



Northern Inyo County Local Hospital District

Board of Directors Regular Meeting

Wednesday May 18 2011; 5:30pm

*Board Room
Northern Inyo Hospital*

DRAFT AGENDA
NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT
BOARD OF DIRECTORS MEETING
May 18, 2011 at 5:30 P.M.
In the Board Room at Northern Inyo Hospital

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 20 2011 regular meeting.
4. Financial and Statistical Reports for the month of March 2011; John Halfen.
5. Administrator's Report; John Halfen.
 - A. Building Update
 - B. Security Report, March 2011
 - C. Orthopedic services update
 - E. Physician Recruiting Update
 - F. Other
6. Chief of Staff Report; Helena Black, M.D..
 - A. Medical Staff privileging and credentialing (*action items*).
 - B. Policy and procedure approvals (*action items*);
 1. *Bladder Catheterization*
 2. *Urinalysis Reflex*
 - C. Other
7. Old Business
 - None -
8. New Business
 - A. Construction Change Orders (*action items*):
 1. COR 49R1; Bond and Builders Risk
 2. COR 123; IB 084, Central Plant Redesign
 3. COR 142; IB 150, 24/7 Monitoring
 4. COR 149; IB 160 Revisions to Toilet Room H1020
 5. COR 157; IB 251, RFI 931, Pipe Support in existing central plant
 6. COR 170; IB 230, Panel DEQ 600 amp breaker change
 7. COR 172; IB 083, RF Room Coordination
 8. COR 174; IB 231, Chiller Building and Boiler Building
 9. COR 179; Payment Terms (Early Release Discount) (*cost reduction*)
 10. COR 181; IB 185, Code required clock/timers

11. COR 129R1; Wage Rate Increase (*cost reduction from original estimate*)
12. COR 186; VE items for glass (*cost reduction*)
- B. Annual Bylaws Review (*action item*). ***THIS WILL BE TABLED TO JUNE***
- C. Consulting Agreement, Pat Calloway (*action item*).
- D. Kronos capital acquisition (*action item*).
- E. Notice of termination, Valley Emergency Physicians (*action item*).
- F. Hospital Reorganization (*possible action*).
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 action filed by John Nesson M.D. against Northern Inyo County Local Hospital District and other Defendants (Government Code Section 54956.9(a)).
 - C. Confer with legal counsel regarding action filed by Stephen Johnson and Elizabeth Monahan-Johnson against Northern Inyo County Local Hospital District and other Defendants (Government Code Section 54956.9(a)).
12. Return to open session, and report of any action taken in closed session.
13. Opportunity for members of the public to address the Board of Directors on items of interest.
14. Adjournment.

THIS SHEET

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- CALL TO ORDER The meeting was called to order at 5:30 pm by Peter Watercott, President.
- PRESENT Peter Watercott, President
 John Ungersma, M.D., Vice President
 M.C. Hubbard, Secretary
 Denise Hayden, Treasurer
 D. Scott Clark, M.D., Director
- ALSO PRESENT John Halfen, Administrator
 Helena Black, M.D. Chief of Staff
 Douglas Buchanan District Legal Counsel
 Sandy Blumberg, Executive Assistant
- ALSO PRESENT FOR
RELEVANT PORTION(S) Dianne Shirley, R.N. Performance Improvement Coordinator
- PUBLIC COMMENT Mr. Watercott asked if any members of the public wished to comment on any items listed on the agenda for this meeting. No comments were heard.
- MINUTES The minutes of the February 16 regular meeting were approved.
- FINANCIAL AND
STATISTICAL REPORTS Mr. Halfen called attention to the financial and statistical reports for the month of February 2011. He noted the statement of operations shows a bottom line excess of revenues over expenses of \$228,438. Mr. Halfen additionally called attention to the following:
- *Inpatient and outpatient service revenue were both over budget*
 - *Total expenses were over budget*
 - *Salaries and wages and employee benefits expense were under budget*
 - *Professional Fees Expense was over budget*
 - *The Balance Sheet showed no significant change*
 - *Total net assets continue to grow*
 - *Year-to-date net income totals \$4,692,182*
- Mr. Halfen noted cash on hand continues to fluctuate in order to help fund the hospital rebuild project. He also reviewed the hospital's investments which remain stable at this time. The liability side on the Balance Sheet shows no significant change, and the financials look good at this time. Inpatient and outpatient service revenue are under budget for the year; which is not surprising considering current economic conditions. The hospital is hoping to recruit an orthopedic surgeon in the near future which will hopefully increase surgery volume from what it currently is. Mr. Halfen also noted salaries and wages and employee benefits expense are currently under budget for the year-to-date. It was moved by M.C. Hubbard, seconded by John Ungersma, M.D. and passed to approve the financial and statistical reports for the month of February 2011 as presented.
- ADMINISTRATORS
REPORT

BUILDING UPDATE	<p>John Hawes with Turner Construction Company reported the hospital rebuild project is progressing slightly ahead of schedule and plaster is currently being applied to the exterior walls of the new building. Windows have now been installed and the plastic covering the building should be removed sometime around the middle of May. Site work is also going on and permanent curbs and gutters are now being poured. It is possible a tour of the job site will be offered to Board members prior to the start of the May regular meeting. Kevin Boots with RBB Architects was present to answer questions that anyone may have, however no questions were asked.</p>
SECURITY REPORT	<p>Mr. Halfen called attention to the Security Report for the month of February, which revealed no new security issues of significance.</p>
ORTHOPEDIC SERVICES UPDATE	<p>Mr. Halfen stated recruitment efforts continue in an attempt to obtain a new orthopedic surgeon by the start of June. Special incentives are being offered to potential candidates.</p>
PMA PARTNERSHIP PURCHASE UPDATE	<p>Mr. Halfen also reported paperwork has been completed for the hospital's purchase of a Pioneer Medical Associates (PMA) partnership interest, and escrow on the transaction is expected to close by May 1.</p>
INYO COUNTY PROPERTY TAX ADJUSTMENT	<p>Mr. Halfen stated Inyo County has informed the Hospital District that due to a reduction in a prior-year assessed property tax valuation, a portion of the property tax paid to the District in 2009 will now have to be paid back. Northern Inyo Hospital's (NIH's) portion of the property tax refund has been calculated to be \$8,404, which will be repaid to the County in the near future.</p>
PHYSICIAN RECRUITING	<p>Mr. Halfen reported the hospital continues to recruit for the following physician specialties: orthopedic surgery; obstetrics and gynecology; family practice; and internal medicine. He additionally stated Administration has accepted the resignation of Family Health Center (FHC) Physician Assistant Robert Frankle, and that Vasuki Sittampalam, M.D. is currently the only provider working at the FHC practice.</p>
BETA LIABILITY INSURANCE	<p>Mr. Halfen also noted the District has received a correspondence from Beta Healthcare (the hospital's liability insurance provider) stating there will not be any increase to the hospital's insurance premium in the upcoming fiscal year.</p>
NEW BUSINESS	
CONSTRUCTION CHANGE ORDERS	<p>Kathy Sherry, Project Manager with Turner Construction Company called attention to the following construction Change Order Requests (COR's):</p> <ol style="list-style-type: none">1. COR 130; Signage reconciliation2. COR 134; Top Track modifications3. COR 136; Delete roof mounted lightning protection

4. COR 141; Deletion of power circuit for steam generators
5. COR 143; Electrical portion of FF&E coordination
6. COR 73R1; IB 23, M/S Patient Toilet Rooms
7. COR 135; IB 157, Revision at Decon and Server Room
8. COR 139; IB 187, Delete Terrazzo pans on plumbing
9. COR 140; IB 140, Lighting Levels
10. COR 141; IB 199, Delete Circuits for Steam Generators
11. COR 146; IB 104/173/182, AHU Vestibules and Hydronic Changes

Ms. Sherry reviewed the individual change orders and explained why each was necessary, with most changes involving improvements being made to the original plans for the new facility. Lighting levels for the new building are being improved, as are patient room accommodations and electrical wiring. The total cost of the proposed change orders will be \$151,245, which will exhaust the contingency fund originally set aside for construction cost overruns. Mr. Halfen noted there is roughly a half million dollars set aside for any additional CORs that may be deemed necessary, and he still plans to keep six million available for working capital to keep the hospital running smoothly during completion of the building project. Mr. Halfen also stated the hospital will have to look carefully at any purchases that are made in the next two years in order to keep expenditures as low as possible. Following discussion of the change orders presented, it was moved by Doctor Ungersma, seconded by Ms. Hubbard, and passed to approve all eleven construction change orders as presented.

CHIEF OF STAFF REPORT

MEDICAL STAFF PRIVILEGING AND CREDENTIALING

Chief of Staff Helena Black, M.D. reported following careful review and consideration the Medical Executive Committee recommends approval of the following:

1. Appointment of Anthony Schapera, MD to the Provisional Active Medical Staff with privileges commensurate with his clinical practice in anesthesiology
2. Appointment of James Englesby, MD to the Provisional Consulting Medical Staff with privileges commensurate with his clinical practice in internal and family medicine
3. Granting of additional interventional radiology privileges as requested for Tahoe Carson Radiology affiliate Keith M. Shonnard, M.D.
4. Advancement of Tahoe Carson Radiology radiologists Nicholas Carlevato, MD; Sheldon Kop, MD; David Landis, MD; Stephen Loos, MD; Thomas McNamara, MD; and Keith Shonnard, MD, (certified by the American Board of Radiology) to the Consulting Medical Staff with requested privileges

It was moved by Doctor Ungersma, seconded by Ms. Hubbard, and passed to approve all Medical Staff advancements and privileging as requested.

POLICY & PROCEDURE
APPROVALS

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

1. *Radiology – Patient Priority*
2. *Discharge of Radiology Patients Following Image Guided Procedures*
3. *IV Certification of Radiologic Technologists*
4. *Radiology Services Pregnant Personnel*

It was moved by D. Scott Clark, M.D., seconded by Ms. Hubbard, and passed to approve all four policies and procedures as recommended.

EMERGENCY
MEDICINE CLINICAL
PRIVILEGES FORM

Doctor Black also called attention to the Medical Staff *Emergency Medicine Clinical Privileges* form, which was provided for informational purposes only.

VALLEY EMERGENCY
PHYSICIANS
CONTRACT

Doctor Black also commented that NIH's Emergency Room physicians will likely recommend cancellation of the contract with Valley Emergency Physicians (VEP) at a future meeting; due to concerns with contract issues that remain unresolved. A proposal for a new emergency room physician agreement may be presented at the next regular meeting, and it was noted that lack of staffing coverage is one of the main concerns with the current VEP agreement at this time.

HOSPITALIST
AGREEMENTS

Mr. Halfen called attention to proposed agreements for *Medical Director of Hospitalist Program* (with Asao Kamei, M.D.), and to the *Physician Hospitalist Agreement* for physicians who rotate to provide hospitalist coverage for NIH inpatients. The hospitalist program has proved to be successful during the first several months of trial, and Administration is now ready to establish a template for how the program should run. Following review of the proposed agreements it was moved by Doctor Ungersma, seconded by Denise Hayden, and passed to approve both hospitalist agreements as presented.

MEDICAL DIRECTOR
OF PHARMACY
AGREEMENT

Mr. Halfen also called attention to a proposed agreement for *Medical Director of Pharmacy* with Nickoline Hathaway M.D.. Following review of the agreement presented and after two housekeeping changes were made to the contract, it was moved by Doctor Ungersma, seconded by Ms. Hayden and passed to approve the *Medical Director of Pharmacy* agreement with Nickoline Hathaway, M.D. as requested.

POLICY &
PROCEDURE:
SANCTIONS FOR
BREACH OF PATIENT
PRIVACY

Leo Freis, Compliance Officer, Laboratory Director, and Administrative Support Services called attention to a proposed policy titled *Sanctions for Breach of Patient Privacy*, which has been created to comply with Federal standards. The policy establishes guidelines to apply appropriate sanctions against members of the hospital's workforce who fail to comply with its' patient privacy policies. Upon review of the policy presented it

was mentioned that all hospital staff should be directed to read and understand the policy, in order to ensure that they understand the potential serious consequences for a breach of patient privacy. It was moved by Doctor Ungersma, seconded by Ms. Hayden, and passed to approve the policy titled *Sanctions for Breach of Patient Privacy* as requested.

BOARD MEMBER
REPORTS

Mr. Watercott asked if any members of the Board of Directors wished to report on any items of interest. Ms. Hayden inquired as to whether or not a mural is being planned for the new hospital building, and Mr. Halfen stated a historical mural for the wall of the new facility is currently being considered. Ms. Hayden commented that artist John Pugh, who may be in the running to produce a mural is extremely talented and more than capable of producing a mural that the District would be proud of.

OPPORTUNITY FOR
PUBLIC COMMENT

In keeping with the Brown Act, Mr. Watercott again asked if any members of the public wished to comment on any items listed on the agenda for this meeting, or on any items of interest. No comments were heard.

CLOSED SESSION

At 6:36 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. Confer with legal counsel regarding action filed by John Nesson M.D. against Northern Inyo County Local Hospital District and other Defendants (Government Code Section 54956.9(a)).
- C. Confer with legal counsel regarding action filed by Stephen Johnson and Elizabeth Monahan-Johnson against Northern Inyo County Local Hospital District and other Defendants (Government Code Section 54956.9(a)).

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

RETURN TO OPEN
SESSION AND REPORT
OF ACTION TAKEN

At 7:05 p.m. the meeting returned to open session. Mr. Watercott announced that the Board took no reportable action.

PUBLIC COMMENT

Mr. Watercott again asked if anyone present wished to comment on any items listed on the agenda for this meeting, or on any items of interest. No comments were heard.

ADJOURNMENT

The meeting was adjourned at 7:05 p.m..

Peter Watercott, President

Attest: _____
M.C. Hubbard, Secretary

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BUDGET VARIANCE ANALYSIS

Mar-11 PERIOD ENDING

In the month, NIH was

	-21%	under budget in IP days;
(	-0.087%	) under in IP Revenue and
(	2.5%	) over in OP Revenue resulting in
\$ (119,103) (	-1.5%	) under in gross patient revenue from budget &
\$ (365,823) (	-7.6%	) under in net patient revenue from budget

Total Expenses were:

\$ (272,348) (	-5.7%	) under budget. Wages and Salaries were
\$ (72,121) (	-4.3%	) under budget and Employee Benefits
\$ 192,058 (	18.6%	) over budget.
\$ (32,984)		of other income resulted in a net income of
\$ 47,564	\$ (156,446)	under budget.

The following expense areas were over budget for the month:

\$ 192,058	19%	Employee Benefits
\$ 96,012	26%	Professional Fees
\$ 35,187	14%	Purchased Services
\$ 23,873	11%	Other Expenses

Other Information:

43.53%	Contractual Percentages for month
35.30%	Contractual Percentages for Year

\$ 4,739,746 Year-to-date Net Revenue

Special Notes:

Depreciation is correcting for year

NORTHERN INYO HOSPITAL

Balance Sheet

March 31, 2011

	<u>Current Month</u>	<u>Prior Month</u>	<u>FYE 2010</u>
Current assets:			
Cash and cash equivalents	7,624,937	8,679,050	5,736
Short-term investments	13,282,976	15,396,196	30,262,716
Assets limited as to use	-	-	5,587,596
Plant Expansion and Replacement Cash	602	602	2,099,904
Other Investments (Partnership)	971,107	971,107	971,107
Patient receivable, less allowance for doubtful accounts \$466,131	8,460,501	8,861,781	7,953,621
Other receivables (Includes GE Financing Funds)	679,687	536,514	424,259
Inventories	2,376,561	2,379,750	2,378,072
Prepaid expenses	1,579,845	1,255,434	1,143,283
Total current assets	<u>34,976,216</u>	<u>38,080,436</u>	<u>50,826,294</u>
Assets limited as to use:			
Internally designated for capital acquisitions	749,950	749,916	745,008
Specific purpose assets	797,553	797,452	966,724
	<u>1,547,503</u>	<u>1,547,368</u>	<u>1,711,732</u>
Revenue bond funds held by trustee	<u>2,394,853</u>	<u>2,257,873</u>	<u>7,541,783</u>
Less amounts required to meet current obligations	-	-	5,587,596
Net Assets limited as to use:	<u>3,942,356</u>	<u>3,805,241</u>	<u>3,665,918</u>
Long-term investments	<u>6,455,844</u>	<u>6,455,844</u>	<u>2,824,834</u>
Property and equipment, net of accumulated depreciation and amortization	<u>62,891,369</u>	<u>60,633,876</u>	<u>47,655,595</u>
Unamortized bond costs	<u>970,807</u>	<u>975,434</u>	<u>1,012,587</u>
Total assets	<u>109,236,591</u>	<u>109,950,830</u>	<u>105,985,228</u>

NORTHERN INYO HOSPITAL

Balance Sheet

March 31, 2011

Liabilities and net assets

	<u>Current Month</u>	<u>Prior Month</u>	<u>FYE 2010</u>
Current liabilities:			
Current maturities of long-term debt	191,789	255,128	1,188,561
Accounts payable	1,073,559	1,136,260	952,032
Accrued salaries, wages and benefits	3,536,641	3,650,068	3,275,053
Accrued interest and sales tax	788,900	612,791	560,578
Deferred income	175,991	218,555	48,296
Due to third-party payors	1,542,881	2,194,554	2,616,629
Due to specific purpose funds	-	-	-
Total current liabilities	<u>7,309,761</u>	<u>8,067,356</u>	<u>8,641,148</u>
Long-term debt, less current maturities	49,020,816	49,020,816	49,020,816
Bond Premium	1,390,392	1,394,734	1,429,475
Total long-term debt	<u>50,411,208</u>	<u>50,415,551</u>	<u>50,450,292</u>
Net assets:			
Unrestricted	50,718,070	50,670,472	45,927,064
Temporarily restricted	797,553	797,452	966,724
Total net assets	<u>51,515,623</u>	<u>51,467,924</u>	<u>46,893,788</u>
 Total liabilities and net assets	 <u>109,236,591</u>	 <u>109,950,830</u>	 <u>105,985,228</u>

NORTHERN INYO HOSPITAL

Statement of Operations

As of March 31, 2011

	MTD Actual	MTD Budget	MTD Variance \$	MTD Variance %	YTD Actual	YTD Budget	YTD Variance \$	YTD Variance e %	Prior YTD
Unrestricted revenues, gains and other support:									
In-patient service revenue:									
Routine	528,568	656,043	(127,475)	(19.4)	4,798,786	5,798,572	(999,786)	(17.2)	5,253,308
Ancillary	2,054,263	2,174,217	(119,954)	(5.5)	16,948,791	19,217,256	(2,268,465)	(11.8)	17,851,316
Total in-patient service revenue	2,582,831	2,830,260	(247,429)	(0.087)	21,747,577	25,015,828	(3,268,251)	-13.1%	23,104,624
Out-patient service revenue	5,184,323	5,055,996	128,327	2.5	44,170,593	44,688,464	(517,871)	(1.2)	43,788,803
Gross patient service revenue	7,767,153	7,886,256	(119,103)	(1.50)	65,918,170	69,704,292	(3,786,122)	(5.4)	66,893,428
Less deductions from patient service revenue:									
Patient service revenue adjustments	320,518	150,169	(170,349)	(113.4)	1,274,286	1,327,299	53,013	4.0	1,154,954
Contractual adjustments	2,995,363	2,918,991	(76,372)	(2.6)	24,812,624	25,800,118	987,494	3.8	26,307,942
Prior Period Adjustments	-	-	-	100.0	(4,455,385)	-	4,455,385	100.0	(1,424,751)
Total deductions from patient service revenue	3,315,881	3,069,160	(246,721)	(8.0)	21,631,525	27,127,417	5,495,892	20.3	26,038,145
Net patient service revenue	4,451,273	4,817,096	(365,823)	-8%	44,286,645	42,576,875	1,709,770	4%	40,855,282
Other revenue	19,925	31,955	(12,030)	(37.7)	327,048	282,443	44,605	15.8	267,272
Transfers from Restricted Funds for Other Operating Expenses	80,224	81,238	(1,014)	(1.3)	722,017	718,040	3,977	0.6	581,994
Total Other revenue	100,149	113,193	(13,044)	(11.5)	1,049,066	1,000,483	48,583	4.9	849,266
Total revenue, gains and other support	4,551,421	4,930,289	(378,868)	(11.6)	45,335,711	43,577,358	1,758,353	4.9	41,704,548
Expenses:									
Salaries and wages	1,591,960	1,664,081	72,121	4.3	14,008,709	14,708,336	699,627	4.8	13,515,046
Employee benefits	1,222,336	1,030,278	(192,058)	(18.6)	9,119,301	9,106,314	(12,987)	(0.1)	9,045,006
Professional fees	465,438	369,426	(96,012)	(26.0)	3,623,828	3,265,252	(358,576)	(11.0)	3,996,452
Supplies	466,389	574,343	107,954	18.8	4,150,143	5,076,441	926,298	18.3	4,628,926
Purchased services	294,626	259,439	(35,187)	(13.6)	2,199,284	2,293,102	93,818	4.1	2,331,513
Depreciation	17,548	297,260	279,712	94.1	2,629,641	2,627,395	(2,246)	(0.1)	2,017,618
Interest	104,810	106,100	1,290	1.2	948,387	937,789	(10,598)	(1.1)	973,847
Bad debts	64,978	223,377	158,399	70.9	1,636,748	1,974,363	337,615	17.1	1,745,957
Other	242,790	218,917	(23,873)	(10.9)	2,037,119	1,934,950	(102,169)	(5.3)	1,765,519
Total expenses	4,470,873	4,743,221	272,348	5.7	40,353,160	41,923,942	1,570,782	3.8	40,019,883
Operating income (loss)	80,548	187,068	(106,520)	(17.3)	4,982,551	1,653,416	3,329,135	1.1	1,684,666
Other income:									
District tax receipts	42,565	44,549	(1,984)	(4.5)	383,083	393,756	(10,673)	(2.7)	393,400
Interest	27,293	16,445	10,848	66.0	237,461	145,352	92,109	63.4	114,249
Other	4,784	4,956	(172)	(3.5)	45,875	43,807	2,068	4.7	46,181
Grants and Other Non-Restricted Contributions	-	5,382	(5,382)	(100.0)	40,616	47,569	(6,953)	(14.6)	36,963
Partnership Investment Income	-	-	-	N/A	-	-	-	-	-
Net Medical Office Activity	(107,626)	(54,390)	(53,236)	(294.7)	(949,839)	(480,729)	(469,110)	(97.6)	(384,415)
Total other income, net	(32,984)	16,942	(49,926)	(295)	(242,804)	149,755	(392,559)	(262.1)	206,378
Excess (deficiency) of revenues over expenses	47,564	204,010	(156,446)	(77)	4,739,746	1,803,171	2,936,575	162.9	1,891,044
Contractual Percentage	43.53%	41.75%			35.30%	41.75%			41.53%

NORTHERN INYO HOSPITAL

Statement of Operations--Statistics

As of March 31, 2011

	Month		Month		Variance		YTD		YTD		Year	
	Actual	Budget	Variance	Budget	Percentage	Budget	Actual	Budget	Variance	Percentage	Variance	Percentage
Operating statistics:												
Beds	25	N/A	N/A	25	N/A	25	25	N/A	N/A	N/A	N/A	N/A
Patient days	212	267	(55)	1,942	0.79	1,942	2,359	(417)	(417)	0.82	0.82	0.82
Maximum days per bed capacity	775	775	N/A	6,850	N/A	6,850	6,850	N/A	N/A	N/A	N/A	N/A
Percentage of occupancy	27.35	34.45	(7.10)	28.35	0.79	28.35	34.44	(6.09)	(6.09)	0.82	0.82	0.82
Average daily census	6.84	8.61	(1.77)	7.09	0.79	7.09	8.61	(1.52)	(1.52)	0.82	0.82	0.82
Average length of stay	2.90	3.14	(0.24)	2.96	0.92	2.96	3.14	(0.19)	(0.19)	0.94	0.94	0.94
Discharges	73	85	(12)	657	0.86	657	751	(94)	(94)	1	1	1
Admissions	68	85	(17)	659	0.80	659	751	(92)	(92)	1	1	1
Gross profit-revenue depts.	5,010,964	5,160,618	(149,654)	43,088,409	0.97	43,088,409	45,613,190	(2,524,781)	(2,524,781)	0.94	0.94	0.94
Percent to gross patient service revenue:												
Deductions from patient service revenue and bad debts	43.53	41.75	1.78	35.30	1.04	35.30	41.75	(6.45)	(6.45)	0.85	0.85	0.85
Salaries and employee benefits	35.98	34.11	1.87	34.94	1.05	34.94	34.11	0.83	0.83	1.02	1.02	1.02
Occupancy expenses	2.41	5.42	(3.01)	5.87	0.44	5.87	5.42	0.45	0.45	1.08	1.08	1.08
General service departments	6.79	5.54	1.25	6.08	1.23	6.08	5.54	0.54	0.54	1.10	1.10	1.10
Fiscal services department	5.31	5.11	0.20	5.43	1.04	5.43	5.11	0.32	0.32	1.06	1.06	1.06
Administrative departments	4.80	5.11	(0.31)	5.03	0.94	5.03	5.11	(0.08)	(0.08)	0.98	0.98	0.98
Operating income (loss)	(1.19)	0.85	(2.04)	5.27	(1.40)	5.27	0.85	4.42	4.42	6.20	6.20	6.20
Excess (deficiency) of revenues over expenses	0.61	2.59	(1.98)	7.19	0.24	7.19	2.59	4.60	4.60	2.78	2.78	2.78
Payroll statistics:												
Average hourly rate (salaries and benefits)	48.98	47.65	1.33	45.07	1.03	45.07	46.80	(1.73)	(1.73)	0.96	0.96	0.96
Worked hours	50,102.97	49,350.00	752.97	436,311.06	1.02	436,311.06	436,202.00	109.06	109.06	1.00	1.00	1.00
Paid hours	57,054.62	56,447.00	607.62	511,127.73	1.01	511,127.73	508,023.00	3,104.73	3,104.73	1.01	1.01	1.01
Full time equivalents (worked)	284.68	278.81	5.86	279.69	1.02	279.69	278.90	0.79	0.79	1.00	1.00	1.00
Full time equivalents (paid)	324.17	318.91	5.26	327.65	1.02	327.65	324.82	2.82	2.82	1.01	1.01	1.01

NORTHERN INYO HOSPITAL

Statements of Changes in Net Assets

As of March 31, 2011

	<u>Month-to-date</u>	<u>Year-to-date</u>
Unrestricted net assets:		
Excess (deficiency) of revenues over expenses	47,564.25	4,739,746.49
Net Assets due/to transferred from unrestricted	-	(4,557.74)
Interest posted twice to Bond & Interest	-	-
Net assets released from restrictions used for operations	-	50,875.00
Net assets released from restrictions used for payment of long-term debt	(80,224.16)	(722,017.44)
Contributions and interest income	34.33	4,942.16
Increase in unrestricted net assets	<u>(32,625.58)</u>	<u>4,068,988.47</u>
Temporarily restricted net assets:		
District tax allocation	-	580,947.14
Net assets released from restrictions	-	(765,776.49)
Restricted contributions	-	15,374.00
Interest income	100.37	284.07
Net Assets for Long-Term Debt due from County	80,224.16	722,017.44
Increase (decrease) in temporarily restricted net assets	<u>80,324.53</u>	<u>552,846.16</u>
Increase (decrease) in net assets	47,698.95	4,621,834.63
Net assets, beginning of period	51,467,923.72	46,893,788.04
Net assets, end of period	<u><u>51,515,622.67</u></u>	<u><u>51,515,622.67</u></u>

NORTHERN INYO HOSPITAL

Statements of Cash Flows

As of March 31, 2011

	Month-to-date	Year-to-date
Cash flows from operating activities:		
Increase (decrease) in net assets	47,698.95	4,621,834.63
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities: (correcting fund deposit)		
Depreciation	17,547.70	2,629,640.90
Provision for bad debts	64,977.67	1,636,747.96
Loss (gain) on disposal of equipment	(16.09)	916.63
(Increase) decrease in:		
Patient and other receivables	193,129.81	(2,399,055.59)
Other current assets	(321,221.39)	(435,051.66)
Plant Expansion and Replacement Cash	-	2,099,302.52
Increase (decrease) in:		
Accounts payable and accrued expenses	(42,583.58)	739,132.38
Third-party payors	(651,673.00)	(1,073,748.76)
Net cash provided (used) by operating activities	(692,139.93)	7,819,719.01
 Cash flows from investing activities:		
Purchase of property and equipment	(2,275,040.79)	(17,865,443.74)
Purchase of investments	2,113,220.00	13,348,729.30
Proceeds from disposal of equipment	16.09	(887.36)
Net cash provided (used) in investing activities	(161,804.70)	(4,517,601.80)
 Cash flows from financing activities:		
Long-term debt	(67,681.33)	(1,035,855.09)
Issuance of revenue bonds	(136,979.39)	5,146,929.76
Unamortized bond costs	4,626.77	41,780.23
Increase (decrease) in donor-restricted funds, net	(134.70)	164,229.12
Net cash provided by (used in) financing activities	(200,168.65)	4,317,084.02
 Increase (decrease) in cash and cash equivalents	 (1,054,113.28)	 7,619,201.23
Cash and cash equivalents, beginning of period	8,679,050.43	5,735.92
Cash and cash equivalents, end of period	7,624,937.15	7,624,937.15

Financial Indicators

	Target	Mar-11	Feb-11	Jan-11	Dec-10	Nov-10	Oct-10	Sep-10	Aug-10	Jul-10	Jun-10	May-10	Apr-10
Current Ratio	>1.5-2.0	4.78	4.72	5.14	5.39	4.23	5.43	5.34	5.17	5.00	5.88	4.84	4.95
Quick Ratio	>1.33-1.5	4.15	4.20	4.62	4.88	3.54	4.65	4.72	4.62	4.45	5.43	4.22	4.32
Days Cash on Hand	>75	214.19	241.51	235.84	267.12	284.37	241.31	272.45	303.29	277.51	335.40	233.51	230.21

Northern Inyo Hospital
Summary of Cash and Investment Balances
Calendar Year 2011

Operations Checking Account

Month	<u>Operations Checking Account</u>				<u>Time Deposit Month-End Balances</u>					* Total Revenue Bond Funds	General Obligation Bond Fund		
	Balance at Beginning of Month	Deposits	Disbursements	Balance at End of Month	Investment Operations Fund	Bond and Interest Fund	Equipment Donations Fund	Childrens Fund	Scholarship Fund			Tobacco Settlement Fund	
January	10,507,916	6,765,249	9,559,496	7,713,669	24,907,772	790,535	26,596	2,815	4,027	723,292	2,120,894	593	
February	7,713,669	7,631,345	6,454,526	8,890,488	21,851,274	790,535	26,596	2,815	4,027	723,320	2,257,873	593	
March	8,890,488	7,124,284	7,982,727	8,032,045	19,738,054	790,635	26,599	2,815	4,027	723,351	2,394,743	593	
Prior Year													
April	2,790,095	7,447,491	9,025,365	1,212,221	29,980,448	410,678	26,236	2,640	4,474	718,458	10,978,230	1,941,094	
May	1,212,221	5,617,293	7,530,678	(701,164)	29,528,268	960,093	26,236	2,640	4,574	718,486	11,025,753	1,941,110	
June	(701,164)	10,880,268	10,090,323	88,781	33,086,873	960,184	26,490	2,640	3,824	718,518	7,897,886	1,941,127	
July	88,781	10,753,454	10,191,339	650,897	32,112,550	960,184	26,490	2,640	3,824	723,106	6,720,131	1,941,143	
August	650,897	5,605,016	5,416,671	839,242	30,865,987	960,184	26,590	2,814	18,924	723,138	7,183,224	1,941,159	
September	839,242	29,826,128	30,427,218	238,152	32,060,945	960,301	26,593	2,814	18,926	723,168	5,665,915	588	
October	238,152	6,928,121	6,894,086	272,187	28,514,689	394,548	26,593	2,814	4,026	723,197	3,963,503	593	
November	272,187	14,762,394	6,195,143	8,839,438	22,466,248	245,400	26,593	2,814	4,026	723,230	2,160,323	593	
December	8,839,438	11,892,778	10,224,299	10,507,916	24,092,498	826,410	26,596	2,815	4,027	723,261	1,884,461	593	

Notes: Revenue Bond Fund includes 2010 Revenue Bond and 1998 Revenue Bond Funds held by Trustee for Debt coverage and Reserves

Investments as of March 31, 2011

Institution	Certificate ID	Purchase Dt	Maturity Dt	Principal	YTM	Broker
LAIF (Walker Fund)	20-14-002 Walker	02-Mar-11	01-Apr-11	\$319,141	0.50%	Northern Inyo Hospital
United States Treasury Note-MBS	912828KL3	07-Sep-10	30-Apr-11	\$2,008,840	0.19%	Multi-Bank Service
Verizon Wireless CAP LLC Note	92344S-AT-7	18-Jan-11	20-May-11	\$1,011,800	0.26%	Multi-Bank Service
United States Treasury Note-MBS	912828KU3	03-Sep-10	31-May-11	\$2,009,860	0.21%	Multi-Bank Service
United States Treasury Note-MBS	912828LF5	03-Sep-10	30-Jun-11	\$2,014,900	0.22%	Multi-Bank Service
Total Short Term Investments				\$7,364,541		
Florida Power Corp 1st Mortgage	341099-BZ-1	18-Jan-11	15-Jul-11	\$1,031,060	0.32%	Multi-Bank Service
United States Treasury Note-MBS	912828LG3	02-Sep-10	31-Jul-11	\$1,006,960	0.23%	Multi-Bank Service
United States Treasury Note-MBS	912828LG3 .232	03-Sep-10	31-Jul-11	\$1,006,960	0.23%	Multi-Bank Service
United States Treasury Note-MBS	912828LV0	02-Sep-10	31-Aug-11	\$2,014,460	0.27%	Multi-Bank Service
United States Treasury Note-MBS	912828LW8	02-Sep-10	30-Sep-11	\$1,763,230	0.30%	Multi-Bank Service
Union National Bank & Trust CO-FNC	5L27278	19-Oct-09	19-Oct-11	\$250,000	2.00%	Financial Northeast Corp.
Credit Suisse 1st Boston USA Note	22541LAB9	02-Feb-10	15-Nov-11	\$541,865	1.36%	Multi-Bank Service
General Electric CAP Corp	36962G-T3-8	18-Jan-11	15-Nov-11	\$777,968	0.47%	Multi-Bank Service
Worlds Foremost Bank (FNC CD)	5X42688	18-Dec-08	18-Dec-11	\$100,000	4.40%	Financial Northeast Corp.
General Electric CAP Corp	36962GSX8	21-Dec-10	15-Feb-12	\$1,060,060	0.63%	Multi-Bank Service
BP CAP MKTS	05565ABG2	16-Dec-10	10-Mar-12	\$2,570,950	0.81%	Multi-Bank Service
First Republic Bank-Div of BOFA FNC	5L28639	20-May-10	20-May-13	\$150,000	2.40%	Financial Northeast Corp.
First Republic Bank-Div of BOFA FNC	5L28638	20-May-10	20-May-15	\$100,000	3.10%	Financial Northeast Corp.
Total Long Term Investments				\$12,373,513		
Grand Total Investments				\$19,738,054		

NORTHERN INYO HOSPITAL
STATISTICS

MONTHS	IP			SURGERIES			TOTAL			BIRTHS			ADMITTS			ER			OP REFERRALS			ADMITTS (W/NB)			PT DAYS (W/O NB)			PT DAYS (W/NB)			DISCH (W/NB)		
	09	10	11	09	10	11	09	10	11	09	10	11	09	10	11	09	10	11	09	10	11	09	10	11	09	10	11	09	10	11	09	10	11
	2011	2010	2011	2011	2010	2011	2011	2010	2011	2011	2010	2011	2011	2010	2011	2011	2010	2011	2011	2010	2011	2011	2010	2011	2011	2010	2011	2011	2010	2011	2011	2010	2011
JANUARY	46	26	28	109	95	88	155	121	116	25	18	16	48	47	36	594	604	600	3241	3157	3223	141	99	93	359	304	285	406	337	314	142	99	97
FEBRUARY	26	15	31	97	82	86	123	97	117	15	13	17	33	25	36	494	487	599	2988	3066	3109	96	81	94	245	209	204	278	235	236	100	83	83
MARCH	24	42	18	116	104	90	140	146	108	22	21	10	38	47	43	542	663	665	3579	3504	3537	124	120	78	296	254	212	338	301	234	127	115	86
APRIL	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
MAY	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
JUNE	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
JULY	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
AUGUST	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
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DECEMBER	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
CALENDAR YEAR	96	83	77	322	281	264	418	364	341	62	52	43	119	119	115	1630	1754	1764	9808	9727	9869	361	300	265	900	767	701	1022	873	786	369	297	266
MONTHLY AVERAGE	32	28	26	107	94	88	139	121	114	21	17	14	40	40	38	543	585	588	3,269	3,242	3,290	120	100	88	300	256	234	341	291	262	123	99	89

NORTHERN INYO HOSPITAL
DEPARTMENTAL NON-EMERGENCY OUTPATIENT VISITS

Effective April 2010, Radiology Visits include all patient types (OP, IP & ER); this is a change from only Outpatients

MONTHS 2011	DIAGNOSTIC RADIOLOGY			MAMMOGRAPHY			NUCLEAR MEDICINE			ULTRASOUND			CT SCANNING			MRI			LABORATORY			EKG/EEG			PHYSICAL THERAPY			RESPIRATORY THERAPY			RURAL HEALTH CLINIC			TOTALS		
	09	10	11	09	10	11	09	10	11	09	10	11	09	10	11	09	10	11	09	10	11	09	10	11	09	10	11	09	10	11	09	10	11	09	10	11
JANUARY	606	622	742	434	330	492	96	77	34	206	198	242	165	167	185	470	658	100	1635	1619	1661	120	96	99	363	352	558	10	17	18	1457	1220	1352	5562	5356	5183
FEBRUARY	477	542	644	182	313	190	51	51	41	195	201	251	153	147	155	435	456	91	1643	1522	1497	116	114	126	314	376	596	10	15	23	1374	1254	1207	4950	4991	4821
MARCH	581	567	693	261	321	201	1	99	46	201	206	243	152	170	196	472	440	115	1904	1795	1766	121	117	139	428	449	712	13	9	27	1477	1404	1273	5611	5577	5431
APRIL	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
MAY	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
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JULY	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
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DECEMBER	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
CALENDAR YEAR	1664	1731	2079	877	964	583	148	227	121	602	605	736	470	484	536	1377	1554	306	5182	4936	4944	357	327	364	1105	1177	1866	33	41	68	4308	3878	3832	16123	15924	15435
MONTHLY AVERAGES	555	577	693	292	321	194	49	76	40	201	202	245	157	161	179	459	518	102	1727	1645	1648	119	109	121	368	392	622	11	14	23	1436	1293	1277	5374	5308	5145

*Radiology has changed their methodology for capturing statistics and feel these are more accurate. They are much higher than previously reported.

Northern Inyo Hospital
Monthly Report of Capital Expenditures
Fiscal Year Ending JUNE 30, 2011
As of March 31, 2011

MONTH APPROVED BY BOARD	DESCRIPTION OF APPROVED CAPITAL EXPENDITURES	AMOUNT
FY 2008-09	Coagulation Analyzer	25,000
FY 2009-10	Platelet Function Analyzer	9,000
	Birch Street Probably Cleanup and Improvements	271,636 *
	PMA-IT Server Room Wiring Project	34,625
	MRI Upgrade	325,318 *
	Nexus VOIP Telephone System	958,776
	Siemens Analyzers EXL/EXL200	250,940
	AMOUNT APPROVED BY THE BOARD IN PRIOR FISCAL YEARS TO BE EXPENDED IN THE CURRENT FISCAL YEAR	<u>1,875,295</u>
FY 2010-11	Back-Up Battery for CT	24,923 *
	McKesson Paragon Hospital Information System Capital Fees Only	2,687,694
	PenRad Mammography Software	20,000
	AMOUNT APPROVED BY THE BOARD IN THE CURRENT FISCAL YEAR TO BE EXPENDED IN THE CURRENT FISCAL YEAR	<u>2,732,617</u>
	Amount Approved by the Board in Prior Fiscal Years to be Expended in the Current Fiscal Year	1,278,341
	Amount Approved by the Board in the Current Fiscal Year to be Expended in the Current Fiscal Year	<u>2,732,617</u>
	Year-to-Date Board-Approved Amount to be Expended	2,707,694
	Year-to-Date Administrator-Approved Amount	210,348 *
	Actually Expended in Current Fiscal Year	<u>621,877 *</u>
	Year-to-Date Completed Building Project Expenditures	0 *
	TOTAL FUNDS APPROVED TO BE EXPENDED	<u><u>3,539,919</u></u>

Northern Inyo Hospital
 Monthly Report of Capital Expenditures
 Fiscal Year Ending JUNE 30, 2011
 As of March 31, 2011

MONTH APPROVED BY BOARD	DESCRIPTION OF APPROVED CAPITAL EXPENDITURES	AMOUNT
	Total-to-Date Spent on Incomplete Board Approved Expenditures	793,523
Reconciling Totals:		
	Actually Capitalized in the Current Fiscal Year Total-to-Date	832,225
	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	2,707,694
	ACTUAL FUNDS APPROVED IN THE CURRENT FISCAL YEAR TOTAL-TO-DATE	3,539,919
	Donations by Auxiliary	0
	Donations by Hospice of the Owens Valley	6,753
	+Tobacco Funds Used for Purchase	0
		0
		6,753

*Completed Purchase

(Note: The budgeted amount for capital expenditures for all priority requests for the fiscal year ending June 30, 2011, is \$515,769 coming from existing hospital funds.)

**Completed in prior fiscal year

**Northern Inyo Hospital
 Monthly Report of Capital Expenditures
 Fiscal Year Ending JUNE 30, 2011
 As of March 31, 2011**

Administrator-Approved Item(s)	Department	Amount	Month Total	Grand Total
Concrete Curb and Sidewalks with Handicap Grounds		4,400		
Tree and Stump Removal on West side of C: Grounds		7,800		
Carpeting for Surgery Clinic Office	Surgery Clinic	2,359		
HiLo Treatment Table	Physical Therapy	2,616		
SureSigns VS3 NBP, SpO2 Monitor	Bishop Family Medical RHC	2,936		
SureSigns VS3 NBP, SpO2 Monitor	Bishop Family Medical RHC	2,936		
Chart Recorder	Maintenance	2,719		
MONTH ENDING MARCH 2011			25,765	210,348

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NORTHERN INYO HOSPITAL

SECURITY REPORT

MARCH 2011

FACILITY SECURITY

Access security during this period revealed four instances of open or unsecured entry doors being located during those hours when doors were to be secured. Five interior doors were found unsecured during this same period.

Main building roof access was found open once during this period.

One Hospital vehicle was found with the keys in the vehicle this month.

Construction gates were found unsecured twice during this period.

One entry alarm was activated at the Rural Health Clinic. This was found to be an employee error.

HUMAN SECURITY

On March 3rd, Emergency Department Staff requested Security for a disruptive family member. This person complied with Staff requests after the arrival of Security personnel.

On March 3rd, Security stood by with a Psych Patient until discharge.

On March 4th, Security assisted Inyo County Sheriff's Deputies with an uncooperative and intoxicated, arrestee.

On March 7th, Security stood by with an uncooperative overdose, patient.

On March 9th, Security assisted and stood by with a belligerent ED patient.

On March 13th, Security assisted Inyo County Sheriff's personnel with a 5150.

On March 22nd, Security successfully counseled an uncooperative and disruptive family.

On March 31st, Security stood by with Inyo Sheriff, Bishop Police and the California Highway Patrol during the medical clearance of a high risk arrestee.

Security Staff provided Law Enforcement assistance on eleven occasions during this period. Five were for Lab BAC's.

5150 standby was provided on five occasions.

Security Staff provided patient assists thirty times this month.

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Consulting Agreement For Patricia Calloway

Activities Director

March 1, 2011

This agreement, when signed by both parties, will constitute the consulting agreement between Northern Inyo Hospital (NIH) and Patricia Calloway, a Certified Activities Director as required by Title XXII, and will be effective 3-01-2011 and shall be for a one year term, unless terminated in accordance with the termination provisions contained herein.

1. Director will be available on a consulting basis, which may require seeing patients and/or employees and/or Physicians in the Hospital.
2. Director will be compensated at the rate of \$50.00 per hour for each hour of work performed either on or off site.
3. Director will receive a \$500.00 per month stipend.
4. Director will be responsible for developing an activities program sufficient to satisfy Title XXII requirements for the use of "Swing Beds". Program will be in written form and provide sufficient information to compile Policies and Procedures for governance approval.
5. Director will either report to the Hospital or direct hospital personnel, as appropriate, to prepare an active plan for each eligible patient and insure that that plan is carried out either by hospital personnel or herself.
6. Director will be not eligible for any benefits, retirement programs, FICA, workman's compensation or insurance of any kind.
7. This agreement is not meant to establish an employment relationship between the parties, but rather create an independent consulting relationship.
8. Hospital recognizes that this is a part-time relationship.
9. Either party may cancel this agreement with 30-day notice.

John Halfen
Administrator, Northern Inyo Hospital

Date: _____

Patricia Calloway
Activities Director

Date: _____

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**NORTHERN INYO HOSPITAL
POLICY AND PROCEDURE**

Title: Bladder Catheterization	
Scope: Hospital Wide	Department:
Source: Med/Surg Nurse Manager	Effective Date:

POLICY:

Urinary catheters should be inserted only for sound medical reasons and left in place only for as long as necessary. They should not be used solely for the convenience of patient-care personnel.

Lidocaine (for catheterization) 2%, 10 mls topical may be used for male catheterizations. (See Lidocaine for catheterization policy)

Urinary catheterization may be indicated -

1. To relieve urinary tract obstruction.
2. To facilitate urinary drainage in patients with neurogenic bladder dysfunction and urinary retention.
3. To aid in urologic surgery or surgery on related structures.
4. To obtain accurate output in critically ill patients.

SPECIAL CONSIDERATIONS:

Physician order is required.

Procedure may be performed by: X RN, X LVN

Special education required to perform procedure: knowledgeable in hospital policy and procedure.

Age specific: Size of catheter used. Elderly debilitated female patient may be placed on side with knees up to facilitate catheter insertion. Children need to be protected from unnecessary exposure. You may allow a parent to remain in room during procedure for the child's security and comfort.

EQUIPMENT:

Straight or Foley catheterization tray.

Bath blanket

Appropriate lighting

PRECAUTIONS:

1. While there are risks and complications with intermittent catheterization, the range of complications is less than with indwelling catheters. Therefore, it is important to remove the indwelling catheter as soon as feasible especially in the elderly who are more susceptible to urinary tract infections which may lead to sepsis.
2. Never force a catheter during insertion. Maneuver it gently as the patient bears down or coughs. If you still meet resistance, stop the procedure and notify the physician.

PROCEDURE:

1. Check physician's order on chart. 18F Foley catheter is suggested as a routine size.
2. Explain procedure to patient.
3. Assemble equipment and take to bedside.
4. Wash hands.
5. Provide privacy and drape patient in dorsal recumbent position. Use lamp if needed.
6. Female: clean perineum with soap and water wearing non-sterile gloves, observe position of meatus.
Male: Obtain Lidocaine gel (topical) from Pharmacy (See Lidocaine for catheterization policy)
7. Open appropriate catheterization tray on the bed side table and then move it between the patient's legs. This area will be the sterile field.
8. Glove.
9. Place solid colored sterile drape under patient's buttocks.

**NORTHERN INYO HOSPITAL
POLICY AND PROCEDURE**

Title: Bladder Catheterization	
Scope: Hospital Wide	Department:
Source: Med/Surg Nurse Manager	Effective Date:

- Follow established hospital protocol for specimen labeling and transport to lab.

DC FOLEY:

Physician order is required.

Explain procedure to patient

Place Chux under patient.

Use regular tip 10cc syringe to remove all fluid (**Not** Leur Lock because it is not long enough to depress valve completely).

Remove fluid.

Catheter should just slip out. Wrap in Chux and place empty into red biohazard container.

Document procedure.

DOCUMENTATION:

Chart the following:

1. Time
2. Size and type of catheter
3. Amount and appearance of urine obtained
4. If specimen was obtained and sent to lab.
5. How patient tolerated procedure.
6. Chart amount of fluid placed in balloon.

Committee approval needed: X Yes, Nurse Management

Responsibility for review and maintenance: Med-Surg Head Nurse

Index Listings: Catheterization Bladder; Bladder, Catheterization

Revised 1/95, 7/97; 11/2000, 5/2005

Reviewed: 02/2006 bss, 5/09 bss, 2/11 bss

Committee Approval	Date
Infection Control Committee	2-22-2011
Emergency Room Service Committee	
Medicine/Intensive Care Committee	
Perinatal-Pediatrics Committee	
Surgery, Tissue, Transfusion and Anesthesia Committee	
Medical Executive committee	
Board of Directors	

**NORTHERN INYO HOSPITAL
POLICY AND PROCEDURE**

Title: Urinalysis Reflex	
Scope: Hospital-Wide	Department:
Source: Lab Manager	Effective Date:

PURPOSE:

To define the protocol under which the results of a Urinalysis will be cause an automatic ordering of a Culture and Sensitivity of the urine sample by the laboratory

POLICY:

1. Orders for Urinalysis (UA) will be carried out by the Laboratory in accordance with the Urinalysis procedure.
2. Orders for “Urinalysis with C&S if indicated” (UAIF) will be carried out as follows:
 - a. Urinalysis according to Urinalysis procedure.
 - b. Culture and Sensitivity of the Urine specimen if any of the following are seen as results of the Urinalysis:
 - i. Greater than 5 WBCs/hpf (high powered field)
 - ii. Greater than (25/uL) leukocyte esterase
 - iii. Positive Nitrites

Approval	Date
Laboratory Director	
Medical/ICU Committee	
Infection Control Committee	
Surgical/Tissue Committee	
Emergency Department Committee	
Perinatal Pediatric Committee	
Medical Executive Committee	
Board of Directors	

Revised
Reviewed
Supercedes

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May Board COR'S

5/5/11	49R1	Bond and Builders Risk	\$141,896
5/4/11	123	IB 084 - Central Plant Redesign	\$90,500
5/5/11	142	IB 150 24/7 Monitoring	\$21,620
4/6/11	149	IB 160 Revisions to Toilet Room H1020	\$13,925
4/14/11	157	IB 251 - RFI 931 Pipe Support in existing central plant	\$34,422
5/2/11	170	IB 230 Panel DEQ 600amp breaker change	\$15,708
5/3/11	172	IB 083 RF Room Coordination	\$46,850
5/3/11	174	IB 231 Chiller Building and Boiler Building	\$52,159
5/4/11	179	Payment Terms (Early Release Discount)	(\$10,432)
5/4/11	181	IB 185 Code required clocks/timers	\$34,371
5/4/11	129R1	Wage Rate Increase	(\$69,927)
5/6/11	186	VE items for glass	(\$36,511)
		Total	\$334,581

Final Value is \$50,073, reduced from previously Board approved \$120K

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BYLAWS
of the
**NORTHERN INYO COUNTY LOCAL HOSPITAL
DISTRICT**

REVISED AND APPROVED

August 20, 1980
August 19, 1981
August 18, 1982
February 16, 1983
August 17, 1983
August 15, 1984
August 21, 1985
December 18, 1985
August 20, 1986
August 19, 1987
August 17, 1988
August 16, 1989
June 20, 1990
July 17, 1991
July 15, 1992
July 21, 1993
July 19, 1995
July 17, 1996
July 16, 1997
July 15, 1998
July 21, 1999
July 19, 2000
June 20, 2001
July 17, 2002
March 16, 2005
January 18, 2006
April 21, 2010

**BYLAWS OF THE
NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT**

PREAMBLE

Section 1. Name

The name of this non-profit hospital district organization shall be the Northern Inyo County Local Hospital District (hereinafter "the District"), organized January 11, 1946, under the terms of the Local Health Care District Law (Health and Safety Code, Section 32000, et seq), to promote the public health and the general welfare. This organization shall be fully empowered to receive and administer funds for the attainment of these objectives, all in accordance with the purposes and powers set forth in the Local Health Care District Law.

ARTICLE I

OFFICES

Section 1. Offices

The principal office for the transaction of the business of the District is hereby fixed at Northern Inyo Hospital (hereinafter referred to as "The Hospital") at 150 Pioneer Lane, Bishop, Inyo County, California. Branch offices may be established by the Board of Directors at such place or places within the geographical boundaries of the District as it deems necessary or advisable to the conduct of the business of the District.

Section 2. Title to Property

The title to all property of the District shall be vested in the Board of Directors, and the signatures of the President and Secretary authorized by appropriate resolution at any meeting of the Directors, shall constitute the proper authority for the purchase or sale of property, or for the investment or other disposal of trust funds which are subject to the control of the District.

ARTICLE II

PURPOSES AND SCOPE

Section 1. Scope of Bylaws

These Bylaws shall be known as the "District Bylaws," and shall govern the District, its Board of Directors (hereinafter "the Board"), and all of its affiliated and subordinate organizations and groups.

The Board may delegate certain powers to the Medical Staff and to other affiliated and subordinate organizations and groups. Such powers and functions not expressly delegated to such affiliated or subordinate organizations or groups are to be considered residual powers vested in the Board of the District provided, however, that no assignment, referral, or delegation

of authority by the Board shall preclude the Board from exercising the authority required to meet its responsibility for the conduct of the hospital and the quality of patient care.

The Bylaws of the Medical Staff and other affiliated and subordinate organizations and groups, and any amendments to such Bylaws, shall not be effective until the same are approved by the Board of the District. Said Bylaws may be reviewed by the Board annually, or at more frequent intervals if circumstances require, with the assistance of the Administrator and the attorney for the District.

In the event of any conflict between the Bylaws of the Medical Staff or any other affiliated or subordinate organization or group, and the provisions of these District Bylaws, these District Bylaws shall prevail. In the event the District Bylaws are in conflict with any statute of the State of California governing hospital districts or other applicable law, such statute or other applicable law shall prevail.

Section 2. Purposes

The purposes of the District shall include, but not necessarily be limited to, the following:

- a. Within the limits of community resources, to provide the best facilities reasonably possible for the acute and continued care of the injured or ill.
- b. To conduct educational and research activities essential to the attainment of its purposes.
- c. To coordinate the services of the District with community agencies and other hospitals and health care institutions providing specialized care.
- d. To do any and all other acts and things necessary to carry out the provisions of the Local Health Care District Law.

Section 3. Profit or Gain

There shall be no contemplation of profit or pecuniary gain, and no distribution of profits to any individual, under any guise whatsoever, nor shall there be any distribution of assets or surpluses to any individual on the dissolution of the District.

Section 4. Disposition of Surplus

Should the operation of the District result in a surplus of revenue over expenses during any particular period, such surplus may be used and dealt with by the Board for improvements in the hospital's facilities for the care of the sick, injured, or disabled, or for other purposes not inconsistent with the Local Health Care District Law or these Bylaws.

Section 5. Fiscal Year

The fiscal year of the District shall commence on the first day of July of each year and shall end on the last day of June of each year.

Section 6. Annual Audit

The affairs and financial condition of the District shall be audited annually at the end of each fiscal year by a Certified Public Accountant selected by the Board, and a written report of such audit and appropriate financial statements shall be submitted to the Board. Additional audits may be authorized as considered necessary or desirable by the Board.

The annual audit report shall be reviewed and discussed by the Administrator and the Board.

Section 7. Non-Discrimination

Unlawful discrimination is against the policy of the District in all activities including, but not limited to, admission, treatment, and employment. No person shall be excluded from participation in, or be denied the benefits of, any District program or activity on account of race, religious creed, color, national origin, physical disability, mental disability, medical condition, marital status, sex, age, sexual orientation, ancestry or pregnancy.

ARTICLE III

DIRECTORS

Section 1. Number and Qualifications

The Board shall consist of five (5) members elected from and representing five (5) zones into which the District is divided. Each Board member shall be a registered voter residing in the zone of the District from which he or she is elected.

Section 2. Election and Term of Office

Members of the Board shall be elected to overlapping four-year terms by the electors of the five (5) zones of the District. Elections shall be conducted pursuant to and as provided in the California Elections Code, amendments thereto, and other applicable California law.

Section 3. Powers and Duties

The Board shall have and exercise all the powers of a Health Care District permitted by applicable law, including but not limited to the powers set forth in the Local Health Care District Law. Specifically, but without limitation, the Board shall be empowered as follows:

- a. To control and be responsible for the management of all operations and affairs of the District.
- b. To make and enforce all rules and regulations necessary for the administration, government, protection, and maintenance of hospitals and other facilities under District jurisdiction.

- c. To appoint an Administrator, to approve appointment of all officers of the Medical Staff and all chiefs of the various medical services, and to define the powers and duties of such appointees.
- d. To delegate certain powers to the Medical Staff and other affiliated or subordinate organizations in accordance with their respective bylaws.
- e. To approve or disapprove all constitutions, Bylaws, Rules and Regulations, including amendments thereof, of all affiliated or subordinate organizations.
- f. To appoint, promote, demote, and remove all members of the Medical Staff.
- g. To provide for the election of its officers and for the appointment of committees as necessary to effect the discharge of its responsibilities. In addition, the Board shall adopt a schedule of meetings, attendance requirements, and methods of recording minutes of governing body proceedings not including closed sessions.
- h. To, if deemed appropriate, appoint an executive committee of the Board. Lacking the appointment of an executive committee by resolution of a majority of the Board, the Board shall fulfill its duties and responsibilities acting as a committee-of-the-whole.
- i. To adopt resolutions and ordinances establishing policies or rules for the operation of the District and any of its facilities. Such resolutions and ordinances shall be kept in a separate book or file, and shall be available for inspection at all times. Such resolutions and ordinances shall be considered to be a part of these Bylaws.
- j. To designate by resolution persons who shall have authority to sign checks drawn on the funds of the District.
- k. To assume the responsibility for and perform the functions inherent in maintenance of accreditation of the hospital by the Joint Commission on Accreditation of Healthcare Organizations. The Board shall be actively involved in the accreditation process which shall include participation in the hospital survey process.
- l. To delegate to the Administrator and to the Medical Staff such authority as is appropriate to carry out the general purposes referred to in these Bylaws provided, however, that no assignment, referral, or delegation of authority by the Board shall preclude the Board from exercising the authority required to meet its responsibilities for the conduct of the hospital and the quality of patient care.
- m. To insure the preparation and maintenance of adequate and accurate records for all patients.
- n. To conduct, on an annual basis, a self-evaluation and review of the performance of the Board.
- o. To conduct, on an annual basis, an evaluation and review of the performance of the Administrator.
- p. To do any and all other acts and things necessary to carry out the provisions of these Bylaws or the provisions of the Local Health Care District Law.

Section 4. Compensation

The members of the Board shall receive \$100 each meeting not to exceed five (5) meetings a month in payment in lieu of expenses. Each member shall be allowed his or her actual necessary traveling and incidental expenses incurred in the performance of official business of the District as approved by the Board including, but not limited to, compensation for travel at the rate allowed by the Internal Revenue Service, at the time of actual travel, to calculate the deductible costs of operating an automobile for business purposes.

Section 5. Vacancies

Any vacancy upon the Board shall be filled by appointment by the remaining members of the Board, or, if the Board is unable to appoint, pursuant to applicable California law. Any person appointed to fill such vacancy shall hold office for the period prescribed by Section 1780 of the Government Code as it may be amended from time to time, or any successor statutes thereto.

Section 6. Orientation and Education

Orientation and continuing education programs relating to the operation of the hospital shall be provided to all members of the Board.

ARTICLE IV

MEETING OF DIRECTORS

Section 1. Regular Meetings

Regular meetings of the Board of the District shall be held at the Northern Inyo Hospital on the third Wednesday of each month, excluding August and November, and on the second Wednesday of December, at 5:30 p.m. if the respective days are not legal holidays and, if any one such day is a legal holiday, then on another day selected by the Directors. The Board may change the time and/or place of such regular meetings by resolution adopted at the regular meeting held in the month immediately preceding, or at a special meeting called for such purpose. All members must attend a minimum of fifty percent (50%) of the meetings unless excused for good cause as approved by the remaining members of the Board.

Section 2. Special Meetings

Special meetings may be called at any time by the President, or by a majority of members of the Board. Written notice of such meeting shall be posted in a location freely accessible to the public, and shall be delivered to each Board member at least 24 hours before the meeting.

Section 3. Quorum

A majority of the members of the Board shall constitute a quorum for the transaction of business, but a member not entitled to vote because of a conflict of interest shall not be counted for the purpose of establishing a quorum on a particular question.

Section 4. Voting

The Board shall act by majority vote of the quorum. In the event that one less than the necessary number of "aye" votes has been cast, then an "abstain" vote shall constitute concurrence and the Secretary shall set forth in his or her minutes that the matter was passed pursuant to this rule.

Section 5. Adjournment

A quorum of the Board may adjourn any Board meeting to meet again at a stated day and hour provided, however, that in the absence of a quorum, a majority of the Board members present at any Board meeting, either regular or special, may adjourn from time to time until the time fixed for the next regular meeting of the Board.

Section 6. Public Meetings

All meetings of the Board, whether regular, special, or adjourned, shall be open to the public, provided, however, that the foregoing shall not be construed to prevent the Board from holding closed sessions for any purpose for which California law allows closed sessions.

ARTICLE V

OFFICERS

Section 1. Officers

The officers of the Board shall be a President, a Vice President, a Secretary, and a Treasurer, all elected by the Directors from among themselves. The remaining Director shall be designated the "Member at Large."

Section 2. Election of Officers

The Board shall elect its officers annually at its regular January meeting. Each officer shall hold office for the calendar year beginning on the first day of January following the election, or until he or she dies, vacates his or her office, or is otherwise disqualified to serve.

Section 3. President

The Board shall elect one of its number to act as President. If at any time, the President shall be unable to act, the Vice President shall take his or her place and perform his or her duties. If the Vice President shall also be unable to act, the Member at Large shall take his or her place and perform his or her duties. Any person acting in place of the President in accordance with this Section 3 shall be vested temporarily with all the functions and duties of the office of President for such period as he or she may be required to act.

The President shall:

- a. Preside over all meetings of the Board.

- b. Sign, as President and, with the attestation of the Secretary, execute in the name of the District, all contracts and conveyances, and all other instruments in writing which have been authorized by the Board.
- c. Have, subject to the advice and control of the Board, general responsibility for management of the affairs of the District during his or her term of office.

Section 4. Vice President

The Vice President shall, in the event of death, absence, or other inability to act of the President, exercise all the powers and perform all the duties herein given to the President.

Section 5. Secretary

The Secretary shall keep, or cause to be kept, accurate and complete minutes of all meetings, except only those parts which are held in closed session; call meetings on order of the President; attend to all correspondence of the Board; attest the signature of the President on contracts and conveyances and all other instruments as outlined in Section 3 of this Article; and perform such other duties as ordinarily pertain to his or her office.

Section 6. Treasurer

The Board shall elect a Treasurer from its membership, whose duty shall be to ascertain that all receipts are deposited, and disbursements made, in accordance with these Bylaws, the directions of the Board, and good business practice. The Board may appoint an Assistant Treasurer to maintain the financial records of the District, and to prepare such financial reports as are required by the Board or the Administrator.

Section 7. Other Officers

The Board may create such other offices as the business of the District may require, and the holder of each such office shall hold office for such period, have such authority, and perform such duties as are provided in these Bylaws, or as the Board may from time to time determine. Such additional offices may be filled either by members or non-members of the Board.

ARTICLE VI **ADMINISTRATOR**

Section 1. Appointment

The Board shall appoint an Administrator, and such Administrator shall serve at the pleasure of the Board. The Administrator shall be the chief administrative officer of the District. It shall be his or her responsibility to carry out the policies of the Board, and he or she shall be responsible for the day-to-day operations of the District with power to hire and discharge District employees at will. The Administrator shall also have such other duties and powers as may be determined by the Board from time to time.

The Board shall select and employ a competent and experienced Administrator who shall be its direct representative in the management of the hospital. It is desirable that the Administrator have at least a baccalaureate degree and a minimum of three years' experience in a reasonable administrative position in a hospital, or in the healthcare field, or have completed formal education in a graduate program in hospital administration. The Administrator shall be given the necessary authority and be held responsible for the administration of the hospital in all departments, and all other facilities of the District, subject only to the policies enacted by the Board or by any of its committees to which it has delegated power to act. More specifically, the authority and duties of the Administrator shall be:

- a. Carrying out all policies established by the Board;
- b. Development and submission to the Board, for approval, of a plan of organization of personnel and others connected with the operation of the hospital;
- c. Preparation of an annual budget showing the expected receipts and expenditures;
- d. Selection, employment, control and discharge of employees, and development and maintenance of personnel policies and practices for the hospital, including a personnel performance evaluation process, with authority to approve the following contracts for services and/or maintenance:
 - 1) Those less than 60 days in duration;
 - 2) Those less than \$10,000 in cost when not contained in a budget adopted by the Board;
 - 3) Those less than \$25,000 in cost when contained in a budget adopted by the Board;
- e. Maintenance of physical properties in a good state of repair and operating condition;
- f. Control of inventories including purchasing procedures, product selection, supply distribution, and promotional materials;
- g. Supervision of all business affairs to insure the wisest possible expenditure of funds in purchases of equipment, supplies, and payment of salaries, as well as the most efficient possible collection of monies owing to the District, with authority to approve the following:
 - 1) Determinations that funds owing to the Hospital for patient care be deemed uncollectible charitable write-offs;
 - 2) Adjustment of accounts owing to the Hospital for patient care when the amount adjusted is either (A) less than 25% of the balance due or (B) the patient has paid more than \$5,000 on the relevant account and the Administrator determines, in his sole discretion, that such adjustment is in the best interests of the District;
 - 3) Modifications of existing contracts for the Construction of Northern Inyo Hospital (Phase II) within the now-existing \$400,000 limits of said contracts;
 - 4) Grant applications.

- h. Cooperation with the Medical Staff to the end that high quality care may be rendered to all patients;
- i. Presentation to the Board of periodic reports reflecting the financial activities of the hospital, and periodic reports of the performance evaluation process for all personnel who are not subject to the Medical Staff privilege delineation process, regarding competency of such personnel to provide services in their respective areas of responsibility;
- j. To attend all meetings of the Board and its committees;
- k. To designate in writing, on each occasion of the Administrator's absence, an individual to act for himself or herself in order to provide the hospital with administrative direction at all times;
- l. To approve and execute the following contracts with physicians:
 - 1) Agreements to continue existing contracts, which are about to expire, for no more than thirty (30) days;
 - 2) Agreements for continuing call coverage;
 - 3) Agreements for locum tenens coverage for no more than thirty (30) day periods, and
 - 4) Contractual agreements with a physician conditioned upon he/she obtaining medical staff privileges where the contract is of no more than 30 days' duration.
- m. To approve and execute the following contracts and/or billings:
 - 1) Discounts on payor contracts where the discount is more than 10% provided that no single discount may be more than 50% without Board approval;
 - 2) Consulting contracts for less than \$10,000 if not contained in a budget adopted by the Board;
 - 3) Consulting contracts for less than \$25,000 if contained in a budget adopted by the Board;
 - 4) Attorney's fees;
 - 5) Interagency agreements of less than \$25,000;
 - 6) Prices, fees and rates charged by the Hospital whose effective rate, without Board approval, may be no more than one year;
 - 7) Meeting, training, and travel expenses;
 - 8) Marketing commitments of less than \$10,000;
- n. To approve the following capital expenditures:
 - 1) Where included in a budget adopted by the Board; Up to \$25,000;
 - 2) Where not included in a budget adopted by the Board: Up to \$10,000

- 3) Where neither of the above, but emergent, immediately subject to and conditioned upon Board approval at the next-following regular or special meeting in which the expenditure may be included on the Board agenda.
- o. To perform any other duty that may be necessary in the best interests of the District.

ARTICLE VII
MEDICAL STAFF

Section 1. Medical Staff

The Medical Staff shall be organized in accordance with the Medical Staff Bylaws and shall be known as the Northern Inyo Hospital Medical Staff. The Medical Staff shall govern its own affairs, elect its own officers and conduct meetings in accordance with the Medical Staff Bylaws, provided, however, that such Medical Staff Bylaws shall include those matters as are required by Section 32128 of the Health and Safety Code of the State of California as the same may be amended from time to time.

The Medical Staff Bylaws and Rules and Regulations shall be adopted by the Medical Staff and approved by the Board before becoming effective. Neither body may unilaterally amend the Medical Staff Bylaws or Rules and Regulations.

Only a member of the Medical Staff with admitting privileges shall admit patients to the hospital, and only an appropriately licensed practitioner with clinical privileges shall be directly responsible for a patient's diagnosis and treatment within the area of his or her privileges. Each patient's general medical condition shall be the responsibility of a physician member of the Medical Staff, and each patient admitted to the hospital shall receive a baseline history and physical examination by a physician who is either a member of or approved by the Medical Staff.

Medical Staff appointments and reappointments are made by the Board. Recommendations are made by the Medical Staff Executive Committee and are to be submitted prior to action of the Board. Appointments and reappointments are not to exceed a term of two years. Final decisions regarding Medical Staff appointments, reappointments, and approval of clinical privileges shall be rendered by the Board, and the applicants shall be notified of these decisions in writing by the Hospital Administrator.

The authority for the evaluation of the professional competence of Medical Staff members and applicants for Medical Staff privileges is hereby delegated to the Medical Staff of the hospital. The Medical Staff Executive Committee shall be responsible for making recommendations to this Board concerning initial Medical Staff appointments, reappointments and assignment or curtailment of privileges. The Medical Staff of the hospital shall be so organized that it shall have bylaws which will include procedures for processing applications for membership and for clinical privileges as a basis for making of recommendations to the Board and for the establishment of qualifications for Medical Staff membership and for the criteria it delineates for clinical privileges within the hospital, to ensure the achievement and maintenance of high standards of professional ethical practices.

Whenever the Board does not concur with a Medical Staff Executive Committee recommendation relative to Medical Staff appointment, reappointment, or termination of appointment, and the granting or curtailment of clinical privileges, a committee consisting of the President of the Board (who shall be the chairperson of this committee), the Vice President of the Board, the Chief of Staff, the Vice Chief of Staff, and the Administrator shall review the matter and submit a recommendation relative to the matter to the Board not later than the next scheduled regular meeting of the Board, provided, however, that the procedure set forth in this section shall not apply to the review, by the Board, of appeals from decisions of a hearing committee pursuant to Article 8 of the Bylaws of the Northern Inyo Hospital Medical Staff. Should any of the members of said committee be the same person, or the person whose appointment, reappointment, termination of appointment, and/or granting or curtailment of clinical privileges is the subject of the committee's meeting, such person shall not sit but be replaced by another Board member, or member of the Medical Staff, selected for such purpose by said body.

The Board shall adopt reasonable rules and regulations, or bylaws, providing for appellate review of any action, decision, or recommendation of the Medical Staff. This appellate review shall be conducted consistent with the requirements of Section 809.4 of the Business and Professions Code. Nothing in this section shall abrogate the obligation of the hospital and Medical Staff to comply with the requirements of Sections 809 to 809.9, inclusive, of the Business and Professions Code, and Sections 32150 to 32155, inclusive, of the Health and Safety Code.

The Administrator, and the Chief of Staff are hereby expressly given authorization, at their joint discretion, in the case of emergency, to grant Medical Staff privileges to any physician licensed to practice in the State of California.

The Medical Staff shall maintain a self-government with delegated authority to act on all medical matters considered to be in the best interest of the hospital and the welfare of the patient in conformity with the actions and directives of the Board.

The Bylaws of the Medical Staff will contain provisions whereby any doctor or other practitioner aggrieved may obtain a formal hearing by the Medical Staff incident to any adverse recommendations from the Medical Staff, regarding Medical Staff status or clinical privileges. Such Bylaws shall likewise provide a method and procedure for appeal to the Board by an aggrieved doctor or other practitioner.

Any doctor or other practitioner who feels aggrieved by any adverse recommendation or deprivation of Medical Staff status or clinical privileges shall be required, as a condition to exercising his or her right of appeal to the Board, to pursue his or her appeal through orderly channels of appeal and at the proper time and in the manner prescribed by the Bylaws and procedures of the Medical Staff of this hospital. When the Medical Staff has made its final ruling and decision concerning the appeal of any aggrieved doctor or practitioner in accordance with the Bylaws of the Medical Staff, and such doctor or practitioner then desires to appeal to the Board, he or she shall give notice in writing to the Hospital Administrator within ten (10) days next following the date of the entry of the final order of the Medical Staff. Said notices must state in substance the grievance made and complained of, and must be given in the time and manner herein specified, or the Board shall not take cognizance thereof except at its discretion.

If said notice is so given within said time, then it shall be the duty of the Board to then consider such grievance in its entirety and render the decision of the Board in writing, and deliver a copy of its decision and findings to the aggrieved doctor or practitioner. Such decision shall be final.

The Medical Staff shall have the right to be heard, through its Chief of Staff or through any other representative it may designate, at meetings of the Board.

Section 2. Medico-Administrative Positions

Members of the Medical Staff may at times be assigned administrative duties and responsibilities by the Board. If in the opinion of the Board the practitioner does not discharge the administrative duties and responsibilities assigned to him or her in accordance with standards set by the Board, then the Board may dismiss the practitioner from said duties and responsibilities, but such action by itself will not affect the Medical Staff privileges held by the practitioner.

Section 3. Performance Improvement and Risk Management

The Board shall be responsible for providing for resources and support systems for the quality assurance/improvement functions and risk management functions related to patient care and safety.

The Board shall, in the exercise of its overall responsibility for consistent optimal quality of care provided to all patients, assign to the members of the Medical Staff directly responsible for patient care, reasonable authority for assuring the appropriate professional care to all patients. The Medical Staff shall conduct an ongoing review and appraisal of the quality of professional care rendered in the hospital and through monthly performance improvement reports shall report such activities and end results to the Board. Where the quality of care is shown to be less than optimal, improvement in quality shall be demonstrated.

The Board shall adopt a performance improvement plan that includes effective mechanisms for reviewing and evaluating patient care, and that focuses on the resolution of known or suspected problems. The Board and the Medical Staff Executive Committee will reappraise the plan at least annually to assure that the collective effort is comprehensive, shows minimal duplication of effort, is cost effective, and results in improved patient care. The reappraisal will identify components of the performance improvement program that need to be instituted, altered, or deleted.

ARTICLE VIII

PATIENTS' RIGHTS, PATIENTS' RESPONSIBILITIES AND PROCESS FOR RESOLUTION OF PATIENT GRIEVANCES OR COMPLAINTS

The Board and Medical Staff shall review and adopt a written policy on Patients' Rights, Patients' Responsibilities, and Process for Resolution of Patient Grievances or Complaints.

ARTICLE IX

AUXILIARIES

The hospital may have such auxiliary or auxiliaries to serve the community and patients, as the Board shall from time to time establish, authorize or approve. The organization, membership, officers, meetings, and proceedings shall be determined by the auxiliary or auxiliaries, subject to approval by the Board. The auxiliary or auxiliaries may adopt bylaws and rules and regulations to govern their organization and procedures, which shall be subject to the approval of the Board. The Board shall cause to be inspected or audited from time to time the financial books and records of the auxiliary. The auditors or examiners shall be selected by the Board.

ARTICLE X

REVIEW AND AMENDMENT

Section 1. Review

These Bylaws shall be reviewed by the Board annually or at more frequent intervals if circumstances require, with the assistance of the Administrator and the attorney for the District.

Section 2. Amendment

These Bylaws may be altered, amended, repealed, added to or deleted by resolution of the Board adopted at any regular meeting of the Board by the vote of a majority of the members of the Board.

Adopted as revised at the regular meeting of the Board of Directors of the Northern Inyo County Local Hospital District held the 21st day of April, 2010.

Peter J. Watercott, President

M.C. Hubbard, Secretary

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LEFT BLANK**



*People you know,
caring for people you love*

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

150 Pioneer Lane
Bishop, California 93514
(760) 873-5811 voice
(760) 873-2633 fax

To: Northern Inyo Hospital Board of Directors

From: Carrie Petersen, Controller

The hospital currently utilizes Kronos for our Time and Attendance System. Due to the lack of a Human Resource Management piece for McKesson and the very basic payroll application, the decision was made at the time of the McKesson Paragon purchase that we would be looking for a substitute product for Payroll and Human Resources. After reviewing the quote from McKesson for the Pathways Payroll/HR piece and getting a quote from an outsource company, the decision was made that the Kronos Workforce HR and Payroll package was the best fit for us.

The current staff in Human Resources is one full-time Manager and one full-time assistance with approximately 10 hours per week of a shared file clerk. Payroll has one full-time Accountant, who also performs Charge Master, Inventory and Journal Entry tasks. Based on our goal of keeping the staffing at currently levels for performing the functions of the two offices, the Kronos product gives us the ability to have a more dynamic application for managing Payroll, Time and Attendance as we currently do, and then extending to Applicant Tracking, Employee Self-service, Leave Management, and Benefit Management tools. Based on our current employee base of approximately 350 employees, we are looking forward to having the ability to give employees more access to their Personnel and Payroll related information.

Kronos has provided a product overview that outlines the services, along with a proposal for upgrading our Time and Attendance product and purchasing Workforce HR/Payroll for all other Human Resource and Payroll processing functions.

Our Kronos sales representative has also email me that if we purchase in May, they are currently offering a 3 to 6 month reduction to the maintenance. At this time I am not sure the exact amount that would be for us.

Thank you for your consideration.

Kronos for Healthcare Workforce HR and Payroll

The Kronos® Workforce HR™ and Workforce Payroll™ solutions give your organization flexibility and complete control over your HR and Payroll needs. Helping you control costs, minimize compliance risk, and improve productivity — as you reduce total cost of ownership. Workforce HR and Workforce Payroll are components of the **Kronos for Healthcare** suite; Kronos' comprehensive human resources, talent acquisition, payroll, scheduling, time & labor, absence management, productivity and analytics solution.

For human resources professionals to play a proactive role in improving helping the organization meets its goals, immediate challenges must often be addressed. These include streamlining the manual, paper-based processes like benefits enrollment and regulatory compliance that impede HR's productivity and efficiency. But streamlining isn't enough. HR also needs tools, information, and best practices required to help your organization achieve its goals, from improving communication to optimizing workforce performance. Kronos' Workforce HR application automates your organization's critical employee-centric processes, reducing HR's administrative burden and the associated costs. Workforce HR enables you to provide detailed, accurate employee data and strategic tools to help frontline managers improve employee engagement and maximize productivity. It also helps you improve the communication between employees, their managers, and the organization, with the aim of infusing executive-level goals and values throughout the enterprise. Workforce HR is an effective means to aligning employee performance with your organization's strategic objectives.

Workforce Payroll is the companion application of Workforce HR. When Workforce Payroll and Workforce HR are used together, users have a complete infrastructure to optimize their workforce employment life cycle and to administer the corresponding financial responsibilities through a central, Web-based portal.

System Benefits

- *Real-time actionable information* is an efficient way to streamline fundamental yet time-consuming management tasks. It frees your manager to focus on activities such as improving individual employee performance and customer service while providing them with valuable information to monitor these goals
- *Improved Compliance* – An integrated workforce management solution can help mitigate non-compliance risk by ensuring the timely completion of processes, adequate tracking, and timely reporting, which will assist you in avoiding costly fines that can have significant impact on your bottom line. All employers must comply with civil rights legislation, the EEOC, additional employee protection laws such FLSA and FMLA, and The Joint Commission. In addition, your industry may require certain training, certification, and reporting, as well as your company guidelines, policies, and procedures that must be followed. Workforce HR will assist with corporate policy and government regulations via notifications and consistent application of rules.
- *Improved Productivity* – Reduces multiple data entry points through integration for HR administration which allows them to focus on strategic initiatives and more value-add services to the organization. Automating manual processes will also free up employees and managers for more productive use of their time.
- *Better Communication* – messaging via email, Kmail, and Self-service. Communications between Human resources, payroll and other parts of the organization is more efficient and proactive. Workforce Central enables you to automate the delivery of critical employee-centric information throughout your organization. Cross-functional efforts are more easily coordinated; for example, Workforce HR automatically notifies frontline managers, IT, facilities, and other key departments in order to facilitate network access, office space, and training for a new hire. As a result, communication between human resources, payroll, and other parts of the organization is more efficient and proactive.
- *Improved System Integration* – HR, Payroll, Timekeeping, Scheduling and Absence Management are all in a single database, ensuring data accuracy and integrity. Workforce Integration Manager, a powerful interface tool, assists in the integration to 3rd Party Payroll reducing human error and increasing efficiencies.
- *Built-in access to historical data* – being a true point in time, effective dated system ensures ability to current, historical and future dated transactions.
- *Better reporting and more centralized control* - Over 200 Standard reports are delivered with Workforce HR and Payroll

Workforce HR - Administration

Personnel Administration

- Built-in workflows define a default process for activities such as hiring an employee, placing or returning an employee on leave, or terminating an employee.
- Supports unlimited employee attachments (ie. employment applications, immigration documents, etc) in the database.
- Delivered processes to make position data changes to multiple positions, such as Change supervisor which updates identical changes to supervisor information for multiple positions and Positions group edit which changes the primary position for multiple employees when positions are merged or split, when new supervisors are created, and when positions are rearranged.

Core Applicant Tracking

- Job Requisitions can be created and maintained allowing you to manage open positions within the organization.
- Assigning skills to a selected requisition allow you to weight (rate) candidates based on job related requirements assisting in selecting the 'best' candidate.
- Applicant data can be entered and tracked through the Recruitment process.
- Administrators can send an e-mail notification when the status of an application changes.
- Once approved by HR, an 'applicant to hire' employee action can be processed, eliminating duplicate data entry. The applicant information automatically populates a new employee record. Through integration the employee is immediately available within all areas of the Workforce Suite.
- Rejected applicants can be automatically notified via email or letter.
- Acceptable but not hired applicants can also be kept on file as potential future candidates.
- For full Applicant Tracking System (ATS), see the Workforce Acquisition section.

Position Management

- Workforce HR enables you to maintain close financial control over staffing levels, managing costs while monitoring headcount. You can define full-time equivalent (FTE) budgets, including the number of hours that comprise an FTE, the allotted number of FTEs per position, and the number of budgeted positions that are unfilled.
- You can use Workforce HR to monitor staffing against budget, and make staffing decisions that maximize productivity while avoiding cost overruns.
- When you have set up the FTE amounts in your system, you can monitor head-count values using the FTE by Organization report.

Benefits Management

- Workforce HR provides the ability to set up virtually unlimited Benefit Plans within the appropriate Programs you define, including Health & Welfare, Savings, Life Insurance, and other Benefits as required.
- Workforce HR determines the employee eligibility based on criteria you define.
- Workforce HR performs the necessary calculations to determine the appropriate employee deduction due to newly eligible employee elections, open enrollment elections, life changes, and system determined changes based on length of service and/or age of the employee. If utilizing a 3rd party for payroll processing, the benefit deduction would be passed via Workforce Connect.
- You can analyze the costs associated with benefits programs for strategic budgeting and reconciliation purposes.

Compensation Management

- Workforce HR allows to you to manage all aspects of Compensation Management from job definition, to competitive market analysis, to pay structures, to variable compensation and total reward systems, etc.
- Workforce HR provides tools to help you fairly and competitively compensate employees and improve retention while meeting budget requirements. You can measure and analyze each component of an employee's total compensation — direct and indirect — to help you ensure that your organization provides a competitive package.

- Workforce HR lets you import industry compensation data from external salary surveys and map vendor jobs to your internal jobs without having to rely on complex spreadsheets. It also helps you maintain pay equity by applying geographic pay differentials, which are automatically adjusted based on an employee's work location.
- Salary Grade and step-in-grade structures can be defined allowing you to measure individual equity using the compa-ratio and salary range percentiles.
- To automate the Compensation Review Budgeting via Manager Self Service, HR would set up Compensation Cycles which establish what kind of review is created (ie. Common Date, Anniversary Date, Anniversary Month, New Hire/New Position), notification process, and define which employees are included. After managers submit changes (through approval process), HR administrators finalize all budgets, which update the employee record.

Performance Management

- Workforce HR provides the ability track current and historical Performance Reviews with applicable Reason, Score, and Next Review Date
- Automatic notifications of upcoming reviews can be sent to Managers to ensure timeliness of reviews.
- To automate the Performance Review Process via Self Service, HR would set up all performance review-related code tables, Performance Review forms, and Review Cycles. The forms can be personalized to your requirements. These forms are pushed out to the employees and managers.
- See Manager and Employee Self Service for more information.

Training and Development

- Workforce HR has the ability to track critical information such as Skills, Certifications, Education, etc.
- Notifications of upcoming expiring certification/licenses can be emailed to managers and employees.
- Training courses can be managed within the system allowing you to define the course type, course description, provider, training costs, CEU earned, define if the course is required, track appropriate dates and duration, etc.
- Required Training via Training Profiles can be set up at the Organization, Position, and/or Employee Level.
- Minimum training standards can be monitored and enforced.
- Skills can be auto-granted upon completion of courses.
- Reporting reveals gaps in skills, expiration dates on certifications, and other information which speaks to workforce readiness and capability, key enablers of productivity.

Employee Relations

- Workforce HR delivers the ability to track and manage Disciplinary Actions, Grievances, and other Employee information. This will allow you to maintain records, track the results and follow up actions, observe trends, and provide the necessary backup which can protect the employee and/or the company in the event of a dispute.

Health & Safety

- The Health and Safety component allows you to track and maintain any workplace accidents, illnesses or injuries.
- You will be able to keep records of significant information about the employee. For example, you might want to keep track of the employee's last physical exam and the date of the next physical exam, or employee health screening.
- Enables you to comply with OSHA regulations and reporting requirements. You can also maintain information for filing workers' compensation claims.
- Standard reports are provided OSHA and health reports. These reports track information about employees' health and safety, including their general health profile. .

Compliance

- Personal Information such as Ethnicity, Veteran Status, Disability, Visa, Citizenship, and Military service information etc. is used in government-compliant EEO & Vets 100 reports. Standard reports are provided.

- An Applicant EEO report shows the number of applicants, date applied, requisition, and position of applicants who fall within specific EEO classifications.
- Leave Tracking provides all the necessary information to record employee leave information, including information that is required if the employee is on an FMLA absence. This page also enables you to suspend accruals while an employee is out on leave and resume accruals when the employee returns to work.
- OSHA reports (OSHA 300, 300a and 301) are delivered within the Standard Reports.
- An I9 Citizenship Verification report provides a list of employees and their I-9 citizenship status and renewal dates.
- New Hire Reporting is provided for newly hired and rehired employees to designated agencies in every state. The state uses this information to facilitate the collection of child support and/or to uncover fraud and abuse in unemployment compensation, workers' compensation, and public assistance benefit programs.
- A standard COBRA notification template is provided to inform the employee of the date on which their benefit plans will be expired as well as the amount of their monthly premium should they decide to accept COBRA coverage. You can create letters for a specific qualifying event (i.e., reduction in hours, termination, divorce, etc.) as well as specify a markup factor.
- The HIPAA Plan Coverage Certificate is provided to an employee for evidence that he or she was covered under a group health plan. The employee might have to provide this certificate in order to be eligible for a plan that excludes coverage for certain medical conditions that they have before they enroll.

Workforce Payroll

Workforce Payroll is a coordinated payroll system that manages data that relates to administering and completing the payroll process, from source to net. Workforce Payroll manages the complex information that is required to administer and disperse wages, salaries, bonuses, and other forms of compensation. Workforce Payroll simplifies the administration and maintenance of deductions, taxes, and withholding allocations for employees. Automation streamlines payroll processing, and reduces the administrative burden and possibility of errors. Customers can run payroll on their own schedules. Automated processing uses several tools to execute all aspects of processing requirements and to ensure that payrolls will be predictable and timely.

Workforce Payroll provides the following advantages:

- Seamless integration with the other Workforce applications
- Action builders guide the payroll clerk through the steps that are required to complete a task.
- A library of common compensation and deduction codes can be used as templates for an organization's codes. An unlimited number of compensation and deduction codes can be set up. Codes can be customized for each business, and new codes can be created.
- Group edits automatically apply changes to any part of the process. For example, step and grade pay increases are universally applied across the organization to all employees in the same position, by percentage or amount.
- Automatic adjustments to payroll deductions due to benefit plan changes are distributed to all affected employees groups.
- For seamless transfer of data, the administrator selects the appropriate pay groups and starts the transfer with a click: time and labor information is transferred from the Workforce Timekeeping
- Court-ordered payments for child support, and creditor and tax levy garnishments can be set up for regular processing.
- Automated gross to net calculations with unlimited trial payrolls ensure accuracy
- Finalize payroll creates the detailed information for printing checks and direct deposit advices.
- Automated exception processing takes care of the payroll exceptions that occur in any business. This processing occurs with minimal administrative intervention by the payroll administrator and includes out-of-cycle check creation, gross-ups, on the fly adjustments, and retro payments
- Creates the ACH (automated clearing house) file for direct deposit
- General ledger accounts and costing are automatically entered in the appropriate accounts, including accrued accounting and overrides.
- All the required forms and files for tax filing and year end processing are included. Customers also have the option to outsource their tax filing activities
- On a quarterly basis, legislative updates are made available on the customer portal to help companies maintain legislative compliance.

- Flexible third-party integration
- Standard, ad hoc, and custom reporting with effective dating and audit trail
- Pivot Table views in Microsoft® Excel are interactive tables that make it possible to move information around to see how it all fits together. Data comes to life in three dimensions, showing relationships, patterns, and trends.
- Paperless payroll through employee interaction via self-service applications

Manager Self Service

- Provides real-time access to information, such as Employee Address, Emergency Contact, Phone #s, Length of Service information, as well as current and historical Employment, Position, Salary, and Review information.
- The Manager Notification area provides important information such as Employee Birthdays, Anniversaries, Training Requests, Required Training Notification, Performance Review Notification, Follow up Notes, etc.
- Managers can view a list of job openings and details of each job opening, a list of applicants, details of each applicant, and change the status of the applicant/application.
- Managers can view the Organization Outline which displays all of the applicable positions and employees, the budgeted FTE/actual FTE values for each position code, the FTE value for employees who report elsewhere, and any vacancy for the positions.
- Managers can view and modify the training profiles of their employees and submit requests for training on behalf of their employees (this works in conjunction with Employee Self Service).
- Managers can create, add, and edit employee goals which can be used in performance reviews.
- Managers can view all reviews due, complete the employee evaluations and submit them for review, comment, and approval.
- Through automated budgeting, Managers can determine increases using merit matrix guidelines and perform “what-if” analysis showing financial impact of potential compensation changes (established by the organization). Managers then enter proposed increases in worksheets and submit for approval.
- Configurable, automated reminders and workflows set up by HR for managers and administrators during performance and compensation reviews helping managers propose, review, and approve changes quickly.
- Employee Notes can serve many purposes; document technical and educational achievements, record commendations from customers or professional associations, track Disciplinary Actions and Grievances, keep track of other major events that you need to review. Managers can add, view or delete existing notes. Follow up dates can be included to automatically remind the manager of additional action that needs to take place.
- Managers can initiate new hires and changes such as employee status, transfers, rate changes, and HR Address Change Notification. HR still maintains control by “approving” these actions, which updates the database.

Employee Self Service

- Employees can manage their own HR information, such as their address, phone #, email, and emergency contacts information.
- The Employee Notification area is available for posting Surveys, Policies, and Open Enrollment events.
- Employees can view and modify their training profiles and submit requests for training.
- URL or electronic forms can be added to provide additional information such as Company Handbook, Company Directory, links to 3rd Party Providers, etc.
- Employees can apply for job openings using the on-line application, which is pre-file with the employee information stored in the database, entering only the applicable information they would like to add.
- Employee Self Service can automate the Open Enrollment and Life Event processes while maintaining control through an approval process within the application. Employees can make elections, maintain dependents and beneficiaries, and view Benefit Summary information.
- Employees can view their assigned goals which could affect their performance review.
- Employees can fill out Performance Self-Evaluations and submit them to their managers for review.
- If using Workforce Payroll, employees can view pay stubs, request changes to direct deposit elections and W-4 forms, and print duplicate W-2 forms



ORDER FORM DETAIL

Quote#: 235479 - 1
Expires: 02-APR-2011
Prepared By: Beaudoin, Wayne A

Order Type: Upgrade US
Date: 19-JAN-2011
Page: 1/7

Bill To: NORTHERN INYO HOSPITAL
150 PIONEER LN
BISHOP
CA 93514
United States

Ship To: NORTHERN INYO HOSPITAL
150 PIONEER LN
BISHOP
CA 93514
United States

Solution ID: 6033153

Contact: Carrie Petersen
Email: carrie.petersen@nih.org

Payment Terms: N30
Currency: USD
Customer PO Number:

FOB: Shipping Point
Ship Method:
Freight Term: Prepay & Add

Order Notes:
Essential pricing

Your Kronos solution includes:

SOFTWARE

Item	License/Qty	Total Price
ESD SW KIT,NEXT GENERATION USER INTERFACE V6.2	1	\$0.00
WORKFORCE TIMEKEEPER V6	400	\$0.00
WORKFORCE MANAGER V6	60	\$0.00
WORKFORCE EMPLOYEE V6	100	\$0.00
WORKFORCE INTEGRATION MANAGER V6	400	\$0.00
WORKFORCE ADMINISTRATOR HR/PR V6	5	\$735.00
WORKFORCE HR V6	400	\$9,555.00
WORKFORCE PAYROLL V6	400	\$9,555.00
WORKFORCE MANAGER HR/PR V6	50	\$3,675.00
WORKFORCE EMPLOYEE HR/PR V6	400	\$5,145.00
WF HRPR SERVER SIDE REPORTING	1	\$0.00
WORKFORCE ABSENCE MANAGER V6	400	\$2,940.00
Total Price		\$31,605.00

*Includes applicable software media

SUPPORT SERVICES

Item	Duration	Total Price
GOLD SUPPORT SERVICE	1 YR	\$6,953.10
Total Price		\$6,953.10

*Support values listed above are total for all applicable products in each section of this Order Form

PROFESSIONAL SERVICES / EDUCATIONAL SERVICES

Item	Quantity	Unit Price	Total Price
MOMENTUM ONLINE TIME ESSENTIALS	192 Hours		\$34,560.00
Project Manager	34 Hours	\$180.00	
Application Consultant	158 Hours	\$180.00	
MOMENTUM ONLINE REMOTE TEAM	120 Hours		\$21,600.00
Project Manager	17 Hours	\$180.00	
Application Consultant	103 Hours	\$180.00	
MOMENTUM ONLINE SUITE ESSENTIALS (HRMS)	738 Hours		\$132,920.00
Project Manager	103 Hours	\$180.00	
Application Consultant	457 Hours	\$180.00	
Technical Consultant	16 Hours	\$185.00	
Application Consultant	142 Hours	\$180.00	
Project Manager	20 Hours	\$180.00	
TRAINING POINTS	6150 Points	\$1.00	\$6,150.00
TRAINING POINTS HR PAYROLL	8350 Points	\$1.00	\$8,350.00
KNOWLEDGE PASS	1 Each	\$0.00	\$0.00
ED SERVICES SUBSCRIPTION	1 Contract	\$2,100.00	\$2,100.00
		Total Price	\$205,680.00

QUOTE SUMMARY

Description	Total Price
Subtotal	\$244,238.10
Deposit	(\$0.00)
Tax	\$0.00
Grand Total	\$244,238.10

NORTHERN INYO HOSPITAL	Kronos Incorporated
Signature: _____	Signature: _____
Name: _____	Name: _____
Title: _____	Title: _____
Effective Date: _____	Effective Date: _____
<p><i>Invoice amount will reflect deposit received. All professional services are billed as delivered with a payment term of Net Upon Receipt. Unless otherwise indicated above, this order is subject to the attached terms and conditions which the customer acknowledges have been read. THIS ORDER IS SUBJECT TO APPLICABLE TAXES. THE TAX AMOUNT SHOWN ON THIS ORDER IS ONLY AN ESTIMATE. THE ACTUAL TAX AMOUNT TO BE PAID BY CUSTOMER WILL BE SHOWN ON CUSTOMER'S INVOICE. The JBoss® Enterprise Middleware components embedded in the Software are subject to the End User License Agreement found at http://www.redhat.com/licenses/jboss_eula.html. Shipping and handling charges will be reflected on the final invoice.</i></p>	

Customer and Kronos agree that the terms and conditions set forth in this Agreement shall apply to all Kronos Equipment, Software, Professional and Educational Services, Support, and such other Kronos offerings, as specified on an order form (an "Order Form") signed by the parties which expressly references this Agreement (or is signed contemporaneously hereto).

Kronos and Customer hereby agree that the terms and conditions of this Agreement apply to any Order Form executed by Kronos and Customer which expressly references this Agreement (including any Order Form signed contemporaneously with this Agreement regardless of the appearance of any express reference to this Agreement). Either party may terminate this Agreement upon thirty (30) days prior written notice to the other party, provided however that any Order Form signed by the parties prior to the effective date of such termination shall remain in effect **unless otherwise specifically terminated** in accordance with the terms of this Agreement. Kronos may require additional terms and conditions for the sale or license of products or services not contemplated by this Agreement (including without limitation those that may be related to international services) provided that **no such additional** terms and conditions shall be binding upon Customer without Customer's prior written consent. Notwithstanding, Kronos will not be obligated to accept or approve an order for any products or services for which such additional terms and conditions are required. All orders are subject to the approval of Kronos' corporate office in Chelmsford, Massachusetts. This Agreement and the Order Form shall supersede the pre-printed terms of any Customer purchase order or other Customer ordering document, and no such Customer pre-printed terms shall apply to the items ordered.

1. PAYMENT AND DELIVERY

Unless otherwise set forth in this Agreement, payment terms are indicated on the Order Form or other contemporaneous ordering document containing product-specific payment terms signed by the parties. Delivery terms are as stated on the Order Form ("Delivery"). Kronos will invoice Customer for products upon Delivery. Unless otherwise set forth on the Order Form, Professional and Educational Services are provided on a time and materials basis, **invoiced monthly as rendered**. Customer agrees to pay all applicable taxes levied or based on the products, services or other charges hereunder, including state and local sales and excise taxes, and any taxes or amount in lieu thereof paid or payable by Kronos, exclusive of taxes based on net income. Customer agrees to pay a late charge of one percent (1%) per month, (but not in excess of the rate allowed by law), on any overdue amounts not the subject of a good faith dispute. If full payment is not made within 90 days of final payment due date, Customer is responsible for all expenses, including legal fees, incurred by Kronos for collection.

2. GENERAL LICENSE TERMS

Kronos owns or has the right to license the Software. The Software and Software documentation are confidential and may not be disclosed to a third party without Kronos' written consent. The Software contains proprietary trade secret technology. Unauthorized use and copying of such Software is prohibited by law, including United States and foreign copyright law. The price Customer pays for a copy of the Software constitutes a license fee that entitles Customer to use the Software as set forth below. Kronos grants to Customer a non-exclusive, nontransferable, perpetual (except as provided herein) license to use the Software. This license may be terminated by Kronos by written notice to Customer upon any material breach of this Agreement by Customer which remains uncured for a period of thirty (30) days after such written notice from Kronos. Upon such termination of this license by Kronos, Customer will have no further right to use the Software and will return the Software media to Kronos and destroy all copies of the Software (and related documentation) in Customer's possession or control. This license is subject to all of the terms of this Agreement.

3. FEE BASED LIMITATIONS

Customer recognizes and agrees that the license to use the Software is limited, based upon the amount of the license fee paid by Customer. Limitations, which are set forth on the Order Form, may include the number of employees, simultaneous or active users, Software product modules, Software features, computer model and serial number and partition, and/or the number of telephone lines or terminals to which the Software is permitted to be connected. Customer agrees to: i) use the Software only for the number of employees, simultaneous or active users, computer model, partition and serial number, and/or terminals permitted by the applicable license fee; ii) use only the product modules and/or features permitted by the applicable license fees; and iii) use the Software only in support of Customer's own business. Customer agrees not to increase the number of employees, simultaneous or active users, partitions, terminals, products modules, features, or to upgrade the model, as applicable, unless and until Customer pays the applicable fee for such increase/upgrade. Customer may not relicense or sublicense the Software to, or otherwise permit use of the Software (including timesharing or networking use) by any third party. Customer may not provide service bureau or other data processing services that make use of the Software without the express prior written consent of Kronos.

4. OBJECT CODE ONLY

Customer may use the computer programs included in the Software (the "Programs") in object code form only, and shall not reverse compile, disassemble or otherwise convert the Programs into uncompiled or unassembled code.

5. PERMITTED COPIES

Customer may copy the Programs as reasonably necessary to load and execute the Programs and for backup and disaster recovery and testing purposes only, except for additional copies of the Teletime Software and the Kronos iSeries (which must be licensed separately). All copies of the Programs or any part thereof, whether in printed or machine readable form and whether on storage media or otherwise, are subject to all the terms of this license, and all copies of the Programs or any part of the Programs shall include the copyright and proprietary rights notices contained in the Programs as delivered to the Customer.

6. UPDATES

In the event that Kronos supplies Service Packs, Point Releases and Major Releases (including legislative updates if available) of the Software (collectively referred to as "Updates"), such Updates shall be part of the Software and the provisions of this license shall apply to such Updates and to the Software as modified thereby.

7. EXPORT

Customer acknowledges that the Software may be restricted by the United States Government or by the country in which the Software is installed from export to certain countries and certain organizations and individuals, and agrees to comply with such laws. Customer agrees to comply with all applicable laws of all of the countries in which the Software may be used by Customer and shall indemnify Kronos for any noncompliance which results in damages or liability for Kronos. Customer's obligations hereunder shall survive the termination or expiration of this Agreement. Customer must obtain Kronos' prior written consent before exporting the Software.

8. FIRMWARE

Customer may not download firmware updates for the Kronos Equipment unless Customer is maintaining such Equipment under a support plan with Kronos. Kronos shall have the right to audit Customer's Kronos Equipment to determine if Customer has downloaded any firmware to which Customer is not entitled. If such audit reveals that Customer has downloaded firmware for the Kronos Equipment to which Customer is not entitled, Customer shall be responsible to pay Kronos for such updated firmware in accordance with Kronos' then-current support policies.

9. TRAINING POINTS

Customer agrees to purchase the quantity of Kronos "training points" indicated on the Order Form at the rate quoted (the "Training Points"). Purchased Training Points may be redeemed for an equivalent value of instructor-led training sessions offered by Kronos. Available instructor-led sessions are listed at <http://customer.Kronos.com> and each session has the Training Points value indicated. Training Points may be redeemed at any time within 12 months of the date of the applicable Order Form, at which time they shall expire. Training Points may not be exchanged for other Kronos products and/or services. Kronos will invoice Customer for the Training Points identified in the Order Form upon execution of such Order Form with payment due upon the payment terms indicated in such Order Form.

10. ACCEPTANCE

For Customer's initial purchase of each Equipment and Software product Kronos shall provide an acceptance test period (the "Test Period") that commences upon Installation. Installation shall be defined as: a.) the Equipment, if any, is mounted; b.) the Software is installed on Customer's server(s); and c.) implementation team training, if any, is complete. During the Test Period, Customer shall determine whether the Equipment and Software meet the Kronos published electronic documentation, ("Specifications").

The Test Period shall be for 30 days. If Customer has not given Kronos a written deficiency statement specifying how the Equipment or Software fails to meet the Specifications ("Deficiency Statement") within the Test Period, the Equipment and Software shall be deemed accepted. If Customer provides a Deficiency Statement within the Test Period, Kronos shall have 30 days to correct the deficiency, and Customer shall have an additional 30 days to evaluate the Equipment and Software. If the Equipment or Software does not meet the Specifications at the end of the second 30 day period, either Customer or Kronos may terminate this Agreement. Upon any such termination, Customer shall return all Equipment and Software (and related documentation) to Kronos, and Kronos shall refund any monies paid by Customer to Kronos for the returned Equipment and Software. Neither party shall then have any further liability to the other for the products that were the subject of the Acceptance Test.

11. LIMITED WARRANTY

Kronos warrants that all Kronos Equipment and Software media shall be free from defects in materials and workmanship, for a period of ninety (90) days from Delivery. In the event of a breach of this warranty, Customer's exclusive remedy shall be Kronos' repair or replacement of the deficient Equipment and/or Software media, at Kronos' option, provided that Customer's use, installation and maintenance thereof have conformed to the Specifications. This warranty is extended to Customer only and shall not apply to any Equipment (or parts thereof) or Software media in the event of:

- (a) damage, defects or malfunctions resulting from misuse, accident, neglect, tampering, (including modification or replacement of any Kronos components on any boards supplied with the Equipment), unusual physical or electrical stress or causes other than normal and intended use;
- (b) failure of Customer to provide and maintain a suitable installation environment, as specified in the Specifications; or
- (c) malfunctions resulting from the use of badges or supplies not approved by Kronos.

When using and applying the information generated by Kronos products, Customer is responsible for ensuring that Customer complies with the applicable requirements of federal and state law. If Customer is licensing Workforce Payroll Software or Workforce Absence Management Software: (i) Customer is solely responsible for the content and accuracy of all reports and documents prepared in whole or in part by using such Software, (ii) using such Software does not release Customer of any professional obligation concerning the preparation and review of such reports and documents, (iii) Customer does not rely upon Kronos, Best Software, Inc. or such Software for any advice or guidance regarding compliance with federal and state laws or the appropriate tax treatment of items reflected on such reports or documents, and (iv) Customer will review any calculations made by using such Software and satisfy itself that those calculations are correct.

12. INDEMNIFICATION

Kronos agrees to indemnify Customer and to hold it harmless from and against any and all claims, costs, fees and expenses (including reasonable legal fees) relating to actual or alleged infringement of United States or Canadian patents or copyrights asserted against Customer by virtue of Customer's use of the Software as delivered and maintained by Kronos, provided that: i) Kronos is given prompt written notice of any such claim and has sole control over the investigation, preparation, defense and settlement of such claim; and, ii) Customer reasonably cooperates with Kronos in connection with the foregoing and provides Kronos with all information in Customer's possession related to such claim and any further assistance as reasonably requested by Kronos. Kronos will have no obligation to indemnify Customer to the extent any such claim is based on the use of the Software with software or equipment not supplied by Kronos. Should any or all of the Software as delivered and maintained by Kronos become, or in Kronos' reasonable opinion be likely to become, the subject of any such claim, Kronos may at its option: i) procure for Customer the right to continue to use the affected Software as contemplated hereunder; ii) replace or modify the affected Software to make its use non-infringing; or iii) should such options not be available at reasonable expense, terminate this Agreement with respect to the affected Software upon thirty (30) days prior written notice to Customer. In such event of termination, Customer shall be entitled to a pro-rata refund of all fees paid to Kronos for the affected Software, which refund shall be calculated using a five year straight-line depreciation commencing with the date of the relevant Order. Additionally, Kronos agrees to be liable for tangible property damage or personal injury caused solely by the negligence or willful misconduct of its employees.

13. PROFESSIONAL AND EDUCATIONAL SERVICES**(a) TRAVEL EXPENSES**

Customer agrees to reimburse Kronos for all reasonable and necessary travel incurred by Kronos in the performance of any professional and/or educational services, provided that such travel complies with the then current Kronos Travel and Expense Policies. Customer further agrees to pay any travel expenses such as airfare, lodging, meals and local transportation, plus an administrative fee of ten percent (10%) of the amount of such travel expenses, incurred by Kronos to deliver purchased professional services and/or educational services in accordance with the Kronos Travel and Expense Policies. Customer will be billed by Kronos for such travel expenses and payment thereof shall be due net 30.

(b) ENGAGEMENTS

Unless otherwise indicated on the Order Form, Professional and Educational Services ("Professional Services") shall be provided on a time and material basis at the rates set forth in the Order Form. If a dollar limit is stated in the Order Form or any associated statement of work ("SOW"), the limit shall be deemed an estimate for Customer's budgeting and Kronos' resource scheduling purposes. After the dollar limit is expended, Kronos will continue to provide Professional Services on a time and materials basis, if a Change Order or Schedule of Services for continuation of the Professional Services is signed by the parties.

(c) WARRANTY

Kronos warrants that all professional and educational services performed under this Agreement shall be performed in a professional and competent manner. In the event that Kronos breaches this warranty, and Customer so notifies Kronos within 30 days of receipt of invoice for the applicable services, the Customer's sole remedy and Kronos' exclusive liability shall be to re-perform the services which were deficient in a manner so as to conform to the foregoing warranty, at no additional cost to Customer.

(d) KRONOS PROFESSIONAL/EDUCATIONAL SERVICES POLICIES

Kronos' then-current Professional/Educational Services Policies shall apply to all Professional and/or Educational Services purchased under the applicable SOW and may be accessed at: <http://www.kronos.com/Support/ProfessionalServicesEngagementPolicies.htm> ("Professional Services Policies"). In the event of a conflict between the Professional Services Policies and this Agreement, the terms of this Agreement shall prevail.

14. SOFTWARE SUPPORT SERVICES**(a) SUPPORT OPTIONS**

Customer may select from the following Software support purchase options: Gold (or Gold Plus) and Platinum (or Platinum Plus) support ("Service Type"), each providing different service coverage periods and/or service offerings, as specified herein ("Service Offerings") and in the Kronos Support Service Policies (defined below). Customer must purchase the same Service Type for all of the Software specified on the Order Form, (however, if Customer is purchasing support services for Visionware Software, Customer may only purchase Gold Service Type for the Visionware Software). All Updates shall be provided via remote access. Customer may purchase support services for Equipment in accordance with the terms and conditions of Kronos' standard Equipment Support Services Agreement a copy of which is available upon request and is located at: <http://www.kronos.com/Legal/EquipmentSupportAgr.aspx>

(b) EXTENDED SUPPORT PROGRAM (DELL SERVERS)

Customers purchasing the Extended Support Program (as indicated on the Order Form) for their Dell servers purchased from Kronos shall receive a specialized, bundled set of Kronos Support Services. Because of the specialized nature of these services, the terms and conditions located at <http://www.kronos.com/Legal/SupplementalTerms.aspx> shall supersede the provisions of this Agreement for the Extended Support Program.

(c) TERM OF SOFTWARE SUPPORT

Unless otherwise indicated on the Order Form, support service shall commence on the Software Delivery date and shall continue for an initial term of one (1) year. Support service shall automatically renew for additional one year terms on the anniversary date of its commencement date, unless either party notifies the other in writing sixty (60) days prior to that anniversary renewal date. After the one year initial term of this Agreement, the Service Offerings provided and the Service Coverage period are subject to change by Kronos with sixty (60) days advance written notice to Customer. For the initial two (2) renewal years the annual support fee, for the same products and service type, will not increase by more than 4% over the prior year's annual support fee.

(d) GOLD SERVICE OFFERINGS

Customer shall be entitled to receive:

(i) Updates for the Software (not including any Software for which Kronos charges a separate license fee), provided that Customer's operating system and equipment meet minimum system configuration requirements, as reasonably determined by Kronos. If Customer requests Kronos to install such Updates or to provide retraining, Customer agrees to pay Kronos for such installation or retraining at Kronos' then-current time and materials rate.

(ii) Telephone and/or electronic access to the Kronos Global Support Center for the logging of requests for service during the Service Coverage Period. The Service Coverage Period for the Gold Service Offering is 8:00 a.m. to 8:00 p.m., local time, Monday through Friday, excluding Kronos holidays.

(iii) Web-based support including access to Software documentation, FAQ's, access to Kronos knowledge base, Customer forums, and e-case management. Such offerings are subject to modification by Kronos. Current offerings can be found at <http://www.kronos.com/Support/Maintenance.htm>

(iv) Web-based remote diagnostic technical assistance which may be utilized by Kronos to resolve Software functional problems and user problems during the Service Coverage Period.

(v) Access to specialized content as and when made available by Kronos such as technical advisories, learning quick tips, brown bag seminars, technical insider tips, SHRM e-Learning, HR Payroll Answerforce and service case studies.

(e) PLATINUM AND PLUS SERVICE OFFERINGS:

Platinum: In addition to the Service Offerings specified for the Gold Service Offering above, the Service Coverage Period for the Platinum Service Offering is 24 hours a day, seven days a week, 365 days a year.

Plus option: In addition to the Service Offerings specified for the Gold Service Offering above, customers purchasing the Plus option shall receive the services of a dedicated, but not exclusive, Kronos Technical Account Manager ("TAM") for one production instance of the Software. Customers purchasing the Gold-Plus option shall designate up to one primary and one secondary backup technical contacts ("Technical Contacts") to be the sole contacts with the TAM, while customers purchasing the Platinum-Plus option shall designate up to two primary and three secondary backup Technical Contacts. Upon request, Customer may designate additional and/or backup Technical Contacts. Customer is required to place all primary Technical Contacts through Kronos product training for the Software covered under this Agreement at Customer's expense.

Customers purchasing the Platinum-Plus option shall also receive a one day per year visit to be performed at the Customer location where the Software is installed.

During this onsite visit, Kronos shall work with Customer to identify ways to help Customer increase functionality or maximize utilization of the Software in Customer's specific environment. Customer must be utilizing the then-current version of the Software. Travel and expenses are not included and shall be paid by Customer.

(f) PAYMENT

Customer shall pay annual support charges for the initial term in accordance with the payment terms on the Order Form and for any renewal term upon receipt of invoice. Customer shall pay additional support charges, if any, and time and material charges upon receipt of invoice.

(g) ADDITION OF SOFTWARE

Additional Software purchased by Customer during the initial or any renewal term shall be added to this Agreement at the same support option as the then current Software support coverage in place under these terms. Customer agrees to pay the charges for such addition, and any such addition shall be automatically renewed as provided in these terms.

(h) RESPONSIBILITIES OF CUSTOMER

Customer agrees (i) to provide Kronos personnel with full, free and safe access to Software for purposes of support, including use of Kronos' standard remote access technology, if required; (ii) to maintain and operate the Software in an environment and according to procedures which conform to the Specifications; and (iii) not to allow support of the Software by anyone other than Kronos without prior written authorization from Kronos. Failure to utilize Kronos' remote access technology may delay Kronos' response and/or resolution to Customer's reported Software problem. If Customer requires the use of a specific remote access technology not specified by Kronos, then Customer must purchase the Plus option to receive support and provide Kronos personnel with full, free and safe access to the remote access hardware and/or software.

(i) DEFAULT

Customer shall have the right to terminate Kronos support services in the event that Kronos is in breach of the support services warranty set forth below and such breach is not cured within fifteen (15) days after written notice specifying the nature of the breach. In the event of such termination, Kronos shall refund to Customer on a pro-rata basis those pre-paid annual support fees associated with the unused portion of the support term. Kronos reserves the right to terminate or suspend support service in the event the Customer is in default under this Agreement with Kronos and such default is not corrected within fifteen (15) days after written notice. In addition, the support services will terminate and all charges due hereunder will become immediately due and payable in the event that Customer ceases to do business as a going concern or has its assets assigned by law.

(j) WARRANTY

Kronos warrants that all support services shall be performed in a professional and competent manner.

(k) KRONOS SUPPORT SERVICE POLICIES

Kronos' then-current Support Services Policies shall apply to all Support Services purchased and may be accessed at: <http://www.kronos.com/Support/SupportServicesPolicies.htm> ("Support Policies"). In the event of a conflict between the Support Policies and this Agreement, the terms of this Agreement shall prevail.

15. KNOWLEDGEPASS EDUCATION SUBSCRIPTION:

The parties hereby agree that the following terms shall apply to Customer's purchase of the Kronos KnowledgePass Education Subscription only, if specified on the Order Form:

(a) Scope: The KnowledgePass Education Subscription is only available to customers who are licensing Kronos' Workforce Central Software products and who are maintaining such products under a support plan with Kronos. The KnowledgePass Education Subscription provides access via the internet to certain educational offerings provided by Kronos (the "KnowledgePass Content"), including:

- i. Hands-on Guided Practices ;
- ii. Tutorials;
- iii. Concept movies;
- iv. Job Aids in *pdf form;
- v. Training Kits (downloadable zip files of modifiable learning content);
- vi. Information Webinars; and
- vii. Train-the-Trainer Resource Center (which is only available to customers who purchase one of Kronos' Train-the Trainer Programs) which includes:
 - ? Instructor Guide
 - ? Student Guide
 - ? Job Aids
 - ? Database files

The content of these offerings are subject to change by Kronos without notice.

(b) Term of Subscription: The KnowledgePass Education Subscription shall run co-terminously with Customer's Software Support, and shall renew for additional one (1) year terms provided Customer renews its KnowledgePass Education Subscription as provided below.

(c) Payment: Customer shall pay the annual subscription charge for the initial term of the KnowledgePass Education Subscription in accordance with the payment terms on the Order Form. Kronos will send Customer a renewal invoice for renewal of the KnowledgePass Education Subscription at least forty five (45) days prior to expiration of the then current term. KnowledgePass Education Subscription shall renew for an additional one (1) year term if Customer pays such invoice before the end of the initial term or any renewal term.

(d) Limitations: Customer recognizes and agrees that the KnowledgePass Content is copyrighted by Kronos. Customer is permitted to make copies of the KnowledgePass Content provided in *pdf form solely for Customer's internal use and may not disclose such KnowledgePass Content to any third party other than Customer's employees. Customer may not edit, modify, revise, amend, change, alter, customize or vary the KnowledgePass Content without the written consent of Kronos, provided that Customer may download and modify contents of Training Kits solely for Customer's internal use.

(e) Train-the-Trainer Program (TTT): Certification under the Train-the-Trainer Program is valid only for the point release of the Software for which the TTT Program is taken, and covers only the Customer employee who completes the TTT Program.

16. CONFIDENTIAL INFORMATION

"Confidential Information" is defined as information that is: i) disclosed between the parties after the date of this Agreement that is considered confidential or proprietary to the disclosing party; and ii) identified as "confidential" at the time of disclosure, or would be reasonably obvious to the receiving party to constitute confidential information because of legends or other markings, by the circumstances of disclosure or the nature of the information itself. Additionally, the terms, conditions and pricing contained in this Agreement and the Order Form, the Software (and Software documentation), and the Specifications shall be deemed to be Kronos' Confidential Information. Each party shall protect the Confidential Information of the other party with at least the same degree of care and confidentiality, but not less than a reasonable standard of care, which such party utilizes for its own information of similar character that it does not wish disclosed to the public. Neither party shall disclose to third parties (except the parent company or the wholly owned subsidiaries of the disclosing party who have a need to know) the other party's Confidential Information, or use it for any purpose not explicitly set forth herein, without the prior written consent of the other party. The obligation of confidentiality shall survive for three (3) years after the disclosure of such Confidential Information.

This Agreement imposes no obligation upon either party with respect to the other party's Confidential Information which the receiving party can establish by legally sufficient evidence: (a) was rightfully possessed by the receiving party without an obligation to maintain its confidentiality prior to receipt from the disclosing party, (b) is generally known to the public without violation of this Agreement; (c) is obtained by the receiving party in good faith from a third party having the right to disclose it without an obligation with respect to confidentiality; (d) is independently developed by the receiving party without use of the disclosing party's confidential information, which can be shown by tangible evidence; or (e) was required to be disclosed by applicable law; provided that the receiving party notifies the disclosing party of such requirement prior to disclosure, and provided further that the receiving party makes diligent efforts to limit disclosure.

17. MARKETING ACTIVITIES

Customer agrees that Kronos may use Customer's name as part of Kronos' published customer lists. Upon Kronos' request, Customer will participate in mutually beneficial marketing and public relations activities with Kronos. All content shall be subject to the prior review and approval of Customer, such approval not to be unreasonably withheld.

18. LIMITATION OF LIABILITY

CUSTOMER'S EXCLUSIVE REMEDIES AND KRONOS' SOLE LIABILITY FOR ANY KRONOS BREACH OF THIS AGREEMENT ARE EXPRESSLY STATED HEREIN. EXCEPT AS PROVIDED IN THIS AGREEMENT, ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, ARE EXCLUDED.

EXCEPT FOR KRONOS' INDEMNIFICATION OBLIGATIONS SET FORTH IN THIS AGREEMENT, IN NO EVENT SHALL KRONOS' OR ITS PARENTS', SUBSIDIARIES', AFFILIATES', OR THIRD PARTY LICENSOR'S LIABILITY TO A CUSTOMER, HOWSOEVER CAUSED, EXCEED THE VALUE OF THE ORDER WHICH GIVES RISE TO THE CLAIM, AND IN NO EVENT WILL KRONOS OR ITS PARENTS, SUBSIDIARIES AFFILIATES OR THIRD PARTY LICENSORS BE LIABLE FOR LOST PROFITS, LOST DATA OR ANY OTHER INCIDENTAL OR CONSEQUENTIAL DAMAGES ARISING OUT OF THIS AGREEMENT WHETHER SUCH CLAIM IS BASED ON WARRANTY, CONTRACT, TORT OR THE EXISTENCE, FURNISHING, FUNCTIONING OR CUSTOMER'S SPECIFIC USE OF, OR INABILITY TO SO USE, ANY EQUIPMENT, SOFTWARE OR SERVICES PROVIDED FOR IN THIS AGREEMENT.

19. GENERAL

- (a) This Agreement shall be governed by Massachusetts law. The parties waive the application of the United Nations Commission on International Trade Law and United Nations Convention on Contracts for the International Sale of Goods as to the interpretation or enforcement of this Agreement.
- (b) The invalidity or illegality of any provision of this Agreement shall not affect the validity of any other provision. The parties intend for the remaining unaffected provisions to remain in full force and effect.
- (c) Customer shall not assign this Agreement or the license to the Software without the prior written consent of Kronos and any purported assignment, without such consent, shall be void.
- (d) Neither party shall be liable for failures or delays in performance due to causes beyond its reasonable control, including war, strikes, lockouts, fire, flood, storm or other acts of God. Both parties agree to use their best efforts to minimize the effects of such failures or delays.
- (e) All notices given under this Agreement shall be in writing and sent postage pre-paid, if to Kronos, to the Kronos address on the Order Form, or if to Customer, to the billing address on the Order Form.
- (f) No action, regardless of form, may be brought by either party more than two (2) years after the cause of action has arisen.
- (g) The section headings herein are provided for convenience only and have no substantive effect on the construction of this Agreement.
- (h) The parties agree that if this Agreement is delivered via fax or electronically delivered via email it shall constitute a valid and enforceable agreement.
- (i) This Agreement and any information expressly incorporated herein (including information contained in any referenced URL), together with the applicable Order Form, constitute the entire agreement between the parties for the products and services described herein and supersede all prior or contemporaneous representations, negotiations, or other communications between the parties relating to the subject matter of this Agreement. This Agreement may be amended only in writing signed by authorized representatives of both parties. Customer understands and acknowledges that while Kronos may disclose to customers certain confidential information regarding general product development direction, potential future products and/or product enhancements under consideration, Customer is not entitled to any products or product enhancements other than those contained on the Order Form. Customer has not relied on the availability of any future version of the Software or Equipment identified on an Order Form, nor any other future product in executing this Agreement.
- (j) Use, duplication, or disclosure by the United States Government is subject to restrictions as set forth in subparagraph (c) (1) (ii) of the Rights in Technical Data and Computer Software clause at DFARS 252.227-7013, or subparagraph (c)(1)(2) of the Commercial Computer Software Restricted Rights clause at FAR 52.227-19, as applicable. Manufacturer/distributor is Kronos Incorporated, 297 Billerica Road, Chelmsford, MA.

DATED: _____

CUSTOMER SIGNATURE: _____



Northern Inyo Hospital Kronos - Workforce Central v6.2 - Budgetary Estimate

This budgetary estimate is based on Kronos' extensive experience in implementing Human Capital Management solutions using our proven Momentum Implementation and Project Management methodologies and toolsets.

CUSTOMER OVERVIEW – ASSUMPTION SUMMARY

Northern Inyo is seeking a Human Resources, Payroll and Leave system with software maintenance, implementation and support.

From a licensing perspective, the proposed solution consists of adding the following modules to the existing Workforce Timekeeper installation:

- Workforce HR (Administration) - includes all of the following functional components:
 - Applicant Tracking and Recruiting
 - Position Management
 - Benefits Administration
 - Compensation Administration
 - Training & Development
 - Performance Management
 - Health & Safety
 - Regulatory Compliance
- Workforce Payroll
- Workforce HR Manager Self Service (MSS)
- Workforce HR Employee Self Service (ESS)
- Workforce Leave

Software	License	Software Investment	Software Maintenance	Software + Maintenance Total
Workforce HR	400	\$9,555	\$2,102	\$11,657
Workforce Payroll	400	\$9,555	\$2,102	\$11,657
Workforce HR/Payroll Administrator	5	\$735	\$162	\$897
Workforce HR Manager Self Service	50	\$3,675	\$809	\$4,484
Workforce HR Employee Self Service	400	\$5,145	\$1,132	\$6,277
Workforce Leave	400	\$2,940	\$647	\$3,587
TOTAL		\$31,605	\$6,954	\$38,559

KRONOS IMPLEMENTATION METHODOLOGY, Momentum, consists of 5 stages: Planning, Assessment, Solution Build, Test/Certify, and Deploy/Support. This solution was designed using **Kronos Essentials**, an innovative program that helps small to mid-sized organizations reap the benefits of the industry's leading workforce management solution -- Kronos for Healthcare. This tailored solution of products and services will automate your employee-centric processes without forcing you into a pre-built, limited application.

General Northern Inyo Hospital Assumptions:

375 employees/400 licenses
1 location
No unions
1 EIN
1 State
10 Pay Groups
1 Pay Frequency

CORE IMPLEMENTATION

The initial Kronos implementation Professional Services Estimate covers the necessary foundation and infrastructure to allow Northern Inyo Hospital to USE the system (ie. Enter new hires, changes, and process Payroll). The **core** implementation would consist of:

- Workforce Timekeeper v5.0 upgrade to v6.2
 - Upgrade of up to 2 existing interfaces from Workforce Connect to Workforce Integration Manager
 - Configuring New Graphical User Interface (NGUI)
- Installation of the Workforce HR/Payroll licensed software
 - Data Conversion – a collaborative effort that loads employee basic demographic data inclusive of status, position, pay, federal, state, compensation & deductions (inclusive of QTD/YTD if converting mid-year) from Quadramed Affinity
 - Organization & Security Trees (Reporting Structures)
 - User Role Definitions
 - Basic Compensation Set up
 - Pay Grade Plans
 - Position Management Set up
 - Includes Position Structure, Job Code set up, and Pay Grade
 - Skills, Licenses, Certifications set up
 - Benefits Administration Set up
 - Benefit Plan Set up
 - Benefit Eligibility Set up
 - Benefit Deduction Calculation
 - Payroll Table Set up
 - Hour/Earnings
 - Deductions
 - Garnishments
 - Taxes
 - Pay Group(s)
 - Up to 4 Benefits Accrual types (PTO)
 - Set up of one (1) bank disbursement account
 - Interfaces:
 - Workforce Payroll to McKesson Paragon GL
 - Workforce Payroll to/from quick charge (bi-direction)
 - Optional Interface: Accounts Payable Garnishment export
 - Parallel Payroll support through two payrolls
- Installation of the Workforce Leave licensed software
 - Unpaid leave tracking for:
 - Federal and State FMLA
 - Military, Administrative
 - Educational
 - Personal

- Plus, up to five additional Leave programs - for example: Short Term Disability, Long Term Disability, Non-FMLA Medical Leave, etc.
- Training for core project team

Recommended Core Implementation Investment:

Item	Estimated Implementation Service Hours	Associated Cost	Estimated Training	Total
Workforce Timekeeper upgrade	108	\$19,440	\$3,000	\$22,440
Core Workforce HR/Payroll	534	\$96,200	\$10,750	\$106,950
Optional Interface: AP Garnishment	20	\$3,600	\$0	\$3,600
Workforce Leave	88	\$15,840	\$2,750	\$18,590
Estimated Investment For This Implementation	750	\$135,080	\$16,500	\$151,580

NON-CORE IMPLEMENTATION

After installation, all purchased modules and functional HR components are available to Northern Inyo Hospital. Core implementation (defined above) is required to establish the foundation of the system. The functional areas of HR outside of the CORE implementation are considered NON-CORE components, and not required to get the base system in place. These NON-CORE components are (see attached document for further description):

- Manager Self Service
- Employee Self Service
- Recruitment
 - Managing Requisitions (administration)
 - External on-line application
 - Internal on-line application (requires ESS/optional MSS)
- Compensation Management
 - Compensation Salary Planning set up (import Salary Surveys)
 - Compensation Review/Budgeting Process (requires MSS)
- Performance Management Administration (requires MSS / optionally ESS)
- Training & Development (Optional MSS/ESS)
- Health & Safety
- Company Property tracking
- Disciplinary Actions and Grievance

Many of these functional areas are typically set up by the customer and may require “Customer-defined” table values (ie. Requisitions, Training Courses) requiring minimal set up. These tables are unique to each customer. Once basic table values are loaded, Northern Inyo Hospital can start entering data. In the example of Health and Safety, regulatory table values required for OSHA reporting are pre-populated and delivered with the system. Northern Inyo Hospital can begin to enter data.

The following areas typically require assistance from Kronos. Kronos will work with you to determine timelines.

- Core ESS/MSS set up and implementation
- Applicant Tracking on-line application (requires ESS/optional MSS)
- Open Enrollment/Life Event Maintenance
- Performance Management (inclusive of MSS and ESS)

- Compensation Review/Budgeting Process (inclusive of MSS) – *determined not needed by Northern Inyo*
- Manager Actions: new hire, status change, rate change, workflows (via Process Manager – requires MSS)

Recommended Non-Core Implementation Investment:



Item	Estimated Implementation Service Hours	Associated Cost	Estimated Training	Total
Delegate Authority	32	\$5,760	\$0	\$5,760
Process Manager - E-mail Notifications	32	\$5,760	\$0	\$5,760
Request Time Off (Through Process Manager)	29	\$5,220	\$0	\$5,220
Alerts	3	\$540	\$0	\$540
Workforce Employee & Manager Core HR/PR Self Service	18	\$3,240	\$0	\$3,240
Open Enrollment / Life Events	64	\$11,520	\$0	\$11,520
Performance Management	26	\$4,680	\$550	\$5,230
Training and Development Tracking	4	\$720	\$0	\$720
Applicant Tracking	28	\$5,040	\$0	\$5,040
Employee Life Cycle Management	40	\$7,200	\$0	\$7,200
Address Change Notification	8	\$1,440	\$0	\$1,440
Skills or Certification Management Templates	8	\$1,440	\$0	\$1,440
Health & Safety	8	\$1,440	0	\$1,440
Estimated Investment For This Implementation	300	\$54,000	\$550	\$54,550

KRONOS READY TO RUN SERVER SPECIFICATIONS

1 Dell PowerEdge T610 1-Proc Tower Server	\$4,950
Microsoft SQL Server 1 Processor License	\$1,990
DVD Kit for Microsoft SQL Server 2008	\$0
Subtotal	\$6,940
Microsoft SQL Server – Software Assurance (annual)	\$398
EXTENDED SERVICE PLAN(SEE ADDITIONAL ATTACHMENT) - optional	\$3,000
Server Bundle Total	\$10,338

1.1.1 DELL POWEREDGE™ SERVERS

Dell PowerEdge™ servers help simplify operations, optimize solutions and sustain value. Dell PowerEdge servers from Kronos include 3 years of Dell ProSupport: 4 Hour 7x24 Onsite Service with Emergency Dispatch. Dell provides full hardware warranty and support.

	Dell PowerEdge T610 Tower	Dell PowerEdge R710 Rack (2U)
		
	Specifications (Monitor, keyboard, mouse and tape backup are NOT included)	
Sizing	Single processor - up to 1,250 Employees, 125 Managers and 25 Model 4500 Timekeeper Terminals Dual processor - One or more for organizations with over 1,250 Employees, 125 Managers or 25 Model 4500 Timekeeper Terminals	Single processor - up to 1,250 Employees, 125 Managers and 25 Model 4500 Timekeeper Terminals Dual processor - One or more for organizations with over 1,250 Employees, 125 Managers or 25 Model 4500 Timekeeper Terminals
Processor	E5520 Xeon Processor, 2.26GHz 8M Cache, 5.86 GT/s QPI, TurboHT	E5520 Xeon Processor, 2.26GHz 8M Cache, 5.86 GT/s QPI, TurboHT
2nd Processor	Single or dual – see Sizing above.	Single or dual – see Sizing above.
Memory	4GB, 1066MHz	4GB, 1066MHz
Hard Drive	3 x 300GB 15K RPM Serial-Attach SCSI 3.5" Hot Plug Hard Drive	3 x 300GB 15K RPM Serial-Attach SCSI 3.5" Hot Plug Hard Drive
Hard Drive Controller	PERC 6/i SAS RAID Controller 2x4 Connectors, Internal, PCIe256MB Cache	PERC 6/i SAS RAID Controller 2x4 Connectors, Internal, PCIe256MB Cache
NIC	Embedded Broadcom, GB Ethernet NICS with TOE	Embedded Broadcom, GB Ethernet NICS with TOE
DVD-ROM Drive	DVD-ROM, SATA, Internal	DVD-ROM, SATA, Internal



KRONOS READY TO RUN SERVER SPECIFICATIONS

Per IT - may not be necessary

1 Dell PowerEdge T610 1-Proc Tower Server	\$4,950
Microsoft SQL Server 1 Processor License	\$1,990
DVD Kit for Microsoft SQL Server 2008	\$0
Subtotal	\$6,940
Microsoft SQL Server – Software Assurance (annual)	\$398
EXTENDED SERVICE PLAN(SEE ADDITIONAL ATTACHMENT) - optional	\$3,000
Server Bundle Total	\$10,338

1.1.1 DELL POWEREDGE™ SERVERS

Dell PowerEdge™ servers help simplify operations, optimize solutions and sustain value. Dell PowerEdge servers from Kronos include 3 years of Dell ProSupport: 4 Hour 7x24 Onsite Service with Emergency Dispatch. Dell provides full hardware warranty and support.

	Dell PowerEdge T610 Tower	Dell PowerEdge R710 Rack (2U)
		
	Specifications (Monitor, keyboard, mouse and tape backup are NOT included)	
Sizing	Single processor - up to 1,250 Employees, 125 Managers and 25 Model 4500 Timekeeper Terminals Dual processor - One or more for organizations with over 1,250 Employees, 125 Managers or 25 Model 4500 Timekeeper Terminals	Single processor - up to 1,250 Employees, 125 Managers and 25 Model 4500 Timekeeper Terminals Dual processor - One or more for organizations with over 1,250 Employees, 125 Managers or 25 Model 4500 Timekeeper Terminals
Processor	E5520 Xeon Processor, 2.26GHz 8M Cache, 5.86 GT/s QPI, TurboHT	E5520 Xeon Processor, 2.26GHz 8M Cache, 5.86 GT/s QPI, TurboHT
2nd Processor	Single or dual – see Sizing above.	Single or dual – see Sizing above.
Memory	4GB, 1066MHz	4GB, 1066MHz
Hard Drive	3 x 300GB 15K RPM Serial-Attach SCSI 3.5" Hot Plug Hard Drive	3 x 300GB 15K RPM Serial-Attach SCSI 3.5" Hot Plug Hard Drive
Hard Drive Controller	PERC 6/i SAS RAID Controller 2x4 Connectors, Internal, PCIe256MB Cache	PERC 6/i SAS RAID Controller 2x4 Connectors, Internal, PCIe256MB Cache
NIC	Embedded Broadcom, GB Ethernet NICS with TOE	Embedded Broadcom, GB Ethernet NICS with TOE
DVD-ROM Drive	DVD-ROM, SATA, Internal	DVD-ROM, SATA, Internal



Northern Inyo Hospital Kronos - Workforce Central v6.2 - Budgetary Estimate

This budgetary estimate is based on Kronos' extensive experience in implementing Human Capital Management solutions using our proven Momentum Implementation and Project Management methodologies and toolsets.

CUSTOMER OVERVIEW – ASSUMPTION SUMMARY

Northern Inyo is seeking a Human Resources, Payroll and Leave system with software maintenance, implementation and support.

From a licensing perspective, the proposed solution consists of adding the following modules to the existing Workforce Timekeeper installation:

- Workforce HR (Administration) - includes all of the following functional components:
 - Applicant Tracking and Recruiting
 - Position Management
 - Benefits Administration
 - Compensation Administration
 - Training & Development
 - Performance Management
 - Health & Safety
 - Regulatory Compliance
- Workforce Payroll
- Workforce HR Manager Self Service (MSS)
- Workforce HR Employee Self Service (ESS)
- Workforce Leave

Software	License	Software Investment	Software Maintenance	Software + Maintenance Total
Workforce HR	400	\$9,555	\$2,102	\$11,657
Workforce Payroll	400	\$9,555	\$2,102	\$11,657
Workforce HR/Payroll Administrator	5	\$735	\$162	\$897
Workforce HR Manager Self Service	50	\$3,675	\$809	\$4,484
Workforce HR Employee Self Service	400	\$5,145	\$1,132	\$6,277
Workforce Leave	400	\$2,940	\$647	\$3,587
TOTAL		\$31,605	\$6,954	\$38,559

KRONOS IMPLEMENTATION METHODOLOGY, Momentum, consists of 5 stages: Planning, Assessment, Solution Build, Test/Certify, and Deploy/Support. This solution was designed using **Kronos Essentials**, an innovative program that helps small to mid-sized organizations reap the benefits of the industry's leading workforce management solution -- Kronos for Healthcare. This tailored solution of products and services will automate your employee-centric processes without forcing you into a pre-built, limited application.

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Consulting Agreement For Patricia Calloway

Activities Director

March 1, 2011

This agreement, when signed by both parties, will constitute the consulting agreement between Northern Inyo Hospital (NIH) and Patricia Calloway, a Certified Activities Director as required by Title XXII, and will be effective 3-01-2011 and shall be for a one year term, unless terminated in accordance with the termination provisions contained herein.

1. Director will be available on a consulting basis, which may require seeing patients and/or employees and/or Physicians in the Hospital.
2. Director will be compensated at the rate of \$50.00 per hour for each hour of work performed either on or off site.
3. Director will receive a \$500.00 per month stipend.
4. Director will be responsible for developing an activities program sufficient to satisfy Title XXII requirements for the use of "Swing Beds". Program will be in written form and provide sufficient information to compile Policies and Procedures for governance approval.
5. Director will either report to the Hospital or direct hospital personnel, as appropriate, to prepare an actives plan for each eligible patient and insure that that plan is carried out either by hospital personnel or herself.
6. Director will be not eligible for any benefits, retirement programs, FICA, workman's compensation or insurance of any kind.
7. This agreement is not meant to establish an employment relationship between the parties, but rather create an independent consulting relationship.
8. Hospital recognizes that this is a part-time relationship.
9. Either party may cancel this agreement with 30-day notice.

John Halfen
Administrator, Northern Inyo Hospital

Date: _____

Patricia Calloway
Activities Director

Date: _____

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John Halfen, Administrator
Northern Inyo Hospital
150 Pioneer Lane
Bishop, California 93514

April 17, 2011

Jennie Walker, MD, President
Eastern Sierra Emergency Physicians
PO Box 2485, 77 Snowcrest
Mammoth Lakes, CA 93514
(760) 920-1154

Dear Mr. Halfen:

Over the last six months, I have worked diligently with Valley Emergency Physicians to provide excellent care in the Emergency Department at Northern Inyo Hospital while also attempting to support the ED physicians to the fullest extent possible. As you know, we have had concerns with the management of the contract that Valley has provided. At this time, the ED physicians as a group strongly feel that Valley has not lived up to their promises. VEP management services are no longer desired by our current group of physicians and we request that you terminate their contract.

Last summer, we had become extremely frustrated with the lack of administrative support and poor reimbursement from VEP. After extensive discussions, the group decided to give VEP one more chance to maintain this contract. As you can see below, VEP understood that this was a trial period.

'Give me 6 months to show that I can do a better job than has been done. If after those 6 months I fail and Valley fails to live up to these commitments, then you go independent.'
-Paul Beatty, MD Regional Director, Valley Emergency Physicians

Helena Black, MD and I have created a corporation, Eastern Sierra Emergency Physicians, and are fully prepared to manage the current ED contract in a manner which continues the excellent quality of care while supporting our current physicians. If you agree to terminate the contract with VEP, we are prepared to provide immediate coverage of the ED.

Dr. Black and I are deeply invested in the community, the hospital and emergency services in Inyo County. We feel that we can improve working conditions and compensation for our physicians, recruit more high-caliber physicians and improve on the quality of care at NIH.

Thank you for your consideration.



Jennie Walker, MD

Helena Black, MD

**EASTERN SIERRA EMERGENCY PHYSICIANS, INC., a Professional Corporation
AND
NORTHERN INYO HOSPITAL COUNTY LOCAL HOSPITAL DISTRICT**

NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT, a political subdivision organized and existing pursuant to the Local Hospital District Law (Health and Safety Code Section 32000, *et seq.*) of the State of California, hereinafter referred to as "District," and EASTERN SIERRA EMERGENCY PHYSICIANS, INC., a Professional Corporation, hereinafter referred to as "ESEP," agree as follows:

**PART I
RECITALS**

District is the owner and operator of a Hospital located in Bishop, California. District operates an Emergency Department to serve the members of the community and other persons who may require immediate medical and/or hospital care.

ESEP is a professional medical corporation whose officers, directors and shareholders are duly qualified and licensed physicians and surgeons with experience in the operation of emergency facilities and the rendition of emergency and primary care.

District has concluded that engaging ESEP to operate the Emergency Department on an exclusive basis is the most desirable course of action, considering the cost, quality and administrative burden of providing services in light of other arrangements available to District.

The parties enter this agreement, hereinafter referred to as "Agreement," in order to provide a full statement of their respective responsibilities in connection with the operation of the Emergency Department during the term of this Agreement.

**PART II
THE DISTRICT**

1. Space. District shall make available to ESEP the space that is now or may be hereafter occupied by the Emergency Department. District shall also furnish ESEP an appropriately furnished room, in which ESEP's physician contractors, hereinafter referred to as "Providers," and physician employees may rest when their services are not otherwise required. In addition, District will provide ESEP with office space suitable for the administration of the Emergency Department.

2. Meals. District shall provide Providers and ESEP physician employees with meals while they are on duty.

3. Equipment and Supplies. District, at its expense, shall provide ESEP all necessary expendable and non-expendable medical equipment, drugs, supplies, furniture and fixtures necessary for the efficient operation of the Emergency Department. District shall consult with ESEP regarding decisions which affect the selection and furnishing of particular facilities, equipment and supplies.

4. Maintenance. District shall maintain and repair all equipment and shall provide utilities and services such as heat, water, electricity, telephone service, laundry and janitorial service.

5. Liability Insurance. District shall, at its sole expense, procure and maintain professional liability (malpractice) insurance coverage for the benefit of ESEP and all physicians employed by or contracted with ESEP to work in the Emergency Department, to be in force and effective at all times during the term of this Agreement. The policy limits of such coverage shall be at least \$1,000,000 for any one occurrence, and \$3,000,000 annual aggregate coverage per physician providing services to the Department. If District's insurance is terminated or converted at any time, District shall also acquire 'tail' coverage in the above stated amounts, covering all periods that this Agreement has been in effect. ESEP agrees to cooperate with District in connection with the purchase and maintenance of such coverage. If this Agreement is terminated, District shall likewise maintain uninterrupted insurance for ESEP and its Physicians who provided services under this Agreement. District shall provide ESEP with copies of certificates of coverage as needed. In the event ESEP, in its discretion, procures and maintain any professional liability (malpractice) insurance coverage at its own expense and in addition to the coverage provided for herein, ESEP shall, to the fullest extent commercially reasonable, name District as an additional named insured.

6. Non-Physician Personnel. District, at its expense, shall provide the services of licensed registered and vocational nurses and other non-physician technicians and assistants necessary for the efficient operation of the Emergency Department. District shall be responsible for the selection, management, direction and control of such personnel, except that ESEP shall be responsible for the direction and control of such personnel for all professional medical matters.

PART III ESEP

7. ESEP's Services.

A. ESEP shall provide quality emergency care on a prompt and continuing basis, which shall include the professional services of duly licensed physicians and surgeons in the Emergency Department, twenty-four hours a day, seven days a week.

B. A Provider or physician employee shall be available on the premises of Hospital at all times.

C. ESEP shall maintain a backup schedule to cover the Emergency Department in the event any Provider or physician employee is unavailable for a scheduled shift.

D. ESEP shall be liable to District for liquidated damages in the amount of \$2,000.00 per day for any day, or part thereof in excess of two hours, for which a Provider or physician employee is not available on the premises.

8. Physician Personnel.

A. Except as otherwise expressly provided in this Agreement, ESEP may select and employ or otherwise contract with licensed physicians and surgeons as it, in the sole exercise of its discretion, deems necessary.

B. All Emergency Department physicians shall be board certified/board eligible in emergency medicine, or board certified/board eligible in internal medicine, or family practice with ATLS certification, unless specifically exempted from this provision by the District.

C. Except as otherwise expressly provided in this Agreement, the terms and conditions by which Providers are compensated shall be at the sole and exclusive discretion of ESEP. Provided however, that the initial base compensation to be paid Providers by ESEP shall be \$100.00 per hour, with a \$10.00 per hour differential for night shifts and holidays. Nothing in this paragraph shall prevent ESEP from making such changes to the base compensation paid to Providers as it believes are necessitated by amendments to this Agreement or other changed circumstances.

D. In addition to the compensation provided for in paragraph 8.C, ESEP shall compensate Providers through a bonus system based on level of performance that includes consideration of productivity, performance, patient satisfaction, and continuing medical education, to the extent data for these measures is available. The amount of compensation paid through said bonus system shall be at the sole and exclusive discretion of ESEP. ESEP shall make all bonus system data available to the District for review on request and District shall maintain all such data on a confidential basis.

E. In contracting with any Provider, ESEP shall include the following contractual terms:

i. the Provider will not engage in any activities during the eight hour period preceding the beginning of a scheduled shift that significantly impairs a Provider's ability to provide care;

ii. the Provider shall be subject to monetary consequence for unexcused failure to appear for or lateness in arriving at a scheduled shift; and

iii. the Provider shall adhere to agreements regarding professional conduct and behavior required by the chief executive officer of the District and/or Hospital, irrespective of whether such agreement is adopted by the District board.

F. ESEP shall not schedule any Provider for more than 180 hours per month, and shall not schedule any Provider for consecutive 24-hours shifts.

G. ESEP shall not continue to contract with any Provider who has been unavailable for a scheduled shift without more than 72 hours prior notice more than three times, except on a finding of good cause.

H. ESEP shall impose substantially the same requirements as those contained in paragraphs 8.E, F, and G on physician employees.

9. In-House Emergencies and Pronouncements. ESEP's Providers and physician employees shall respond to in-house emergencies in the same manner as other members of the medical staff, and shall make pronouncements of death when attending physicians are not immediately available, but only to the extent that Providers or physician employees are not otherwise engaged in providing care under this Agreement or that the performance of these services does not interfere with the operation of the Emergency Department.

10. Admitting Privileges. ESEP' Providers and physician employees may, at the discretion of Hospital and the Medical Staff of Hospital, be granted limited admitting privileges for patients without a private physician. The exercise of these privileges and the obligations of ESEP' Providers and physician employees to make referrals to the "on-call" panel and other physicians and other matters related to such privileges shall be as set forth in the Medical Staff Bylaws, rules and regulations or as otherwise determined by the Medical Staff Executive Committee or the Emergency Services Committee, all with the approval of the Board of Trustees.

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

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

B. ESEP shall, subject to District approval, appoint a Provider or physician employee to serve as Base Station Medical Director and Training Hospital Medical Director; serve on the local Emergency Medical Service Advisory Committee; and serve as the Medical Director for the Employee Health Department, if the Hospital and Medical Staff deem this appropriate.

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

12. Peer Review and Quality Assurance. ESEP shall participate in such peer review and quality assurance activities as required by the Medical Staff Bylaws, Rules and Regulations, the Joint Commission on Accreditation of Healthcare Organizations, or as otherwise agreed to by the parties. Notwithstanding any other requirement, ESEP shall conduct periodic random chart review. In addition, ESEP shall, at District's expense, cooperate and assist in the collection of data regarding productivity, patient satisfaction, time to treatment, and any other matter on which the District is obligated or desires to collect data.

13. Standards. ESEP shall at all times endeavor to operate the Department in a manner consistent with the highest standards maintained for the operation of such departments in comparable hospitals. It is understood from time to time the Medical Staff of Hospital may set standards of professional practice and duties generally applicable to all Medical Staff members. ESEP shall comply with such directives from the Medical Staff and shall also cause all of its Providers and physician employees to do so.

14. District and Government Authorities. ESEP, in connection with their operation and conduct of the Department, shall comply with all applicable provisions of law, and other valid Bylaws, Rules and Regulations and requirements of the District's Board of Trustees, the Medical Staff of Hospital, the Joint Commission on Accreditation of Healthcare Organizations and other similar accrediting and certifying entities to which Hospital is subject, and governmental agencies having jurisdiction over; (i) the operation of the District and services; (ii) the licensing of health care practitioners; (iii) and the delivery of services to patients of governmentally regulated third party payors whose members or beneficiaries receive care at the District, including but not limited to rules and regulations promulgated with respect to the transfer of patients from the Emergency Department.

15. Medical Records. ESEP shall at all times maintain complete and legible medical records, which accurately document the medical necessity of all services rendered for each patient who is treated in the Department. Such medical records shall be the property of Hospital. However, ESEP shall have access to and may photocopy relevant documents and records, within the restrictions of the law, upon giving reasonable notice to Hospital.

16. Financial Records. Hospital shall have access to all financial records of ESEP pertinent to this Agreement for the purpose of any audit or examination necessary to comply with any request or demand to Hospital with which Hospital is legally obligated to comply. All pertinent financial records related to this Agreement in the possession of ESEP shall be preserved by ESEP for a period of four (4) years after the end of the Agreement. Upon termination of this Agreement, ESEP agree to transfer to District, at District's expense, any financial which possess

longer value to District beyond four (4) years. ESEP shall include a clause providing similar access to financial records in any subcontract with a value or cost of \$10,000.00 or more over a twelve-month period when the subcontract is with a business entity in which ESEP, or any of its shareholders, officers, directors, or family members thereof, has a management or ownership interest.

PART IV COMPENSATION

17 Base Compensation. District agrees to pay ESEP \$130.45 per hour for all hours worked by ESEP' Providers and physician employees. This hourly rate shall be increased by the same percentage amount as used in any Cost of Living Adjustments (COLA) paid to hospital employees. Payment shall be due within 30 days of invoicing. On request from the District, ESEP shall provide such documentation as may be reasonably necessary to support its invoice.

A. Medical Group Incentive. Hospital shall pay ESEP a performance-based compensation on a monthly basis if certain measures are achieved. The compensation will be based upon ESEP's satisfaction of the five performance measures listed below. Each will be worth \$2000, not to exceed \$10,000 per month. Payments shall be made on a monthly basis along with the Base Compensation.

- i. Advanced Trauma Life Support (ATLS) \geq 80% of the credentialed physicians in the Emergency Department will either have a current ATLS certification or be Board Certified in Emergency Medicine. Note: New physicians who are not Board Certified in Emergency Medicine will have nine months to sign up and complete an ATLS course before they are counted into the metric.
- ii. Patient Satisfaction Score \geq 90%
- iii. Door-to-Nurse-to-Provider \leq 30 minutes. (Nursing to document time patient is ready to be seen by provider.)
- iv. Provider Shifts \leq 15 shifts per month.
- v. Left Without Being Seen (LWBS) rate \leq 1%

18. Fees. ESEP shall charge patients on a fee-for-service basis. ESEP's charges shall be in accordance with reasonable and customary fees charged by other physicians for the same service in similar communities. ESEP's charges will be reviewed and approved by the Hospital prior to any change.

19. Daily Memoranda and Billing. District shall act as ESEP' designated billing and collection agent. ESEP hereby assigns to Hospital the right to collect such charges. Hospital's charges to the patient shall be separate and distinct from the charges by ESEP. In the event Hospital bills patients through a single invoice combining Hospital and ESEP charge, the billing shall clearly distinguish ESEP' professional fees and shall disclose that the District is acting as billing agent for ESEP. ESEP shall cooperate in the preparation and filing of such documentation and records as are necessary to allow Hospital to efficiently perform its billing duties as set forth herein.

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

Eastern Sierra Emergency Physicians, Inc.
P.O. Box 2485
Mammoth Lakes, CA 93546.

PART V TERM

21. Term. The term of this Agreement shall be from November 1, 2010 to October 31, 2012. Subject to the provisions of paragraph 21 and 22, this Agreement shall automatically renew for two terms of two years.

22. Termination On Written Notice. Either party may terminate this Agreement without cause on ninety (90) days written notice to the other party.

23. Termination Without Written Notice. In addition, Hospital may terminate this Agreement and all rights of ESEP hereunder immediately upon the occurrence of any of any of the following events:

A. Upon the failure of ESEP to provide Emergency Department coverage for a period in excess of twelve (12) consecutive hours.

B. Upon a determination by a majority of Hospital's Board of Directors, after consultation with the Executive Committee of the Medical Staff, that (i) ESEP or any of its Providers or Physician employees has been guilty of repeated acts of professional incompetence in response to which ESEP has not taken reasonable or appropriate steps; (ii) has, after reasonable prior written notice and an opportunity to cure, failed to maintain the Emergency Department in a manner consistent with the highest standards maintained for the operation of similar departments in comparable hospitals; (iii) is, after reasonable prior written notice

and an opportunity to cure, engaged in a continuing course of conduct that places Hospital or its Medical Staff at risk of adverse action in connection with licensing or accreditation entities; or (iv) is engaging in or about to engage in conduct that puts the Hospital, its Medical Staff or patients at immediate and significant risk.

C. Upon appointment of a receiver of ESEP' assets, an assignment by ESEP of its assets for the benefit of its creditors, or any action taken or suffered by ESEP (with respect to ESEP) under any bankruptcy or insolvency act.

PART VI OTHER MATTERS

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

25. Not Exclusive. It is specifically agreed and understood that ESEP and ESEP' Providers and physician employees shall not be required to limit their practices exclusively to the District, it being understood that additional enterprises and other emergency service agreements shall be permissible. Provided however, neither ESEP nor ESEP' Providers or physician employees may engage in any activities that interfere with the delivery of services required under this Agreement, both while on duty and in any outside practice of medicine or surgery.

26. Amendment. This Agreement may be amended at any time by written agreement duly executed by both parties.

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

substitution shall be effected upon ESEP giving written notice to District.

28. Attorney's Fees. In the event that suit is brought regarding the provisions of this Agreement or the enforcement thereof, the prevailing party shall be awarded its cost of suit and reasonable attorney's fees as a part of any judgment rendered therein.

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

To District at:

John Halfen, Administrator
Northern Inyo Hospital
150 Pioneer Lane
Bishop, CA 93514.

To ESEP at:

Jennie Walker, M.D.
Eastern Sierra Emergency Physicians, Inc.
P.O. Box 2485
Mammoth Lakes, CA 93546.

30. Complete Agreement. This Agreement, with any subsequent amendments, is the complete Agreement between the parties as to the terms covered herein. All of the promises, representations and warranties of the parties in regard to the terms of this Agreement are stated herein, or in any amendment. Any prior promises, representations or warranties occurring in the course of negotiations are superseded by this Agreement.

31. Validity. If any portion of this Agreement is found to be void or illegal, it shall not affect the validity of enforceability of any other portion thereof.

32. This Agreement may be executed in any number of counterparts which, when read together, shall constitute one document. A facsimile or other digital signature shall have the same force, effect and validity as an original.

IN WITNESS WHEREOF, the parties hereto have executed this Emergency Care Agreement at _____, California on _____, 2011.

DISTRICT:

NORTHERN INYO COUNTY LOCAL
HOSPITAL DISTRICT

BY _____
Peter J Watercott,
President of the Board

ESEP:

EASTERN SIERRA EMERGENCY
PHYSICIANS, INC.

BY _____
Jennie Walker, M.D.
President

PHYSICIAN SERVICES AGREEMENT

PARTIES

1. The parties to this Agreement are Eastern Sierra Emergency Physicians, Inc, a professional medical corporation ("Medical Group") and _____ ("Physician").
2. Medical Group hereby contracts with Physician to provide emergency room medical services at Northern Inyo Hospital ("Hospital"), operated by the Northern Inyo County Local Hospital District ("District"), under the following terms.

PHYSICIAN'S OBLIGATION

3. Physician shall provide emergency medical care in the Emergency Department in Hospital, as scheduled by Medical Group and as agreed to by Physician.
4. Physician shall at all times endeavor to provide medical care in a manner consistent with the highest standards maintained for the operation of an emergency department.
5. Physician shall comply with all applicable provisions of law, and the Bylaws, Rules and Regulations and requirements of the District's Board of Trustees and the Medical Staff of Hospital, including amendments thereto. Physician shall adhere to agreements regarding professional conduct and behavior required by the chief executive officer of the District or Hospital, irrespective of whether such agreement is adopted by the District board.
6. Physician will not engage in any activities during the 8 hour period preceding the beginning of a scheduled shift that significantly impairs his/her ability to provide emergency care.
7. Physician shall provide guidance, instruction, orders, and directives to EMT-II/Paramedics involved in the treatment of patients with medical emergencies requiring transportation from the scene of a medical emergency to the nearest, or most appropriate hospital facility.
8. Physician shall respond to in-house emergencies in the same manner as other members of the Medical Staff of Northern Inyo Hospital, and shall make pronouncements of death when attending physicians are not immediately available, but only to the extent that Physicians are not otherwise engaged in providing care under this Agreement or that the performance of these services does not interfere with the operation of the Emergency Department.
9. Physician may, at the discretion of Hospital and the Medical Staff of Hospital, be granted limited admitting privileges for patients without a private physician. The exercise of these privileges and the obligations of Physician to make referrals to the "on-call" panel and other physicians and other matters related to such privileges shall be as set forth in the Medical

Staff Bylaws, Rules and Regulations or as otherwise determined by the Medical Staff Executive Committee or the Emergency Services Committee.

10. Physician shall obtain and maintain in good standing Medical Staff privileges at Northern Inyo Hospital and all other certifications, licenses, permits and credentials reasonably necessary to practice medicine. Physician's Medical Staff privileges at Hospital are subject to the Medical Staff Bylaws and nothing in this Agreement supercedes those terms.

11. Physician shall comply with all applicable provisions of law under the Emergency Medical Treatment and Active Labor Act (EMTALA).

12. Physician shall at all times maintain complete and legible medical records, which accurately document the medical necessity of all services rendered for each patient. Such medical records shall be the property of Northern Inyo Hospital. However, Physicians shall have access to and may photocopy relevant documents and records, within the restrictions of the law, upon giving reasonable notice to Northern Inyo Hospital.

13. Physician shall cooperate in the preparation and filing of such documentation and records as are necessary to allow Medical Group and/or Northern Inyo Hospital to efficiently bill for medical care to patients.

14. Physician shall participate in such peer review and quality assurance activities as required by the Medical Staff Bylaws, the rules and regulations of the Medical Staff, the Joint Commission, and Medical Group. Notwithstanding any other requirement, Physician shall cooperate in conducting periodic random chart review of emergency room cases. In addition, Physician shall cooperate and assist in the collection of data regarding productivity, patient satisfaction, time to treatment, and any other matter on which the Medical Group is or becomes obligated to collect data.

15. Physician shall immediately notify Medical Group of (i) any change in the status or, limitation, restriction on his/her medical staff privileges at Northern Inyo hospital or any other hospital at which Physician maintains medical staff privileges, including but not limited to voluntary changes in status, limitations or restrictions; (ii) any inquiry regarding medical care from the Medical Board of California; and (iii) the filing or notice of any medical malpractice claim. Medical Group shall maintain all such information in confidence.

16. Physician is not required to limit his/her practice exclusively to Medical Group. Provided however, Physician may not engage in any activities that interfere with the delivery of services required under this Agreement, both while on duty and in any outside practice of medicine or surgery.

PHYSICIAN'S REPRESENTATIONS

17. Physician represents and warrants that he/she is
- A. licensed to practice medicine in the state of California;
 - B. in good standing with the Medical Board of California and the Medical Staffs of all hospitals at which he/she holds medical staff privileges;
 - C. board certified/board eligible in emergency medicine, or board certified/board eligible in internal medicine, or family practice with ATLS certification; or is otherwise approved by the Medical Staff and Medical Group
 - D. familiar with currently approved methods and practices of emergency medicine; and
 - E. familiar with applicable provisions of law regarding the transfer of patients under the Emergency Medical Treatment and Active Labor Act (EMTALA).

SCHEDULING

18. Medical Group shall schedule Physician based on Physician's availability and the staffing needs of Medical Group, and shall do so at its sole and exclusive discretion. Medical Group does not guarantee and is not obligated to schedule Physician for any minimum number of hours or days. Physician shall comply with all scheduling policies adopted by Medical Group.

PHYSICIAN'S COMPENSATION

19. Physicians shall be paid \$ 100.00 per hour plus a \$10 per hour differential for night shifts and holidays.
20. Payment shall be made by the 20th day of the month following the month in which the Physician provides services.
21. In addition, Medical Group shall implement and compensate Physician in part through a bonus system based on level of performance that includes consideration of productivity, performance, patient satisfaction, and continuing medical education, to the extent data for these measures is available. The amount of compensation paid under said bonus system shall be at the sole and exclusive discretion of the Medical Group.
22. Physician shall be compensated for additional activities undertaken for the benefit of and with prior permission from the Medical Group, such as teaching and EMS direction.
23. Physician hereby assigns to Medical Group the right to collect any and all charges for treatment of patients.

TERMINATION

24. This Agreement may be terminated by either party on 30 days written notice, without cause.

25. This Agreement does not require Medical Group to provide Physician with any notice or hearing rights. Medical Group makes no representations or warranties about notice or hearing rights under Hospital's Medical Staff Bylaws in the event of termination of this Agreement.

INSURANCE AND INDEMNITY

26. To the extent Medical Group is not covered by insurance, Physician will indemnify and hold Medical Group harmless from all loss, damage, costs and expenses which Medical Group may sustain or suffer or be threatened with liability for, arising from or related to Physicians performance or failure to perform the services, responsibilities and duties set forth in this Agreement and inherent in the practice of medicine.

27. If Physician fails to timely appear for a scheduled shift without 72-hours prior notice to Medical Group, Physician shall indemnify, hold harmless and reimburse Medical Group for all costs and damages incurred by Medical Group as a result, including the cost of obtaining substitute physician coverage for the Emergency Department. These amounts shall also include, but not be limited to, any and all amounts Medical Group becomes obligated to pay District as liquidated damages under Medical Group's contract with District, which provides for liquidated damages of \$2,000.00 per day for any day, or part thereof in excess of two hours, for which the Emergency Department is not staffed by a physician. Medical Group may offset any such costs or obligations to pay costs incurred from any payments due or to become due to Physician.

INDEPENDENT CONTRACTOR RELATIONSHIP

28. Medical Group shall not exercise any control or direction over the methods by which Physician performs his/her professional work and duties. Provided however, nothing in this paragraph shall prevent Medical Group from taking such action as it believes to be reasonably necessary to protect patients or comply with the terms of its agreement with District.

30. Physician shall at all times act and perform his/her services as an independent contractor. This agreement does not create an employment relationship, agency, or any other business relationship other than that of an independent contractor. Physician shall be solely responsible for payment of all income and employment related taxes attributable to income received from Medical Group. Physician is not entitled to any benefits from Medical Group.

31. Physician shall be responsible for his/her own expenses necessary to perform the services required herein, and Medical Group shall not have any reimbursement obligation.

OTHER TERMS

32. This Agreement, with any subsequent amendments, is the complete Agreement between the parties as to the terms covered herein.

33. All of the promises, representations and warranties of the parties in regard to the terms of this Agreement are stated herein, or in any amendment. Any prior promises, representations or warranties occurring in the course of negotiations are superseded by this Agreement.

34. This Agreement may not be modified except in a writing signed by the President of Medical Group.

35. In the event that any portion of this Agreement shall be found to be void or illegal, it shall not affect the validity of enforceability of any other portion thereof.

36. Other than the provisions of paragraphs 26, 27 and 28, in no event will either party be liable to the other party for any special, incidental, indirect or consequential damages of any kind arising out of or in connection with this Agreement, whether based on breach of contract, tort (including negligence), or otherwise, even if informed in advance of the possibility of such damages.

37. This Agreement may be executed in any number of counterparts which, when read together, shall constitute one document. A facsimile or other digital signature shall have the same force, effect and validity as an original.

AGREED:

Eastern Sierra Emergency Physicians

BY:

Jennie Walker, President

Signature

Date: _____, 2011

Physician

BY: _____
Printed Name

Signature

Date: _____, 2011

END