



Northern Inyo County Local Hospital District

**Board of Directors Regular Meeting**

**Wednesday July 20, 2011; 5:30pm**

*Board Room  
Northern Inyo Hospital*

***DRAFT AGENDA***  
**NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT**  
**BOARD OF DIRECTORS MEETING**  
**July 20, 2011 at 5:30 P.M.**  
***In the Board Room at Northern Inyo Hospital***

1. Call to Order (at 5:30 P.M.).
2. Opportunity for members of the public to comment on any items on this Agenda.
3. Approval of minutes of the June 15 2011 regular meeting.
4. Financial and Statistical Reports for the month of May 2011; John Halfen.
5. Administrator's Report; John Halfen.
  - A. Building Update
  - B. Orthopedic services update
  - C. Physician Recruiting Update
  - D. ACHD Training
  - E. Other
6. Chief of Staff Report; Robbin Cromer-Tyler, M.D..
7. Old Business
  - A. Temporary CC&R waiver request for Pioneer Medical Associates for 152 Pioneer Lane, Suite A (*action item*).
8. New Business
  - A. Construction Change Order Requests (*action items*):
    1. COR 131; Canopy Revisions (IB 30, 89, 93, 108, 121, 168)
    2. COR 216; ED Door Size Change
    3. COR 224; IB 233 North Mechanical Room
    4. COR 225; IB 35 Server Room
  - B. ICD-10 Services Agreement (*action item*).
  - C. Northern Inyo Hospital Auxiliary Purchases (*action item*).
  - D. District Board Calendar, Fiscal year 2011/2012 (*information item*).
  - E. Orthopedic Services Director Agreement (*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 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 Strocak, Inc. (Government Code Sections 910 et seq., 54956.9).
  - F. Conduct Board of Directors Annual Self Assessment (Government Code Section 54597).
12. Return to open session, and report of any action taken in closed session.
  13. Board of Directors Self Assessment (*discussion item*).
  14. Opportunity for members of the public to address the Board of Directors on items of interest.
  15. Adjournment.

**THIS SHEET**

**INTENTIONALLY**

**LEFT BLANK**

- CALL TO ORDER                    The meeting was called to order at 5:32 pm by Peter Watercott, President.
- PRESENT                            Peter Watercott, President  
John Ungersma, M.D., Vice President  
M.C. Hubbard, Secretary  
Denise Hayden, Treasurer  
D. Scott Clark, M.D., Director
- ALSO PRESENT                    John Halfen, Administrator  
Robbin Cromer-Tyler, M.D., Vice Chief of Staff  
Douglas Buchanan District Legal Counsel  
Sandy Blumberg, Administration Secretary
- ALSO PRESENT FOR  
RELEVANT PORTION(S)         Dianne Shirley, R.N. Performance Improvement Coordinator
- PUBLIC COMMENT                 Mr. Watercott asked if any members of the public wished to comment on any items listed on the agenda for this meeting. No comments were heard.
- MINUTES                            The minutes of the May 18 2011 regular meeting were approved.
- FINANCIAL AND  
STATISTICAL REPORTS         Mr. Halfen called attention to the financial and statistical reports for the month of April 2011. He noted the statement of operations shows a bottom line excess of revenues over expenses of \$508,478. Mr. Halfen additionally called attention to the following:
- CHIEF OF STAFF  
REPORT
  - *Inpatient service revenue was over budget and outpatient service revenue was under budget*
  - *Total expenses were under budget*
  - *Salaries and wages and employee benefits expense were both under budget*
  - *Professional Fees expense was over budget*
  - *The Balance Sheet showed no significant change*
  - *Total net assets continue to grow*
  - *Year-to-date net income totals \$5,248,224*

Mr. Halfen noted cash and cash equivalents continue to fluctuate in order to help fund the hospital rebuild project. The balance sheet shows no significant changes, and total net assets are now \$51,825,716 as compared to \$46,893,788 at the end of 2010. The income statement is 3.8 million under budget for the year, however thanks to a large prior period adjustment being made the hospital's bottom line is extremely profitable for the year. Employee benefits expense and total expenses are under budget for the year, and Mr. Halfen expects total net income for this fiscal year to come in around 5.5 million. He additionally noted the hospital's investments remain stable at this time. Following review of the reports provided it was moved by Denise Hayden, seconded by John Ungersma,

ADMINISTRATOR'S  
REPORT

M.D., and passed to approve the financial and statistical reports for the month of April as presented.

BUILDING UPDATE

John Hawes with Turner Construction Company reported the building project is progressing well and on schedule, and the scaffolding around the building will come down in the next week. The exterior windows are almost completely installed; site work continues; and the chillers should be fired up in approximately 4 weeks. Work on the central plant is ongoing and painting inside the main building will begin by the end of June. Overhead utilities have passed inspection and overall construction is going well with only minor hiccups. Elevators will arrive and begin to be installed by the second week in July. Rick Casa, Project Executive with Turner Construction was present at this meeting and stated his feeling that the quality of construction on the new hospital building is exceptional. It was additionally noted that Turner will host an appreciation luncheon and barbeque for hospital staff and for contractors working on the project on June 22nd. Tours of the new building will be offered to members of the media and to interested hospital employees.

SECURITY

Mr. Halfen called attention to the Security report for the month of April 2011, which contained no significant security issues.

ORTHOPEDIC SERVICES  
UPDATE

Mr. Halfen reported negotiations continue to bring an orthopedic surgeon from New York to practice at Northern Inyo Hospital, and he expects to receive a response from the surgeon sometime next week.

PHYSICIAN  
RECRUITING UPDATE

Physician searches also continue for primary care doctors to practice in the medical clinics and at the Rural Health Clinic; and for a full-time OB/GYN physician to replace David Greene, M.D. who is moving out of the area in the near future. Locums' coverage has also been obtained for Lara Jeanine Arndal, M.D., who will go out on maternity leave during the month of October. Recruitment efforts also continue for a new Director of Nursing to replace Susan Batchelder, R.N. who will be retiring in December.

CHIEF OF STAFF  
REPORT

Vice Chief of Staff Robbin Cromer-Tyler, M.D. reported that Medical Staff officers for the upcoming fiscal year will be as follows:

- Chief of Staff: *Robbin Cromer-Tyler, M.D.*
- Vice Chief of Staff: *Amr Ramadan, M.D.*
- Immediate Past Chief of Staff: *Helena Black, M.D.*

Additionally, the following physicians will serve as Service Chiefs for the following areas:

- Chief of Dental Service: *Emery J. Duncan, D.D.S.*
- Chief of Emergency Room Service: *Jennie Walker, M.D.*
- Chief of Medicine/Intensive Care: *Asao Kamei, M.D.*
- Chief of Obstetrics: *Lara Jeanine Arndal, M.D.*
- Chief of Pathology: *Kenneth Saeger, M.D.*

- Chief of Pediatrics: *Charlotte Helvie, M.D.*
- Chief of Radiology (Acting): *D. Scott Clark, M.D.*
- Chief of Surgery: *Tomi Bortolazzo, M.D.*

It was moved by Doctor Ungersma, seconded by Ms. Hayden, and passed to accept the roster of Medical Staff Officers and Chiefs of Service for fiscal year 2011/2012 as presented.

## OLD BUSINESS

### ANNUAL BYLAWS REVIEW

District Legal Counsel Douglas Buchanan referred to the Northern Inyo County Local Hospital District (NICLHD) Bylaws, which were presented for annual review. He proposed only minor changes, which are as follows:

1. In Article II, Section 1 ("*Scope of Bylaws*"), in the next-to-last line of the last paragraph change the word "hospital" to "health care"
2. In Article IV, Section I ("*Regular Meetings*"), in the second line change "second" to "third"
3. In Article VI, Section 1 ("*Appointment*"), in subdivision "m", opening line: Change "and" to "and/or"

Mr. Watercott noted that Article VI, Section 1.g.3 will need to be modified next year after Phase II of the construction project has been completed. It was also mentioned that a directors' self evaluation should be scheduled on an annual basis, and a calendar should be drawn up to reflect Board member responsibilities for each calendar year. Following brief discussion it was established that Board members will conduct an annual self-evaluation each July, and a calendar of activities will be drawn up for each calendar year. It was moved by Ms. Hubbard, seconded by Ms. Hayden, and passed to amend the District Bylaws including the three changes suggested by Mr. Buchanan.

### VALLEY EMERGENCY PHYSICIANS

Mr. Halfen reported that per a phone conversation with Steve Maron, M.D. following the May Board of Directors' meeting, Valley Emergency Physicians (VEP) has been informed of the District's intention to terminate their contract in 90 days. Doctor Maron indicated that he felt Valley had resolved all of the issues the Emergency Room (ER) physicians had with Valley's management, and he was surprised to hear about the termination request. Mr. Halfen has heard nothing further on this subject in the last 30 days and it is his belief that Valley will let the agreement lapse after the 90 day advance notification period has run out.

## 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 158; IB 203; Locate BSU panels in electric room & central plant
2. COR 161; IB 127; Wall and Floor Finish Update
3. COR 162; IB 227; Stair 2 connection and soffit framing
4. COR 163; IB 208; Moving of electrical panels
5. COR 164; IB 194; Multiple RFI responses
6. COR 165; IB 214; Exterior Framing Modifications
7. COR 169; IB 248; Clarification of ADA shower elevations

8. COR 171; RFI 1013; DF-1 ADA Drinking Fountains
9. COR 175; IB 232 Coordination of Piping Diagrams
10. COR 176; IB 226, Pipe Insulation for RWL in walls
11. COR 177; 2<sup>nd</sup> Floor HDPC Shower/Toilet floor drain modifications
12. COR 180, IB 162, Minor Framing/structural revisions
13. COR 182, IB 201 RFI 739, 744.1 and 762
14. COR 183; MEP Wall conflicts with bottom track RFI 814
15. COR 184; IB 238, Multiple Electrical RFI
16. COR 185, IB 258 Electrical RFI 982 and 986
17. COR 188; IB 222 anchorage of Radio Antenna
18. COR 189, IB 229 LDRP door details
19. COR 192; IB 228, revise wall mounted sink to counter top
20. COR 194; IB 204 Add/Removed FSD's
21. IB 196 IB 234 Misc. RFI's
22. COR 197, RFI 926-Step in North Canopy Grade Beam
23. COR 199; IB 123, Concrete pad and accessories for generator
24. COR 200; IB 119 CO 24 Interior finish reconciliation
25. COR 201; IB 250, Electrical coordination, headwalls & bed dockers  
COR 202, IB 76/77, Update medical equipment drawings and  
coordinate utilities
27. COR 203; IB 254 Pipe rack pump supports
28. COR 205; IB 255, Fireproofing at stair landing #1 columns

Ms. Sherry explained the need for each change order, and noted the amount requested brings the total for the project to \$49,000 over and above the guaranteed maximum on the agreement with Turner Construction Company. Following review of the changes needed, it was moved by Doctor Clark, seconded by Ms. Hubbard, and passed to approve all 28 change order requests and the \$49,000 cost overage as requested.

FISCAL YEAR 2011/2012  
BUDGET

Doctor Ungersma called attention to the proposed budget for fiscal year 2011/2012, which included the following budget assumptions:

1. No budgeted change to in-patient activity. Daily patient census will average 8.0 patients per day
2. There will be no budgeted change in the payer mix or services from current operations
3. Other Operating revenue will include \$1,065,615 from the District for Debt Service payments on the 2005 General Obligation Bond
4. The cost of supplies will increase at a 3.5% inflation rate
5. Wages and salaries will increase by 1.1% for cost of living adjustments effective as of the first payroll period in July. Total wages will increase an additional 3.8% for anniversary (step) increase and wage adjustments
6. It is expected that employee benefits will run about 63.3% of Wages and Salaries
7. Capital expenditures will be budgeted at \$.5M excluding the building project related capital purchases
8. A 6.8% across the board rate increase effective 7/1/11 will be required



9. The proposed budget produces approximately 4.7M of cash flow. Mr. Halfen noted he will review inflation and economic indicators during the month of January 2012 in order to determine whether or not a second Cost of Living Adjustment (COLA) to employee salaries is warranted. He also stated the proposed budget includes \$700,000 in additional salaries and wages to cover extra employee hours worked during the McKesson conversion; and an increase of \$654,000 is being made to the Hospital's annual pension plan contribution. Mr. Halfen additionally commented that he expects inflation to be significant in the next two years, and that capital expenditures need to continue to be carefully considered. He also reviewed the budget for the McKesson conversion, and noted the expected *Go Live* date for the new Hospital Information System (HIS) conversion is January 1, 2012. Following review of the information provided it was moved by Ms. Hubbard, seconded by Doctor Clark, and passed to approve the proposed 2011/2012 fiscal year budget, with Directors Watcrott and Hayden abstaining from the vote.

SUDDENLINK  
CONNECTION TO  
BIRCH STREET ANNEX

Mr. Halfen asked for ratification of a \$33,900 expense to have Suddenlink connect the Birch Street Annex to the Hospital information network. The connection of the Birch Street property will add additional office and meeting room space, and further extend the hospital campus and its capabilities. It was moved by Doctor Clark, seconded by Ms. Hayden, and passed to approve the Suddenlink expense as requested.

APPROPRIATIONS  
LIMIT

Mr. Halfen called attention to the annual appropriations limit calculation for fiscal year 2011/2012, as detailed in proposed Resolution 11-01. Following review of the information provided it was moved by Dr. Ungersma, seconded by Ms. Hubbard, and passed to approve the annual Appropriations Limit as requested.

EASTERN SIERRA  
EMERGENCY  
PHYSICIANS  
CONTRACT

Mr. Halfen also called attention to a proposed agreement with Eastern Sierra Emergency Physicians to replace the Valley Emergency Physicians agreement once it is terminated. Following review of the contract presented it was moved by Doctor Ungersma, seconded by Doctor Clark, and passed to approve the proposed agreement with Eastern Sierra Emergency Physicians to be effective on whatever day works best for the Hospital District (following the termination of the contract with Valley Emergency Physicians).

INTER-  
GOVERNMENTAL  
TRANSFERS

Mr. Halfen mentioned at the time the subject of Inter-Governmental Transfers (IGT's) was brought up last month, Administration was undecided as to whether or not they would be in the best interest of the Hospital District. Since that time it has been demonstrated that IGT's could be worth \$200,000 to \$300,000 in revenue to the hospital, so Mr. Halfen requested ratification of a decision to participate in the program. It was moved by Dr. Ungersma, seconded by Ms. Hayden, and passed to approve the District's participation in the IGT program as requested.

TEMPORARY CC&R  
WAIVER; & MEDICAL  
DIRECTOR OF  
ORTHOPEDIC CLINIC  
EKG DEPARTMENT  
AGREEMENT WITH  
MARIA TOCZEK, M.D.

Mr. Halfen stated the agenda items regarding a temporary waiver of the Pioneer Medical Associates CC&R's; and a proposed *Agreement for Medical Director of the Orthopedic Clinic* will be tabled for discussion at a future meeting.

Mr. Halfen called attention to an agreement for services to the Electrocardiographic (EKG) Department with Maria Toczek, M.D., and noted it is simply a continuation of an existing agreement with the Doctor to read Electroencephalograms (EEG's) for the Hospital. It was moved by Ms. Hubbard, seconded by Doctor Ungersma, and passed to approve the proposed agreement with Dr. Toczek as a requested.

G.E. ANESTHESIA  
MONITORS

Surgery Unit Nurse Manager Barbara Stuhaan, RN called attention to a proposal to purchase new anesthesia monitors to replace existing equipment that is outdated and no longer supported by the company that manufactured it. She noted there will be an additional cost to interface the new equipment when the new Paragon HIS system is implemented; however the exact cost has yet to be determined. Ms. Stuhaan stated the anesthesiologists feel the new monitors will better suit their needs, and the monitors in use at this time have already lasted 15 years or twice their intended (normal) useful life. Further discussion revealed that Dr. Cowan is the physician most interested in purchasing the new Daytex monitors; however since the cost of the interface has yet to be determined the Board was reluctant to make a decision on this agenda item at this time. It was moved by Doctor Clark, seconded by Ms Hayden, and passed to table this item until such time that more information on the exact cost is available.

PENSION PLAN  
REPORT

Mr. Halfen called attention to the annual pension plan report and Actuarial Valuation prepared for the District by Milliman Corporation. He noted the plan is very healthy at this time; however Milliman suggests the Hospital increase its contribution by approximately \$654,000 per year in order to make sure it remains stable. Discussion followed on the fact that the plan is currently being funded at 125%, and Mr. Halfen stated he will work with Milliman to determine if anything can be done to lower the hospital's cost. Mr. Halfen requested the Board accept the pension plan report as presented and agree to fund at the rate recommended by Milliman as the worst case scenario. It was moved by Doctor Clark, seconded by Ms. Hubbard and passed to approve the pension plan report and funding recommendations as requested, with Directors Watercott and Hayden abstaining from the vote.

RHC STAFF  
AGREEMENT, ALICE  
CASEY

Mr. Halfen also called attention to a proposed Rural Health Clinic (RHC) Staff Physician Agreement with Alice Casey, M.D.. Doctor Casey is now seeing MediCal patients at the RHC in order to improve the reimbursement rate, resulting in a direct financial benefit for the Hospital. It was moved by Doctor Clark, seconded by Ms. Hubbard, and passed to approve the RHC Staff Agreement with Alice Casey M.D. as requested.

BOARD MEMBER  
REPORTS

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

PUBLIC COMMENT

In keeping with the Brown Act, Mr. Watercott 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. Tony Schapera, M.D., was in attendance and asked questions on the McKesson budget and on ARRA money, and also asked for an explanation of the IGT program. No further questions or additional comments were heard.

CLOSED SESSION

At 7:23 pm Mr. Watercott announced the meeting was being adjourned to closed session to allow the board of Directors to:

- A. Hear reports on the hospital quality assurance activities, and hear a report from the Medical Staff Executive Committee (Section 32155 of the Health and Safety Code, and Government Code Section 54962).
- B. Confer with legal counsel regarding action filed by John Nesson M.D. against Northern Inyo County Local Hospital District and other Defendants (Government Code Section 54956.9(a)).
- C. Confer with legal counsel regarding action filed by Stephen Johnson and Elizabeth Monahan-Johnson against Northern Inyo County Local Hospital District and other Defendants (Government Code Section 54956.9(a)).

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

RETURN TO OPEN  
SESSION AND REPORT  
OF ACTION TAKEN

At 7:40 pm the meeting returned to open session. Mr. Watercott announced that the Board took no reportable action.

PUBLIC COMMENT

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

ADJOURNMENT

The meeting was adjourned at 7:42 pm.

---

Peter Watercott, President

Attest:

---

M.C. Hubbard, Secretary

**THIS SHEET  
INTENTIONALLY  
LEFT BLANK**

**BUDGET VARIANCE ANALYSIS**

**May-11 PERIOD ENDING**

**In the month, NIH was**

		<b>-8%</b>	<b>under budget in IP days;</b>
	(	<b>0.000%</b>	<b>) equal to budget IP Revenue and</b>
	(	<b>0.6%</b>	<b>) over in OP Revenue resulting in</b>
<b>\$ 28,029</b>	(	<b>0.4%</b>	<b>) over in gross patient revenue from budget &amp;</b>
<b>\$ (509,956)</b>	(	<b>-10.6%</b>	<b>) under in net patient revenue from budget</b>

**Total Expenses were:**

<b>\$ 166,515</b>	(	<b>3.5%</b>	<b>) over budget. Wages and Salaries were</b>
<b>\$ 5,817</b>	(	<b>0.4%</b>	<b>) over budget and Employee Benefits</b>
<b>\$ 290,443</b>	(	<b>28.2%</b>	<b>) over budget.</b>
<b>\$ 36,233</b>			<b>of other income resulted in a net income of</b>
<b>\$ (448,865)</b>	<b>\$</b>	<b>(652,875)</b>	<b>under budget.</b>

**The following expense areas were over budget for the month:**

<b>\$ 290,443</b>	<b>28%</b>	<b>Employee Benefits</b>
		<b>Professional Fees include shortage for Tahoe</b>
<b>\$ 244,570</b>	<b>66%</b>	<b>Carson Radiology</b>
<b>\$ 32,029</b>	<b>14%</b>	<b>Bad Debt</b>

**Other Information:**

<b>48.80%</b>	<b>Contractual Percentages for month</b>
<b>37.42%</b>	<b>Contractual Percentages for Year</b>

**\$ 4,799,360 Year-to-date Net Revenue**

**Special Notes:**

**Depreciation is correcting for year**

**Participation in the Intergovernment Transfer Program required a \$363K deposit that is coding to contractuals. The Program should supply that back plus ~ \$300K more per projections received from California Hospital Association**

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

Month	Operations Checking Account				Time Deposit Month-End Balances									
	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	Total Revenue Bonds Funds	General Obligation Bond 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		
Prior Year														
June	(701,164)	10,880,268	10,090,323	88,781	33,086,873	960,184	26,490	2,640	3,824	718,518	7,897,886	1,941,127		
July	88,781	10,753,454	10,191,339	650,897	32,112,550	960,184	26,490	2,640	3,824	723,106	6,720,131	1,941,143		
August	650,897	5,605,016	5,416,671	839,242	30,865,987	960,184	26,590	2,814	18,924	723,138	7,183,224	1,941,159		
September	839,242	29,826,128	30,427,218	238,152	32,060,945	960,301	26,593	2,814	18,926	723,168	5,665,915	588		
October	238,152	6,928,121	6,894,086	272,187	28,514,689	394,548	26,593	2,814	4,026	723,197	3,963,503	593		
November	272,187	14,762,394	6,195,143	8,839,438	22,466,248	245,400	26,593	2,814	4,026	723,230	2,160,323	593		
December	8,839,438	11,892,778	10,224,299	10,507,916	24,092,498	826,410	26,596	2,815	4,027	723,261	1,884,461	593		

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

Investments as of May 31, 2011

Insttution	Certificate ID	Purchase Dt	Maturity Dt	Principal	YTM	Broker
LAIF (Walker Fund)	20-14-002 Walker	02-May-11	01-Jun-11	\$319,541	0.58%	Northern Inyo Hospital
United States Treasure Note-MBS	912828LF5	03-Sep-10	30-Jun-11	\$2,014,900	0.21%	Multi-Bank Service
<b>Total Short Term Investments</b>				<b>\$2,334,441</b>		
Florida Power Corp 1st Mortgage	341099-BZ-1	18-Jan-11	15-Jul-11	\$1,031,060	0.32%	Multi-Bank Service
United States Treasure Note-MBS	912828LG3	02-Sep-10	31-Jul-11	\$1,006,960	0.23%	Multi-Bank Service
United States Treasure Note-MBS	912828LG3.232	03-Sep-10	31-Jul-11	\$1,006,960	0.23%	Multi-Bank Service
United States Treasure Note-MBS	912828LV0	02-Sep-10	31-Aug-11	\$2,014,460	0.27%	Multi-Bank Service
United States Treasure Note-MBS	912828LW8	02-Sep-10	30-Sep-11	\$1,763,230	0.30%	Multi-Bank Service
Union National Bank & Trust CO-FNC	5L27278	19-Oct-09	19-Oct-11	\$250,000	2.00%	Financial Northeast Corp.
Credit Suisse 1st Boston USA Note	22541LAB9	02-Feb-10	15-Nov-11	\$541,865	1.36%	Multi-Bank Service
General Electric CAP Corp	36962G-T3-8	18-Jan-11	15-Nov-11	\$777,968	0.47%	Multi-Bank Service
Worlds Foremost Bank (FNC CD)	5X42688	18-Dec-08	18-Dec-11	\$100,000	4.40%	Financial Northeast Corp.
General Electric CAP Corp	36962GSX8	21-Dec-10	15-Feb-12	\$1,060,060	0.63%	Multi-Bank Service
BP CAP MKTS	05565ABG2	16-Dec-10	10-Mar-12	\$2,570,950	0.81%	Multi-Bank Service
First Republic Bank-Div of BOFA FNC	5L28639	20-May-10	20-May-13	\$150,000	2.40%	Financial Northeast Corp.
First Republic Bank-Div of BOFA FNC	5L28638	20-May-10	20-May-15	\$100,000	3.10%	Financial Northeast Corp.
<b>Total Long Term Investments</b>				<b>\$12,373,513</b>		
<b>Grand Total Investments</b>				<b>\$14,707,953</b>		

**Financial Indicators**

	Target	May-11	Apr-11	Mar-11	Feb-11	Jan-11	Dec-10	Nov-10	Oct-10	Sep-10	Aug-10	Jul-10	Jun-10
Current Ratio	>1.5-2.0	4.49	5.34	4.78	4.72	5.14	5.39	4.23	5.43	5.34	5.17	5.00	5.88
Quick Ratio	>1.33-1.5	3.87	4.30	4.15	4.20	4.62	4.88	3.54	4.65	4.72	4.62	4.45	5.43
Days Cash on Hand	>75	165.71	195.53	214.19	241.51	235.84	267.12	284.37	241.31	272.45	303.29	277.51	335.40



NORTHERN INYO HOSPITAL  
STATISTICS

MONTHS	SURGERIES						BIRTHS	ER			OP REFERRALS	ADMITS (M/NB)			PT DAYS (M/NB)			DISCH (W/NB)												
	IP		OP		TOTAL			ADMITTS				PT DAYS			PT DAYS															
	09	10	11	09	10	11		09	10	11		09	10	11	09	10	11		09	10	11									
2011	09	10	11	09	10	11	09	10	11	09	10	11	09	10	11	09	10	11	09	10	11									
JANUARY	46	26	28	109	95	88	155	121	116	48	47	36	594	604	600	3241	3157	3223	141	99	93	359	304	285	406	337	314	142	99	97
FEBRUARY	26	15	31	97	82	86	123	97	117	33	25	35	494	487	589	2988	3086	3109	96	81	94	245	209	204	278	235	238	100	83	83
MARCH	24	42	18	116	104	90	140	146	108	38	47	43	542	663	565	3579	3504	3537	124	120	76	296	254	212	338	301	284	127	115	86
APRIL	21	27	26	86	88	75	107	115	101	48	37	34	604	498	609	3424	3424	3207	100	84	74	216	231	242	251	288	273	102	90	75
MAY	36	27	21	91	92	79	127	119	100	21	14	9	708	594	488	3258	3157	3233	110	106	87	273	291	246	318	312	263	106	104	86
JUNE	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
JULY	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
AUGUST	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
SEPTEMBER	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
OCTOBER	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
NOVEMBER	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
DECEMBER	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
CALENDAR YEAR	153	137	124	499	461	418	652	598	542	204	195	193	2942	2846	2861	16490	16308	16309	571	490	426	1389	1289	1169	1591	1443	1322	577	491	427
MONTHLY AVERAGE	31	27	25	100	92	84	130	120	108	41	39	39	588	569	572	3,298	3,262	3,262	114	98	85	278	258	238	318	289	264	115	98	85

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													
JANUARY	606	622	742	434	330	192	86	77	34	206	188	242	165	167	185	470	668	100	1635	1619	1661	120	96	99	363	352	553	10	17	18	1457	1220	1352	5562	5356	5183	
FEBRUARY	477	542	644	182	313	190	51	51	41	195	201	251	153	147	155	435	456	91	1643	1522	1487	116	114	125	314	376	596	10	15	23	1374	1254	1207	4950	4991	4821	
MARCH	581	567	693	261	321	201	1	99	46	201	206	243	152	170	196	472	440	115	1904	1795	1786	121	117	139	428	449	712	43	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	159	87	40	49	187	234	244	131	183	190	656	109	107	1811	1622	1570	103	93	141	354	456	771	12	19	21	1373	1165	1164	5755	4862	5103	
JUNE	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	
JULY	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	
AUGUST	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
SEPTEMBER	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
OCTOBER	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
NOVEMBER	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
DECEMBER	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
CALENDAR YEAR	2914	3281	3375	1646	1430	912	303	324	209	987	1091	1228	762	828	885	2516	1811	502	8817	8362	8172	568	533	634	1839	2028	3387	61	70	103	7104	6437	6080	27517	26195	25487	
MONTHLY AVERAGES	583	656	675	329	286	182	61	65	42	197	218	246	152	166	177	503	362	100	1753	1672	1634	114	107	127	368	406	677	12	14	21	1421	1287	1216	5503	5239	5097	

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

**Northern Inyo Hospital**  
**Monthly Report of Capital Expenditures**  
**Fiscal Year Ending JUNE 30, 2010**  
**As of May 31, 2011**

<b>MONTH APPROVED BY BOARD</b>	<b>DESCRIPTION OF APPROVED CAPITAL EXPENDITURES</b>	<b>AMOUNT</b>
FY 2008-09	Coagulation Analyzer	25,000
FY 2009-10	Platelet Function Analyzer	9,000
	Birch Street Probably Cleanup and Improvements	271,636 *
	PMA-IT Server Room Wiring Project	34,625
	MRI Upgrade	325,318 *
	Nexus VOIP Telephone System	958,776
	Siemens Analyzers EXL/EXL200	250,940
	AMOUNT APPROVED BY THE BOARD IN PRIOR FISCAL YEARS TO BE EXPENDED IN THE CURRENT FISCAL YEAR	<u>1,875,295</u>
FY 2010-11	Back-Up Battery for CT	24,923 *
	McKesson Paragon Hospital Information System                      Capital Fees Only	2,687,694
	PenRad Mammography Software	20,000
	Kronos Workforce HR and Payroll	244,000
	AMOUNT APPROVED BY THE BOARD IN THE CURRENT FISCAL YEAR TO BE EXPENDED IN THE CURRENT FISCAL YEAR	<u>2,976,617</u>
	Amount Approved by the Board in Prior Fiscal Years to be Expended in the Current Fiscal Year	1,278,341
	Amount Approved by the Board in the Current Fiscal Year to be Expended in the Current Fiscal Year	<u>2,976,617</u>
	Year-to-Date Board-Approved Amount to be Expended	2,951,694
	Year-to-Date Administrator-Approved Amount	281,167 *
	Actually Expended in Current Fiscal Year	<u>621,877 *</u>
	Year-to-Date Completed Building Project Expenditures	0 *

**Northern Inyo Hospital  
 Monthly Report of Capital Expenditures  
 Fiscal Year Ending JUNE 30, 2010  
 As of May 31, 2011**

<b>MONTH APPROVED BY BOARD</b>	<b>DESCRIPTION OF APPROVED CAPITAL EXPENDITURES</b>	<b>AMOUNT</b>
	<b>TOTAL FUNDS APPROVED TO BE EXPENDED</b>	<u><u>3,854,738</u></u>
	<b>Total-to-Date Spent on Incomplete Board Approved Expenditures</b>	871,635
 Reconciling Totals:		
	Actually Capitalized in the Current Fiscal Year Total-to-Date	903,044
	Plus: Lease Payments from a Previous Period	0
	Less: Lease Payments Due in the Future	0
	Less: Funds Expended in a Previous Period	0
	Plus: Other Approved Expenditures	<u>2,951,694</u>
	<b>ACTUAL FUNDS APPROVED IN THE CURRENT FISCAL YEAR TOTAL-TO-DATE</b>	<u><u>3,854,738</u></u>

Donations by Auxiliary	0
Donations by Hospice of the Owens Valley	6,753
+Tobacco Funds Used for Purchase	0
	<u>0</u>
	<u><u>6,753</u></u>

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

\*\*Completed in prior fiscal year

**Northern Inyo Hospital**  
**Monthly Report of Capital Expenditures**  
**Fiscal Year Ending JUNE 30, 2010**  
**As of May 31, 2011**

<b>Administrator-Approved Item(s)</b>	<b>Department</b>	<b>Amount</b>	<b>Month Total</b>	<b>Grand Total</b>
STRYKER BIG WHEEL STRETCHER 30"	PACU	8,443		
HP DL380G7 SERVER	Information Technology	8,655		
TENT HEATER SYSTEM W/DUCT CANISTER	Safety & Risk Management	3,326		
REACH IN REFRIGERATOR	Dietary	4,267		
STAR TRAC S-UBx UPRIGHT BIKE	Physical Therapy	2,537		
Carpeting for Orthopedic Clinic	Orthopedic Clinic	3,813		
Vinyl Flooring for Orthopedic Clinic	Orthopedic Clinic	7,432		
Nexums VOIP Phone System	Information Technology	945		
2011 Honda Generator	Safety & Risk Management	2,533		
2 Ton Sanyo Heat Pump	Information Technology	3,871		
<b>MONTH ENDING MAY 2011</b>			<b>45,822</b>	<b>281,167</b>

# NORTHERN INYO HOSPITAL

## Balance Sheet

May 31, 2011

	<i>Current</i>	<i>Prior Month</i>	<i>FYE 2010</i>
	<i>Month</i>	<i>Prior Month</i>	<i>FYE 2010</i>
<b>Current assets:</b>			
Cash and cash equivalents	\$ 7,611,615	3,677,798	5,736
<b>Short-term investments</b>	8,252,876	11,274,536	30,262,716
Assets limited as to use	-	-	5,587,596
Plant Expansion and Replacement Cash	602	602	2,099,904
Other Investments (Partnership)	972,172	971,107	971,107
Patient receivable, less allowance for doubtful accounts \$319,699	8,756,347	9,034,936	7,953,621
Other receivables (Includes GE Financing Funds)	166,589	2,123,893	424,259
Inventories	2,374,835	2,370,666	2,378,072
Prepaid expenses	1,526,725	1,573,585	1,143,283
<b>Total current assets</b>	29,661,760	31,027,122	50,826,294
<b>Assets limited as to use:</b>			
Internally designated for capital acquisitions	826,415	826,379	745,008
Specific purpose assets	599,138	599,138	966,724
	1,425,553	1,425,517	1,711,732
<b>Revenue bond funds held by trustee</b>	2,688,329	2,531,834	7,541,783
Less amounts required to meet current obligations	-	-	5,587,596
<b>Net Assets limited as to use:</b>	4,113,882	3,957,351	3,665,918
<b>Long-term investments</b>	6,455,844	6,455,844	2,824,834
<b>Property and equipment, net of accumulated depreciation and amortization</b>	67,198,431	65,633,006	47,655,595
<b>Unamortized bond costs</b>	961,553	966,180	1,012,587
<b>Total assets</b>	108,391,471	108,039,502	105,985,228

# NORTHERN INYO HOSPITAL

## Balance Sheet

May 31, 2011

### Liabilities and net assets

	<i>Current</i>		
	<u>Month</u>	<u>Prior Month</u>	<u>FYE 2010</u>
<b>Current liabilities:</b>			
Current maturities of long-term debt	64,413	128,218	1,188,561
Accounts payable	821,896	727,437	952,032
Accrued salaries, wages and benefits	3,489,637	2,846,647	3,275,053
Accrued interest and sales tax	602,374	428,313	560,578
Deferred income	90,861	133,426	48,296
Due to third-party payors	1,542,881	1,542,881	2,616,629
Due to specific purpose funds	-	-	-
<b>Total current liabilities</b>	<u>6,612,061</u>	<u>5,806,921</u>	<u>8,641,148</u>
<b>Long-term debt, less current maturities</b>	49,020,816	49,020,816	49,020,816
Bond Premium	1,381,706	1,386,049	1,429,475
<b>Total long-term debt</b>	<u>50,402,523</u>	<u>50,406,865</u>	<u>50,450,292</u>
<b>Net assets:</b>			
Unrestricted	50,777,748	51,226,578	45,927,064
Temporarily restricted	599,138	599,138	966,724
<b>Total net assets</b>	<u>51,376,887</u>	<u>51,825,716</u>	<u>46,893,788</u>
 <b>Total liabilities and net assets</b>	 <u>108,391,471</u>	 <u>108,039,502</u>	 <u>105,985,228</u>

**NORTHERN INYO HOSPITAL**

**Statement of Operations**

*As of May 31, 2011*

	MTD	MTD			YTD	YTD			
	Actual	Budget	Variance \$	Variance %	Actual	Budget	Variance \$	Variance %	Prior YTD
<b>Unrestricted revenues, gains and other support:</b>									
In-patient service revenue:									
Routine	608,501	656,043	(47,542)	(7.3)	6,017,573	7,089,494	(1,071,921)	(15.1)	6,788,910
Ancillary	2,222,190	2,174,217	47,973	2.2	21,346,303	23,495,547	(2,149,244)	(9.2)	23,094,367
Total in-patient service revenue	2,830,691	2,830,260	431	0.000	27,363,876	30,585,041	(3,221,165)	-10.5%	29,883,276
Out-patient service revenue	5,083,594	5,055,996	27,598	0.6	54,017,920	54,637,354	(619,434)	(1.1)	57,822,995
<b>Gross patient service revenue</b>	<b>7,914,285</b>	<b>7,886,256</b>	<b>28,029</b>	<b>0.40</b>	<b>81,381,796</b>	<b>85,222,395</b>	<b>(3,840,599)</b>	<b>(4.5)</b>	<b>87,706,271</b>
<b>Less deductions from patient service revenue:</b>									
Patient service revenue adjustments	113,911	150,169	36,258	24.1	1,521,887	1,622,792	100,905	6.2	1,825,002
Contractual adjustments	3,493,233	2,918,991	(574,242)	(19.7)	31,225,213	31,543,941	318,728	1.0	34,649,401
Prior Period Adjustments	-	-	-	100.0	(4,399,823)	-	4,399,823	100.0	(3,448,494)
<b>Total deductions from patient service revenue</b>	<b>3,607,144</b>	<b>3,069,160</b>	<b>(537,984)</b>	<b>(17.5)</b>	<b>28,347,277</b>	<b>33,166,733</b>	<b>4,819,456</b>	<b>14.5</b>	<b>33,025,909</b>
<b>Net patient service revenue</b>	<b>4,307,140</b>	<b>4,817,096</b>	<b>(509,956)</b>	<b>-11%</b>	<b>53,034,518</b>	<b>52,055,662</b>	<b>978,856</b>	<b>2%</b>	<b>54,680,362</b>
Other revenue	37,274	31,955	5,319	16.6	386,119	345,323	40,796	11.8	352,699
Transfers from Restricted Funds for Other Operating Expenses	80,224	81,238	(1,014)	(1.3)	882,466	877,896	4,570	0.5	925,990
<b>Total Other revenue</b>	<b>117,498</b>	<b>113,193</b>	<b>4,305</b>	<b>3.8</b>	<b>1,268,585</b>	<b>1,223,219</b>	<b>45,366</b>	<b>3.7</b>	<b>1,278,689</b>
<b>Total revenue, gains and other support</b>	<b>4,424,638</b>	<b>4,930,289</b>	<b>(505,651)</b>	<b>3.7</b>	<b>54,303,103</b>	<b>53,278,881</b>	<b>1,024,222</b>	<b>3.7</b>	<b>55,959,051</b>
<b>Expenses:</b>									
Salaries and wages	1,669,898	1,664,081	(5,817)	(0.4)	17,254,055	17,982,820	728,765	4.1	18,066,079
Employee benefits	1,320,721	1,030,278	(290,443)	(28.2)	11,117,567	11,133,632	16,065	0.1	11,721,094
Professional fees	613,996	369,426	(244,570)	(66.2)	4,776,239	3,992,189	(784,050)	(19.6)	5,240,046
Supplies	526,032	574,343	48,311	8.4	5,157,135	6,206,595	1,049,460	16.9	6,199,994
Purchased services	222,973	259,439	36,466	14.1	2,668,173	2,803,610	135,437	4.8	3,269,390
Depreciation	19,708	297,260	277,552	93.4	2,668,345	3,212,326	543,981	16.9	2,712,171
Interest	104,343	106,100	1,757	1.7	1,157,307	1,146,567	(10,740)	(0.9)	1,301,291
Bad debts	255,406	223,377	(32,029)	(14.3)	2,105,448	2,413,911	308,463	12.8	2,228,799
Other	176,658	218,917	42,259	19.3	2,429,413	2,365,724	(63,689)	(2.7)	2,331,823
<b>Total expenses</b>	<b>4,909,736</b>	<b>4,743,221</b>	<b>(166,515)</b>	<b>(3.5)</b>	<b>49,333,681</b>	<b>51,257,374</b>	<b>1,923,693</b>	<b>3.8</b>	<b>53,070,688</b>
<b>Operating income (loss)</b>	<b>(485,098)</b>	<b>187,068</b>	<b>(672,166)</b>	<b>7.2</b>	<b>4,969,422</b>	<b>2,021,507</b>	<b>2,947,915</b>	<b>(0.1)</b>	<b>2,888,363</b>
<b>Other income:</b>									
District tax receipts	42,565	44,549	(1,984)	(4.5)	468,213	481,417	(13,204)	(2.7)	573,524
Interest	43,676	16,445	27,231	165.6	296,290	177,711	118,579	66.7	203,370
Other	5,948	4,956	992	20.0	52,913	53,560	(647)	(1.2)	58,059
Grants and Other Non-Restricted Contributions	-	5,382	(5,382)	(100.0)	121,432	58,159	63,273	108.8	123,289
Partnership Investment Income	25,928	-	25,928	N/A	25,928	-	25,928	-	51,855
Net Medical Office Activity	(81,883)	(54,390)	(27,493)	113.9	(1,134,837)	(587,751)	(547,086)	(93.1)	(574,654)
<b>Total other income, net</b>	<b>36,233</b>	<b>16,942</b>	<b>19,291</b>	<b>114</b>	<b>(170,062)</b>	<b>183,096</b>	<b>(353,158)</b>	<b>(192.9)</b>	<b>435,442</b>
<b>Excess (deficiency) of revenues over expenses</b>	<b>(448,865)</b>	<b>204,010</b>	<b>(652,875)</b>	<b>(320)</b>	<b>4,799,360</b>	<b>2,204,603</b>	<b>2,594,757</b>	<b>117.7</b>	<b>3,323,805</b>
Contractual Percentage	48.80%	41.75%			37.42%	41.75%			40.20%



# NORTHERN INYO HOSPITAL

## Statement of Operations--Statistics

*As of May 31, 2011*

	Month		Month		Variance		YTD Actual		YTD Budget		Year	
	Actual	Budget	Variance	Percentage	Variance	Percentage	Actual	Budget	Variance	Percentage	Variance	Percentage
<b>Operating statistics:</b>												
Beds	25	25	N/A	N/A			25	25	N/A	N/A		
Patient days	246	267	(21)	0.92			2,419	2,884	(465)			0.84
Maximum days per bed capacity	775	775	N/A	N/A			8,375	8,375	N/A	N/A		
Percentage of occupancy	31.74	34.45	(2.71)	0.92			28.88	34.44	(5.56)			0.84
Average daily census	7.94	8.61	(0.68)	0.92			7.22	8.61	(1.39)			0.84
Average length of stay	3.19	3.14	0.05	1.02			3.04	3.14	(0.10)			0.97
Discharges	77	85	(8)	0.91			795	918	(123)			1
Admissions	78	85	(7)	0.92			797	918	(121)			1
Gross profit-revenue depts.	4,876,926	5,160,618	(283,692)	0.95			53,012,664	55,767,947	(2,755,283)			0.95
<b>Percent to gross patient service revenue:</b>												
Deductions from patient service revenue and bad debts	48.80	41.75	7.05	1.17			37.42	41.75	(4.33)			0.90
Salaries and employee benefits	37.51	34.11	3.40	1.10			34.70	34.11	0.59			1.02
Occupancy expenses	1.64	5.42	(3.78)	0.30			5.11	5.42	(0.31)			0.94
General service departments	6.26	5.54	0.72	1.13			6.01	5.54	0.47			1.08
Fiscal services department	5.47	5.11	0.36	1.07			5.31	5.11	0.20			1.04
Administrative departments	5.16	5.11	0.05	1.01			5.02	5.11	(0.09)			0.98
Operating income (loss)	(8.18)	0.85	(9.03)	(9.62)			3.91	0.85	3.06			4.60
Excess (deficiency) of revenues over expenses	(5.67)	2.59	(8.26)	(2.19)			5.90	2.59	3.31			2.28
<b>Payroll statistics:</b>												
Average hourly rate (salaries and benefits)	51.91	47.65	4.25	1.09			45.26	46.81	(1.55)			0.97
Worked hours	50,830.68	49,350.00	1,480.68	1.03			535,575.29	533,316.00	2,259.29			1.00
Paid hours	57,197.78	56,447.00	750.78	1.01			623,939.20	620,917.00	3,022.20			1.00
Full time equivalents (worked)	288.81	278.81	10.00	1.04			280.70	278.93	1.77			1.01
Full time equivalents (paid)	324.99	318.91	6.08	1.02			327.01	324.75	2.26			1.01

# NORTHERN INYO HOSPITAL

## Statements of Changes in Net Assets

As of May 31, 2011

	<u>Month-to-date</u>	<u>Year-to-date</u>
<b>Unrestricted net assets:</b>		
Excess (deficiency) of revenues over expenses	(448,864.60)	4,799,359.83
Net Assets due/to transferred from unrestricted	-	(80,957.53)
Interest posted twice to Bond & Interest	-	-
Net assets released from restrictions used for operations	-	50,875.00
<b>Net assets released from restrictions used for payment of long-term debt</b>	(80,224.16)	(882,465.76)
Contributions and interest income	35.49	81,406.95
<b>Increase in unrestricted net assets</b>	<u>(529,053.27)</u>	<u>3,968,218.49</u>
<b>Temporarily restricted net assets:</b>		
District tax allocation	-	916,840.13
Net assets released from restrictions	-	(1,300,083.99)
Restricted contributions	-	15,374.00
Interest income	-	284.07
Net Assets for Long-Term Debt due from County	80,224.16	882,465.76
<b>Increase (decrease) in temporarily restricted net assets</b>	<u>80,224.16</u>	<u>514,879.97</u>
<b>Increase (decrease) in net assets</b>	(448,829.11)	4,483,098.46
<b>Net assets, beginning of period</b>	51,825,715.61	46,893,788.04
<b>Net assets, end of period</b>	<u>51,376,886.50</u>	<u>51,376,886.50</u>

# NORTHERN INYO HOSPITAL

## Statements of Cash Flows

*As of May 31, 2011*

	<u>Month-to-date</u>	<u>Year-to-date</u>
<b>Cash flows from operating activities:</b>		
Increase (decrease) in net assets	(448,829.11)	4,483,098.46
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities: (correcting fund deposit)		
Depreciation	19,708.04	2,668,344.57
Provision for bad debts	255,406.20	2,105,447.91
Loss (gain) on disposal of equipment	-	916.63
(Increase) decrease in:		
Patient and other receivables	1,980,486.28	(2,650,503.79)
Other current assets	42,690.99	(380,205.42)
Plant Expansion and Replacement Cash	-	2,099,302.52
Increase (decrease) in:		
Accounts payable and accrued expenses	868,945.02	168,809.83
Third-party payors	-	(1,073,748.76)
<b>Net cash provided (used) by operating activities</b>	<u>2,718,407.42</u>	<u>7,421,461.95</u>
 <b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(1,585,133.57)	(22,211,209.73)
Purchase of investments	3,020,595.00	18,377,765.04
Proceeds from disposal of equipment	-	(887.36)
<b>Net cash provided (used) in investing activities</b>	<u>1,435,461.43</u>	<u>(3,834,332.05)</u>
 <b>Cash flows from financing activities:</b>		
Long-term debt	(68,147.66)	(1,171,916.82)
Issuance of revenue bonds	(156,495.61)	4,853,453.09
Unamortized bond costs	4,626.77	51,033.77
Increase (decrease) in donor-restricted funds, net	(35.49)	286,178.84
<b>Net cash provided by (used in) financing activities</b>	<u>(220,051.99)</u>	<u>4,018,748.88</u>
 <b>Increase (decrease) in cash and cash equivalents</b>	<u>3,933,816.86</u>	<u>7,605,878.78</u>
 <b>Cash and cash equivalents, beginning of period</b>	<u>3,677,797.84</u>	<u>5,735.92</u>
 <b>Cash and cash equivalents, end of period</b>	<u>7,611,614.70</u>	<u>7,611,614.70</u>

**THIS SHEET**

**INTENTIONALLY**

**LEFT BLANK**



June 16, 2011

John Ungersma  
Vice President  
Northern Inyo County Local Hospital District  
590 Rocking K Road  
Bishop, CA 93514

Dear John:

On behalf of the Association of California Healthcare Districts (ACHD), we would like thank you for attending the ACHD 59<sup>th</sup> Annual Meeting at the Hyatt Regency Lake Tahoe, Incline Village, Nevada. We hope you enjoyed the event.

As you are probably well aware, state law (AB 1234) requires that local officials that receive compensation, salary, stipends, or expense reimbursements must receive training in public service ethics laws and principles *every two years*. The requirement applies not only to the governing body of a local agency, but also commissions, committees, boards, or other local agency bodies, whether permanent or temporary, decision-making or advisory.

- Newly elected and appointed local agency officials must receive their first training within one year of commencing service. Thereafter, ethics training is required every two years.
- The training must cover ethics principals relating to public service and ethics laws, defined as including:
  1. Personal financial gain by public officials (including bribery and conflict of interest laws);
  2. Office-holder perks, including gifts and travel restrictions, personal and political use of public resources;
  3. Governmental transparency laws, including financial disclosure requirements and open government laws (the Brown Act and Public Records Act);
  4. Fair processes, including fair contracting requirements, common law bias requirements and due process.

According to our records, you attended the AB 1234 Ethics Training at the ACHD 59<sup>th</sup> Annual Meeting, May 11-13, 2011. This training met the requirements of state law. Enclosed is your Certificate of Completion for this training. According to state law, your next compliance training session will be required in the year 2013, but no later than December 31, 2013.

Once again, thank you for attending the ACHD 59<sup>th</sup> Annual Meeting and the AB 1234 Ethics Training program.

Sincerely,

Christine Chapman  
Member Services Director

CC: John Halfen

# NORTHERN INYO HOSPITAL

## SECURITY REPORT

MAY 2011

### FACILITY SECURITY

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

Construction gates were found open three times during this period.

### HUMAN SECURITY

On May 11<sup>th</sup> a spray of water was reported coming from the roof of the new Hospital building. The source was found to be a leaking water hose being used for the exterior finish construction of the building. The water was found to be draining normally into a roof drain. No further action was taken.

On May 13<sup>th</sup> a female subject was found wandering about the halls of the Hospital. When contacted by Security Staff, this person could not explain her reason for being at the Hospital. She was asked to leave and advised she was welcome to return if she had a legitimate need. She left unhappy, but without incident.

On May 14<sup>th</sup> this same subject was again found inside the Hospital. Once again it was determined that she did not have a need for any service that Hospital Staff could provide. When asked to leave she became angered. She was advised that her presence at the Hospital could constitute a trespass and her failure to leave could result in her arrest. Upon being advised of trespass, she left the Hospital under a protest that included a small tantrum, laced with profanities and unbecoming gestures.

On May 16<sup>th</sup> Emergency Department Staff requested Security for an irrational patient. Security stood by until the patient was treated and discharged.

Security Staff provided law Enforcement assistance on thirteen occasions during this period. Eleven were for Lab BAC's.

Security Staff provided patient assists twenty nine times this month.

Srd

061511

(1)

**THIS SHEET**

**INTENTIONALLY**

**LEFT BLANK**

**July Board COR'S**

		Requested	Unfunded*
131	IB 30, 89, 93, 108, 121, 168 Canopy	\$59,169	
216	IB 252 ED Door Size change	\$24,056	
224	IB 233 North Mechanical Room	\$225,449	\$150,000
225	IB 35 Server Room	\$398,872	
	TOTALS	\$707,546	\$150,000

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



**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

May 25, 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 - 131**

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.

<b>PCO No</b>	<b>Description</b>	<b>Amount</b>
266	Canopy Scope Change - StroCal to WestCo	(\$21,113.99)
131	IB 093 Structural Portion of IB 89 and Revision to Covered walkways	\$4,068.41
103	IB 089 - Delete gap in Covered Walkway roofs at 2 locations - between Radiology bldg and New bldg.; and between Existing Hospital and New bldg.	\$2,892.74
064	IB 030 - Covered walkway revisions and corridor connection to existing hospital.	\$2,529.71
147	IB 108 Architectural coordination of IB 093	\$0.00
313A	Structural Steel and decking sequencing impact at Central Plant and decking portion of canopies	\$18,180.89
198	IB 121 Delete Covered Walkway at Support Building	(\$14,026.52)
299	IB 168 Finish Grade at Covered Walkway to Support	\$66,637.39

**Total Amount \$59,168.63**

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 **Fifty nine thousand one hundred sixty eight and 63/100 dollars (\$59,168.63)**. 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

**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

June 23, 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 - 216**

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.

<b>PCO No</b>	<b>Description</b>	<b>Amount</b>
441	IB 252 ED Door H1007 change from a 3' single to an unbalanced 5' door with auto operators.	\$24,055.75

**Total Amount            \$24,055.75**

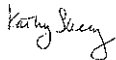
Funding Source: Owner Contingency

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 **Twenty four thousand fifty five and 75/100 dollars (\$24,055.75)**. 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: \_\_\_\_\_ Date: \_\_\_\_\_  
John Halfen  
CEO - Northern Inyo Hospital

cc: File



PCO No	Bdgt Code No	Description	COR/ TCO	Estimated Budget			Indicated Cost			Sub Cntr	(Savings) Overrun	
				Apprv Rev	Pend Rev	Approx Rev	Adjusted Estimate	Committed Cost	Uncommitted Cost			Indicated Cost
441 - 001	02-06-09100-3SD-06-001	IB 252 ED door to unbalanced	216/	0	2,641	0	2,641	0	2,641	CO	JOHGOR	0
441 - 002	02-06-08110-3SD-08-001	John Jory IB 252 ED door	216/	0	17,693	0	17,693	0	17,693	CO	ROYWHI	0
441 - 003	02-16-18000-3SD-08-001	REW IB 252 ED door	216/	0	2,557	0	2,557	0	2,557	CO	REXMEL	0
441 - 004	02-07-07210-3SD-08-001	Rex Moore IB 252 ED door	216/	0	169	0	169	0	169	CO	INSPRO	0
441 - Level 001	02-01-01837-3SD-02-001	IB 252 - Insulpro - ED Door Change.	216/	0	265	0	265	0	265	CO	TURCON	0
441 - Level 002	02-01-01831-3SD-06-001	Subguard (1.15%)	216/	0	233	0	233	0	233	CO	TURCON	0
441 - Level 003	02-01-01840-3SD-06-001	General Liability (1%)	216/	0	236	0	236	0	236	CO	TURCON	0
441 - Level 004	02-01-01860-3SD-06-001	Builder's Risk (1%)	216/	0	262	0	262	0	262	CO	TURCON	0
441 - Level 004	02-01-01860-3SD-06-001	Payment and Performance Bond (1.1%)	216/	0	262	0	262	0	262	CO	TURCON	0
Total 441	Open/Closed: Open			0	24,056	0	24,056	0	24,056			0
Project Totals:				0	24,056	0	24,056	0	24,056			0

**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

July 11, 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 - 224**

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, there are costs for CWP impeller changes per AAME, which was not incorporated into the IB. But it was confirmed that the cost should have been included in the IB, see email for confirmation from AAME.

<b>PCO No</b>	<b>Description</b>	<b>Amount</b>
437	IB 233 North Mechanical Room	\$225,449.21

**Total Amount            \$225,449.21**

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 hundred twenty five thousand four hundred forty nine and 21/100 dollars (\$225,449.21)**. 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: \_\_\_\_\_ Date: \_\_\_\_\_  
John Halfen  
CEO - Northern Inyo Hospital

cc: File

*John Halfen*  
*CMS*

PCO DETAILED REPORT  
Potential Change Orders

Print Date: 11-Jul-2011  
Print Time: 11:17 am

Turner Construction  
Project No.: 1495401  
Project Name: Northern Inyo Hospital Construction

PCO No	Blgt Code No	Description	COR/ TCO	Estimated Budget				Indicated Cost				Sub Cntr	(Savings) Overrun	
				Apprv Rev	Pend Rev	Approx Rev	Adjusted Estimate	Committed Cost	Uncommitted Cost	Indicated Cost	Type			
437	02-09-09100-3SD-06-001	IB 233 North Mechanical Room	224/	0	1,442	0	1,442	0	1,442	0	1,442	1,442 CO	JOHCOR	0
437 - 001	02-15-15000-3SD-06-001	John Jory IB 233 North Mechanical Roo	224/	0	207,838	0	207,838	0	207,838	0	207,838	207,838 CO	RAYHEA	0
437 - 002	02-16-16000-3SD-06-001	RHP IB 233 North Mechanical Room	224/	0	5,765	0	5,765	0	5,765	0	5,765	5,765 CO	REXMEL	0
437 - 003	02-13-13800-3SD-06-001	Rex Moore IB 233 North Mechanical Roo	224/	0	0	0	0	0	0	0	0	0 CO	TRAFR	0
437 - 004	02-80-80801-3SD-06-001	Transbay (NO COST) IB 233 North Mech	224/	0	1,072	0	1,072	0	1,072	0	1,072	1,072 CO	TURCON	0
437 - 005	02-01-01837-3SD-02-001	TCCo estimate of Mechanical proposal	224/	0	2,485	0	2,485	0	2,485	0	2,485	2,485 CO	TURCON	0
437 - Level 001	02-01-01831-3SD-06-001	Subguard (1.15%)	224/	0	2,186	0	2,186	0	2,186	0	2,186	2,186 CO	TURCON	0
437 - Level 002	02-01-01840-3SD-06-001	General Liability (1%)	224/	0	2,208	0	2,208	0	2,208	0	2,208	2,208 CO	TURCON	0
437 - Level 003	02-01-01860-3SD-06-001	Builder's Risk (1%)	224/	0	2,453	0	2,453	0	2,453	0	2,453	2,453 CO	TURCON	0
437 - Level 004	02-01-01860-3SD-06-001	Payment and Performance Bond (1.1%)	224/	0	2,453	0	2,453	0	2,453	0	2,453	2,453 CO	TURCON	0
Total 437	Open/Closed:Open			0	225,449	0	225,449	0	225,449	0	225,449	225,449		0
Project Totals:				0	225,449	0	225,449	0	225,449	0	225,449	225,449		0

# 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

July 12, 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 - 225**

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
165	IB 035 Server Room Redesign	\$398,871.84

**Total Amount            \$398,871.84**

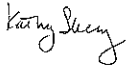
Funding Source: Owner Contingency

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 **Three hundred ninety eight thousand eight hundred seventy one and 84/100 dollars (\$398,871.84)**. 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: \_\_\_\_\_ Date: \_\_\_\_\_

John Halfen  
CEO - Northern Inyo Hospital

cc: File



**THIS SHEET**

**INTENTIONALLY**

**LEFT BLANK**

## ICD-10 SERVICES AGREEMENT

(Contract No. [\_\_\_\_\_])

This ICD-10 Services Agreement (hereinafter the "Agreement"), is entered into as of June 23, 2011, between Kforce Healthcare, Inc. ("KFORCE") with corporate offices at 1001 East Palm Avenue, Tampa, FL 33605 and Northern Inyo County Local Hospital ("CLIENT") with offices at 150 Pioneer Lane, Bishop, CA 93514.

**Whereas** KFORCE is in the business of providing consulting services relating to the transition to ICD-10 through its consultants (hereinafter "KFORCE Consultant"); and

**Whereas** CLIENT desires to receive such services.

**NOW THEREFORE**, in consideration of the covenants and the agreements contained herein, KFORCE and CLIENT agree as follows:

- 1. Scope of Services.** KFORCE shall provide consulting services to CLIENT as set forth in the Statement of Work ("SOW") attached hereto as Exhibit A. The parties may execute additional SOWs which shall reference, be subject to and incorporated in the terms and conditions of this Agreement. **IT IS UNDERSTOOD AND AGREED THAT KFORCE'S SERVICES MAY INCLUDE FINDINGS, SUGGESTIONS, AND RECOMMENDATIONS, BUT ALL DECISIONS OR IMPLEMENTATIONS ARISING OUT OF OR RELATING TO SUCH FINDINGS, SUGGESTIONS, AND RECOMMENDATIONS SHALL BE THE RESPONSIBILITY OF, AND MADE BY, CLIENT IN CLIENT'S SOLE DISCRETION. CLIENT SHALL BE SOLELY RESPONSIBLE FOR THE RESULTS OR CONSEQUENCES OF SUCH DECISIONS OR IMPLEMENTATIONS. KFORCE DOES NOT WARRANT ANY PARTICULAR RESULTS FROM ITS SERVICES, INCLUDING, BUT NOT LIMITED TO, ANY RESULTS FROM ITS SERVICES RELATED TO EDUCATION OF CLIENT AND/OR CLIENT'S EMPLOYEES.** KFORCE does not warranty any particular results in conjunction with the implementation of any suggestion and/or recommendation given by or on behalf of KFORCE. In connection with its services hereunder, KFORCE shall be entitled to rely on all decisions and approvals of CLIENT.
- 2. Pricing and Downtime.** Pricing for services shall be set forth in each SOW for services to be provided under that SOW. CLIENT recognizes that once dates of service have been agreed upon by the parties, KFORCE will dedicate the necessary KFORCE personnel to provide the requested services during the agreed upon time frame. Therefore, in addition to payment for services and expenses, CLIENT shall pay KFORCE for all Downtime hours, not to exceed eight (8) hours per Consultant per work day and forty (40) hours per Consultant per work week. "Downtime" is defined as time in which a KFORCE Consultant is scheduled and able to provide services under a SOW but is unable to provide those services because of CLIENT delays, CLIENT system unavailability, or acts, omissions of CLIENT and/or a CLIENT vendor, including but not limited to delay in granting KFORCE the necessary access to CLIENT's computer systems or CLIENT's failure to provide records to KFORCE for review.
- 3. Remote Services Requirements.** KFORCE shall provide CLIENT with information on any system requirements that will be necessary for CLIENT to access the KforceTraining Learning Management System. CLIENT shall ensure that it has all necessary system requirements prior to the commencement of services by KFORCE and at CLIENT's expense. CLIENT shall be responsible for all equipment and personnel required to scan and transmit the necessary electronic records to KFORCE. In transmitting records, CLIENT may use third-party software, hardware and ISP services. CLIENT is responsible for any security issue/breach that occurs during CLIENT'S transmission of records to KFORCE. KFORCE shall have no liability for errors or downtime caused by power outages, system unavailability, or other circumstances. CLIENT is responsible for providing hardware to KFORCE that meets the system requirements.
- 4. Disclaimer of Warranties. THIS IS A SERVICES ENGAGEMENT. KFORCE DISCLAIMS ALL WARRANTIES, EITHER EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.**



5. **Expenses.** CLIENT shall be responsible for all reasonable KFORCE Consultant expenses including airfare and all applicable ticketing fees (KFORCE Travel charges a \$50.00 service fee in addition to the cost of the ticket), car rental (including fuel costs), mileage of personal vehicle use based on current IRS regulations, airport parking, lodging, business telephone charges, gratuities, office supplies, and \$42.00 per diem for food, tolls, and non-airport parking. CLIENT agrees to notify KFORCE prior to the commencement of services of any fees associated with parking while at CLIENT's facility. KFORCE and CLIENT will work together in good faith to determine if those fees should be in addition to the per diem rate set forth above. All travel arrangements are made by KFORCE Travel and will be scheduled to cover the entire term of any assignment associated with this Agreement. In the event of an unforeseen end of the engagement, for any reason(s) other than work performance, CLIENT will be responsible for any expenses previously arranged and paid for, including deposits and cancellation fees, through the term of said engagement. Unless otherwise directed, KFORCE will purchase refundable tickets. If CLIENT directs KFORCE to purchase non-refundable tickets, CLIENT will be responsible for the cost of the airline tickets, even if the travel is cancelled.
6. **Ability to Pay.** CLIENT warrants that it is able and willing to pay for the services of KFORCE under this Agreement. CLIENT will provide KFORCE with suitable credit and financial information, as requested, including credit and financial references which CLIENT agrees that KFORCE may contact to obtain information about CLIENT. If KFORCE determines CLIENT'S credit rating or financial condition is unsatisfactory, in the discretion of KFORCE, then KFORCE may immediately terminate its obligations under this Agreement upon notification to CLIENT.
7. **Invoicing and Payment.** KFORCE shall submit invoices detailing charges to CLIENT related to the project set forth in the applicable SOW. Unless otherwise specified in a SOW, CLIENT shall pay to KFORCE the total amount set forth on each invoice upon receipt of the invoice (the "Due Date"). CLIENT shall pay interest on any amount not paid to KFORCE by the Due Date. The interest rate on any past due amounts will be the maximum rate of interest permitted by the laws of the state where the services are performed.
8. **Term.** This Agreement will remain in effect until terminated pursuant to Paragraph 9.
9. **Termination.**
  - a. **Termination of This Agreement.** This Agreement shall remain in effect until terminated by either party upon giving 15 days prior written notice at the addresses set forth in Paragraph 19; provided, however, that if the parties agree KFORCE shall complete any ongoing SOWs, then this Agreement and the obligations of the parties hereunder shall survive until such completion. Notwithstanding any other provision in this contract, either party may terminate this contract immediately if it has determined that the other has violated a material term of the Agreement. Notwithstanding the immediate termination, the non-breaching party has the option of providing the breaching party written notice of the breach and opportunity to cure the breach within thirty (30) days. CLIENT will pay KFORCE for all work performed up to and including the effective date of termination and for expenses incurred in accordance with Paragraph 5 above.
  - b. **Termination of SOW.** Either party may terminate a SOW by giving 15 days prior written notice to the other party at the address set forth in Paragraph 19; provided, however, that if the parties agree KFORCE shall complete any other outstanding SOWs, then this Agreement and the obligations of the parties hereunder and the applicable outstanding SOW shall survive until such completion. Notwithstanding any other provision in this contract, either party may terminate an SOW immediately if it has determined such other party has violated a material term of the Agreement or the SOW. Notwithstanding the immediate termination of an SOW, the non-breaching party has the option of providing the breaching party written notice of the breach and opportunity to cure the breach within thirty (30) days. CLIENT will pay KFORCE for all work performed up to and including the effective date of termination of the applicable SOW and for expenses incurred in accordance with Paragraph 5 above related to such SOW.
10. **Non-Solicitation.** Both parties acknowledge that each has a substantial investment in their respective employees and consultants. In consideration of this investment, the parties agree that

during the term of this Agreement, and for a twelve-month period thereafter (regardless of the reason for termination), neither party may solicit for employment, retain, employ, or contract with any employee or consultant of the other who is providing or has provided services related to this Agreement.

11. **Relationship of Parties.** Neither party shall represent itself to be the agent, employee, partner, or joint venture of the other party and may not obligate the other party or otherwise cause the other party to be liable under any contract or otherwise. KFORCE shall be solely responsible for payment of its taxes and payment of its employees, including payment of applicable federal income tax, social security, worker's compensation, unemployment insurance, and other legal requirements.
12. **Non-Exclusivity.** CLIENT acknowledges that KFORCE may enter into similar agreements with parties other than CLIENT for services similar to those which may be provided by KFORCE hereunder. Accordingly, CLIENT agrees that the agreement between the parties hereto shall not be deemed exclusive and that KFORCE may from time to time enter into similar agreements with third parties that may be CLIENT's competitor(s) with respect to the subject matter of the services.
13. **Confidentiality and Internal Use.**
  - a. CLIENT agrees that the services hereunder shall be solely for CLIENT's informational purposes and internal use, and are not intended to be and should not be used by any person or entity other than CLIENT. CLIENT further agrees that such services shall not be circulated, quoted, disclosed, or distributed to, nor shall reference to such services be made to, any person or entity other than CLIENT.
  - b. To the extent that, in connection with this engagement, KFORCE comes into possession of any proprietary or confidential information of CLIENT, KFORCE will not disclose such information to any third party without CLIENT's consent, except (a) as may be required by law, regulation, judicial or administrative process; (b) in connection with litigation pertaining hereto; or (c) to the extent such information (i) shall have otherwise become publicly available (including, without limitation, any information filed with any governmental agency and available to the public) other than as the result of a disclosure by KFORCE in breach hereof, (ii) is disclosed by CLIENT to a third party without substantially the same restrictions as set forth herein, (iii) becomes available to KFORCE on a non-confidential basis from a source other than CLIENT which KFORCE believes is not prohibited from disclosing such information to KFORCE by obligation to CLIENT, (iv) is known by KFORCE prior to its receipt from CLIENT without any obligation of confidentiality with respect thereto, or (v) is developed by KFORCE independently of any disclosures made by CLIENT to KFORCE of such information.
  - c. CLIENT agrees to keep KFORCE's work product, and the terms and existence of this Agreement, confidential and will not disclose the same to any third party, including any KFORCE competitor, without KFORCE's prior express written permission.
14. **HIPAA Compliance Statement.** To the extent KFORCE receives Protected Health Information (as defined by 45 CFR § 160.103) (hereinafter "PHI") and to the extent KFORCE meets the definition of Business Associate as set forth at 45 C.F.R. §160.103, or applicable successor provisions, the following requirements shall apply:
  - a. KFORCE shall not use or disclose any PHI other than to perform its normal duties under this contract (including proper management and administration) or as required by law.
  - b. KFORCE shall use appropriate safeguards to prevent use or disclosure of PHI other than as provided by this contract and shall report to CLIENT any use or disclosure of PHI not provided for by this contract of which KFORCE becomes aware.
  - c. KFORCE shall use appropriate safeguards to ensure any agent or subcontractor, to whom KFORCE provides PHI on behalf of CLIENT, agrees to the same restrictions and conditions that apply to Kforce with respect to such information.
  - d. Upon termination of this contract, KFORCE shall use its best efforts to return or destroy all PHI relating to CLIENT, or if such return is not feasible, KFORCE shall extend the protections of this

contract to such information and limit further use and disclosure to those purposes that make return or destruction infeasible.

- e. Notwithstanding any other provision in this contract, CLIENT may terminate this Agreement immediately if CLIENT has determined that KFORCE has violated a material term of this Section 14.
  - f. KFORCE shall report any unauthorized disclosures of PHI to CLIENT as soon as KFORCE becomes aware of the disclosure.
15. **Intellectual Property.** The products of this Agreement shall be the sole and exclusive property of CLIENT upon payment in full to KFORCE, free from any claim or retention of rights thereto on the part of KFORCE, its employees, or contractors. The parties agree that such products shall be works made for hire within the meaning of the U.S. Copyright Act and for all such products CLIENT shall have the right to obtain and to hold in its own name patents or copyrights or such other protection as may be appropriate to the subject matter and any extension or renewal thereof. KFORCE agrees to give CLIENT, and any other person designated by CLIENT, all assistance reasonably required to perfect its rights pursuant to this paragraph, and KFORCE agrees not to use, sell, transfer, assign, or plagiarize any product that belongs solely and exclusively to CLIENT.
16. **Limitations of Liability.**
- a. **IN NO EVENT SHALL KFORCE, ITS EMPLOYEES, CONSULTANTS, OR CONTRACTORS BE LIABLE FOR ANY LOSS OF REVENUE OR PROFITS, OR ANY INDIRECT, SPECIAL, INCIDENTAL, PUNITIVE OR CONSEQUENTIAL LOSSES OR DAMAGES, INCLUDING BUT NOT LIMITED TO LOSSES OR DAMAGES RELATING TO OVERBILLING OR INCORRECT BILLING, WHETHER IN CONTRACT, TORT, VIOLATION OF STATUTE OR REGULATION, OR OTHER LEGAL BASIS, EVEN IF THEY KNEW OR SHOULD HAVE KNOWN OF THE POSSIBILITY OF SUCH DAMAGES.**
  - b. **IN NO EVENT SHALL THE AGGREGATE LIABILITY OF KFORCE, ITS EMPLOYEES, CONSULTANTS, AND CONTRACTORS FOR ANY CLAIMS, LIABILITIES, LOSSES, DAMAGES OR EXPENSES OF ANY TYPE ARISING OUT OF SERVICES SUPPLIED UNDER THIS AGREEMENT EXCEED THE TOTAL FEES PAID BY CLIENT TO KFORCE UNDER THE SOW PERTAINING TO THE SERVICES IN QUESTION.**
  - c. **IN THE EVENT KFORCE UTILIZES THIRD PARTY SOFTWARE IN CONNECTION WITH ITS SERVICES, CLIENT AGREES THAT KFORCE SHALL HAVE NO LIABILITY FOR DAMAGES, LOST REVENUE, LOST PROFITS, MONETARY LOSSES, BILLING ERRORS, OR PROPERTY DAMAGE CAUSED BY THE USE OF SUCH SOFTWARE INCLUDING, BUT NOT LIMITED TO, THE LOSS OR CORRUPTION OF DATA.**
17. **Waiver of Jury Trial.** KFORCE AND CLIENT HEREBY IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER IN CONTRACT, STATUTE, TORT (SUCH AS NEGLIGENCE), OR OTHERWISE RELATING TO THIS ENGAGEMENT.
18. **Assignment.** Neither CLIENT nor KFORCE will assign, transfer, or subcontract any of its rights, obligations or duties under this Agreement without the prior written consent of the other party, with the exception that KFORCE may assign its rights, obligations, or duties under this Agreement to any of its affiliates or subsidiaries without the consent of CLIENT.
19. **Notices.** Any requirement to "notify", or for "notice" or "notification", in connection with the subject matter of this Agreement shall be in writing and shall be effective when delivered personally (including Federal Express, Express Mail, or similar courier service) to the party for whom intended, or five (5) days following deposit of the same into the United States mail, certified mail, return receipt requested, first class postage prepaid, addressed to such party at the address set forth below (or at such other address as such party shall designate in writing to the other party during the term of this Agreement):
- a. **If to the CLIENT:**  
Northern Inyo County Local Hospital

150 Pioneer Lane  
Bishop, CA 93514  
Attn.: \_\_\_\_\_

**b. If to KFORCE:**

Kforce Healthcare, Inc.  
1001 East Palm Avenue  
Tampa, FL 33605  
Attn: Contracts Management

**With a copy to:**

Kforce Healthcare, Inc.  
1001 East Palm Avenue  
Tampa, FL 33605  
Attn: President

20. **Survival.** The provisions of this Agreement concerning confidentiality, disclaimer of warranties, intellectual and other property rights, work product ownership, non-solicitation, limitation of liability, dispute resolution (if any) and this section regarding survival, shall survive any termination of this Agreement.
21. **Severability.** If one or more of the provisions contained in this Agreement for any reason is held to be invalid, illegal, or unenforceable in any respect by a court of competent jurisdiction, the same shall not affect any other provision in the Agreement, but this Agreement shall be construed as if the invalid, illegal, or unenforceable provision had never been contained in this Agreement.
22. **Headings.** The headings in this Agreement are for convenience of reference only and in no way define or limit any of the provisions hereof or otherwise affect their construction or effect.
23. **Binding Effect.** This Agreement shall be binding upon, and inure to the benefit of, the parties and their respective successors, legal representatives, and permitted assigns.
24. **Force Majeure.** Neither party shall be liable for failure or delay in performance of its obligations under this Agreement when such failure or delay is caused by acts of God, flood, hurricane, extreme weather, fire or other natural calamity, acts of governmental agencies, or similar causes beyond the control of such party. If, for any of the reasons set forth above, either party shall be unable to perform any obligation when due, such party shall immediately notify the other party of such inability and of the period over which such inability is expected to continue. Affected obligations of the parties shall be temporarily suspended during the period of Force Majeure and the time for performance under this Agreement shall, as applicable, be extended by the duration of any such period; provided, however, that if the delay continues for a period of 15 days or more, either party may terminate this Agreement by written notice to the other.
25. **Duly Authorized Signatures.** Each party represents and warrants that the person signing this Agreement on its behalf has been and is on the date of this Agreement duly authorized by all necessary corporate or other appropriate action to execute this Agreement.
26. **Sales Taxes.** Bill rates included in this Agreement and/or any Statement of Work issued hereunder are exclusive of any applicable state sales taxes or the equivalent thereof. In the event sales taxes are ever imposed on KFORCE'S services, CLIENT shall be solely responsible for payment of such state sales taxes and shall either remit payment for same to KFORCE, as invoiced, or shall provide to KFORCE a current resale exemption certificate, direct pay permit or other documentation exempting CLIENT from payment of such sales taxes.
27. **Entire Agreement; Amendment.** This Agreement together with any validly executed Statements of Work attached and incorporated herein, constitutes the entire agreement of the parties with respect to the subject matter of this Agreement and supersedes all prior and contemporaneous oral or written proposals, negotiations, and agreements concerning such subject matter, all of which are merged in this Agreement. This Agreement may not be amended or modified except by a further written agreement signed by the parties to this Agreement specifically referencing this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first written.

**Kforce Healthcare, Inc.**

**Northern Inyo County Local Hospital**

By:	By:
Printed Name:	Printed Name:
Title:	Title:
Date:	Date:

**EXHIBIT A**  
**STATEMENT OF WORK**

This Statement of Work ("SOW") effective as of \_\_\_\_\_ (the "Effective Date") is made by and between Northern Inyo County Local Hospital ("CLIENT"), having offices at 150 Pioneer Lane, Bishop, CA 93514, and Kforce Healthcare, Inc. ("KFORCE") having offices at 1001 East Palm Avenue, Tampa, Florida 33605 pursuant to the ICD-10 Services Agreement effective as of June 23, 2011 by and between CLIENT and KFORCE. This SOW sets forth the details of the consulting services KFORCE will provide to CLIENT.

**1. Description of Services:**

**a. ICD-10 Project Facilitation**

First, KFORCE will assign a KFORCE Consultant to serve as the ICD-10 Project Manager who will communicate with the CLIENT identified ICD-10 Project Lead(s) on an agreed-upon schedule and who will be responsible for coordinating training, managing assessments, timelines, deliverables, and status reports throughout the course of the project. Specifically, during the initial stage of the project the KFORCE ICD-10 Project Manager, with the assistance of the CLIENT ICD-10 Project Lead(s), will:

- **Identify** the CLIENT resources required for KFORCE to provide the services under this SOW
- **Develop** project implementation plan
- **Develop** milestones timeline
- **Develop** schedule for project status updates

Additionally, during the course of the project the KFORCE ICD-10 Project Manger will

- **Monitor** project task completion
- **Monitor** progress against milestones
- **Analyze** project progress and performance
- **Identify** areas where adjustments may be necessary
- **Adjust** the project tasks and any impacted deliverables/milestones

KFORCE will provide CLIENT with monthly reporting and status calls during the project via an agreed upon schedule. KFORCE will also provide CLIENT with a direct ICD-10 hotline for questions. KFORCE will respond to all questions directed to the ICD-10 hotline within 1-2 business days following receipt of the message(s). KFORCE will also provide a FAQ of all questions sent to the hotline as part of the monthly reporting process.

**b. Implementation Plan**

KFORCE will prepare CLIENT's implementation plan to correspond with the ICD-10 implementation period agreed upon by CLIENT and KFORCE. This implementation plan will be updated as necessary throughout the duration of the project and will identify milestones as well as internal and external resources and the estimated completion date for the project. Additionally, the implementation plan will be updated to address any problems and issues that arise and/or are discovered during the implementation process. Updates to the implementation plan may be requested by either party at any time through their respective ICD-10 Project Lead(s) or the KFORCE ICD-10 Project Manager. CLIENT's ICD-10 Project Lead(s) will approve or provide feedback on KFORCE's requested changes to the implementation plan within three (3) business days following receipt of the requested changes.

**c. ICD-10 Assessments**

i. **Baseline Coding Assessments**

KFORCE will conduct a baseline coding assessment for all CLIENT coders and coding management staff. Assessments will be administered online (if technology permits) and will take approximately one, to one-and-a-half hours to complete. The assessment will:

- **Assess** an individual's existing knowledge of ICD-9, Anatomy and Physiology and Terminology.
- **Assist** KFORCE in identifying education plans for each coding individual for ICD-10-CM and/ or PCS.

A report identifying the results of the baseline coding assessments will be provided to CLIENT within ten (10) business days following completion of the assessments.

ii. **Documentation Assessment**

KFORCE will conduct a remote review of 100 medical records selected by CLIENT and provided to KFORCE in an electronic format. These 100 medical records will consist of inpatient, outpatient, and professional fee accounts on the top 25 diagnosis codes and procedure codes or MS-DRG's at CLIENT. During the assessment KFORCE will:

- **Determine** if the current documentation required to appropriately assign diagnosis and procedure codes in ICD-10-CM/PCS is present.
- **Provide** insight into how current ICD-9-CM codes translate to ICD-10-CM/PCS codes.
- **Identify** diagnosis and procedures requiring additional specificity in ICD-10.
- **Identify** MS-DRGS most impacted by ICD-10.
- **Identify** educational opportunities.
- **Provide** a report with all recommendations for documentation improvement within ten (10) business days following the completion of the remote documentation assessment.

iii. **Continual Assessments:**

KFORCE will assess CLIENT coders and other CLIENT staff who have been assigned education for ICD-10 during the ICD-10 education plan. These assessments will allow KFORCE to provide feedback to CLIENT on whether the CLIENT staff is meeting the goals of his or her assigned education plan. The results of these assessments will be provided to CLIENT during monthly reporting.

d. **ICD-10 Education and Training**

KFORCE will provide the orientation and education for the number of individuals in each CLIENT job category identified in the chart below. KFORCE will also identify the resources CLIENT will need to provide at CLIENT's expense (which shall be in addition to the amount set forth in the Pricing section in Section 10 below) in order for KFORCE to provide the orientation and education. Once these determinations have been made, the KFORCE ICD-10 Project Manager will provide an ICD-10-CM/PCS education plan for each identified job category below (i.e., coders, physicians, etc.). Each education plan will identify the assigned courses which will be provided remotely via KforceTraining.

CLIENT has identified the below job categories and number of individuals within those job categories that will need some form of ICD-10 education and training:

Job Category	Headcount	Job Category	Headcount
ICD-10 Project Lead(s)	1	HIM Management	1
Senior Management/ Facility Leadership	15	Patient Access/Registration Admin	5
Inpatient Clinical Coders	2	Account Managers	2
Outpatient Clinical Coders	2	HR	0
IT	0	QA	0
Physicians	20	Case Managers	1
Nurses	2	Data Analysis	2
Pro-fee Coders	1	Claims	5
Compliance Officers	1	Risk Management	1
Clinical Documentation Staff	TBD		

Upon request, CLIENT shall provide the KFORCE ICD-10 Project Manager with additional details on how ICD-9 data impacts the specific roles in each of the above job categories.

Listed below are the estimated numbers of hours needed to complete the education courses for each job category identified. CLIENT recognizes that these are estimates only and it may take some CLIENT personnel additional time to complete his or her assigned courses. It shall be CLIENT's sole responsibility to monitor the number of hours used by each of its CLIENT employees to participate in this orientation and education and the day and time of day in which the CLIENT employees take the course(s). In addition to the terms set forth in the Agreement, KFORCE does not warrant any particular results with respect to the education it is providing pursuant to this SOW.

Training Hours by Job Category	
Job Category	Total Hours
Inpatient Clinical Coders	64
Outpatient Clinical Coders*	32
IT	3
Physicians	11
Nurses	14
Senior Management	6
Compliance Officers	9
HIM Management	17



Patient Access	3
Finance	3
HR	3
QA	9
Case Managers	9
Utilization	9

\* The Outpatient Clinical Coder's hours above are based on the assumption that the Outpatient Clinical Coders currently assign only ICD-9 diagnosis codes. In the event that CLIENT's Outpatient Clinical Coders currently assign ICD-9 diagnosis and procedure codes and will continue this practice after the implementation of ICD-10, the estimated number of hours of education shall increase to 64 hours in order to learn the ICD-10 CM and PCS system.

**e. Post-Implementation Support**

A post-implementation quality review ("Review") will be scheduled after the ICD-10 go-live date. For the Review, KFORCE will:

- **Perform** a review of 150 medical records selected by CLIENT for coding accuracy and medical record documentation as it impacts the accuracy of ICD-10-CM coding and the accurate MS-DRG or APR-DRG assignment. Cases chosen will be a random sample of inpatient, outpatient and pro-fee accounts to include a mix of payers.
  - **Review** physician documentation for specificity, completeness and quality to support coding accuracy.
  - **Identify** physician query opportunities.
  - **Identify** educational opportunities via the results of the coding quality and documentation analysis.
  - **Conduct** education with coders and/or physician staff based on results of the coding quality and documentation analysis.
  - **Conduct** an exit conference with CLIENT administration to review the findings. This meeting typically lasts 1-2 hours.
  - **Provide** a spreadsheet with suggested changes 1-2 weeks post Review. CLIENT is responsible for reviewing the suggested changes prior to KFORCE finalizing the Comprehensive Final Report.
  - **Provide** a Comprehensive Final Report along with areas of improvement and recommendations based on findings. Report to include facility and coder specific DRG accuracy rates and overall coding accuracy rates. This report is provided within 30-45 days of completion of the Review.
2. **On-Site Visits:** KFORCE will provide two KFORCE Consultants on each of three (3) visits to the CLIENT's location during the course of this project. This will include an initial visit, midpoint visit, and wrap up visit. All on-sites visit dates will be jointly agreed upon by KFORCE and CLIENT and identified in the implementation plan.
  3. **Resources:** KFORCE will provide training materials electronically to CLIENT. If CLIENT would prefer to use outside educational materials and resources in addition to or in lieu of the KFORCE training materials, additional costs will be assessed.
  4. **Invoicing and Payment:** KFORCE shall invoice CLIENT once every quarter beginning on the effective date of the SOW and will include which milestones have been completed during that quarter. KFORCE shall send the invoice to CLIENT along with information on which portion(s) of the implementation plan were completed during that quarter and the portion of the pricing that is due under that invoice. Payment shall be due upon receipt.

5. **Discovery:** CLIENT shall contact the KFORCE Project Manager upon discovery of any issues or concerns related to KFORCE's services.
6. **Additional Services:** Any additional requests for services and/or education beyond the scope of this SOW will be an additional cost to CLIENT. This includes but is not limited to situations in which any CLIENT personnel who have taken the training set forth in this SOW needs education in addition to the hours allotted above for that individual's job category.
7. **Downtime and Downtime Bill Rate:** CLIENT recognizes that once dates of service have been agreed upon by the parties, KFORCE will dedicate the necessary KFORCE personnel to provide the requested services during the agreed upon time frame. Therefore, in addition to payment for services and expenses, CLIENT shall pay KFORCE for all Downtime hours, not to exceed eight (8) hours per Consultant per work day and forty (40) hours per Consultant per work week. "Downtime" is defined as time in which a KFORCE Consultant is scheduled and able to provide services under a SOW but is unable to provide those services because of CLIENT delays, CLIENT system unavailability, or acts or omissions of CLIENT and/or a CLIENT vendor, including but not limited to delay in granting KFORCE the necessary access to CLIENT's computer systems or CLIENT's failure to provide records to KFORCE for review. The Downtime Bill Rate shall be \$35.00 per hour, per Consultant.
8. **Anticipated Start Date:** \_\_\_\_\_
9. **Anticipated End Date:** \_\_\_\_\_
10. **Pricing:** The total cost for this SOW is \$61,385.35 plus expenses pursuant to the terms of the Agreement. Notwithstanding the foregoing, this pricing is based on CLIENT's estimation of the type and number of CLIENT personnel that will require the ICD-10 training set forth in this SOW. If the number of CLIENT personnel exceeds five percent (5%) of the estimated number provided in Section 1(d) above, KFORCE has the right to adjust the pricing accordingly and CLIENT shall be required to pay said updated price.

IN WITNESS WHEREOF, the parties have executed this SOW as of the day and year first written.

**Kforce Healthcare, Inc.**

**Northern Inyo County Local Hospital**

By:	By:
Printed Name:	Printed Name:
Title:	Title:
Date:	Date:

**THIS SHEET**

**INTENTIONALLY**

**LEFT BLANK**

**NORTHERN INYO HOSPITAL AUXILIARY**

June 15, 2011

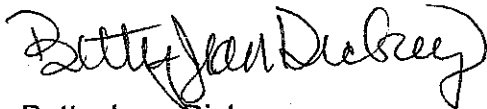
Andrew Stevens, RN  
ED Nurse Manager  
Northern Inyo Hospital

Dear Mr. Stevens,

The Northern Inyo Hospital Auxiliary is pleased to inform you that they have voted to purchase a Bladder Scanner with cart for use in your department. Per your request it will cost \$13,144.95. Funds will be available after September 2011 for this purchase. When that time comes, please inform Sharon Moore, Treasurer of the Auxiliary, when you have decided which company you are going to order from.

Again, we are please to be able to provide life saving equipment to the Northern Inyo Hospital.

Sincerely,



Betty Jean Dickey  
Corresponding Secretary  
Northern Inyo Hospital Auxiliary.

## NORTHERN INYO HOSPITAL AUXILIARY

June 15, 2011

Ann Wagoner, RN  
Nurse Manager OP/PACU  
Northern Inyo Hospital

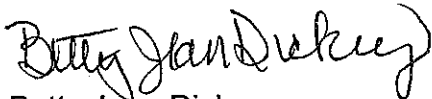
Dear Mrs. Wagoner,

The Northern Inyo Hospital Auxiliary is pleased to inform you that they have voted to purchase a transport monitor for use in your department. Per your request it will be between \$13,000 and \$15,000.

As soon as you have decided which company you wish to purchase from (GE/Datex or Phillips) you can order. Please inform Sharon Moore, Treasurer of the Auxiliary when you have decided which company you are going to order from.

Again, we are please to be able to provide life saving equipment to the Northern Inyo Hospital.

Sincerely,



Betty Jean Dickey  
Corresponding Secretary  
Northern Inyo Hospital Auxiliary.

## NORTHERN INYO HOSPITAL AUXILIARY

June 15, 2011

Patty Dickson, Department Manager  
Radiology  
Northern Inyo Hospital

Dear Ms. Dickson,

The Northern Inyo Hospital Auxiliary is pleased to inform you that they have voted to purchase a Mammo Viewer for use in your department. Per your request it will cost \$672.00. This can be ordered now. Sometime after September 2011, funds will be available for purchase of Mobile shield costing \$379.00.

Please inform Sharon Moore, Treasurer of the Auxiliary when you have decided which companies you are going to order from.

Again, we are please to be able to provide life saving equipment to the Northern Inyo Hospital.

Sincerely,



Betty Jean Dickey  
Corresponding Secretary  
Northern Inyo Hospital Auxiliary.

**NORTHERN INYO HOSPITAL AUXILIARY**

June 15, 2011

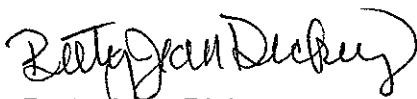
Barbara S. Smith RN  
Nurse Manager of the Medical Surgical Unit  
Northern Inyo Hospital

Dear Ms. Smith,

At this time the Hospital Auxiliary will not be considering your request for the blood pressure monitors. This year we will be purchasing a bladder scanner, mammo viewer, mobile shield, and a transport monitor.

Thank you for your request and do not hesitate to resubmit your request the next time the auxiliary has funds to purchase life saving equipment.

Sincerely,



Betty Jean Dickey  
Corresponding Secretary  
Northern Inyo Hospital Auxiliary

**NORTHERN INYO HOSPITAL AUXILIARY**

June 15, 2011

Kathryn Erickson RN  
Northern Inyo Hospital

Dear Ms. Erickson,

At this time the Hospital Auxiliary will not be considering your request for the Simulation Laboratory. This year we will be purchasing a bladder scanner, mammo viewer, mobile shield, and a transport monitor.

Thank you for your request and do not hesitate to resubmit a request the next time the auxiliary has funds to purchase life saving equipment.

Sincerely,



Betty Jean Dickey  
Corresponding Secretary  
Northern Inyo Hospital Auxiliary



**THIS SHEET  
INTENTIONALLY  
LEFT BLANK**

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

This Agreement is made and entered into on this \_\_\_\_ day of \_\_\_\_\_ 2011 by and between Northern Inyo County Local Hospital District ("District") and Peter Godleski, M.D. ("Physician").

**RECITALS**

- A. District, which is organized and exists under the California Local Health Care District Law, *Health & Safety Code section 32000, et seq.*, operates Northern Inyo Hospital ("Hospital"), a critical access hospital serving northern Inyo County, California, including the communities of Bishop and Big Pine.
- B. The District Board of Directors has found, by Resolution No. 09-01, that it will be in the best interests of the public health of the aforesaid communities to obtain a licensed physician and surgeon who is a board-certified/eligible specialist in the practice of Orthopedics, to practice in said communities, on the terms and conditions set forth below.
- C. Physician is a physician and surgeon, engaged in the private practice of medicine, licensed to practice medicine in the State of California, and a member of the American College of Surgeons. Physician desires to relocate his practice ("Practice") to Bishop, California, and practice Orthopedics in the aforesaid communities.

**IN WITNESS WHEREOF, THE PARTIES AGREE AS FOLLOWS:**

**I.  
COVENANTS OF PHYSICIAN**

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

- 1.01. Services.** Physician shall provide Hospital with the benefit of his direct patient care expertise and experience, and shall render those services necessary to enable Hospital to achieve its goals and objectives for the provision of Orthopedics Services. The scope of services to be performed by Physician is described in Exhibit A attached hereto and incorporated by reference herein. Physician shall provide Hospital with patient medical record documentation of all direct patient care services rendered hereunder; such documentation shall be submitted to Hospital on an ongoing basis, and shall be in the form, and contain the information, requested by the Hospital such that a complete medical record can be assembled.
- 1.02. Limitation on Use of Space.** No part of any offices provided by the District either by lease or other arrangement shall be used at any time by Physician as anything other than the private practice of Orthopedic medicine unless specifically agreed to, in writing, by the parties.

[Type text]

**DRAFT**

**1.03. Medical Staff Membership and Service: Physician shall:**

- a) Maintain Provisional or Active Medical Staff ("Medical Staff") membership with surgical privileges sufficient to support the needs of 100% of the orthopedic product line, consisting all of the physician service requirements 365 days a year, 24 hours a day, seven days a week, for the term of this Agreement.
- b) Provide on-call coverage to the Hospital's Emergency Services within the scope of privileges granted to him by Hospital and as required by this agreement.
- c) Secure, provide and retain the services of at least one other physician, credentialed by the Medical Staff with sufficient skills to provide relief coverage for Physician. Compensation to this physician will be the sole responsibility of the Physician.
- d) Maintain books, records, documents, and other evidence pertaining to all costs and expenses incurred, and revenue acquired, pursuant to this Agreement to the extent, and in such detail, as will properly reflect all net costs, direct and indirect, of labor, materials, equipment, supplies, services, and other costs and expenses of whatever nature, for which he may claim payment or reimbursement from the District. Physician acknowledges and agrees that any federal office authorized by law shall have access, for the purpose of audit and examination, to any books, documents, papers, and records of Physician which are relevant to this Agreement, at all reasonable times for a period of four (4) years following the termination of this Agreement, during which period Physician shall preserve and maintain said books, documents, papers, and records. Physician further agrees to transfer to the District, upon termination of this Agreement, any books, documents, papers or records which possess long-term [*i.e.*, more than four (4) years] value to the Hospital. Physician shall include a clause providing similar access in any sub-contract he may enter with a value of more than Ten Thousand Dollars (\$10,000) or for more than a twelve (12) month period, when said sub-contract is with a related organization.
- e) At all times comply with all relevant policies, rules and regulations of the Hospital, subject to California and federal statutes governing the practice of medicine.
- f) District expressly agrees that said services might be performed by such other qualified physicians as the Physician may employ or otherwise provide so long as each such physician has received proper training, is properly licensed, has been granted privileges by the Hospital Medical Staff, and has received approval in writing from the Hospital.

**II.**

**COVENANTS OF THE DISTRICT**

**2.01. Hospital Services.**

- a) Space. Hospital shall make the Offices available for the operation of Physician's Practice either through a direct let at no cost to the physician or through an arrangement with a landlord, also at no cost to the physician, other than the fees retained by the hospital (3.05).
- b) Equipment. In consultation with Physician, Hospital shall provide all equipment as may be reasonably necessary for the proper operation and conduct of Physician's practice. Hospital shall repair, replace or supplement such equipment and maintain it in good working order.

[Type text]

**DRAFT**

- 2.02. **General Services.** District shall furnish ordinary janitorial services, maintenance services, and utilities, including telephone service, as may be required for the proper operation and conduct of Physician's Practice.
- 2.03. **Supplies.** District shall purchase and provide all supplies as may be reasonably required for the proper treatment of Physician's Practice patients. Physician shall inform Hospital of supply needs in a timely manner and shall manage the use of supplies in an efficient manner that promotes quality and cost-effective patient care.
- 2.04. **Personnel.** District shall determine the initial number and types of employees and place them in the Practice initially. Physician and Hospital will mutually agree to subsequent staffing requirements. Physician shall not be required to maintain any personnel that he does not feel is appropriate for the practice.
- 2.05. **Business Operations.** District shall be responsible for all business operations related to operation of the Practice, including personnel management, billing and payroll functions. Physician will provide the appropriate billing codes, which will be used unless changed by mutual consent of the Physician and Hospital. Hospital will incur and pay all operating expenses of the Practice.
- 2.06. **Hospital Performance.** The responsibilities of District under this Article shall be subject to District's discretion and its usual purchasing practices, budget limitations and applicable laws and regulations.
- 2.07. **Practice Hours.** The District desires, and Physician agrees, that Physician's Practice shall operate on a full-time basis, maintaining hours of operation in keeping with the full time practice of one Orthopedic surgeon while permitting a surgery schedule sufficient to service the patients of the Practice. Specific shifts will be scheduled according to normal operating procedures of the Practice and will be mutually agreed upon with Physician.
- 2.08. **Time Off.** Physician may take up to 15 weeks per year off provided he is able to secure the services of another physician to assume his responsibilities.

### **III. COMPENSATION**

- 3.01. **Compensation.** During the term of this agreement, District shall guarantee Physician an annual income of \$1,000,000 payable to Physician at the higher of 50% of fees collected for services rendered in Section II or the rate of \$38461.54 every two (2) weeks, adjusted annually to reflected 50 % of fees collected so that payments will not exceed the minimum guarantee on an annualized basis. All payments shall be made on the same date as the District normally pays its employees.
- 3.02. **Malpractice Insurance.** Physician will secure and maintain his own malpractice insurance with limits of no less than \$1 million per occurrence and \$3 million per year. District will reimburse Physician eighty percent (80%) of the premiums for said insurance paid for by Physician.

**3.03. Billing for Professional Services.** Subject to section 2.05 above, Physician assigns to District all claims, demands and rights of Physician to bill and collect for all professional services rendered to Practice patients, for all billings for orthopedic services, for all billings consulting performed or provided by the Physician. Physician acknowledges that Hospital shall be solely responsible for billing and collecting for all professional services provided by Physician to Practice patients at Practice and for all orthopedic services performed at the Hospital, and for managing all Practice receivables and payables, including those related to Medicare and MediCal beneficiaries. Physician shall not bill or collect for any services rendered to Practice patients or Hospital patients, and all Practice receivables and billings shall be the sole and exclusive property of Practice. In particular, any payments made pursuant to a payer agreement (including co-payments made by patients) shall constitute revenue of the Practice. In the event payments are made to Physician pursuant to any payer agreement, Physician shall promptly remit the payments directly to Hospital.

**3.04. Retention.** Hospital will retain 50% of all fees collected from the activities of physician/practice in exchange for the services rendered in II above up to the guarantee amount.

#### **IV. TERM AND TERMINATION**

**4.01. Term.** The term of this Agreement shall be for three (3) years beginning on \_\_\_\_\_ 2011 and ending \_\_\_\_\_ 2014. The Agreement may be renewed, by written instrument signed by both parties, no later than 120 days before its expiration date.

**4.02. Termination.** Notwithstanding the provisions of section 4.01, this Agreement may be terminated:

- a) *(District legal counsel will draft a "moral turpitude" termination provision. He believes that there are several California Statute provisions that can be cited verbatim that will do the job for us.)*
- b) Immediately by Hospital in its sole discretion if Physician fails to maintain the professional standards described in Article V of this Agreement;
- c) Immediately upon closure of the Hospital or Practice;
- d) By either party upon written notice to the other party in the event that any federal, state or local government or agency passes, issues or promulgates any law, rule, regulation, standard or interpretation at any time while this Agreement is in effect that prohibits, restricts, limits or in any way substantially changes the arrangement contemplated herein or which otherwise significantly affects either party's rights or obligations under this Agreement; provided that in such event, Hospital must give notice to Physician equal to that provided to Hospital by the relevant federal, state or local government or agency. If this Agreement can be amended to the satisfaction of both parties to compensate for any such

\*subject to legal counsel

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

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

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

**4.04. Accounts Receivable.** Physician shall have no claim to the accounts receivable if this contract is discontinued for any reason prior to \_\_\_\_\_ 2021. After such time, physician will continue to receive collections from the accounts receivable.

## V.

### PROFESSIONAL STANDARDS

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

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

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

Physician based upon facts, which constitutes the above offenses, shall be a material breach of this Agreement.

**VI.**  
**RELATIONSHIP BETWEEN THE PARTIES**

**6.01. Professional Relations.**

- a) Independent Contractor. No relationship of employer and employee is created by this Agreement. In the performance of Physician's work and duties, Physician is at all times acting and performing as an independent contractor, practicing the profession of medicine. District shall neither have nor exercise control or direction over the methods by which Physician performs professional services pursuant to this Agreement; provided, however, that Physician agrees that all work performed pursuant to this Agreement shall be in strict accordance with currently approved methods and practices in Physician's professional specialty and in accordance with the standards set forth in this Agreement.
- b) Benefits. Except as specifically set forth in this Agreement, it is understood and agreed that Physician shall have no claims under this Agreement or otherwise against Hospital for social security benefits, worker's compensation benefits, disability benefits, or any other employee benefit of any kind, except as indicated below in 6.01.c. In addition, Hospital shall have no obligation to reimburse Physician for any costs or expenses associated with Physician's compliance with continuing medical education requirements.
- c) (open) \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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

**VII.**  
**GENERAL PROVISIONS**

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

[Type text]

**DRAFT**

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

Physician shall also make available such subcontract and the books, documents, and records of any subcontractor if that subcontractor performs any of the Physician's duties under this Agreement at a cost of \$10,000.00 or more over a twelve (12) month period, and if that subcontractor is organizationally related to Physician.

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

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

**7.03. Amendment.** This Agreement may be amended at any time by mutual agreement of the parties, but any such amendment must be in writing, dated, and signed by both parties.

**7.04. No Referral Fees.** No payment or other consideration shall be made under this Agreement for the referral of patients, by Physician, to Hospital or to any nonprofit corporation affiliated with District.

**7.05. Repayment of Inducement.** The parties stipulate and agree that the income guaranteed to Physician under this Agreement, and the covenants of the District to provide office space, personal, equipment, and certain other benefits, are the minimum required to enable Physician to relocate herself to Bishop, California; that she is not able to repay such inducement, and no such repayment shall be required.

**7.06. Assignment.** Physician shall not assign, sell, transfer or delegate any of the Physician's rights or duties, including by hiring or otherwise retaining additional physicians to perform services pursuant to this Agreement, without the prior written consent of Hospital.

[Type text]

**DRAFT**



- 7.07. **Attorneys' Fees.** If any legal action or other proceeding is commenced, by either party, to enforce rights, duties, and/or responsibilities under this Agreement, the prevailing party shall be entitled to recover reasonable attorney's fees and costs. As used in this Section 7.07, the term "prevailing party" shall have the meaning assigned by Section 1032(a)(4) of the California Code of Civil Procedure.
- 7.08. **Choice of Law.** This Agreement shall be construed in accordance with, and governed by, the laws of the State of California.
- 7.09. **Exhibits.** All Exhibits attached and referred to herein are fully incorporated by this reference.
- 7.10. **Notices.** All notices or other communications under this Agreement shall be sent to the parties at the addresses set forth below:

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

Physician: Peter Godleski, M.D.  
152 Pioneer Lane, Suite A  
Bishop, CA 93514

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

- 7.11. **Records.** All files, charts and records, medical or otherwise, generated by Physician in connection with services furnished during the term of this Agreement are the property of Practice. Physician agrees to maintain medical records according to Practice policies and procedures and in accordance with community standards. Each party agrees to maintain the confidentiality of all records and materials in accordance with all applicable state and federal laws. Hospital agrees to permit Physician to have access, during or after the term of the Agreement, to medical records generated by Physician if necessary in connection with claims, litigation, investigations, or treatment of patients.
- 7.12. **Prior Agreements.** This Agreement represents the entire understanding and agreement of the parties as to those matters contained in it. No prior oral or written understanding shall be of any force or effect with respect to the matters contained in this Agreement. This Agreement may be modified only by a writing signed by each party or his/its lawful agent.
- 7.13. **Referrals.** This Agreement does not impose any obligation or requirement that Hospital shall make any referral of patients to Physician or that Physician shall make any referral of patients to Hospital. The payment of compensation pursuant to section 3.01 is not based in any way on referrals of patients to Hospital.

- 7.14. **Severability.** If any provision of this Agreement is determined to be illegal or unenforceable, that provision shall be severed from this Agreement, and the remaining provisions shall remain enforceable between the parties.
- 7.15. **Waiver.** The failure of either party to exercise any right under this Agreement shall not operate as a waiver of that right.
- 7.16. **Gender and Number.** Use of the masculine gender shall mean the feminine or neuter, and the plural number the singular, and vice versa, as the context shall indicate.
- 7.17. **Authority and Executive.** By their signature below, each of the parties represent that they have the authority to execute this Agreement and do hereby bind the party on whose behalf their execution is made.
- 7.18. **Construction.** This Agreement has been negotiated and prepared by both parties and it shall be assumed, in the interpretation of any uncertainty, that both parties caused it to exist.

NORTHERN INYO COUNTY  
LOCAL HOSPITAL DISTRICT

PHYSICIAN

By \_\_\_\_\_  
Peter J. Watercott, President  
Board of Directors

By \_\_\_\_\_  
Peter Godleski, M.D.

APPROVED AS TO FORM:

\_\_\_\_\_  
Douglas Buchanan  
NICLHD Legal Counsel

[Type text]

**DRAFT**

## **EXHIBIT A**

### **SCOPE OF DUTIES OF THE PHYSICIAN**

#### **POSITION SUMMARY**

The Physician is a Member of the Northern Inyo Hospital Active Medical Staff. Physician will be available to provide direct primary medical diagnosis and treatment to Practice and Hospital patients. The Physician will provide services commensurate with the equivalent of a full time Surgical Practice. Full time shall mean regularly scheduled office hours to meet the service area demand and performance of surgeries as may be required. Full time shall also mean the provision of no more than twenty six (26) weeks of time off. All time off will be coordinated with Call coverage such that scheduled time off will not conflict with the Physician's call requirement.

Specifically, the Physician will:

1. Provide high quality primary medical care services.
2. Be solely responsible to provide 100% of the clinical, surgical, and ER coverage for the district and/or to provide other physician(s) to do the same.
3. Direct the need for on-going educational programs that serve the patient.
4. Evaluate and develop treatment plans to facilitate the individual healthcare needs of each patient.
5. Work with all Practice personnel to meet the healthcare needs of all patients.
6. Assess, evaluate, and monitor on-going health care and medication of Practice patients.
7. Manage all medical and surgical emergencies.
8. Participate in professional development activities and maintain professional affiliations.
9. Participate with Hospital to meet all federal and state regulations.
10. Accept emergency call as provided herein.
11. Actively participate in Medical Staff matters by serving on committees and accepting the appointments to chairs, Chiefs of service and other designation as requested by the Medical Staff.
12. Abide by any behavioral agreement currently in force by the Medical Staff.

[Type text]

**DRAFT**

**END**