



Northern Inyo County Local Hospital District

Board of Directors Regular Meeting

Wednesday October 19 2011; 5:30pm

*Board Room
Birch Street Annex
2957 Birch Street, Bishop, CA*

DRAFT AGENDA

NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT BOARD OF DIRECTORS MEETING

October 19, 2011 at 5:30 P.M.

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

1. Call to Order (at 5:30 P.M.).
2. Opportunity for members of the public to comment on any items on this Agenda.
3. Approval of minutes of the September 21, 2011 regular meeting.
4. Financial and Statistical Reports for the month of August 2011; plus Building Project Cash Flow update; John Halfen.
5. Administrator's Report; John Halfen.
 - A. Building Update
 - B. Orthopedic services update
 - C. Physician Recruiting Update
 - D. Other
6. Chief of Staff Report; Robbin Cromer-Tyler, M.D..
 - A. Policies and Procedures (*action items*).
 - B. Medical Staff Appointments / Hospital Privileges Grants (*action items*).
 - C. Other
7. Old Business
 - A. G.E. Anesthesia Monitors purchase, \$97,636.98 (*action item*).
8. New Business
 - A. Construction Change Order Requests (*action items*):
 1. COR 204.1; Flashing at Stone; \$0
 2. COR 242; C3 Curb Sidewalk Changes; \$1,080
 3. COR 247; Revision to RF Ceiling; \$1,981
 4. COR 248; Data Room CRAH units; supplements IB 35; \$6,028
 5. COR 250; Delete Item 46 in Food Service Equipment; (-\$5,188)
 6. COR 253; Telemetry Access Points; \$12,194
 7. COR 254; Engineering Cost only, work not executed; \$2,309
 8. COR 255; HVAC Control Wiring Conduit; \$14,983
 - B. Bylaws Change; Re-wording of meeting location (*action item*).
 - C. Policy and Procedure; Law Enforcement Requested Collections (*action item*).
 - D. District Hospital Leadership Forum, annual dues \$5,000 (*action item*).
 - E. Approval of Fiscal Year Ending June 30, 2011 audit (*action item*).

- F. Agreement for Echocardiogram Consultation Services with John Williamson, M.D. (*action item*).
- 9. Reports from Board members on items of interest.
- 10. Opportunity for members of the public to comment on any items on this Agenda, and/or on any items of interest.
- 11. Adjournment to closed session to:
 - A. Hear reports on the hospital quality assurance activities, and hear a report from the Medical Staff Executive Committee (Section 32155 of the Health and Safety Code, and Government Code Section 54962).
 - B. Confer with legal counsel regarding 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 pending litigation based on claim filed by Terry Williams against Northern Inyo County Local Hospital District and other parties (Government Code Section 54956.9).
 - D. Confer with legal counsel regarding pending litigation based on stop notice filed by Strocil, Inc. (Government Code Sections 910 et seq., 54956.9).
 - E. Discussion to determine whether or not to initiate litigation (Government Code Section 54956.9(c)).
- 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 p.m. by John Ungersma, M.D., Vice President.
- PRESENT John Ungersma, M.D., Vice President
 M.C. Hubbard, Secretary
 Denise Hayden, Treasurer
 D. Scott Clark, M.D., Director
- ALSO PRESENT Robbin Cromer-Tyler, M.D., Chief of Staff
 John Halfen, Administrator
 Doug Buchanan, District Legal Counsel
 Sandy Blumberg, Administration Secretary
- ABSENT Peter Watercott, President
- ALSO PRESENT FOR
RELEVANT PORTION(S) Dianne Shirley, R.N. Performance Improvement Coordinator
- OPPORTUNITY FOR
PUBLIC COMMENT Doctor Ungersma asked if any members of the public wished to comment on any items listed on the agenda for this meeting.
- Asao Kamei, M.D. reported that the Northern Inyo Hospital (NIH) Hospitalist program has proven to be very successful, and Sudhir Kakarla M.D. plans to return to NIH one week each month to help provide hospitalist coverage. Dr. Kamei stated his feeling that more aggressive recruitment efforts for internal medicine physicians and for a permanent hospitalist is necessary and in the best interest of the District. Dr. Kamei strongly believes that internal medicine; family medicine; and Rural Health Clinic (RHC) physician recruitment should be intensified, and he suggested enlisting the help of Stacey Brown, M.D. in this effort. He also offered to do anything he can do to help with outreaches to potential physicians, and suggested placing recruitment ads in appropriate industry publications.
- MINUTES The minutes of the July 20 2011 regular meeting were approved.
- FINANCIAL AND
STATISTICAL REPORTS Mr. Halfen called attention to the financial and statistical reports for the months of June and July 2011. He noted the statements of operations show a bottom line excess of revenues over expenses of \$191,851 for the month of June; and a bottom line excess of revenues over expenses of \$1,146,071 for the month of July. Mr. Halfen noted the June 30 financials and audit adjustments will be reviewed at the next meeting, so he will only address the July financials at this meeting. Mr. Halfen additionally called attention to the following for the month of July:
- *Inpatient and outpatient service revenue were both under budget*

- *Total expenses were under 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 increased during the month*
- *Year-to-date net income totals \$1,146,071*

Mr. Halfen reviewed the hospitals investments which remain stable at this time. Patient volume was down in the month of July; however the hospital received a \$1,000,000 MediCal payment which helped the new fiscal year start out in the positive. Total expenses, salaries and wages, and employee benefits expense in good shape, however professional fees expense remains high. Mr. Halfen noted surgery volume is down and needs to increase in order to boost the hospital financially. Following review of the information provided it was moved by Dr. Clark, seconded by Denise Hayden, and passed to approve the financial and statistical reports for the months of June and July 2011 as presented.

BUILDING PROJECT CASH FLOW

Mr. Halfen also reviewed the current building project cash flow projection, which shows \$20,000,000 being available for project expenses and operating cash combined. This amount is lower than we had hoped it would be, so Mr. Halfen is looking for additional ways to produce cash. One option being considered is to lease some of the equipment for the new hospital building rather than purchasing it, and another is to open a line of credit in order to backup funds available if needed. Mr. Halfen stated it is likely that he will apply for a line of credit with Union Bank of California, and he will discuss this with the Board at a future meeting.

INCOMING DIRECTOR OF NURSING

Mr. Halfen introduced Charleen Ryan, RN to members of the Board. Ms. Ryan is the hospital's incoming Director of Nursing who will replace current Director Susan Batchelder when she retires in December. Mr. Halfen also introduced David Plank, M.D. a plastic surgery resident who may be interested in practicing in the Bishop area.

BUILDING PROJECT UPDATE

John Hawes with Turner Construction Company reported the building project is progressing well and casework is currently being installed. The ceiling and design lighting for the new building is going in, as are flooring and finish doors. The certificate of occupancy for the chiller building is expected to be received tomorrow. Site work also continues, as well as paving and striping, and preparing the exterior site for the winter.

PHYSICIAN RECRUITING UPDATE

Mr. Halfen reported licensing and credentialing paperwork for orthopedic candidate Peter Godleski M.D. is moving forward, and Dr. Godleski is expected to come on board at NIH before the end of the year.

The hospital also continues to recruit for a full time OB/GYN physician to practice in this area.

BIRCH STREET ANNEX Mr. Halfen complimented Maintenance and Property Management staff for completing work on the Birch Street meeting room in time for this meeting. He asked if anyone present had objections to meeting at this location for the time being, and no objections were heard.

CHIEF OF STAFF REPORT Chief of Staff Robbin Cromer-Tyler, M.D. reported following careful review and approval by the appropriate committees, the Medical Executive Committee recommends approval of the following hospital wide policies and procedures:

POLICIES AND PROCEDURES

1. *Pre-operative Medication Guidelines*
2. *Pre-operative Interview*
3. *Procedural Sedation*

It was moved by M.C. Hubbard, seconded by Denise Hayden, and passed to approve all three policies and procedures as presented.

MERP Doctor Cromer-Tyler also reported the Medical Executive Committee recommends approval of the hospital's proposed Medication Errors Reduction Plan (MERP) to eliminate or substantially reduce medication-related errors. It was moved by Ms. Hayden, seconded by Ms. Hubbard, and passed to approve the NIH Medication Errors Reduction Plan as presented.

MEDICAL STAFF APPOINTMENTS AND HOSPITAL PRIVILEGES GRANTS Doctor Cromer-Tyler also reported the Medical Executive Committee recommends approval of Medical Staff appointments and hospital privileges grants for the following physicians:

1. Sonia Johnson, M.D.
2. John Meher, M.D.

It was moved by D. Scott Clark M.D., seconded by Ms. Hayden, and passed to approve the Medical Staff appointments and privileges grants as requested.

OLD BUSINESS

AGREEMENT FOR DIRECTOR OF ORTHOPEDIC SERVICES Mr. Halfen called attention to the revised agreement for Medical Director of Orthopedic Services for Peter Godleski, M.D. Following review of the document presented, minor housekeeping changes were made and it was moved by Dr. Clark, seconded by Ms. Hayden, and passed to approve the revised agreement for Medical Director of Orthopedic Services agreement with Peter Godleski, M.D. as presented with edits.

REVISED AGREEMENT FOR EKG DEPT SERVICES, MARIA TOCZEK, M.D. Mr. Halfen called attention to a revised agreement for Electrocardiographic (EKG) Department Services with Maria Toczek, M.D.. He noted at this time Dr. Toczek will not sign this agreement until she has verified that a contractual agreement she already holds with another hospital does not prevent her from also providing services at NIH.

NEW BUSINESS

CONSTRUCTION
CHANGE ORDER
REQUESTS

Kathy Sherry, Project Manager with Turner Construction Company called attention to the following construction change order requests:

1. COR 147; Revised pads at new central plant
2. COR 211; Extend Ribbon Gutter at Radiology
3. COR 212; CHR and HWR added strainers
4. COR 214; Mechanical Specifications
5. COR 223; Added Overhead Conduit
6. COR 229; Deletion of Casework
7. COR 231; Stair 2 rating enclosure
8. COR 233 Chiller refrigerant Piping
9. COR 235; Low voltage Changes
10. COR 236; Controls Changes from bid to current
11. COR 237; Supply/Return for H1009
12. COR 238; Added Exciters for Infant Security
13. COR 239; Wire Mesh to Structural Glazing
14. COR 243; Deletion of South Canopy
15. COR 244; Tile/Waterproofing/Shower Pan changes
16. COR 246; Canopy Steel erection beyond allowance

Ms. Sherry reviewed the reason each of the change orders is necessary and noted the total cost of these change orders that was not included in previous projections will be \$267,168. The change orders presented represent corrections or improvements being made to the original building design plan. Following review of the information provided it was moved by Doctor Clark, seconded by Ms. Hubbard, and passed to approve all 16 construction change order requests as requested.

ECHOCARDIOGRAM
TRANSMISSION
EQUIPMENT
PURCHASE

Mr. Halfen stated approval of the proposed purchase of Phillips Echocardiogram transmission equipment and software will be tabled for discussion to the next regular meeting of the District Board.

HEALTH PLAN
ANNUAL REPORT

Mr. Halfen called attention to the Health Plan Annual Report for plan year 2011 provided by Barry Miller and Associates. After reviewing the information and reports provided it was moved by Ms. Hayden, and agreed upon by the members of the Board to receive the Health Plan Annual Report of Barry Miller Miller and Associates as presented.

CHANGE IN PTO
ELIGIBILITY

Mr. Halfen noted the agenda item titled *Change in PTO Eligibility* will not be discussed at this meeting and will be removed from future agendas.

POLICY & PROCEDURE
MANUAL APPROVALS

Mr. Halfen also called attention to the following (29) Policy and Procedure manuals which presented for the annual review and approval of the District Board:

1. Anesthesia
2. Central Supply
3. Dietary
4. EKG

5. Emergency Room
6. Exposure, Blood borne Pathogens
7. ICU Unit
8. Infection Control
9. Laboratory Manual
10. Language Services
11. Physical Therapy
12. Radiology
13. Radiation Safety
14. Respiratory Therapy
15. Rural Health Clinic
16. Mammography & MSQA
17. Med-Surg Unit
18. MRI Safety
19. Nuclear Medicine
20. Nursing Administration
21. OB Unit
22. Outpatient Unit
23. PACU Unit
24. Pediatric Unit
25. Pharmacy
26. Safety
27. Staff Development
28. Surgical Services Unit
29. Surgery Lithotripsy

Mr. Halfen noted every policy and/or procedure contained in these manuals has previously been approved by the District Board, however they are also are required to be approved annually at a regular District Board meeting. It was moved by Ms. Hubbard, seconded by Ms. Hayden, and passed to approve all 29 Policy and Procedure manuals as presented.

TRAVEL BETWEEN
HOSPITAL LOCATIONS

Mr. Halfen also called attention to a proposed hospital wide Policy and Procedure titled *Travel Between Hospital Locations*. The purpose of this policy is to define the circumstances under which payment may be made to employees for travel between different hospital locations, allowing for mileage reimbursement at the established Internal Revenue Service (IRS) rate. It was moved by Ms. Hubbard, seconded by Doctor Clark, and passed to approve the Policy and Procedure titled *Travel Between Hospital Locations* as presented.

PAVING OF NAZARENE
CHURCH PARKING LOT

Mr. Halfen called attention to a proposal to pave the parking lot at the Church of the Nazarene located at 900 West Line Street, Bishop, at a total cost of \$28,865. The Nazarene Church has allowed hospital staff and visitors to use their parking lot during the construction project at no cost to the hospital. Mr. Halfen is requesting the paving work be approved as compensation to the Nazarene Church for their consideration during the duration of the building project. It was moved by Doctor Clark, seconded by Ms. Hayden, and passes to approve the proposal and contract to pave the Nazarene Church parking lot at 900 W. Line Street as requested.

PHYSICIAN
HOSPITALIST
AGREEMENTS FOR
SHABNAM AND
KAKARLA

Per the request of Doctor Clark, Dr. Ungersma reported that the proposed agreements for the Hospitalist services of Shiva Shabnam, M.D. and Sudhir Kakarla, M.D. will be reviewed for possible approval following the closed session portion of this meeting.

BOARD MEMBER
REPORTS

Doctor Ungersma asked if any members of the District Board wished to comment on any items of interest. No comments were heard.

OPPORTUNITY FOR
PUBLIC COMMENT

In keeping with the Brown Act, Dr. Ungersma again asked if any members of the public wished to comment on any items of interest or on any items listed on the agenda for this meeting. Kathy Sherry with Turner Construction Company reported that Playhouse 395 will conduct a performance in the upcoming week, and she encouraged those present to attend and support this entertaining community event.

CLOSED SESSION

At 6:38p.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)).
- D. Confer with legal counsel regarding pending litigation based on claim filed by Terry Williams against Northern Inyo County Local Hospital District and other parties (Government Code Section 54956.9).
- E. Confer with legal counsel regarding pending litigation based on stop notice filed by Stocal, Inc. (Government Code Section 910 et seq., 54956.9).

Director D. Scott Clark, M.D. and Chief of Staff Robbin Cromer-Tyler, M.D. were not present during discussion of agenda item "C" on the Closed Session portion of this agenda.

RETURN TO OPEN
SESSION AND REPORT
OF ACTION TAKEN

At 7:48 p.m. the meeting returned to open session. Doctor Ungersma reported that the action filed by Stephen Johnson and Elizabeth Monahan-Johnson against Northern Inyo County Local Hospital District has been settled with a dismissal by Johnson for waiver of costs.

PROPOSED PHYSICIAN
HOSPITALIST
AGREEMENTS WITH
SHIVA SHABNAM, M.D.
AND SUDHIR
KAKARLA, M.D.

Doctor Ungersma again called attention to the proposed Physician Hospitalist Agreements with Shiva Shabnam, M.D. and Sudhir Kakarla, M.D.. Following review of the documents provided it was reported that the termination language in item 14 under the Agreements section of both agreements will be reworded to be consistent with the language used in the agreement for Peter Godleski, M.D.. Additionally, the liquidated damages language in item 17 under the Agreements section of both agreements will be changed to be the same as that used in the agreement with Doctor Godleski as well. Following the notation of these changes being made it was moved by Doctor Clark, seconded by Ms. Hubbard,

and passed to approve the proposed Physician Hospitalist Agreements with Shiva Shabnam, M.D. and Sudhir Kakarla, M.D. as so edited.

PUBLIC COMMENT

Doctor Ungersma 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 7:52p.m..

John Ungersma, M.D., Vice President

Attest:

M.C. Hubbard, Secretary

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BUDGET VARIANCE ANALYSIS

Aug-11 PERIOD ENDING

In the month, NIH was

		10%	over budget in IP days;
	(	-0.135%	) under budget IP Revenue and
	(	7.6%	) over in OP Revenue resulting in
\$ 49,517	(	0.6%	) over in gross patient revenue from budget &
\$ 79,450	(	1.7%	) over in net patient revenue from budget

Total Expenses were:

\$ (28,195)	(	-0.6%	) under budget. Wages and Salaries were
\$ 18,784	(	1.1%	) over budget and Employee Benefits
\$ 40,758	(	3.9%	) over budget.
\$ (6,887)			of other income resulted in a net income of
\$ 245,610	\$	115,758	over budget.

The following expense areas were over budget for the month:

\$ 18,784	1%	Salaries & Wages
\$ 40,758	4%	Employee Benefits
\$ 51,527	13%	Professional Fees
\$ 56,439	25%	Other Expenses

Other Information:

40.77%	Contractual Percentages for month
34.28%	Contractual Percentages for Year

\$ 1,391,681 Year-to-date Net Revenue

Special Notes:

McKesson Paragon Training is in full swing causing increase in Salaries & Wages

NORTHERN INYO HOSPITAL

Balance Sheet

August 31, 2011

	<i>Current Month</i>	<i>Prior Month</i>	<i>FYE 2011</i>
Current assets:			
Cash and cash equivalents	\$ 11,133,464	8,164,686	7,402,434
Short-term investments	7,413,457	9,398,542	12,443,143
Assets limited as to use	-	-	-
Plant Expansion and Replacement Cash	9	9	9
Other Investments (Partnership)	1,311,342	1,311,342	1,311,342
Patient receivable, less allowance for doubtful accounts \$538,890.99	7,939,286	8,648,310	8,782,454
Other receivables (Includes GE Financing Funds)	1,259,794	3,216,653	540,584
Inventories	2,460,711	2,465,442	2,456,875
Prepaid expenses	1,297,872	1,266,888	1,166,148
Total current assets	32,815,936	34,471,872	34,102,990
Assets limited as to use:			
Internally designated for capital acquisitions	826,520	826,484	826,452
Specific purpose assets	638,416	638,416	599,215
	1,464,937	1,464,900	1,425,666
Revenue bond funds held by trustee	2,587,816	2,450,834	2,313,854
Less amounts required to meet current obligations	-	-	-
Net Assets limited as to use:	4,052,753	3,915,734	3,739,520
Long-term investments	250,000	250,000	250,000
Property and equipment, net of accumulated depreciation and amortization	73,674,179	71,443,989	69,861,184
Unamortized bond costs	947,673	952,300	956,927
Total assets	111,740,540	111,033,895	108,910,621

NORTHERN INYO HOSPITAL

Balance Sheet

August 31, 2011

Liabilities and net assets

	<i>Current</i>		
	<i>Month</i>	<i>Prior Month</i>	<i>FYE 2011</i>
Current liabilities:			
Current maturities of long-term debt	1,498,666	1,563,177	1,627,452
Accounts payable	1,292,179	804,693	824,579
Accrued salaries, wages and benefits	3,846,640	3,889,375	3,607,702
Accrued interest and sales tax	613,972	441,603	264,736
Deferred income	480,664	528,730	-
Due to third-party payors	2,246,201	2,246,201	2,246,201
Due to specific purpose funds	-	39,202	-
Total current liabilities	9,978,321	9,512,980	8,570,668
Long-term debt, less current maturities	47,393,738	47,393,738	47,393,738
Bond Premium	1,368,678	1,373,021	1,377,364
Total long-term debt	48,762,416	48,766,759	48,771,102
Net assets:			
Unrestricted	52,361,386	52,115,739	50,969,636
Temporarily restricted	638,416	638,416	599,215
Total net assets	52,999,803	52,754,156	51,568,851
Total liabilities and net assets	111,740,540	111,033,895	108,910,621

NORTHERN INYO HOSPITAL

Statement of Operations

As of August 31, 2011

	MTD Actual	MTD Budget	MTD Variance \$	MTD Variance %	YTD Actual	YTD Budget	YTD Variance \$	YTD Variance %	Prior YTD
Unrestricted revenues, gains and other support:									
In-patient service revenue:									
Routine	580,866	573,991	6,875	1.2	1,085,043	1,147,982	(62,939)	(5.5)	1,117,161
Ancillary	1,647,030	2,002,091	(355,061)	(17.7)	3,549,342	4,004,182	(454,840)	(11.4)	3,650,801
Total in-patient service revenue	2,227,895	2,576,082	(348,187)	(0.135)	4,634,385	5,152,164	(517,779)	-10.0%	4,767,962
Out-patient service revenue	5,638,153	5,240,449	397,704	7.6	10,677,920	10,480,898	197,022	1.9	10,185,460
Gross patient service revenue	7,866,048	7,816,531	49,517	0.60	15,312,305	15,633,062	(320,757)	(2.1)	14,953,422
Less deductions from patient service revenue:									
Patient service revenue adjustments	197,307	129,172	(68,135)	(52.8)	245,248	258,344	13,096	5.1	267,728
Contractual adjustments	2,857,737	2,954,809	97,072	3.3	5,827,815	5,909,618	81,803	1.4	5,409,009
Prior Period Adjustments	(996)	-	996	100.0	(1,083,221)	-	1,083,221	100.0	(394,242)
Total deductions from patient service revenue	3,054,048	3,083,981	29,933	1.0	4,989,843	6,167,962	1,178,119	19.1	5,282,495
Net patient service revenue	4,812,000	4,732,550	79,450	2%	10,322,462	9,465,100	857,362	9%	9,670,927
Other revenue	24,898	40,891	(15,993)	(39.1)	51,320	81,782	(30,462)	(37.3)	86,308
Transfers from Restricted Funds for Other Operating Expenses	97,135	90,257	6,878	7.6	194,269	180,514	13,755	7.6	160,448
Total Other revenue	122,033	131,148	(9,115)	(7.0)	245,589	262,296	(16,707)	(6.4)	246,756
Total revenue, gains and other support	4,934,033	4,863,698	70,335	(7.0)	10,568,051	9,727,396	840,655	(6.3)	9,917,683
Expenses:									
Salaries and wages	1,672,039	1,653,255	(18,784)	(1.1)	3,312,748	3,306,510	(6,238)	(0.2)	3,105,750
Employee benefits	1,092,223	1,051,465	(40,758)	(3.9)	2,132,868	2,102,930	(29,938)	(1.4)	1,870,759
Professional fees	456,810	405,283	(51,527)	(12.7)	928,200	810,566	(117,634)	(14.5)	806,213
Supplies	482,935	484,398	1,463	0.3	908,116	968,796	60,680	6.3	742,401
Purchased services	225,482	241,987	16,505	6.8	481,810	483,974	2,164	0.5	518,354
Depreciation	210,135	326,542	116,407	35.7	420,197	653,084	232,887	35.7	643,601
Interest	102,671	114,857	12,186	10.6	205,577	229,714	24,137	10.5	180,982
Bad debts	152,547	201,689	49,142	24.4	259,739	403,378	143,639	35.6	468,425
Other	286,693	230,254	(56,439)	(24.5)	551,446	460,508	(90,938)	(19.8)	537,448
Total expenses	4,681,535	4,709,730	28,195	0.6	9,200,700	9,419,460	218,760	2.3	8,873,934
Operating income (loss)	252,498	153,968	98,530	(7.6)	1,367,351	307,936	1,059,415	(8.6)	1,043,749
Other income:									
District tax receipts	48,066	43,263	4,803	11.1	96,133	86,526	9,607	11.1	85,130
Interest	26,425	26,701	(276)	(1.0)	70,405	53,402	17,003	31.8	115,952
Other	4,728	5,221	(493)	(9.4)	9,661	10,442	(781)	(7.5)	15,270
Grants and Other Non-Restricted Contributions	-	5,160	(5,160)	(100.0)	24,731	10,320	14,411	139.6	28,901
Partnership Investment Income	-	2,541	(2,541)	(100.0)	-	5,082	(5,082)	-	-
Net Medical Office Activity	(86,106)	(107,002)	20,896	71.4	(176,599)	(214,004)	37,405	17.5	(215,277)
Total other income, net	(6,887)	(24,116)	17,229	71	24,331	(48,232)	72,563	150.5	29,976
Excess (deficiency) of revenues over expenses	245,610	129,852	115,758	89	1,391,681	259,704	1,131,977	435.9	1,073,725
Contractual Percentage	40.77%	42.03%			34.28%	42.03%			38.46%

NORTHERN INYO HOSPITAL

Statement of Operations--Statistics

As of August 31, 2011

	Month		Year		YTD Budget	YTD Actual	Variance		Year	Year
	Actual	Budget	Variance	Percentage			Budget	Actual			Variance	Percentage
Operating statistics:										
Beds	25	25	N/A	N/A	25	25	N/A	N/A	21	1.06
Patient days	204	185	19	1.10	391	370	N/A	N/A		
Maximum days per bed capacity	775	775	N/A	N/A	1,550	1,550	N/A	N/A		
Percentage of occupancy	26.32	23.87	2.45	1.10	25.23	23.87			1.36	1.06
Average daily census	6.58	5.97	0.61	1.10	6.31	5.97			0.34	1.06
Average length of stay	2.55	2.50	0.05	1.02	2.59	2.50			0.09	1.04
Discharges	80	74	6	1.08	151	148			3	1
Admissions	85	75	10	1.13	155	150			5	1
Gross profit-revenue depts.	5,195,661	5,167,616	28,045	1.01	10,031,527	10,335,232			(303,705)	0.97
Percent to gross patient service revenue:										
Deductions from patient service revenue and bad debts	40.77	42.03	(1.26)	0.97	34.28	42.03			(7.75)	0.82
Salaries and employee benefits	34.96	34.48	0.48	1.01	35.38	34.48			0.90	1.03
Occupancy expenses	4.34	6.02	(1.68)	0.72	4.48	6.02			(1.54)	0.74
General service departments	6.15	5.85	0.30	1.05	6.08	5.85			0.23	1.04
Fiscal services department	5.29	5.34	(0.05)	0.99	5.62	5.34			0.28	1.05
Administrative departments	5.99	4.96	1.03	1.21	5.83	4.96			0.87	1.18
Operating income (loss)	0.89	(0.21)	1.10	(4.24)	6.51	(0.21)			6.72	(31.00)
Excess (deficiency) of revenues over expenses	3.12	1.66	1.46	1.88	9.09	1.66			7.43	5.48
Payroll statistics:										
Average hourly rate (salaries and benefits)	47.01	44.94	2.07	1.05	46.35	44.94			1.41	1.03
Worked hours	50,747.98	51,541.00	(793.02)	0.98	100,108.54	103,082.00			(2,973.46)	0.97
Paid hours	58,508.94	59,973.00	(1,464.06)	0.98	116,901.17	119,946.00			(3,044.83)	0.97
Full time equivalents (worked)	288.34	292.85	(4.51)	0.98	284.40	292.85			(8.45)	0.97
Full time equivalents (paid)	332.44	340.76	(8.32)	0.98	332.11	340.76			(8.65)	0.97

NORTHERN INYO HOSPITAL

Statements of Changes in Net Assets

As of August 31, 2011

	<u>Month-to-date</u>	<u>Year-to-date</u>
Unrestricted net assets:		
Excess (deficiency) of revenues over expenses	245,610.42	1,391,681.26
Net Assets due/to transferred from unrestricted	-	-
Interest posted twice to Bond & Interest	-	-
Net assets released from restrictions used for operations	-	-
Net assets released from restrictions used for payment of long-term debt	(97,134.58)	(194,269.16)
Contributions and interest income	36.63	68.82
Increase in unrestricted net assets	<u>148,512.47</u>	<u>1,197,480.92</u>
Temporarily restricted net assets:		
District tax allocation	-	39,201.79
Net assets released from restrictions	-	-
Restricted contributions	-	-
Interest income	-	-
Net Assets for Long-Term Debt due from County	97,134.58	194,269.16
Increase (decrease) in temporarily restricted net assets	<u>97,134.58</u>	<u>233,470.95</u>
Increase (decrease) in net assets	245,647.05	1,430,951.87
Net assets, beginning of period	52,754,155.53	51,568,850.71
Net assets, end of period	<u><u>52,999,802.58</u></u>	<u><u>52,999,802.58</u></u>

NORTHERN INYO HOSPITAL

Statements of Cash Flows

As of August 31, 2011

	<u>Month-to-date</u>	<u>Year-to-date</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	245,647.05	1,430,951.87
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities: (correcting fund deposit)		
Depreciation	210,135.05	420,196.64
Provision for bad debts	152,546.85	259,738.87
Loss (gain) on disposal of equipment	-	-
(Increase) decrease in:		
Patient and other receivables	2,513,335.72	(135,781.73)
Other current assets	(26,252.90)	(135,559.42)
Plant Expansion and Replacement Cash	-	-
Increase (decrease) in:		
Accounts payable and accrued expenses	529,851.65	1,536,438.72
Third-party payors	-	-
Net cash provided (used) by operating activities	<u>3,625,263.42</u>	<u>3,375,984.95</u>
Cash flows from investing activities:		
Purchase of property and equipment	(2,440,325.12)	(4,233,191.02)
Purchase of investments	1,985,085.00	5,029,685.77
Proceeds from disposal of equipment	-	-
Net cash provided (used) in investing activities	<u>(455,240.12)</u>	<u>796,494.75</u>
Cash flows from financing activities:		
Long-term debt	(68,853.61)	(137,471.05)
Issuance of revenue bonds	(136,981.58)	(273,962.11)
Unamortized bond costs	4,626.77	9,253.54
Increase (decrease) in donor-restricted funds, net	(36.63)	(39,270.61)
Net cash provided by (used in) financing activities	<u>(201,245.05)</u>	<u>(441,450.23)</u>
Increase (decrease) in cash and cash equivalents	2,968,778.25	3,731,029.47
Cash and cash equivalents, beginning of period	<u>8,164,685.58</u>	<u>7,402,434.36</u>
Cash and cash equivalents, end of period	<u>11,133,463.83</u>	<u>11,133,463.83</u>

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

Operations Checking Account

Time Deposit Month-End Balances

*

Month	Operations Checking Account			Time Deposit Month-End Balances							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
April	8,032,045	4,976,646	9,187,639	3,821,052	17,729,613	592,220	26,599	2,815	4,027	799,780	2,531,814	593
May	3,821,052	9,962,528	6,016,138	7,767,442	14,707,953	592,220	26,599	2,815	4,027	799,816	2,688,329	593
June	7,767,442	6,502,436	6,807,040	7,462,838	12,693,053	592,296	26,603	2,815	4,028	799,849	2,413,318	-
July	7,462,838	6,842,689	6,021,265	8,284,262	9,648,452	631,498	26,603	2,815	4,028	799,881	2,450,834	-
August	8,284,262	9,931,004	6,969,573	11,245,693	7,663,367	631,498	26,603	2,815	4,028	79,918	2,587,816	-
Prior Year												
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 August 31, 2011							
Institution	Certificate ID	Purchase Dt	Maturity Dt	Principal	YTM	Broker	
LAIF (Walker Fund)	20-14-002 Walker	02-Aug-11	01-Sep-11	\$319,920	0.41%	Northern Inyo Hospital	
Multi-Bank Securities	RMB-004151	16-Aug-11	01-Sep-11	\$29,375	0.01%	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	
Total Short Term Investments				\$7,413,367			
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				\$250,000			
Grand Total Investments				\$7,663,367			

Financial Indicators

	Target	Aug-11	Jul-11	Jun-11	May-11	Apr-11	Mar-11	Feb-11	Jan-11	Dec-10	Nov-10	Oct-10	Sep-10
Current Ratio	>1.5-2.0	3.29	3.62	3.98	4.49	5.34	4.78	4.72	5.14	5.39	4.23	5.43	5.34
Quick Ratio	>1.33-1.5	2.79	2.89	3.49	3.87	4.30	4.15	4.20	4.62	4.88	3.54	4.65	4.72
Days Cash on Hand	>75	186.45	191.12	231.83	165.71	195.53	214.19	241.51	235.84	267.12	284.37	241.31	272.45

NORTHERN INYO HOSPITAL
STATISTICS

MONTHS	IP			SURGERIES			TOTAL			BIRTHS			ADMITTS			ER			OP REFERRALS			ADMITTS (WINB)			PT DAYS (W/O NB)			PT DAYS (WINB)			DISCH (WINE)		
	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	46	26	28	109	96	88	155	121	116	25	18	16	48	47	36	594	604	600	3244	3157	3223	141	99	93	359	304	285	406	337	314	142	99	97
JANUARY	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	238	100	83	83
FEBRUARY	24	42	18	116	104	90	140	148	108	22	21	10	38	47	43	542	663	665	3579	3504	3537	124	120	78	296	264	212	338	301	234	127	115	86
MARCH	21	27	26	86	88	75	107	115	101	17	16	14	48	37	34	604	498	609	3424	3424	3207	100	84	74	216	231	242	251	258	273	102	90	76
APRIL	36	27	21	91	92	79	127	119	100	21	14	9	37	39	44	708	694	488	3268	3157	3233	110	106	87	273	291	246	318	312	263	106	104	86
MAY	29	20	19	82	97	75	111	117	94	24	14	6	46	33	51	660	756	857	3520	3352	3312	123	80	93	281	194	210	323	215	249	122	78	97
JUNE	24	24	24	129	77	77	153	101	101	19	11	18	51	28	40	779	690	698	3404	3345	3035	106	77	88	268	206	187	307	225	221	107	81	88
JULY	31	21	30	91	70	83	122	91	113	26	19	25	34	38	43	603	744	702	3319	3502	3374	113	97	110	247	237	204	288	272	253	111	92	104
AUGUST	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
SEPTEMBER	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
OCTOBER	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
NOVEMBER	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
DECEMBER	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
CALENDAR YEAR	237	202	197	801	705	653	1038	907	850	169	126	115	335	294	327	4984	5036	5018	26733	26607	26030	913	744	717	2185	1926	1790	2509	2155	2045	917	742	716
MONTHLY AVERAGE	30	25	25	100	88	82	130	113	106	21	16	14	42	37	41	623	630	627	3,342	3,313	3,254	114	93	90	273	241	224	314	269	256	115	93	90

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									
JANUARY	606	622	742	434	330	192	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	5662	5386	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	598	10	15	23	1374	1254	1207	4950	4991	4821
MARCH	581	587	693	281	321	201	1	99	46	201	206	243	152	170	196	472	440	115	1904	1795	1786	121	117	139	428	449	712	13	9	27	1477	1404	1273	5611	5577	5431
APRIL	600	786	609	378	289	170	68	57	39	198	252	248	161	161	159	483	148	89	1824	1804	1658	108	113	129	380	395	750	16	10	14	1423	1394	1084	5639	5409	4949
MAY	650	764	687	391	177	199	87	40	49	187	234	244	131	183	190	686	109	107	1811	1622	1570	103	93	141	354	456	771	12	19	21	1373	1165	1164	5755	4862	5181
JUNE	594	632	602	455	199	205	37	42	38	224	220	253	150	158	183	461	100	113	1881	1707	1671	120	104	98	388	401	539	19	14	18	1387	1346	1441	5716	4923	5181
JULY	610	732	644	444	205	179	84	45	36	210	253	238	179	179	167	505	111	89	1805	1589	1526	102	118	91	328	423	499	11	17	13	1116	1123	1388	5394	4795	4870
AUGUST	528	813	672	398	187	204	73	57	35	193	252	243	165	220	182	392	106	104	1779	1648	1671	103	111	132	386	442	520	12	17	17	1071	1357	1552	5100	5210	5532
SEPTEMBER	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
OCTOBER	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
NOVEMBER	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
DECEMBER	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
CALENDAR YEAR	4546	5458	5293	2943	2021	1500	497	468	318	1614	1816	1962	1256	1385	1417	3874	2128	808	14282	13306	13040	893	866	955	2941	3294	4945	103	118	151	10678	10263	10461	43727	41123	40650
MONTHLY AVERAGES	581	682	662	368	253	188	62	59	40	202	227	245	157	173	177	484	266	101	1785	1663	1630	112	108	119	368	412	618	13	15	19	1335	1283	1308	5466	5140	5106

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

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NORTHERN INYO HOSPITAL

SECURITY REPORT

JULY 2011

FACILITY SECURITY

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

Construction gates were found open twice in July.

Main building roof access was found open once.

Keys were found in one Hospital vehicle during this period.

ALARMS

The RHC entry alarm was activated on July 7th. This alarm was caused by an employee entry error.

HUMAN SECURITY

On July 11th, Security Staff removed an intoxicated visitor from OB. This subject returned and the Police Department was notified. The subject fled the area prior to the arrival of the Police.

On July 14th, Kitchen Staff reported a suspicious subject around the smoking area. Security was unable to locate the subject.

On July 21st, A Floor requested Security for an uncooperative and argumentative, family visitor. Security Staff spoke to this person and encouraged them to cooperate. This subject chose to leave the Hospital.

On July 27th, ICSO brought in a combative arrestee for medical clearance. Security stood by during the clearance.

On July 27th, Radiology Staff requested assistance with an uncooperative and intoxicated, patient, during a CT procedure.

On July 27th, Security Staff located Rachel Martinez going through ash cans for cigarettes. She was asked to refrain and leave the Campus.

On July 28th, Security Staff was called in early for a 5150 patient who had attempted an escape from Mental Health Staff. Security stood by with this patient until transfer.

On July 28th, ICU Staff requested Security for a combative patient. This patient was restrained and Security stood by.

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

5150 standby was provided on two occasions.

Security Staff provided patient assistance thirty eight times in July.

Srd

(2)

NORTHERN INYO HOSPITAL

SECURITY REPORT

AUGUST 2011

FACILITY SECURITY

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

Construction gates were found open four times in August.

ALARMS

On August 30th, a Low Water Alarm was activated on one of the boilers in the Main Plant. Maintenance was called out.

HUMAN SECURITY

On August 1st, a neighbor to the Annex Property called the Hospital and reported that the parking area on the Birch Street property was open and that several kids were using it as a bike park. Security responded, spoke with the kids then secured the property.

On August 7th, Security Staff stood by with an uncooperative ED patient.

On August 10th, Security Staff stood by with an uncooperative family member of an ED patient.

On August 11th, Security Staff was called to the ED for an intoxicated and combative, patient. This patient was restrained and Security stood by during treatment.

On August 13th, a drug seeking ED patient became angry when he learned that narcotics would not be prescribed. He left the ED without further treatment and went to the lobby restroom, where he urinated over the walls, floor etc. Police Department personnel responded and this subject was escorted from the Campus.

On August 14th, Security Staff managed a large group of family and friends who came to the Hospital for a patient who was the victim of an assault.

On August 19th, Security Staff stood by in the ED for an intoxicated patient and intoxicated family member.

On August 28th, Security Staff assisted ICSO with a combative, spitting, arrestee in for a medical clearance.

On August 28th, Security Staff assisted ED Staff with an uncooperative, drunk patient. This patient was restrained until discharge. This patient returned approximately one hour after discharge, where again he was uncooperative however, non-combative. He became more angered during this treatment and eventually left the Hospital without discharge.

On August 28th, Environmental Services Staff turned on a light in the Lab waiting area. Sparks showered from the overhead light fixture. Security checked the fixture and surrounding area for fire and determined the lamp ballast had shorted and burned. Maintenance Staff was called out and the ballast was replaced.

On August 31st, ED Staff requested Security for an extremely uncooperative patient. This patient chose to seek treatment elsewhere rather than cooperate on her own behalf.

Security Staff provided Law Enforcement assistance on ten occasions this month. One was for a Lab BAC.

5150 standby was provided on two occasions.

Security Staff provided thirty two patient assists this month.

Srd

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TO: Northern Inyo Hospital Board of Directors
FROM: Barbara Stuhaan RN, Surgery Nurse Manager
RE: Anesthesia Monitors for patient care

Dear Members of the Board;

I am requesting the approval of Three GE/Datex Anesthesia Monitors to replace the current Datex Anesthesia Monitors that were purchased in 1996. In addition, the quote includes a transport monitor to allow continued monitoring during transport, which will be an issue in the new hospital due to the location of the PACU and ICU.

As you can see our anesthesia monitors are Fifteen years old and even though they have been wonderful monitors, they are outdated and the company no longer supports their needs for repairs. We have experienced a problem with one of our Gas Analyzers recently and were unable to get it repaired by the company due to its age. Our Biomedical Technician was able to purchase a used one from a third party to utilize, but this will continue to be an issue in the future.

All three anesthesiologist have agreed that they prefer the GE/Datex Monitors compared to the Phillip system the rest of the hospital is purchasing.

This has some disadvantages due to the need to interface with the Information System in a year or so. GE/Datex does have an interface, but it will cost an additional fee when the time comes to interface. I have discussed this issue with the Manager of the IT Department and he agrees that we can deal with the interface at a later date, since we currently have not implemented the new Information System and it will be approximately a year or more before the system is live.

Although the new GE/Datex Monitors for the operating room will be different than the hospital wide Phillip System, I feel it is important to have a monitoring system for the anesthesiologists that meets their needs and will allow for ultimate patient care in the operating room. Anesthesia needs are definitely different than any other unit of the hospital and it is important that they have a system that is designed specifically for anesthesia and that they feel comfortable with. Included with the Anesthesia Monitoring System is a Gas Analyzer portion and this is a requirement for anesthesia to be able to monitor the gases they are administering.

The anesthesiologist would like to get these monitors prior to moving into the new unit, so they can be use to them before moving.

We have had great success with our current Datex Monitors with minor repairs over the past fifteen years and good support.

Included is a quote for these monitors for \$97,636.98. These monitors have been a #1 Priority on the Capitol Budget for the last 3 years. There may be a need to add an additional module to this monitor in the future when it becomes available.

Thank You for your consideration of this most important issue.

Barbara Stuhaan

From: Adam Taylor
Sent: Thursday, June 16, 2011 4:10 PM
To: Barbara Stuhaan
Subject: Anesthesia Monitors

Barbara,

I spoke with GE, Philips and McKesson today about interfacing anesthesia monitors to Paragon.

It turns out that, at this time, you cannot interface any anesthesia monitors to Paragon.

Therefore, when we start using the anesthesia monitors, there will be no interface to Paragon and the monitors will have to operate as standalones until Paragon provides an anesthesia module.

I have asked Stacy Szabo with GE to provide a revised quote for putting the anesthesia monitors on a "clinical network" which would be needed to interface with Paragon in the future when their anesthesia module is available.

Per the Philips representative, adding the Philips anesthesia monitors to the existing Philips "clinical network" would be in the ballpark of \$5,000.

Adam Taylor
IT Manager
x2168

Barbara Stuhaan

From: Szabo, Stacey (GE Healthcare) [Stacey.Szabo@ge.com]
Sent: Monday, June 27, 2011 12:45 PM
To: Barbara Stuhaan
Subject: RE: Interface

Hi Barbara – this cost would actually come from McKesson. I wouldn't think it would be any different than the Philips monitors. McKesson can talk to our monitors and we have provided them all the data source codes for the B650 to grab the data. Do you have a rep at McKesson you can ask for these 3 monitors? Let me know after you've spoke with them and if you're not getting what you need. Thank you Barbara!

Stacey

From: Barbara Stuhaan [mailto:Barbara.Stuhaan@nih.org]
Sent: Monday, June 27, 2011 9:05 AM
To: Szabo, Stacey (GE Healthcare)
Subject: Interface

Hi Stacey,
I was wondering if you have had time to figure out what the interface would cost for the monitors. I will be going back to the Board of Directors next month.
Thanks

Barbara Stuhaan

CONFIDENTIALITY NOTICE: This message including any attachments are from Northern Inyo Hospital and is intended only for the use of the individual or entity to which it is addressed and may contain information that is privileged, confidential, or protected from use or disclosure by law. If the reader of this message is not the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication is strictly prohibited. If you received this communication in error, please notify the sender.

Barbara Stuhaan

From: Szabo, Stacey (GE Healthcare) [Stacey.Szabo@ge.com]
Sent: Thursday, June 16, 2011 3:33 PM
To: Barbara Stuhaan
Subject: Adam IT discussion


Hi Barbara – I just ended my call with Adam. At the end of the day he doesn't see any reason not to go with our monitoring solution as the interfacing costs come from McKesson and currently McKesson doesn't have an Anesthesia Module for Paragon, as Adam had told me. We covered several different ways to collect data from our monitors. The serial connections are there, as well as Ethernet. He prefers to have a clinical network over a direct connection to the EMR. I have provided a clinical network quote but it also included the PACU. I will scale that way back and only do the three rooms.

Given that Anesthesia is quite a ways away from a full ERM system he didn't feel any reason not to move forward with GE monitors. He knows that there is an implementation/interfacing cost will exist in the future but that would come from McKesson, and it would be a cost regardless of which monitoring company was interfaced at that time. As far as the monitors are concerned they would not need any additional upgrade to accept the interface because they are network ready and McKesson has our data outputs, source codes and have the drivers to grab our information.

I will update the clinical network quote and get that to you. Let me know if you have any further questions and if this satisfies the boards questions and concerns. Thank you very much!

Warm regards,
Stacey

Stacey Szabo
Periop Account Manager
Datex-Ohmeda Inc.

 GE Healthcare
Cell: (951) 970-2437
Voice Mail (800) 345-2700 x4145
Fax (951) 304-2490



Quote offer expires on Sunday, January 08, 2012

Prepared for: Account: Northern Inyo Hospital

Department: OR

Address: 150 Pioneer Ln

Bishop, CA 93514

USA

Attention: Stuhaan, Barbara, Director of OR

Electronic Mail: barbara.stuhaan@nih.org

SWB Op ID: 581931

Telephone: (760) 873-5811

Prepared by: Representative: Stacey Szabo

Address: 3030 Ohmeda Dr.

Madison, WI 53718

Telephone: (951) 970-2437

Voice Mail:

Electronic Mail: stacey.szabo@ge.com

Care Area	Equipment Proposal	Unit Type	Total Beds
MSN-OR	\$80,202.61	PERI-OP	
MKE-OR	\$0.00	PERI-OP	
Transport	\$17,434.37	PERI-OP	1
Total Equipment Cost	\$97,636.98		

Other Information: Quote: Final

Warranty: Standard

Original Quote: 629210101218

Revision Number: 1

National Account: Amerinet

Country: United States

Special Instructions:

Currency: USD

Prices do not reflect State/Local Taxes if applicable

Customer: Northern Inyo Hospital
QRP: 629210101218 rev1, Rep: Stacey Szabo
Printed on 10/10/2011

Firm Quote



GE Healthcare

Quote offer expires on Sunday, January 08, 2012

Prepared for: Northern Inyo Hospital
Department: OR (PERI-OP)
National Account: Amerinet

United States USD
Warranty: Standard

Qty	Part Number	Description	List			Net			Discount				
			Price	Extended		Price	Extended		Percent	Value			
3	2042084-001	PDM Invasive with Nellcor CARESCAPE PDM											
3	2041390-002	Nellcor Assembly	7,600.00	22,800.00		6,232.00	18,696.00		18.00%	4,104.00			
3	2041390-020	Nellcor English Language	0.00	0.00		0.00	0.00						
3	2041575-002	Power Setting For 60Hz	0.00	0.00		0.00	0.00						
3	2041575-003	Sw Opt Enable Invasive Bp	2,600.00	7,800.00		2,132.00	6,396.00		18.00%	1,404.00			
3	2041390-041	Battery	260.00	780.00		213.20	639.60		18.00%	140.40			
3	2041390-044	No Dock Carton Space Filler	0.00	0.00		0.00	0.00						
		Default Configured to Customer Requirements											
3	M1205643	CARESCAPE B650 Upgrade Program											
3		Hospital Name Information	0.00	0.00		0.00	0.00						
		No Description Available											
3		Hospital Name	0.00	0.00		0.00	0.00						
		Please go to Quote / Equipment / Edit Description to Enter Hospital Name											
3		Frame Type	0.00	0.00		0.00	0.00						
		No Description Available											
3		SN	0.00	0.00		0.00	0.00						
		Gifted Incubator without Servo Oxygen											
3		Software Type	0.00	0.00		0.00	0.00						
		No Description Available											
3	M1197443	Upgrade for AM to CARESCAPE Monitor B650: Includes - Real Time Mitrinds License- Anesthetic Agent Measurement License- Hemodynamic Calculations License- Multi-Lead ST Analysis License- 8 Waveform	10,700.00	32,100.00		8,774.00	26,322.00		18.00%	5,778.00			
3	M1197450	B650 Upgrade Frame with touchscreen and battery support (Includes B650 Advanced Interface board)	0.00	0.00		0.00	0.00						
3	M1206309	B650 Upgrade PSM, PDM and E-module support, recorder (FOC)	0.00	0.00		0.00	0.00						
3	M1169656	B650 English US w/ touchscreen	0.00	0.00		0.00	0.00						
3	M1176055	B650 English US keyboard SW setting	0.00	0.00		0.00	0.00						
3	M1174792	B650 Power setting for 60Hz	0.00	0.00		0.00	0.00						
3	M1197453	B650 Upgrade Anesthesia Software	0.00	0.00		0.00	0.00						
3	86236	Power cord, USA	36.00	108.00		29.52	88.56		18.00%	19.44			
		Individual Items											
3	2021406-001	Nellcor Oximax SpO2 Cable, 3.6M	222.00	666.00		182.04	546.12		18.00%	119.88			

Customer: Northern Inyo Hospital
GRP: 629210101218 rev1, Rep: Stacey Szabo
Printed on 10/10/2011

Firm Quote



GE Healthcare

Quote offer expires on Sunday, January 08, 2012

Prepared for: Northern Inyo Hospital
Department: OR (PERI-OP)
National Account: Amerinet

United States USD
Warranty: Standard

Qty	Part Number	Description	Price	List	Extended	Price	Net	Extended	Discount	Value
3	407705-006	SpO2 Fingercip Sensor, Reusable, NELLCOR* - DuraSensor Adult (This probe is compatible with either Oximax or Oxismart/GE/Ohmeda technology)	345.00	1,035.00	282.90	848.70	18.00%	186.30		
3	M1149689	GoldSeal E-CAIOV-00-EN Module	6,000.00	18,000.00	6,000.00	18,000.00				
3	2020980-001	Air Hose, NIBP, Dual Male/Female Submin Locking Connector, Adult/Pediatric, Black, 3.6m/12ft	80.00	240.00	65.60	196.80	18.00%	43.20		
3	2022948-001	Care Multi-Link 3/5-Lead ECG ESU Cable, AHA, 3.6M (12 ft) for Dash, Solar and Tram	400.00	1,200.00	328.00	984.00	18.00%	216.00		
3	412682-002	Leadwire Set, ECG, Multi-Link, 3-Ld Grabber, AHA, 51 in. - Grouped	87.36	262.08	71.63	214.89	18.00%	47.19		
3	414556-002	Multi-Link Leadwire Set, 5-Lead, Grabber, AHA, 51 in., 5/Set	115.00	345.00	94.30	282.90	18.00%	62.10		
1	74205-HEL	Thermal recorder paper, 50mm	63.00	63.00	54.18	54.18	14.00%	8.82		
1	889560	Patient spirometry accessory kit: - 1 disposable anesthesia sampling line, 3 m/10 ft. Pkg 50- 1 single use D-lite sensor, yellow- 1 disposable spirometry tube, 3 m/10 ft., yellow/ All parts are pre-connected Use with M-CAIOV and Capnomac Ultima.	504.00	504.00	433.44	433.44	14.00%	70.56		
3	2016998-001	CaRe Dual temperature cable, 700/400 series, 0.5 m	328.00	984.00	268.96	806.88	18.00%	177.12		
3	9445-831	700 Series Probe Interconnect Cable, 12 ft.	72.00	216.00	59.04	177.12	18.00%	38.88		
1	876446-HEL	GAS D-Fend water trap black (10)	197.00	197.00	169.42	169.42	14.00%	27.58		
Equipment Subtotal					\$87,300.08	\$74,856.61				
M1195962 LSS INSTALL SVCS 2.00%						1,746.00				
Subtotal USD						\$76,602.61				
1	M1109160	User Training (On-site), per day (one day minimum) Instructor-led course which includes fundamental equipment training, including hands on, workbook and simulations. This course is designed to enable the user the knowledge to become proficient in using the system. The training is delivered using lecture, workbook and simulations.	1,800.00	1,800.00	1,800.00	1,800.00				
1	M1109164	"Go-live" Clinical Support - per day (one day minimum) Go-live support including one-to-one live patient usage, refresher and parameter training and/or clinical troubleshooting support (for LSS only)	1,800.00	1,800.00	1,800.00	1,800.00				
Net Proposal Price USD					\$80,202.61					

Customer: Northern Inyo Hospital
QRP: 629210101218 rev1, Rep: Stacey Szabo
Printed on 10/10/2011

Firm Quote

MSN-OR, Page 3 of 22
FOB Destination, Net 30
GE Healthcare Confidential & Proprietary



GE Healthcare

Quote offer expires on Sunday, January 08, 2012

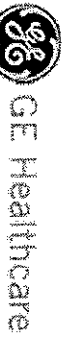
Prepared for: Northern Inyo Hospital
Department: OR (PERI-OP)
National Account: Amerinet

United States USD
Warranty: Standard

Qty	Part Number	Description	List		Net		Discount		
			Price	Extended	Price	Extended	Percent	Value	
		Discount Percent	Discount Description (Subject to GEHC approval)						
		18.00%	Amerinet - Carescape - CARESCAPE UPGD B650						
		18.00%	Amerinet - CARESCAPE B850 Items						
		18.00%	Amerinet - Legacy GE Items						
		18.00%	Amerinet - Supplies Clinical						
		14.00%	Amerinet - Legacy DO Items						

Customer: Northern Inyo Hospital
QRP: 629210101218 rev1, Rep: Stacey Szabo
Printed on 10/10/2011

Firm Quote



Quote offer expires on Sunday, January 08, 2012

Prepared for: Northern Inyo Hospital
 Department: OR (PERIOP)
 National Account: Amerinet

United States USD
 Warranty: Standard

Qty	Part Number	Description	List		Net		Discount		
			Price	Extended	Price	Extended	Percent	Value	
1	TRANS-AA-HXXX	Transport Pro » Transport Pro with Integrated Alarm, Light, Power supply, TRAM Chute, batteries (2) and Comm Cable » English - US » Power Cord 125V, 6', United States	8,750.00	8,750.00	7,175.00	7,175.00	18.00%	1,575.00	
1	2042084-001	PDM Invasive with Nellcor CARESCAPE PDM							
1	2041390-002	Nellcor Assembly	7,600.00	7,600.00	6,232.00	6,232.00	18.00%	1,368.00	
1	2041390-020	Nellcor English Language	0.00	0.00	0.00	0.00	18.00%	-1.00	
1	2041575-002	Power Setting For 60Hz	0.00	0.00	0.00	0.00	18.00%	-1.00	
1	2041575-003	Sw Opt Enable Invasive Bp	2,600.00	2,600.00	2,132.00	2,132.00	18.00%	468.00	
1	2041390-041	Battery	260.00	260.00	213.20	213.20	18.00%	46.80	
1	2041390-044	No Dock Carton Space Filler	0.00	0.00	0.00	0.00	18.00%	-1.00	
		Individual Items							
1	2056874-001	Battery Charger Kit with US Power Cord	450.00	450.00	369.00	369.00	18.00%	81.00	
1	2017003-001	Multi-Link 5-lead ECG Trunk Cable, AHA, 3.6m/12ft.	147.00	147.00	120.54	120.54	18.00%	26.46	
1	414566-002	Multi-Link Leadwire Set, 5-Lead, Grabber, AHA, 51 In., 5/set	115.00	115.00	94.30	94.30	18.00%	20.70	
1	412682-001	Leadwire Set, ECG, Multi-Link, 3-Ld Grabber, AHA, 29 in. - Grouped	67.00	67.00	54.94	54.94	18.00%	12.06	
1	2020980-001	Air Hose, NIBP, Dual Male/Female Submin Locking Connector, Adult/Pediatric, Black, 3.6m/12ft	80.00	80.00	65.60	65.60	18.00%	14.40	
1	2021406-001	Nellcor OxI/Max SpO2 Cable, 3.6M	222.00	222.00	182.04	182.04	18.00%	39.96	
1	407705-006	SpO2 Fingercip Sensor, Reusable, NELLCOR* - DuraSensor Adult (This probe is compatible with either OxI/Max or OxISmart/GE/Ohmeda technology)	345.00	345.00	282.90	282.90	18.00%	62.10	
1	165640	Temperature Interconnect Cable, 12 ft, Disposable	21.00	21.00	17.22	17.22	18.00%	3.78	
1	2021700-001	CaRe single temperature cable, 400 series, 0.5 m	94.64	94.64	77.60	77.60	18.00%	17.04	
		Equipment Subtotal		\$20,751.64		\$17,019.34			
		LSS INSTALLATION 2.00%				415.03			
		Subtotal USD				\$17,434.37			
								17.99%	3,732.30

Customer: Northern Inyo Hospital
 QRP: 629210101218 rev1, Rep: Stacey Szabo
 Printed on 10/10/2011

Firm Quote

Transport, Page 6 of 22
 FOB Destination, Net 30
 GE Healthcare Confidential & Proprietary



GE Healthcare

Quote offer expires on Sunday, January 08, 2012

Prepared for: Northern Inyo Hospital
Department: OR (PERI-OP)
National Account: Amerinet

United States USD
Warranty: Standard

Qty	Part Number	Description	Price	List		Net		Discount	
				Extended	Price	Extended	Percent	Value	
		Discount Percent							
		Discount Description (Subject to GEHC approval)							
				Net Proposal Price USD		\$17,434.37			

Customer: Northern Inyo Hospital
QRP: 629210101218 rev1, Rep: Stacey Szabo
Printed on 10/10/2011

Firm Quote

Transport, Page 7 of 22
FOB Destination, Net 30
GE Healthcare Confidential & Proprietary

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October Board COR'S

		Requested	Unfunded as of May
		\$0	\$0
204.1	RFI 835.4 Flashing at Stone		
242	IB 272 C3 curb sidewalk changes	\$1,080	\$1,080
247	IB 289 Revision to RF Ceiling	\$1,981	\$1,981
248	IB 283 Data Room CRAH units: supplements IB 35	\$6,028	\$6,028
250	Delete Item 46 in Food Service Equipment	(\$5,188)	-\$5,188
253	IB 291/297 Telemetry Access Points	\$12,194	\$12,194
254	IB 237 Engineering Cost only - work not executed	\$2,309	\$2,309
255	IB 266 HVAC control wiring conduit	\$14,983	\$14,983
	TOTALS	\$33,387	\$33,387

* Unfunded is defined as additional cost; not carried in previous projections

Turner Construction
Northern Inyo Hospital Construction
150 Pioneer Lane
Bishop, CA 93514
P.O. Box 1532
Bishop, CA 93515
phone: 760-582-9020
fax: 760-873-7246

September 6, 2011

~~May 24, 2011~~

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

RE: Northern Inyo Hospital Construction
Project # 1495401
Change Order Request Number COR - 204R1

Dear Mr. Halfen,

We have finalized the required quotations for the additional work outlined below. Please see the attached supporting documentation for a complete labor, material and equipment estimate of the work.

PCO No	Description	Amount
383	RFI 835.4 Changing the flashing at the top of the stone sill. The original RFI had a credit of (2,500) when the flashing was to be deleted. Flashing was added back in and the orientation was changed in later RFIs which caused this to be a zero dollar change.	\$0.00

Total Amount \$0.00

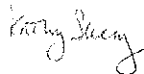
Funding Source: Owner Contingency

This change will also result in a possible schedule impact of 0 days to the project.

Please return one (1) copy of this letter indicating your approval of this Change Order Request which increases our Contract by **Zero and 00/100 dollars (\$0.00)**. This approval will also authorize us to issue Subcontract Change Orders accordingly.

If you have any questions regarding this Change Order Request, please call me at your earliest convenience.

Sincerely,

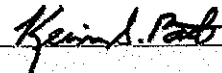


Kathy Sherry
Project Manager

Approved By: _____

John Halfen
CEO - Northern Inyo Hospital

Date: _____

 09/14/11

cc: File



RBB NOTE:

COR approved contingent on no project time impact inclusive of any extended General Requirements or General Conditions. No additional claims related to this bulletin will be considered at a later date. All costs associated with this bulletin were believed to be included.

Turner Construction
Northern Inyo Hospital Construction
150 Pioneer Lane
Bishop, CA 93514
P.O. Box 1532
Bishop, CA 93515
phone: 760-582-9020
fax: 760-873-7246

August 18, 2011

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

RE: Northern Inyo Hospital Construction
Project # 1495401
Change Order Request Number COR - 242

Dear Mr. Halfen,

We have finalized the required quotations for the additional work outlined below. Please see the attached supporting documentation for a complete labor, material and equipment estimate of the work.

PCO No	Description	Amount
484	IB 272 - C-3 Increase curb height to retain soil at the north end of the project.	\$1,079.69

Total Amount \$1,079.69

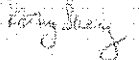
Funding Source: Owner Contingency

This change will also result in a possible schedule impact of 0 days to the project.

Please return one (1) copy of this letter indicating your approval of this Change Order Request which increases our Contract by **One thousand seventy nine and 69/100 dollars (\$1,079.69)**. This approval will also authorize us to issue Subcontract Change Orders accordingly.

If you have any questions regarding this Change Order Request, please call me at your earliest convenience.

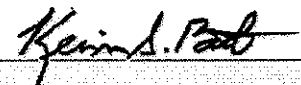
Sincerely,



Kathy Sherry
Project Manager

Approved By: _____
John Halfen
CEO - Northern Inyo Hospital

Date: _____



09/13/11

cc: File



RBB NOTE:

COR approved contingent on no project time impact inclusive of any extended General Requirements or General Conditions. No additional claims related to this bulletin will be considered at a later date. All costs associated with this bulletin were believed to be included.

Turner Construction
Northern Inyo Hospital Construction
150 Pioneer Lane
Bishop, CA 93514
P.O. Box 1532
Bishop, CA 93515
phone: 760-582-9020
fax: 760-873-7246

September 6, 2011

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

RE: Northern Inyo Hospital Construction
Project # 1495401
Change Order Request Number COR - 247

Dear Mr. Halfen,

We have finalized the required quotations for the additional work outlined below. Please see the attached supporting documentation for a complete labor, material and equipment estimate of the work.

PCO No	Description	Amount
516	IB 289 RFI 1126: Revision to RF Ceiling	\$1,981.00

Total Amount **\$1,981.00**

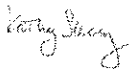
Funding Source: Owner Contingency

This change will also result in a possible schedule impact of 0 days to the project.

Please return one (1) copy of this letter indicating your approval of this Change Order Request which increases our Contract by **One thousand nine hundred eighty one and 00/100 dollars (\$1,981.00)**. This approval will also authorize us to issue Subcontract Change Orders accordingly.

If you have any questions regarding this Change Order Request, please call me at your earliest convenience.

Sincerely,



Kathy Sherry
Project Manager

Approved By: _____

John Halfen
CEO - Northern Inyo Hospital

Date: _____

 09/13/11

cc: File




RBB NOTE:

This COR contains Electrical Cost. Because we cannot ask Rex Moore who's cost these are to evaluate them, we don't have the ability to review the scope or cost associated with this change. We only reviewed it from the basic position of entitlement and a quick comparison to the scope included in the IB. We defer to Turner Construction as the Construction Manager for Cost and Quantities.

Turner Construction
Northern Inyo Hospital Construction
150 Pioneer Lane
Bishop, CA 93514
P.O. Box 1532
Bishop, CA 93515
phone: 760-582-9020
fax: 760-873-7246

September 6, 2011

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

RE: Northern Inyo Hospital Construction
Project # 1495401
Change Order Request Number COR - 248

Dear Mr. Halfen,

We have finalized the required quotations for the additional work outlined below. Please see the attached supporting documentation for a complete labor, material and equipment estimate of the work. Also attached to this proposal is the cost of the additional UPS for the second floor IT room, which was not capture in IB 035 cost proposal.

PCO No	Description	Amount
504	IB 283 Data Room CRAH units load - supplement to IB 35 along with UPS unit for second floor IT room	\$6,027.50

Total Amount **\$6,027.50**

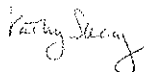
Funding Source: Owner Contingency

This change will also result in a possible schedule impact of 0 days to the project.

Please return one (1) copy of this letter indicating your approval of this Change Order Request which increases our Contract by **Six thousand twenty seven and 50/100 dollars (\$6,027.50)**. This approval will also authorize us to issue Subcontract Change Orders accordingly.

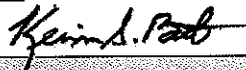
If you have any questions regarding this Change Order Request, please call me at your earliest convenience.

Sincerely,

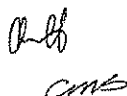


Kathy Sherry
Project Manager

Approved By: _____
John Halfen
CEO - Northern Inyo Hospital

Date: _____
 09/13/11

cc: File



RBB NOTE:

This COR contains Electrical Cost. Because we cannot ask Rex Moore who's cost these are to evaluate them, we don't have the ability to review the scope or cost associated with this change. We only reviewed it from the basic position of entitlement and a quick comparison to the scope included in the IB. We defer to Turner Construction as the Construction Manager for Cost and Quantities.

Turner Construction
Northern Inyo Hospital Construction
150 Pioneer Lane
Bishop, CA 93514
P.O. Box 1532
Bishop, CA 93515
phone: 760-582-9020
fax: 760-873-7246

September 07, 2011

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

RE: Northern Inyo Hospital Construction
Project # 1495401
Change Order Request Number COR - 250 RBB # 9079

Dear Mr. Halfen,

We have finalized the required quotations for the additional work outlined below. Please see the attached supporting documentation for a complete labor, material and equipment estimate of the work.

PCO No	Description	Amount
542	Delete Item 46 in Food Service Equipment	(\$5,188.10)
Total Amount	(\$5,188.10)	

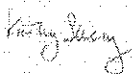
Funding Source: Owner Contingency

This change will also result in a possible schedule impact of 0 days to the project.

Please return one (1) copy of this letter indicating your approval of this Change Order Request which increases our Contract by **Five thousand one hundred eighty eight and 10/100 dollars ((\$5,188.10))**. This approval will also authorize us to issue Subcontract Change Orders accordingly.

If you have any questions regarding this Change Order Request, please call me at your earliest convenience.

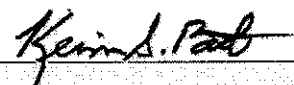
Sincerely,



Kathy Sherry
Project Manager

Approved By: _____
John Halfen
CEO - Northern Inyo Hospital

Date: _____

 09/13/11

cc: File



RBB NOTE:
COR approved contingent on no project time impact inclusive of any extended General Requirements or General Conditions. No additional claims related to this bulletin will be considered at a later date. All costs associated with this bulletin were believed to be included.

Turner Healthcare

Turner Construction
Northern Inyo Hospital Construction
150 Pioneer Lane
Bishop, CA 93514
P.O. Box 1532
Bishop, CA 93515
phone: 760-582-9020
fax: 760-873-7246

September 08, 2011

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

RE: Northern Inyo Hospital Construction
Project # 1495401
Change Order Request Number COR - 253

Dear Mr. Halfen,

We have finalized the required quotations for the additional work outlined below. Please see the attached supporting documentation for a complete labor, material and equipment estimate of the work.

PCO No	Description	Amount
537	IB 297 (ZERO DOLLAR) Add detail for above ceiling WiFi and Telemetry Access Points	\$0.00
457A	IB 291 Access Points for Telemetry	\$12,193.74
Total Amount	\$12,193.74	

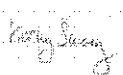
Funding Source: Owner Contingency

This change will also result in a possible schedule impact of 0 days to the project.

Please return one (1) copy of this letter indicating your approval of this Change Order Request which increases our Contract by **Twelve thousand one hundred ninety three and 74/100 dollars (\$12,193.74)**. This approval will also authorize us to issue Subcontract Change Orders accordingly.

If you have any questions regarding this Change Order Request, please call me at your earliest convenience.

Sincerely,



Kathy Sherry
Project Manager

Approved By: _____
John Halfen
CEO - Northern Inyo Hospital

Date: _____



09/13/11

cc: File



RBB NOTE:

This COR contains Electrical Cost. Because we cannot ask Rex Moore who's cost these are to evaluate them, we don't have the ability to review the scope or cost associated with this change. We only reviewed it from the basic position of entitlement and a quick comparison to the scope included in the IB. We defer to Turner Construction as the Construction Manager for Cost and Quantities.

Turner Construction
Northern Inyo Hospital Construction
150 Pioneer Lane
Bishop, CA 93514
P.O. Box 1532
Bishop, CA 93515
phone: 760-582-9020
fax: 760-873-7246

September 09, 2011

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

RE: Northern Inyo Hospital Construction
Project # 1495401
Change Order Request Number COR - 254

Dear Mr. Halfen,

We have finalized the required quotations for the additional work outlined below. Please note that we were directed not to proceed with this change and that this cost is only for the engineering time from the Electrical Engineer. Please see the attached supporting documentation for a complete labor, material and equipment estimate of the work.

PCO No	Description	Amount
444A	IB 237 Second floor IT split unit (Electrical Engineering Cost)	\$2,308.56

Total Amount **\$2,308.56**

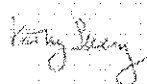
Funding Source: Owner Contingency

This change will also result in a possible schedule impact of 0 days to the project.

Please return one (1) copy of this letter indicating your approval of this Change Order Request which increases our Contract by **Two thousand three hundred eight and 56/100 dollars (\$2,308.56)**. This approval will also authorize us to issue Subcontract Change Orders accordingly.


If you have any questions regarding this Change Order Request, please call me at your earliest convenience.

Sincerely,



Kathy Sherry
Project Manager

Approved By: _____
John Halfen
CEO - Northern Inyo Hospital

Date: _____
 09/13/11

cc: File



RBB NOTE:
This COR contains Electrical Cost. Because we cannot ask Rex Moore who's cost these are to evaluate them, we don't have the ability to review the scope or cost associated with this change. We only reviewed it from the basic position of entitlement and a quick comparison to the scope included in the IB. We defer to Turner Construction as the Construction Manager for Cost and Quantities.

Turner Construction
Northern Inyo Hospital Construction
150 Pioneer Lane
Bishop, CA 93514
P.O. Box 1532
Bishop, CA 93515
phone: 760-582-9020
fax: 760-873-7246

September 09, 2011

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

RE: Northern Inyo Hospital Construction
Project # 1495401
Change Order Request Number COR - 255

Dear Mr. Halfen,

We have finalized the required quotations for the additional work outlined below. Please see the attached supporting documentation for a complete labor, material and equipment estimate of the work.

PCO No	Description	Amount
473	IB 266 HVAC controls wiring conduit	\$14,983.20

Total Amount **\$14,983.20**

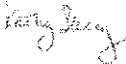
Funding Source: Owner Contingency

This change will also result in a possible schedule impact of 0 days to the project.

Please return one (1) copy of this letter indicating your approval of this Change Order Request which increases our Contract by **Fourteen thousand nine hundred eighty three and 20/100 dollars (\$14,983.20)**. This approval will also authorize us to issue Subcontract Change Orders accordingly.

If you have any questions regarding this Change Order Request, please call me at your earliest convenience.

Sincerely,

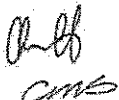


Kathy Sherry
Project Manager

Approved By: _____
John Halfen
CEO - Northern Inyo Hospital

Date: _____

cc: File



 09/13/11

RBB NOTE:

This COR contains Electrical Cost. Because we cannot ask Rex Moore who's cost these are to evaluate them, we don't have the ability to review the scope or cost associated with this change. We only reviewed it from the basic position of entitlement and a quick comparison to the scope included in the IB. We defer to Turner Construction as the Construction Manager for Cost and Quantities.

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**NORTHERN INYO HOSPITAL
POLICY AND PROCEDURE**

Title: Law Enforcement-Requested Collections	
Scope: Multi - Departmental	Department: Lab, Nursing
Source: Lab Manager	Effective Date:

PURPOSE:

To define Northern Inyo Hospital's (NIH) response to law enforcement requests to draw blood for alcohol testing pursuant to California Vehicle Code 23612.

POLICY:

1. Clinical Laboratory Scientists (CLS) who receive a request from Law Enforcement to draw blood on a person (Subject) in custody shall do so as soon as possible pursuant to this policy. Draws pursuant to this policy are hereinafter "DUI draws."
2. DUI draws may only be performed if the law enforcement officer is present. Hospital Security may or may not be present as well.
3. The CLS may refuse to perform a DUI draw if, the Subject is uncooperative, combative or if the CLS feels endangered. By Law, consent is not required for the DUI draw, if consent is not given, a forced draw may be requested, but the CLS may refuse to perform one if the CLS feels endangered.
4. Prior to performance of a DUI draw, the on duty Nursing Supervisor or ED RN shall be contacted to first assess the patient's medical condition.
5. The Nursing Supervisor or ED RN shall perform an assessment and shall complete the "Legal Blood Alcohol Intake Form." The Nursing Supervisor will file the form per current practice.
6. Only after approval is given by the Nursing Supervisor or ED RN, will the specimen be collected. The draw will be deferred when clinical judgment indicates a priority exists to provide health care to a medically unstable, seriously ill, or injured patient.
7. The draw will be completed in accordance with the posted procedure entitled: "Blood Alcohol Levels; Law Enforcement-Requested Collection"

PROCEDURE:

See "Blood Alcohol Levels; Law Enforcement-Requested Collection"

Approval	Date
Laboratory Director	9-29-11
Board of Directors	

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**NORTHERN INYO HOSPITAL
POLICY AND PROCEDURE**

Title: Law Enforcement-Requested Collections	
Scope: Multi - Departmental	Department: Lab, Nursing
Source: Lab Manager	Effective Date:

PURPOSE:

To define Northern Inyo Hospital's (NIH) response to law enforcement requests to draw blood for alcohol testing pursuant to California Vehicle Code 23612.

POLICY:

1. Clinical Laboratory Scientists (CLS) who receive a request from Law Enforcement to draw blood on a person (Subject) in custody shall do so as soon as possible pursuant to this policy. Draws pursuant to this policy are hereinafter "DUI draws."
2. DUI draws may only be performed if the law enforcement officer is present. Hospital Security may or may not be present as well.
3. The CLS may refuse to perform a DUI draw if, the Subject is uncooperative, combative or if the CLS feels endangered. By Law, consent is not required for the DUI draw, if consent is not given, a forced draw may be requested, but the CLS may refuse to perform one if the CLS feels endangered.
4. Prior to performance of a DUI draw, the on duty Nursing Supervisor or ED RN shall be contacted to first assess the patient's medical condition.
5. The Nursing Supervisor or ED RN shall perform an assessment and shall complete the "Legal Blood Alcohol Intake Form." The Nursing Supervisor will file the form per current practice.
6. Only after approval is given by the Nursing Supervisor or ED RN, will the specimen be collected. The draw will be deferred when clinical judgment indicates a priority exists to provide health care to a medically unstable, seriously ill, or injured patient.
7. The draw will be completed in accordance with the posted procedure entitled: "Blood Alcohol Levels; Law Enforcement-Requested Collection"

PROCEDURE:

See "Blood Alcohol Levels; Law Enforcement-Requested Collection"

Approval	Date
Laboratory Director	9-29-11
Board of Directors	

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**NORTHERN INYO COUNTY LOCAL
HOSPITAL DISTRICT**

Financial Statements

June 30, 2011 and 2010

(With Auditors' Report Thereon)

K.C. MILLER, CPA

Certified Public Accountant

Independent Auditors' Report

The Board of Directors
Northern Inyo County Local Hospital District

We have audited the accompanying balance sheets of Northern Inyo County Local Hospital District, as of June 30, 2011 and 2010, and the related statements of operations, changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Hospital's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northern Inyo County Local Hospital District, as of June 30, 2011 and 2010, and the results of its operations, changes in net assets, and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to procedures applied in the audits of the basic financial statements and, in our opinion is presented fairly, in all material respects, in relation to the basic financial statements taken as a whole.

September 19, 2011

K.C. Miller, CPA

7th Floor
100 North Barranca Ave
West Covina, CA 91791-1600

Telephone (435) 673-4089
Fascimile (435) 634-9079

*Member
American
Institute of
Certified Public
Accountants*

NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT
Balance Sheets
June 30, 2011 and 2010

<i>Assets</i>	<u>2011</u>	<u>2010</u>
Current assets:		
Cash and cash equivalents	\$ 7,402,434	\$ 5,736
Short-term investments	12,443,143	30,262,716
Assets limited as to use	1,103,714	5,587,596
Patient receivables, less allowance for doubtful accounts of \$536,816 and \$520,827, respectively.	8,782,454	7,953,621
Other receivables	540,584	424,259
Inventories	2,456,875	2,378,072
Prepaid expenses	1,166,148	1,143,283
Total current assets	33,895,352	47,755,283
Assets limited as to use:		
Internally designated for capital acquisitions	826,452	745,008
Specific purpose assets	599,215	966,724
Bond construction funds held by trustee	2,313,863	9,487,724
	3,739,530	11,199,456
Less amounts required to meet current obligations	1,103,714	5,587,596
	2,635,816	5,611,860
Long-term investments and partnership	1,561,342	3,795,941
Property and equipment, net of accumulated depreciation and amortization	69,861,184	47,655,595
Other assets:		
Excess of Plan Assets over Estimated Benefit Obligations	2,075,590	2,607,702
Bond issuance cost, net of \$227,825 amortization	956,927	1,012,587
	3,032,517	3,620,289
	\$ 110,986,211	\$ 108,438,968

See accompanying notes to financial statements,

NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT
Balance Sheets
June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<i><u>Liabilities and Net Assets</u></i>		
Current liabilities:		
Current maturities of long-term debt	\$ 1,627,452	\$ 1,188,561
Accounts payable	824,578	952,032
Accrued salaries and related cost	3,607,701	3,275,053
Accrued interest and sales tax	264,736	406,615
Deferred income	-	48,296
Due to third-party payors	<u>2,246,201</u>	<u>2,616,629</u>
Total current liabilities	<u>8,570,668</u>	<u>8,487,186</u>
 Long-term debt, less current maturities	 <u>48,771,102</u>	 <u>50,450,292</u>
 Net assets:		
Unrestricted	50,969,636	45,927,064
Accumulated comprehensive income	2,075,590	2,607,702
Temporarily restricted	<u>599,215</u>	<u>966,724</u>
Total net assets	<u>53,644,441</u>	<u>49,501,490</u>
 Commitments and contingencies (Note 10 and 11)		
	 <u>\$ 110,986,211</u>	 <u>\$ 108,438,968</u>

See accompanying notes to financial statements,

NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT
Statements of Operations
Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Unrestricted revenues, gains, and other support:		
Net patient service revenue	\$ 56,856,754	\$ 54,680,363
Other revenue	410,790	352,699
Net assets released from restrictions used for operations	1,085,084	775,990
Total revenues, gains, and other support	58,352,628	55,809,052
Expenses:		
Nursing services	6,197,609	6,263,777
Other professional services	24,371,371	24,749,852
General services	7,439,356	6,836,948
Fiscal services	3,289,080	3,408,940
Administrative services	5,798,000	5,568,912
Depreciation	2,719,597	2,712,171
Interest	1,261,416	1,301,291
Bad debts	2,282,479	2,228,799
Total expenses	53,358,908	53,070,690
Operating income	4,993,720	2,738,362
Other income:		
District tax receipts	527,640	573,524
Interest	314,639	203,370
Contributions	140,516	175,940
Medical office building, net	(1,202,359)	(574,654)
Other	52,930	57,263
	(166,634)	435,443
Excess of revenues over expenses	4,827,086	3,173,805
Net assets released from restrictions used for payment of long-term debt	215,000	204,625
Contributions and interest income	486	867
	\$ 5,042,572	\$ 3,379,297

See accompanying notes to financial statements,

NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT
Statements of Changes in Net Assets
Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Unrestricted net assets:		
Excess of revenues over expenses	\$ 4,827,086	\$ 3,173,805
Net assets released from restrictions used for payment of long-term debt	215,000	204,625
Contributions and interest income	486	867
Increase in unrestricted net assets	<u>5,042,572</u>	<u>3,379,297</u>
Accumulated comprehensive income:		
Change in plan assets over estimated benefit obligations	<u>(532,112)</u>	<u>2,607,702</u>
Temporarily restricted net assets:		
District tax allocation	916,840	1,367,244
Net assets released from restrictions	(1,300,084)	(980,615)
Interest income	15,735	16,062
Increase in temporarily restricted net assets	<u>(367,509)</u>	<u>402,691</u>
 Increase in net assets	 4,142,951	 6,389,690
 Net assets, beginning of year	 <u>49,501,490</u>	 <u>43,111,800</u>
 Net assets, end of year	 <u>\$ 53,644,441</u>	 <u>\$ 49,501,490</u>

See accompanying notes to financial statements,

NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT
Statements of Cash Flows
Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Change in net assets, net of comprehensive income	\$ 4,675,063	\$ 3,781,988
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation and amortization	2,723,668	2,697,479
Provision for bad debts	15,989	3,842
Change in deferred revenue	(48,296)	(695)
Loss from disposal of equipment	533	8,730
(Increase) decrease in:		
Patient and other receivables	(961,147)	80,981
Other current assets	(101,668)	(7,810)
Increase (decrease) in:		
Accounts payable and accrued expenses	63,315	55,074
Third-party payors	(370,428)	(327,759)
Net cash provided by operating activities	<u>5,997,029</u>	<u>6,291,830</u>
Cash flows from investing activities:		
Purchase of property and equipment	(24,925,719)	(15,060,225)
Sale (purchase) of investments, net	20,054,172	(3,477,537)
Net cash used in investing activities	<u>(4,871,547)</u>	<u>(18,537,762)</u>
Cash flows from financing activities:		
Payments on long-term debt	(1,188,710)	(1,118,549)
Increase in long-term debt	-	11,600,000
Increase in bond issuance cost	-	(362,042)
Change in donor-restricted funds, net	7,459,926	1,250,608
Net cash provided by financing activities	<u>6,271,216</u>	<u>11,370,017</u>
Increase (decrease) in cash and cash equivalents	7,396,698	(875,915)
Cash and cash equivalents, beginning of year	<u>5,736</u>	<u>881,651</u>
Cash and cash equivalents, end of year	<u>\$ 7,402,434</u>	<u>\$ 5,736</u>
Supplemental disclosure:		
Cash paid of interest expense	<u>\$ 2,243,424</u>	<u>\$ 1,619,002</u>
Cash received from investment income	<u>\$ 297,862</u>	<u>\$ 243,047</u>

See accompanying notes to financial statements,

NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT

Notes to Financial Statements

June 30, 2011 and 2010

(1) Description of Organization and Summary of Significant Accounting Policies

Organization

Northern Inyo County Local Hospital District (the Hospital), located in Bishop, California, is a Hospital District 25 bed critical access hospital. The District was organized in 1946 under the terms of the Local Health Care District Law to promote the public health and the general welfare. The Hospital provides inpatient, outpatient and emergency services for the residents of Bishop, California and its surrounding area. Admitting physicians are primarily practitioners in the local area.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Cash and cash equivalents

Cash and cash equivalents include certain investments in highly liquid debt instruments. The Hospital routinely invests its surplus operating funds in certificates of deposit, the State of California Local Agency Investment Fund, and government and agency obligations.

Assets limited as to use

Assets limited as to use primarily include assets held under indenture agreements, assets held to service debt under the bond issue and designated assets set aside by the Board of Directors for future capital improvements, over which the Board retains control and may at its discretion subsequently use for other purposes.

Inventories

Inventories consist of pharmaceutical, medical-surgical, and other supplies used for providing care to patients. Inventories are valued at the lower of cost (first-in, first-out) or market.

NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT
Notes to Financial Statements *(continued)*

(1) Summary of Significant Accounting Policies, continued

Patient Accounts Receivable and Credit Risk

The Hospital serves the healthcare needs of the city of Bishop, California, and surrounding areas. Admitting physicians are primarily practitioners in the local area. The Hospital performs ongoing credit evaluations of its patients and does not require collateral. The Hospital is reimbursed for its services primarily by Medicare, Medi-Cal, and other third party payors. As such, the Hospital's primary collection risk relate to amounts for which the patient is responsible (such as deductibles and co-payments).

An allowance for uncollectibles is maintained at a level which management believes is sufficient to cover anticipated credit losses. The Hospital determines its allowance for uncollectibles based upon an analysis of collectability of specific accounts, historical experience, and ageing of the patient accounts receivable. The Hospital continually evaluates the adequacy of its allowance for uncollectibles and makes adjustments in the periods any excess or short fall is identified. Accounts are written off after all collections efforts (internal and external) have been exhausted.

Long-Lived Assets

Impairment --- The Hospital continually monitors events and circumstances that could indicate that carrying amounts in long-lived assets, including property and equipment may not be recoverable. When such events or changes in circumstances occur, we assess recoverability of long-lived assets by determining whether the carrying value of such assets will be recovered through undiscounted expected future cash flows. If the total of the undiscounted cash flows is less than the carrying amount of those assets, we recognize an impairment loss based on the excess of the carrying amount over the fair value of the asset. There were no adjustments to the carrying value of long-lived assets during the years ended June 30, 2011 and 2010.

The estimates of fair market value and future cash flows involve considerable management judgment and are based upon, among other things, assumptions about expected future operating performance. Assumptions used in these forecasts are consistent with internal planning. The actual future performance could differ from management's estimates due to changes in business conditions, operating performance, and economic conditions.

NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT
Notes to Financial Statements (continued)

(1) Summary of Significant Accounting Policies, continued

Long-Lived Assets, continued

Property and Equipment --- Property and equipment is stated at cost, less accumulated depreciation and amortization. Depreciation and amortization are primarily accounted for using the straight-line method based on the estimated useful lives. Equipment, acquired under capital lease obligations, is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the financial statements. Betterments and large renewals which extend the life of the asset are capitalized whereas maintenance and repairs and small renewals are expensed as incurred.

Temporarily restricted net assets

Temporarily restricted net assets are those whose use by the Hospital has been limited by donors to a specific time period or purpose.

Net patient service revenue

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, and discounted charges. Net patient service revenue is recorded during the time the health care services are provided, at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Estimated Malpractice Costs

The provision for estimated medical malpractice claims includes estimates for the ultimate costs for both reported claims and claims incurred but not reported.

Deferred Financing Cost

Deferred financing costs are being amortized over the term of the related debt using the interest method.

NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT
Notes to Financial Statements (continued)

(1) Summary of Significant Accounting Policies, continued

Income Taxes

The District is a political subdivision of the state of California and is exempt from payment of Federal or State income taxes.

Subsequent events

The Hospital has evaluated subsequent events through September 19, 2011, the date these statements were issued. Based on evaluation no material subsequent events occurred that would require reporting

Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the FASB or other standard setting bodies that are adopted by the Hospital as of the specified effective date. Unless, otherwise discussed, we believe the impact of recently issued standards that are not yet effective will not have a material impact on our financial position or results of operations upon adoption.

Effective for the Hospital beginning September 15, 2009, the FASB Codification is the source of authoritative United States generally accepted accounting principles ("GAAP") to be applied to nongovernmental entities. The Codification superseded all the existing accounting and reporting standards upon its effective date and subsequently, the FASB will not issue new standards in the form of Statements, FASB Staff Positions, or Emerging Issues Task Force Abstracts, but rather issue accounting standards updates. The adoption of the Codification had no material impact on the Hospital's financial statements.

Fair Value Measurements

The carrying value of cash and cash equivalents, patient accounts receivable, accounts payable and accrued expenses approximates the fair value of these financial instruments at June 30, 2011 and 2010, due to their short maturities.

NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT
Notes to Financial Statements (continued)

- (1) Summary of Significant Accounting Policies, concluded

Concentrations of Credit and Market Risk

Concentrations of liquid assets can impose financial risk for the Hospital. There is currently approximately \$7,500,000 of cash held by Union Bank of California. Management considers this financial institution to pose significantly less risk than other options available.

During the year ended June 30, 2010, the Hospital booked a loss of \$149,394 on corporate obligations defaulted by Citicorp, managed by Multi-Bank Securities.

- (2) Net Patient Service Revenue

Net patient service revenue is reported at the estimated net realizable amount from patients, third party payors and others for services rendered. The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. The differences between the estimated program reimbursement rates and the standard billing rates are accounted for as contractual adjustments, which are deducted from gross revenues to arrive at net operating revenues. These net operating revenues are an estimate of the net realizable amount due for these payors. The process of estimating contractual allowances requires the Hospital to estimate the amount expected to be received based on payor contract provisions. Due to the complexities involved in these estimates, actual payments the Hospital receives could be different from the amounts it estimates and records. A summary of the payment arrangements with major third-party payors follows:

- X *Medicare.* Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Inpatient nonacute services, certain outpatient services and defined capital and medical education costs related to Medicare beneficiaries are paid based on a cost reimbursement methodology. The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. The Hospital's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with the Hospital.
- X *Medi-Cal.* Inpatient and outpatient services rendered to Medi-Cal program beneficiaries are reimbursed under a cost reimbursement methodology. The Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medi-Cal fiscal intermediary.

NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT
Notes to Financial Statements (continued)

(2) Net Patient Service Revenue, concluded

X *Other.* The Hospital has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment to the Hospital under these agreements is discounts from established charges.

Revenue from the Medicare and Medi-Cal programs accounted for approximately 44% and 9%, respectively, of the Hospital's net patient revenue for the year 2011, and 39% and 9%, respectively, of the Hospital's net patient revenue, for the year ended 2010. Laws and regulations governing the Medicare and Medi-Cal programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that the recorded estimates will change by a material amount in the near term. For the year ended June 30, 2011, net revenue decreased due to loss of specific medical specialists resulting in a reduction in patient days and revenue from surgery procedures.

Gross patient service revenue and related provisions for contractual allowances for the years ended June 30 are summarized as follows:

	<u>2011</u>		<u>2010</u>	
	<u>Gross revenue</u>	<u>Contractual allowances</u>	<u>Gross revenue</u>	<u>Contractual allowances</u>
Medicare	\$40,520,367	\$17,143,191	\$39,116,018	\$18,871,556
Medi-Cal	12,108,659	7,457,435	11,201,333	6,333,352
CMSP	3,751,326	2,920,416	4,475,162	2,996,159
Other	<u>32,553,045</u>	<u>4,555,601</u>	<u>32,913,759</u>	<u>4,824,842</u>
	<u>\$ 88,933,397</u>	<u>\$32,076,643</u>	<u>\$87,706,272</u>	<u>\$33,025,909</u>

At June 30, 2011 and 2010, accounts receivable are primarily concentrated in federal and state governmental entities and other patients in which the Hospital does not believe there is any undue credit risk.

NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT
Notes to Financial Statements (continued)

(3) Property and Equipment

Property and equipment are summarized as follows:

	<u>2011</u>	<u>2010</u>
Land and improvements	\$ 1,473,487	\$ 1,437,252
Buildings	21,748,503	21,536,058
Hospital equipment	21,898,661	22,875,656
Construction in progress	46,232,275	23,092,591
Less accumulated depreciation	<u>(21,491,742)</u>	<u>(21,285,962)</u>
	<u>\$ 69,861,184</u>	<u>\$47,655,595</u>

Depreciation expense for the years ended June 30, 2011 and 2010 amounted to \$2,719,597 and \$2,712,171, respectively.

Property and equipment include certain capitalized leases as follows:

	<u>2011</u>	<u>2010</u>
Hospital equipment	\$3,349,253	\$3,349,253
Less accumulated depreciation	<u>2,344,477</u>	<u>1,674,626</u>
	<u>\$1,004,776</u>	<u>\$1,674,627</u>

Amortization expense on capitalized leases for the both years ended June 30, 2011, totaled \$669,851.

Annual future minimum lease payments under capitalized leases at June 30, 2011 are as follows:

	2012	\$ 855,304
	2013	782,803
	2014	<u>373,276</u>
Total minimum lease payments		2,011,383
Less amount representing interest (4.36% to 4.74%)		<u>105,141</u>
Present value of minimum lease payments		1,906,242
Less current portion		<u>787,452</u>
		<u>\$ 1,118,790</u>

The Hospital has various operating leases for office space and equipment. Rent expense for the period ended June 30, 2011 and 2010, was \$479,388 and \$508,927, respectively.

NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT
Notes to Financial Statements (continued)

(4) Long-term Debt

Long-term debt is summarized as follows:

	<u>2011</u>	<u>2010</u>
1980 bond issue, original amount \$550,000, interest at 5%, payable semiannually, principal due in annual installments ranging from \$25,000 to \$35,000 in 2010	\$ -	\$ 35,000
Revenue bonds, series 1998, original amount \$8,000,000, interest ranging between 4.55% to 5.5%, principle due in annual installments ranging from \$160,000 to \$510,000 in 2027, collateralized by a pledge of the Hospital's gross receipts.	6,495,000	6,715,000
2005 Series A General Obligation Bonds, original amount \$15,035,000, plus premium average interest at 5.12%, payable semiannually, principal due in annual installments ranging from \$25,000 in 2006 to \$1,790,000 in 2035	14,902,882	15,097,871
Election of 2005, Series 2009 General Obligation Bonds, original amount \$15,578,608, including premium, average interest 6.25%, payable semiannually, principal due in annual installments ranging from \$60,000 in 2013 to \$1,572,063 in 2039	15,494,430	15,531,552
Revenue bonds, series 2010, original amount \$11,600,000, interest ranging between 5.0% to 6.375%, principle due in annual installments ranging from \$510,000 to \$1,145,000 in 2025 collateralized by a pledge of the Hospital's gross receipts.	11,600,000	11,600,000
Lease obligations, payable in installments through 2014, interest of 4.74% and 4.36%	1,906,242	2,659,430
	50,398,554	51,638,853
Less current maturities	1,627,452	1,188,561
	\$ 48,771,102	\$ 50,450,292

NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT
Notes to Financial Statements (continued)

(4) Long-term Debt, concluded

The Election 1965, 1980 Series B General Obligation Bond was issued under the provisions of the State of California know a "The Local Hospital District Law," and was payable exclusively out of taxes levied upon property in the District. The Bond was subject to the regulations of the Farmers Home Administration and the laws of the State of California.

The Series 1998 and 2010 Bonds are issued and secured by an Indenture of Trust in accordance with the provisions of The Local Health Care District Law of the State of California. Under the terms of the revenue bond indentures, the Hospital is required to maintain certain deposits with a trustee. Such deposits are included with assets limited as to use. The revenue note indentures also requires that the Hospital satisfy certain measures of financial performance.

The Election 2005, General Obligation Bonds are issued pursuant to Chapter 4 of Division 23 of the California Health and Safety Code and the provisions of resolutions of the Board of Directors of the District and are payable exclusively out of taxes levied upon property in the District. The bonds were issued with a net original issue premium of \$1,547,659 net of \$170,295 amortization, being amortized over the life of the bond issue.

Schedule principal payments of bonds payable are as follows:

2012	\$ 840,000
2013	950,000
2014	1,075,000
2015	1,210,000
2016	1,355,000
Thereafter	43,062,312

(5) Health Reimbursement Contracts

Under Medicare and Medi-Cal programs, final settlement for cost reports filed by the District is dependent upon a review by an intermediary. The Medicare and MediCal CMSP cost reports have been finalized through 2008.

Payables to third-party payors are summarized as follows:

	June 30	
	2011	2010
Medicare	\$1,071,413	\$ 399,928
Medi-Cal	<u>1,174,788</u>	<u>2,216,701</u>
	<u>\$2,246,201</u>	<u>\$2,616,629</u>

NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT
Notes to Financial Statements (continued)

(6) Investments

Investments, valued at cost which approximates market, are summarized as follows:

	<u>2011</u>	<u>2010</u>
Assets limited as to use:		
Cash and money market accounts	\$ 3,164,530	\$ 10,624,456
GE Capital Corporation, 6.75%	575,000	575,000
	<u>\$ 3,739,530</u>	<u>\$ 11,199,456</u>
Investments:		
Money market	\$ -	\$ 20,662,323
Certificate of deposits	600,000	600,000
State of California Local Agency		
Investment fund	319,541	317,923
Corporate obligations	5,981,992	2,484,288
Investment in real estate	1,311,342	971,107
Government and Agency obligations	5,791,610	9,023,016
	<u>14,004,485</u>	<u>34,058,657</u>
Less short-term investments	<u>12,443,143</u>	<u>30,262,716</u>
Long-term investments	<u>\$ 1,561,342</u>	<u>\$ 3,795,941</u>

(7) Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at June 30th:

	<u>2011</u>	<u>2010</u>
Bond and interest redemption	\$ 592,296	\$ 960,184
Children's' care	2,816	2,641
Medical education	75	75
Nursing education	4,028	3,824
	<u>\$ 599,215</u>	<u>\$ 966,724</u>

NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT
Notes to Financial Statements (continued)

(8) Pension Plan

The Hospital maintains a defined benefit pension plan covering employees over age 21 with at least one year of service. The Hospital's policy is to fund the pension plan at a level of 125% of the accumulated benefit obligations requirements as determined in accordance with assumptions used by the actuary.

For the year ended June 30, 2010, the Company has applied SFAS No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans*, which requires that the funded status of a defined benefit postretirement plan be accounted for in the statement of financial position of the Company.

The following key information related to the plan is based on an actuarial report dated January 1, 2011. The assumed rate of return used in determining the actuarial present value of accumulated plan benefits was 6.75% for pre-retirement years and 8% for post-retirement years.

Actuarial present value of accumulated Plan benefits:	<u>2011</u>	<u>2010</u>
Vested	\$29,032,617	\$25,867,852
Nonvested	<u>1,500,832</u>	<u>1,294,396</u>
	<u>\$30,533,449</u>	<u>\$27,162,248</u>
Net assets available for benefits	<u>\$32,609,039</u>	<u>\$29,769,950</u>
Contributions	\$ 3,006,000	\$ 2,850,000

Therefore, the excess of fair value of Plan assets over the actuarial present value of accumulated benefits \$2,075,590 and \$2,607,702, respectively, are recorded as a long term asset in the balance sheet which increases fund balance to include accumulated other comprehensive income.

Plan assets are invested in the following types of investments as of June 30, based upon the discretion of the trustees.

	<u>2011</u>	<u>2010</u>
Fixed Dollar Account	\$23,442,536	\$21,122,635
Indexed Bond Fund	<u>9,166,503</u>	<u>8,647,315</u>
	<u>\$32,609,039</u>	<u>\$29,769,950</u>

Fixed Dollar and Indexed Bond Funds are valued at cost which approximates market value. The values used to estimate the retirement plan obligations may not reflect current market conditions as of June 30, 2011, and the assets and liabilities recorded may be greater or less than the amounts used in calculating the pension liability.

NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT
Notes to Financial Statements, (continued)

(9) Concentrations of Credit Risks

The Hospital grants credit without collateral to its patients, most of who are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third party payors at June 30 was as follows:

	<u>2011</u>	<u>2010</u>
Medicare	44%	44%
Medicaid, including CMSP	18	18
Other third-party payors	35	35
Self pay	<u>3</u>	<u>3</u>
	<u>100%</u>	<u>100%</u>

(10) Commitments and Contingencies

Sick Leave

The Hospital accrues all leave time for employees as Paid Time Off and this amount is accrued in the financial statements. In addition, employees hired prior to January 1, 2003, may have accumulated additional sick leave for major medical health problems. Usage of the additional sick leave must be approved by management. The total potential liability to the District for major medical is approximately \$912,223 and \$1,020,616 for the years ended June 30, 2011 and 2010, respectively. As the potential cost for major medical is not a vested benefit, no provision for the District's liability has been reflected in the accompanying financial statements.

Seismic Regulations

The State of California has passed legislation requiring hospitals to perform structural evaluations of their buildings by and upgrade facilities to meet certain minimum seismic standards. In regard to these requirements, the Hospital has started a major construction project which will comply with all seismic standards.

Litigation

The District is involved in various lawsuits that arose in the normal course of its business. In the opinion of management, based upon the opinion of legal counsel, liabilities, if any, arising from these proceedings would not exceed the \$50,000 deductible for malpractice insurance and therefore, would not have a material adverse effect on the District's financial statements.

NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT
Notes to Financial Statements, (continued)

(10) Commitments and Contingencies, concluded

Construction of the Hospital building is expected to be completed in March 2012, with approved licensure in May 2012, and will contain all of the following patient care areas; Nursing, Surgery, Emergency Room, ICU, and Labor and Delivery. The estimated construction and equipment costs of \$63 million (approximately \$18 million remaining) will be paid from bond issuances and working capital.

(11) Risks and Uncertainties

The Hospital's future operating results may be affected by a number of factors. The Hospital's operations are in part dependent on government reimbursement plans. Significant changes in the level of government reimbursement could have a favorable or unfavorable impact on the operating results of the Hospital. Also, as additional managed healthcare plans are introduced into the service area, actual admissions to the Hospital could increase or decrease depending on the Hospital's ability to contract with health plans.

(12) Fair Value Measurements

The fair value of financial instruments has been estimated by the Hospital using available market information as of June 30, 2011, and the valuation methodology considered appropriate.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value:

Cash and cash equivalents: The carrying amount approximates fair value due to the short-term maturity of these investments (less than three months)

Corporate and Government Obligations: Valued at the cost, which approximates closing price reported on an active market.

Fixed income investment: Valued at cost which approximates market

Partnership investments: Valued at cost plus equity which approximates market

NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT
Notes to Financial Statements, (continued)

(12) Fair Value Measurements, continued

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Hospital believes its valuation methods are appropriate, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

SFAS No. 157, *Fair Value Measurements*, establishes a frame work for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. SFAS No. 157 classifies the inputs used to measure fair value into the following hierarchy:

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.
- Level 3: Unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities. Level 3 include values determined using pricing models, discounted cash flow methodologies, or similar techniques reflecting the Hospital's own assumptions.

In instances where the determination of the fair value hierarchy measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Hospital's assessment of significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

The change in partnership investment from 2010 to 2011 was the result of the Hospital acquiring an additional percentage interest in the Partnership for \$340,235, net of the Hospital's share of partnership operating activity.

NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT
Notes to Financial Statements, (continued)

(12) Fair Value Measurements, concluded

The following table sets forth by level, within the fair value hierarchy, the Hospital's assets and liabilities at fair value as of June 30:

2011

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents	\$ 3,764,530			\$ 3,764,530
Bonds	12,348,602			12,348,602
Fixed income fund		319,541		319,541
Partnership interest			1,311,342	1,311,342

2010

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents	\$ 31,886,780			\$ 31,886,780
Bonds	11,507,303			11,507,303
Fixed income fund		892,923		892,923
Partnership interest			971,107	971,107
	<u>\$ 43,394,083</u>	<u>\$ 892,923</u>	<u>\$ 971,107</u>	<u>\$ 45,258,113</u>

(13) Charity Care

The amount of charges foregone for services and supplies furnished under the Hospital's charity care policy aggregated approximately \$1,040,697 and \$1,391,000 in 2010 and 2009, respectively.

The Hospital's charity care policy meets or exceeds all state and federal guidelines and regulations.

**Supplementary
Information**

NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT
Years ended June 30

Bed Complement

	<u>2011</u>	<u>2010</u>
Medical/Surgical	11	11
Prenatal/Obstetrics	6	6
Pediatric	4	4
Intensive Care	4	4
Total licensed bed capacity	<u>25</u>	<u>25</u>

Utilization

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Licensed Beds	25	25	25	25	25
Patient Days	2,987	3,437	3,906	4,090	3,522
Discharges	1,049	1,181	1,379	1,303	1,141
Occupancy	29%	33%	37%	39%	39%
Average Stay (days)	3.0	3.1	3.0	3.3	3.0
Emergency Room Visits	7,852	7,863	7,570	7,129	6,667
Outpatient Visits	42,270	39,530	39,371	38,956	37,619

Medical Staff

	<u>2011</u>	<u>2010</u>
Active	34	33
Consulting	34	19
Honorary	7	6
AHP	4	1
Total practitioners	<u>79</u>	<u>59</u>

Employees

	<u>2011</u>	<u>2010</u>
Full-time	263	218
Part-time and Per Diem	101	108
Total employees	<u>364</u>	<u>326</u>
Full-time Equivalents	<u>279.91</u>	<u>279.67</u>

See accompanying independent auditors' report

NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT
Years ended June 30

Sources of Patient Service Revenue

<u>Payor</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Medicare	44%	44%	42%	43%	43%
Medi-Cal	13%	13%	14%	14%	13%
Insurance, HMO and PPO	35%	35%	37%	36%	37%
Indigent	4%	5%	4%	4%	4%
All other	4%	3%	3%	3%	3%
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

Bond Debt Service Coverage

<u>Description</u>	<i>(000's omitted)</i>				
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Excess of revenue (expenses)	\$ 4,991	\$ 3,379	\$ 5,089	\$ 6,199	\$ 4,686
Add:					
Depreciation and amortization expense	2,718	2,712	2,668	2,181	1,628
Interest expense	1,261	1,777	1,403	1,281	1,178
Available to meet debt service	<u>\$ 8,970</u>	<u>\$ 7,868</u>	<u>\$ 9,160</u>	<u>\$ 9,661</u>	<u>\$ 7,492</u>
Actual debt service:					
General obligation bonds	-	34	33	36	37
1998 revenue bonds	564	565	565	564	562
2005 General obligation bonds	858	933	858	836	813
2009 General obligation bonds	309	316			
2010 revenue bonds	1,181	-			
	<u>2,912</u>	<u>1,848</u>	<u>1,456</u>	<u>1,436</u>	<u>1,412</u>
Historical debt service coverage ratio	<u>3.08</u>	<u>4.26</u>	<u>6.29</u>	<u>6.73</u>	<u>5.31</u>

See accompanying independent auditors' report

THIS SHEET

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INDEPENDENT CONTRACTOR AGREEMENT

This Independent Contractor Agreement (the "Agreement") is made effective as of _____, 2011 (the "Effective Date"), by and between Northern Inyo Local Hospital District, a California healthcare district (the "District"), John S. Williamson MD, a board certified Cardiologist with principle office at 343 Elm Street Suite 400 Reno, NV 89503 (the "Consultant").

RECITALS

- A. District operates a hospital located at 150 Pioneer Lane, Bishop, California.
- B. Consultant is a cardiologist with particular expertise and certification for the interpretation and analysis of echocardiogram test results.
- C. Terry Tye is a technician who is qualified and certified to operate an echocardiogram and produce test results for interpretation and analysis.
- D. District has its own echocardiogram equipment but is not certified to interpret and analyze echocardiogram test results.
- E. District desires to utilize, and consultant desires to provide, services for the interpretation and analysis of echocardiogram test results on the terms and conditions set forth herein.

Therefore, in consideration of the mutual covenants, performances and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

AGREEMENT

1. Engagement. The District agrees to engage the services of the Consultant, and Consultant agrees to provide his services, as described herein, to the District on the terms and conditions set forth in this Agreement. Consultant shall devote such time to performing his obligations under this Agreement as are necessary or appropriate for the performance of such obligations.
2. Services. Consultant hereby agrees to render for the District the following services (collectively, the "Services"):
 - (a) Consultant will interpret and analyze the echocardiogram test results, produced from time to time by Terry Tye or other qualified technicians, for patients of the District (each, a "Patient"); and
 - (b) Consultant will present the interpretation and analysis of a Patients' test results to the District in the form of a report (a "Patient Report"), which will be delivered to the District within 48 hours of the District's submission of a complete Patient Package (defined below).

3. Patient Package.

(a) District's Obligation. As a condition precedent to Consultant's obligation to perform the Services in relation to a particular Patient, the District will transmit to Consultant all of the following information (collectively, a "Patient Package"):

- (i) Patient's echocardiogram test results (produced by Terry Tye or other qualified technicians); and
- (ii) Patient's treating physician contact information (the "Treating Physician").

(b) Reimbursement fee. District shall pay Physician the sum of Seventy Dollars, (\$70.00) for each completed interpretation. Said sums are payable on the twentieth (20th) day of the calendar month immediately following the service performed.

4. Consultant's Obligations. Consultant shall:

- (a) Consultant will abide by all hospital district rules, regulations and bylaws.
- (b) Consultant will maintain current credentials along with proof of current liability insurance.
- (c) Submit the Patient Report to the District by fax or mail, or other electronic means agreed to by the parties;
- (d) At all times abide by the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") as set forth in the Business Associates Agreement attached hereto and made part hereof; and
- (e) Promptly inform District of any circumstance that would prevent Consultant from rendering the Services, including, but not limited to, the revocation or loss of any license or certification required by the Medical Board of California in order to perform the Services.

5. Term and Termination. The Services to be rendered by Consultant under this Agreement shall commence upon the Effective Date, and shall be terminable as follows:

- (a) By District upon 30 days written notice to Consultant;
- (b) By Consultant upon 90 days written notice to District; or
- (c) Upon mutual agreement of the parties.

6. Notices. All notices and other communications to any party will be in writing and mailed or hand delivered to such party, addressed to such party at the address set forth below each party's signature to this Agreement, or at such other address that is designated by such party in a written notice to the other in accordance with this Section. All such notices and other

communications will be effective (i) the next business when sent overnight through a recognized overnight courier, (ii) upon receipt when hand delivered, addressed as aforesaid, and (iii) on the 5th day after being deposited into the U.S. mail, postage prepaid, sent certified mail, return receipt requested.

7. Status As Independent Contractor. It is the intention of the parties that Consultant be retained as an independent contractor, and not as an employee or a partner. Accordingly, the Consultant agrees not to hold himself out as an employee or a partner of the District, or act, or omit to act, in such a way as to cause other persons or entities to believe that the Consultant is an employee or partner of the District.

8. Miscellaneous.

- (a) Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto relating to the subject matter hereof and supersedes all prior oral and written agreements, negotiations, commitments and understandings of the parties with respect to Consultant's work for the District.
- (b) Amendment. This Agreement may not be changed or amended except by a writing executed by both parties hereto.
- (c) Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties and their heirs, legal representatives, successors and assigns.
- (d) Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of California.
- (e) Waiver. No delay or failure by either party to exercise or enforce at any time any right or provision of this Agreement shall be considered a waiver thereof or of such party's right thereafter to exercise or enforce each and every right and provision of this Agreement. All waivers must be in writing, but need not be supported by consideration. No single waiver shall constitute a continuing or subsequent waiver.
- (f) Further Assurances. Each party to this Agreement agrees to perform any further acts and execute and deliver any documents that may be reasonably necessary to carry out the transactions and provisions contemplated herein.
- (g) Severability. If a court, which has jurisdiction, finds that any provision of this Agreement is invalid, unenforceable or void, the remainder of this Agreement shall remain in full force and effect.

The parties hereto have executed this Agreement as of the Effective Date.

DISTRICT:

Northern Inyo Local Hospital District
A California Healthcare District

By: _____
Name: John Halfen
Title: C.E.O.

Address: 150 Pioneer Lane
Bishop, CA 93514

CONSULTANT:

John S. Williamson MD

Signature _____
Address: 343 Elm Street Suite 400
Reno, NV 89503