



Northern Inyo County Local Hospital District

Board of Directors Regular Meeting

Wednesday April 16, 2008; 5:30pm

*Board Room
Northern Inyo Hospital*

DRAFT AGENDA

NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT BOARD OF DIRECTORS MEETING

April 16, 2008 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 March 19 2008 regular meeting.
4. Financial and Statistical Reports for the month of February 2008; John Halfen
5. Administrator's Report ; John Halfen
 - A. Building Update
 - B. Medical Staff Announcement
 - C. State Visit
 - D. Open House
 - E. Security Issues
 - H. Other
6. Chief of Staff Report – Richard Nicholson, M.D.
 - A. Appointments to the NIH Honorary Medical Staff, Klause Gierth, M.D. and William Talbot, D.D.S. (*action item*)
 - B. Other
7. Old Business
 - A. Reaffirmation of John Halfen as negotiator regarding potential acquisition of real property at 2957 Birch Street, Bishop, California. Negotiation will be with the designee(s) of Southern Mono County Healthcare District (*action item*).
 - B. Reaffirmation of John Halfen as negotiator regarding potential acquisition of real property at 152-H Pioneer Lane, Bishop, California. Negotiation will be with the designee(s) of Pioneer Medical Associates and/or Alice Casey, M.D. and Clifford Beck, M.D. (*action item*).
8. New Business
 - A. Naming of new Buildings/Rooms (*action item*)
 - B. Discussion of Physician Recruitment and Retention Workshop
 - C. Compliance Program Annual Report
 - D. Purchase of new chemistry analyzer (*action item*)
 - E. Eastern Sierra Breast Cancer Alliance Lease (*action item*)
 - F. Southern Inyo Hospital Lease (pain management clinic) (*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. Instruction of negotiator regarding price and terms of payment for the purchase, sale, exchange, or lease of real property (Government Code Section 54956.8).
 - C. Instruction of negotiator regarding price and terms of payment for the purchase, sale, exchange, or lease of a second real property (Government Code Section 54956.8).
 - D. Discussion with counsel of pending litigation and whether or not the District shall initiate litigation. This discussion will be held under the authority of Government Code Section 54956.9(c).
 - E. Confer with legal counsel regarding pending litigation against the District by an employee (Government Code Section 54956.9(a)).
12. Return to open session, and report of any action taken in closed session.
13. Opportunity for members of the public to address the Board of Directors on items of interest.
14. Adjournment

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- CALL TO ORDER The meeting was called to order at 5:30p.m. by Peter Watercott, President.
- PRESENT Peter Watercott, President
D. Scott Clark, M.D., Vice President
John Ungersma, M.D., Treasurer
Michael Phillips, M.D., Secretary
M.C. Hubbard, Director
Richard Nicholson, M.D., Chief of Staff
- ALSO PRESENT John Halfen, Administrator
Douglas Buchanan, Esq., District Legal Counsel
Sandy Blumberg, Administrative Secretary
- ALSO PRESENT FOR
RELEVANT PORTIONS Dianne Shirley, R.N., Performance Improvement Coordinator
- PUBLIC COMMENTS
ON AGENDA Mr. Watercott asked if any members of the public wished to address the Board on any items listed on the agenda for this meeting. Maggie Egan, Northern Inyo Hospital (NIH) Medical Staff Coordinator commented on the impressiveness of the Hospital's newly completed Imaging Center.
- MINUTES The minutes of the February 6 2008 special meeting and the February 20 2008 regular meeting were approved as presented, with a correction being made to the date in the header of the February 6 2008 meeting minutes.
- ADMINISTRATOR'S
REPORT John Halfen, Chief Financial Officer reviewed with the Board the financial and statistical reports for the month of January 2008. Mr. Halfen noted the statement of operations shows a bottom line excess of revenues over expenses of \$483,825. Mr. Halfen called attention to the following:
- *Inpatient and outpatient service revenue were over budget*
 - *Total expenses were over budget*
 - *Salaries, wages, and employee benefits were over budget*
 - *The Balance Sheet reflects a \$3,000,000 increase in long term debt, due to the purchase of GE equipment for the new imaging center*
 - *Total Assets continue to grow steadily*
 - *Year-to-date net income is \$2,959,668*
- Mr. Halfen noted the average number of days patient accounts are in receivables is 66.7 days. He also noted professional fees expense is over budget due to the acquisition of new physicians not included in original budget projections. Mr. Halfen stated that bad debt expense continues to be high, which is a reflection of current economic conditions. Year-to-date total expenses are in good shape and are expected to remain that way through the end of the fiscal year. It was moved by M.C. Hubbard,

ADMINISTRATOR'S REPORT	seconded by Michael Phillips, M.D., and passed to approve the financial and statistical reports for the month of January 2008 as presented.
BUILDING UPDATE	Mr. Halfen reported the City of Bishop issued a certificate of occupancy for the new Imaging Center on March 14. PACS Administrator Bill St Jean reported moves into that building have begun and all patient services should be up and running in the new building by the first week in April. Mr. Halfen reported moves into the new Support building are complete and letters have been sent to local agencies asking if they are interested in acquiring the old Support and Maintenance building which is scheduled for removal in the next couple of weeks. Administration continues to review demolition and asbestos abatement bids, and tear-down of the existing (main) Hospital building is expected to take place in June or July. Bids for Phase II of the construction project will go out within 30 days of expected final approval of the plans by the Office of Statewide Healthcare Planning and Development (OSHDP). Additionally, Ainsworth Architects and Turner Construction have reviewed the technical review of mechanical engineering for Phase II, and both approve of the changes contained in the report. Mr. Halfen noted the Hospital saved a significant amount of money on design errors by having Ainsworth review the plans prior to the start of the project. He also reported Stichler has reorganized their mechanical electrical plumbing (MEP) group for Phase II of the project. It was noted that the slowdown in the economy may help lower construction costs for Phase II, and the Hospital will have a more accurate view of actual costs after Phase II project bids go out.
PROPOSED LEGISLATION ON TAX EXEMPT BONDS	Mr. Halfen called attention to information on proposed legislation that would make tax-exempt bonds more saleable by decreasing interest rates charged on bond insurance. The information was provided as a matter of general interest.
HCAHPS PATIENT SATISFACTION SURVEY	Mr. Halfen also called attention to a report which shows how NIH's patient satisfaction statistics compare to average patient satisfaction statistics for the state of California. The report shows NIH patient satisfaction percentages to be significantly above average.
MEDICARE MARGINS FOR COST REPORTING YEARS 1997-2006	Mr. Halfen referred to a report titled <i>Medicare Margins for Cost Reporting Years 1997-2006</i> , which illustrates how Medicare margins continue to adversely affect revenue received by healthcare providers. The impact on NIH is less due to the fact that the Hospital has achieved Critical Access Hospital Status.
GENERAL OBLIGATION BOND UPDATE	Mr. Halfen called attention to a communication received from Caldwell Flores Winters, Inc. updating the Hospital on options for timing of the Hospital's next bond issuance. The bonds will be issued as a result of District voter approval of Measure H in June of 2005.

PENSION STATUS REPORT	Mr. Halfen also called attention to a status report on the Hospital's pension plan, which shows the plan continues to grow and be in good shape in spite of falling interest rates.
NEVER EVENTS	Mr. Halfen reported that Medicare and other payors have informed hospitals they will no longer pay for 'never events', or those medical treatments that never should have taken place or were found to be unnecessary. The "never events" policy allows for no payment being made for hospital acquired infections and for falls, which is bad news for hospitals in general. Medicare will also require proof that medical conditions treated by hospitals are "present on admission" (POA) so careful admission screening of patients will be more important than ever.
PASSING OF AN EMPLOYEE	Mr. Halfen regretfully reported the passing of long-term Hospital employee Harriett Plew. Ms. Plew worked most recently in the Human Resources Department, and she will be greatly missed by hospital staff.
DIETARY INSPECTION	Mr. Halfen also reported the Dietary Department recently underwent a surprise inspection by Inyo County Environmental Health Services, and the Department passed the inspection with flying colors.
CHIEF OF STAFF REPORT	Chief of Staff Richard Nicholson, M.D. reported the Medical Staff has nothing new to report at this time.
OLD BUSINESS	Mr. Halfen asked for reaffirmation of himself as negotiator regarding the potential acquisition of real property at 2957 Birch Street, Bishop, California. Negotiation will be with the designee(s) of Southern Mono County Healthcare District.
REAFFIRMATION OF NEGOTIATOR	Mr. Halfen also asked for reaffirmation of himself as negotiator regarding the potential acquisition of real property at 152-H Pioneer Lane, Bishop, California. Negotiation will be with the designee(s) of Pioneer Medical Associates and/or Alice Casey, M.D. and Clifford Beck, M.D. It was moved by Ms. Hubbard, seconded by John Ungersma, M.D., and passed to approve both reaffirmations as requested, with D. Scott Clark, M.D. abstaining from the vote.
NEW BUSINESS	
NAMING OF NEW BUILDINGS & ROOMS	Mr. Halfen asked Board members for input and/or instruction regarding assigning names to newly constructed Hospital buildings and rooms. A brief discussion followed and a suggestion was made to find a way to involve District voters in at least part of the name selection process. It was also noted that members of the community occasionally inquire as to whether or not any new building or room will be named after Wilfred Partridge, since the previous Partridge Building has moved to a new location. It was noted that an "Adopt-A-Room" program may be considered, and it is also possible that sizable donations may potentially

'buy' a name for some of the buildings. Mr. Halfen asked the Board to begin considering what they would like to do in regard to this subject.

CONTRACTS
NEGOTIATOR
AGREEMENT

Mr. Halfen referred to an agreement with Healthcare Consulting Services (HCS) to negotiate health plan contracts on behalf of the Hospital District. HCS has a reputation for successfully negotiating health plan contracts to allow for reimbursement at least at the Medicare reimbursement rate. Mr. Halfen would like to give HCS six months to see if they are able to save NIH a significant amount of money on payor contracts and on workman's compensation reimbursement rates. It was moved by Doctor Ungersma, seconded by Ms. Hubbard and passed to ratify the agreement with Healthcare Consulting Services as presented.

PE SYSTEMS
AGREEMENT

Mr. Halfen also referred to an agreement with P.E. Systems LLC to analyze the Hospital's debit and credit processing service in an attempt to reduce fees the hospital pays to accept credit card payments. The agreement with P.E. Systems would be on a contingency basis and the Hospital would have to realize a savings in order for P.E. Systems to be paid for their services. It was moved by Doctor Phillips, seconded by Doctor Ungersma, and passed to approve the agreement for services with P.E. Systems LLC with minor changes being made to the agreement per the suggestion of District Legal counsel Douglas Buchanan.

LANGUAGE SERVICES
ANNUAL REPORT

Interpretive Services Manager Jose Garcia presented the Language Services Department Annual Report for September 2007 through February 2008. Mr. Garcia reported that more non-English speaking patients now come to NIH for services because fewer language barriers exist. Mr. Garcia has established a comprehensive language services policy and has greatly expanded interpreter services and the availability of printed translated materials. In the last six months the hospital has provided over 430 interpreting sessions and has greatly expanded on the training program for hospital interpreters. Following Mr. Garcia's report, members of the Board complimented the impressive job he is doing on behalf of the Hospital and its patients.

EMPLOYEE AND
PATIENT ADVOCATE

Employee and Patient Advocate (EPA) Lucy Alarid presented a report on the goals and objectives of her program for 2008. She gave an overview of services the EPA provides, and described her involvement with social services, with assisting employees and management in issues relating to employee job satisfaction and performance, and with assisting managers in developing team unity. Ms. Alarid reported that nearly every hospital patient is now seen by social services, and that improving customer service excellence is one of the main goals of her department. Ms. Alarid will continue to act as an advocate on behalf of hospital employees and patients alike, and will attempt to enhance customer and employee services as much as possible.

BOARD MEMBER
REPORTS

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

OPPORTUNITY FOR
PUBLIC COMMENT

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

CLOSED SESSION

At 6:50 p.m. Mr. Watercott announced the meeting was being adjourned to closed session to allow the Board of Directors to:

- A. Hear reports on the hospital quality assurance activities, and hear a report from the Medical Staff Executive Committee (Section 32155 of the Health and Safety Code, and Government Code Section 54962).
- B. Instruction of negotiator regarding price and terms of payment for the purchase, sale, exchange, or lease of real property (Government Code Section 54956.8).
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- D. Discussion with counsel of pending litigation and whether or not the District shall initiate litigation. This discussion will be held under the authority of Government Code Section 54956.9(c).
- E. Confer with legal counsel regarding pending litigation against the District by an employee (Government Code Section 54956.9(a)).
- F. Confer with legal counsel regarding claim received against Northern Inyo County Local Hospital District (Government Code Section 54956.0(a)).

RETURN TO OPEN
SESSION AND REPORT
OF ACTION TAKEN

At 7:24 pm the meeting was returned to open session. Mr. Watercott reported the Board voted to award payment of a claim for \$200 to a Mr. Alfred Patterson.

OPPORTUNITY FOR
PUBLIC COMMENT

Mr. Watercott again asked if any members of the public would like 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 7:25 p.m.

Peter Watercott, President

Attest:

Michael Phillips, M.D., Secretary

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BUDGET VARIANCE ANALYSIS

Feb-08 PERIOD ENDING PRIOR TO AUDIT

In the month, NIH was

-11% under budget in IP days; under in IP Ancillary and under in OP Revenue resulting in

**\$ (795,541) (-13.1%) under in gross patient revenue from budget and
\$ (311,273) (-9.0%) under in net patient revenue from budget**

Total Expenses were:

**\$ (137,703) (-4.0%) under budget. Wages and Salaries were
\$ (30,564) (-2.4%) under budget and Employee Benefits
\$ (156,983) (-20.1%) under budget.
\$ 78,598 of other income resulted in a net income of
\$ (61,251) \$ (294,175) under budget.**

The following expense areas were over budget for the month:

**\$ 72,381 35% Professional Fees; registry staff & Physicians
\$ 11,946 8% Purchased Services
\$ 14,990 47% Interest Expense due to Leases for Equipment
from GE and Healthcare Financial Solutions**

Other Information:

**42.28% Contractual Percentages for month
44.33% Contractual Percentages for Year**

\$ 2,898,417 Year-to-date Net Revenue

Special Notes for Month:

Interest Expense will remain high for year due to new leases for Laundry and Radiology Equipment

NORTHERN INYO HOSPITAL

Balance Sheet

February 29, 2008

<i>Assets</i>	<i>Current Month</i>	<i>Prior Month</i>	<i>FYE 2007</i>
Current assets:			
Cash and cash equivalents	2,246,883	2,339,714	1,341,678
Short-term investments	14,480,660	13,831,922	12,719,858
Assets limited as to use	824,664	1,346,229	1,057,115
Plant Expansion and Replacement Cash	3,693,002	4,996,062	10,944,955
Other Investments (Partnership)	386,880	386,880	386,880
Patient receivable, less allowance for doubtful accounts \$845,753	7,838,151	7,960,616	7,625,080
Other receivables (Includes GE Financing Funds)	3,689,076	3,723,574	207,225
Inventories	2,060,615	2,085,510	2,077,353
Prepaid expenses	904,552	889,042	620,550
Total current assets	36,124,484	37,559,549	36,980,693
Assets limited as to use:			
Internally designated for capital acquisitions	458,424	458,178	455,329
Specific purpose assets	542,183	542,183	482,715
	1,000,607	1,000,361	938,044
Revenue bond construction funds held by trustee	773,502	729,781	788,195
Less amounts required to meet current obligations	824,664	1,346,229	1,057,115
Net Assets limited as to use:	949,445	383,913	669,125
Long-term investments	6,873,115	6,873,115	5,741,537
Property and equipment, net of accumulated depreciation and amortization	25,387,774	24,514,063	17,498,027
Unamortized bond costs	314,530	316,017	326,426
Total assets	69,649,348	69,646,657	61,215,807

NORTHERN INYO HOSPITAL

Balance Sheet

February 29, 2008

Liabilities and net assets

	<u>Current Month</u>	<u>Prior Month</u>	<u>FYE 2007</u>
Current liabilities:			
Current maturities of long-term debt	85,617	92,857	270,000
Accounts payable	1,238,624	1,091,350	559,389
Accrued salaries, wages and benefits	2,768,389	2,709,092	2,565,601
Accrued interest and sales tax	355,796	257,425	168,394
Deferred income	310,850	347,863	105,164
Due to third-party payors	3,809,909	4,005,696	3,219,011
Due to specific purpose funds	-	-	-
Total current liabilities	<u>8,569,184</u>	<u>8,504,283</u>	<u>6,887,558</u>
Long-term debt, less current maturities	25,897,454	25,897,454	22,180,000
Bond Premium	396,626	397,832	406,270
Total long-term debt	<u>26,294,080</u>	<u>26,295,286</u>	<u>22,586,270</u>
Net assets:			
Unrestricted	34,243,901	34,304,906	31,259,264
Temporarily restricted	542,183	542,183	482,715
Total net assets	<u>34,786,084</u>	<u>34,847,089</u>	<u>31,741,979</u>
Total liabilities and net assets	<u>69,649,348</u>	<u>69,646,657</u>	<u>61,215,807</u>

NORTHERN INYO HOSPITAL

Statement of Operations

As of February 29, 2008

	MTD		MTD		YTD		YTD	
	Actual	Budget	Variance \$	Variance %	Actual	Budget	Variance \$	Variance %
	MTD Actual	MTD Budget	Variance \$	%	YTD Actual	YTD Budget	Variance \$	%
Unrestricted revenues, gains and other support:								
In-patient service revenue:								
Routine	473,662	592,334	(118,672)	(20.0)	4,564,107	4,738,708	(174,601)	(3.7)
Ancillary	1,350,852	1,926,340	(575,488)	(29.9)	15,238,316	15,410,657	(172,341)	(1.1)
Total in-patient service revenue	1,824,514	2,518,674	(694,160)	-27.6%	19,802,423	20,149,365	(346,942)	-1.7%
Out-patient service revenue	3,440,977	3,542,358	(101,381)	(2.9)	29,661,954	28,338,780	1,323,174	4.7
Gross patient service revenue	5,265,491	6,061,032	(795,541)	(13.10)	49,464,377	48,488,145	976,232	2.0
Less deductions from patient service revenue:								
Patient service revenue adjustments	188,446	180,594	(7,852)	(4.4)	1,261,161	1,444,761	183,600	12.7
Contractual adjustments	1,915,789	2,407,909	492,120	20.4	19,390,443	19,263,263	(127,180)	(0.7)
Total deductions from patient service revenue	2,104,235	2,588,503	484,268	18.7	20,651,604	20,708,024	56,420	0.3
Net patient service revenue	3,161,256	3,472,529	(311,273)	-9%	28,812,773	27,780,121	1,032,652	4%
Other revenue	29,190	26,497	2,693	10.2	224,031	211,960	12,071	5.7
Transfers from Restricted Funds for								
Other Operating Expenses	-	65,541	(65,541)	(100.0)	393,995	524,326	(130,331)	(24.9)
Total Other revenue	29,190	92,038	(62,848)	(68.3)	618,026	736,286	(118,260)	(16.1)
Total revenue, gains and other support	3,190,445	3,564,567	(374,122)	(68.4)	29,430,799	28,516,407	914,392	(16.1)
Expenses:								
Salaries and wages	1,272,786	1,303,350	30,564	2.4	10,299,153	10,426,802	127,649	1.2
Employee benefits	623,304	780,287	156,983	20.1	5,798,138	6,242,273	444,135	7.1
Professional fees	280,533	208,152	(72,381)	(34.8)	2,303,390	1,665,194	(638,196)	(38.3)
Supplies	479,308	467,888	(11,420)	(2.4)	3,570,426	3,743,126	172,700	4.6
Purchased services	165,534	153,588	(11,946)	(7.8)	1,286,518	1,228,640	(57,878)	(4.7)
Depreciation	135,154	162,839	27,685	17.0	1,015,289	1,302,716	287,428	22.1
Interest	47,261	32,271	(14,990)	(46.5)	306,202	258,171	(48,031)	(18.6)
Bad debts	121,781	150,682	28,901	19.2	1,274,102	1,205,457	(68,645)	(5.7)
Other	193,761	198,066	4,305	2.2	1,538,408	1,584,535	46,127	2.9
Total expenses	3,319,421	3,457,123	137,703	4.0	27,391,626	27,656,914	265,288	1.0
Operating income (loss)	(128,975)	107,444	(236,419)	(72.4)	2,039,173	859,493	1,179,680	(17.1)
Other income:								
District tax receipts	37,013	41,816	(4,803)	(11.5)	296,104	334,526	(38,422)	(11.5)
Interest	28,453	83,333	(54,880)	(65.9)	648,688	666,668	(17,980)	(2.7)
Other	13,132	4,663	8,469	181.6	72,621	37,301	35,320	94.7
Grants and Other Non-Restricted								
Contributions	-	12,500	(12,500)	(100.0)	10,000	100,000	(90,000)	(90.0)
Partnership Investment Income	-	-	-	N/A	-	-	-	N/A
Total other income, net	78,598	142,312	(63,714)	(45)	1,027,413	1,138,495	(111,082)	(9.8)
Non-Operating Expense								
Medical Office Expense	6,739	10,111	3,372	33.4	85,841	80,887	(4,954)	(6.1)
Urology Office	4,136	6,721	2,585	38.5	82,328	53,770	(28,558)	(53.1)
Total Non-Operating Expense	10,874	16,832	5,958	35.4	168,169	134,657	(33,512)	(24.9)
Excess (deficiency) of revenues over expenses	(61,251)	232,924	(294,175)	(126.3)	2,898,417	1,863,331	1,035,086	55.6

NORTHERN INYO HOSPITAL
Statement of Operations--Statistics
As of February 29, 2008

	Month Actual	Month Budget	Month Variance	Month Variance Percentage	YTD Actual	YTD Budget	Year Variance	Year Percentage
Operating statistics:								
Beds	25.00	25.00	N/A	N/A	25.00	25.00	N/A	N/A
Patient days	241.00	271.00	(30.00)	0.89	2,392.00	2,168.00	224.00	1.10
Maximum days per bed capacity	725.00	725.00	N/A	N/A	6,100.00	6,100.00	N/A	N/A
Percentage of occupancy	33.24	37.38	(4.14)	0.89	39.21	35.54	3.67	1.10
Average daily census	8.31	9.34	(1.03)	0.89	9.80	8.89	0.92	1.10
Average length of stay	3.01	3.08	(0.07)	0.98	3.40	3.08	0.32	1.10
Discharges	80.00	88.00	(8.00)	0.91	704.00	704.00	-	1.00
Admissions	72.00	89.00	(17.00)	0.81	699.00	712.00	(13.00)	0.98
Gross profit-revenue depts.	3,262,244.09	3,956,919.00	(694,674.91)	0.82	32,670,352.01	31,655,297.00	1,015,055.01	1.03
Percent to gross patient service revenue:								
Deductions from patient service revenue and bad debts	42.28	45.24	(2.96)	0.93	44.33	45.24	(0.91)	0.98
Salaries and employee benefits	35.86	34.38	1.48	1.04	32.50	34.38	(1.88)	0.95
Occupancy expenses	3.75	3.54	0.21	1.06	3.16	3.54	(0.38)	0.89
General service departments	7.18	5.65	1.53	1.27	5.73	5.65	0.08	1.01
Fiscal services department	5.38	4.56	0.82	1.18	4.48	4.56	(0.08)	0.98
Administrative departments	5.31	5.46	(0.15)	0.97	4.71	5.46	(0.75)	0.86
Operating income (loss)	(2.65)	1.70	(4.35)	(1.56)	3.80	1.70	2.10	2.24
Excess (deficiency) of revenues over expenses	(1.16)	3.84	(5.00)	(0.30)	5.86	3.84	2.02	1.53
Payroll statistics:								
Average hourly rate (salaries and benefits)	39.24	41.24	(2.00)	0.95	38.85	41.24	(2.39)	0.94
Worked hours	44,589.35	44,676.00	(86.65)	1.00	363,287.69	357,408.00	5,879.69	1.02
Paid hours	48,112.12	50,524.00	(2,411.88)	0.95	413,778.21	404,192.00	9,586.21	1.02
Full time equivalents (worked)	278.68	279.23	(0.54)	1.00	262.49	258.24	4.25	1.02
Full time equivalents (paid)	300.70	315.78	(15.07)	0.95	298.97	292.05	6.93	1.02

NORTHERN INYO HOSPITAL

Statements of Cash Flows

As of February 29, 2008

	Month-to-date	Year-to-date
Cash flows from operating activities:		
Increase (decrease) in net assets	(61,004.80)	3,044,104.85
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities: (correcting debt payment)	-	-
Depreciation	135,153.92	1,015,288.50
Provision for bad debts	121,780.98	1,274,101.83
Loss (gain) on disposal of equipment	-	4,134.57
(Increase) decrease in:		
Patient and other receivables	35,182.87	(4,969,023.61)
Other current assets	9,384.28	(267,264.83)
Plant Expansion and Replacement Cash	1,303,059.98	7,251,952.93
Increase (decrease) in:		
Accounts payable and accrued expenses	267,928.05	1,275,111.04
Third-party payors	(195,787.00)	590,898.00
Net cash provided (used) by operating activities	1,615,698.28	9,219,303.28
 Cash flows from investing activities:		
Purchase of property and equipment	(1,008,864.80)	(8,905,036.09)
Purchase of investments	(648,738.12)	(2,892,380.01)
Proceeds from disposal of equipment	-	(4,134.57)
Net cash provided (used) in investing activities	(1,657,602.92)	(11,801,550.67)
 Cash flows from financing activities:		
Long-term debt	(8,446.07)	3,523,426.32
Issuance of revenue bonds	(43,720.23)	14,693.39
Unamortized bond costs	1,486.95	11,895.60
Increase (decrease) in donor-restricted funds, net	(246.34)	(62,563.03)
Net cash provided by (used in) financing activities	(50,925.69)	3,487,452.28
 Increase (decrease) in cash and cash equivalents	(92,830.33)	905,204.89
 Cash and cash equivalents, beginning of period	2,339,713.53	1,341,678.31
 Cash and cash equivalents, end of period	2,246,883.20	2,246,883.20

NORTHERN INYO HOSPITAL

Statements of Changes in Net Assets

As of February 29, 2008

	<u>Month-to-date</u>	<u>Year-to-date</u>
Unrestricted net assets:		
Excess (deficiency) of revenues over expenses	(61,251.14)	2,898,416.82
Net Assets due/to transferred from unrestricted	-	-
Net assets released from restrictions used for operations	-	477,120.00
Net assets released from restrictions used for payment of long-term debt	-	(393,995.00)
Contributions and interest income	246.34	3,094.95
Increase in unrestricted net assets	<u>(61,004.80)</u>	<u>2,984,636.77</u>
Temporarily restricted net assets:		
District tax allocation	-	536,218.51
Net assets released from restrictions	-	(477,120.00)
Restricted contributions	-	5.00
Interest income	-	364.57
Increase (decrease) in temporarily restricted net assets	<u>-</u>	<u>59,468.08</u>
Increase (decrease) in net assets	(61,004.80)	3,044,104.85
Net assets, beginning of period	34,847,088.59	31,741,978.94
Net assets, end of period	<u>34,786,083.79</u>	<u>34,786,083.79</u>

Northern Inyo Hospital
Summary of Cash and Investment Balances
Calendar Year 2008

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 (2)	Equipment Donations Fund	Childrens Fund	Scholarship Fund	Tobacco Settlement Fund	Total Revenue Bond Fund (1)	Project Revenue Bond Fund (1)	General Obligation Bond Fund
January	799,688	3,470,821	3,178,334	1,092,175	20,699,869	533,220	25,185	3,034	5,854	432,993	729,781	18,154	4,996,062
February	1,092,175	3,784,341	3,845,492	1,031,024	21,348,607	533,220	25,185	3,034	5,854	433,239	773,502	18,193	3,693,002
PRIOR YEAR													
March	538,700	3,711,798	3,700,602	549,896	19,014,106	526,320	25,141	2,900	5,839	716,764	829,159	16,775	13,996,056
April	549,896	7,165,639	5,972,745	1,742,790	16,533,747	473,447	25,141	2,900	5,839	429,339	872,431	17,616	13,275,050
May	1,742,790	3,030,162	4,660,401	112,551	20,225,400	473,447	25,141	3,029	5,839	429,769	934,534	17,680	10,891,486
June	112,551	5,152,683	4,224,606	1,040,628	18,456,227	473,766	25,157	3,031	5,842	430,173	788,259	17,745	10,944,955
July *	1,040,628	3,387,765	3,921,993	506,401	20,781,983	440,641	25,157	3,031	5,842	430,618	830,478	17,810	8,999,586
August	506,401	4,397,557	4,059,627	844,331	20,725,316	478,140	25,157	3,031	5,842	431,050	872,949	17,876	8,000,350
September	844,331	3,624,606	4,136,051	332,887	21,064,617	478,437	25,173	3,033	5,846	431,441	915,472	17,935	6,743,527
October	332,887	5,621,707	5,376,158	578,436	19,686,180	34,442	25,173	3,033	5,846	431,874	958,132	17,996	6,095,837
November	578,436	4,268,508	4,207,737	639,207	19,167,169	34,442	25,173	3,033	5,846	432,257	1,020,656	18,056	5,862,534
December	639,207	4,613,761	4,453,280	799,688	19,603,236	533,220	25,185	3,034	5,849	432,642	686,080	18,106	4,973,046

* Cash for July corrected after report due to late posting of Medicare deposits

Notes: (1) The difference between the Total and Project Revenue Bond Funds represents amounts held by the trustee to make payments on the District's behalf and about \$575,000 to cover the Bond Reserve Account Requirement with respect to the Series 1998 Bonds. The Project amount represents the balance available to spend on the building project; however, the district accumulates invoices and only requests reimbursement quarterly.
(2) The Bond and Interest Fund now contains the Debt Service amount from the County for both the original Bond and the 2005 Bond.

Northern Inyo Hospital
Investments as of 02/29/08

ID	Purchase Date	Maturity Date	Institution	Rate	Principal Invested
1	02-Feb-08	01-Mar-08	Local Agency Investment Fund	4.16%	299,861.90
2	28-Feb-08	01-Mar-08	Local Agency Investment Fund	4.16%	8,662,993.33
3	28-Feb-08	01-Mar-08	WM Financial-Money Market	3.42%	387,000.00
4	27-Feb-08	11-Mar-08	Financial Northeastern Co-Money Market	2.50%	1,000,000.00
5	18-Mar-05	18-Mar-08	First Federal Bank	4.00%	100,000.00
6	23-Mar-07	24-Mar-08	Farmers Bank	5.00%	100,000.00
7	05-Jul-07	22-Apr-08	Federal Home Loan Mtg Corp-MBS	5.24%	492,680.00
8	25-Oct-07	24-Apr-08	United States Treasury Bills	3.88%	379,674.56
9	16-Feb-08	27-May-08	Cantella & Co., Inc	4.50%	93,398.98
10	11-Mar-05	11-Jun-08	Community Bank	4.00%	98,000.00
11	11-Mar-05	11-Jun-08	Equity Bank	4.00%	100,000.00
12	20-Jun-07	15-Jun-08	FANNIE MAE FNMA-MBS	5.29%	486,750.00
Short Term Investments					12,200,358.77
Maturing Fiscal Year 2008					
13	19-Dec-07	02-Jul-08	Bear Stearns Co Note	5.06%	988,600.00
14	15-Oct-03	15-Oct-08	R-G Crown Bank	4.00%	97,000.00
15	09-Oct-07	24-Nov-08	Citigroup Med Term Note	5.33%	1,330,153.95
16	04-Jan-05	05-Jan-09	Mututal Bank	4.36%	99,000.00
17	22-Feb-08	25-Mar-09	Bear Stearns Co Note	4.43%	3,073,286.72
18	21-Sep-07	01-Apr-09	Citigroup Med Term Note	3.38%	239,293.07
Maturing Fiscal Year 2009					5,827,333.74
19	21-Sep-07	01-Nov-09	Citigroup Med Term Note	6.88%	702,986.88
20	22-Feb-08	07-Dec-09	Bear Stearns Co Note	4.58%	933,927.36
21	30-Dec-04	30-Dec-09	Capital City Bank and Trust	4.75%	99,000.00
22	22-Apr-05	22-Apr-10	Bank of Waukegan	4.75%	99,000.00
Maturing Fiscal Year 2010					1,834,914.24
23	23-Jul-07	23-Jul-10	Federal Home Loan Bank-MBS	5.50%	500,000.00
24	13-Nov-07	04-Aug-10	Merrill Lynch & Co Inc	4.79%	986,000.00
Maturing Fiscal Year 2011					1,486,000.00
Long-Term Investments					9,148,247.98
Total Investments					21,348,606.75

Financial Indicators

	Target	Feb-08	Jan-08	Dec-07	Nov-07	Oct-07	Sep-07	Aug-07	Jul-07	Jun-07	May-07	Apr-07	Mar-07
Current Ratio	>1.5-2.0	4.22	4.42	4.43	4.28	4.12	4.43	4.69	4.97	5.37	5.35	5.40	4.76
Quick Ratio	>1.33-1.5	3.44	3.63	3.99	3.84	3.71	4.04	4.29	4.56	4.95	4.93	5.00	4.38
Days Cash on Hand	>75	274.52	258.26	270.34	263.64	267.90	303.54	283.51	310.04	353.49	289.37	354.74	327.83

NORTHERN INYO HOSPITAL
STATISTICS

MONTHS	SURGERIES						TOTAL			BIRTHS			ER			OP REFERRALS			ADMTS (WINB)			PT DAYS (W/O NB)			PT DAYS (W/NB)			DISCH (W/NB)		
	IP	OP	06	07	08	06	07	08	06	07	08	06	07	08	06	07	08	06	07	08	06	07	08	06	07	08	06	07	08	
JANUARY	40 / 38 / 33	72 / 73 / 106	112 / 111 / 139	19 / 17 / 16	60 / 47 / 48	563 / 510 / 573	3135 / 3331 / 3237	126 / 111 / 107	370 / 299 / 329	410 / 350 / 364	124 / 106 / 96																			
FEBRUARY	29 / 24 / 17	62 / 59 / 81	91 / 83 / 98	20 / 19 / 14	44 / 14 / 39	467 / 521 / 545	3100 / 2991 / 3165	106 / 107 / 86	255 / 251 / 241	303 / 291 / 274	113 / 105 / 96																			
MARCH	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /																				
APRIL	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /																				
MAY	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /																				
JUNE	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /																				
JULY	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /																				
AUGUST	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /																				
SEPTEMBER	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /																				
OCTOBER	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /																				
NOVEMBER	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /																				
DECEMBER	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /																				
CALENDAR YEAR	69 / 62 / 50	134 / 132 / 187	203 / 194 / 237	39 / 36 / 30	104 / 61 / 87	1030 / 1031 / 1118	6235 / 6322 / 6402	232 / 218 / 193	625 / 550 / 570	713 / 641 / 638	237 / 211 / 192																			
MONTHLY AVERAGE	35 / 31 / 25	67 / 66 / 94	102 / 97 / 119	20 / 18 / 15	52 / 31 / 44	515 / 516 / 559	3,118 / 3,161 / 3,201	116 / 109 / 97	313 / 275 / 285	357 / 321 / 319	119 / 106 / 96																			

NORTHERN INYO HOSPITAL
DEPARTMENTAL NON-EMERGENCY OUTPATIENT VISITS

MONTHS 2008	* DIAGNOSTIC RADIOLOGY		* MAMMOGRAPHY		* NUCLEAR MEDICINE		* ULTRASOUND		* CT SCANNING		* MRI		LABORATORY		EKG/ EEG		PHYSICAL THERAPY		RESPIRATORY THERAPY		RURAL HEALTH CLINIC		TOTALS																			
	06	07	08	06	07	08	06	07	08	06	07	08	06	07	08	06	07	08	06	07	08	06	07	08	06	07	08															
JANUARY	312	308	544	229	198	193	29	36	71	107	166	205	123	112	170	85	86	89	1686	1621	1809	103	139	103	302	335	335	12	19	10	1029	941	1057	4017	3961	4586						
FEBRUARY	250	263	593	211	194	193	60	38	63	135	157	205	111	102	217	92	71	85	1633	1662	1744	82	84	113	361	302	364	19	19	11	970	965	1150	3924	3857	4738						
MARCH	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/					
APRIL	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/					
MAY	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/				
JUNE	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/				
JULY	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/				
AUGUST	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/				
SEPTEMBER	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/				
OCTOBER	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/			
NOVEMBER	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/		
DECEMBER	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
CALENDAR YEAR	562	571	1137	440	392	386	89	74	134	242	323	410	234	214	387	177	157	174	3319	3283	3553	185	223	216	663	637	689	31	38	21	1999	1906	2207	7941	7818	9324						
MONTHLY AVERAGES	281	286	569	220	196	193	45	37	67	121	162	205	117	107	194	89	79	87	1660	1642	1777	93	112	108	332	319	350	16	19	11	1000	953	1104	3971	3809	4662						

*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, 2008
As of February 29, 2008

MONTH APPROVED BY BOARD	DESCRIPTION OF APPROVED CAPITAL EXPENDITURES	AMOUNT
FY 1995-96	Hospital Information System	\$1,300,000
FY 2006-07	Platelet Incubator/Agitator Purchase (non-budget)	2,600
	QuadraMed Tempus One Scheduling System (Includes Surgery Module)	233,750
	GE Centricity RHC Electronic Health Record Software	75,950
	Hologic Stereotactic Breast Biopsy System	122,775 *
	AMOUNT APPROVED BY THE BOARD IN PRIOR FISCAL YEARS TO BE EXPENDED IN THE CURRENT FISCAL YEAR	<u>1,735,075</u>
FY 2007-08	Biomerieux Blood Culture Instrument	47,275 *
	Manageware Infant Security Solution	45,001 *
	Contract Management Software	4,400 *
	GE Pelvic Ultrasound for RHC	47,351 *
	Network Switch Upgrade	171,957
	Gemstar Pain Management Devices	34,978 *
	GE Pelvic Ultrasound for OB	38,913 *
	Clark Equipment TMX 20 Forklift	33,000
	Seimens Patient Monitor SC 9000XL	7,799
	Node Seeker 800 System	26,000
	Pulmonary Function Equipment	38,539
	AMOUNT APPROVED BY THE BOARD IN THE CURRENT FISCAL YEAR TO BE EXPENDED IN THE CURRENT FISCAL YEAR	<u>495,213</u>

Northern Inyo Hospital
Monthly Report of Capital Expenditures
Fiscal Year Ending JUNE 30, 2008
As of February 29, 2008

MONTH		
APPROVED		
BY BOARD	DESCRIPTION OF APPROVED CAPITAL EXPENDITURES	AMOUNT
	Amount Approved by the Board in Prior Fiscal Years to be Expended in the Current Fiscal Year	1,735,075
	Amount Approved by the Board in the Current Fiscal Year to be Expended in the Current Fiscal Year	<u>495,213</u>
	Year-to-Date Board-Approved Amount to be Expended	1,889,595
	Year-to-Date Administrator-Approved Amount	174,407 *
	Actually Expended in Current Fiscal Year	<u>340,693 *</u>
	Year-to-Date Completed Building Project Expenditures	485,248 *
	TOTAL FUNDS APPROVED TO BE EXPENDED	<u><u>2,404,695</u></u>
	Total-to-Date Spent on Incomplete Board Approved Expenditures (Hospital Information System and Building Project)	1,353,735
Reconciling Totals:		
	Actually Capitalized in the Current Fiscal Year Total-to-Date	515,100
	Plus: Lease Payments from a Previous Period	0
	Less: Lease Payments Due in the Future	0
	Less: Funds Expended in a Previous Period	0
	Plus: Other Approved Expenditures	<u>1,889,595</u>
	ACTUAL FUNDS APPROVED IN THE CURRENT FISCAL YEAR TOTAL-TO-DATE	<u><u>2,404,695</u></u>
	Donations by Auxiliary	0
	Donations by Hospice of the Owens Valley	0
	Donations by Others (Barry Miller & Associates for Infant Security System)	5,000
	Donations by Others (Union Bank of California for Infant Security System)	<u>1,000</u>
		<u><u>6,000</u></u>

*Completed Purchase

**Northern Inyo Hospital
 Monthly Report of Capital Expenditures
 Fiscal Year Ending JUNE 30, 2008
 As of February 29, 2008**

Administrator-Approved Item(s)	Department	Amount	Month Total	Grand Total
VERSACARE BED W/FRAC FRM SUPPORT	MED/SURG	6,832		
VERSACARE BED W/FRAC FRM SUPPORT	MED/SURG	6,832		
VERSACARE BED W/FRAC FRM SUPPORT	MED/SURG	6,832		
VERSACARE BED W/FRAC FRM SUPPORT	MED/SURG	6,832		
SC-5 SIMCUBE NIBP	MAINTENANCE	2,197		
OX-1 PULSE OXIMETER TESTER	MAINTENANCE	1,611		
SL-I SIMSLIM PATIENT SIMULATOR	MAINTENANCE	1,611		
HP8710p LAPTOP COMPUTER	SURGERY	1,533		
HP8710p LAPTOP COMPUTER	SURGERY	1,533		
HP8710p LAPTOP COMPUTER	SURGERY	1,533		
HP8710p LAPTOP COMPUTER	PURCHASING	1,533		
Month Ending February 29, 2008			38,880	174,407

**Northern Inyo Hospital
PLANT EXPANSION AND REPLACEMENT BUILDING PROJECTS**

(Completed and Occupied or Installed)

Item		Amount	Grand Total
MILNOR 165 LB WASHER/EXTRACTORS	Laundry Equipment Lease	140,075	
MILNOR 100 LB WASHER/EXTRACTOR	Laundry Equipment Lease	70,038	
MILNOR M175 DRYERS	Laundry Equipment Lease	32,325	
CHICAGO 28" IRONER/FOLDER	Laundry Equipment Lease	102,363	
CHICAGO OPL ULTRA COMPACT FEED	Laundry Equipment Lease	30,170	
AIR CHICAGO TOWEL FOLDER	Laundry Equipment Lease	30,170	
PARKER BOILER WH730 W/TANK	Laundry Equipment Lease	16,163	
CLEAN CYCLE LINT FILTER	Laundry Equipment Lease	10,775	
FREIGHT AND INSTALLATION FOR LAUNDRY	Laundry Equipment Lease	40,240	
INGERSOLL RAND AIR COMPRESSOR	Laundry Equipment Lease	12,930	
Month Ending January 31, 2008		485,248	485,248

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**COMPLIANCE PROGRAM ANNUAL REPORT
TO THE
NORTHERN INYO COUNTY HOSPITAL DISTRICT BOARD OF DIRECTORS
CALENDAR YEAR 2007**

Executive Summary:

In calendar year 2007, the Compliance program at NIH educated or re-educated 320 employees and students. Nine compliance audits were conducted. One compliance investigation was undertaken resulting in two change initiatives, stemming from compliance deficiencies noted by JCAHO. Two privacy violation complaints were received and investigated resulting in 1 disciplinary action 1 memorandum to and employee file. In calendar year 2007, the compliance program at NIH has been effective in identifying and correcting compliance and HIPAA violations. In calendar year 2008, we will continue to monitor OIG work plan elements.

Staff Education

Trained 320 employees by year end 2007

Audits Conducted

1. Retrospective Coding and DRG review March 2007
2. Concurrent review of Procedure Consents January 1 to January 20, 2007
3. Concurrent Inpatient Record review February, 2007
4. Retrospective Delinquent Chart Review 1st Qtr. 2007
5. Retrospective Delinquent Chart Review 2nd Qtr. 2007
6. Retrospective Delinquent Chart Review 3rd Qtr. 2007
7. Retrospective Delinquent Chart Review full year 2007
8. ER Medication Charting review daily full year 2007
9. Review of Evaluation and Management Services June 2007

HIPAA/Compliance Complaints and Issues Investigated

1. Investigation of Point-of-Care laboratory test quality control and documentation deficiencies secondary to JCAHO survey findings. Investigation resulted in revision of practices and institution of weekly monitoring and response to non-compliance.
2. Two privacy violation complaints were received and investigated. One of the complaints resulted in termination of an employee and one resulted in a final written warning to an employee file.

Response to Changes in Laws

“Reporting of Adverse Events to the State” policy written and submitted in response to Section 1279.1 of the California Health and Safety Code.

OIG Work plan Actions – The following elements of the OIG 2008 Work Plan will be continued in the coming year by the Compliance Department

Coding of Evaluation and Management Services

Continuing review of E and M coding will be undertaken.
(OEI; 00-00-00000; expected issue date: FY 2008; work in progress)

Billing for Excessive Dosages of Prescription Drugs in Medicare Part B

We will audit charges for Medicare Part B drugs included in the oncology drug and colony stimulating drug classifications to determine if charges exceed ordered dosages.
(OEI; 00-00-00000; expected issue date: FY 2008; new start)

Duplicate Medicare Part A and Part B Claims Included With Part D Claims

We will audit Medicare Part A and Part B claims to insure that medications that are billed to the patient under self-administration rules are not also billed under Part A or Part B claims.
(OAS; W-00-08-35409; various reviews; expected issue date: FY 2009; new start)

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*People you know,
caring for people you love*

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

150 Pioneer Lane
Bishop, California 93514
(760) 873-5811 voice
(760) 872-2768 fax

April 9, 2008

Board of Directors
Northern Inyo County Local Hospital District

Clinical Laboratory
Request for Approval

Background:

The Laboratory's ability to carry out its mission has been at risk for the past several years due to its aging analyzer complement and the lack of redundancy in instrumentation. For example:

- Past 12 months: 8 service calls for the main chemistry analyzer
- Past 12 months: 6 service calls for the immunoassay analyzer
- Repair average time from phone call to visit: 3.2 days. (min 2 days, max 5 days)

The current backup plan consists of the following:

- Many (not all) tests are backed up on point-of-care type instruments (correlations are not exact)
- Courier samples to Mammoth (typical turn-around time: 24-36 hours)
- Send samples to Reference Lab (typical turn-around time: 48 hours)

Need to change backup plan:

- The current backup plan has recently resulted in unacceptable delays in diagnostic results
- The current backup plan has not been stressed in a worst case scenario (e.g. Mammoth unable to support due to their own crisis or due to impassable road conditions, reference lab unable to reach us due to road conditions)
- Many current backup instruments are also more than 5 years old

Development of backup plan:

From the outset we agreed that only instrument redundancy could ensure downtime free operation regardless of any single instrument's operational status. The following instrument alternatives were considered:

1. Add Vitros 5.1 keeping current Vitros 250 as backup and add backup Access II
2. Replace current Vitros 250 with 2 Vitros 5.1 and add backup Access II
3. Replace current Vitros 250, AxSym, Tosoh with 2 Coultler DXC600pro plus backup Access II

4. Replace all with 2 Coulter DXCI
5. Replace current Vitros 250 with 2 Siemens Xpand plus 1 backup Access II
6. Replace current Vitros 250 with 2 Olympus plus 1 backup Access II

In order to evaluate the instrument alternatives, the following research was done:

1. Query nationwide lab list-serve
2. Call representative sample of proponents of each system
3. Call representative sample of opponents of each system
4. Receive sales pitch from each system
5. Query internal staff for their experience
6. Query Dr. Saeger for his input
7. Do site visit on Olympus in Reno to evaluate this least expensive solution
8. Evaluate cost on each alternative

RESULTS:

	# units	5-year cost	Reliability Rank 1=best	Menu Rank 1=most	Ease of Calib 1=best	Size 1=best	User interface 1=best	Sum Low= Best
Vitros 5.1	1	\$ 815,212.00	4	3	4	4	3	18
Vitros 5.1	2	\$ 1,075,457.00	4	3	4	4	3	18
DXC600pro *	2	\$ 927,960.00	3	4	3	1	2	13
DXC600I *	2	\$ 1,282,080.00	3	1	3	5	2	14
Xpand *	2	\$ 757,865.00	2	3	1	1	1	8
OlympusAU400e *	2	\$ 734,410.00	1	2	3	1	5	12
Access II	1	\$ 60,070.00	4	NA	NA	NA	NA	NA

* Cost includes \$90000 to terminate Ortho Supply Agreement

Based upon the results of our investigation, we chose the Xpand instruments by Siemens (formerly Dade Behring Inc.).

An analysis of the financial options of obtaining the instruments was done as follows:

PURCHASE	
Purchase Price two Xpand Units	\$ 223,880.00
Service Agreement - 5 years	\$ 86,712.00
Reagents 5 years	\$ 493,190.00
Cancellation Ortho Reagent Agreement	\$ 90,000.00
5 year cost	\$ 893,782.00
"EASY ACCESS AGREEMENT"	
Purchase Price two Xpand units	\$ -
Service Agreement - 5 years	\$ -
Reagents 5 years	\$ 667,865.00
Cancellation Ortho Reagent Agreement	\$ 90,000.00
5 year cost	\$ 757,865.00

Based upon our financial analysis the following is our request for approval:

- Permission to sign 5-year “Siemens Healthcare Diagnostics, Inc. Easy Access Agreement” (5-year cost \$667,865 without Ortho Supply Agreement cancellation cost)
- Permission to purchase new Access II at \$60,069.80
- Permission to terminate Ortho-Clinical Diagnostics Supply Agreement with cost maximum of \$90,000.

Siemens Healthcare Diagnostics Inc.
P.O. Box 6101
Newark, DE 19714-6101

Siemens Healthcare Diagnostics Inc. Easy Access Agreement

Product Line: Dimension
Pricing Option: Standard

Customer Name:	NORTHERN INYO HOSPITAL	Group Purchasing Organization:	AMERINET MASTER GROUP
Legal Name:	NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT	Federal ID #:	
Address:	150 PIONEER LN	Ship to Customer #:	0000522288
City, State, Zip:	BISHOP, CA 93514	Sold to Customer #:	104297

This Easy Access Agreement (including any attachments or addenda attached hereto or incorporated by reference) (the "Agreement") is among **NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT** ("Customer"), Siemens Healthcare Diagnostics Inc. ("Siemens") located at Glasgow Business Community, Building 500, Mailbox 540, P.O. Box 6101, Newark, DE 19714-6101 and Siemens Diagnostics Finance Co. LLC ("SDFC") located at 1717 Deerfield Road, Suite 2102, Deerfield, IL 60015-0778. Siemens and SDFC are collectively referred to herein as the "Siemens Party."

1) EQUIPMENT. Upon its acceptance of this Agreement, SDFC agrees to lease to Customer for Customer's use at the address Customer has provided above (the "Premises") the following items (the "Equipment"):

Product	Catalog #	Quantity	Onsite
Millipore System		1	
Xpand Plus w/HM	765000.911	2	
XpandPlus QCC PowerPak® Field Upgrade Kit	765025.901	2	

2) CONSUMABLES. Customer agrees to purchase during the Term (as "Term" is defined in Section 4 below) from Siemens the products listed on Attachment A (the "Consumables") at the prices and in sufficient quantities (at the aggregate, category, and/or product level, as identified on Attachment A) to satisfy the minimum purchase commitment specified on Attachment A (the "Minimum Purchase Commitment"). If Customer's purchases (at the aggregate, category, and/or product level, as identified on Attachment A) in any calendar quarter are insufficient to satisfy the Minimum Purchase Commitment (as prorated or multiplied to apply to the three-month time period), then such deficit will be considered a "Shortfall" to meeting the Minimum Purchase Commitment. In the event of a Shortfall, Siemens, in addition to such other rights as are available by law, reserves the right to compensate for the Shortfall by taking one or more of the following actions: a) increase the Minimum Purchase Commitment required for any subsequent periods to compensate for the Shortfall and/or b) immediately implement a Price Increase (as "Price Increase" is defined in Section 3 below) for any and all Consumables for any subsequent period to compensate for the Shortfall, and/or c) invoice Customer for the Shortfall. Payment for the Consumables is due thirty (30) days from invoice date. A late payment service charge of one and one-half percent (1.5%) per month or, if less, the highest amount permitted by law, may be applied to unpaid and past due invoices.

3) PRICING TERMS. The pricing under this Agreement applies only to the Equipment and Consumables that are used by Customer at the Premises. The pricing and other terms stated in this Agreement will supersede any previous price arrangements Customer has with Siemens or agreements between Siemens and a group purchasing organization (agreements between Siemens and a group purchasing organization are referred to herein as "Purchasing Group Agreements"). Notwithstanding the above, however, Siemens reserves the right to increase the then-current pricing in accordance with Siemens' Purchasing Group Agreement with the group purchasing organization identified on the initial page of this Agreement or for other purposes as permitted under the terms of this Agreement (such increases are referred to herein as "Price Increases").

4) TERM. This Agreement shall begin on the date of Siemens' and SDFC's execution of this Agreement and shall remain in effect for 5 years from the date of delivery of the Equipment (the "Term"). At the end of the Term, provided Customer has

Siemens Healthcare Diagnostics Inc.
P.O. Box 6101
Newark, DE 19714-6101

purchased and paid for at least the Minimum Purchase Commitment during the Term of this Agreement and no Default (as defined in Section 8 below) has occurred that has not been either cured or satisfied in accordance with the provisions of Section 8 of this Agreement, Customer may purchase the Equipment for one dollar (\$1).

5) EQUIPMENT INSTALLATION AND TRAINING. (a) Customer will be responsible for the cost of preparing the Premises for the Equipment. This may include making structural changes or installing separate electrical circuits, dedicated phone lines and/or network connections or special plumbing, air conditioning or humidity controls. Once Customer has prepared the Premises and provided SDFC notification that the Premises are ready for Equipment installation, Siemens will install the Equipment at no extra cost and will provide Customer with applicable operating manuals. (b) Siemens will provide training at the location and for the number of people specified on Attachment A. Such training will include instrument theory, operation, service and problem-solving. If Attachment A indicates that training will be conducted on Customer's Premises, Customer will participate in training during the installation process. If Attachment A indicates that training will be conducted at Siemens' training facility, Customer must have at least one (1) person trained for each instrument model provided under this Agreement before the Equipment is installed. Siemens will pay for reasonable lodging, meals and normal transportation during the training program for the number of people specified on Attachment A. The training slots on Attachment A shall remain available for two (2) years from the date of the Equipment delivery. It is Customer's responsibility to take all applicable courses and/or in-services provided by Siemens relating to the proper use and/or operator maintenance of the Equipment.

6) MAINTENANCE AND SERVICE. (a) Customer is responsible for performing all maintenance requirements described in the operating manuals provided by the manufacturer and to keep the Equipment in good repair, condition and working order, ordinary wear and tear excepted. (b) In addition to the operator maintenance responsibilities identified in the operating manual, the Equipment also requires periodic servicing, including preventative maintenance visits ("Equipment Service"). If Equipment Service is specified on Attachment A, a Siemens appointed service representative will provide Equipment Service in accordance with the type of service and for the period of time (the "Service Period") that is specified on Attachment A. Equipment Service does not cover: (i) failure due to accident, neglect, or operation not set forth in the operating manuals; (ii) Customer's failure to properly maintain the Equipment in accordance with the applicable operating manuals; (iii) use of unauthorized reagents or disposables that may result in damage to or abnormal wear of the Equipment's internal components; or (iv) damage resulting from operating in environmental conditions outside those specified by the applicable operating manual. For any time when Siemens is not responsible for providing Equipment Service, Customer will be responsible for all Equipment Service, and for any damage resulting from such service. Regardless of whether Siemens or Customer is responsible to provide the Equipment Service, Customer is required to pay for the cost of any repairs to the Equipment caused by Customer's negligence, abuse or alteration of the Equipment. Siemens is not required to add any design, engineering, or performance change or development into the Equipment after it is delivered to Customer.

7) SECURITY INTEREST IN THE EQUIPMENT. SDFC will retain title to the Equipment. All replacement parts and attachments shall become part of the Equipment. By signing this Agreement, Customer grants SDFC a first priority security interest in the Equipment which will continue until all of Customer's obligations to SDFC are fully paid and performed. Customer agrees that SDFC may file a UCC financing statement or other such form on Customer's behalf, as provided under the Uniform Commercial Code, to protect SDFC's interest in the Equipment. Customer is required to make payments for the Equipment in accordance with this Agreement even if Customer has a claim against Siemens and / or SDFC. At the end of the Term, if Customer has purchased and paid for at least the Minimum Purchase Commitment during the Term of this Agreement and no Default has occurred that has not been either cured or satisfied in accordance with the provisions of Section 8 of this Agreement, SDFC will file a UCC-3 or similar form which terminates its security interest and will transfer its title in the Equipment to Customer on an "AS IS, WHERE IS BASIS" without representation or warranty.

8) DEFAULT. (a) A "Default" under this Agreement means any of the following circumstances: (i) failure to make a payment within thirty (30) days after it is due; (ii) failure to complete the Term of this Agreement; (iii) Customer's insolvency; (iv) cessation of Customer's business as a going concern; (v) assignment of the Equipment or this Agreement for the benefit of creditors; (vi) appointment of a trustee or receiver for Customer or for a substantial part of Customer's property, or initiation of any proceeding under bankruptcy law by or against Customer; (vii) an attempt by Customer, without SDFC's prior written consent, to remove, sell, transfer, grant a lien in, sublease or part with possession of the Equipment; or (viii) Customer's failure to comply with any requirement of this Agreement. (b) If Customer does not cure a Default within ten (10) days after Customer has received notice of such Default from a Siemens Party, the Siemens Party may then at any time take any or all of the following actions, unless prohibited by law, to satisfy the Default: (i) terminate this Agreement, but Customer shall remain liable for all obligations which have not yet been met, including, but not limited to, any outstanding tax or other liability; (ii) require that Customer immediately pay an amount equal to \$226,129 if the Default occurs during the first year of the Term, \$208,039

Siemens Healthcare Diagnostics Inc.
P.O. Box 6101
Newark, DE 19714-6101

if the Default occurs during the second year of the Term, \$167,336 if the Default occurs during the third year of the Term, \$122,110 if the Default occurs during the fourth year of the Term, or \$72,361 if the Default occurs during the fifth year of the Term, plus any invoiced and unpaid amounts and amounts due to be invoiced, plus pay to Siemens such additional amounts attributed to Customer's remaining commitment towards the Minimum Purchase Commitment required during the Term of this Agreement, as allowed by law (collectively, the "Default Amount"); (iii) immediately enter the Premises to retake possession of the Equipment without the order of any court, but without causing any breach of the peace; (iv) sell all or any portion of the Equipment at a public auction or by private sale without giving Customer notice of any advertising or otherwise (unless required by law) and apply any proceeds received at such sale first to pay any costs and expenses incurred by the Siemens Party in connection with the recovery, repair, storage and sale of the Equipment, and then to any amounts Customer owes under this Agreement, and Customer agrees that Customer will pay any Shortfall immediately; and/or (iv) take any other legal steps. (c) Customer agrees to pay and indemnify the Siemens Party from any costs and expenses, including reasonable attorney's fees, which are incurred as a result of any Default. Customer is not entitled to reduce or set-off for any reason any amounts against Customer's payment obligations under this Agreement.

9) ASSIGNMENT. Either Siemens Party may assign its right to receive payment under this Agreement to one or more assignees (collectively, the "Assignees"). Customer may not assign any of Customer's rights or obligations under this Agreement to any other person without first receiving the written permission of the Siemens Party, which will not be unreasonably withheld. Customer may not assert any claims or defenses Customer has against a Siemens Party against any such Assignee. Customer's obligation to make such payments to any Assignee is unconditional and is not subject to any claims, defenses or rights.

10) INSURANCE AND RISK OF LOSS. Acceptance of the Equipment and Consumables occurs upon delivery. CUSTOMER AGREES NOT TO SELL, TRANSFER, LEASE OR DISPOSE OF THE EQUIPMENT OR TO PERMIT ANY OTHER PERSON TO HAVE ANY INTEREST IN IT UNLESS CUSTOMER FIRST RECEIVES WRITTEN PERMISSION FROM SDFC. Customer agrees to keep the Equipment safe from hazards and shall be responsible for any and all loss, damage (beyond normal wear), theft or destruction of the Equipment. Customer shall (i) keep the Equipment free of all liens and encumbrances, (ii) not relocate or make alterations to the Equipment without the prior written consent of SDFC, (iii) use the Equipment solely for Customer's business purposes in the manner for which it is intended, and (iv) provide reasonable access to SDFC to inspect the Equipment. Customer's obligation to pay and perform all of Customer's obligations under this Agreement will continue even if the Equipment is lost, damaged, stolen or destroyed. If Customer decides that the Equipment (or any part) is permanently damaged or unfit for use, within ten (10) days Customer will give all available information about the problem to SDFC and pay the Default Amount. Customer will maintain primary insurance on the Equipment upon delivery at Customer's own cost with an insurance company acceptable to SDFC consisting of a) all risk insurance of the replacement value of the Equipment naming SDFC as loss payee, and b) liability insurance of not less than \$1,000,000 per occurrence naming SDFC as an additional insured. A certificate evidencing such coverage shall be provided to SDFC prior to the Equipment delivery. If Customer does not secure insurance, SDFC will have the right to secure such coverage on Customer's behalf and bill Customer for the cost.

11) TAXES AND FREIGHT. (a) Customer is responsible for and will pay all sales, use and property taxes assessed on this Agreement or on the possession, ownership, service, sale or use of the Equipment or Consumables during the term of this Agreement (collectively, "Taxes"). Customer will reimburse SDFC for any Taxes it has paid on Customer's behalf. In the event that Customer is exempt from certain taxes pursuant to a tax exemption certificate (the "Exempt Taxes"), and provided that Customer maintains a valid tax exemption certificate throughout the Term of this Agreement and such tax exemption is allowable and transferable to SDFC, then SDFC will not pay the Exempt Taxes and will not seek reimbursement from Customer for the Exempt Taxes. In the event that any Taxes are outside the scope of the tax exemption certificate, Customer will remain responsible for such Taxes. (b) Unless otherwise provided for in this Agreement, Customer agrees to pay freight and handling charges related to delivery of the Equipment and Consumables to Customer's Premises. All shipments are F.O.B. destination, except as otherwise provided herein. Shipping charges may be included in the monthly finance charge for the Equipment.

12) WARRANTY AND LIMITATION OF LIABILITY. Siemens warrants that the Equipment and Consumables shall be free from defects in material and workmanship and conform to the manufacturer's specifications when delivered. SIEMENS MAKES NO OTHER WARRANTIES, EXPRESS, STATUTORY OR IMPLIED, IN CONNECTION WITH THE EQUIPMENT OR CONSUMABLES, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY AS TO DESIGN, MERCHANTABILITY, OR FITNESS FOR ANY PURPOSE. Any claim for breach of this warranty, if any, must be made in writing within one (1) year of the delivery of the product by Siemens. Siemens' sole obligation for breach of this warranty shall be, at Siemens' option, the

Siemens Healthcare Diagnostics Inc.
P.O. Box 6101
Newark, DE 19714-6101

repair or replacement of the breaching product or an appropriate refund, allowance or credit reflecting depreciation. In no event shall Siemens be liable for any special, consequential, or indirect damages.

Siemens also promises that the use of the Equipment and the Consumables in the form delivered to Customer and in accordance with the instructions and manufacturer's specifications will not infringe the U.S. patent of any third party. This promise does not cover the use of the Equipment or Consumables in combination with any other product or equipment not approved by Siemens.

SDFC HAS NOT MANUFACTURED THE EQUIPMENT OR CONSUMABLES AND EXPRESSLY DISCLAIMS ANY WARRANTIES, EXPRESS, STATUTORY OR IMPLIED, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY AS TO DESIGN, MERCHANTABILITY OR FITNESS FOR ANY PURPOSE. Neither SDFC nor any Assignee of SDFC will be responsible to Customer for any problem or claim in connection with a) the use, operation or performance of the Equipment; b) any interruption of service, loss of business or anticipated profits; or c) the delivery, servicing, maintenance, repair or replacement of the Equipment. In no event shall SDFC be liable for any special, consequential, or indirect damages.

No oral or written promises as to the Equipment or Consumables which conflict with this Warranty and Limitation of Liability will bind Siemens or SDFC unless signed by an authorized representative of the party to be bound.

13) AMOUNT ALLOCABLE TO EQUIPMENT. Customer acknowledges that Customer could have purchased the Equipment directly from Siemens for its stated cost which is available to Customer. Instead, Customer has elected to make the purchases required under Paragraph 2 of this Agreement. Customer understands that the pricing under this Agreement includes the cost of Customer's use of the Equipment, and Customer acknowledges that SDFC, as the owner of the Equipment, has an interest in such pricing. The portion of the Minimum Purchase Commitment allocable to the Equipment is approximately \$4,615 per month.

14) NON-APPROPRIATION. To the extent that Customer is either a state or political subdivision for purposes of Section 103 of the Internal Revenue Code of 1986, as amended, if insufficient funds are appropriated by Customer's governing body to meet Customer's payment obligations under this Agreement during any fiscal year, Customer may elect to discontinue this Agreement on the last day of the fiscal period for which appropriations are available. To discontinue this Agreement, Customer must a) notify Siemens in writing of the non-appropriation of funds within ten (10) days of the date upon which Customer becomes aware that insufficient funds will be available, b) provide Siemens with a certified statement of an authorized official to the effect an event of non-appropriation has occurred, and c) return the Equipment to a destination designated by SDFC, in accordance with the directions of SDFC, freight prepaid. Customer may not discontinue this Agreement if any funds are appropriated to Customer by Customer's governing body for the acquisition, retention or operation of other equipment or services performing functions similar to the Equipment. Customer agrees to take all necessary action during the term of this Agreement to obtain adequate funds to satisfy Customer's obligations under this Agreement and will provide for such obligations in each applicable budget submitted to obtain appropriations, use Customer's best efforts to obtain approval of such budget, and exhaust all available appeals if an appropriation sufficient to satisfy such obligations is not made.

15) DISCLOSURE OF DISCOUNTS. Customer acknowledges that discounts, rebates, credits, free goods or services, coupons or other things of value which Customer may receive from Siemens under this Agreement constitute a discount or reduction in price for purposes of 42 U.S.C. paragraph 1320a-7b(b)(3)(A) ("Discounts"). Customer further acknowledges that the cost of Customer's use of the Equipment is included in the pricing under this Agreement. Customer agrees to file all appropriate reports and to properly disclose and reflect all Discounts in any report filed in connection with state or federal cost reimbursement programs. Customer agrees not to disclose the prices or the terms and conditions of Customer's purchases under this Agreement to any person except as required by law in such reports or otherwise.

16) ENTIRE AGREEMENT; AMENDMENTS. (a) This Agreement constitutes the entire agreement among the parties and supersedes any conflicting or other provision of any purchase order or other agreement including any Group Purchasing Agreement or any verbal promises or warranties unless they are specifically included in this Agreement. (b) This Agreement may not be modified except if in a written amendment and signed by all parties to be bound.

17) MISCELLANEOUS. (a) If it is determined that Customer's payments under this Agreement result in payment which is higher than allowed by applicable law, then any excess payment will be remitted to Customer. (b) If either Siemens or SDFC fails to enforce its rights against Customer at any time, it may enforce those rights later without waiver or at such other time that Customer fails to perform any of Customer's obligations. (c) THIS AGREEMENT SHALL BE GOVERNED BY, AND

Quote # 2TK-2UT

SIEMENS

Siemens Healthcare Diagnostics Inc.
P.O. Box 6101
Newark, DE 19714-6101

CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF ILLINOIS, WITHOUT REFERENCE TO CONFLICTS OF LAW PROVISIONS. EACH OF THE PARTIES (i) CONSENTS TO THE JURISDICTION AND VENUE OF FEDERAL AND STATE COURTS IN ILLINOIS FOR THE DETERMINATION OF ALL DISPUTES ARISING UNDER THIS AGREEMENT AND (ii) EXPRESSLY WAIVES ALL RIGHTS TO TRIAL BY JURY IN ANY LITIGATION ARISING FROM OR RELATED TO THIS AGREEMENT. (d) Any dispute or problem that could result in (i) cancellation of this Agreement or (ii) an event of Default (other than failure to meet an obligation to pay invoices when due) shall be submitted to arbitration in accordance with Commercial Arbitration Rules of the American Arbitration Association with the following exceptions: (A) the arbitrator will apply the substantive law of the State of Illinois, (B) each party shall be entitled to only one round of discovery prior to commencement of the arbitration, and (C) the proceedings shall not be more than five (5) days in duration without the consent of both parties. The arbitration shall be held in Cook County, Illinois (or such other location as the parties may mutually agree in writing). Judgment upon the award by the arbitrator may be entered in any court having jurisdiction thereof. The matter shall be referred to an arbitrator or arbitrators who are knowledgeable about financial service transactions. Any arbitration award shall be final and binding upon the parties. (e) Customer, Siemens and SDFC will send any required notices to the other parties by registered or certified mail or by recognized overnight courier service. All notices will be sent to the applicable party at the address set forth on the first page of this Agreement. A party may designate an alternate address for notices by giving written notice thereof in accordance with the provisions of this Paragraph.

Dimension Attachment A

SIEMENS

Customer: NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT
 City, State: BISHOP, CA
 Purchasing Group: AMERINET MASTER GROUP

Ship To: 0000522288
 Sold To: 104297
 Quote #: 2TK-2UT

Consumables: Reagents Pricing

Reagent	Catalog #	# of Tests	Price per test	Annual Minimum Purchase Commitment in Dollars
Category 1				
Total Protein	DF73		\$.330	
Albumin	DF13		\$.330	
Uric Acid	DF77		\$.330	
Enzymatic Carbonate	DF137		\$.330	
Liquid Glucose	DF40		\$.330	
Revised Total Bilirubin	DF167		\$.330	
Blood Urea Nitrogen	DF21		\$.330	
Calcium	DF23A		\$.330	
Cholesterol	DF27		\$.330	
Creatinine	DF33A		\$.330	
Glucose	DF39A		\$.330	
Phosphorus	DF61		\$.330	
Total Bilirubin	DF67A		\$.330	

Category 1 Annual Total

143320 Tests

\$48,510.00

Category 2

GOT/AST	DF41A		\$.330
Alkaline Phosphatase	DF15A		\$.330
Direct Bilirubin	DF25A		\$.330
Revised Direct Bilirubin	DF125		\$.330
GPT/ALT	DF43A		\$.330
GGT	DF45A		\$.330
Lactic Dehydrogenase	DF53A		\$.330
Trig 380/ES	DF69		\$.330
rev TGL	DF69A		\$.330
Creatine Kinase	DF29A		\$.330

Category 2 Annual Total

57208 Tests

\$19,060.80

Category 3

Total T3	RF41A		\$1.070
Revised Iron	DF85		\$1.070
Dimension ETOH Flex Reagent	DF22		\$1.070
HDL Cholesterol	DF47		\$1.070
Iron	DF49A		\$1.070
Pseudocholesterase	DF51		\$1.070
Lipase	DF55A		\$1.070
Magnesium	DF57		\$1.070
Thyroxine	DF65		\$1.070

Customer Initials _____ Date _____

Dimension Attachment A

SIEMENS

Customer: NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT
 City, State: BISHOP, CA
 Purchasing Group: AMERINET MASTER GROUP

Ship To: 0000522288
 Sold To: 104297
 Quote #: 2TK-2UT

Reagent	Catalog #	# of Tests	Price per test	Annual Minimum Purchase Commitment in Dollars
Thyronine Uptake	DF75A		\$1.070	
Total Iron Binding Cpty	DF83		\$1.070	
Acetaminophen	DF88		\$1.070	
C-Reactive Protein	DF37		\$1.070	
Acid Phosphatase	DF11		\$1.070	
Lactic Acid	DF16		\$1.070	
Amylase	DF17A		\$1.070	
Alcohol	DF18		\$1.070	
Ammonia	DF19		\$1.070	
Salicylate	DF20		\$1.070	
Urine CFP	DF26		\$1.070	
Creatine Kinase-MB	DF31		\$1.070	
Category 3 Annual Total		13318 Tests		\$14,509.20

Category 4				
Lidocaine (E2K)	DF113		\$1.740	
Napa (E2K)	DF111		\$1.740	
Theophylline	DF71		\$1.740	
Valproic Acid	DF78		\$1.740	
Vancomycin	DF86		\$1.740	
Carbamazepine	DF87		\$1.740	
DGTX	DF36		\$1.740	
Lithium	DF132		\$1.740	
Procainamide (E2K)	DF110		\$1.740	
Phenytoin	DF64		\$1.740	
Gentamicin	DF12		\$1.740	
Tobramycin	DF14		\$1.740	
Digoxin-No Pretreat	DF35A		\$1.740	
Phenobarbital	DF60		\$1.740	
Category 4 Annual Total		6599 Tests		\$11,497.92

Category 6				
Hemoglobin A1C Kit	DF105	4325	\$3.430	\$15229.20
Category 6 Annual Total		4325 Tests		\$15,229.20

Category 7				
IBCT	DF84		\$1.070	
MALB	DF114		\$2.280	
ALDL	DF131		\$2.773	
Revised AHDL	DF48A		\$.800	

Customer Initials _____	Date _____
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Dimension Attachment A

SIEMENS

Customer: NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT
 City, State: BISHOP, CA
 Purchasing Group: AMERINET MASTER GROUP

Ship To: 0000522288
 Sold To: 104297
 Quote #: 2TK-2UT

Reagent	Catalog #	# of Tests	Price per test	Annual Minimum Purchase Commitment in Dollars
Category 7 Annual Total		11492 Tests		\$13,596.38

	# of Tests	Annual Minimum Purchase Commitment
Aggregate Reagents, All Categories	236262	\$122,403.50

Consumables: Na K Cl Supplies						
Supplies	Catalog #	Annual Volume	Price/Unit	Annual Ext Pr		
QuikLYTE Dilution Check	S640	8 Units	\$16.080	\$128.64		
QuikLYTE Flush Solution	S630	12 Units	\$130.170	\$1,562.04		
QuikLYTE IMT Cartridge	S600	37 Units	\$136.060	\$5,034.22		
QuikLYTE Sample Diluent	S635	6 Units	\$63.430	\$380.58		
QuikLYTE Standard A	S620	16 Units	\$130.170	\$2,082.72		
QuikLYTE Standard B	S625	12 Units	\$130.170	\$1,562.04		
Salt Bridge Solution	D105	12 Units	\$34.940	\$419.28		

Financial Adjustments		
Description	Starting Year	Amount
Siemens will issue you a reagent credit for up to \$10,000.00 for an interface upon receipt of the interface invoice.		
Siemens will give you a reagent credit of \$5,000.00 for year 1.		
Freight	1	\$.00

Training and Service

Equipment: Xpand Plus w/HM

Training	Training Site	Attendees	Air Paid By
Xpand HM Plus Training	Glasgow, DE	3	Siemens
Service Type	Service Level	Service Start Year	Service Years
Extended Service	Business Hours	2	4
First Year Service	Business Hours	1	1

Customer Initials _____ Date _____

Dimension Attachment A

SIEMENS

Customer: NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT
City, State: BISHOP, CA
Purchasing Group: AMERINET MASTER GROUP

Ship To: 0000522288
Sold To: 104297
Quote #: 2TK-2UT

Training and Service

Prices for Reagents and Supplies not listed above will be according to the Tier 02 AmeriNet Non-Contract Dimension in effect at the time of shipment, except for Category 6 products which will be priced based on patient volume and the National Account agreement.

Prices for Reagents and Supplies not yet commercially available will be determined at the time of introduction and are not covered by this Agreement.

Customer Initials _____ Date _____

**THIS SHEET
INTENTIONALLY
LEFT BLANK**

OFFICE LEASE

THIS AGREEMENT, MADE AND ENTERED INTO this 16th day of April, 2008, by and between the **NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT** (hereinafter referred to as "DISTRICT"), Landlord, and, The Eastern Sierra Breast Cancer Alliance, (hereinafter referred to as "ESBCA"), Tenant.

WITNESSETH:

1. Description of Premises. Landlord agrees to lease to Tenant premises located on its Campus at 150 Pioneer Lane, Bishop, California, which is owned by the District. This lease will allow access to tenant to enter into a designated office space of approximately 120 square feet and conduct business on a schedule agreed to by the DISTRICT.

2. Set-Up of Premises. The Parties acknowledge that Landlord has caused the Premises to be set up for use by Tenant for use as a general office and that the intent of this agreement is for the use of that office. Landlord has appropriately set up the premises for such use and has provided appropriate access for patients, to include a ramp and stairs for access by Tenant, its employees, and its patients.

3. Rent. Tenant will pay Landlord \$3.00 rent per month.
Rent is payable at the following address.

Northern Inyo Hospital
150 Pioneer Lane
Bishop, California 93514

4. Fees. Tenant will bill for its own professional services and will be solely responsible for their collection.

5. Term. The term of this rental agreement will commence on 6-1-2008, and will continue on a month-to-month basis until terminated after either party gives thirty (30) days written notice to the other party.

6. Use. The Premises are let for use as a Cancer referral and advisory service and shall be used for no other purpose without the written consent of Landlord first had and received.

7. **Indemnification of Landlord.** Tenant agrees to indemnify, defend, and hold harmless Landlord for personal injuries, or property damage caused by the negligent, willful, or intentional conduct of Tenant, its guest or invitees, including, but not limited to, those personal injuries alleged to have been caused by the negligence of The ESBCA its associates, and/or its office staff.

8. **Parking.** Landlord will provide parking for Tenant's employees and patients.

9. **Condition of Premises.** Tenant will comply with all State and local laws, ordinances, and regulations concerning the condition of the Premises. The rented premises includes the following fixtures, furnishings, and appliances:

Window blinds
Carpeting
Fixed Lighting
Heating and cooling equipment

The parties acknowledge that, at the date of this Agreement, the aforesaid fixtures, furnishings, and appliances are in good condition. The parties further acknowledge that repair or replacement of said fixtures, furnishings and appliances should they become inoperable due to reasonable wear and tear is the responsibility of Landlord.

10. **Assignments and Sub-Letting.** Tenant may not assign its interest under this sublease, or further sub-let any portion of the premises without Landlord's prior written consent. Any attempt by Tenant to assign or sub-let all or any portion of Tenant's interest under this lease without first requesting and obtaining Landlord's advance written permission will be null and void and ineffective to transfer such interest to any person.

11. **Utilities.** Landlord is responsible for payment of all utilities and service charges related to its occupancy and use of the Premises.

12. **Statutory Obligations.** Tenant agrees to perform the following obligations:

- a. To keep the Premises as clean and sanitary as their condition permits.
- b. To dispose of all rubbish, garbage, and other waste in a clean and sanitary manner.
- c. To operate properly all electrical, gas and plumbing fixtures and pipes, and to keep them as clean and sanitary as their condition permits.

d. To refrain from willfully or wantonly destroying, defacing, damaging, impairing, or removing any part of the premises or the facilities, equipment, or appurtenances, or permitting any person on the premises to commit such acts.

13. **Tenant Conduct.** Tenant may not disturb, annoy, endanger, or interfere with tenants or occupants of neighboring buildings. Tenant may not use the Premises for any unlawful purpose, violate any law or ordinance, or commit waste or nuisance on the Premises.

14. **Alterations.** Tenant may not make alterations to the Premises, including but not limited to painting and wallpapering, without first obtaining Landlord's written consent. On completion, any such alterations shall become part of the Premises.

15. **Landlord's Entry on Premises.** Landlord shall have the unrestricted right to enter the premises at any time without notice.

16. **Breach of Covenant.** The parties consider each and every term, covenant, and provision of this lease to be material and reasonable.

17. **Breach: Service of Notice.** For any breach of any covenant or condition of this lease, Landlord may, at its option, serve a three-day notice (1) specifying the nature of the breach and (2) demanding that Tenant cure the breach if it can be cured. The notice may further declare that, if Tenant fails to cure a curable breach within the three-day period or if the breach is not curable, the tenancy is terminated and Tenant forfeits all rights under this Lease. The question of whether breach of a covenant or condition is curable will be determined by the prevailing law in the State of California at the time of service of a three-day notice specifying that Tenant's alleged breach is not curable.

18. **Willful Holding Over: Treble Damages.** If Tenant willfully and maliciously remains in possession after expiration of the tenancy, or on termination of the tenancy, Landlord may recover three times the amount of any damages and rent due, as punitive damages.

19. **Personal Property Remaining on Premises.** After Tenant vacates the premises, either by expiration of the term or on termination of the tenancy, Landlord must give the notices required by law concerning disposition of any personal property of Tenant that remains on the Premises. Tenant is responsible for all reasonable costs of storing such personal property. The property will be released to Tenant or its rightful owner only after Tenant or the rightful owner pays to Landlord the reasonable costs of storage within the time required by law.

20. **Attorney's Fees.** In any legal action brought by either party to enforce the terms of this Lease, the prevailing party is entitled to all costs incurred in connection with such an action, including reasonable attorney's fees.

21. **No Waiver.** Waiver by either party of a breach of any covenant of this lease will not be construed to be a continuing waiver of any subsequent breach. Landlord's receipt of rent, or an installment of rent, with knowledge of Tenant's violation of a covenant does not waive Landlord's right to enforce any covenant of this lease. No waiver by either part of a provision of this Lease will be considered to have been made unless expressed in writing and signed by all parties.

22. **Entire Agreement.** This Lease contains all the agreements of the parties. It may not be modified except by a written document signed by both parties.

25. **Service of Notice.** For purpose of service of process and service of notices and demands, Tenant's address is:

and Landlord's address is:

150 Pioneer Lane
Bishop, California 93514

Executed at Bishop, Inyo County, California, on the day, month and year first above written.

NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT
Landlord

By

President, Board of Directors

Tenant

The Eastern Sierra Breast Cancer Alliance

**THIS SHEET
INTENTIONALLY
LEFT BLANK**

SHARED OFFICE BUILDING LEASE

THIS AGREEMENT, MADE AND ENTERED INTO this 16th day of April, 2008, by and between the **NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT** (hereinafter referred to as "DISTRICT"), Landlord, and, Southern Inyo Hospital (hereinafter referred to as "SIH"), Tenant.

WITNESSETH:

1. Description of Premises. Landlord agrees to lease to Tenant premises located at 153 C Pioneer Lane, Bishop, California, which are owned by the District, the Landlord, and leased to SIH for its exclusive use for one day per week. This lease will allow access to tenant and a shared tenancy basis wherein Tenant shall have the right to enter the premises and conduct business on a schedule agreed to by the DISTRICT. The DISTRICT will also provide limited office furnishings, as shall be agreed to by the parties, for the tenants use.

2. Set-Up of Premises. The Parties acknowledge that Landlord has caused the Premises to be set up for use by Tenant for use as a Pain Management Clinic and that the intent of this agreement is for the sharing of that office. Landlord has appropriately set up the premises for such a practice and has provided appropriate access for patients, to include a ramp and stairs for access by Tenant, its employees, and its patients.

3. Rent. Tenant will pay Landlord \$200.00 rent per month.
Rent is payable at the following address.

Northern Inyo Hospital
150 Pioneer Lane
Bishop, California 93514

4. Fees. Tenant will bill for his own professional services and will be solely responsible for their collection.

5. Term. The term of this rental agreement will commence on 5-1-2008, and will continue on a month-to-month basis until terminated after either party gives thirty (30) days written notice to the other party.

6. Use. The Premises are let for use as a Pain Management Clinic and shall be used for no other purpose without the written consent of Landlord first had and received.

7. **Indemnification of Landlord.** Tenant agrees to indemnify, defend, and hold harmless Landlord for personal injuries, or property damage caused by the negligent, willful, or intentional conduct of Tenant, its guest or invitees, including, but not limited to, those personal injuries alleged to have been caused by the professional negligence of SIH, their associates, their practitioners and/or office staff.

8. **Parking.** Landlord will provide parking for Tenant's employees and patients.

9. **Condition of Premises.** Tenant will comply with all State and local laws, ordinances, and regulations concerning the condition of the Premises. The rented premises includes the following fixtures, furnishings, and appliances:

- Fax Machine
- Office Furniture
- Carpeting
- Fixed Lighting
- Heating and cooling equipment

The parties acknowledge that, at the date of this Agreement, the aforesaid fixtures, furnishings, and appliances are in good condition. The parties further acknowledge that repair or replacement of said fixtures, furnishings and appliances should they become inoperable due to reasonable wear and tear is the responsibility of Landlord.

10. **Assignments and Sub-Letting.** Tenant may not assign its interest under this sublease, or further sub-let any portion of the premises without Landlord's prior written consent. Any attempt by Tenant to assign or sub-let all or any portion of Tenant's interest under this lease without first requesting and obtaining Landlord's advance written permission will be null and void and ineffective to transfer such interest to any person.

11. **Utilities.** Landlord is responsible for payment of all utilities and service charges related to its occupancy and use of the Premises.

12. **Statutory Obligations.** Tenant agrees to perform the following obligations:

- a. To keep the Premises as clean and sanitary as their condition permits.
- b. To dispose of all rubbish, garbage, and other waste in a clean and sanitary manner.
- c. To operate properly all electrical, gas and plumbing fixtures and pipes, and to keep them as clean and sanitary as their condition permits.

END