



Northern Inyo County Local Hospital District

**Board of Directors Regular Meeting**

**Wednesday December 8 2010; 5:30pm**

*Board Room  
Northern Inyo Hospital*

***DRAFT AGENDA***  
**NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT**  
**BOARD OF DIRECTORS MEETING**  
**December 8, 2010 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 October 20 2010 regular meeting.
4. Financial and Statistical Reports for the months of September and October 2010; John Halfen.
5. Administrator's Report; John Halfen.
  - A. Building Update
  - B. Security Reports
  - C. Other
6. Chief of Staff Report; Helena Black, M.D..
  - A. Medical Staff reappointments and reprivileging (*action items*).
  - B. Policy and procedure approvals (*action items*).
  - C. Rural Health Clinic Physician Assistant Credentialing (*action item*).
  - D. Other
7. Old Business
  - A. Pioneer Medical Associates partnership interest purchase (*action item*).
8. New Business
  - A. Construction Change Order Requests #69; #75; #79; #84; #86; #88; #89; #91; #92; #93; and #95 (*action items*).
  - B. Turner Construction donation to NIH Foundation.
  - C. EKG Contract renewals for Vasuki Sittampalam, M.D.; Nickoline Hathaway, M.D.; and James Richardson, M.D. (*action items*).
  - D. Payroll Policies (*action items*):
    1. Pay date change
    2. Mandatory direct deposit
  - E. Hematology Analyzer Purchase (*action item*).
  - F. Final McKesson cost / contract (*action item*).
  - H. Board officer annual elections (*action item*).
  - I. Acquisition of PenRad mammography software (*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)).
12. Return to open session, and report of any action taken in closed session.
13. Opportunity for members of the public to address the Board of Directors on items of interest.
14. Adjournment.

**THIS SHEET**

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- CALL TO ORDER                      The meeting was called to order at 5:30 p.m. by 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  
Douglas Buchanan, District Legal Counsel  
Helena Black, M.D., Chief of Staff  
Sandy Blumberg, Administration Secretary
- PUBLIC COMMENTS  
ON THE AGENDA                      Mr. Watercott asked if any members of the public wished to address the Board on any items listed on the agenda for this meeting. No comments were heard.
- MINUTES                                The minutes of the September 15 2010 regular meeting were approved.
- REPLACE CORE  
INFORMATION  
TECHNOLOGY SYSTEM                Mr. Watercott stated agenda item G listed under New Business on this agenda; *Possible Replacement of the Hospital's Core Information Technology System*; would be discussed at this time in order to allow individuals present only for this discussion to leave afterward if they wish.
- Mr. Halfen stated hospital management began looking into the possibility of replacing its core Information Technology (IT) system two years ago when its current vendor Quadramed informed customers they would not continue to support parts of their system in the future. After reviewing Quadramed's plans for surgery scheduling and other vital hospital operations, it became apparent that their products will become more expensive yet less appropriate to meet the needs of Northern Inyo Hospital (NIH) in the future. Administration also became aware that federal 'meaningful use' dollars will be available to hospitals that embrace electronic health records and electronic health record exchange; so management began looking at those products and vendors most likely to meet NIH's Hospital Information System (H.I.S.) needs. Following 18 months of extensive research; vigorous examination of the products available; site visits; and following consultation with HIS Pros Consultants; the decision has been narrowed to two vendors, which are McKesson and Meditech Corporations. IT Director Adam Taylor called attention to department head/user questionnaires filled out by NIH employees who were part of the selection process; and upon review of employee input the clear front-runner at this time is McKesson (with few dissenting opinions). Mr. Taylor also noted McKesson's implementation

schedule and timeline is far superior to Meditech's, and McKesson should be able to install their product well in advance of the deadline to meet meaningful use funding requirements. Representatives from McKesson were on hand to answer any questions Board members and others present may have. Following an in-depth discussion of the selection process and upon making the determination that due diligence was done in the selection process; it was moved by Denise Hayden, seconded by M.C. Hubbard, and passed to approve McKesson Corporation to be the hospitals' new HIS vendor as recommended. D. Scott Clark, M.D. noted his vote was made with reservation due to his concerns that a possibility exists that the hospital may not receive the meaningful use dollars it is expecting. Doctor Ungersma stated his feeling that it is extremely important to ensure that the new system is one approved by the Office of the National Coordinator.

FINANCIAL AND  
STATISTICAL REPORTS

Mr. Halfen called attention to the financial and statistical reports for the month of August 2010. He noted the statement of operations shows a bottom line excess of revenues over expenses of \$708,166. Mr. Halfen additionally called attention to the following:

- *Inpatient service revenue was under budget and outpatient service revenue was over budget*
- *Total expenses were under budget*
- *Salaries & 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 \$1,073,725*

Mr. Halfen noted the balance sheet shows a decline in short term investments due to the fact that assets are being liquidated in order to help fund the hospital rebuild project. Revenue was down during the month of August, however interim payments began coming in from Medicare and Medical. The expense side of the income statement shows no notable change, and total expenses are on track with the annual budget at this time. Following review of the information provided it was moved by John Ungersma, M.D., seconded by Doctor Clark, and passed to approve the financial and statistical reports for the month of August as presented.

ADMINISTRATOR'S  
REPORT

CHANGE OF PAYDAY

Mr. Halfen informed the Board at the next regular meeting he may ask for Board approval to change the hospital employee pay schedule from every other Thursday to every other Friday. At this time he is introducing the concept to measure the reactions of employees and of the Board, and he will present more information on this topic at the December meeting. Mr. Halfen noted most employers pay on Friday, and this change would help to maximize the hospital's cash float over payday weekends. He also suggested the possibility of making direct deposit mandatory for hospital

employees in order to ease internal accounting; however Ms. Hubbard noted this may not be feasible if some employees do not have the ability to open a bank account.

#### BUILDING UPDATE

John Hawes with Turner Construction Company reported in spite of rain delays the hospital rebuild project is still running on schedule at this time. To prevent further weather delays during winter months the new building will be encased in plastic then is scheduled to go through a drying process on December 2<sup>nd</sup>. During cold weather the structure will be heated to allow construction to continue on schedule, and in April of 2011 the plastic will be removed to reveal a building well on its way to completion. Mr. Hawes also noted that without the hard work of Kevin Boots and RBB Architects, the project would not be progressing in a timely manner.

#### CHIEF OF STAFF REPORT

Chief of Staff Helena Black, M.D. reported following careful review by the appropriate committees the Medical Staff recommends approval of the following Rural Health Clinic (RHC) protocol and procedure:

1. Physician Assistant Protocol: *Medication/Device Policy for RHC P.A.s*
2. Nurse Practitioner Standardized Procedure: *Furnishing Medications/Devices Policy for RHC NP's*

It was moved by Ms. Hubbard, seconded by Doctor Ungersma, and passed to approve the RHC policy and the RHC protocol as presented.

Doctor Black also reported following careful review by the appropriate Medical Staff committees, she is pleased to request Board approval to grant privileges to RHC Physician Assistant Sarah Starosta. It was moved by Doctor Clark, seconded by Ms. Hubbard, and passed to approve privileges for Sarah Starosta. P.A. as requested.

Doctor Black also reported the Medical Staff has received and recommends accepting the resignations of the following Medical Staff members:

1. Donna McAuley, RN, FNP, CNM
2. Marilou Terpenning, M.D.
3. Sudhir Kakarla, M.D.
4. William Carter, D.D.S.

It was moved by Doctor Clark, seconded by Ms. Hayden, and passed to accept the resignations the four Medical Staff members as requested.

Doctor Black also reported the Medical Executive Committee recommends a change be made to the Medical Staff bylaws to include the Chief of Emergency Service as a member of the Medical Executive Committee. It was moved by Doctor Ungersma, seconded by Ms. Hayden, and passed to approve the change to the Medical Staff bylaws as requested.

Doctor Black also reported as an informational item only that Jennie Walker, M.D. has replaced Carolyn Tiernan, M.D. as Chief of Emergency

OLD BUSINESS

Service. She additionally noted the hospital's Continuing Medical Education (CME) accreditation will be recertified during the month of November, and the Medical Staff will be taking over the CME accreditation process.

VALLEY EMERGENCY  
PHYSICIANS  
AGREEMENT

Mr. Halfen called attention to a proposed agreement for Emergency Department Physician services submitted by Valley Emergency Physicians. The proposed contract was submitted at the last regular meeting but was tabled to this meeting to allow changes to be made to the agreement. Doctor Black commented that NIH's Emergency Department physicians feel Valley is making an attempt to address their needs and concerns, and the agreement being presented at this time is acceptable to the physician group. District Legal Counsel Douglas Buchanan recommended a change be made to the wording of section 11.2 item E allowing for removal of a provider for "being convicted of a crime". Mr. Buchanan recommends the section be changed to read that a provider may be removed for being "convicted of a crime other than an infraction", and explained his reasoning for the change. Following review of the agreement presented it was moved by Doctor Ungersma, seconded by Ms. Hubbard, and passed to approve the agreement with Valley Emergency Physicians; with the change being made to section 11.2 item E; and with other minor housekeeping changes being made as suggested by Mr. Buchanan.

MEDICAL/DENTAL/  
VISION RATE  
INCREASE

Mr. Halfen called attention to a proposal for a 2% increase to the rate charged to employees for Medical, Dental, and Vision coverage, due to the fact that premium increases have not been passed on to employees since 2006. This agenda item was tabled from the last regular meeting due to the lack of a quorum. Mr. Halfen noted the increase for employees will be minimal and that the cost of medical coverage for many employees has decreased significantly due to the change to 340B pricing for employee prescriptions. It was moved by Doctor Clark, seconded by Ms. Hubbard, and passed to approve the 2% increase to the employee contribution for medical, dental, and vision coverage as requested, with Ms. Hayden and Mr. Watcott abstaining from the vote.

PIONEER MEDICAL  
ASSOCIATES  
PARTNERSHIP  
INTEREST PURCHASE

Mr. Halfen asked that discussion of the possible Pioneer Medical Associates partnership interest purchase be tabled to the next regular meeting of the District Board in order to allow for changes to be made to the proposed agreement.

PATHOLOGY  
AGREEMENT WITH  
KENNETH SAEGER

Mr. Halfen called attention to a proposed Pathology and Clinical Laboratory Service Agreement with Kenneth Saegar, M.D.. The agreement was presented at a previous meeting but was tabled in order to allow Doctor Saegar to address concerns regarding one of the Arcadia Pathology Group physicians who provides services. Following review



and discussion by the Medical Executive Committee the proposed agreement constitutes a six month extension of the previous contract in order to allow Dr. Saeger to deal with the physician concerns in question. Following brief discussion it was moved by Doctor Clark, seconded by Doctor Ungersma, and passed to approve the six month extension of the agreement for the Pathology and Clinical Laboratory Services of Kenneth Saegar, M.D. as recommended.

#### NEW BUSINESS

#### CONSTRUCTION CHANGE ORDER REQUESTS

Kathy Sherry with Turner Construction Company presented the following construction change orders for the review and consideration of the Board:

1. COR 54: \$381,454 for door hardware and access control
2. COR 58: \$372,952 for permit documents (addendum 5)
3. COR 63: \$36,753 for edge of slab coordination
4. COR 67: (\$344,559) credit for Value Engineering, for electrical and fireproofing work
5. COR 68: \$2,901 for interior lighting
6. COR 70: \$128,358 for central plant domestic hot water return loop
7. COR 71: \$107,050 for security system and cameras
8. COR 72: \$27,433 for additional conduit for Southern California Edison

Ms. Sherry detailed the need for each change order and noted the combined cost of the COR's will be \$712,342. The changes needed are a combination of design changes; rebids; improvements and upgrades; and additional permits that are needed. Following review of the information provided it was moved by Doctor Clark, seconded by Ms. Hayden, and passed to approve all eight construction change orders as recommended.

#### ANESTHESIA CONTRACT RENEWALS

Mr. Halfen called attention to proposed General Anesthesia Co-Medical Director and Professional Services Agreements with J. Daniel Cowan, M.D., and Curtis Schweizer, M.D.. Mr. Halfen noted the proposed agreements allow for a 5% increase to physician compensation, due to the fact that the doctors' current compensation rate is well below the average for anesthesiologists. Although a larger increase would be needed in order to bring the doctors up to the median range, Doctors Cowan and Schweizer have agreed to accept only a 5% increase. Mr. Halfen also noted that a behavioral agreement has been added to both the physician contracts. Following review of the proposed agreements it was moved by Doctor Ungersma, seconded by Ms. Hayden, and passed to approve the General Anesthesia Co-Medical Director Agreements with Doctors Schweizer and Cowan as recommended.

#### POLICY & PROCEDURE MANUAL APPROVALS

Mr. Halfen called attention to the following Policy and Procedure manuals which were on hand for the review and approval of the Board:

1. EKG
2. Dietary
3. Surgery – Lithotripsy Service
4. Language Services

It was moved by Ms. Hubbard, seconded by Ms. Hayden, and passed to approve all four policy and procedure manuals as presented.

SECURITY  
AGREEMENT  
RENEWALS

Mr. Halfen also called attention to a Security Agreement renewal for Chris Nelsen, which contained no changes from the previous agreement. It was moved by Ms. Hubbard, seconded by Ms. Hayden, and passed to approve the Security Agreement with Chris Nelsen as recommended.

Mr. Halfen also requested authority to renew future Security Agreements if a change of date is the only change that is needed. It was moved by Doctor Ungersma, seconded by Doctor Clark and passed allow Mr Halfen to approve security contract renewals with only date changes needed.

POSSIBLE DISTRICT  
NAME CHANGE

Mr. Halfen called attention to a correspondence received from District Legal Counsel Doug Buchanan recommending a possible change of the name "Northern Inyo County Local Hospital District", to "Northern Inyo County Local Healthcare District". Following discussion of the pros and cons of a name change, and it was determined that although the change may be appropriate it may also cause a great deal of work to be needed in regard to changing District titles; holdings; contracts; bond issues; tax reporting; letterhead, etc.. Following further discussion it was decided that the Hospital District name will remain unchanged at this time.

BOARD MEMBER  
REPORTS

Mr. Watercott asked if any members of the Board of Directors wished to report on any items of interest. Doctor Ungersma reported that Senate Bill 726 was not put into law; and it appears California will remain one of only five states in the country in which hospitals do not have the ability to employ physicians. Doctor Clark stated that as acting head of Radiology Services he would like to commend Radiology Director Patty Dickson on the excellent job she has done on scheduling; employee achievement; and on maintaining contracts in a manner that has saved NIH a significant amount of money. Mr. Watercott also stated that although he was out of the area on August 9 2010, after hearing countless reports of the excellent handling of the multi-vehicle accident on Highway 395 by NIH staff, he is humbled and honored to be associated with this hospital.

OPPORTUNITY FOR  
PUBLIC COMMENT

In keeping with the Brown Act, Mr. Watercott again asked if any members of the public wished to comment on any items listed on the agenda for this meeting, or on any items of interest. Rick Casa with Turner Construction Company stated Turner will hold a barbeque for hospital employees the Tuesday before Thanksgiving, and a raffle will be held to raise funds for the NIH Foundation. Mr. Watercott also mentioned the possibility of the NIH Foundation hosting a "Hard Hat Hootenany" (in place of the annual "Groundhog A-Go-Go") to raise funds for the Foundation, and he suggested that perhaps the event could be held inside the plastic encased structure of the new hospital building. Mr. Casa stated

Turner will discuss this possibility further with the Foundation Board to. Mr. Casa also reported Turner has done everything possible to save the hospital money on the rebuild project, including re-bidding portions of the project, and by accepting a fixed fee for their own services. As a result of their efforts Turner Construction and Turner Logistics have been able to save approximately \$3,000,000 on the total cost of the project.

CLOSED SESSION

At 8:00 p.m. Mr. Watercott announced the meeting was being adjourned to closed session to allow the Board of Directors to:

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

RETURN TO OPEN  
SESSION AND REPORT  
OF ACTION TAKEN

At 8:19 p.m. the meeting returned to open session. Mr. Watercott reported the Board took no reportable action.

OFFICE LEASE FOR 152  
PIONEER LANE, SUITE  
G

Mr. Halfen referred to a proposed Office Lease renewal for 152 Pioneer Lane, Suite G, with D. Scott Clark, M.D.. Mr. Halfen noted the only change to the lease is an allowance for a 2% rent increase being charged to the renter. It was moved by Doctor Ungersma, seconded by Ms. Hayden, and passed to approve the proposed office lease for 152 Pioneer Lane, Suite G, with Doctor Clark being absent from the vote.

OPPORTUNITY FOR  
PUBLIC COMMENT

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

ADJOURNMENT

The meeting was adjourned at 8:24 p.m..

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Peter Watercott, President

Attest:

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M.C. Hubbard, Secretary

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BUDGET VARIANCE ANALYSIS

Sep-10 PERIOD ENDING

In the month, NIH was

	-24%	under budget in IP days;
(	-0.10%	) under in IP Revenue and
(	-9.1%	) under in OP Revenue resulting in
\$ (718,046)	(	-9.4%) under in gross patient revenue from budget &
\$ (218,470)	(	-4.7%) under in net patient revenue from budget

Total Expenses were:

\$ (115,242)	(	-2.5%	) under budget. Wages and Salaries were
\$ (121,862)	(	-7.6%	) under budget and Employee Benefits
\$ 10,836	(	1.1%	) over budget.
\$ (85,020)			of other income resulted in a net loss of
\$ (2,772)	\$ (200,194)		over budget.

The following expense areas were over budget for the month:

\$ 10,836	1%	Employee Benefits
\$ 28,239	8%	Professional Fees
\$ 35,998	13%	Depreciation Expense

Other Information:

39.06%	Contractual Percentages for month
38.65%	Contractual Percentages for Year

\$ 1,070,953 Year-to-date Net Revenue

Special Notes:

Prior Year Adjustment was write off of 3rd party liability recorded for 2006 Medi-Cal after settlement.

# NORTHERN INYO HOSPITAL

## Balance Sheet September 30, 2010

	<u>Current Month</u>	<u>Prior Month</u>	<u>FYE 2010</u>
<b>Current assets:</b>			
Cash and cash equivalents	140,996	710,337	5,736
<b>Short-term investments</b>	29,236,787	28,041,829	30,262,716
Assets limited as to use	244,209	2,317,438	5,587,596
Plant Expansion and Replacement Cash	5,469	1,946,040	2,099,904
Other Investments (Partnership)	971,107	971,107	971,107
Patient receivable, less allowance for doubtful accounts \$563,265	8,791,156	8,500,694	7,953,621
Other receivables (Includes GE Financing Funds)	1,557,656	1,472,987	424,259
Inventories	2,375,771	2,372,602	2,378,072
Prepaid expenses	1,250,168	1,257,664	1,143,283
<b>Total current assets</b>	<u>44,573,318</u>	<u>47,590,699</u>	<u>50,826,294</u>
<b>Assets limited as to use:</b>			
Internally designated for capital acquisitions	749,731	749,698	745,008
Specific purpose assets	982,117	981,998	966,724
	<u>1,731,848</u>	<u>1,731,696</u>	<u>1,711,732</u>
<b>Revenue bond construction funds held by trustee</b>	5,665,794	6,829,105	7,541,783
Less amounts required to meet current obligations	244,209	2,317,438	5,587,596
<b>Net Assets limited as to use:</b>	<u>7,153,433</u>	<u>6,243,363</u>	<u>3,665,918</u>
<b>Long-term investments</b>	<u>2,824,834</u>	<u>2,824,834</u>	<u>2,824,834</u>
<b>Property and equipment, net of accumulated depreciation and amortization</b>	<u>51,208,825</u>	<u>49,962,219</u>	<u>47,655,595</u>
<b>Unamortized bond costs</b>	<u>998,707</u>	<u>1,003,334</u>	<u>1,012,587</u>
<b>Total assets</b>	<u>106,759,116</u>	<u>107,624,448</u>	<u>105,985,228</u>

# NORTHERN INYO HOSPITAL

## Balance Sheet

September 30, 2010

### Liabilities and net assets

	<u>Current Month</u>	<u>Prior Month</u>	<u>FYE 2010</u>
<b>Current liabilities:</b>			
Current maturities of long-term debt	968,360	1,030,320	1,188,561
Accounts payable	582,729	687,797	952,032
Accrued salaries, wages and benefits	3,023,856	3,672,346	3,275,053
Accrued interest and sales tax	888,621	715,461	560,578
Deferred income	431,380	473,944	48,296
Due to third-party payors	2,446,608	2,620,055	2,616,629
Due to specific purpose funds	-	-	-
<b>Total current liabilities</b>	<u>8,341,553</u>	<u>9,199,923</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	1,416,447	1,420,790	1,429,475
<b>Total long-term debt</b>	<u>50,437,264</u>	<u>50,441,606</u>	<u>50,450,292</u>
<b>Net assets:</b>			
Unrestricted	46,998,183	47,000,921	45,927,064
Temporarily restricted	982,117	981,998	966,724
<b>Total net assets</b>	<u>47,980,300</u>	<u>47,982,919</u>	<u>46,893,788</u>
<b>Total liabilities and net assets</b>	<u>106,759,116</u>	<u>107,624,448</u>	<u>105,985,228</u>

**NORTHERN INYO HOSPITAL**

**Statement of Operations**

*As of September 30, 2010*

	MTD Actual	MTD Budget	MTD Variance \$	MTD Variance %	YTD Actual	YTD Budget	YTD Variance \$	YTD Variance %	Prior YTD
<b>Unrestricted revenues, gains and other support:</b>									
In-patient service revenue:									
Routine	452,160	634,879	(182,719)	(28.8)	1,569,321	1,946,965	(377,644)	(19.4)	1,768,073
Ancillary	2,012,489	2,104,074	(91,585)	(4.4)	5,663,290	6,452,508	(789,218)	(12.2)	5,832,339
Total in-patient service revenue	2,464,649	2,738,953	(274,304)	(0.10)	7,232,611	8,399,473	(1,166,862)	-13.9%	7,600,411
Out-patient service revenue	4,449,153	4,892,894	(443,741)	(9.1)	14,634,612	15,004,886	(370,274)	(2.5)	14,969,427
<b>Gross patient service revenue</b>	<b>6,913,801</b>	<b>7,631,847</b>	<b>(718,046)</b>	<b>(9.40)</b>	<b>21,867,223</b>	<b>23,404,359</b>	<b>(1,537,136)</b>	<b>(6.6)</b>	<b>22,569,838</b>
<b>Less deductions from patient service revenue:</b>									
Patient service revenue adjustments	39,162	145,324	106,162	73.1	306,890	445,662	138,772	31.1	557,710
Contractual adjustments	2,648,655	2,824,832	176,177	6.2	8,057,665	8,662,814	605,149	7.0	8,098,655
Prior Period Adjustments	(217,238)	-	217,238	100.0	(611,480)	-	611,480	100.0	(7,633)
<b>Total deductions from patient service revenue</b>	<b>2,470,580</b>	<b>2,970,156</b>	<b>499,576</b>	<b>16.8</b>	<b>7,753,075</b>	<b>9,108,476</b>	<b>1,355,401</b>	<b>14.9</b>	<b>8,648,732</b>
<b>Net patient service revenue</b>	<b>4,443,221</b>	<b>4,661,691</b>	<b>(218,470)</b>	<b>-5%</b>	<b>14,114,148</b>	<b>14,295,883</b>	<b>(181,735)</b>	<b>-1%</b>	<b>13,921,105</b>
Other revenue	33,771	30,925	2,846	9.2	120,079	94,835	25,244	26.6	88,338
Transfers from Restricted Funds for Other Operating Expenses	80,224	78,618	1,606	2.0	240,672	241,094	(422)	(0.2)	193,998
<b>Total Other revenue</b>	<b>113,995</b>	<b>109,543</b>	<b>4,452</b>	<b>4.1</b>	<b>360,752</b>	<b>335,929</b>	<b>24,823</b>	<b>7.4</b>	<b>282,336</b>
<b>Total revenue, gains and other support</b>	<b>4,557,217</b>	<b>4,771,234</b>	<b>(214,017)</b>	<b>4.1</b>	<b>14,474,900</b>	<b>14,631,812</b>	<b>(156,912)</b>	<b>7.4</b>	<b>14,203,441</b>
<b>Expenses:</b>									
Salaries and wages	1,488,541	1,610,403	121,862	7.6	4,594,291	4,938,565	344,274	7.0	4,438,924
Employee benefits	1,007,876	997,040	(10,836)	(1.1)	2,878,636	3,057,596	178,960	5.9	2,749,337
Professional fees	385,750	357,511	(28,239)	(7.9)	1,191,963	1,096,363	(95,600)	(8.7)	1,278,273
Supplies	528,671	555,811	27,140	4.9	1,271,072	1,704,497	433,425	25.4	1,571,119
Purchased services	206,598	251,069	44,471	17.7	724,952	769,947	44,995	5.8	679,182
Depreciation	323,669	287,671	(35,998)	(12.5)	967,270	882,191	(85,079)	(9.6)	666,180
Interest	107,088	102,678	(4,410)	(4.3)	288,071	314,878	26,807	8.5	324,285
Bad debts	229,974	216,171	(13,803)	(6.4)	698,399	662,925	(35,474)	(5.4)	566,453
Other	196,800	211,857	15,057	7.1	734,248	649,691	(84,557)	(13.0)	640,753
<b>Total expenses</b>	<b>4,474,969</b>	<b>4,590,211</b>	<b>115,242</b>	<b>2.5</b>	<b>13,348,903</b>	<b>14,076,653</b>	<b>727,750</b>	<b>5.2</b>	<b>12,914,506</b>
<b>Operating income (loss)</b>	<b>82,248</b>	<b>181,023</b>	<b>(98,775)</b>	<b>1.6</b>	<b>1,125,997</b>	<b>555,159</b>	<b>570,838</b>	<b>2.2</b>	<b>1,288,935</b>
<b>Other income:</b>									
District tax receipts	42,565	43,112	(547)	(1.3)	127,694	132,210	(4,516)	(3.4)	131,133
Interest	(22,199)	15,914	(38,113)	(239.5)	93,753	48,804	44,949	92.1	138,772
Other	2,688	4,797	(2,109)	(44.0)	17,958	14,709	3,249	22.1	8,528
Grants and Other Non-Restricted Contributions	9,100	5,208	3,892	74.7	38,001	15,972	22,029	137.9	36,963
Partnership Investment Income	-	-	-	N/A	-	-	-	-	-
Net Medical Office Activity	(117,174)	(52,632)	(64,542)	(618.4)	(332,451)	(161,412)	(171,039)	(106.0)	(83,709)
<b>Total other income, net</b>	<b>(85,020)</b>	<b>16,399</b>	<b>(101,419)</b>	<b>(618)</b>	<b>(55,044)</b>	<b>50,283</b>	<b>(105,327)</b>	<b>(209.5)</b>	<b>231,686</b>
<b>Excess (deficiency) of revenues over expenses</b>	<b>(2,772)</b>	<b>197,422</b>	<b>(200,194)</b>	<b>(101)</b>	<b>1,070,953</b>	<b>605,442</b>	<b>465,511</b>	<b>76.9</b>	<b>1,520,622</b>
Contractual Percentage	39.06%	41.75%			38.65%	41.75%			40.83%



# NORTHERN INYO HOSPITAL

## Statement of Operations--Statistics

*As of September 30, 2010*

	Month		Month		Variance		YTD Actual		YTD Budget		Year	
	Month Actual	Month Budget	Variance	Percentage	YTD Actual	YTD Budget	Variance	Percentage	Year Variance	Year Percentage		
<b>Operating statistics:</b>												
Beds	25	25	N/A	N/A	25	25	N/A	N/A	25	25	N/A	N/A
Patient days	196	258	(62)	0.76	641	792	(151)	0.81	641	792	(151)	0.81
Maximum days per bed capacity	750	750	N/A	N/A	2,300	2,300	N/A	N/A	2,300	2,300	N/A	N/A
Percentage of occupancy	26.13	34.40	(8.27)	0.76	27.87	34.43	(6.56)	0.81	27.87	34.43	(6.56)	0.81
Average daily census	6.53	8.60	(2.07)	0.76	6.97	8.61	(1.64)	0.81	6.97	8.61	(1.64)	0.81
Average length of stay	2.51	3.15	(0.63)	0.80	2.93	3.14	(0.22)	0.93	2.93	3.14	(0.22)	0.93
Discharges	78	82	(4)	0.95	219	252	(33)	1	219	252	(33)	1
Admissions	75	82	(7)	0.91	219	252	(33)	1	219	252	(33)	1
Gross profit-revenue depis.	4,406,272	4,994,139	(587,867)	0.88	14,528,717	15,315,375	(786,658)	0.95	14,528,717	15,315,375	(786,658)	0.95
<b>Percent to gross patient service revenue:</b>												
Deductions from patient service revenue and bad debts	39.06	41.75	(2.69)	0.94	38.65	41.75	(3.10)	0.93	38.65	41.75	(3.10)	0.93
Salaries and employee benefits	35.99	34.11	1.88	1.06	34.13	34.11	0.02	1.00	34.13	34.11	0.02	1.00
Occupancy expenses	6.50	5.42	1.08	1.20	6.22	5.42	0.80	1.15	6.22	5.42	0.80	1.15
General service departments	6.42	5.54	0.88	1.16	5.81	5.54	0.27	1.05	5.81	5.54	0.27	1.05
Fiscal services department	5.84	5.11	0.73	1.14	5.34	5.11	0.23	1.05	5.34	5.11	0.23	1.05
Administrative departments	4.70	5.11	(0.41)	0.92	5.27	5.11	0.16	1.03	5.27	5.11	0.16	1.03
Operating income (loss)	(0.93)	0.85	(1.78)	(1.09)	3.09	0.85	2.24	3.64	3.09	0.85	2.24	3.64
Excess (deficiency) of revenues over expenses	(0.04)	2.59	(2.63)	(0.02)	4.90	2.59	2.31	1.89	4.90	2.59	2.31	1.89
<b>Payroll statistics:</b>												
Average hourly rate (salaries and benefits)	44.87	46.12	(1.24)	0.97	43.79	47.14	(3.35)	0.93	43.79	47.14	(3.35)	0.93
Worked hours	46,616.68	47,764.00	(1,147.32)	0.98	144,850.45	146,464.00	(1,613.55)	0.99	144,850.45	146,464.00	(1,613.55)	0.99
Paid hours	55,449.91	56,447.00	(997.09)	0.98	170,403.92	169,341.00	1,062.92	1.01	170,403.92	169,341.00	1,062.92	1.01
Full time equivalents (worked)	271.03	279.32	(8.29)	0.97	276.43	278.98	(2.55)	0.99	276.43	278.98	(2.55)	0.99
Full time equivalents (paid)	322.38	330.10	(7.72)	0.98	325.20	322.55	2.64	1.01	325.20	322.55	2.64	1.01

# NORTHERN INYO HOSPITAL

## Statements of Changes in Net Assets

As of September 30, 2010

	<u>Month-to-date</u>	<u>Year-to-date</u>
<b>Unrestricted net assets:</b>		
Excess (deficiency) of revenues over expenses	(2,771.72)	1,070,953.17
Net Assets due/to transferred from unrestricted	-	(4,557.74)
Interest posted twice to Bond & Interest	-	-
Net assets released from restrictions used for operations	-	-
<b>Net assets released from restrictions used for payment of long-term debt</b>	<b>(80,224.16)</b>	<b>(240,672.48)</b>
Contributions and interest income	33.26	4,723.10
<b>Increase in unrestricted net assets</b>	<b>(82,962.62)</b>	<b>830,446.05</b>
<b>Temporarily restricted net assets:</b>		
District tax allocation	-	-
Net assets released from restrictions	-	-
Restricted contributions	-	15,274.00
Interest income	119.22	119.23
Net Assets for Long-Term Debt due from County	80,224.16	240,672.48
<b>Increase (decrease) in temporarily restricted net assets</b>	<b>80,343.38</b>	<b>256,065.71</b>
<b>Increase (decrease) in net assets</b>	<b>(2,619.24)</b>	<b>1,086,511.76</b>
<b>Net assets, beginning of period</b>	<b>47,982,919.04</b>	<b>46,893,788.04</b>
<b>Net assets, end of period</b>	<b>47,980,299.80</b>	<b>47,980,299.80</b>

# NORTHERN INYO HOSPITAL

## Statements of Cash Flows

*As of September 30, 2010*

	<u>Month-to-date</u>	<u>Year-to-date</u>
<b>Cash flows from operating activities:</b>		
Increase (decrease) in net assets	(2,619.24)	1,086,511.76
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities: (correcting fund deposit)		
Depreciation	323,668.88	967,269.72
Provision for bad debts	229,974.26	698,399.37
Loss (gain) on disposal of equipment	(61.55)	703.45
(Increase) decrease in:		
Patient and other receivables	(605,104.97)	(2,669,331.40)
Other current assets	4,327.84	(104,583.69)
Plant Expansion and Replacement Cash	1,940,571.58	2,094,435.50
Increase (decrease) in:		
Accounts payable and accrued expenses	(622,962.81)	90,626.92
Third-party payors	(173,447.00)	(170,021.76)
<b>Net cash provided (used) by operating activities</b>	<u>1,094,346.99</u>	<u>1,994,009.87</u>
 <b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(1,570,274.98)	(4,520,499.16)
Purchase of investments	(1,194,958.17)	1,025,928.34
Proceeds from disposal of equipment	61.55	(703.45)
<b>Net cash provided (used) in investing activities</b>	<u>(2,765,171.60)</u>	<u>(3,495,274.27)</u>
 <b>Cash flows from financing activities:</b>		
Long-term debt	(66,302.70)	(233,228.43)
Issuance of revenue bonds	1,163,311.82	1,875,988.91
Unamortized bond costs	4,626.77	13,880.31
Increase (decrease) in donor-restricted funds, net	(152.48)	(20,116.33)
<b>Net cash provided by (used in) financing activities</b>	<u>1,101,483.41</u>	<u>1,636,524.46</u>
 <b>Increase (decrease) in cash and cash equivalents</b>	<u>(569,341.20)</u>	<u>135,260.06</u>
 <b>Cash and cash equivalents, beginning of period</b>	<u>710,337.18</u>	<u>5,735.92</u>
 <b>Cash and cash equivalents, end of period</b>	<u>140,995.98</u>	<u>140,995.98</u>

**Northern Inyo Hospital**  
**Summary of Cash and Investment Balances**  
**Calendar Year 2010**

Operations Checking Account

Time Deposit Month-End Balances

\*

Month	<u>Operations Checking Account</u>				<u>Time Deposit Month-End Balances</u>						Total Revenue Bond Funds	General Obligation Bond Fund
	Balance at Beginning of Month	Deposits	Disbursements	Balance at End of Month	Investment Operations Fund	Bond and Interest Fund	Equipment Donations Fund	Childrens Fund	Scholarship Fund	Tobacco Settlement Fund		
January	4,462,389	6,137,876	6,469,248	4,131,017	27,112,118	796,335	26,233	2,640	17,472	632,052	750,421	2,793,443
February	4,131,017	5,265,638	6,258,389	3,138,266	27,557,615	796,335	26,233	2,640	4,472	632,076	797,897	1,941,057
March	3,138,266	6,113,051	6,461,223	2,790,095	28,079,592	796,335	26,236	2,640	4,474	718,431	806,520	1,941,078
April	2,790,095	7,447,491	9,025,365	1,212,221	29,980,448	410,678	26,236	2,640	4,474	718,458	10,978,230	1,941,094
May	1,212,221	5,617,293	7,530,678	(701,164)	29,528,268	960,093	26,236	2,640	4,574	718,486	11,025,753	1,941,110
June	(701,164)	10,880,268	10,090,323	88,781	33,086,873	960,184	26,490	2,640	3,824	718,518	7,897,886	1,941,127
July	88,781	10,753,454	10,191,339	650,897	32,112,550	960,184	26,490	2,640	3,824	723,106	6,720,131	1,941,143
August	650,897	5,605,016	5,416,671	839,242	30,865,987	960,184	26,590	2,814	18,924	723,138	7,183,224	1,941,159
September	839,242	29,826,128	30,427,218	238,152	32,060,945	960,301	26,593	2,814	18,926	723,168	5,665,915	588
Prior Year												
October	1,870,988	6,700,748	6,690,198	1,881,538	29,097,832	34,292	26,230	2,639	17,470	631,949	978,365	8,074,772
November	1,881,538	14,574,637	14,781,591	1,674,584	28,603,006	34,292	26,230	2,639	17,470	631,999	1,045,102	6,395,453
December	1,674,584	9,083,464	6,295,659	4,462,389	26,778,789	34,310	26,233	2,640	17,472	632,026	702,945	4,657,307

Notes: Revenue Bond Fund includes 2010 Revenue Bond

Investments as of September 30, 2010

Institution	Certificate ID	Purchase Dt	Maturity Dt	Principal	YTM	Broker
Financial Northeastern Money Market LAIF (Walker Fund)	GMBXX	02-Aug-10	01-Oct-10	\$1,542,687	0.50%	Financial Northeastern Corp.
Union Bank of CA Money Market	20-14-002	02-Sep-10	02-Oct-10	\$318,364	0.50%	Northern Inyo Hospital
United States Treasury Note-MBS	2740028807	02-Sep-10	01-Oct-10	\$4,611	0.11%	Northern Inyo Hospital
United States Treasury Note-FNC	912828IP6	10-Sep-10	31-Oct-10	\$2,003,980	0.06%	Multi-Bank Service
United States Treasury Note-MBS	912828IS0	10-Nov-09	30-Nov-10	\$4,038,750	0.33%	Financial Northeastern Corp.
Worlds Foremost Bank (FNC CD)	912828IS0	01-Sep-10	30-Nov-10	\$2,005,080	0.10%	Multi-Bank Service
United States Treasury Note-MBS	5X42688	18-Dec-08	18-Dec-10	\$100,000	4.40%	Financial Northeastern Corp.
United States Treasury Note-MBS	912828IV3	08-Sep-10	31-Dec-10	\$2,004,760	0.11%	Multi-Bank Service
United States Treasury Note-MBS	912828Y7	08-Sep-10	31-Jan-11	\$2,005,920	0.12%	Multi-Bank Service
Santander Financial Issuances LTD	802813AE5	01-Mar-10	15-Feb-11	\$1,049,310	1.17%	Multi-Bank Service
United States Treasury Note-MBS	912828KE9	08-Sep-10	28-Feb-10	\$1,003,594	0.12%	Multi-Bank Service
United States Treasury Note-MBS	912828KE9	07-Sep-10	28-Feb-10	\$1,003,594	0.13%	Multi-Bank Service
Atlantic Richfield	048825AV5	11-Jun-10	01-Mar-11	\$105,400	1.57%	Multi-Bank Service
United States Treasury Note-MBS	912828KH2	07-Sep-10	31-Mar-10	\$2,007,820	0.18%	Multi-Bank Service
United States Treasury Note-MBS	912828KL3	07-Sep-10	30-Apr-10	\$2,008,840	0.19%	Multi-Bank Service
United States Treasury Note-MBS	912828KU3	03-Sep-10	31-May-10	\$2,009,860	0.21%	Multi-Bank Service
United States Treasury Note-MBS	912828LF5	03-Sep-10	30-Jun-10	\$2,014,900	0.22%	Multi-Bank Service
<b>Total Short Term Investments</b>				<b>\$25,227,470</b>		
United States Treasury Note-MBS	912828LG3	03-Sep-10	31-Jul-11	\$1,006,960	0.23%	Multi-Bank Service
United States Treasury Note-MBS	912828LG3	02-Sep-10	31-Jul-11	\$1,006,960	0.23%	Multi-Bank Service
United States Treasury Note-MBS	912828LV0	02-Sep-10	31-Aug-11	\$2,014,460	0.27%	Multi-Bank Service
United States Treasury Note-MBS	912828LW8	02-Sep-10	30-Sep-11	\$1,763,230	0.30%	Multi-Bank Service
Union National Bank & Trust CO-FNC	5L27278	19-Oct-10	19-Oct-11	\$250,000	2.00%	Financial Northeastern Corp.
Credit Suisse 1st	22541LAB9	02-Feb-10	15-Nov-11	\$541,865	1.36%	Multi-Bank Service
First Republic Bank-Div of BOFA	5L28639	20-May-10	20-May-13	\$150,000	2.40%	Financial Northeastern Corp.
First Republic Bank-Div of BOFA	5L26838	20-May-10	20-May-15	\$100,000	3.10%	Financial Northeastern Corp.
<b>Total Long Term Investments</b>				<b>\$6,833,475</b>		
<b>Grand Total Investments</b>				<b>\$32,060,945</b>		

**Financial Indicators**

	Target	Sep-10	Aug-10	Jul-10	Jun-10	May-10	Apr-10	Mar-10	Feb-10	Jan-10	Dec-10	Nov-09	Oct-09
Current Ratio	>1.5-2.0	5.34	5.17	5.00	5.88	4.84	4.95	4.34	5.42	5.65	6.01	5.99	6.10
Quick Ratio	>1.33-1.5	4.72	4.62	4.45	5.43	4.22	4.32	3.78	4.87	5.09	5.45	5.41	5.53
Days Cash on Hand	>75	272.45	303.29	277.51	335.40	233.51	230.21	217.46	322.93	293.20	315.81	306.58	307.60

NORTHERN INYO HOSPITAL  
STATISTICS

MONTHS	SURGERIES												BIRTHS			ER			OP REFERRALS			ADMITS (W/INB)			PT DAYS (W/INB)			PT DAYS (W/INB)			DISCH (W/INB)		
	IP		OP		TOTAL		BIRTHS		ADMITS		VISITS		REFERRALS		ADMITS		PT DAYS		PT DAYS		PT DAYS		DISCH										
	08 / 09 / 10	08 / 09 / 10	08 / 09 / 10	08 / 09 / 10	08 / 09 / 10	08 / 09 / 10	08 / 09 / 10	08 / 09 / 10	08 / 09 / 10	08 / 09 / 10	08 / 09 / 10	08 / 09 / 10	08 / 09 / 10	08 / 09 / 10	08 / 09 / 10	08 / 09 / 10	08 / 09 / 10	08 / 09 / 10	08 / 09 / 10	08 / 09 / 10	08 / 09 / 10	08 / 09 / 10	08 / 09 / 10	08 / 09 / 10	08 / 09 / 10	08 / 09 / 10	08 / 09 / 10	08 / 09 / 10					
2010	33 / 46 / 26	106 / 109 / 95	139 / 185 / 121	16 / 25 / 18	48 / 47	573 / 594 / 604	3237 / 3241 / 3157	107 / 141 / 99	329 / 359 / 304	364 / 406 / 337	96 / 142 / 99	86 / 96 / 81	241 / 245 / 209	318 / 296 / 254	349 / 338 / 301	102 / 127 / 115	108 / 124 / 120	318 / 296 / 254	349 / 338 / 301	338 / 251 / 258	376 / 318 / 312	126 / 106 / 104	108 / 122 / 78	105 / 107 / 81	113 / 111 / 92	115 / 100 / 86	274 / 245 / 196	330 / 278 / 216	115 / 100 / 88				
JANUARY	17 / 26 / 15	81 / 97 / 82	98 / 123 / 97	14 / 15 / 13	39 / 33 / 25	545 / 494 / 487	3185 / 2988 / 3066	86 / 96 / 81	241 / 245 / 209	364 / 406 / 337	96 / 142 / 99	86 / 96 / 81	241 / 245 / 209	318 / 296 / 254	349 / 338 / 301	102 / 127 / 115	108 / 124 / 120	318 / 296 / 254	349 / 338 / 301	338 / 251 / 258	376 / 318 / 312	126 / 106 / 104	108 / 122 / 78	105 / 107 / 81	113 / 111 / 92	115 / 100 / 86	274 / 245 / 196	330 / 278 / 216	115 / 100 / 88				
FEBRUARY	32 / 24 / 42	82 / 116 / 104	114 / 140 / 146	13 / 22 / 21	43 / 38 / 47	505 / 542 / 653	3285 / 3579 / 3504	108 / 124 / 120	318 / 296 / 254	349 / 338 / 301	102 / 127 / 115	108 / 124 / 120	318 / 296 / 254	349 / 338 / 301	338 / 251 / 258	118 / 102 / 90	112 / 100 / 84	307 / 216 / 231	338 / 251 / 258	376 / 318 / 312	126 / 106 / 104	108 / 122 / 78	105 / 107 / 81	113 / 111 / 92	115 / 100 / 86	274 / 245 / 196	330 / 278 / 216	115 / 100 / 88					
MARCH	35 / 21 / 27	120 / 86 / 88	155 / 107 / 115	14 / 17 / 16	61 / 48 / 37	558 / 604 / 498	3611 / 3424 / 3424	112 / 100 / 84	307 / 216 / 231	338 / 251 / 258	118 / 102 / 90	112 / 100 / 84	307 / 216 / 231	338 / 251 / 258	376 / 318 / 312	126 / 106 / 104	128 / 110 / 106	316 / 273 / 291	376 / 318 / 312	376 / 318 / 312	126 / 106 / 104	108 / 122 / 78	105 / 107 / 81	113 / 111 / 92	115 / 100 / 86	274 / 245 / 196	330 / 278 / 216	115 / 100 / 88					
APRIL	41 / 36 / 27	110 / 91 / 92	151 / 127 / 119	27 / 21 / 14	68 / 37 / 39	594 / 708 / 594	3406 / 3258 / 3157	128 / 110 / 106	316 / 273 / 291	376 / 318 / 312	126 / 106 / 104	128 / 110 / 106	316 / 273 / 291	376 / 318 / 312	376 / 318 / 312	126 / 106 / 104	112 / 123 / 80	268 / 281 / 194	294 / 323 / 216	294 / 323 / 216	108 / 122 / 78	105 / 107 / 81	113 / 111 / 92	115 / 100 / 86	274 / 245 / 196	330 / 278 / 216	115 / 100 / 88						
MAY	33 / 29 / 20	83 / 82 / 97	116 / 111 / 117	18 / 24 / 14	38 / 46 / 33	680 / 660 / 756	3388 / 3520 / 3352	112 / 123 / 80	268 / 281 / 194	294 / 323 / 216	108 / 122 / 78	112 / 123 / 80	268 / 281 / 194	294 / 323 / 216	376 / 318 / 312	126 / 106 / 104	99 / 106 / 77	274 / 266 / 206	317 / 307 / 225	345 / 288 / 272	113 / 111 / 92	105 / 107 / 81	113 / 111 / 92	115 / 100 / 86	274 / 245 / 196	330 / 278 / 216	115 / 100 / 88						
JUNE	22 / 24 / 24	110 / 129 / 77	132 / 153 / 101	21 / 19 / 11	44 / 51 / 28	676 / 779 / 690	3307 / 3404 / 3345	99 / 106 / 77	274 / 266 / 206	317 / 307 / 225	105 / 107 / 81	99 / 106 / 77	274 / 266 / 206	317 / 307 / 225	345 / 288 / 272	113 / 111 / 92	114 / 113 / 97	305 / 247 / 237	345 / 288 / 272	345 / 288 / 272	113 / 111 / 92	105 / 107 / 81	113 / 111 / 92	115 / 100 / 86	274 / 245 / 196	330 / 278 / 216	115 / 100 / 88						
JULY	33 / 31 / 21	114 / 91 / 70	147 / 122 / 91	20 / 26 / 19	52 / 34 / 38	642 / 603 / 744	3145 / 3319 / 3502	114 / 113 / 97	305 / 247 / 237	345 / 288 / 272	113 / 111 / 92	114 / 113 / 97	305 / 247 / 237	345 / 288 / 272	345 / 288 / 272	113 / 111 / 92	119 / 100 / 86	274 / 245 / 196	330 / 278 / 216	330 / 278 / 216	115 / 100 / 88	105 / 107 / 81	113 / 111 / 92	115 / 100 / 86	274 / 245 / 196	330 / 278 / 216	115 / 100 / 88						
AUGUST	25 / 29 / 28	78 / 92 / 97	103 / 121 / 125	26 / 16 / 11	33 / 40 / 44	576 / 684 / 616	3289 / 3045 / 3421	119 / 100 / 86	274 / 245 / 196	330 / 278 / 216	115 / 100 / 88	119 / 100 / 86	274 / 245 / 196	330 / 278 / 216	330 / 278 / 216	115 / 100 / 88	119 / 100 / 86	274 / 245 / 196	330 / 278 / 216	330 / 278 / 216	115 / 100 / 88	105 / 107 / 81	113 / 111 / 92	115 / 100 / 86	274 / 245 / 196	330 / 278 / 216	115 / 100 / 88						
SEPTEMBER	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /				
OCTOBER	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /				
NOVEMBER	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /				
DECEMBER	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /				
CALENDAR	271 / 266 / 230	884 / 893 / 802	1155 / 1,159 / 1032	169 / 185 / 137	426 / 375 / 338	5260 / 5668 / 5652	29843 / 29778 / 29928	986 / 1013 / 830	2622 / 2430 / 2122	2987 / 2787 / 2371	979 / 1017 / 830	986 / 1013 / 830	2622 / 2430 / 2122	2987 / 2787 / 2371	2987 / 2787 / 2371	979 / 1017 / 830	986 / 1013 / 830	2622 / 2430 / 2122	2987 / 2787 / 2371	2987 / 2787 / 2371	979 / 1017 / 830	105 / 107 / 81	113 / 111 / 92	115 / 100 / 86	274 / 245 / 196	330 / 278 / 216	115 / 100 / 88						
MONTHLY AVERAGE	30 / 30 / 26	96 / 99 / 88	128 / 129 / 115	19 / 21 / 15	47 / 42 / 38	583 / 630 / 628	3,316 / 3,309 / 3,325	109 / 113 / 92	291 / 270 / 236	332 / 310 / 263	109 / 113 / 92	109 / 113 / 92	291 / 270 / 236	332 / 310 / 263	332 / 310 / 263	109 / 113 / 92	109 / 113 / 92	291 / 270 / 236	332 / 310 / 263	332 / 310 / 263	109 / 113 / 92	105 / 107 / 81	113 / 111 / 92	115 / 100 / 86	274 / 245 / 196	330 / 278 / 216	115 / 100 / 88						

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 2010	DIAGNOSTIC RADIOLOGY		MAMMOGRAPHY		NUCLEAR MEDICINE		ULTRASOUND		CT SCANNING		MRI		LABORATORY		EKG/ EEG		PHYSICAL THERAPY		RESPIRATORY THERAPY		RURAL HEALTH CLINIC		TOTALS				
	08 / 09 / 10	08 / 09 / 10	08 / 09 / 10	08 / 09 / 10	08 / 09 / 10	08 / 09 / 10	08 / 09 / 10	08 / 09 / 10	08 / 09 / 10	08 / 09 / 10	08 / 09 / 10	08 / 09 / 10	08 / 09 / 10	08 / 09 / 10	08 / 09 / 10	08 / 09 / 10	08 / 09 / 10	08 / 09 / 10	08 / 09 / 10	08 / 09 / 10	08 / 09 / 10	08 / 09 / 10	08 / 09 / 10	08 / 09 / 10			
JANUARY	544 / 606 / 622	193 / 434 / 330	71 / 96 / 77	205 / 206 / 198	170 / 165 / 167	89 / 470 / 658	1809 / 1635 / 1619	103 / 120 / 96	335 / 363 / 352	10 / 10 / 17	1057 / 1457 / 1220	4586 / 5562 / 5956															
FEBRUARY	593 / 477 / 542	193 / 182 / 313	63 / 51 / 51	205 / 195 / 201	217 / 153 / 147	85 / 435 / 458	1744 / 1643 / 1522	113 / 116 / 114	364 / 314 / 376	11 / 10 / 15	1150 / 1374 / 1254	4738 / 4950 / 4991															
MARCH	529 / 581 / 567	311 / 261 / 321	133 / 1 / 99	223 / 201 / 206	233 / 152 / 170	403 / 472 / 440	1774 / 1904 / 1795	149 / 121 / 117	346 / 428 / 449	12 / 13 / 9	1211 / 1477 / 1404	5324 / 5611 / 5577															
APRIL	697 / 600 / 786	199 / 378 / 289	183 / 68 / 57	196 / 198 / 252	264 / 161 / 161	453 / 483 / 148	1984 / 1824 / 1804	121 / 108 / 113	410 / 380 / 395	14 / 16 / 10	1318 / 1423 / 1394	5938 / 5639 / 5409															
MAY	613 / 650 / 764	479 / 391 / 177	167 / 87 / 40	213 / 187 / 234	230 / 131 / 183	424 / 656 / 109	1758 / 1811 / 1622	137 / 103 / 93	349 / 354 / 456	9 / 12 / 19	1308 / 1373 / 1165	5687 / 5755 / 4862															
JUNE	616 / 594 / 632	486 / 455 / 199	118 / 37 / 42	186 / 224 / 220	156 / 150 / 168	542 / 461 / 100	1752 / 1881 / 1707	123 / 120 / 104	314 / 388 / 401	19 / 19 / 14	1247 / 1387 / 1346	5559 / 5716 / 4923															
JULY	604 / 610 / 732	477 / 444 / 205	71 / 84 / 45	196 / 210 / 253	157 / 179 / 179	443 / 505 / 111	1716 / 1805 / 1589	142 / 102 / 118	357 / 328 / 423	15 / 11 / 17	1190 / 1116 / 1123	5368 / 5594 / 4795															
AUGUST	561 / 528 / 613	402 / 398 / 187	86 / 73 / 57	190 / 193 / 252	150 / 165 / 220	542 / 392 / 106	1647 / 1779 / 1648	145 / 103 / 111	325 / 386 / 442	11 / 12 / 17	1294 / 1071 / 1357	5353 / 5100 / 5210															
SEPTEMBER	567 / 505 / 766	484 / 402 / 184	70 / 113 / 37	191 / 200 / 239	157 / 61 / 140	502 / 350 / 105	1822 / 1743 / 1728	131 / 116 / 106	322 / 363 / 375	13 / 11 / 37	1288 / 1209 / 1234	5527 / 5083 / 4971															
OCTOBER	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	
NOVEMBER	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	
DECEMBER	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	
CALENDAR YEAR	5324 / 5151 / 6244	3204 / 3345 / 2205	962 / 610 / 505	1805 / 1814 / 2055	1734 / 1317 / 1525	3483 / 4234 / 2233	16006 / 16025 / 15024	1164 / 1009 / 972	3122 / 3204 / 3669	114 / 114 / 165	11063 / 11887 / 11487	47984 / 48810 / 46094															
MONTHLY AVERAGES	592 / 572 / 694	356 / 372 / 245	107 / 68 / 56	201 / 202 / 228	193 / 146 / 169	397 / 470 / 248	1778 / 1781 / 1670	129 / 112 / 108	347 / 367 / 408	13 / 13 / 17	1229 / 1321 / 1277	5331 / 5423 / 5122															

\*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 SEPTEMBER 30, 2010**

<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	117,000
	PMA-IT Server Room Wiring Project	34,625
	MRI Upgrade	325,318 *
	Nexus VOIP Telephone System	958,776
	AMOUNT APPROVED BY THE BOARD IN PRIOR FISCAL YEARS TO BE EXPENDED IN THE CURRENT FISCAL YEAR	<u>1,469,719</u>
FY 2010-11	Back-Up Battery for CT	22,950
	McKesson Paragon Hospital Information System      Capital Fees Only	2,687,694
	AMOUNT APPROVED BY THE BOARD IN THE CURRENT FISCAL YEAR TO BE EXPENDED IN THE CURRENT FISCAL YEAR	<u>2,710,644</u>
	Amount Approved by the Board in Prior Fiscal Years to be Expended in the Current Fiscal Year	1,144,401
	Amount Approved by the Board in the Current Fiscal Year to be Expended in the Current Fiscal Year	<u>2,710,644</u>
	Year-to-Date Board-Approved Amount to be Expended	2,710,644
	Year-to-Date Administrator-Approved Amount	75,491 *
	Actually Expended in Current Fiscal Year	<u>325,318 *</u>
	Year-to-Date Completed Building Project Expenditures	0 *
	<b>TOTAL FUNDS APPROVED TO BE EXPENDED</b>	<u><u>3,111,453</u></u>
	<b>Total-to-Date Spent on Incomplete Board Approved Expenditures</b>	<b>0</b>

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

MONTH APPROVED BY BOARD	DESCRIPTION OF APPROVED CAPITAL EXPENDITURES	AMOUNT
Reconciling Totals:		
	Actually Capitalized in the Current Fiscal Year Total-to-Date	400,809
	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>2,710,644</u>
	<b>ACTUAL FUNDS APPROVED IN THE CURRENT FISCAL YEAR TOTAL-TO-DATE</b>	<b><u><u>3,111,453</u></u></b>
	Donations by Auxiliary	0
	Donations by Hospice of the Owens Valley	0
	+Tobacco Funds Used for Purchase	0
		<u>0</u>
		<u><u>0</u></u>

\*Completed Purchase

(Note: The budgeted amount for capital expenditures for all priority requests for the fiscal year ending June 30, 2010, is \$1,800,000 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 SEPTEMBER 30, 2010**

<b>Administrator-Approved Item(s)</b>	<b>Department</b>	<b>Amount</b>	<b>Month Total</b>	<b>Grand Total</b>
SURESIGNS VS3 NBP, SP02	OB	2,821		
IMAGE FORMULA DR7090C SCANNER	MARKETING/GRANT WRITII	7,063		
<b>MONTH ENDING AUGUST 2010</b>			<b>9,885</b>	<b>75,491</b>

**THIS SHEET**

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**BUDGET VARIANCE ANALYSIS**

**Oct-10 PERIOD ENDING**

**In the month, NIH was**

	-14%	under budget in IP days;
(	-0.16%	) under in IP Revenue and
(	-2.0%	) under in OP Revenue resulting in
\$ (548,800)	(	-7.0%) under in gross patient revenue from budget &
\$ (384,696)	(	-8.0%) under in net patient revenue from budget

**Total Expenses were:**

\$ 87,259	(	1.8%	) under budget. Wages and Salaries were
\$ (67,691)	(	-4.1%	) under budget and Employee Benefits
\$ 93,700	(	9.1%	) over budget.
\$ (37,223)			of other income resulted in a net loss of
\$ (263,650)	\$ (467,660)		under budget.

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

\$ 93,700	9%	Employee Benefits
\$ 45,751	12%	Professional Fees
\$ 44,677	15%	Depreciation Expense
\$ 23,650	11%	Other Expenses

**Other Information:**

42.42%	Contractual Percentages for month
39.60%	Contractual Percentages for Year

**\$ 807,304 Year-to-date Net Revenue**

**Special Notes:**

**Prior Year 3rd Party Liabilities for Medi-Cal are being evaluated and reduced as Cost Reports are being closed**

# NORTHERN INYO HOSPITAL

## Balance Sheet

October 31, 2010

	<u>Current Month</u>	<u>Prior Month</u>	<u>FYE 2010</u>
<b>Current assets:</b>			
Cash and cash equivalents	60,469	140,996	5,736
<b>Short-term investments</b>	25,690,531	29,236,787	30,262,716
Assets limited as to use	1,912,713	244,209	5,587,596
Plant Expansion and Replacement Cash	5,474	5,469	2,099,904
Other Investments (Partnership)	971,107	971,107	971,107
Patient receivable, less allowance for doubtful accounts \$583,249	8,973,195	8,791,156	7,953,621
Other receivables (Includes GE Financing Funds)	2,709,258	1,557,656	424,259
Inventories	2,385,836	2,375,771	2,378,072
Prepaid expenses	1,240,993	1,250,168	1,143,283
<b>Total current assets</b>	<u>43,949,577</u>	<u>44,573,318</u>	<u>50,826,294</u>
<b>Assets limited as to use:</b>			
Internally designated for capital acquisitions	749,760	749,731	745,008
Specific purpose assets	416,364	982,117	966,724
	<u>1,166,124</u>	<u>1,731,848</u>	<u>1,711,732</u>
<b>Revenue bond construction funds held by trustee</b>	5,528,133	5,665,794	7,541,783
Less amounts required to meet current obligations	<u>1,910,173</u>	<u>244,209</u>	<u>5,587,596</u>
<b>Net Assets limited as to use:</b>	<u>4,784,083</u>	<u>7,153,433</u>	<u>3,665,918</u>
<b>Long-term investments</b>	<u>2,824,834</u>	<u>2,824,834</u>	<u>2,824,834</u>
<b>Property and equipment, net of accumulated depreciation and amortization</b>	<u>53,125,599</u>	<u>51,208,825</u>	<u>47,655,595</u>
<b>Unamortized bond costs</b>	<u>994,080</u>	<u>998,707</u>	<u>1,012,587</u>
<b>Total assets</b>	<u>105,678,174</u>	<u>106,759,116</u>	<u>105,985,228</u>

# NORTHERN INYO HOSPITAL

## Balance Sheet

October 31, 2010

### Liabilities and net assets

	<u>Current Month</u>	<u>Prior Month</u>	<u>FYE 2010</u>
<b>Current liabilities:</b>			
Current maturities of long-term debt	726,172	968,360	1,188,561
Accounts payable	890,944	582,729	952,032
Accrued salaries, wages and benefits	3,215,301	3,023,856	3,275,053
Accrued interest and sales tax	526,487	888,621	560,578
Deferred income	388,815	431,380	48,296
Due to third-party payors	2,346,608	2,446,608	2,616,629
Due to specific purpose funds	-	-	-
<b>Total current liabilities</b>	<u>8,094,326</u>	<u>8,341,553</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	1,412,105	1,416,447	1,429,475
<b>Total long-term debt</b>	<u>50,432,921</u>	<u>50,437,264</u>	<u>50,450,292</u>
<b>Net assets:</b>			
Unrestricted	46,734,562	46,998,183	45,927,064
Temporarily restricted	416,364	982,117	966,724
<b>Total net assets</b>	<u>47,150,926</u>	<u>47,980,300</u>	<u>46,893,788</u>
 <b>Total liabilities and net assets</b>	 <u>105,678,174</u>	 <u>106,759,116</u>	 <u>105,985,228</u>

**NORTHERN INYO HOSPITAL**

**Statement of Operations**

*As of October 31, 2010*

	MTD Actual	MTD Budget	MTD Variance \$	MTD Variance %	YTD Actual	YTD Budget	YTD Variance \$	YTD Variance %	Prior YTD
<b>Unrestricted revenues, gains and other support:</b>									
In-patient service revenue:									
Routine	574,676	656,043	(81,367)	(12.4)	2,143,996	2,603,008	(459,012)	(17.6)	2,376,171
Ancillary	1,805,354	2,174,217	(368,863)	(17.0)	7,468,645	8,626,725	(1,158,080)	(13.4)	7,918,214
Total in-patient service revenue	2,380,030	2,830,260	(450,230)	(0.16)	9,612,641	11,229,733	(1,617,092)	-14.4%	10,294,385
Out-patient service revenue	4,957,426	5,055,996	(98,570)	(2.0)	19,592,038	20,060,882	(468,844)	(2.3)	19,894,686
<b>Gross patient service revenue</b>	<b>7,337,456</b>	<b>7,886,256</b>	<b>(548,800)</b>	<b>(7.00)</b>	<b>29,204,679</b>	<b>31,290,615</b>	<b>(2,085,936)</b>	<b>(6.7)</b>	<b>30,189,071</b>
<b>Less deductions from patient service revenue:</b>									
Patient service revenue adjustments	165,968	150,169	(15,799)	(10.5)	472,858	595,831	122,973	20.6	744,829
Contractual adjustments	2,837,422	2,918,991	81,569	2.8	10,895,087	11,581,805	686,718	5.9	11,406,600
Prior Period Adjustments	(98,334)	-	98,334	100.0	(709,814)	-	709,814	100.0	(392,680)
<b>Total deductions from patient service revenue</b>	<b>2,905,056</b>	<b>3,069,160</b>	<b>164,104</b>	<b>5.4</b>	<b>10,658,131</b>	<b>12,177,636</b>	<b>1,519,505</b>	<b>12.5</b>	<b>11,758,750</b>
<b>Net patient service revenue</b>	<b>4,432,400</b>	<b>4,817,096</b>	<b>(384,696)</b>	<b>-8%</b>	<b>18,546,548</b>	<b>19,112,979</b>	<b>(566,431)</b>	<b>-3%</b>	<b>18,430,322</b>
Other revenue	91,428	31,955	59,473	186.1	211,507	126,790	84,717	66.8	117,804
Transfers from Restricted Funds for Other Operating Expenses	80,224	81,238	(1,014)	(1.3)	320,897	322,332	(1,435)	(0.5)	258,664
<b>Total Other revenue</b>	<b>171,652</b>	<b>113,193</b>	<b>58,459</b>	<b>51.7</b>	<b>532,404</b>	<b>449,122</b>	<b>83,282</b>	<b>18.5</b>	<b>376,468</b>
<b>Total revenue, gains and other support</b>	<b>4,604,053</b>	<b>4,930,289</b>	<b>(326,236)</b>	<b>51.6</b>	<b>19,078,952</b>	<b>19,562,101</b>	<b>(483,149)</b>	<b>18.5</b>	<b>18,806,790</b>
<b>Expenses:</b>									
Salaries and wages	1,596,390	1,664,081	67,691	4.1	6,190,682	6,602,646	411,964	6.2	6,001,647
Employee benefits	1,123,978	1,030,278	(93,700)	(9.1)	4,002,614	4,087,874	85,260	2.1	3,848,394
Professional fees	415,177	369,426	(45,751)	(12.4)	1,607,141	1,465,789	(141,352)	(9.6)	1,756,547
Supplies	481,235	574,343	93,108	16.2	1,752,307	2,278,840	526,533	23.1	2,123,927
Purchased services	315,201	259,439	(55,762)	(21.5)	1,040,154	1,029,386	(10,768)	(1.1)	1,006,551
Depreciation	341,937	297,260	(44,677)	(15.0)	1,309,207	1,179,451	(129,756)	(11.0)	889,014
Interest	106,861	106,100	(761)	(0.7)	394,931	420,978	26,047	6.2	433,719
Bad debts	207,133	223,377	16,244	7.3	905,533	886,302	(19,231)	(2.2)	860,277
Other	242,567	218,917	(23,650)	(10.8)	976,815	868,608	(108,207)	(12.5)	831,349
<b>Total expenses</b>	<b>4,830,480</b>	<b>4,743,221</b>	<b>(87,259)</b>	<b>(1.8)</b>	<b>18,179,382</b>	<b>18,819,874</b>	<b>640,492</b>	<b>3.4</b>	<b>17,751,425</b>
<b>Operating income (loss)</b>	<b>(226,427)</b>	<b>187,068</b>	<b>(413,495)</b>	<b>53.4</b>	<b>899,570</b>	<b>742,227</b>	<b>157,343</b>	<b>15.1</b>	<b>1,055,365</b>
<b>Other income:</b>									
District tax receipts	42,565	44,549	(1,984)	(4.5)	170,259	176,759	(6,500)	(3.7)	174,844
Interest	33,811	16,445	17,366	105.6	127,564	65,249	62,315	95.5	175,496
Other	-	4,956	(4,956)	(100.0)	17,958	19,665	(1,707)	(8.7)	12,428
Grants and Other Non-Restricted Contributions	-	5,382	(5,382)	(100.0)	38,001	21,354	16,647	78.0	36,963
Partnership Investment Income	-	-	-	N/A	-	-	-	-	-
Net Medical Office Activity	(113,598)	(54,390)	(59,208)	(319.7)	(446,049)	(215,802)	(230,247)	(106.7)	(137,380)
<b>Total other income, net</b>	<b>(37,223)</b>	<b>16,942</b>	<b>(54,165)</b>	<b>(320)</b>	<b>(92,266)</b>	<b>67,225</b>	<b>(159,491)</b>	<b>(237.3)</b>	<b>262,351</b>
<b>Excess (deficiency) of revenues over expenses</b>	<b>(263,650)</b>	<b>204,010</b>	<b>(467,660)</b>	<b>(229)</b>	<b>807,304</b>	<b>809,452</b>	<b>(2,148)</b>	<b>(0.3)</b>	<b>1,317,716</b>
Contractual Percentage	42.42%	41.75%			39.60%	41.75%			41.80%



# NORTHERN INYO HOSPITAL

## Statement of Operations--Statistics

*As of October 31, 2010*

	Month		Month		Variance		YTD Actual		YTD Budget		Year	
	Month Actual	Month Budget	Variance	Percentage	YTD Actual	YTD Budget	Variance	Percentage	Year	Variance	Year	Percentage
<b>Operating statistics:</b>												
Beds	25	25	N/A	N/A	25	25	N/A	N/A	25	25	N/A	N/A
Patient days	231	267	(36)	0.87	872	1,059	(187)	0.82	1,059	1,059	(187)	0.82
Maximum days per bed capacity	775	775	N/A	N/A	3,075	3,075	N/A	N/A	3,075	3,075	N/A	N/A
Percentage of occupancy	29.81	34.45	(4.64)	0.87	28.36	34.44	(6.08)	0.82	34.44	34.44	(6.08)	0.82
Average daily census	7.45	8.61	(1.16)	0.87	7.09	8.61	(1.52)	0.82	8.61	8.61	(1.52)	0.82
Average length of stay	2.96	3.14	(0.18)	0.94	2.94	3.14	(0.21)	0.93	3.14	3.14	(0.21)	0.93
Discharges	78	85	(7)	0.92	297	337	(40)	1	337	337	(40)	1
Admissions	77	85	(8)	0.91	296	337	(41)	1	337	337	(41)	1
Gross profit-revenue depts.	4,601,763	5,160,618	(558,855)	0.89	19,130,480	20,475,993	(1,345,513)	0.93	20,475,993	20,475,993	(1,345,513)	0.93
<b>Percent to gross patient service revenue:</b>												
Deductions from patient service revenue and bad debts	42.42	41.75	0.67	1.02	39.60	41.75	(2.15)	0.95	41.75	41.75	(2.15)	0.95
Salaries and employee benefits	36.97	34.11	2.86	1.08	34.84	34.11	0.73	1.02	34.11	34.11	0.73	1.02
Occupancy expenses	6.67	5.42	1.25	1.23	6.33	5.42	0.91	1.17	5.42	5.42	0.91	1.17
General service departments	6.23	5.54	0.69	1.12	5.91	5.54	0.37	1.07	5.54	5.54	0.37	1.07
Fiscal services department	5.93	5.11	0.82	1.16	5.49	5.11	0.38	1.07	5.11	5.11	0.38	1.07
Administrative departments	5.43	5.11	0.32	1.06	5.31	5.11	0.20	1.04	5.11	5.11	0.20	1.04
Operating income (loss)	(5.41)	0.85	(6.26)	(6.36)	0.95	0.85	0.10	1.12	0.85	0.85	0.10	1.12
Excess (deficiency) of revenues over expenses	(3.59)	2.59	(6.18)	(1.39)	2.76	2.59	0.17	1.07	2.59	2.59	0.17	1.07
<b>Payroll statistics:</b>												
Average hourly rate (salaries and benefits)	47.05	47.65	(0.61)	0.99	44.61	47.27	(2.65)	0.94	47.27	47.27	(2.65)	0.94
Worked hours	50,030.30	49,350.00	680.30	1.01	194,880.75	195,814.00	(933.25)	1.00	195,814.00	195,814.00	(933.25)	1.00
Paid hours	57,653.05	56,447.00	1,206.05	1.02	228,056.97	225,788.00	2,268.97	1.01	225,788.00	225,788.00	2,268.97	1.01
Full time equivalents (worked)	284.26	278.81	5.45	1.02	278.40	278.94	(0.54)	1.00	278.94	278.94	(0.54)	1.00
Full time equivalents (paid)	327.57	318.91	8.66	1.03	325.80	321.64	4.16	1.01	321.64	321.64	4.16	1.01

# NORTHERN INYO HOSPITAL

## Statements of Changes in Net Assets

As of October 31, 2010

	<u>Month-to-date</u>	<u>Year-to-date</u>
<b>Unrestricted net assets:</b>		
Excess (deficiency) of revenues over expenses	(263,649.62)	807,303.55
Net Assets due/to transferred from unrestricted	-	(4,557.74)
Interest posted twice to Bond & Interest	-	-
Net assets released from restrictions used for operations	-	-
<b>Net assets released from restrictions used for payment of long-term debt</b>	(80,224.16)	(320,896.64)
Contributions and interest income	29.09	4,752.19
<b>Increase in unrestricted net assets</b>	<u>(343,844.69)</u>	<u>486,601.36</u>
<b>Temporarily restricted net assets:</b>		
District tax allocation	-	-
Net assets released from restrictions	(565,752.84)	(565,752.84)
Restricted contributions	-	15,274.00
Interest income	-	119.23
Net Assets for Long-Term Debt due from County	80,224.16	320,896.64
<b>Increase (decrease) in temporarily restricted net assets</b>	<u>(485,528.68)</u>	<u>(229,462.97)</u>
<b>Increase (decrease) in net assets</b>	(829,373.37)	257,138.39
<b>Net assets, beginning of period</b>	47,980,299.80	46,893,788.04
<b>Net assets, end of period</b>	<u>47,150,926.43</u>	<u>47,150,926.43</u>

# NORTHERN INYO HOSPITAL

## Statements of Cash Flows

*As of October 31, 2010*

	Month-to-date	Year-to-date
<b>Cash flows from operating activities:</b>		
Increase (decrease) in net assets	(829,373.37)	257,138.39
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities: (correcting fund deposit)		
Depreciation	341,936.86	1,309,206.58
Provision for bad debts	207,133.37	905,532.74
Loss (gain) on disposal of equipment	-	703.45
(Increase) decrease in:		
Patient and other receivables	(1,540,774.40)	(4,210,105.80)
Other current assets	(891.33)	(105,475.02)
Plant Expansion and Replacement Cash	(5.16)	2,094,430.34
Increase (decrease) in:		
Accounts payable and accrued expenses	94,961.23	185,588.15
Third-party payors	(100,000.00)	(270,021.76)
<b>Net cash provided (used) by operating activities</b>	<b>(1,827,012.80)</b>	<b>166,997.07</b>
 <b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(2,258,711.71)	(6,779,210.87)
Purchase of investments	3,546,256.23	4,572,184.57
Proceeds from disposal of equipment	-	(703.45)
<b>Net cash provided (used) in investing activities</b>	<b>1,287,544.52</b>	<b>(2,207,729.75)</b>
 <b>Cash flows from financing activities:</b>		
Long-term debt	(246,530.37)	(479,758.80)
Issuance of revenue bonds	137,661.14	2,013,650.05
Unamortized bond costs	4,626.77	18,507.08
Increase (decrease) in donor-restricted funds, net	565,723.75	545,607.42
<b>Net cash provided by (used in) financing activities</b>	<b>461,481.29</b>	<b>2,098,005.75</b>
 <b>Increase (decrease) in cash and cash equivalents</b>	<b>(77,986.99)</b>	<b>57,273.07</b>
 <b>Cash and cash equivalents, beginning of period</b>	<b>140,995.98</b>	<b>5,735.92</b>
 <b>Cash and cash equivalents, end of period</b>	<b>63,008.99</b>	<b>63,008.99</b>

**Northern Inyo Hospital**  
**Summary of Cash and Investment Balances**  
**Calendar Year 2010**

Operations Checking Account

Time Deposit Month-End Balances

\*

Month	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 Bond Funds	General Obligation Bond Fund
January	4,462,389	6,137,876	6,469,248	4,131,017	27,112,118	796,335	26,233	2,640	17,472	632,052	750,421	2,793,443
February	4,131,017	5,265,638	6,258,389	3,138,266	27,557,615	796,335	26,233	2,640	4,472	632,076	797,897	1,941,057
March	3,138,266	6,113,051	6,461,223	2,790,095	28,079,592	796,335	26,236	2,640	4,474	718,431	806,520	1,941,078
April	2,790,095	7,447,491	9,025,365	1,212,221	29,980,448	410,678	26,236	2,640	4,474	718,458	10,978,230	1,941,094
May	1,212,221	5,617,293	7,530,678	(701,164)	29,528,268	960,093	26,236	2,640	4,574	718,486	11,025,753	1,941,110
June	(701,164)	10,880,268	10,090,323	88,781	33,086,873	960,184	26,490	2,640	3,824	718,518	7,897,886	1,941,127
July	88,781	10,753,454	10,191,339	650,897	32,112,550	960,184	26,490	2,640	3,824	723,106	6,720,131	1,941,143
August	650,897	5,605,016	5,416,671	839,242	30,865,987	960,184	26,590	2,814	18,924	723,138	7,183,224	1,941,159
September	839,242	29,826,128	30,427,218	238,152	32,060,945	960,301	26,593	2,814	18,926	723,168	5,665,915	588
October	238,152	6,843,190	6,894,086	187,256	28,514,689	394,548	26,593	2,814	4,026	723,197	3,963,503	593
Prior Year												
November	1,881,538	14,574,637	14,781,591	1,674,584	28,603,006	34,292	26,230	2,639	17,470	631,999	1,045,102	6,395,453
December	1,674,584	9,083,464	6,295,659	4,462,389	26,778,789	34,310	26,233	2,640	17,472	632,026	702,945	4,657,307

Notes: Revenue Bond Fund includes 2010 Revenue Bond

Investments as of October 31, 2010

Institution	Certificate ID	Purchase Dt	Maturity Dt	Principal	YTM	Broker
LAIF (Walker Fund)	20-14-002	15-Oct-10	01-Nov-10	\$318,775	0.48%	Northern Inyo Hospital
Union Bank of CA Money Market	2740028807	02-Oct-10	01-Nov-10	\$4,611	0.11%	Northern Inyo Hospital
United States Treasury Note-FNC	912828JS0	10-Nov-09	30-Nov-10	\$4,038,750	0.33%	Financial Northeast Corp.
United States Treasury Note-MBS	912828IS0	01-Sep-10	30-Nov-10	\$2,005,080	0.10%	Multi-Bank Service
Worlds Foremost Bank (FNC CD)	5X42688	18-Dec-08	18-Dec-10	\$100,000	4.40%	Financial Northeast Corp.
United States Treasury Note-MBS	912828JV3	08-Sep-10	31-Dec-10	\$2,004,760	0.11%	Multi-Bank Service
United States Treasury Note-MBS	912828JY7	08-Sep-10	31-Jan-11	\$2,005,920	0.12%	Multi-Bank Service
Santander Financial Issuances LTD	802813AE5	01-Mar-10	15-Feb-11	\$1,049,310	1.17%	Multi-Bank Service
United States Treasury Note-MBS	912828KE9	08-Sep-10	28-Feb-10	\$1,003,594	0.12%	Multi-Bank Service
United States Treasury Note-MBS	912828KE9	07-Sep-10	28-Feb-10	\$1,003,594	0.13%	Multi-Bank Service
Atlantic Richfield	048825AV5	11-Jun-10	01-Mar-11	\$105,400	1.57%	Multi-Bank Service
United States Treasury Note-MBS	912828KH2	07-Sep-10	31-Mar-10	\$2,007,820	0.18%	Multi-Bank Service
United States Treasury Note-MBS	912828KL3	07-Sep-10	30-Apr-10	\$2,008,840	0.19%	Multi-Bank Service
United States Treasury Note-MBS	912828KU3	03-Sep-10	31-May-10	\$2,009,860	0.21%	Multi-Bank Service
United States Treasury Note-MBS	912828LF5	03-Sep-10	30-Jun-10	\$2,014,900	0.22%	Multi-Bank Service
<b>Total Short Term Investments</b>				<b>\$21,681,213</b>		
United States Treasury Note-MBS	912828LG3	03-Sep-10	31-Jul-11	\$1,006,960	0.23%	Multi-Bank Service
United States Treasury Note-MBS	912828LG3	02-Sep-10	31-Jul-11	\$1,006,960	0.23%	Multi-Bank Service
United States Treasury Note-MBS	912828LV0	02-Sep-10	31-Aug-11	\$2,014,460	0.27%	Multi-Bank Service
United States Treasury Note-MBS	912828LW8	02-Sep-10	30-Sep-11	\$1,763,230	0.30%	Multi-Bank Service
Union National Bank & Trust CO-FNC	5L27278	19-Oct-10	19-Oct-11	\$250,000	2.00%	Financial Northeast Corp.
Credit Suisse 1st	22541LAB9	02-Feb-10	15-Nov-11	\$541,865	1.36%	Multi-Bank Service
First Republic Bank-Div of BOFA	5L28639	20-May-10	20-May-13	\$150,000	2.40%	Financial Northeast Corp.
First Republic Bank-Div of BOFA	5L26838	20-May-10	20-May-15	\$100,000	3.10%	Financial Northeast Corp.
<b>Total Long Term Investments</b>				<b>\$6,833,475</b>		
<b>Grand Total Investments</b>				<b>\$28,514,688</b>		

## Financial Indicators

	Target	Oct-10	Sep-10	Aug-10	Jul-10	Jun-10	May-10	Apr-10	Mar-10	Feb-10	Jan-10	Dec-10	Nov-09
Current Ratio	>1.5-2.0	5.43	5.34	5.17	5.00	5.88	4.84	4.95	4.34	5.42	5.65	6.01	5.99
Quick Ratio	>1.33-1.5	4.65	4.72	4.62	4.45	5.43	4.22	4.32	3.78	4.87	5.09	5.45	5.41
Days Cash on Hand	>75	241.31	272.45	303.29	277.51	335.40	233.51	230.21	217.46	322.93	293.20	315.81	306.58

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

MONTH APPROVED BY BOARD	DESCRIPTION OF APPROVED CAPITAL EXPENDITURES	AMOUNT
FY 2008-09	Coagulation Analyzer	25,000
FY 2009-10	Platelet Function Analyzer	9,000
	Birch Street Probably Cleanup and Improvements	117,000
	PMA-IT Server Room Wiring Project	34,625
	MRI Upgrade	325,318 *
	Nexus VOIP Telephone System	958,776
	AMOUNT APPROVED BY THE BOARD IN PRIOR FISCAL YEARS TO BE EXPENDED IN THE CURRENT FISCAL YEAR	<u>1,469,719</u>
FY 2010-11	Back-Up Battery for CT	22,950
	McKesson Paragon Hospital Information System      Capital Fees Only	2,687,694
	AMOUNT APPROVED BY THE BOARD IN THE CURRENT FISCAL YEAR TO BE EXPENDED IN THE CURRENT FISCAL YEAR	<u>2,710,644</u>
	Amount Approved by the Board in Prior Fiscal Years to be Expended in the Current Fiscal Year	1,144,401
	Amount Approved by the Board in the Current Fiscal Year to be Expended in the Current Fiscal Year	<u>2,710,644</u>
	Year-to-Date Board-Approved Amount to be Expended	2,710,644
	Year-to-Date Administrator-Approved Amount	93,381 *
	Actually Expended in Current Fiscal Year	<u>325,318 *</u>
	Year-to-Date Completed Building Project Expenditures	0 *
	TOTAL FUNDS APPROVED TO BE EXPENDED	<u><u>3,129,343</u></u>
	<b>Total-to-Date Spent on Incomplete Board Approved Expenditures</b>	578,293

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

MONTH APPROVED BY BOARD	DESCRIPTION OF APPROVED CAPITAL EXPENDITURES	AMOUNT
Reconciling Totals:		
	Actually Capitalized in the Current Fiscal Year Total-to-Date	418,699
	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>2,710,644</u>
	<b>ACTUAL FUNDS APPROVED IN THE CURRENT FISCAL YEAR TOTAL-TO-DATE</b>	<b><u><u>3,129,343</u></u></b>
	Donations by Auxiliary	0
	Donations by Hospice of the Owens Valley	6,753
	+Tobacco Funds Used for Purchase	0
		<u>0</u>
		<b><u><u>6,753</u></u></b>

**\*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.)



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

Administrator-Approved Item(s)	Department	Amount	Month Total	Grand Total
SURESIGNS VS3 NBP, SP02 W/RECORDER	MED/SURG UNIT	3,377		
DELL LATITUDE E6410 ATG NOTEBOOKS	RURAL HEALTH CLINIC	2,181		
DELL LATITUDE E6410 ATG NOTEBOOKS	RURAL HEALTH CLINIC	2,181		
DELL LATITUDE E6410 ATG NOTEBOOKS	RURAL HEALTH CLINIC	2,181		
DELL LATITUDE E6410 ATG NOTEBOOKS	RURAL HEALTH CLINIC	2,181		
SURESIGNS VS3 NBP, SP02	CHEMOTHERAPY	2,412		
SURESIGNS VS3 NBP, SP02 W/RECORDER	MED/SURG UNIT	3,377		
<b>MONTH ENDING OCTOBER 2010</b>			<b>17,890</b>	<b>93,381</b>



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 2010	DIAGNOSTIC RADIOLOGY		MAMMOGRAPHY		NUCLEAR MEDICINE		ULTRASOUND		CT SCANNING		MRI		LABORATORY		EKG/EEG		PHYSICAL THERAPY		RESPIRATORY THERAPY		RURAL HEALTH CLINIC		TOTALS		
	08 / 09 / 10	08 / 09 / 10	08 / 09 / 10	08 / 09 / 10	08 / 09 / 10	08 / 09 / 10	08 / 09 / 10	08 / 09 / 10	08 / 09 / 10	08 / 09 / 10	08 / 09 / 10	08 / 09 / 10	08 / 09 / 10	08 / 09 / 10	08 / 09 / 10	08 / 09 / 10	08 / 09 / 10	08 / 09 / 10	08 / 09 / 10	08 / 09 / 10	08 / 09 / 10	08 / 09 / 10	08 / 09 / 10	08 / 09 / 10	
JANUARY	544 / 506 / 522	493 / 434 / 330	71 / 98 / 77	205 / 206 / 198	170 / 165 / 167	89 / 470 / 668	1809 / 1635 / 1619	103 / 120 / 96	335 / 363 / 352	10 / 10 / 17	1057 / 1457 / 1220	4586 / 5662 / 5356													
FEBRUARY	593 / 477 / 542	193 / 182 / 313	63 / 51 / 51	205 / 195 / 201	217 / 153 / 147	85 / 435 / 456	1744 / 1643 / 1522	113 / 116 / 114	364 / 314 / 376	11 / 10 / 15	1150 / 1374 / 1254	4738 / 4950 / 4891													
MARCH	529 / 581 / 567	311 / 261 / 321	133 / 1 / 99	223 / 201 / 206	233 / 152 / 170	403 / 472 / 440	1774 / 1904 / 1795	149 / 121 / 117	346 / 428 / 449	12 / 13 / 9	1211 / 1477 / 1404	5324 / 5611 / 5577													
APRIL	697 / 600 / 786	199 / 378 / 289	183 / 68 / 57	198 / 198 / 282	284 / 161 / 161	453 / 483 / 148	1984 / 1824 / 1804	121 / 108 / 113	410 / 380 / 395	14 / 16 / 10	1318 / 1423 / 1384	5639 / 6639 / 5409													
MAY	813 / 650 / 764	479 / 381 / 177	167 / 87 / 40	213 / 187 / 234	230 / 131 / 183	424 / 656 / 109	1758 / 1811 / 1622	137 / 103 / 93	349 / 354 / 456	9 / 12 / 19	1308 / 1373 / 1165	5687 / 5755 / 4862													
JUNE	616 / 594 / 632	486 / 455 / 199	118 / 37 / 42	186 / 224 / 220	156 / 150 / 158	542 / 461 / 100	1752 / 1881 / 1707	123 / 120 / 104	314 / 388 / 401	19 / 19 / 14	1247 / 1387 / 1346	5559 / 5716 / 4923													
JULY	604 / 610 / 732	477 / 444 / 205	71 / 84 / 45	196 / 210 / 253	157 / 179 / 179	443 / 505 / 111	1716 / 1805 / 1589	142 / 102 / 118	357 / 328 / 423	15 / 11 / 17	1190 / 1116 / 1123	5388 / 5594 / 4795													
AUGUST	581 / 528 / 813	402 / 398 / 187	86 / 79 / 57	190 / 193 / 282	150 / 165 / 220	542 / 392 / 106	1647 / 1779 / 1648	145 / 103 / 111	325 / 386 / 442	11 / 12 / 17	1284 / 1071 / 1357	5353 / 5100 / 5210													
SEPTEMBER	567 / 505 / 786	464 / 402 / 184	70 / 113 / 37	191 / 200 / 239	157 / 61 / 140	502 / 360 / 105	1822 / 1743 / 1728	131 / 116 / 106	322 / 363 / 375	13 / 11 / 37	1288 / 1209 / 1234	5527 / 5083 / 4871													
OCTOBER	639 / 546 / 684	511 / 434 / 339	82 / 88 / 63	210 / 176 / 243	167 / 155 / 189	464 / 423 / 137	1793 / 1685 / 1586	118 / 112 / 104	367 / 413 / 521	15 / 12 / 14	1422 / 1297 / 1150	5788 / 5341 / 5030													
NOVEMBER	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /													
DECEMBER	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /													
CALENDAR YEAR	5963 / 5697 / 6928	3715 / 3779 / 2544	### / 698 / 568	2015 / 1990 / 2238	1901 / 1472 / 1714	3947 / 4657 / 2370	17799 / 17710 / 16520	1282 / 1121 / 1076	3489 / 3717 / 4190	129 / 126 / 169	12485 / 13184 / 12647	53769 / 54151 / 51124													
MONTHLY AVERAGES	596 / 570 / 683	372 / 378 / 254	104 / 70 / 57	202 / 199 / 230	190 / 147 / 171	395 / 466 / 237	1780 / 1771 / 1662	128 / 112 / 108	349 / 372 / 419	13 / 13 / 17	1249 / 1318 / 1285	5377 / 5415 / 5112													

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

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# PURCHASE AND SALE AGREEMENT

THIS AGREEMENT is made this 31st day of December, 2010, at the City of Bishop, County of Inyo, State of California, by and between, Patricia L. Gardner, RPT ("SELLER") and Northern Inyo County Local Hospital District ("BUYER").

## Recitals

- A. BUYER is a Local Health Care District duly organized and existing under the laws of the State of California and more specifically under the Local Health Care District Law, Health and Safety Code §§32000, et seq. BUYER owns and operates Northern Inyo Hospital to provide acute care, full service medical services to the community in which it serves.
- B. SELLER is the owner of a 14.67% general partnership interest in a general partnership named Pioneer Medical Associates (the "Partnership").
- C. The primary asset of the Partnership is a parcel of real property, including improvements located thereon, commonly known as the Pioneer Medical Building, located at 152 Pioneer Lane, Bishop, California 93514. This real property is legally described as Parcel 1 of Parcel Map 209 recorded in Book 3, Pages 25-26 of Parcel Maps in the office of the Inyo County Recorder; APN 11-240-14A (the "Real Property").
- D. SELLER occupies a medical suite on the Real Property identified as Suite D in the Pioneer Medical Building (the "Leasehold"). With respect to the Leasehold, SELLER is tenant, and the Partnership is landlord.
- E. SELLER desires to sell to BUYER, and BUYER desires to purchase and acquire from SELLER: (1) all of Seller's right, title, and interest in and to the Partnership, specifically including all of SELLER's direct and indirect (through SELLER's Partnership interest) right, title, and interest in and to the Real Property; and (2) the Leasehold. All of the foregoing is hereinafter collectively referred to as the "Property."

## Agreement

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL COVENANTS, CONDITIONS, AND PROMISES CONTAINED HEREIN, THE PARTIES AGREE AS FOLLOWS:

1. Purchase and Sale. BUYER agrees to purchase and SELLER agrees to sell the Property.

2. Purchase Price and Terms. The total purchase price to be paid is Three Hundred Thirty-Nine Thousand One Hundred Seventy Dollars (\$339,170.00). The purchase price shall be paid as follows:

2.1. BUYER shall deposit into escrow upon opening the sum of Twenty Thousand Dollars (\$20,000.00), which shall be applied to the purchase price upon the Close of Escrow.

2.2 BUYER shall deposit into escrow before closing the sum of Seventy-Five Thousand Dollars (\$75,000) in cash, which shall be applied to the purchase price upon close of escrow, along with sufficient funds to cover BUYER's share of closing costs, and

2.3 BUYER shall deliver into escrow before closing its unsecured promissory note in the amount of Two Hundred Sixty-Four Thousand, One Hundred Seventy Dollars (\$264,170), in the form attached to this Agreement as Exhibit "A", which shall constitute the balance of the purchase price.

2.4 The purchase price shall be allocated and reported by the parties as follows:

<u>Item</u>	<u>Amount</u>
Partnership interest	\$ 1
Leasehold	\$339,169
FF&E	\$ 0
Total	\$339,170

Each of the parties hereto acknowledges and agrees that the foregoing allocation of the purchase price consideration will be used for income tax and/or property tax reporting purposes by both BUYER and SELLER. The parties hereby declare that the allocations stated hereinabove were determined in good faith, through arms length negotiation. Each party agrees to report the transaction for income tax and/or property tax purposes in accordance with the allocations stated hereinabove and not to take a position inconsistent with those allocations, except (1) with the written consent of the other party hereto; or (2) if the Internal Revenue Service, Franchise Tax Board, County tax assessor, or other taxing authority has taken a position with respect to the other party hereto contrary to the allocations recited hereinabove, in which case a party may take a protective position by adopting the taxing agency's contention until the controversy between the taxing agency and the other party is resolved.

3. Bulk Sales Transfer. Consummation of this Agreement and the escrow shall be conducted in accordance with and in full compliance with the requirements of the Bulk Transfers Division of the California Commercial Code.

4. Escrow. Immediately upon execution of this agreement, the parties shall cause an escrow to be opened with Inyo-Mono Title Company, Bishop Branch. The parties shall jointly retain Inyo-Mono Title Company to act as escrowholder herein. The parties shall instruct escrowholder to insert the following material terms in said escrowholder's standard form Real Property and Bulk Sale Escrow Instructions:

4.1. Title. As of the date of this Agreement, it appears that title to the Real Property is vested in the Partnership. With respect to the interest of SELLER in and to the Real Property either directly or indirectly by virtue of SELLER's interest in the Partnership, title to SELLER's interest in the Real Property is to be delivered to BUYER free of liens, encumbrances, easements, restrictions, rights and conditions of record or known to SELLER. SELLER shall furnish to BUYER at SELLER's expense, if available from escrowholder, a standard California Land Title Association (CLTA) policy issued by Inyo-Mono Title Company, insuring the 14.67% interest in the Real Property of BUYER (either directly or indirectly through the 14.67% interest in the Partnership), subject only to the above. Except as otherwise provided for herein, BUYER shall have until December 28, 2010 to disapprove any title exceptions disclosed in the current preliminary title report furnished as of this date at the expense of SELLER, by giving written notice of such disapproval to SELLER. If SELLER is unwilling or unable to eliminate any title matter disapproved by BUYER as set forth above, BUYER may elect to terminate this Agreement. BUYER may elect to obtain an American Land Title Association (ALTA) policy, provided that the closing date is not delayed as a result. In such event, BUYER shall pay the premium amount in excess of the premium (including all costs associated therewith such as engineering fees, survey fees) for the CLTA policy referenced above.

4.2. Prorations. Property taxes, assessments of record, and any other related items or expenses shall be prorated as of the close of escrow. Any bond or assessment which is a lien, against the Property shall be paid current by SELLER and the outstanding principal balance shall be assumed by BUYER. As to the Real Property, SELLER's obligation to pay current shall be limited to 14.67% of such obligation. Transfer taxes, if any, shall be paid by SELLER.

4.3. Possession. Possession and occupancy of the Leasehold shall be delivered to BUYER upon close of escrow.

4.4. Vesting. BUYER shall provide escrowholder with vesting prior to closing.

4.5. All escrow fees and costs, other than those expressly set forth herein, shall be borne equally by the parties.

4.6. Escrow shall be deemed opened by the parties after the parties have signed and delivered escrow instructions to escrowholder.

4.7. Escrow shall close on a mutually agreed upon date, (the "Closing Date").

4.8. All claims made by any creditor or claimant shall be handled by escrowholder in accordance with the provisions of the Bulk Transfers Division of the California Commercial Code.

4.9. Except as otherwise expressly set forth herein, all liens, encumbrances, and other liabilities pertaining to or against the FF&E shall be satisfied and extinguished by SELLER upon the close of escrow. In connection therewith, SELLER, with SELLER paying the cost and expense thereof, shall request by way of a UCC-3 form with the Secretary of State all information concerning any secured creditors or other perfected interest in or against the FF&E. SELLER shall provide the report to BUYER. As to the Real Property, Seller shall pay 14.67% of any amount due under any liens, encumbrances, or other liabilities pertaining to the Real Property, except as otherwise expressly set forth herein.

4.10. All sales and use taxes pertaining to the FF&E and which may be incurred as a result of this transfer shall be paid by BUYER.

4.11 BUYER shall have the absolute right to cancel this Agreement at any time during the escrow period based upon: (1) any dissatisfaction or objection to the physical condition of the Property, (2) any failure of a condition, or (3) any other basis expressly provided for in this Agreement; it being the express intent of the parties that BUYER's decision to accept the condition of the Property or raise an objection shall be within the sole and absolute discretion of BUYER. In the event BUYER elects to cancel this transaction as provided for herein, all deposits of BUYER shall immediately be returned to BUYER and that any instructions to the escrowholder that requires the return of any deposit to BUYER shall cause the refund to be made immediately without any requirement for SELLER's concurrence or acceptance. Escrowholder shall be instructed to return the deposit to BUYER based on an instruction signed by BUYER only. Escrowholder shall hold such instruction from BUYER for a period of ten (10) days from the date of such instruction in order to provide SELLER with the 10-day period to express any objection thereto and claim of default on the part of the BUYER. In the event SELLER timely gives such notice of objection and default, escrowholder to interplead such funds pursuant to the standard form preprinted provisions of escrowholder's escrow instructions, or any order of a court of competent jurisdiction.

5. Partnership and Leasehold. Upon the close of escrow, SELLER shall have: (1) executed all documents necessary to transfer and assign to BUYER a 14.67% general partnership interest in Pioneer Medical Associates, and (2) transferred, conveyed, and assigned to BUYER the Leasehold with the consent and approval of the landlord.

5.1. The Partnership Interest. As a condition precedent to the obligations of BUYER hereunder, the parties shall have obtained the approval and consent of the remaining general partners of the Partnership to admit BUYER as a general partner and BUYER shall in its sole and absolute discretion have approved the form of the governing documents of the Partnership.



5.2. Lease for the Leasehold. As a condition precedent to the obligations of BUYER hereunder, the partnership as landlord and BUYER as tenant of the Leasehold shall have agreed to the form and material terms and provisions of a lease for the Leasehold to take effect upon the close of escrow.

6. Conditions Precedent to the Obligations of BUYER. Each of the following shall be conditions precedent to the obligations of BUYER:

6.1. Due Diligence. BUYER shall have until ten (10) days after the opening of escrow (the "Due Diligence Date") to complete its due diligence of the Property and approve or disapprove the Property including without limitation the following matters:

(1) the physical condition of the Real Property and the Leasehold, including without limitation soils conditions, the size, dimensions and boundaries of the Real Property, the building foundation, structure, exterior and roof, and all plumbing, electrical, mechanical, heating, ventilation, air conditioning and other systems;

(2) the cost and availability of utilities and other governmental and quasi-governmental services;

(3) the feasibility of any improvements planned by BUYER, including without limitation the cost and availability of building permits and other approvals necessary to construct such improvements and the cost of such improvements;

(4) title matters, including without limitation the Permitted Exceptions;

(5) compliance with applicable laws, including without limitation zoning and use restrictions, building codes and health and safety laws;

(6) the cost and availability of financing;

(7) whether the Real Property is within or affected by any geologic, seismic, flood or other special zone;

(8) environmental matters, including without limitation the potential existence of hazardous materials on, in or near the Real Property and Improvements.

6.2 If BUYER fails to terminate this Agreement on or before the Due Diligence Date, by giving written notice to SELLER, BUYER shall be deemed to have completed its due diligence and approved the Property.

6.3 BUYER shall have satisfied the conditions pertaining to the Partnership and Leasehold set forth in section 5 and this section 6 of the Agreement.

6.4 The performance by SELLER of all of its obligations under this Agreement.

6.5 The title insurer shall be prepared to issue the title policy upon the Close of Escrow, subject only to approved exceptions.

6.6 BUYER and its authorized agents, employees and representatives shall be given the continuing right to inspect the books and records relating to the Partnership and to make extracts from these books and records, and further including BUYER's review, inspection, and approval copies of (1) books and records, not less than the prior 3 years of tax returns and filings, financial, credit and other information relating to the Partnership, and (2) any and all contracts, licenses, leases, and other such information relating to the Partnership. SELLER shall otherwise cooperate with BUYER through the close of escrow to the end that BUYER and its agents and employees shall be afforded the opportunity to obtain all necessary information and knowledge of the Partnership. BUYER shall assure that its conduct, and that of its employees, agents, and representatives, during such process is at all times unobtrusive and does not interfere with the operation of the Partnership in the ordinary course of business operations. BUYER shall indemnify, defend, and hold SELLER financially free and harmless from any and all claims, demands, liabilities, obligations, and causes of action related to the activities of SELLER or its agent pursuant to this section 6.5. SELLER represents to BUYER hereby that SELLER does not have custody, control, or current access to the foregoing books and records but will use its best efforts to assist BUYER as provided for herein.

7. Closing Obligations of SELLER. SELLER shall deposit into escrow for delivery to BUYER upon closing each of the following:

7.1 A duly executed and acknowledged grant deed or other requisite document of conveyance of SELLER's interest in the Real Property, including without limitation what may be required by escrowholder, in a form satisfactory to BUYER.

7.2 Although SELLER is not in possession of any of the following items, SELLER shall reasonably assist BUYER in obtaining each of the following: keys and security codes to all units, rooms, storage areas, and other facilities of the Leasehold and the Real Property, and excluding keys and security codes for areas under the exclusive control of others.

8. Closing Obligations of BUYER. BUYER shall deposit into escrow for delivery to SELLER upon closing each of the following;

8.1 Any remaining cash requirements.

8.2 Written assumption of obligations under the Partnership.

9. Representations by SELLER.

9.1 To SELLER's knowledge, there exists no pending or threatened litigation involving the Property, which have not been rectified by SELLER and which would

materially or adversely affect the value or operation of the Property and to the best of SELLER's knowledge, no governmental authority has commenced or is contemplating any investigation regarding any possible violations.

9.2 All FF&E shall be in working order upon the close of escrow, except as may otherwise be disclosed by SELLER in writing and approved by BUYER prior to the Close of Escrow.

9.3 Other than the parties to this Agreement, there exists no other individuals or entities who claim any right, title, or interest in and to the Property

9.4 SELLER has received no written notice of any violations of any law, rule, or regulation affecting the Property, which have not been rectified by SELLER and which would materially or adversely affect the value or operation of the Property, and to the best of SELLER's knowledge no governmental authority has commenced or is contemplating any investigation regarding any possible violation.

9.5 Except as disclosed to BUYER in writing by SELLER prior to the close of escrow, and except as may be incidental to the conduct of the business presently conducted at the Property, SELLER has no actual knowledge of (i) the presence, now or at any prior time, or any "Hazardous Substances" located on the Property; (ii) spills of any Hazardous Substances on the Property or from any adjacent property onto the Property, (iii) the use of asbestos or other Hazardous Substances in the construction of any improvements located on the Property, or (iv) any notice of any violation or claimed violation of any law, rule, or regulation relating to Hazardous Substances. "Hazardous Substances" as used herein shall mean petroleum base products, pesticides, paints and solvents. Polychlorinated biphenyl, lead, cyanide, DDT, acids, ammonium compounds, PCB's, asbestos, and other chemical products and any substance or material defined or designated as a hazardous or toxic substance, or other similar term, by any federal, state, or local environmental statute, regulation, or ordinance. SELLER expressly agrees to indemnify, defend, and hold BUYER financially free and harmless from any and all claims, demands, liabilities, actions, and causes of action which may be asserted against BUYER and SELLER by any person, entity, or governmental entity relating to any hazardous waste, hazardous material, or any other matter subject to regulation under any local, state, or federal law, acts, ordinances, or regulations, except for any matter proven to have occurred subsequent to the date of Close of Escrow. Any liability of SELLER for the foregoing shall be severally limited to SELLER's 14.67% interest in the partnership.

9.6 All representations and warranties of SELLER set forth above and in this Agreement shall survive the closing of escrow.

10. Brokers, Agents, Finders. Each party hereby represents and warrants to the other that, in connection with this transaction and the consummation hereof, each such party has dealt with no broker, agent, finder, or other person acting in such capacity. In the event of a breach of the representations and warranties herein, the breaching party shall indemnify, defend, and hold the other party financially free and harmless from any

claims, demands, commissions, liabilities, and actions, including attorney's fees and costs, which may be incurred by the non-breaching party.

11. Indemnification and Hold Harmless. Except as otherwise provided for in this Agreement, SELLER shall indemnify, defend, and hold BUYER financially free and harmless from any and all claims, demands, liabilities, tax assessments, obligations, and causes of action accruing up to the close of escrow and which may arise out of the ownership, occupancy, or possession of the Property by SELLER, including attorney's fees and costs.

12. Notices. Any notices to be given by either party to the other shall be in writing and shall be transmitted either by (1) personal delivery, (2) mail, registered or certified, postage prepaid with return receipt requested, (3) by an overnight delivery service (e.g., Federal Express), or (4) by facsimile transmission with a confirmation copy by regular mail, first class postage prepaid. Overnight delivery or mailed notices shall be addressed to the parties at the addresses listed below. Facsimile notices shall be transmitted to the telephone numbers listed below. Each party may change that address and facsimile telephone number by giving written notice in accordance with this paragraph. In the event of any mailing, notice shall be deemed given on the 3<sup>rd</sup> day after deposit. The addresses and facsimile telephone numbers of the parties are as follows:

TO BUYER: Northern Inyo County Local Hospital District  
150 Pioneer Lane  
Bishop, CA 93514

with a copy to: Douglas Buchanan  
363 Academy Street  
Bishop, CA 93514

TO SELLER: Patricia L. Gardner, RPT  
152 Pioneer Lane, Suite D  
Bishop, CA 93514

13. Attorney's Fees and Costs. If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to reasonable attorney's fees, costs, and necessary disbursements in addition to any other relief to which that party may be entitled.

14. Integration. It is intended by the parties that this Agreement be the final expression of the intentions and agreements of the parties. This Agreement supersedes any and all prior or contemporaneous agreements, either oral or in writing, between the parties hereto and contains all of the covenants and agreements between the parties. No other agreements, representations, inducements, or promises, not contained in this Agreement shall be valid or binding. Any modification of this Agreement shall be effective only if it is in writing and signed by the party to be charged.

15. Effect of Waiver. The failure of either party to insist on strict compliance with any of the terms, covenants, or conditions of this Agreement by the other party shall not be deemed a waiver of that term, covenant, or condition, nor shall any waiver or relinquishment of any right or power, at any one time or times, be deemed a waiver or relinquishment of that right or power for all or any other times.

16. Partial Invalidity. If any provision in this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions shall nevertheless continue in full force without being impaired or invalidated in any way.

17. Governing Law, Venue. This Agreement shall be interpreted under the laws of the State of California. Exclusive venue for any legal action shall be Inyo County, California.

18. Remedies. Enforcement of any provision of this Agreement shall be by proceedings at law or in equity against any persons or entities violating or attempting to violate any promise, covenant, or condition contained herein, either to restrain violation, compel action and/or to recover damages.

19. Remedies Cumulative. Any and all remedies provided by this Agreement, operation of law, or otherwise, shall be deemed to be cumulative, and the choice or implementation of any particular remedy shall not be deemed to be an election of remedies to the mutual exclusion of any other remedy provided for herein, by operation of law, or otherwise.

20. Attorney Representation. BUYER has retained the Law Offices of Douglas Buchanan to advise it in connection with the negotiation and execution of this Agreement.

21. Joint Preparation. This Agreement shall be deemed to be jointly prepared by all parties hereto. In connection therewith, the provisions of Civil Code Section 1654 shall not be deemed applicable in the event of any interpretation of this Agreement.

22. Execution of Documents. Each party shall execute all documents reasonably necessary to carry out the terms and provisions of this Agreement, including any items which might arise or occur subsequent to closing.

23. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument. In addition, this Agreement may contain more than one counterpart of the signature page and may be executed by the affixing of the signatures of each of the parties to any one of such counterpart signature pages; all of such counterpart signature pages shall read as though one and they shall have the same force and effect as though all of the signers had signed a single signature page.

IN WITNESS WHEREOF, the parties hereto have executed this instrument on the day and year first above written.

NORTHERN INYO COUNTY  
LOCAL HOSPITAL DISTRICT

By: \_\_\_\_\_  
Peter Watcott, President, Board of  
Directors

By: \_\_\_\_\_  
Patricia L. Gardner, RPT Seller

**\*EXHIBIT A\***

**INSTALLMENT NOTE**  
**WITH INTEREST ON UNPAID BALANCE**

**\$264,170**

**BISHOP, CALIFORNIA**

**DECEMBER 31, 2010**

FOR VALUE RECEIVED, the undersigned promises to pay to the order of PATRICIA L. GARDNER, RPT, or order, at Bishop, California the principal sum of Two Hundred Sixty-Four Thousand, Three Hundred Ninety-Eight Dollars (\$264,170), together with interest at the rate of six percent (6%) per annum, principal and interest payable in installments of \$76,237.21 or more on the last day of each calendar year beginning on the 31<sup>st</sup> day of December 2011 and continuing until paid in full.

Each payment shall be credited first on interest then due and the remainder on principal and interest shall therefore cease upon the principal so credited. Should default be made in payment on any installment when due, the whole sum of principal and interest shall become immediately due at the option of the holder of this note.

Interest after default shall continue at the rate stated above, unless otherwise provided in writing above this paragraph. Principal and interest payable in lawful money of the United States.

If action be instituted on this note, the undersigned promises to pay such sum as the Court may fix as attorney's fees.

NORTHERN INYO COUNTY  
LOCAL HOSPITAL DISTRICT

By: \_\_\_\_\_  
PETER WATERCOTT, President  
Board of Directors

## SPOUSAL CONSENT

The undersigned is the spouse of Patricia L. Gardner, RPT and acknowledges that he has read the foregoing Agreement dated December 31, 2010, and understands its provisions. The undersigned is aware that, by the provisions of this Agreement, his spouse has agreed to sell or transfer all her Membership Interest in the Pioneer Medical Association, a California General Partnership, including any community property interest or quasi-community property interest which he may hold, or to which he may be entitled, in accordance with the terms and provisions of the Agreement. The undersigned hereby expressly approves of and agrees to be bound by the provisions of the Agreement in its entirety, including, but not limited to, those provisions relating to the sales and transfers of Membership Interests and the restrictions thereon. The undersigned hereby agrees not to devise or bequeath whatever community property interest or quasi-community property interest he may have in Pioneer Medical Association, a California General Partnership in contravention of the Agreement.

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Theodore M. Gardner



Principal                      Payments per Year  
                        
Annual Interest Rate      Number of Regular Payments  
                        
Balloon Payment              Payment Amount  
                     

Show Amortization Schedule

**Summary**

Principal borrowed:            \$264,170.00  
Regular Payment amount: \$76,237.21  
Final Balloon Payment:      \$0.00  
Interest-only payment:        \$15,850.20  
\*Total Repaid:                    \$304,948.84  
\*Total Interest Paid:          \$40,778.84  
Annual Payments:                1  
Total Payments:                4        (4.00 years)  
Annual interest rate:          6        .00%  
Periodic interest rate:        6        .0000%  
Debt Service Constant:        28        .8591%  
\*Total interest paid as a  
percentage of Principal:        15        .437%

Pmt	Principal	Interest	Cum Prin	Cum Int	Prin Bal
1	60,387.01	15,850.20	60,387.01	15,850.20	203,782.99
2	64,010.23	12,226.98	124,397.24	28,077.18	139,772.76
3	67,850.84	8,386.37	192,248.08	36,463.55	71,921.92
4	*71,921.92	4,315.32	264,170.00	40,778.87	0.00

\*The final payment has been adjusted to account for payments having been rounded to the nearest cent.

**THIS SHEET**

**INTENTIONALLY**

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<b>COR #</b>	<b>Description</b>	<b>Amount</b>
69	Furred out walls for Headwalls	\$40,709.00
75	Code required Janitor closet etc.	\$24,253.00
79	Air Handling Unit curbs and equipment seismic work	\$25,426.00
84	Revised window details	\$37,872.00
88	Revisions to ED	\$23,786.00
89	Fire Department Connection	\$29,069.00
91	Revisions to HVAC ductwork	\$38,965.00
92	Revised Surgery layout	-\$14,641.00
93	Revisions to Registration	\$28,067.00
95	New Generator Electrical Engineering time	\$23,012.00
86	Casework Revisions	\$140,282.00
		\$396,800.00

**THIS SHEET**

**INTENTIONALLY**

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**AGREEMENT FOR SERVICES TO THE  
NORTHERN INYO HOSPITAL  
ELECTROCARDIOGRAPHIC DEPARTMENT**

**THIS AGREEMENT MADE AND ENTERED INTO** this 1st day of December, 2010, by and between NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT (hereinafter "Hospital") and Vasuki Sittampalam, M.D. (hereinafter "Physician").

**I  
RECITALS**

- A. Hospital is located at 150 Pioneer Lane, Bishop, California, and operates therein a service designated as the Electrocardiography Department (hereinafter "EKG Department").
- B. Physician is a sole practitioner licensed to practice medicine in the State of California, and a diplomate of the American Board of Internal Medicine. Physician has represented and does represent, to the Hospital that, on the basis of his or her training or experience, he or she is knowledgeable in the interpretation of electrocardiographs (hereinafter "EKGs") and is readily available to interpret EKGs.
- C. Hospital desires to contract with Physician to provide professional interpretation of EKGs done on patients at the Hospital.
- D. The parties desire to enter this Agreement to provide a complete statement of their respective duties and obligations.
- E. The term "EKG" shall mean all products of the EKG Department, including but without limitation, electrocardiographs, rhythm strips, stress tests, event recorders, and telemetry strips.

**NOW, THEREFORE**, in consideration of the covenants and agreements set forth below, the parties agree as follows:

**II  
COVENANTS OF PHYSICIAN**

- 1. Physician shall perform the follow services:

- a. Be available to provide interpretation of all full and partial cardiac function studies performed by the EKG Department on Physician's patients. Said interpretations are to be done within 24 hours of the time the EKG studies are performed. Physician shall have no exclusive right to read studies hereunder, and acknowledges that EKG and treadmill studies may be read by any other physician deemed qualified to do so by the Medical Staff Executive Committee.
  - b. Physician acknowledges that Hospital has retained the services of Asao Kamei, M.D. (hereinafter "Dr. Kamei"), to serve as Chief of the EKG Department and agrees that, should Physician fail to read and interpret any EKG which he or she is obligated to read within 24 hours of its creation, or should Physician fail to read and interpret any EKG done in preparation for any surgery, whether emergency or elective, if said EKG has not been read within a reasonable time prior to the time scheduled for said surgery, said EKG will be read and interpreted by Dr. Kamei, and he shall receive compensation from the Hospital for such service. Physician acknowledges and agrees that in such event, Physician will not be compensated by the Hospital, but nonetheless may read and interpret the relevant EKG as may be required for the care of his or her own patients. In regard to the circumstances set forth in this sub-paragraph (b), Physician further acknowledges and agrees that Dr. Kamei may designate another qualified physician (who must also be a Diplomate of the American Board of Internal Medicine) to perform such services for him in the event of his or her absence or inability to perform such services.
  - c. Physician acknowledges and agrees that Dr. Kamei, acting in his role as Chief of the EKG Department, may read any EKG done in the Hospital.
  - d. Participate in retrospective evaluation of care provided in the EKG Department.
  - e. Be available to provide interpretation of EKGs for patients under the care of Physician who were seen in the Hospital's Emergency Room Department whether or not said patient was seen by the Physician in the Emergency Room.
  - f. Be available to provide interpretation of EKGs for emergent pre-operative patients under the care of the Physician.
2. Physician shall at all times comply with the policies, rules and regulations of the Hospital, subject to State and federal statutes covering his or her practice. No part of the Hospital premises shall be used, at any time, by Physician for the general practice of medicine except during the exercise of privileges granted Physician as a member of the Hospital Active Medical Staff.
  3. Physician agrees to 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 and services, and other costs and expenses of whatever nature, for which he or she may claim payment or reimbursement from the Hospital. 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 Hospital, 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 subcontract he or she may enter with a value of more than \$10,000, or for more than a 12-month period, when said sub-contract is with a related organization.

4. Physician acknowledges, covenants, and agrees that Hospital shall have no obligation to compensate him or her for EKGs read in the following cases:
  - a. Where a patient seen in the Emergency Room is not identified as being in the care of Physician and the EKG is subsequently read by the Chief;
  - b. Where a patient first seen in the Emergency Room and who has not previously been under the care of Physician, is admitted to the Hospital to the care of Physician after the patient's EKG has been read by the Chief;
  - c. Where any member of the Hospital Medical Staff requests Physician to consult on a patient after the patient's EKG is read by the Chief;
  - d. Where Physician has not been identified as the primary physician of a patient at the time a patient's pre-operative EKG is read by the Chief;
  - e. For any EKG not read within 24 hours of its creation.

### **III**

### **COVENANTS OF THE HOSPITAL**

1. Hospital shall furnish, for the use of Physician in rendering services hereunder:
  - a. Sufficient space in the Hospital to enable him or her to perform his or her duties under this Agreement; and,
  - b. Ordinary janitorial and in-house messenger service, and such electricity for light and power, gas, water, and heat as may be required by him or her to perform his or her duties under this Agreement.

2. Hospital shall pay Physician in accordance with Exhibit A for all interpretation rendered by the Physician. Said sums are payable on the twentieth (20th) day of the calendar month immediately following the service performed. Payments made pursuant to this Paragraph 2 shall be deemed Physician's full, complete, and reasonable compensation for services under this Agreement.
3. Hospital shall allow any member of the Hospital Medical Staff to designate, in writing, any physician who is (a) also a member of the Hospital Active Medical Staff and (b) a diplomate of the American Board of Internal Medicine, as the physician who shall be entitled to read EKGs for any patient admitted to the Hospital to the care of said physician, and Hospital shall compensate said physician for the services thereafter rendered provided that (c) said physician has executed an agreement with Hospital identical to this Agreement and (d) the written designation described in this subdivision is renewed, in writing, annually.
4. Hospital will attempt, insofar as is reasonably possible in the circumstances, to identify and notify the primary physician of any patient treated in the Hospital's Emergency Room Department and/or Surgery Department.

#### IV GENERAL PROVISIONS

1. Services to be performed by Physician under this Agreement may be performed by other physicians who are approved in writing (which approval is revocable) by Hospital and who shall be members of the Hospital Active Medical Staff. If Physician is absent, services required to be performed by Physician under this Agreement shall be performed by Dr. Kamei or his designee. Notwithstanding anything to the contrary contained herein, Physician shall not have the right to assign this agreement, or any rights or obligations thereunder, without the written consent of Hospital first had and obtained.
2. In the performance of his or her duties and obligations under this Agreement, it is further mutually understood and agreed that:
  - a. Physician is at all times acting and performing as an independent contractor, that Hospital shall neither have nor exercise any control or direction over the methods by which he or she shall perform his or her work and functions (except that Physician shall do so at all times in strict compliance with currently approved methods and practices of internal medicine and cardiology, and in accord with the Hospital's Bylaws and with the Hospital Medical Staff Bylaws and Rules and Regulations), and that the sole interest of Hospital is to assure that the services of Physician shall be performed and rendered, and the EKG Department shall be



operated, in a competent, efficient, and satisfactory manner in accord with the highest medical standards possible.

- b. No act, commission, or omission of Physician pursuant to the terms and conditions of this Agreement shall be construed to make or render Physician an agent, employee, or servant of the Hospital.
  - c. It is the intent of the parties that Physician be an independent contractor, and not an employee, in the performance of his or her duties under this Agreement. In order to protect the Hospital from liability, Physician shall defend, indemnify, and hold harmless the Hospital from liability for any and all claims arising out of the performance of his or her duties under this Agreement.
3. Physician shall, at all relevant times, be a member of the Hospital Active Medical Staff.
  4. Each party shall comply with all applicable requirements of law relating to licensure and regulation of both physicians and hospitals.
  5. This is the entire agreement of the parties, and supersedes any and all prior oral and/or written agreements. It may be modified only by a written instrument signed by both parties.
  6. Whenever, under the terms of this Agreement, written notice is required or permitted to be given, such notice shall be deemed given when deposited in the United States mail, first class postage prepaid, addressed as follows:

**HOSPITAL:** Administrator  
Northern Inyo Hospital  
150 Pioneer Lane  
Bishop, California 93514

**PHYSICIAN:** Vasuki Sittampalam, M.D.  
686 West Line Street  
Bishop, California 93514

or to such other address as either party may notify the other, in writing.

7. The term of this Agreement is one (1) year, commencing on December 1, 2010 and ending at midnight on November 30, 2011.
8. Notwithstanding the aforesaid term, Hospital may terminate this Agreement immediately upon the occurrence of any of the following events:

- a. Physician's death, loss of Hospital Active Medical Staff membership, loss of license to practice medicine, or loss of Active Medical Staff privileges required to render services under this Agreement;
- b. Physician's inability to render services hereunder;
- c. The appointment of a receiver of the assets of Physician, an assignment by him or her for the benefit of his or her creditors, or any action taken or suffered by him or her (with respect to him or her) under any bankruptcy or insolvency law;
- d. Closure of the Hospital;
- e. Sixty (60) days after written notice of termination without cause is given by Hospital to Physician.

However, the parties understand and acknowledge that termination of this Agreement shall not affect Physician's membership on the Hospital Medical Staff.

9. Originals of medical records of the EKG Department are the property of the Hospital and shall be retained on Hospital premises. Physician shall have access to, and may photocopy, such documents and records as may be required for the care of his or her patients or to perform his or her duties under this Agreement, provided only that he or she gives reasonable notice. Physician shall complete all reports required of him or her by Hospital, for the performance of his or her duties under this Agreement, within 24 hours of the time the EKG is performed. Physician acknowledges that, should he or she remove an original EKG from the custody of the EKG Department, he or she shall return it to the custody of the EKG Department within the 24-hour period required for reading as set forth in Article II, section 1(a) above. "Custody" includes, but is not limited to, the physical premises occupied by the EKG Department and any EKG machines, carts, or collection or storage vehicles located within the Hospital but outside the EKG Department physical premises. Physician shall not destroy or mutilate originals of medical records or EKGs.
10. This Agreement is for the personal services of Physician and Physician may not assign his or her rights, duties, obligations or responsibilities thereunder.
11. Subject to the restrictions against transfer or assignment set forth above, the provisions of this Agreement shall inure to the benefit, and be binding upon, the heirs, successors, assigns, agents, personal representatives, conservators, executors and administrators of the parties.

12. Use of the masculine, feminine or neuter gender, and/or of the singular or plural number, shall include the other when the context shall indicate.

**IN WITNESS WHEREOF**, the parties have executed this Agreement at Bishop, California on the day, month and year first above written.

NORTHERN INYO COUNTY  
LOCAL HOSPITAL DISTRICT

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

\_\_\_\_\_  
Vasuki Sittampalam, M.D.  
686 West Line Street  
Bishop, California 93514

**EXHIBIT A**  
**EKG INTERPRETATION RATES**

1.	EKG Interpretation	\$ 20.50
2.	Rhythm Strip	\$ 17.00
3.	Tele Strip	\$ 20.00
4.	Cardiac event recorder	\$ 36.45
5.	Treadmill Study	\$107.10
6.	Cardiac Nuclear	\$133.75
7.	Adenosine Nuclear	\$157.50

**THIS SHEET**

**INTENTIONALLY**

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**AGREEMENT FOR SERVICES TO THE  
NORTHERN INYO HOSPITAL  
ELECTROCARDIOGRAPHIC DEPARTMENT**

**THIS AGREEMENT MADE AND ENTERED INTO** this 1st day of December, 2010, by and between NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT (hereinafter "Hospital") and Nickoline M. Hathaway, M.D. (hereinafter "Physician").

**I  
RECITALS**

- A. Hospital is located at 150 Pioneer Lane, Bishop, California, and operates therein a service designated as the Electrocardiography Department (hereinafter "EKG Department").
- B. Physician is a sole practitioner licensed to practice medicine in the State of California, and a diplomate of the American Board of Internal Medicine. Physician has represented and does represent, to the Hospital that, on the basis of his or her training or experience, he or she is knowledgeable in the interpretation of electrocardiographs (hereinafter "EKGs") and is readily available to interpret EKGs.
- C. Hospital desires to contract with Physician to provide professional interpretation of EKGs done on patients at the Hospital.
- D. The parties desire to enter this Agreement to provide a complete statement of their respective duties and obligations.
- E. The term "EKG" shall mean all products of the EKG Department, including but without limitation, electrocardiographs, rhythm strips, stress tests, event recorders, and telemetry strips.

**NOW, THEREFORE**, in consideration of the covenants and agreements set forth below, the parties agree as follows:

**II  
COVENANTS OF PHYSICIAN**

- 1. Physician shall perform the follow services:

- a. Be available to provide interpretation of all full and partial cardiac function studies performed by the EKG Department on Physician's patients. Said interpretations are to be done within 24 hours of the time the EKG studies are performed. Physician shall have no exclusive right to read studies hereunder, and acknowledges that EKG and treadmill studies may be read by any other physician deemed qualified to do so by the Medical Staff Executive Committee.
  - b. Physician acknowledges that Hospital has retained the services of Asao Kamei, M.D. (hereinafter "Dr. Kamei"), to serve as Chief of the EKG Department and agrees that, should Physician fail to read and interpret any EKG which he or she is obligated to read within 24 hours of its creation, or should Physician fail to read and interpret any EKG done in preparation for any surgery, whether emergency or elective, if said EKG has not been read within a reasonable time prior to the time scheduled for said surgery, said EKG will be read and interpreted by Dr. Kamei, and he shall receive compensation from the Hospital for such service. Physician acknowledges and agrees that in such event, Physician will not be compensated by the Hospital, but nonetheless may read and interpret the relevant EKG as may be required for the care of his or her own patients. In regard to the circumstances set forth in this sub-paragraph (b), Physician further acknowledges and agrees that Dr. Kamei may designate another qualified physician (who must also be a Diplomate of the American Board of Internal Medicine) to perform such services for him in the event of his or her absence or inability to perform such services.
  - c. Physician acknowledges and agrees that Dr. Kamei, acting in his role as Chief of the EKG Department, may read any EKG done in the Hospital.
  - d. Participate in retrospective evaluation of care provided in the EKG Department.
  - e. Be available to provide interpretation of EKGs for patients under the care of Physician who were seen in the Hospital's Emergency Room Department whether or not said patient was seen by the Physician in the Emergency Room.
  - f. Be available to provide interpretation of EKGs for emergent pre-operative patients under the care of the Physician.
2. Physician shall at all times comply with the policies, rules and regulations of the Hospital, subject to State and federal statutes covering his or her practice. No part of the Hospital premises shall be used, at any time, by Physician for the general practice of medicine except during the exercise of privileges granted Physician as a member of the Hospital Active Medical Staff.
  3. Physician agrees to 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 and services, and other costs and expenses of whatever nature, for which he or she may claim payment or reimbursement from the Hospital. 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 Hospital, 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 subcontract he or she may enter with a value of more than \$10,000, or for more than a 12-month period, when said sub-contract is with a related organization.

4. Physician acknowledges, covenants, and agrees that Hospital shall have no obligation to compensate him or her for EKGs read in the following cases:
  - a. Where a patient seen in the Emergency Room is not identified as being in the care of Physician and the EKG is subsequently read by the Chief;
  - b. Where a patient first seen in the Emergency Room and who has not previously been under the care of Physician, is admitted to the Hospital to the care of Physician after the patient's EKG has been read by the Chief;
  - c. Where any member of the Hospital Medical Staff requests Physician to consult on a patient after the patient's EKG is read by the Chief;
  - d. Where Physician has not been identified as the primary physician of a patient at the time a patient's pre-operative EKG is read by the Chief;
  - e. For any EKG not read within 24 hours of its creation.

### **III**

### **COVENANTS OF THE HOSPITAL**

1. Hospital shall furnish, for the use of Physician in rendering services hereunder:
  - a. Sufficient space in the Hospital to enable him or her to perform his or her duties under this Agreement; and,
  - b. Ordinary janitorial and in-house messenger service, and such electricity for light and power, gas, water, and heat as may be required by him or her to perform his or her duties under this Agreement.



2. Hospital shall pay Physician in accordance with Exhibit A for all interpretation rendered by the Physician. Said sums are payable on the twentieth (20th) day of the calendar month immediately following the service performed. Payments made pursuant to this Paragraph 2 shall be deemed Physician's full, complete, and reasonable compensation for services under this Agreement.
3. Hospital shall allow any member of the Hospital Medical Staff to designate, in writing, any physician who is (a) also a member of the Hospital Active Medical Staff and (b) a diplomate of the American Board of Internal Medicine, as the physician who shall be entitled to read EKGs for any patient admitted to the Hospital to the care of said physician, and Hospital shall compensate said physician for the services thereafter rendered provided that (c) said physician has executed an agreement with Hospital identical to this Agreement and (d) the written designation described in this subdivision is renewed, in writing, annually.
4. Hospital will attempt, insofar as is reasonably possible in the circumstances, to identify and notify the primary physician of any patient treated in the Hospital's Emergency Room Department and/or Surgery Department.

#### IV GENERAL PROVISIONS

1. Services to be performed by Physician under this Agreement may be performed by other physicians who are approved in writing (which approval is revocable) by Hospital and who shall be members of the Hospital Active Medical Staff. If Physician is absent, services required to be performed by Physician under this Agreement shall be performed by Dr. Kamei or his designee. Notwithstanding anything to the contrary contained herein, Physician shall not have the right to assign this agreement, or any rights or obligations thereunder, without the written consent of Hospital first had and obtained.
2. In the performance of his or her duties and obligations under this Agreement, it is further mutually understood and agreed that:
  - a. Physician is at all times acting and performing as an independent contractor, that Hospital shall neither have nor exercise any control or direction over the methods by which he or she shall perform his or her work and functions (except that Physician shall do so at all times in strict compliance with currently approved methods and practices of internal medicine and cardiology, and in accord with the Hospital's Bylaws and with the Hospital Medical Staff Bylaws and Rules and Regulations), and that the sole interest of Hospital is to assure that the services of Physician shall be performed and rendered, and the EKG Department shall be

operated, in a competent, efficient, and satisfactory manner in accord with the highest medical standards possible.

- b. No act, commission, or omission of Physician pursuant to the terms and conditions of this Agreement shall be construed to make or render Physician an agent, employee, or servant of the Hospital.
  - c. It is the intent of the parties that Physician be an independent contractor, and not an employee, in the performance of his or her duties under this Agreement. In order to protect the Hospital from liability, Physician shall defend, indemnify, and hold harmless the Hospital from liability for any and all claims arising out of the performance of his or her duties under this Agreement.
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**HOSPITAL:** Administrator  
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150 Pioneer Lane  
Bishop, California 93514

**PHYSICIAN:** Nickoline M. Hathaway, M.D.  
152-C Pioneer Lane  
Bishop, California 93514

or to such other address as either party may notify the other, in writing.

7. The term of this Agreement is one (1) year, commencing on December 1, 2010 and ending at midnight on November 30, 2011.
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- b. Physician's inability to render services hereunder;
- c. The appointment of a receiver of the assets of Physician, an assignment by him or her for the benefit of his or her creditors, or any action taken or suffered by him or her (with respect to him or her) under any bankruptcy or insolvency law;
- d. Closure of the Hospital;
- e. Sixty (60) days after written notice of termination without cause is given by Hospital to Physician.

However, the parties understand and acknowledge that termination of this Agreement shall not affect Physician's membership on the Hospital Medical Staff.

9. Originals of medical records of the EKG Department are the property of the Hospital and shall be retained on Hospital premises. Physician shall have access to, and may photocopy, such documents and records as may be required for the care of his or her patients or to perform his or her duties under this Agreement, provided only that he or she gives reasonable notice. Physician shall complete all reports required of him or her by Hospital, for the performance of his or her duties under this Agreement, within 24 hours of the time the EKG is performed. Physician acknowledges that, should he or she remove an original EKG from the custody of the EKG Department, he or she shall return it to the custody of the EKG Department within the 24-hour period required for reading as set forth in Article II, section 1(a) above. "Custody" includes, but is not limited to, the physical premises occupied by the EKG Department and any EKG machines, carts, or collection or storage vehicles located within the Hospital but outside the EKG Department physical premises. Physician shall not destroy or mutilate originals of medical records or EKGs.
10. This Agreement is for the personal services of Physician and Physician may not assign his or her rights, duties, obligations or responsibilities thereunder.
11. Subject to the restrictions against transfer or assignment set forth above, the provisions of this Agreement shall inure to the benefit, and be binding upon, the heirs, successors, assigns, agents, personal representatives, conservators, executors and administrators of the parties.

12. Use of the masculine, feminine or neuter gender, and/or of the singular or plural number, shall include the other when the context shall indicate.

**IN WITNESS WHEREOF**, the parties have executed this Agreement at Bishop, California on the day, month and year first above written.

NORTHERN INYO COUNTY  
LOCAL HOSPITAL DISTRICT

By

\_\_\_\_\_  
Peter Watercott, President  
Board of Directors

\_\_\_\_\_  
Nickoline M. Hathaway, M.D.  
152-C Pioneer Lane  
Bishop, California 93514

**EXHIBIT A**  
**EKG INTERPRETATION RATES**

1.	EKG Interpretation	\$ 20.50
2.	Rhythm Strip	\$ 17.00
3.	Tele Strip	\$ 20.00
4.	Cardiac event recorder	\$ 36.45
5.	Treadmill Study	\$107.10
6.	Cardiac Nuclear	\$133.75
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**AGREEMENT FOR SERVICES TO THE  
NORTHERN INYO HOSPITAL  
ELECTROCARDIOGRAPHIC DEPARTMENT**

**THIS AGREEMENT MADE AND ENTERED INTO** this 1st day of December, 2010, by and between NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT (hereinafter "Hospital") and James A. Richardson, M.D. (hereinafter "Physician").

**I  
RECITALS**

- A. Hospital is located at 150 Pioneer Lane, Bishop, California, and operates therein a service designated as the Electrocardiography Department (hereinafter "EKG Department").
- B. Physician is a sole practitioner licensed to practice medicine in the State of California, and a diplomate of the American Board of Internal Medicine. Physician has represented and does represent, to the Hospital that, on the basis of his or her training or experience, he or she is knowledgeable in the interpretation of electrocardiographs (hereinafter "EKGs") and is readily available to interpret EKGs.
- C. Hospital desires to contract with Physician to provide professional interpretation of EKGs done on patients at the Hospital.
- D. The parties desire to enter this Agreement to provide a complete statement of their respective duties and obligations.
- E. The term "EKG" shall mean all products of the EKG Department, including but without limitation, electrocardiographs, rhythm strips, stress tests, event recorders, and telemetry strips.

**NOW, THEREFORE**, in consideration of the covenants and agreements set forth below, the parties agree as follows:

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COVENANTS OF PHYSICIAN**

- 1. Physician shall perform the follow services:

- a. Be available to provide interpretation of all full and partial cardiac function studies performed by the EKG Department on Physician's patients. Said interpretations are to be done within 24 hours of the time the EKG studies are performed. Physician shall have no exclusive right to read studies hereunder, and acknowledges that EKG and treadmill studies may be read by any other physician deemed qualified to do so by the Medical Staff Executive Committee.
  - b. Physician acknowledges that Hospital has retained the services of Asao Kamei, M.D. (hereinafter "Dr. Kamei"), to serve as Chief of the EKG Department and agrees that, should Physician fail to read and interpret any EKG which he or she is obligated to read within 24 hours of its creation, or should Physician fail to read and interpret any EKG done in preparation for any surgery, whether emergency or elective, if said EKG has not been read within a reasonable time prior to the time scheduled for said surgery, said EKG will be read and interpreted by Dr. Kamei, and he shall receive compensation from the Hospital for such service. Physician acknowledges and agrees that in such event, Physician will not be compensated by the Hospital, but nonetheless may read and interpret the relevant EKG as may be required for the care of his or her own patients. In regard to the circumstances set forth in this sub-paragraph (b), Physician further acknowledges and agrees that Dr. Kamei may designate another qualified physician (who must also be a Diplomate of the American Board of Internal Medicine) to perform such services for him in the event of his or her absence or inability to perform such services.
  - c. Physician acknowledges and agrees that Dr. Kamei, acting in his role as Chief of the EKG Department, may read any EKG done in the Hospital.
  - d. Participate in retrospective evaluation of care provided in the EKG Department.
  - e. Be available to provide interpretation of EKGs for patients under the care of Physician who were seen in the Hospital's Emergency Room Department whether or not said patient was seen by the Physician in the Emergency Room.
  - f. Be available to provide interpretation of EKGs for emergent pre-operative patients under the care of the Physician.
2. Physician shall at all times comply with the policies, rules and regulations of the Hospital, subject to State and federal statutes covering his or her practice. No part of the Hospital premises shall be used, at any time, by Physician for the general practice of medicine except during the exercise of privileges granted Physician as a member of the Hospital Active Medical Staff.
  3. Physician agrees to 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 and services, and other costs and expenses of whatever nature, for which he or she may claim payment or reimbursement from the Hospital. 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 Hospital, 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 subcontract he or she may enter with a value of more than \$10,000, or for more than a 12-month period, when said sub-contract is with a related organization.

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  - e. For any EKG not read within 24 hours of its creation.

### III

#### **COVENANTS OF THE HOSPITAL**

1. Hospital shall furnish, for the use of Physician in rendering services hereunder:
  - a. Sufficient space in the Hospital to enable him or her to perform his or her duties under this Agreement; and,
  - b. Ordinary janitorial and in-house messenger service, and such electricity for light and power, gas, water, and heat as may be required by him or her to perform his or her duties under this Agreement.

2. Hospital shall pay Physician in accordance with Exhibit A for all interpretation rendered by the Physician. Said sums are payable on the twentieth (20th) day of the calendar month immediately following the service performed. Payments made pursuant to this Paragraph 2 shall be deemed Physician's full, complete, and reasonable compensation for services under this Agreement.
3. Hospital shall allow any member of the Hospital Medical Staff to designate, in writing, any physician who is (a) also a member of the Hospital Active Medical Staff and (b) a diplomate of the American Board of Internal Medicine, as the physician who shall be entitled to read EKGs for any patient admitted to the Hospital to the care of said physician, and Hospital shall compensate said physician for the services thereafter rendered provided that (c) said physician has executed an agreement with Hospital identical to this Agreement and (d) the written designation described in this subdivision is renewed, in writing, annually.
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#### IV GENERAL PROVISIONS

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2. In the performance of his or her duties and obligations under this Agreement, it is further mutually understood and agreed that:
  - a. Physician is at all times acting and performing as an independent contractor, that Hospital shall neither have nor exercise any control or direction over the methods by which he or she shall perform his or her work and functions (except that Physician shall do so at all times in strict compliance with currently approved methods and practices of internal medicine and cardiology, and in accord with the Hospital's Bylaws and with the Hospital Medical Staff Bylaws and Rules and Regulations), and that the sole interest of Hospital is to assure that the services of Physician shall be performed and rendered, and the EKG Department shall be

operated, in a competent, efficient, and satisfactory manner in accord with the highest medical standards possible.

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**PHYSICIAN:** James A. Richardson, M.D.  
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- e. Sixty (60) days after written notice of termination without cause is given by Hospital to Physician.

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12. Use of the masculine, feminine or neuter gender, and/or of the singular or plural number, shall include the other when the context shall indicate.

**IN WITNESS WHEREOF**, the parties have executed this Agreement at Bishop, California on the day, month and year first above written.

NORTHERN INYO COUNTY  
LOCAL HOSPITAL DISTRICT

By

\_\_\_\_\_  
Peter Watercott, President  
Board of Directors

\_\_\_\_\_  
James A. Richardson, M.D.  
307 Academy Street  
Bishop, California 93514

**EXHIBIT A**  
**EKG INTERPRETATION RATES**

1.	EKG Interpretation	\$ 20.50
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6.	Cardiac Nuclear	\$133.75
7.	Adenosine Nuclear	\$157.50

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*People you know,  
caring for people you love*

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## N . I . H . M E M O R A N D U M

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**DATE:** November 16, 2010  
**TO:** NIH Board of Directors  
**FROM:** Leon Freis, R.Ph. Director Administrative Support Services  
**RE:** Hematology Analyzer Replacement

The current hematology technology consists of a Beckman-Coulter LH500 analyzer with an ACT10 backup analyzer. These two instruments are not equivalent as the LH500 performs CBC with automated differential and the ACT10 only performs CBC. The lab has reached a crisis point with the LH500 in that it has stopped and required maintenance 109 times between 11/14/08 and 11/14/10. There have been 17 service calls in the 2 years, the last on 11/11/10. The average for the industry including data from Beckman-Coulter is 3 service calls per year. Despite repeated pleas to replace the LH500, the company ignored the data and has chosen to repair the instrument instead.

For the following reasons, we request a change in platform to two each Abbott Cel-Dyn Rubys via a lease agreement:

- Full redundancy in hematology analyzers for consistent clinical performance
- Newer technology for more accurate results and 25% fewer reflexed manual differentials (potential savings: \$ 7,000/year)
- Improved reliability – new instruments would come with a replacement guarantee for excessive down time.
- Analyzer technology advances about every 5 years

The cost analysis on page 2 shows the following net cost to the hospital over the next 5 years for 2 each Abbott Cel-Dyn Rubys:

- \$69,302



<b>MONTHLY</b>	<b>Abbott</b>	<b>Sysmex</b>	<b>No change</b>
	2 Cel-Dyn	2 XT 2000	1 LH500, Act8, Act10
Lease Cost	\$ 2,199.14	\$ 2,306.20	\$ -
Service Cost	\$ 1,200.00	\$ 1,492.33	\$ 1,284.25
Reagent Cost	\$ 940.50	\$ 1,902.90	\$ 1,583.68
Total	\$ 4,339.64	\$ 5,701.43	\$ 2,867.93
<b>YEARLY</b>	<b>Abbott</b>	<b>Sysmex</b>	<b>No change</b>
Lease Cost	\$ 26,389.68	\$ 27,674.40	\$ -
Service Cost	\$ 14,400.00	\$ 17,907.96	\$ 15,411.00
Reagent Cost	\$ 11,286.00	\$ 22,834.80	\$ 19,004.16
Personnel Cost	\$ -	\$ -	\$ 7,000.00
Total	\$ 52,075.68	\$ 68,417.16	\$ 41,415.16
Amount over			
No Change:	\$ 10,660.52	\$ 27,002.00	\$ -
Depreciation Recapture	\$ 16,000.00	\$ 16,000.00	
FIRST YEAR COST	\$ 26,660.52	\$ 43,002.00	
<b>FIVE YEAR COST</b>	<b>\$ 69,302.60</b>	<b>\$ 151,010.00</b>	

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## PenRad Mammography System Software

NIH currently pays IOTrack approximately \$1,000 per month to send patient notification letters and track the mammography program as required by the FDA and ACR (American College of Radiology). It has become increasingly clear that our patients are not receiving these letters in a timely fashion. In some cases, it appears patients have not received letters at all. While IOTrack collects statistical data for mammography program audits as required by law, the company has limited our ability to use the data for other statistical purposes, such as targeted marketing, technologist tracking and pathology concordance.

PenRad Mammography System is a tracking, notification letter, and reporting system. Reports are created by the radiologist in a structured format that includes all FDA and ACR requirements. The radiologist signs the report at the time of creation, eliminating the need for repetitive viewing of exams and reports. Dr. Souders, our mammographer, works with PenRad software at some of his other sites. His knowledge of the system will eliminate the need to spend several thousand dollars in on-site radiologist training costs. He finds that the software increases the time to read each study slightly, overall it eliminates multiple duplicative steps in his workflow and therefore increases his overall efficiency and productivity while reducing the number of opportunities for error.

PenRad will eliminate approximately 95% of the transcription work associated with mammography. Based on the number of hours dedicated to mammography reports by transcriptionists, the approximate associated cost of transcription is around \$16,500 annually. While the associated transcription costs are soft costs and would probably not be eliminated, it would allow transcriptionists to dedicate those hours to other hospital needs.

PenRad would be interfaced with the GE CAD (Computer Aided Diagnosis) and NovaRad (or McKesson) workstations to allow all systems to open the same patient exams selected by the radiologist off of a PenRad worklist. This saves time and decreases errors. The radiologist currently must select the patient on the two individual workstations for each exam. PenRad permanently attaches the report to the patient images being reviewed. This reduces errors caused by the report being attached to the incorrect patient.

Patient history is collected in a digital format that is stored for future visits. This means that our patients do not have to provide the same information year after year. It is stored in the computer and the patient/technologist will add any new or modified information. This reduces exam/prep time, paper usage and patient frustration. It also updates any mammography exams, procedures, and pathology reports to the patient history automatically. No system is truly paper-less, but PenRad will use much less paper.

PenRad system patient notification letters are printed in-house in a few clicks of the mouse. This will decrease the amount of radiology staff time devoted to mammography notification letters. Patient notification letters are required by the FDA and ACR. Another soft, but real, cost of the current system.

Summary:

PenRad streamlines the mammography program.

- increase efficiency for the technologist,
- quicker screening/exam time would allow for expansion of patients served daily, if needed,
- decrease paper usage,
- reduce opportunities for errors in reporting,
- increases in Radiologist overall efficiency,
- decrease transcription costs,

The current NIH mammography program statistics:

- Approximately 2000 mammograms annually
- Approximately 40 breast biopsies annually
- Program Sensitivity for cancer detection is >90%
- Program Specificity > 99%

	1st Year	Annual	Annual soft costs
PenRad	\$17,000	\$7,000	
Additional interface cost	\$3,000		
IOTrack	\$10,891	10,891.6	
In-House Transcription			\$16,500

	Proposed		Current system		Projected	
	PenRad	IoTrack	Mammo - In house transcription		1st year savings	annual savings
Initial cost	\$ 20,000.00	\$ 10,891.60	\$ 16,500.00		\$ 9108.00	
Yearly cost	\$ 7,000.00	\$ 11,000.00	\$ 16,600.00			\$ 20,600.00

**Date:** November 29, 2010

**Memo:** Patty Dickson, RT

Radiology Supervisor

Northern Inyo Hospital Radiology Department

**From:** Stuart Souders, M. D.

Breast Imager

In response to your questions regarding the value of an automated breast reporting system, I would like to make the following comments:

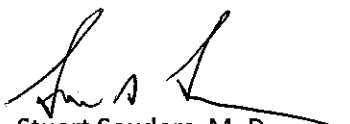
The advantages:

1. Transcriptionist will be eliminated. There is no expense for transcription. They will rarely be needed. The report is generated by me, corrected by me, and then signed.
2. The report is finished essentially in real time. As soon as I interpret the mammogram, the report is ready for signature. I hit a button and off it goes to medical records and the referring physician. The corrections are made in real time. This decreases turnaround time by 24 to 72 hours.
3. The letter (in lay terms) is sent simultaneously to the patient. (Recently it has come to my attention that there is an unacceptable delay with IOtrack performing this function).
4. There will be no need for IOtrack. The expense will be eliminated. The statistics for the medical audit are collected as the mammograms are interpreted, and as the pathology is entered. At any time, with the push of a button, the medical audit can be prepared. This is very efficient. The sensitivity, specificity, detection rate, recall rate, size of cancers detected, etc. are all available at the touch of a button for reports desired.
5. There is a report generated with diagrams if desired to show position of abnormality if present, which is sometimes helpful to referring clinicians.

The disadvantage:

1. Requires a small amount of extra time for the radiologist to go through a stack of screening mammograms.
2. A complicated report can require a lot more extra time for the radiologist, unless the system is set up to allow the transcriptionist to type a report directly into the system. This is done in many institutions with this system.

I have used PENRAD for several years at Kaiser, and at Breastlink. I am comfortable with the system. PENRAD is used at more institutions than any other system, including all the Kaiser Hospitals in Southern California, at Yale, at Duke, and at the Mayo Clinics and hospitals. It is considered the "Mercedes" of the automated reporting systems. It is expandable and can do many more things than we will require from it, at least for now, but may in the future desire.



Stuart Souders, M. D.

# PenRad<sup>TM</sup>

11/12/2010

Attn: Patty Dickson  
 Northern Inyo Hospital  
 150 Pioneer Lane  
 Bishop, CA 93514

Item Number	Qty	Description	Initial Cost	Annual Renewal
PRM-PSS	1	PENRAD MAMMOGRAPHY SYSTEM SOFTWARE \$15,000.00 Includes the PenRad mammography initial license fee, one year on-line support and upgrades, auto-fax software, bar-code software and Livingston film flasher capabilities. Site manual (PRM-PSM) included. A \$5,000.00 annual renewable license fee (PRM-ARL) is due on each one year anniversary date of installation.	\$15,000	\$5,000
PRM-SSC	1	SERVER SET UP AND CONFIGURATION \$1,500.00	\$1,500	\$0
PRM-PLS	4	PENRAD CLIENT LICENSE \$1,500.00 Client license fee for each customer supplied workstation and configuration.	\$6,000	\$0
PRM-CFI	1	CUSTOM FACILITY INTERFACE PACKAGE \$5,000.00 Two way interface of PenRad to HIS/RIS system. Any costs associated with interfacing the HIS/RIS system to the PenRad system are the responsibility of the facility. A \$1,000.00 annualrenewable license fee (PRM-RCI) is due on each one year anniversary date of installation.	\$5,000	\$1,000
PRM-SCM	1	PENRAD SOFTCOPY CONNECTIVITY MODULE \$5,000.00 This module allows the synchronization between PenRad and the softcopy workstation to select the corresponding patient in PenRad automatically. It saves the radiologist time by not having to select the patient in both systems. It reduces inherent errors, similar to when the barcode is attached to the images in the film environment. A \$1,000.00 annual renewable license fee (PSN-CCR) is due on each one-year anniversary date of installation.	\$5,000	\$1,000
PRM-PDB	1	PRE-POPULATE DATABASE PACKAGE \$1,500.00 Includes prepopulating mammography database with patient demographic data provided on disk from customer. Allocated time is 8 hours. Any additional time (PRM-PDX) will be billed at \$60.00/hr. Disk must be supplied three weeks prior to delivery.	\$1,500	\$0
PRM-ECT	1	FOLLOW-UP ON-SITE TRAINING \$3,000.00 One PenRad employee for 3 days in-service training. Typically scheduled 3-6 months post installation. If not used in the first 12 months, the \$3,000.00 will be applied to the annual license fees. 14-Day Advance notice required.	\$3,000	\$0
<b>Dr. Souders (PenRad Advisor) discount</b>			<b>(\$20,000)</b>	
Quotation Total			\$17,000	
Annual Renewal				\$7,000

Attn: Patty Dickson  
Northern Inyo Hospital  
150 Pioneer Lane  
Bishop, CA 93514

<b>Item Number</b>	<b>Qty</b>	<b>Description</b>	<b>Initial Cost</b>	<b>Annual Renewal</b>
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## **MINIMUM HARDWARE AND SOFTWARE REQUIREMENTS**

### **Server**

Processor: Pentium 4, 2+GHz

Software: Microsoft (MS) Windows 2003/2008 Server, MS SQL 2005/2008 Server, MS Word

Memory: 4Gb RAM

Storage: 50Gb

Tape Drive: Tape Drive (or backup plan to customers network)

\*\*\* Facilities that do 300 exams a day will see the database grow approximately  
1.5GB a year, so 10 years of data would require 15Gb of storage

### **Client Workstations**

Processor: Pentium 4, 2+GHz

Software: Microsoft (MS) Windows XP, Vista, 7 & MS Word

Memory: 1GB RAM

Storage: 40Gb Hard Drive

**ANTI VIRUS IS NOT PROVIDED AND IS THE CUSTOMERS RESPONSIBILITY**

Attn: Patty Dickson  
Northern Inyo Hospital  
150 Pioneer Lane  
Bishop, CA 93514

Item Number	Qty	Description	Initial Cost	Annual Renewal
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**TERMS AND CONDITIONS:**

Customer, prior to installation, must supply VPN connection to the Master Imaging Workstation.

Customer must supply network cables between the rooms, all keyboard trays and any necessary computer furniture.

PenRad may not be registered to collect Sales and/or Use Tax in your state. If this is a taxable transaction, you are required to remit the Sales and/or Use Tax directly to your state.

F.O.B., Minnetonka, MN.

Payment terms are: 50% initial investment and signed Partner License Agreement are required with the purchase order. Balance of payment is due on installation.

PenRad annual renewable license fee of \$5,000.00 is payable each year on the anniversary date of installation. Additionally, each remote site that is connected or networked will be required to pay an annual \$2,500.00 remote site license fee that is payable each year on the anniversary date of installation.

Should optional PenRad modules be purchased with your PenRad system, an additional annual renewable license fee of \$1,000.00 for each option is payable each year on the anniversary date of installation.

Sincerely,

Ken Haataja  
PenRad Technologies, Inc.  
JS

Accepted by \_\_\_\_\_  
Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_



**END**