by a peril against which insurance is required to be carried by Section 5.01 of this lease, Tenant shall continue to pay the full amount of rent required under this lease notwithstanding the fact that damage or destruction renders the Premises either partially or completely uninhabitable for the uses authorized by this lease.

ARTICLE VII
CONDEMNATION

7.01 Total Condemnation Defined. The term “total condemnation” as used in this Article shall mean the taking by eminent domain (“condemnation”) by a public or quasi-public agency or entity having the power of eminent domain (“condemnor”) of either:

- (a) More than 35 percent of the ground area of the Premises; or
- (b) Less than 35 percent of the ground area of the Premises at a time when the remaining buildings or improvements on the Premises cannot reasonably be restored to a condition suitable for Tenant’s occupancy for the uses permitted by this lease within 90 normal eight-hour working days under all laws and regulations then applicable; or
- (c) Less than 35 percent of the ground area of the Premises in such a manner that Tenant is substantially prevented from carrying on operations of a permitted use under this lease on the remaining portion of the Premises.

7.02 Partial Condemnation Defined. The term “partial condemnation” as used in this Article shall mean any condemnation of a portion of the Premises that is not a total condemnation under Section 7.01 of this lease.

7.03 Termination for Total Condemnation. In the event of a total condemnation of the Premises during the term of this lease, this lease shall terminate without further notice as of 12:01 A.M. on the date actual physical possession of the condemned property is taken by the condemnor. All rent payable under this lease shall be prorated as of 12:01

A.M. on that date and a prompt refund or payment of rent for the unexpired period of this lease shall be made by Landlord to Tenant. On the making of that rent adjustment, both Landlord and Tenant will be released and discharge from any and all further obligations under this lease.

7.04 Effect of Partial Condemnation. In the event of a partial condemnation of the Premises, this lease shall terminate as to the portion of the Premises taken on the date actual physical possession of that portion is taken by the condemnor but shall remain in full force and effect as to the remainder of the Premises; provided, however, that promptly after the taking of actual physical possession by the condemnor of the portion taken by condemnation, Landlord shall restore, at Landlord's own cost and expense, the improvements on the remainder of the Premises to a condition making the Premises tenantable by Tenant for the uses permitted by this lease. Any rent payable under this lease after the date actual physical possession is taken by eminent domain bears to the total ground area of the Premises on the date of this lease. In addition, the rent payable under this lease shall be further abated during the time and to the extent Tenant is prevented from occupying all of the remainder of the Premises by the work of restoration required by this section to be performed by Landlord.

7.05 Landlord's Power to Sell in Lieu of Condemnation. Landlord may, without any obligation or liability to Tenant and without affecting the validity or continuation of this lease other than as expressly provided in this Article, agree to sell or convey to the condemnor, without first requiring that an action or proceeding for condemnation be instituted or tried, the portion of the Premises sought by the condemnor free from this lease and the rights of Tenant in the Premises other than as provided in this Article.

7.06 Condemnation Award. All compensation and damages awarded or paid for the condemnation of the Premises or any portion of the Premises, for any sale in lieu of condemnation as authorized by Section 7.05 of this lease, shall, except as otherwise expressly provided in this section, belong to and be the sole property of Landlord. Tenant hereby assigns to Landlord any claim Tenant might have except for this provision against Landlord, the leased Premises, or condemnor for diminution in value of the unexpired term of this lease; provided however, that Tenant is entitled to seek to recover from the condemnor, but not from Landlord:

- (a) The cost of removing any trade fixtures, furniture, or equipment from the portion of the Premises taken by condemnation;
- (b) The value of any improvements installed by Tenant on the portion of the Premises taken by condemnation that Tenant has a right to remove under this lease but that Tenant elects not to remove; and
- (c) The then amortized value of all improvements made by Tenant on the portion of the Premises taken by condemnation that could not be removed by Tenant on expiration of this lease either because of provisions of this lease or because the improvements would have no economic value on removal from the Premises.

ARTICLE VIII

INDEMNIFICATION

8.01. Tenant's Hold-Harmless Clause. Except as otherwise provided in Section 8.02. Tenant shall indemnify and hold Landlord and the property of Landlord, including the Premises, free and harmless from any and all liability, claims, loss, damages, or expenses, including counsel fees and costs, arising by reason of the death or injury of any person, including Tenant or any person who is an employee or agent of Tenant, or by reason of damage to or destruction of any property, including property owned by tenant or any person who is an employee or agent of Tenant, caused or allegedly caused by (1) any cause whatsoever while that person or property is in or on the Premises or in any way connected with the Premises or with any improvements or personal property on the Premises; (2) same condition of the Premises or some building or improvement on the Premises; (3) some act or omission on the Premises of Tenant or any person in, on, or about the Premises with the permission and consent of Tenant; or (4) any matter connected with Tenant's occupation and use of the Premises.

8.02. Landlord's Hold-Harmless Clause. Notwithstanding the provisions of Section 8.01 of this lease, Tenant shall be under no duty to indemnify and hold Landlord harmless from any liability, claims, or damages arising because of Landlord's failure to make any repairs required by this lease to be made by Landlord or because of any negligence or willful acts of misconduct by Landlord or by any person who is an agent or employee of Landlord acting in the course and scope of its agency or employment. Landlord agrees to indemnify, defend, protect, and hold Tenant free and harmless from and against any liability, claims, or damages arising from or in connection with Landlord's failure to make any repairs required by this lease to be made by Landlord or because of any negligence or willful acts of misconduct by Landlord or by any person who is an agent or employee of Landlord acting in the course and scope of its agency or employment.

ARTICLE IX

DEFAULT & REMEDIES

9.01. Remedies on Tenant's Default. If Tenant breaches this lease or breaches this lease and abandons the Premises before the natural expiration of the term of this lease, Landlord, in addition to any other remedy given Landlord by law or equity, may:

- (a) Continue this lease in effect by not terminating Tenant's right to possession of the Premises, in which case Landlord shall be entitled to enforce all Landlord's rights and remedies under this lease, including the right to recover the rent specified in this lease as it becomes due under this lease.

- (b) Terminate this lease and recover from tenant:
- (1) The worth, at the time of award, or the unpaid rent that has been earned at the time of termination of the lease;
 - (2) The worth, at the time of award, of the amount by which the unpaid rent that would have been earned after termination of the lease until the time of award exceeds the amount of rental loss that Tenant proves could have been reasonably avoided;
 - (3) The worth, at the time of award, of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of rental loss that Tenant proves could be reasonably avoided; and
 - (4) Any other amount necessary to compensate Landlord for all detriment proximately caused by Tenant's failure to perform the obligations under this lease; or
- (c) Terminate the lease and, in addition to any recoveries Tenant may seek under paragraph (b) of this section, bring an action to reenter and regain possession of the Premises in the manner provided by the laws of unlawful detainer then in effect in California.

9.02. Termination by Landlord. No act of Landlord, including but not limited to Landlord's entry on the Premises or efforts to relet the Premises, or the giving by Landlord to Tenant of a notice of default, shall be construed as an election to terminate this lease unless a written notice of the Landlord's election to terminate is given to Tenant or unless termination of this lease is decreed by a court of competent jurisdiction.

9.03. Default by Tenant. All covenants and agreements contained in this lease are declared to be conditions to this lease and to the term hereby leased to Tenant. The following constitute a material default and breach of this lease by tenant:

- (a) Any failure to pay rent when due when the failure continues for three days after written notice to pay that rent or surrender possession of the Premises is served on Tenant by Landlord; or
- (b) Any failure to perform any other covenant, condition, or agreement contained in this lease when the failure is not cured within three days after written notice of the specific failure is given by Landlord to Tenant.
- (c) The bankruptcy or insolvency of Tenant, the making by Tenant of any general assignment for the benefit of creditors; the filing by or against Tenant of a petition to have Tenant adjudged a bankrupt or of a petition for reorganization or arrangement under the bankruptcy Act (unless, in the case of a petition filed against Tenant, it is dismissed within 60 days); the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this lease; if possession is not restored to Tenant within 30 days; of the attachment, execution, or other judicial seizure of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this lease, when that seizure is not discharged within 15 days.

- (d) The abandonment or vacating of the Premises by Tenant (which, for purposes of this lease, shall mean Tenant's failure to occupy and operate the Premises for business for a period of at least 30 consecutive days).

9.04. Cumulative Remedies. The remedies granted to Landlord in this Article shall not be exclusive but shall be cumulative and in addition to all other remedies now or hereafter allowed by law or authorized in this lease.

9.05. Waiver of Breach. The waiver by Landlord of any breach by Tenant of any of the provisions of this lease shall not constitute a continuing waiver or a waiver of any subsequent default or breach by Tenant either of the same or a different provision of this lease.

ARTICLE X

MISCELLANEOUS

10.01. Assignment and Subletting. Tenant shall not encumber, assign, or otherwise transfer this lease, any right or interest in this lease, or any right or interest in the Premises or any of the improvements that may now or hereafter be constructed or installed on the Premises without first obtaining the written consent of Landlord. Tenant shall not sublet the Premises or any part of the Premises nor allow any other person, other than Tenant's agents, servants, and employees, to occupy the Premises or any part of the Premises without the prior written consent of the Landlord. Any encumbrance, assignment, transfer, or subletting without the prior written consent of Landlord, whether voluntary or involuntary, by operation of law or otherwise is void and shall, at the option of Landlord, terminate this lease.

10.02. Utilities. Tenant shall pay all charges incurred for utilities furnished to and/or used in Tenant's practice within, and occupancy of, the Premises including but not limited to propane, electricity, water, telephone service, Internet connections, garbage or refuse service, and other public utilities during the term of this lease. All payment shall be made directly to the service provider before their delinquency.

10.03 Notices. Except as otherwise expressly provided by law, any and all notices or other communications required or permitted by this lease or by law to be served on or given to either party to this lease by the other party shall be in writing and shall be deemed duly served and given when personally delivered to the party to whom it is directed or to any managing employee or officer of that party or, in lieu of personal service, when deposited in the United States mail, first-class postage prepaid, addressed as follows:

TO TENANT: Northern Inyo Hospital
150 Pioneer Lane
Bishop, California 93514

TO LANDLORD: Pioneer Medical Associates
152 Pioneer Lane
Bishop, CA 93514

Either party, Landlord or Tenant, may change its address for purposes of this section by giving written notice of that change to the other party in the manner provided in this section.

10.04. Attorney's Fees. If any litigation, is commenced between the parties to this lease concerning the Premises, this lease, or the rights and duties of either in relation to this lease, the party prevailing in that litigation shall be entitled, in addition to any other relief that may be granted in the litigation, to a reasonable sum as and for its attorneys' fees in the litigation.

10.05. Binding on Heirs and Successors. This lease shall be binding on and shall inure to the benefit of the heirs, executors, administrators, trustees, conservators, personal representatives, successors, agents, and assigns of both Landlord and Tenant, but nothing contained in this section shall be construed as a consent by Landlord to any assignment of this lease or any interest in this lease by Tenant.

10.06 Time of Essence. Time is expressly declared to be of the essence of this Lease, and each term or condition thereof.

10.07. Sole and Only Agreement. This instrument constitutes the sole and only agreement between Landlord and Tenant respecting the Premises, the leasing of the Premises to Tenant, and the lease terms contained in this lease, and correctly sets forth the obligations of Landlord and Tenant to each other as of its date. Any agreements or representations respecting the Premises or their leasing by Landlord to Tenant not expressly set forth in this instrument are null and void.

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

Pioneer Medical Associates a General Partnership
Landlord

By _____
Clifford Beck
President

NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT
Tenant

By _____
PETER WATERCOTT
President, Board of Directors

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Draft

NORTHERN INYO HOSPITAL POLICY AND PROCEDURE

Title: Disclosure of Name of Emergency Department Physician on Duty	
Scope: Departmental	Department: ER
Source: Andrew Stevens	Effective Date:

PURPOSE:

To provide guidance for admissions clerks, and emergency department nurses when receiving calls inquiring about the name of the on-duty emergency physician.

POLICY:

When receiving calls regarding the ED physician on duty, the clerk or nurse will respond that it is the policy of Northern Inyo Hospital not to disclose that information over the phone.

Committee Approval	Date
ER Committee - Yes	06
Medical Executive Committee	
Administration	
Board of Directors	

Revised
Reviewed
Supercedes

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DRAFT

NORTHERN INYO HOSPITAL POLICY AND PROCEDURE

Title: AVIAN INFLUENZA – H5N1 FLU HOSPITALIZED PATIENTS INFECTION CONTROL	
Scope: Multi-Department	Department: Infection Control, Nursing
Source: Infection Surveillance Nurse	Effective Date:

PURPOSE:

To minimize infection exposure to healthcare workers and others of patients presenting with Avian Influenza

POLICY:

1. Notification - Infection Control Practitioner (ICP) will be notified immediately of all patients admitted with suspected Avian Influenza.
2. Reporting - All cases of suspected Avian Flu that meet the current case definition will be reported within one working day to the local health department.
3. Room Placement - Patients with suspected Avian Flu will be isolated in negative pressure rooms with airborne precautions. The options are:
4. Airborne (Negative Pressure) Isolation Room: Place the patient in a private room that has (1) monitored negative air pressure in relation to the exterior surrounding areas, (2) six to twelve air changes per hour (ACH), and (3) appropriate venting of contaminated air to the outside.
 - a. Option 1: Room 13 with Hospi Gard into ceiling vent
 - b. Option 2: Room 29-6
 - c. Option 3: If additional room is necessary, use any room with Hospi Gard unit.
5. Visitors should be limited to the immediate family only and only if necessary and for short periods.
6. Close contacts (e.g., family members) of Avian Flu patients with either fever or respiratory symptoms should be instructed not to visit patients with Avian Flu.
7. Hospitals should educate visitors about infection control procedures when visiting patients with Avian Flu.

HEALTHCARE WORKER EXPOSURE:

8. Healthcare workers (HCW) who have unprotected direct contact with an Avian Flu patient must report the exposure to infection control ASAP.
9. The HCW must complete a screening form and be instructed to monitor their temperature in the morning and in the evening for at least 10 days.
10. If a fever or cough develops, the HCW will be instructed to seek medical evaluation immediately.
11. 4.8.2
12. The following precautions shall be instituted:

- a. Standard
- b. Droplet
- c. Airborne
- d. Contact

13. The following PERSONAL PROTECTIVE EQUIPMENT (PPE) shall be worn when entering a subject patient's room:

- a. Respirators: N-95 "duck" mask
- b. Facial Shields or Eye Protectors
- c. Gowns: Disposable gowns are to be worn if substantial contact with the patient or environmental surfaces is anticipated.
- d. Gloves
- e. Dietary utensils, trays, etc.: Disposable items to be used.

HANDWASHING:

- 14. Hands are to be washed after patient contact.
- 15. If hands are not visibly soiled, an alcohol-based hand rub can be used.

TRANSPORTING PATIENTS:

- 16. Patients should not be transported to other areas of the hospital unless absolutely necessary.
- 17. If patients must be transported, place a surgical mask over patient's nose and mouth.
- 18. HCW will wear N-95 mask.

PATIENT CARE EQUIPMENT:

- 19. Patient care equipment (e.g., thermometers, blood pressure cuffs, stethoscopes and commodes) must be kept in the patient's room. Use disposable equipment whenever possible.
- 20. Reusable equipment will be cleaned per protocol before re-use.

LINENS, WASTE AND ROOM CLEANING: As per policy under Contact Precautions.

Committee(s) approval needed: Yes

Responsibility for review and maintenance: Infection Surveillance Nurse

Index Listing: Avian Flu, H5N1 Influenza

Initiated: 3/2006

Committee Approval	Date
Infection Control Committee	05/23/06
Policy and Procedure Committee	06/20/06
Administration	
Board of Directors	

Revised
Reviewed
Supersedes

END