

CALL TO ORDER                      The meeting was called to order at 5:35pm by Peter Watercott, President.

PRESENT                                Peter Watercott, President  
Michael Phillips, M.D., Secretary  
John Ungersma, M.D., Treasurer  
Jeff Brown, PharmD, Director

ALSO PRESENT                      John Halfen, Administrator  
Richard Nicholson, M.D., Chief of Staff  
Douglas Buchanan, Esq., Hospital District Legal Counsel  
Sandy Blumberg, Administration Secretary

ABSENT                                 M.C. Hubbard, Vice President

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

PUBLIC COMMENTS  
ON AGENDA                          Mr. Watercott asked if any members of the public wished to address the Board on any items listed on the agenda for this meeting. No comments were heard.

MINUTES                                Mr. Watercott noted that the minutes of the October 15, 2008 regular meeting were not available for review and therefore will be approved at the next regular meeting of the District Board.

ADMINISTRATOR'S  
REPORT

3-D MODELING FOR  
PHASE II OF  
CONSTRUCTION

Representatives from NTD Stichler Architecture and Turner Construction were present to give a demonstration of 3-D modeling for Phase II of the hospital rebuild project. 3-D modeling has been made available to all contractors and engineers on the project with the intent of preventing change orders and corrections by identifying design "clashes" before construction begins. Designs for every element of the project are overlaid into a 3-D model which creates an exact overview of what the finished product will be. The model makes it possible to identify and resolve errors before they physically happen, thereby saving the Hospital significant dollars on the overall cost of the project. The model presented at this meeting showed intricate details of what the finished building will look like, and illustrated that the tallest part of the structure will be 33 feet high, and the deepest pylon for the foundation will be 55 feet deep.

FINANCIAL AND  
STATISTICAL REPORTS

John Halfen, Chief Financial Officer reviewed with the Board the financial and statistical reports for the month of September 2008. Mr. Halfen noted the statement of operations shows a bottom line excess of revenues over expenses of \$63,058. Mr. Halfen called attention to the following:

- *Inpatient service revenue was under budget*

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- *Total expenses were under budget*
- *Salaries and wages and employee benefits were under budget*
- *Professional Fees expense was over budget*
- *Year-to-date net income was \$1,131,541*

Mr. Halfen also called attention to the financial and statistical reports for the month of October 2008, and noted the statement of operations shows a bottom line excess of revenues over expenses of \$578,252. Mr. Halfen additionally noted the following:

- *Inpatient and outpatient service revenue were significantly over budget*
- *The Balance Sheet showed no significant change*
- *Professional fees expense was over budget*
- *Year-to-date net income totaled \$1,218,066*

Mr. Halfen reported the average number of days accounts are in receivables is 58 days. He noted that MediCal and Medicare now owe Northern Inyo Hospital (NIH) \$2,000,000, and will not pay interest on that amount once it is finally paid. Mr. Halfen also called attention to the fact that the Hospital's net worth now totals \$39,000,000, and the Hospital's investments remain stable in spite of a volatile economy. It was moved by John Ungersma, M.D., seconded by Michael Phillips, M.D. and passed to approve the financial and statistical reports for the months of September and October 2008 as presented.

#### BUILDING REPORT

Mr. Halfen stated the Office of Statewide Healthcare Planning and Development (OSHPD) has issued the permit for the demolition of the 1949 building, and though it is not actually in hand OSHPD has indicated its consent to proceed with demolition. The subcontractor for demolition has not increased prices during the 3-month construction delay, and takedown will begin on Monday, December 15. The Hospital's current Emergency Entrance will be closed on December 15 and relocated to the main entrance during construction.

#### 2<sup>nd</sup> BOND ISSUE

Mr. Halfen noted the 2<sup>nd</sup> Bond issue has not taken place and will likely be delayed until financial conditions improve. Mr. Halfen noted money from the bonds will not be needed for funding the rebuild project for another 12 to 14 months, and it is hoped that in that amount of time market conditions will improve to some extent.

#### SETTLEMENT WITH ANTHEM BLUE CROSS

Mr. Halfen reported the Hospital has received a check from Anthem Blue Cross in the amount of \$36,884.78, as settlement of a class action lawsuit involving various infractions.

#### TOBACCO FUNDS DISBURSEMENT

Mr. Halfen reported the Hospital has disbursed approximately \$12,000 of County Tobacco tax funds in order to purchase respiratory mask equipment for use at NIH. Tobacco tax dollars are intended for use for tobacco or cancer related health issues, and the Board agreed that the

purchase of respiratory equipment was an appropriate use of these dollars.

INTERSECTION OF  
PIONEER AND WEST  
LINE

Mr. Halfen called attention to a petition to install a traffic signal at the intersection of Pioneer Lane and West Line Street. The intersection has been the location of numerous injury accidents in recent years, and increased traffic in the area has made that intersection increasingly dangerous over time. Previous conversations with local government have not resulted in an improvement to traffic handling in the area, and Mr. Halfen asked for Board and employee support of the stoplight petition. Board members present voiced their support of the stoplight petition.

ADVANCE  
BENEFICIARY NOTICE

Mr. Halfen reported that though the subject of Advance Beneficiary Notice is on the agenda for this meeting, it will actually be discussed at a future date.

FYI SECTION

MEDICARE  
PROFITABILITY

Mr. Halfen referred to information received from CHA DataSuite indicating a dramatic decline in the profitability of Medicare PPS hospitals in the State of California. The information was provided for informational purposes only, and Mr. Halfen noted that NIH is not a PPS (Perspective Pay System) hospital.

JPA FOR BOND ISSUE

Mr. Halfen referred to a Joint Powers Agreement (JPA) recently signed by the Hospital for the purpose of competitively pricing its general obligation bonds. The JPA with other hospital districts will facilitate negotiation of competitive pricing for the upcoming bond issue.

BUHS DISTRICT  
OFFICE DEDICATION

Mr. Halfen noted the Wilford Partridge building dedication took place recently to commemorate the Hospital's donation of the building to the Bishop Joint Union High School District. The building now located on high school property will retain the Partridge name in honor of long-time Hospital District Board President Wilford Partridge.

HEALTH  
INFORMATION,  
PRIVACY BILLS

Mr. Halfen referred to information regarding new California legislature on the subject of health information privacy, which increases fines charged to hospitals for noncompliance with patient privacy regulations.

EMPLOYEE  
RETIREMENT

Mr. Halfen noted the retirement of long-time Medical Records employee Minta Ozolins, and expressed his appreciation of Ms. Ozolins' 28 years of dedicated service to the Hospital District.

CHIEF OF STAFF  
REPORT

Chief of Staff Richard Nicholson, M.D. reported the Medical Staff does not have anything of significance to report at this time.

OLD BUSINESS

REAFFIRMATIONS OF  
NEGOTIATOR

Mr. Halfen asked for reaffirmation of himself as negotiator regarding the potential acquisition of real property at 2957 Birch Street, Bishop, California. Negotiation will be with the designee(s) of Southern Mono County Healthcare District. Mr. Halfen additionally asked for

reaffirmation of himself as negotiator regarding the potential acquisition of a second real property located at 2296 N. Sierra Highway, Bishop, California. Negotiation will be with owner of said property. It was moved by Doctor Phillips, seconded by Jeff Brown, Pharm D, and passed to approve both reaffirmations as requested.

RHC ACTION PLAN  
UPDATE

Mr. Halfen reported that the Northern Inyo Hospital Rural Health Clinic (RHC) continues to proceed with its action plan to increase profitability. Notable changes to Clinic operations include implementation of a pay-for-performance plan for physicians providing services at the Clinic. RHC continues to move forward with its efforts to achieve positive financial objectives, and it was noted that approximately 14,000 patients were seen at the Clinic during the month of October 2008.

RHC DIRECTOR  
AGREEMENT,  
REVISION

Mr. Halfen called attention to a revised agreement for the RHC Director services of Stacey Brown, M.D., which includes a correction being made to the reimbursement rate included in Doctor Brown's contract. It was moved by Doctor Ungersma, seconded by Doctor Phillips, and passed to approve the revised agreement as presented.

NEW BUSINESS

EQUIPMENT  
PURCHASE FOR STAT  
LAB

Mr. Halfen called attention to a proposal to purchase a non-budgeted item for the Hospital's Stat Lab, at a cost of approximately \$9,000.00. The proposed purchase is for a blood count instrument required as backup for Stat Lab operations. It was moved by Doctor Phillips, seconded by Mr. Brown, and passed to approve the purchase as recommended.

ELECTION OF 2009  
DISTRICT BOARD  
OFFICERS

Following brief discussion the Board elected the following officers for the 2009 calendar year: President, Peter Watercott; Vice President, John Ungersma, M.D.; Treasurer, Michael Phillips M.D.; Secretary, M.C. Hubbard; Director, D. Scott Clark, M.D..

STANDARD & POOR'S  
BOND RATING LETTER

Mr. Halfen referred to a letter received from Standard & Poor's regarding the upgrade of the Hospital's General Obligation Bonds (election of 2005) from a "BBB+" rating to an "A-" rating. The Board complimented Mr. Halfen on successfully negotiating an upgrade for the bond issue.

RENEWAL OF EKG  
AGREEMENTS

Mr. Halfen referred to proposed renewal agreements for the EKG services of Doctors James Richardson M.D., and Nickoline Hathway M.D., and to a new agreement for EKG services of Vasuki Sittampalam, M.D.. It was moved by Mr. Brown, seconded by Doctor Ungersma, and passed to approve all three EKG agreements as presented.

RATIFICATION OF  
LEASE FOR 337 HANBY  
STREET

Mr. Halfen asked for ratification of a lease for 336 Hanby Street, Bishop, at a rate of \$700 per month. The Hospital will lease the property in order to help provide housing for incoming nurse travelers and physicians. It was moved by Doctor Ungersma, seconded by Mr. Brown, and passed to ratify the Hanby Street lease as requested, with District Legal Counsel

Douglas Buchanan making housekeeping changes to the agreement.

LEASE FOR 153-C  
PIONEER LANE

Mr. Halfen referred to a proposed lease agreement with David Greene, M.D. to lease office space located at 153-C Pioneer Lane from NIH. Following review it was moved by Mr. Brown, seconded by Doctor Ungersma, and passed to approve the lease with Dr. Greene as presented.

APPROVAL OF HEALTH  
PLAN REPORT

Mr. Halfen also referred to a health plan renewal report for plan year 2009, received from Barry G. Miller and Associates. The report indicates there will be an approximate 15% increase to the cost of the Hospital's plan for the upcoming year. Following brief discussion it was moved by Doctor Phillips, seconded by Mr. Brown, and passed to approve the health plan renewal report for 2009 as presented.

JANUARY COST OF  
LIVING ADJUSTMENT

Mr. Halfen noted that due to the lack of a quorum, approval of a proposed employee Cost of Living Adjustment (COLA) will be tabled to the January 2009 meeting. Mr. Halfen also recommended that if approved in January the COLA percentage should be pro-rated to essentially back-date the increase to be effective as of the first full pay period in January.

HOSPITAL  
INFORMATION  
SYSTEMS PROPOSAL

Mr. Halfen referred to a proposed consulting agreement with *HIS Professionals, LLC* to assess whether or not NIH should continue to use QuadraMed Affinity as its Hospital Information System (HIS). There is concern regarding whether or not QuadraMed's maintenance services are adequate, and whether or not the company will progress positively into the future. Following discussion it was moved by Doctor Phillips, seconded by Mr. Brown, and passed to approve the consulting agreement with *HIS Professionals, LLC* to explore the matter in greater detail.

SECURITY OFFICER'S  
HOLD HARMLESS  
AGREEMENT

Mr. Halfen referred to a proposed hold-harmless agreement with the City of Bishop that would indemnify the City of liability in regard to active police officers providing security services at NIH. Following review of the agreement it was moved by Mr. Brown, seconded by Doctor Ungersma, and passed to approve the hold harmless agreement with the City of Bishop for active-duty police officers as presented.

INVESTMENT RISKS  
AND DIRECTION

Mr. Halfen opened discussion on investment risks in the current financial market, and reviewed with the Board the direction he intends to take in regard to investment of the Hospital's assets. Following review of the Hospital's current holdings, Mr. Halfen gave the Board the opportunity to provide him with direction in regard to financial investment if they chose to do so. The Board discussed current investment risks and agreed to continue a conservative approach in order to safeguard the District's interests and provide as much additional funding to the rebuild project as possible. Mr. Halfen reviewed options regarding selling investments now or continuing to hold on to them, and the Board agreed to continue the current course and hold to the securities schedule currently in place. No

action was recommended by the Board in regard to changing the District's current investment strategy.

PURCHASE OF  
EXISTING MODULAR  
BUILDING

Mr. Halfen referred to a proposal to purchase a leased modular building located on Hospital property at a buyout cost of \$21,785. It was moved by Doctor Ungersma, seconded by Doctor Phillips, and passed to approve the purchase of the modular building, which currently houses the Hospital's Performance Improvement Department.

VOCERA  
COMMUNICATIONS  
PROPOSAL

Mr. Halfen reported that the possible purchase of a Vocera communications system for use at NIH is still being evaluated, and management has withdrawn the proposal for purchase at this time.

BOARD MEMBER  
REPORTS

Mr. Watercott asked if any member of the Board of Directors wished to report on any items of interest. Doctor Ungersma stated that following his election to the ACHD legislative committee, he will lobby for legislature to allow hospitals to hire physicians as employees.

OPPORTUNITY FOR  
PUBLIC COMMENT

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

CLOSED SESSION

At 7:56 p.m. Mr. Watercott announced the meeting was being adjourned to closed session to allow the Board of Directors to:

- A. Hear reports on the hospital quality assurance activities, and hear a report from the Medical Staff Executive Committee (Section 32155 of the Health and Safety Code, and Government Code Section 54962).
- B. Instruct negotiator regarding price and terms of payment for the purchase, sale, exchange, or lease of two real properties (Government Code Section 54956.8).
- C. Confer with legal counsel regarding pending litigation against the District by an employee (Government Code Section 54956.9(a)).

RETURN TO OPEN  
SESSION

At 8:33 p.m. the meeting was returned to open session. Mr. Watercott reported the Board took no reportable action.

ADJOURNMENT

The meeting was adjourned at 8:34 p.m.

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Peter Watercott, President

Attest:

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Michael Phillips, M.D., Secretary