



Northern Inyo County Local Hospital District

Board of Directors Regular Meeting

Wednesday March 16, 2011; 5:30pm

*Board Room
Northern Inyo Hospital*

DRAFT AGENDA
NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT
BOARD OF DIRECTORS MEETING
March 16, 2011 at 5:30 P.M.
In the Board Room at Northern Inyo Hospital

1. Call to Order (at 5:30 P.M.).
2. Opportunity for members of the public to comment on any items on this Agenda.
3. Approval of minutes of the February 16 2011 regular meeting.
4. Financial and Statistical Reports for the month of January 2011; John Halfen.
5. Administrator's Report; John Halfen.
 - A. Building Update
 - B. Security Report, January 2011
 - C. Orthopedic services update
 - D. Physician Recruiting Update
 - E. PMA Partnership Purchase Update
 - F. ACHD Bylaws Amendment
 - G. Other
6. Chief of Staff Report; Helena Black, M.D..
 - A. Medical Staff privileging and credentialing (*action items*).
 1. Staff Resignation; Miguel Palos, M.D.
 2. Staff Request for Leave of Absence; Gregory Taylor, M.D.
 - B. Policy and procedure approvals (*action items*).
 1. (*MBC*) *Reporting of Certain Final Decisions or Recommended Actions*
 2. *Compliance with New Joint Commission Standard MS 01.01.01*
 3. *Interfacility Transfer for Radiologic Imaging and Procedures*
 - C. CME Program Accreditation
 - D. Other
7. Old Business
 - None -
8. New Business
 - A. Construction Change Orders (*action items*):
 1. COR 104; IB 45, 172, 191, and 196, Site Utility Changes \$ 43,291
 2. COR 111; IB 78, Decontamination Tank Reconciliation (\$18,508)
 3. COR 113; IB 124 and 125, Electrical RFI's \$ 8,213
 4. COR 124; IB 179, Hard Connection Canopy \$ 46,158

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|--|-----------|
| 5. COR 127; IB 123, Emergency Generator Part 3 | \$231,893 |
| 6. COR 129; Wage Rate Increase | \$120,000 |
- B. Pathology Agreement, Kenneth Saeger, M.D. (*action item*).
 - C. Anesthesia Agreements, John Daniel Cowan, M.D.; Curtis Schweizer, M.D.; Anthony Schapera, M.D. (*action items*).
 - D. Upgrade for Siemens Analyzers, Laboratory Department (*action item*).
 - E. Practice Management Agreement, Vasuki Sittampalam, M.D. (*action item*).
 - F. Orthopedic recruiting, incentives (*possible action item(s)*).
 - G. PMA Partnership Request (*action item*).
 - H. Practice Management Agreement, James Englesby, M.D. (*action item*).
- 9. Reports from Board members on items of interest.
 - 10. Opportunity for members of the public to comment on any items on this Agenda, and/or on any items of interest.
 - 11. Adjournment to closed session to:
 - A. Hear reports on the hospital quality assurance activities, and hear a report from the Medical Staff Executive Committee (Section 32155 of the Health and Safety Code, and Government Code Section 54962).
 - B. Confer with legal counsel regarding action filed by John Nesson M.D. against Northern Inyo County Local Hospital District and other Defendants (Government Code Section 54956.9(a)).
 - C. Confer with legal counsel regarding 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.

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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
 M.C. Hubbard, Secretary
 Denise Hayden, Treasurer
 D. Scott Clark, M.D., Director
- ALSO PRESENT Leo Freis, Acting Administrator
 Douglas Buchanan, District Legal Counsel
 Susan Batchelder, Director of Nursing (recording)
- ABSENT John Ungersma, M.D., Vice President
 John Halfen, Administrator
- ALSO PRESENT FOR
RELEVANT PORTION(S) Dianne Shirley, R.N., Performance Improvement Coordinator
- PUBLIC COMMENTS
ON AGENDA Mr. Watercott asked if any members of the public wished to comment on any items listed on the agenda for this meeting. No comments were heard.
- COVERAGE FOR CEO
AND SECRETARY Leo Fries, Compliance, Lab, and Administration Support Services noted he will stand in for John Halfen at this meeting and Director of Nursing Susan Batchelder, R.N. will record in place of Administration Secretary Sandy Blumberg.
- MINUTES The minutes of the January 19, 2011 regular meeting were approved.
- FINANCIAL AND
STATISTICAL REPORTS Carrie Petersen, Controller, called attention to the financial and statistical reports for the month of December 2010. She noted the statement of operations shows a bottom line excess of revenues over expenses of \$3,343,802. Ms. Petersen additionally called attention to the following:
- *Inpatient and outpatient service revenue were both under budget*
 - *Total expenses were under budget*
 - *Salaries and wages and employee benefits expense were under budget*
 - *Professional Fees Expense was close to budget*
 - *The Balance Sheet showed no significant change*
 - *Total net assets continue to grow*
 - *Year-to-date net income totals \$4,336,382*
- Ms. Petersen noted the budget analysis shows that inpatient and outpatient activity were under budget, but due to a Medicare tentative cost report settlement for the fiscal year ending June 30, 2010 the hospital realized a positive bottom line of \$3,343,802. She also explained that the fiscal intermediary who processes Northern Inyo Hospital's (NIH's) Medicare payments and performs audits changed from National Government Services to Palmetto, and prior to the change a cost report had not been

settled for three years. Palmetto is currently working on getting payment processing and audits caught up as quickly as possible. During the same three year period NIH also changed from a Perspective Payment System hospital to a Critical Access Hospital, so the previously calculated daily per diem rate and outpatient payment percentage estimates were low. These have now been set to what is expected to be our normal reimbursement, and Carrie noted in the end the hospital will probably have an overall contractual reimbursement percentage of 38%. Following review of the reports provided it was moved by Denise Hayden, seconded by M.C. Hubbard, and passed to approve the financial and statistical reports for the month of December as presented.

BUILDING REPORT

John Hawes with Turner Construction Company reported the building project is progressing well and the inside walls will be closed in about four weeks. He noted that Scott Hooker and Turner Logistics are reviewing plans with the users to ensure any necessary changes are made prior to closing the walls. The chillers for the new central plant will arrive next week, and work has started in the current central plant. The access corridor has been roofed in and will be completed in about six weeks.

Property Manager Scott Hooker reported there were no change orders to present at this meeting. He also stated that workers are getting ready to put on the metal lathe, and they will be ready to put the outside finish on the walls in the next few weeks. Window installation will also begin next week. In response to questions, Scott affirmed that work can be completed between the scaffolding and the external plastic cover. The air handling units needed for the process have been installed; exhaust fans are in place; and work on the project is continuing on schedule.

SECURITY REPORT

Leo Fries called attention to the Security report for the month of December 2010, which revealed no significant Security issues.

ORTHOPEDIC SERVICES UPDATE

Mr. Fries also noted that in the absence of Administrator John Halfen, the orthopedic services update will be tabled to the next regular meeting.

PHONE SYSTEM UPDATE

Information Technology Director Adam Taylor provided an update on the installation of the hospital's new phone system. Employee training sessions have been completed and help-desk personnel will be on site during the phone transition. The actual changeover to the new system is scheduled to take place on the evening of Friday February 18th. A team of technicians will be present to ensure coordination of services, and they will remain on site for a period of one week in order to answer questions and assist in the transition from the old system.

PHYSICIAN RECRUITING

Mr. Fries also reported that the physician recruiting update would be tabled to the next regular meeting.

CHIEF OF STAFF
REPORT

Chief of Staff Helena Black, M.D. was not present at this meeting, however she sent a message that there were no Medical Staff issues of significance to report and she thanked the Board for their ongoing support of the NIH Medical Staff.

PURCHASE OF
PMA PARTNERSHIP
INTEREST

Mr. Freis called attention to a proposed *Agreement for Purchase and Sale of a Partnership Interest in Pioneer Medical Associates*; stating it contains no significant changes from the agreement that was originally presented to the Board. Mr. Buchanan discussed concerns he had regarding missing attachments and dates that need correction. He also noted that the due diligence date for the proposed agreement was February 10, so the sellers were informed that the agreement was not scheduled for approval until tonight's (February 16th) meeting.

Ms. Hayden expressed concern about the section of the agreement which states that the buyer (NIH) will deliver funds directly to the seller. Mr. Buchanan agreed that this should section should be changed to read, "Buyer shall deposit funds (for the sale) into escrow". Mr. Buchanan noted that the property will be in escrow as soon as the seller's attorney finalizes the contract. He also noted that the sellers were originally offered a down payment on the transaction but they requested security, which Mr. Buchanan did not feel was in the best interest of the District. Hospital Administrator John Halfen suggested to Mr. Buchanan that the sellers be paid the purchase amount due in cash.

Dr. Clark inquired as to what attachments were missing from the agreement, and Mr. Buchanan responded that the assignment to the District should be attached. Following discussion of the proposed purchase it was moved by Ms Hayden, seconded by Ms. Hubbard, and passed to approve the *Agreement for Purchase and Sale of Partnership Interest in Pioneer Medical Associates*, including the changes suggested by Mr. Buchanan.

IT STORAGE UPGRADE

Director of Information Technology Adam Taylor presented a request for the purchase of an upgrade to NIH's data storage system. He noted the purchase is necessary in order to meet the demands of Paragon, the Hospital's new Information System which will be installed in the upcoming months. The specific needs of the new system have not yet been determined, so Mr. Taylor is requesting a budget not to exceed \$190,000, with the purchase being subject to the approval of Administrator John Halfen. Ms. Hayden questioned whether this was part of the original Hospital Information System purchase request, and the response was that this is an additional expense. Following discussion of the need for additional storage, it was moved by Ms. Hayden, seconded by Ms Hubbard, and passed to approve purchase of an upgrade to the

hospital's Information Technology (IT) data storage system for an amount not to exceed \$190,000.

LANGUAGE SERVICES
ANNUAL REPORT

Language Services Manager Jose Garcia reviewed with the Board the Language Services Annual Report for the 2010 calendar year. Mr. Garcia reported that interpreting sessions increased 14% over the previous year, and use of the Language Line increased by 4% over the previous year. Mr. Garcia noted 2010 was the first full year that video interpreting equipment was in use at NIH, and he stated that it was used for a total of over 9000 minutes. The number of patient translations completed last year totaled 38 translations. Dr. Clark commented on how useful interpreting sessions have been for physicians and patients, and he commended Mr. Garcia on a job well done. It was moved by Ms. Hubbard, seconded by Ms. Haden, and passed to accept the Language Services Annual Report for 2010 as presented.

STATUTORY
REQUIREMENTS OF
THE DISTRICT BOARD

District Legal Counsel Douglas Buchanan reviewed with the Board the statutory requirements and fiduciary duties that apply to members of the District Board. Mr. Buchanan stated that Board members act as trustees for the area residents who elect them, and they are responsible to the people who elect them. He also noted that the basic statute that Board members work under is Hospital District law. Mr. Buchanan and Mr. Halfen both have copies of District Law available for the review and reference of any Board member, upon request. District Law is the constitution, per se, of Board members, and it defines everything that Board members are allowed to do. Mr. Buchanan distributed copies of applicable District Law with pertinent sections highlighted for the reference of the Board. He mentioned that the Board holds the power to hire legal counsel and to hire the Chief Executive Officer, and stated that hospital employees shall hold their positions with the consent of the Board, which explains the "at will" hiring and firing policy for District employees. Mr. Buchanan also commented that page 17 of District Law grants the District the power to operate a child care facility for the benefit of the hospital District. Mr. Buchanan reiterated that the primary purpose of the Board of the Directors is to serve the members of the District that they represent. He also stated that Board meetings operate under the rules of the Brown Act, and he suggested that Board members read the Brown Act if they have not already done so.

340-B PROPOSAL FOR
DWAYNE'S PHARMACY
& SENTRY SYSTEMS

Mr. Freis called attention to a proposal for 340B technology solutions. He informed the Board that 340B is a federal law that allows special pharmacy pricing for hospitals with a disproportionate share of indigent costs. The law allows drug companies to offer prices significantly lower than those offered to other entities, and as a Critical Access Hospital, NIH qualifies for participation in this program.

In order to take advantage of the benefits of 340B pricing, the hospital must contract with a retail pharmacy to replace the drugs the hospital pharmacy uses in filling qualified prescriptions with 340B purchased drugs, creating a situation where the retail pharmacy makes a profit on the dispensing fee only. Mr. Freis explained the process by which Northern Inyo Hospital can potentially receive significantly higher profit on patient prescriptions, and stated that in order for the system to work a complex computer program must be purchased in order to help manage the details of ordering and pricing. Sentry Systems has the most developed and widely-used software available for this purpose, and an initial cash expenditure of \$30,000 for implementation would create a potential for \$400,000 to \$600,000 in increased revenue per year for the hospital. Pharmacy Director Jillene Freis and Dwayne's Pharmacy owner Dwayne Wilson were present and also provided details on how the program works, and explained that the agreement and software purchase will benefit all parties involved in the process. The hospital and Dwayne's Pharmacy have agreed to continuously monitor and audit the program, with both parties being committed to making the program beneficial for everyone involved. A question was asked regarding whether or not the program will benefit indigent patients who have no insurance and no money, and the response was that unfortunately, it will not. Following further discussion and review of the proposed agreement with Sentry Systems it was moved by D. Scott Clark, M.D., seconded by Ms. Hayden, and passed to approve the agreement and software purchase with Sentry Data Systems as requested.

BOARD MEMBER
REPORTS

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

OPPORTUNITY FOR
PUBLIC COMMENT

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

CLOSED SESSION

At 6:45 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 7:13 p.m. the meeting returned to open session. Mr. Watercott announced that the Board took no reportable action.

PUBLIC COMMENT

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

ADJOURNMENT

The meeting was adjourned at 7:15 p.m.

Peter Watercott, President

M.C. Hubbard, Secretary

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BUDGET VARIANCE ANALYSIS

Jan-11 PERIOD ENDING

In the month, NIH was

		7%	over budget in IP days;
	(0.005%) over in IP Revenue and
	(1.9%) over in OP Revenue resulting in
\$ 106,678	(1.4%) over in gross patient revenue from budget &
\$ 78,263	(1.6%) over in net patient revenue from budget

Total Expenses were:

\$ (43,862)	(-0.9%) under budget. Wages and Salaries were
\$ 699	(0.0%) over budget and Employee Benefits
\$ 113,174	(11.0%) over budget.
\$ (173,856)			of other income resulted in a net loss of
\$ 127,362	\$	(76,648)	under budget.

The following expense areas were over budget for the month:

\$ 2,602	1%	Professional Fees
\$ 10,571	4%	Purchased Services
\$ 27,954	9%	Depreciation Expense

Other Information:

40.77%	Contractual Percentages for month
33.06%	Contractual Percentages for Year

\$ 4,463,744 Year-to-date Net Revenue

Special Notes:

Prior Period Adjustment on Income Statement is Tentative 2010 Medicare received

NORTHERN INYO HOSPITAL

Balance Sheet

January 31, 2011

	<u>Current Month</u>	<u>Prior Month</u>	<u>FYE 2010</u>
Current assets:			
Cash and cash equivalents	7,382,076	10,434,153	5,736
Short-term investments	18,452,694	17,637,421	30,262,716
Assets limited as to use	-	-	5,587,596
Plant Expansion and Replacement Cash	602	602	2,099,904
Other Investments (Partnership)	971,107	971,107	971,107
Patient receivable, less allowance for doubtful accounts \$486,597	8,924,530	8,368,222	7,953,621
Other receivables (Includes GE Financing Funds)	455,562	366,211	424,259
Inventories	2,370,373	2,383,728	2,378,072
Prepaid expenses	1,212,981	1,170,952	1,143,283
Total current assets	<u>39,769,925</u>	<u>41,332,395</u>	<u>50,826,294</u>
Assets limited as to use:			
Internally designated for capital acquisitions	749,888	749,857	745,008
Specific purpose assets	797,452	833,390	966,724
	<u>1,547,340</u>	<u>1,583,247</u>	<u>1,711,732</u>
Revenue bond funds held by trustee	2,120,894	2,414,711	7,541,783
Less amounts required to meet current obligations	-	-	5,587,596
Net Assets limited as to use:	<u>3,668,234</u>	<u>3,997,958</u>	<u>3,665,918</u>
Long-term investments	<u>6,455,844</u>	<u>6,455,844</u>	<u>2,824,834</u>
Property and equipment, net of accumulated depreciation and amortization	<u>58,517,137</u>	<u>56,431,306</u>	<u>47,655,595</u>
Unamortized bond costs	<u>980,060</u>	<u>984,687</u>	<u>1,012,587</u>
Total assets	<u>109,391,199</u>	<u>109,202,190</u>	<u>105,985,228</u>

NORTHERN INYO HOSPITAL

Balance Sheet

January 31, 2011

Liabilities and net assets

	<u>Current Month</u>	<u>Prior Month</u>	<u>FYE 2010</u>
Current liabilities:			
Current maturities of long-term debt	318,235	381,110	1,188,561
Accounts payable	785,089	626,632	952,032
Accrued salaries, wages and benefits	3,582,744	3,311,342	3,275,053
Accrued interest and sales tax	438,053	696,450	560,578
Deferred income	261,120	303,685	48,296
Due to third-party payors	2,346,608	2,346,608	2,616,629
Due to specific purpose funds	-	-	-
Total current liabilities	<u>7,731,849</u>	<u>7,665,827</u>	<u>8,641,148</u>
Long-term debt, less current maturities	49,020,816	49,020,816	49,020,816
Bond Premium	1,399,077	1,403,419	1,429,475
Total long-term debt	<u>50,419,893</u>	<u>50,424,236</u>	<u>50,450,292</u>
Net assets:			
Unrestricted	50,442,006	50,278,737	45,927,064
Temporarily restricted	797,452	833,390	966,724
Total net assets	<u>51,239,458</u>	<u>51,112,128</u>	<u>46,893,788</u>
Total liabilities and net assets	<u>109,391,199</u>	<u>109,202,190</u>	<u>105,985,228</u>

NORTHERN INYO HOSPITAL

Statement of Operations

As of January 31, 2011

	MTD Actual	MTD Budget	MTD Variance \$	MTD Variance %	YTD Actual	YTD Budget	YTD Variance \$	YTD Variance %	Prior YTD
Unrestricted revenues, gains and other support:									
In-patient service revenue:									
Routine	701,073	656,043	45,030	6.9	3,737,406	4,549,973	(812,568)	(17.9)	4,211,107
Ancillary	2,142,404	2,174,217	(31,813)	(1.5)	12,847,664	15,079,233	(2,231,569)	(14.8)	14,106,825
Total in-patient service revenue	2,843,478	2,830,260	13,218	0.00	16,585,069	19,629,206	(3,044,137)	-15.5%	18,317,932
Out-patient service revenue	5,149,456	5,055,996	93,460	1.9	34,201,689	35,065,768	(864,079)	(2.5)	34,107,495
Gross patient service revenue	7,992,934	7,886,256	106,678	1.40	50,786,759	54,694,974	(3,908,215)	(7.2)	52,425,428
Less deductions from patient service revenue:									
Patient service revenue adjustments	128,377	150,169	21,792	14.5	861,020	1,041,493	180,473	17.3	1,012,533
Contractual adjustments	2,968,984	2,918,991	(49,993)	(1.7)	19,018,404	20,244,619	1,226,216	6.1	20,073,335
Prior Period Adjustments	215	-	(215)	100.0	(4,447,496)	-	4,447,496	100.0	(392,906)
Total deductions from patient service revenue	3,097,575	3,069,160	(28,415)	(0.9)	15,431,928	21,286,112	5,854,184	27.5	20,692,961
Net patient service revenue	4,895,359	4,817,096	78,263	2%	35,354,831	33,408,862	1,945,969	6%	31,732,467
Other revenue	24,994	31,955	(6,961)	(21.8)	286,706	221,625	65,081	29.4	208,033
Transfers from Restricted Funds for Other Operating Expenses	80,224	81,238	(1,014)	(1.3)	561,569	563,426	(1,857)	(0.3)	452,662
Total Other revenue	105,218	113,193	(7,975)	(7.1)	848,275	785,051	63,224	8.1	660,695
Total revenue, gains and other support	5,000,577	4,930,289	70,288	(7.1)	36,203,106	34,193,913	2,009,193	8.2	32,393,161
Expenses:									
Salaries and wages	1,664,780	1,664,081	(699)	-	10,945,702	11,541,211	595,509	5.2	10,518,941
Employee benefits	1,143,452	1,030,278	(113,174)	(11.0)	7,020,272	7,145,470	125,198	1.8	7,070,162
Professional fees	372,028	369,426	(2,602)	(0.7)	2,715,429	2,562,152	(153,277)	(6.0)	3,127,439
Supplies	551,212	574,343	23,131	4.0	3,203,791	3,983,337	779,546	19.6	3,592,905
Purchased services	270,010	259,439	(10,571)	(4.1)	1,727,614	1,799,333	71,719	4.0	1,807,984
Depreciation	325,214	297,260	(27,954)	(9.4)	2,284,669	2,061,642	(223,027)	(10.8)	1,557,516
Interest	20,867	106,100	85,233	80.3	738,535	735,856	(2,679)	(0.4)	758,458
Bad debts	160,774	223,377	62,603	28.0	1,358,033	1,549,227	191,194	12.3	1,454,230
Other	191,022	218,917	27,895	12.7	1,520,175	1,518,299	(1,876)	(0.1)	1,427,050
Total expenses	4,699,359	4,743,221	43,862	0.9	31,514,220	32,896,527	1,382,307	4.2	31,314,686
Operating income (loss)	301,218	187,068	114,150	(8.0)	4,688,887	1,297,386	3,391,501	4.0	1,078,475
Other income:									
District tax receipts	42,565	44,549	(1,984)	(4.5)	297,954	308,969	(11,015)	(3.6)	305,978
Interest	16,420	16,445	(25)	(0.2)	180,419	114,053	66,366	58.2	112,946
Other	2,930	4,956	(2,026)	(40.9)	36,467	34,374	2,093	6.1	34,043
Grants and Other Non-Restricted Contributions	-	5,382	(5,382)	(100.0)	40,616	37,326	3,290	8.8	36,963
Partnership Investment Income	-	-	-	N/A	-	-	-	-	-
Net Medical Office Activity	(235,771)	(54,390)	(181,381)	(1,126.2)	(780,597)	(377,214)	(403,383)	(106.9)	(331,059)
Total other income, net	(173,856)	16,942	(190,798)	(1,126)	(225,142)	117,508	(342,650)	(291.6)	158,870
Excess (deficiency) of revenues over expenses	127,362	204,010	(76,648)	(38)	4,463,744	1,414,894	3,048,850	215.5	1,237,345
Contractual Percentage	40.77%	41.75%			33.06%	41.75%			42.25%

NORTHERN INYO HOSPITAL
Statement of Operations--Statistics
As of January 31, 2011

	Month		Month		YTD Actual		YTD Budget		Year	
	Actual	Budget	Variance	Percentage	Actual	Budget	Variance	Percentage	Variance	Percentage
Operating statistics:										
Beds	25	25	N/A	N/A	25	25	N/A	N/A		
Patient days	285	267	18	1.07	1,526	1,851	(325)			0.82
Maximum days per bed capacity	775	775	N/A	N/A	5,375	5,375	N/A	N/A		
Percentage of occupancy	36.77	34.45	2.32	1.07	28.39	34.44	(6.05)			0.82
Average daily census	9.19	8.61	0.58	1.07	7.10	8.61	(1.51)			0.82
Average length of stay	3.56	3.14	0.42	1.13	2.96	3.14	(0.19)			0.94
Discharges	80	85	(5)	0.94	516	589	(73)			1
Admissions	77	85	(8)	0.91	514	589	(75)			1
Gross profit-revenue depts.	5,197,204	5,160,618	36,586	1.01	33,123,202	35,791,368	(2,668,166)			0.93
Percent to gross patient service revenue:										
Deductions from patient service revenue and bad debts	40.77	41.75	(0.98)	0.98	33.06	41.75	(8.69)			0.79
Salaries and employee benefits	34.97	34.11	0.86	1.03	35.26	34.11	1.15			1.03
Occupancy expenses	4.81	5.42	(0.61)	0.89	6.36	5.42	0.94			1.17
General service departments	5.57	5.54	0.03	1.01	5.97	5.54	0.43			1.08
Fiscal services department	5.46	5.11	0.35	1.07	5.49	5.11	0.38			1.07
Administrative departments	4.47	5.11	(0.64)	0.87	5.13	5.11	0.02			1.00
Operating income (loss)	0.28	0.85	(0.57)	0.33	6.89	0.85	6.04			8.11
Excess (deficiency) of revenues over expenses	1.59	2.59	(1.00)	0.61	8.79	2.59	6.20			3.39
Payroll statistics:										
Average hourly rate (salaries and benefits)	50.03	47.65	2.38	1.05	44.49	47.21	(2.72)			0.94
Worked hours	49,436.42	49,350.00	86.42	1.00	341,370.25	342,278.00	(907.75)			1.00
Paid hours	55,864.51	56,447.00	(582.49)	0.99	402,483.07	395,129.00	7,354.07			1.02
Full time equivalents (worked)	280.89	278.81	2.08	1.01	278.90	278.96	(0.06)			1.00
Full time equivalents (paid)	317.41	318.91	(1.50)	1.00	328.83	322.03	6.80			1.02

NORTHERN INYO HOSPITAL

Statements of Changes in Net Assets

As of January 31, 2011

	<u>Month-to-date</u>	<u>Year-to-date</u>
Unrestricted net assets:		
Excess (deficiency) of revenues over expenses	127,362.33	4,463,744.32
Net Assets due/to transferred from unrestricted	-	(4,557.74)
Interest posted twice to Bond & Interest	-	-
Net assets released from restrictions used for operations	35,875.00	50,875.00
Net assets released from restrictions used for payment of long-term debt	(80,224.16)	(561,569.12)
Contributions and interest income	31.09	4,879.75
Increase in unrestricted net assets	<u>83,044.26</u>	<u>3,953,372.21</u>
Temporarily restricted net assets:		
District tax allocation	(63.23)	580,947.14
Net assets released from restrictions	(35,875.00)	(765,776.49)
Restricted contributions	-	15,374.00
Interest income	-	183.70
Net Assets for Long-Term Debt due from County	80,224.16	561,569.12
Increase (decrease) in temporarily restricted net assets	<u>44,285.93</u>	<u>392,297.47</u>
Increase (decrease) in net assets	127,330.19	4,345,669.68
Net assets, beginning of period	51,112,127.53	46,893,788.04
Net assets, end of period	<u><u>51,239,457.72</u></u>	<u><u>51,239,457.72</u></u>

NORTHERN INYO HOSPITAL

Statements of Cash Flows

As of January 31, 2011

	<u>Month-to-date</u>	<u>Year-to-date</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	127,330.19	4,345,669.68
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities: (correcting fund deposit)		
Depreciation	325,213.86	2,284,668.57
Provision for bad debts	160,773.97	1,358,033.35
Loss (gain) on disposal of equipment	200.00	903.45
(Increase) decrease in:		
Patient and other receivables	(806,433.11)	(2,360,244.72)
Other current assets	(28,674.36)	(61,999.71)
Plant Expansion and Replacement Cash	-	2,099,302.52
Increase (decrease) in:		
Accounts payable and accrued expenses	128,897.19	231,047.90
Third-party payors	-	(270,021.76)
Net cash provided (used) by operating activities	<u>(92,692.26)</u>	<u>7,627,359.28</u>
 Cash flows from investing activities:		
Purchase of property and equipment	(2,411,044.20)	(13,146,210.19)
Purchase of investments	(815,273.65)	8,179,011.55
Proceeds from disposal of equipment	(200.00)	(903.45)
Net cash provided (used) in investing activities	<u>(3,226,517.85)</u>	<u>(4,968,102.09)</u>
 Cash flows from financing activities:		
Long-term debt	(67,218.41)	(900,724.31)
Issuance of revenue bonds	293,817.33	5,420,888.78
Unamortized bond costs	4,626.77	32,526.69
Increase (decrease) in donor-restricted funds, net	35,907.14	164,391.90
Net cash provided by (used in) financing activities	<u>267,132.83</u>	<u>4,717,083.06</u>
 Increase (decrease) in cash and cash equivalents	<u>(3,052,077.28)</u>	<u>7,376,340.25</u>
 Cash and cash equivalents, beginning of period	<u>10,434,153.45</u>	<u>5,735.92</u>
 Cash and cash equivalents, end of period	<u>7,382,076.17</u>	<u>7,382,076.17</u>

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

Month	<u>Operations Checking Account</u>				<u>Time Deposit Month-End Balances</u>							* Total Revenue Bond Funds	General Obligation Bond Fund
	Balance at Beginning of Month	Deposits	Disbursements	Balance at End of Month	Investment Operations Fund	Bond and Interest Fund	Equipment Donations Fund	Childrens Fund	Scholarship Fund	Tobacco Settlement Fund			
January	10,507,916	6,765,249	9,559,496	7,713,669	24,907,772	790,535	26,596	2,815	4,027	723,292	2,120,894	593	
Prior Year													
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	6,928,121	6,894,086	272,187	28,514,689	394,548	26,593	2,814	4,026	723,197	3,963,503	593	
November	272,187	14,762,394	6,195,143	8,839,438	22,466,248	245,400	26,593	2,814	4,026	723,230	2,160,323	593	
December	8,839,438	11,892,778	10,224,299	10,507,916	24,092,498	826,410	26,596	2,815	4,027	723,261	1,884,461	593	

Notes: Revenue Bond Fund includes 2010 Revenue Bond (Reserve Accounts Only)

Investments as of January 31, 2011

Institution	Certificate ID	Purchase Dt	Maturity Dt	Principal	YTM	Broker
LAIF (Walker Fund)	20-14-002 Walke	14-Jan-11	01-Feb-11	\$319,141	0.54%	Northern Inyo Hospital
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 .122	08-Sep-10	28-Feb-11	\$1,003,594	0.12%	Multi-Bank Service
United States Treasury Note-MBS	912828KE9	07-Sep-10	28-Feb-11	\$1,003,594	0.13%	Multi-Bank Service
Atlantic Richfield Corporate Bond	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-11	\$2,007,820	0.18%	Multi-Bank Service
United States Treasury Note-MBS	912828KL3	07-Sep-10	30-Apr-11	\$2,008,840	0.19%	Multi-Bank Service
Verizon Wireless CAP LLC Note	92344S-AT-7	18-Jan-11	20-May-11	\$1,011,800	0.26%	Multi-Bank Service
United States Treasury Note-MBS	912828KU3	03-Sep-10	31-May-11	\$2,009,860	0.21%	Multi-Bank Service
United States Treasury Note-MBS	912828LF5	03-Sep-10	30-Jun-11	\$2,014,900	0.22%	Multi-Bank Service
Total Short Term Investments				\$12,534,259		
Florida Power Corp 1st Mortgage	341099-BZ-1	18-Jan-11	15-Jul-11	\$1,031,060	0.32%	Multi-Bank Service
United States Treasury Note-MBS	912828LG3	02-Sep-10	31-Jul-11	\$1,006,960	0.23%	Multi-Bank Service
United States Treasury Note-MBS	912828LG3 .232	03-Sep-10	31-Jul-11	\$1,006,960	0.23%	Multi-Bank Service
United States Treasury Note-MBS	912828LV0	02-Sep-10	31-Aug-11	\$2,014,460	0.27%	Multi-Bank Service
United States Treasury Note-MBS	912828LW8	02-Sep-10	30-Sep-11	\$1,763,230	0.30%	Multi-Bank Service
Union National Bank & Trust CO-FNC	5L27278	19-Oct-09	19-Oct-11	\$250,000	2.00%	Financial Northeast Corp.
Credit Suisse 1st Boston USA Note	22541LAB9	02-Feb-10	15-Nov-11	\$541,865	1.36%	Multi-Bank Service
General Electric CAP Corp	36962G-T3-8	18-Jan-11	15-Nov-11	\$777,968	0.47%	Multi-Bank Service
Worlds Foremost Bank (FNC CD)	5X42688	18-Dec-08	18-Dec-11	\$100,000	4.40%	Financial Northeast Corp.
General Electric CAP Corp	36962GSX8	21-Dec-10	15-Feb-12	\$1,060,060	0.63%	Multi-Bank Service
BP CAP MKTS	05565ABG2	16-Dec-10	10-Mar-12	\$2,570,950	0.81%	Multi-Bank Service
First Republic Bank-Div of BOFA FNC	5L28639	20-May-10	20-May-13	\$150,000	2.40%	Financial Northeast Corp.
First Republic Bank-Div of BOFA FNC	5L28638	20-May-10	20-May-15	\$100,000	3.10%	Financial Northeast Corp.
Total Long Term Investments				\$12,373,513		
Grand Total Investments				\$24,907,772		

Financial Indicators

	Target	Jan-11	Dec-10	Nov-10	Oct-10	Sep-10	Aug-10	Jul-10	Jun-10	May-10	Apr-10	Mar-10	Feb-10
Current Ratio	>1.5-2.0	5.14	5.39	4.23	5.43	5.34	5.17	5.00	5.88	4.84	4.95	4.34	5.42
Quick Ratio	>1.33-1.5	4.62	4.88	3.54	4.65	4.72	4.62	4.45	5.43	4.22	4.32	3.78	4.87
Days Cash on Hand	>75	235.84	267.12	284.37	241.31	272.45	303.29	277.51	335.40	233.51	230.21	217.46	322.93

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

MONTH APPROVED BY BOARD	DESCRIPTION OF APPROVED CAPITAL EXPENDITURES	AMOUNT
FY 2008-09	Coagulation Analyzer	25,000
FY 2009-10	Platelet Function Analyzer	9,000
	Birch Street Probably Cleanup and Improvements	271,636 *
	PMA-IT Server Room Wiring Project	34,625
	MRI Upgrade	325,318 *
	Nexus VOIP Telephone System	958,776
	AMOUNT APPROVED BY THE BOARD IN PRIOR FISCAL YEARS TO BE EXPENDED IN THE CURRENT FISCAL YEAR	<u>1,624,355</u>
FY 2010-11	Back-Up Battery for CT	24,923 *
	McKesson Paragon Hospital Information System Capital Fees Only	2,687,694
	PenRad Mammography Software	20,000
	AMOUNT APPROVED BY THE BOARD IN THE CURRENT FISCAL YEAR TO BE EXPENDED IN THE CURRENT FISCAL YEAR	<u>2,732,617</u>
	Amount Approved by the Board in Prior Fiscal Years to be Expended in the Current Fiscal Year	1,027,401
	Amount Approved by the Board in the Current Fiscal Year to be Expended in the Current Fiscal Year	<u>2,732,617</u>
	Year-to-Date Board-Approved Amount to be Expended	2,707,694
	Year-to-Date Administrator-Approved Amount Actually Expended in Current Fiscal Year	147,090 * <u>621,877 *</u>
	Year-to-Date Completed Building Project Expenditures	0 *
	TOTAL FUNDS APPROVED TO BE EXPENDED	<u><u>3,476,661</u></u>
	Total-to-Date Spent on Incomplete Board Approved Expenditures	590,388

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

MONTH APPROVED BY BOARD	DESCRIPTION OF APPROVED CAPITAL EXPENDITURES	AMOUNT
Reconciling Totals:		
Actually Capitalized in the Current Fiscal Year Total-to-Date		768,967
Plus: Lease Payments from a Previous Period		0
Less: Lease Payments Due in the Future		0
Less: Funds Expended in a Previous Period		0
Plus: Other Approved Expenditures		2,707,694
		2,707,694
ACTUAL FUNDS APPROVED IN THE CURRENT FISCAL YEAR TOTAL-TO-DATE		3,476,661
Donations by Auxiliary		0
Donations by Hospice of the Owens Valley		6,753
+Tobacco Funds Used for Purchase		0
		0
		6,753

*Completed Purchase

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

**Completed in prior fiscal year

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

Administrator-Approved Item(s)	Department	Amount	Month Total	Grand Total
Logiq P5 11L Probe	Emergency Room	5,016		
High/Low/BK Power Exam Table	Medical Office-Arndal	4,914		
Abbott TxS/Flx Immunology Analyzer	Immunology	1,753		
MONTH ENDING JANUARY 2011			11,683	147,090

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NORTHERN INYO HOSPITAL

SECURITY REPORT

JANUARY 2011

FACILITY SECURITY

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

One Amber Alarm occurred during this period as the result of a malfunction.

Hospital vehicles were located twice with keys left in them and one was found unsecure.

The main building roof access was found open once.

Construction gates were found unsecured three times.

HUMAN SECURITY

On January 1st the Police Department was requested by Security Staff as the result on an intoxicated family member who was creating a disturbance and being uncooperative. That person was removed from Campus and taken home by family.

On January 1st EMS arrived with a very intoxicated patient for ED treatment. Security and the Police Department personnel stood by until treatment was completed.

On January 8th ED Staff requested Security for an uncooperative patient.

On January 10th Inyo County Sheriff's personnel came in with a very uncooperative arrestee for medical clearance. Security stood by until cleared.

On January 10th Inyo County Sheriff's personnel came in with another uncooperative arrestee for medical clearance. Security stood by until cleared.

On January 11th Bishop Police personnel came in with an aggressive 5150 patient. Security and Police personnel stood by until the person was transferred for a 72 hour hold.

On January 16th an ED patient became uncooperative and aggressive. Police were dispatched and stood by with Security Staff until discharge.

On January 20th a Hospital Vendor was leaving the facility by way of the main parking lot when an unidentified male subject came toward his vehicle while yelling and screaming aggressively. This subject chased the vehicle through the lot and onto W. Line Street. The Vendor called the Hospital and reported the incident. Security Staff searched the Campus however was unable locate anyone. On-duty staff were notified and requested to use Security escort when leaving the facility. The Police Department was notified and searched Campus as well with negative results.

On January 23rd Environmental Services Staff reported a suspicious vehicle with occupants to the north side of RHC. Security went directly to that area and was unsuccessful in locating anyone or a vehicle. A short time later the vehicle was seen by Security leaving the north side of the support building. Security was unsuccessful in stopping the vehicle. Approximately three hours later the vehicle was found parked and occupied in the main parking lot. The occupants were contacted and stated they were attempting to locate a friend that worked at the Hospital. These persons essentially refused to answer any more questions and started the vehicle and left Campus westbound on West Line Street. Security contacted the Police Department as it was suspected that those persons were not involved in any lawful business on Campus.

Several days later the Hospital was the victim of a theft of a large amount of copper telephone wire. The Police Department investigation revealed that the subjects contacted on the evening of the 23rd were responsible for the theft and sale of some of the stolen wire to a local recycler. At the time of this report those persons have yet to be identified.

On January 28th a family member of an ED patient became disruptive. This person was counseled by security Staff who stood by until patient discharge.

On January 29th Security Staff found a person going through trash and ash cans on Campus. This person was advised of trespass and escorted off Campus.

Security staff provided Law Enforcement assistance on seventeen occasions during this period, seven were for lab BAC's.

5150 standby was provided on four occasions during this period.

Security Staff provided patient assists on fifteen instances during this period.

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MEMORANDUM

To: The Members of ACHD

From: Ralph Ferguson, CEO

Date: February 1, 2011

Re: Proposed Amendments to ACHD Bylaws

Dear Members of ACHD:

At the meeting of the ACHD Board of Directors in December 2010, the Board unanimously approved proposed Amendments to the ACHD Bylaws that: (1) slightly increase the number of eligible District directors or trustees who can represent their Districts in the governance and mission of ACHD, and (2) require that all nominees to serve on the ACHD Board have the approval of their own District board. These are issues relevant to a small but significant group of Health Care Districts operating District hospitals. The use of written ballots will provide for a prompt resolution of issues which also affect the ACHD Board of Directors and its current leadership through the next Annual Meeting.

As contemplated in the ACHD Bylaws, we are enclosing Ballot Information materials that explain the proposed Amendments to the Bylaws, provide the specific language of the proposed Amendments, and include a written Ballot to approve / disapprove the proposed Amendments. For your convenience, a completed return envelope for the ballot has been included. On behalf of the ACHD Board of Directors, we courteously request that you consider the proposed Amendments and then complete and return the Ballot as promptly as possible. We ask that all ballots be returned no later than Monday, March 21, 2011

Please call me at ACHD (916-266-5200) or directly (cell 916-769-3138) if you have questions about the proposed Amendments or any the ballot materials. Thank you for your careful consideration of the proposed Amendments and your participation in the governance of ACHD.

Ralph Ferguson

BALLOT INFORMATION

Introduction

The ACHD Bylaws provide (at Article XI) for amendment at a regular or special meeting of the Members (the Annual Meeting) or (at Article IV, Section 9) by a written Ballot distributed to all eligible Members. The ACHD Bylaws were last amended at the Annual Meeting in 2007.

When proposed Amendments to the ACHD Bylaws are submitted to the Members by written ballot, Article IV, Section 9 requires: (1) the timely return of Ballots from Members be of sufficient number to constitute a quorum (33 1/3%) at any meeting of the Members; (2) the number of approvals equal or exceeds the number of votes required to approve the issue at a meeting of the Members; and (3) any amendments to the Articles of Incorporation or Bylaws be approved by seventy-five percent (75%) of the number of approvals needed for a quorum.

In 2011, a quorum for a meeting of the seventy-four (74) eligible Members of ACHD would be twenty-five (25) Members. An amendment to the ACHD Bylaws would therefore require approval by at least nineteen (19) Members.

Rationale For Proposed Amendments to Article VI

Appropriate governance planning includes analyzing alternatives that might better ensure an adequate number of future ACHD Board members and Board candidates. Part of this governance planning has included considering the effects on ACHD of expanding eligibility to serve on our Board and Standing Committees. This is an issue affecting a small but significant group of District Hospitals. The issue also affects the ACHD Board of Directors and its current leadership through the next Annual Meeting.

Slightly broadening ACHD Board eligibility to include all members of a District Hospital governing board (elected and appointed) would increase the group of talented Directors who could represent certain Districts in the mission of the Association. The number of director seats on boards overseeing several District Hospitals has been increased as the result of: (1) shared governance with a health system operating the Hospital, or (2) the desire of Districts for additional governance structures reflecting the particular needs of the District. There is significant flexibility in governance within the District Model.

Board of director governance of District Hospitals by shared boards or separate operating boards is the governance structure in several Districts – Marin, El Camino, Mark Twain, Oak Valley, and San Geronio. Moreover, additional Districts are analyzing new governance models to address specific issues affecting the District. Approval of the proposed Amendments -- slightly expanding the number of eligible

District Hospital directors -- would increase our talent pool by approximately thirty (30) individuals. The great majority of these individuals have outstanding qualifications to serve on the board of a District Hospital. Secondly, over the long term, these eligible directors could provide additional points of contact with the larger health systems.

The results of the November 2010 election have accelerated our presentation of this issue to the Members of ACHD. Mr. Bob Wikoff, the current Chair of the ACHD Board of Directors (who was not reelected to his seat on the District board), has been appointed by CHW to a District resident seat on the governing board of Oak Valley Hospital. The ten (10) member governing board (which includes all five (5) elected members of the District board) oversees the operation of Oak Valley Hospital by CHW. Although no longer as an elected member, Mr. Wikoff will continue to hold a seat on the governing board of Oak Valley Hospital.

At the meeting of the ACHD Board of Directors in December 2010, there was unanimous support on the ACHD Board for Mr. Wikoff -- subject to approval of these proposed Amendments -- to remain on the Board as its Chair through the 2011 Annual Meeting (the end of his term as Chair). Moreover, approval of the proposed Bylaws Amendments would allow Mr. Wikoff to remain on the ACHD Board of Directors as the Immediate Past Chair. Extending eligibility to serve on the ACHD Board of Directors to all members of the governing board of a District Hospital is one part of a larger process of assuring continuing quality governance for ACHD.

TEXT OF THE PROPOSED AMENDMENTS

The wording of the proposed Amendments to Article VI is stated below in ***bold and italicized*** font. When words or sentences are being deleted from a Section, the deleted words or sentences are contained within brackets, presented in *plain italicized* font and identified as *[Deleted]*.

ARTICLE VI Board of Directors

Section 1. Definitions

The following words and phrases shall have the meaning indicated.

"Director." A person who is a member of the Board of Directors of the Association.

"Trustee-Director." A member of the Board of Directors who is also an elected or appointed ***member of the board of trustees or directors of a Health Care District or a District Hospital governing board.***

"Administrator-Director." A member of the Board of Directors who is also an administrator, or chief executive officer, or president-chief executive officer of a health care district or health care facility operated by a Member.

[...Sections omitted]

Section 5. Nomination and Election

- A. The Board shall notify the Members at least one hundred twenty (120) days prior to the Annual Meeting regarding upcoming Trustee-Director vacancies on the Board. A Member by a majority vote of its own board of trustees ***or board of directors*** may nominate one (1) elected or appointed trustee ***or director from the Health Care District board or the District Hospital governing board*** to serve as a Trustee-Director of the Association.

[Deleted: In the alternative, an elected or appointed trustee of a Member, who is not nominated by the trustee's own board of directors or governing board, may apply to the Bylaws/Nominating Committee for nomination to serve as a Trustee-Director of the Association. In either case,]

The name of the trustee along with the trustee's statement of qualifications or resume shall be submitted to the Bylaws/Nominating Committee at least seventy-five (75) days before the Annual Meeting. No Member may be represented on the Board by more than one (1) voting Director.

- B. Only trustees who are nominated by a Member [~~Deleted:~~ or who have applied for nomination] and whose statement of qualifications or resume is timely received by the Bylaws/Nominating Committee shall be eligible for election as a Trustee-Director of the Board. A trustee who is eligible for election to the Board, but who is not selected as a nominee by the Bylaws/Nominating Committee, may be included on the ballot if requested by the trustee in writing at least thirty (30) days before the Annual Meeting. A copy of the statement of qualifications or resume of each trustee whose name appears on the ballot shall be provided to the Members prior to the Annual Meeting. Nominations from the floor will not be accepted at the Annual Meeting. If the ballot includes the name(s) of a trustee other than the nominees of the Bylaws/Nominating Committee, the balloting shall be secret.
- C. Four (4) Trustee-Directors shall be elected annually at each Annual Meeting.

Comment on the proposed Amendments

In considering the proposed Amendments to Article VI, Section 5, a primary issue is whether a District Hospital governed by the expanded board of directors would wish to be represented at ACHD by a director not on the elected District Board. In fact, in considering the fundamental need for such approval by the elected District Board, it likewise seemed clear that all directors serving on the ACHD Board should have such approval. As a result, the self-nominating procedure presently contained in Section 5 (A) and Section 5 (B) – utilized only twice in ten (10) years and disfavored by many District boards – would be deleted by the proposed Amendments.

BALLOT

PROPOSED 2011 AMENDMENTS TO ACHD BYLAWS

Vote To Approve Or Disapprove The Proposed Bylaws Amendments:

Proposed: Article VI, Board of Directors, Section 1, Definitions

"Trustee-Director." A member of the Board of Directors who is also an elected or appointed ***member of the board of trustees or directors of a Health Care District or a District Hospital governing board.***

APPROVE

DISAPPROVE

Proposed: Article VI, Board of Directors, Section 5, Nomination and Election

A Member by a majority vote of its own board of trustees ***or board of directors*** may nominate one (1) elected or appointed trustee ***or director from the Health Care District board or the District Hospital governing board*** to serve as a Trustee-Director of the Association.

Deletes: From Section 5 (A) and Section 5 (B) provisions allowing for self-nomination of District trustees or directors to the ACHD Board of Directors

APPROVE

DISAPPROVE

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Northern Inyo Hospital Medical Staff
Policy and Procedure

Reporting of Certain Final Decisions or Recommended Actions

(Cal. Bus. Prof. Section 805.01 – effective January 1, 2011)

I. Policy.

In addition to reporting disciplinary actions under BP Section 805, certain final decisions or recommendations of the Executive Committee, following formal investigation of practitioners, must be reported to the applicable licensing board - regardless of whether a hearing is held.

“Practitioners.” This policy applies to physicians, dentists, podiatrists, psychologists, licensed marriage and family therapists and licensed clinical social workers.

“Formal Investigation” refers to a formal disciplinary investigation performed by or under the direction of the Executive Committee, pursuant to the corrective action provisions of the bylaws or rules, in which the practitioner receives notice of the reasons for the proposed action or recommendation and has a reasonable opportunity to respond. This policy does not apply to investigations or reviews conducted by clinical departments, officers, or other committees which are not part of the Executive Committee’s formal disciplinary process.

Decisions or final recommendations covered by this policy must satisfy **each** of the following four elements:

1. Final decisions or recommended actions to deny, terminate or restrict (for a cumulative total of 30 days within a 12 month period) the clinical privileges of a practitioner;
2. Made by the Executive Committee;
3. Following a formal investigation of the practitioner;
4. Based on the Executive Committee’s written determination that any of the following acts may have occurred:
 - a. Incompetence, or gross or repeated deviation from the standard of care involving death or serious bodily injury to one or more patients, to the extent or in such manner as to be dangerous or injurious to any person or to the public – even if no summary suspension is required;
 - b. The use of or prescribing for or administering to himself or herself, any controlled substance, or the use of any dangerous drug, or of alcoholic beverages, to the extent or in such manner as to be dangerous or injurious to the practitioner, any other person, or the public, or to the extent that such use impairs the ability of the licentiate to practice safely;
 - c. Repeated acts of clearly excessive prescribing, furnishing, or administering of controlled substances or repeated acts of prescribing, dispensing or furnishing of controlled substances without a good faith effort prior to examination of the patient and medical reason therefore – this does not apply to prescribing,

- furnishing or administering controlled substances for intractable pain consistent with lawful prescribing;
- d. Sexual misconduct with one or more patients during a course of treatment or examination.

I. Procedure.

1. The Executive Committee shall vote to certify in writing to the Chief of Staff and Hospital Administrator that a final action or recommendation covered by this Policy has been made.
2. The Chief of Staff or designee shall promptly complete a facility report form required by the applicable licensing board.
3. The report form shall be signed by the Chief of Staff or designee and by the Hospital Administrator or designee.
4. The report shall be transmitted within 15 days of the Executive Committee's certification.
5. The Chief of Staff or designee shall send the practitioner a copy of the report along with notice of the practitioner's right to submit a response by electronic or other means.
6. Applicable Medical Staff officers and support staff shall proceed to implement the decision or final recommendation in accordance with the bylaws, rules, regulations and policies of the Medical Staff.
7. Applicable Medical Staff officers and support staff shall assure that any additional reporting required by Section 805 or NPDB is timely made.

**Northern Inyo Hospital Medical Staff
Policy / Procedure
Compliance with New Joint Commission Standard MS.01.01.01**

Purpose:

This policy aims to ensure timely compliance with the new Joint Commission Standard, MS.01.01.01, which will go into effect March 31, 2011. The new standard specifies requirements which must be in the Medical Staff Bylaws, as well as associated details which may be placed in the Medical Staff rules, regulations and policies.

Policy:

- A. The Executive Committee adopts the following element of MS.01.01.01 as a policy of the Medical Staff:

Except for the Honorary Staff, the ongoing responsibilities of each Member of the Medical Staff shall include:

Performing, if granted the requisite privileges, or arranging for the performance of, a history and physical on every patient he/she admits or performs surgery on within twenty-four hours of admission or within 24 hours prior to surgery. If a history and physical has been performed up to 30 days prior to admission/surgery, such history and physical may be accepted, subject to the conditions set forth in the Medical Staff rules, regulations, and policies, and an update is documented in the medical record within twenty-four hours of admission or within twenty-four hours prior to surgery.

- B. The Executive Committee adopts the following elements of MS.01.01.01 as a policy pending approval by the voting members of the Medical Staff ("Active Medical Staff") and the Hospital District Board of Directors. Upon final approval, as provided below, these provisions shall be incorporated into the Medical Staff Bylaws.

1. ADOPTION AND AMENDMENT OF MEDICAL STAFF BYLAWS, RULES, REGULATIONS, POLICIES

- (a) The Executive Committee, with the recommendation of the Bylaws Committee, or on its own motion, may recommend adoption, amendment or repeal of the Bylaws to the Active Medical Staff as provided herein. Medical Staff Bylaws shall become final when approved by the Active Medical Staff and the Hospital District Board of Directors.
- (b) The Executive Committee may propose the adoption, amendment or repeal of Medical Staff rules and regulations for approval by the Active Medical Staff and the Hospital District Board of Directors, following notice to the Active Medical Staff. Medical Staff rules and regulations shall become final when approved by the Hospital District Board of Directors.
- (c) The Executive Committee may establish or revise policies and procedures consistent with the Bylaws, rules and regulations following written notice to the Medical Staff.

- (d) The Active Medical Staff, by a written petition signed by at least one-third of the Active Staff members, may petition the Executive Committee to initiate a proposal to adopt, amend or repeal a Medical Staff Bylaw, rule, regulation, or policy. Such petition shall identify exact language to be added, changed or deleted. If the Executive Committee agrees with the proposed change(s), it may recommend the change(s) to the Active Medical Staff. If the Executive Committee does not agree with the proposed change(s), the Executive Committee shall meet with proponents of the proposed change(s) to discuss and attempt to resolve the disagreement. If the disagreement has not been resolved within 180 days from the date the proposal was delivered to the Executive Committee, the Chief of Staff shall call a special meeting of the Active Medical Staff, as provided below, to consider the proposal.
- (e) If a proposal to adopt, amend or repeal a Medical Staff Bylaw, rule, regulation, or policy is initiated as provided above, the Chief of Staff shall inform the Active Medical Staff members that the text of the proposed change(s) can be obtained from the Medical Staff office. Not less than 30 days, and not more than 90 days, from the date of such notice, the Chief of Staff shall call a special meeting of the Active Medical Staff to consider the proposed change(s).
- (f) To be adopted, a proposed change to the Medical Staff Bylaws, rules, regulations or policies must be approved by a majority of a quorum of the Active Medical Staff members voting in person or by written ballot at the special Medical Staff meeting.
- (g) Upon approval by the Active Medical Staff as provided above, the proposed Medical Staff Bylaw, rule, or regulation change(s) shall be submitted to the Board of Directors for approval. The Hospital District Board of Directors shall give great weight to the Active Medical Staff's proposed change(s). If no action on the proposed change is taken by the Hospital District Board of Directors within 60 days, the proposed change(s) shall be deemed to have been approved by the Hospital District Board of Directors. The Hospital District Board of Directors may not unreasonably withhold its approval from the Active Medical Staff's recommended change(s). If the Hospital District Board of Directors votes to disapprove any part of the recommended change(s), the Hospital District Board of Directors' chair shall give the Chief of Staff written notice of the reason(s) for non-approval within ten business days from the Hospital District Board of Directors' action. At the request of the Executive Committee, the Hospital District Board of Directors' disapproval shall be submitted to an Ad Hoc Dispute Mediation Committee for mediation.

2. URGENT AMENDMENT OF RULES

The Executive Committee, with the approval of the Hospital District Board of Directors, may adopt amendments to Medical Staff rules or regulations provisionally without notice to the general Medical Staff upon a documented need for an urgent amendment to comply with applicable law or regulation. Following notice of such action, members of the Active Medical Staff, by petition signed by at least one-third of such members, may ask the Executive Committee to reconsider such changes.

**NORTHERN INYO HOSPITAL
POLICY AND PROCEDURE**

Title: Interfacility Transfer for Radiologic Imaging and Procedures	
Departments: Emergency, Radiology	
Source: Jennie Walker, MD	Effective Date:

INTERFACILITY TRANSFER FOR RADIOLOGIC PROCEDURES

Purpose

To establish a procedure for the safe and timely transfer of patients for radiologic imaging and procedures.

Scope

Applies to all ED to ED transfers between Northern Inyo Hospital (NIH) and other facilities for the purpose of radiologic imaging/procedures.

Procedure

1. All patients being transferred will be seen in the receiving ED for a screening exam by the ED physician.
 - a. The transferring ED physician will contact the receiving ED physician to have the patient accepted and give a report of the patient's condition.
 - b. The transferring physician may also want to discuss the case with the specialist on-call at the receiving facility if there is a significant likelihood that consultation will be needed.
2. Transferring facility nurse should notify the receiving facility's nursing supervisor.
3. Transferring Paperwork: All patients will have full transfer paperwork completed by the transferring facility before transfer to the receiving facility.
4. Documentation: While at the receiving facility, the patient will have appropriate ED documentation to include vital signs and progress notes. The patients' condition and vital signs will be recorded prior to discharge, transfer back to the transferring facility, or transfer to a higher level of care facility.
5. Mode of Transport: The transferring facility should offer patients medical transportation to the receiving facility. Patients refusing medical transportation from the transferring facility must sign the Refusal of Medical Transportation (or its equivalent) form at the transferring facility, a copy of which will be forwarded to the receiving facility. The receiving facility will be notified of the patient's method of transportation.
6. Disposition: The final disposition of the patient will be determined by the ED physician at the receiving facility, who may confer with the transferring physician as needed. The patient may be discharged from the receiving facility, transferred back to the original transferring facility, or transferred to a higher level of care as deemed appropriate by the patient's condition.
7. If the patient requires transfer to a 3rd facility, the transfer and all appropriate paperwork will be arranged by the receiving facility.

Maggie Egan

From: Shannon Eldridge [SEldridge@imq.org]
Sent: Thursday, February 24, 2011 2:51 PM
To: Maggie Egan
Cc: Robbin Cromer-Tyler
Subject: CME Accreditation Decision - Northern Inyo Hospital

Congratulations! The Institute for Medical Quality/California Medical Association Committee on Continuing Medical Education is pleased to award **Northern Inyo Hospital** a **four-year reaccreditation with interim report**. This means your organization is required to submit an interim report **due on August 1, 2011**, that addresses your organization's specific recommendations for improvement. **Please note that we will not be sending any further notifications to this regard.**

You will receive hard copies of your accreditation decision report, an official certificate of accreditation and other important information in the mail.

Congratulations on your organization's reaccreditation! As always, please do not hesitate to contact IMQ with any questions or comments. I can be reached at seldridge@imq.org or (415) 882-3370 and Sarah Shimer can be reached at sshimer@imq.org or (415) 882-5182.

Sincerely,
Shannon

Shannon K. Eldridge
Associate Administrator,
Continuing Medical Education Program
Institute for Medical Quality
221 Main Street, Suite 210
San Francisco, California 94105
(415) 882-3370 Direct
(415) 882-5151 Main
(415) 882-5149 Fax
seldridge@imq.org
www.imq.org

Follow the IMQ CME Program on Twitter: <https://twitter.com/imqcme>

2011 CME Provider Conference Information

The 2011 IMQ/CMA CME Provider Conference will take place on **Friday, April 29**, at the Hilton Costa Mesa. More details, including the brochure, will be available soon. Registration for the conference is now open. You may download the **registration form** here:

<http://www.imq.org/programs/continuing-medical-education/accreditations/#a1>

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

January 26, 2011

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

RE: Northern Inyo Hospital Construction
 150 Pioneer Lane
 Bishop, CA 93514
 P.O. Box 1532
 Bishop, CA 93515
Project # 1495401
Change Order Request Number COR - 104

Dear Mr. Halfen,

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

PCO No	Description	Amount
324	IB 191 - Re-route new water supply line around existing structures and delete backflow enclosure. This pricing captures site domestic water changes in IB 67, 172, 191 and 196.	\$28,843.00
095	IB 045 - RFI 230.3: Redesign alignment and slope of sewer to avoid conflict with electrical duct bank	\$0.00
344	IB 196 - Fire Water Supply for Central Plant. This pricing captures the site fire water changes in IB 67, 172, 191 and 196.	\$14,448.00
294	IB 172 - RFI 666: Backflow enclosure details which were deleted in IB 191.	\$0.00
Total Amount		\$43,291.00

Funding Source: Owner Contingency

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

Please return one (1) copy of this letter indicating your approval of this Change Order Request which increases our Contract by **Forty three thousand two hundred ninety one and 00/100 dollars (\$43,291.00)**. This approval will also authorize us to issue Subcontract Change Orders accordingly.

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

Sincerely,



Kathy Sherry
Project Manager

Approved By: _____ Date: _____

John Halfen
CEO - Northern Inyo Hospital

cc: File



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

January 27, 2011

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

RE: Northern Inyo Hospital Construction
 150 Pioneer Lane
 Bishop, CA 93514
 P.O. Box 1532
 Bishop, CA 93515
Project # 1495401
Change Order Request Number COR - 111

Dear Mr. Halfen,

We have finalized the required quotations for the additional work outlined below. Per PCO 073, we had an approved allowance of \$37,500 for the redesign of the decontamination tank and was agreed that upon finalizing the final amount and if the amount did not exceed the allowance, the remaining amount would be credited back to the Owner. IB 078 was issued with the new design and the actual cost came in lower than the allowance, therefore a credit is issued to the Owner per this COR. Please see the attached supporting documentation for a complete labor, material and equipment estimate of the work.

PCO No	Description	Amount
127	IB 078 Revised layout of Decontamination Tank and addressed Mechanical Peer Review & PRC 5658, 5659	(\$18,508.11)

Total Amount (\$18,508.11)

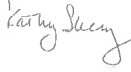
Funding Source: Owner Contingency

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

Please return one (1) copy of this letter indicating your approval of this Change Order Request which decreases our Contract by **Eighteen thousand five hundred eight and 11/100 dollars ((\$18,508.11))**. This approval will also authorize us to issue Subcontract Change Orders accordingly.

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

Sincerely,



Kathy Sherry
Project Manager

Approved By: _____ Date: _____
J ohn Halfen
CEO - Northern Inyo Hospital

cc: File
CH

CMC

Kevin S. Paul 02/06/11

RBB NOTE:

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

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

January 28, 2011

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

RE: Northern Inyo Hospital Construction
150 Pioneer Lane
Bishop, CA 93514
P.O. Box 1532
Bishop, CA 93515
Project # 1495401
Change Order Request Number COR - 113

Dear Mr. Halfen,

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

PCO No	Description	Amount
209	IB 124 Electrical RFIs #027, 079, 104, 185, 267, 340	\$4,893.56
210	IB 125 Electrical RFIs #028, 029, 031, 078, 083, 106, 157, 186	\$3,319.41

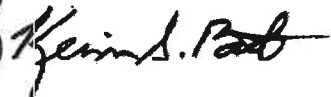
Total Amount **\$8,212.97**

Funding Source: Owner Contingency

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

Please return one (1) copy of this letter indicating your approval of this Change Order Request which increases our Contract by **Eight thousand two hundred twelve and 97/100 dollars (\$8,212.97)**. This approval will also authorize us to issue Subcontract Change Orders accordingly.

03/07/11 We defer to NIH for review & approval of this COR




RBB NOTE:

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

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

Sincerely,



Kathy Sherry
Project Manager

Approved By: _____ Date: _____

John Halfen
CEO - Northern Inyo Hospital

cc: File

cont

C,



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

February 16, 2011

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

RE: Northern Inyo Hospital Construction
 150 Pioneer Lane
 Bishop, CA 93514
 P.O. Box 1532
 Bishop, CA 93515
Project # 1495401
Change Order Request Number COR - 124

Dear Mr. Halfen,

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

PCO No	Description	Amount
303	IB 179 Revise H1104 Connection	\$46,157.54
Total Amount		\$46,157.54

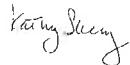
Funding Source: Owner Contingency

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

Please return one (1) copy of this letter indicating your approval of this Change Order Request which increases our Contract by **Forty six thousand one hundred fifty seven and 54/100 dollars (\$46,157.54)**. This approval will also authorize us to issue Subcontract Change Orders accordingly.

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

Sincerely,



Kathy Sherry
Project Manager

Approved By: _____ Date: _____
John Halfen
CEO - Northern Inyo Hospital

cc: File



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

March 02, 2011

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

RE: Northern Inyo Hospital Construction
 150 Pioneer Lane
 Bishop, CA 93514
 P.O. Box 1532
 Bishop, CA 93515
Project # 1495401
Change Order Request Number COR - 127

Dear Mr. Halfen,

We have finalized the electrical portion of IB 123 – New Emergency Generator. Two previous COR's were processed for the initial equipment release and the Engineering associated with the IB. This COR captures the remaining cost for miscellaneous material and all labor associated with the IB. The final phase of cost for IB 123, e.g. concrete pad and bollards will be submitted once the approved IB is received. At which time any additional items that may have been changed by OSHPD review can be addressed. Please see the attached supporting documentation for a complete labor, material and equipment estimate of the work.

PCO No	Description	Amount
200	IB 123 (Status A) New Generator Material/Labor	\$231,892.94
Total Amount	\$231,892.94	

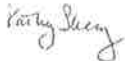
Funding Source: Owner Contingency

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

Please return one (1) copy of this letter indicating your approval of this Change Order Request which increases our Contract by **Two hundred thirty one thousand eight hundred ninety two and 94/100 dollars (\$231,892.94)**. This approval will also authorize us to issue Subcontract Change Orders accordingly.

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

Sincerely,



Kathy Sherry
Project Manager

Approved By: _____ Date: _____
John Halfen
CEO - Northern Inyo Hospital

cc: File, COR 127



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

March 09, 2011

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

RE: Northern Inyo Hospital Construction
150 Pioneer Lane
Bishop, CA 93514
P.O. Box 1532
Bishop, CA 93515
Project # 1495401
Change Order Request Number COR - 129

Dear Mr. Halfen,

We are requesting Board Approval for the following value that will be finalized based on complete documentation being received from the subcontractor. The scope of work is resulting from union labor increases which have taken affect as of 10/1/10 to the plumbing/pipefitter and sheetmetal trades that have been incurred due to schedule delays.

PCO No	Description	Amount
379	RHP Wage increase effective 10/1/10	\$120,000.00
Total Amount	\$120,000.00	

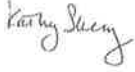
Funding Source: Owner Contingency

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

Please return one (1) copy of this letter indicating your approval of this Change Order Request which increases our Contract by **One hundred twenty thousand and 00/100 dollars (\$120,000.00)**. This approval will also authorize us to issue Subcontract Change Orders accordingly.

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

Sincerely,



Kathy Sherry
Project Manager

Approved By: _____ Date: _____

John Halfen
CEO - Northern Inyo Hospital

cc: File, COR 129

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PATHOLOGY AND CLINICAL LABORATORY SERVICE AGREEMENT

THIS AGREEMENT IS MADE AND ENTERED INTO this 15th day of March, 2011, by and between Northern Inyo County Local Hospital District (hereinafter referred to as "District") and Kenneth L. Saeger, M.D. (hereinafter referred to as "Pathologist").

I.

RECITALS

1.01. District is a California Healthcare District organized and operating under the authority of *Health & Safety Code section 32000, et seq.* (hereinafter "The Healthcare District Law"), and governed by a Board of Directors (hereinafter "Board").

1.02. District operates Northern Inyo Hospital (hereinafter "Hospital"), an acute care general hospital located at 150 Pioneer Lane, Bishop, Inyo County, California, which includes a Pathology and Clinical Laboratory Service (hereinafter "Lab"). The operation and administration of the Lab is governed, in relevant parts, by the Healthcare District Law and applicable California and federal laboratory licensure statutes and regulations including, but not limited to, *California Business & Professions Code §1200, et seq.*; the Clinical Laboratory Improvement Amendments of 1988, *42 USC §263a, et seq.*; and *Title 42, Code of Federal Regulations, Part 493*.

1.03. Pathologist is a qualified and licensed physician, licensed to practice medicine in the State of California, certified by the American Board of Pathology, and qualified for and practicing the medical specialties of anatomical and clinical pathology.

1.04. The District desires to retain the services of Pathologist as the Hospital's Clinical Laboratory Director, to oversee, operate and administer the Lab in accordance with applicable law. Pathologist desires to provide such services.

WHEREFORE, in consideration of the promises set forth below, the parties covenant and agree as follows:

II.

COVENANTS OF THE PARTIES

2.01. Covenants of the District. The District shall:

(a) Space: Furnish, at its expense, space for operation of the Lab, which space shall be designated by the District. No part of the Hospital premises shall be used by the Pathologist as an office for the general practice of medicine.

(b) Equipment: Furnish, at its expense, all equipment, supplies, environmental safety mechanisms, and such other goods and administrative services for the Lab as are being furnished on the date of this Agreement. District shall, at its expense, keep and maintain all equipment in good order and repair, and repair and replace such equipment, or any part of it, as may become obsolete. District shall consult Pathologist prior to, and in connection with, the purchase of any equipment.

(c) Hospital Services: Furnish, at its expense, all hospital services, including but not limited to, ordinary janitor and in-house messenger services, hospital business telephone service, laundry, gas, water, heat, air conditioning, and such electricity for light and power as may be required for the proper operation and conduct of the Lab. District shall also provide the services of such Hospital departments, including but not limited to, nursing, personnel, administrative, accounting, engineering, purchasing, and medical records, as may be required to support the operation of the Lab.

(d) Personnel: Employ, at its expense, all non-physician personnel required for the proper operation of the Lab in accordance with state and federal law. Pathologist shall have no liability for payment of wages, payroll taxes, or other obligations or liabilities arising from District's performance of its obligations or exercise of its rights as an employer. Should the District and its employees become subject to any collective bargaining agreements during the term of this Agreement, this subdivision 2.01(d) shall be subject thereto. Pathologist, as director of the Lab, shall establish clinical qualifications for Lab personnel, and oversee and direct the activities of such personnel, in accordance with state and federal standards, departmental protocols, and District policies and procedures applicable to all employees. District shall be solely and ultimately responsible for all decisions with respect to the engagement, discipline, and termination of Lab personnel, provided, however, that District shall consult with Pathologist prior to taking any action with respect to Lab personnel (A) that relates to the clinical competency or clinical performance of such personnel, or (B) that would materially and adversely affect the levels of clinical staffing of the Lab. The term "clinical" refers to those job positions, activities, and duties that are required by state law or CLIA to be performed by licensed or certified individuals. Pathologist may request discipline or removal of a District employee from assignment to the Lab, subject to approval of the District, its established personnel policies and procedures, and applicable requirements of collective bargaining agreements, if any. At least once a year, in the annual budget process, District and Pathologist shall review and agree upon the appropriate numbers, job positions, and qualifications of personnel required to meet the needs of the Hospital, the Lab, and applicable law.

(e) Supplies: Purchase and provide all necessary supplies for the Lab, including, but not limited to, chemicals, glassware, forms, and similar expendable items, and shall maintain accurate records of the costs of said supplies.

(f) The District shall give the Pathologist reasonable notice and opportunity to comment, or provide written recommendations, before taking action that would materially change or alter the space, equipment, Hospital Services or supplies which the District covenants to provide pursuant to subdivisions (a), (b), (c) and (e) of this Section 2.01.

(g) Exclusive Agreement: District agrees that, so long as Pathologist is not in breach of his obligations under this Agreement, he shall have the exclusive right to perform the services required by this Agreement at the Hospital.

2.02. Covenants of Pathologist. The Pathologist shall:

(a) Staff Membership: During the term of this Agreement, maintain his membership on the Hospital's Active Medical Staff and privileges appropriate for the clinical and anatomical pathology services he is required to provide pursuant to this Agreement, and abide by the Hospital's Medical Staff Bylaws.

(b) Responsibility: Have authority and responsibility for the operation and administration of the Lab with respect to the provision of clinical and anatomical pathology services for the care of Hospital's patients, subject to the District's superior authority and responsibility for the operation and administration of the Lab as set forth in this Agreement and by law.

(c) Operational and Administrative Services: Provide professional services for operation and administration of, and only within the scope of, the clinical and anatomic pathology services provided by the Lab, which operational and administrative services shall include, but not necessarily be limited to, making all reasonable efforts to:

1. Perform those duties set forth in *42 CFR §493.1445*.
2. Assure that tests, examinations, and procedures are properly performed, recorded, and reported.
3. Interact with members of the medical staff regarding issues of Lab operations, quality, and test/procedure availability.
4. Design protocols and establish parameters for performance of clinical testing.
5. Recommend appropriate follow-up diagnostic tests when appropriate.
6. Supervise laboratory personnel in their performance of tests, procedures, recording, and reporting functions.
7. Select, evaluate, and validate test methodologies.
8. Direct, supervise or perform and evaluate quality assurance and control procedures.
9. Evaluate clinical laboratory data and establish, implement, and maintain a process for review of test results prior to issuance of patient reports.
10. Make all reasonable efforts to assure the Lab is operated and administered in compliance with California licensure, federal Medicare, and other applicable law, and applicable accreditation standards including, but not limited to, standards of the Joint Commission on Accreditation of Healthcare Organizations.
11. Assure that physical facilities, including space and the laboratory physical environment, are appropriate and include appropriate environmental safety mechanisms.
12. Assure that the Lab is staffed by an adequate number of personnel who are qualified and competent.

13. Determine and specify in writing which tests and other procedures each Lab staff member is qualified and authorized to perform, and the level of supervision warranted for each test and other procedure.
14. Establish, implement, and maintain quality control and quality improvement programs in the Lab.
15. Assure that appropriate policies and procedures for Lab operations and personnel monitoring, evaluation, and remedial training, if needed, are developed and implemented.
16. Assure that appropriate training and continuing education are provided for Lab personnel within the Board's determination of District resources available for such purpose.

(d) Professional Work: Perform the medical professional work of the Lab, including autopsies, himself or, in the alternative employ licensed pathologists who have been granted appropriate clinical privileges in accordance with the Hospital's Medical Staff By-Laws.

(e) Procedures: Be responsible to see that all procedures designated above, and all other procedures requiring a clinical laboratory license, shall be performed only under the supervision of a licensed and qualified pathologist. Pathologist shall be responsible to see that any necessary procedure which, for any reason, is not performed by the Lab, is promptly referred to another clinical or pathology laboratory.

(f) Insurance: Carry professional liability insurance in such amounts as may be required, from time to time, by the Medical Staff Bylaws. Certificates of such insurance shall be furnished to the Hospital Administrator and shall provide for notification ten (10) days prior to cancellation thereof

(g) Coverage: Assure that, as much as is practical, the pathologist is on call or in actual physical presence to supervise and direct the operations of the Lab required in the Hospital. The District expressly agrees that the work of the Pathologist may be done by such pathologists as Pathologist may employ or otherwise provide so long as each such physician has received proper training, is properly licensed, and has been granted appropriate clinical privileges in accordance with the Hospital's Medical Staff By-Laws. The Pathologist shall provide other Practitioners who exercise privileges at the Hospital with such consultation as required by the Hospital's Medical Staff By-Laws, Rules and Regulations, and Hospital policies and as otherwise reasonably requested by individual practitioners for patients at the Hospital.

(h) Access to Books and Records: Provide access to his books and records that are necessary to certify the nature and extent of Pathologist's costs to the Secretary of the U.S. Department of Health and Human Services ("HHS"), or his duly authorized representatives, until the expiration of four years after the furnishing of services under this Agreement. Access granted by this subdivision 2.02(h) is limited to that required by Section 952 of the Omnibus Reconciliation Act of 1980, Public Law 96-499, Section 1861 (v)(1)(I) of the Social Security Act, and regulations issued thereunder. This access provision shall be of no force and effect if regulations issued by HHS do not require Pathologist to provide such access or if the regulations so issued are found to be legally invalid.

(i) Cooperation: In providing the services required by this Agreement, Pathologist shall cooperate with the District, the Hospital staff, and the members of the Medical Staff to maintain the integrity of the Hospital and to achieve the Hospital's and Lab's mission and operational goals. Pathologist shall advise District management regarding all aspects of Lab operations to assure high quality, cost effective, customer-oriented service.

2.03. Medicare Allocation and Time Records

(a) District and Pathologist agree to maintain a written allocation agreement in accordance with the applicable Medicare regulations in effect specifying reasonable estimates of the time Pathologist will spend in rendering:

1. Services to the District, which are reimbursable by Part A of Medicare;
2. Professional services to patients of the District which are reimbursable by Part B of Medicare; and,
3. Services, which are not reimbursable by Medicare.

(b) Pathologist agrees to maintain adequate time records in order to substantiate the aforementioned allocation agreement. Maintenance of said time records shall not imply any employer/employee relationship between District and Pathologist.

(c) Pathologist shall provide written notice to District whenever the time records maintained in connection with any allocation agreement fail to substantiate, or appear to fail to substantiate, the allocations made in such an agreement. As soon as practicable after notice has been provided by Pathologist the parties shall execute, or cause to be executed, a new allocation agreement that reflects the actual time records.

2.04. Licensure and Certification. District shall be responsible, along with Pathologist, for matters relating to licensing of the Lab under State law and its certification under CLIA. Pathologist shall direct the Lab and perform professional pathology services in accordance with District Bylaws, the Medical Staff Bylaws, Rules and Regulations, and the standards established by the Executive Committee of the Medical Staff. In addition, Pathologist and District shall operate the Lab in accordance with the standards established by the California State Department of Health Services, the Joint Commission on Accreditation of Health Care Organizations (JCAHO), the HHS, and all other governmental laws and authorities relating to licensure and practice of pathology and clinical laboratories in hospitals.

III.

BILLING AND COMPENSATION

3.01. Compensation to Pathologist for Administrative, Supervisor, Teaching and Other Services (Excluding Autopsy Services). District shall pay pathologist \$16,000 a month for Pathologist's administrative, supervisory, teaching and other services (excluding autopsy services) reasonably required for the orderly, timely and cost-effective operation of the Lab. Payment of this monthly fee shall be made on or before the fifteenth day of the month following the month in

which the Pathologist's services are rendered. Cost of Living Adjustment (COLA) shall be made to the above fee at the same time and amount as the COLA afforded to Hospital employees.

3.02. Service Charges.

(a) District shall prepare a schedule of District charges for the services of the Lab, which may be modified from time to time.

(b) Pathologist shall prepare a schedule of professional fees for services of the Pathology Laboratory, which shall be in general accord with usual and customary local fees for comparable services, but which also shall be subject to the discounts and other accommodations to which District may agree pursuant to its contracts and other arrangements with third party payors. Said schedule for professional fees is attached as Exhibit A hereto and is incorporated by reference into this Agreement. The schedule for professional fees may be altered by Pathologist upon thirty (30) days' written notice to District, subject to District approval.

3.03. Billing and Compensation for Professional Services

(a) Pathologist shall bill and collect for Pathology services provided to Hospital inpatients and outpatients pursuant to this Agreement in accordance with the fee schedule in Exhibit A, and agrees that such collections shall be Pathologist's sole compensation for such professional services. To assist Pathologist in billing patients District shall do the following:

1. Distribute to each patient receiving Pathology Services materials provided by Pathologist describing the separate billing arrangement;
2. Assist Pathologist in obtaining patient's signature on assignments of insurance benefits and other similar forms, which Pathologist may provide to District;
3. Provide Pathologist with appropriate access to face sheet information, either in hard copy or electronic form; and,
4. Provide pathologist with transcription services necessary for the provision of professional services provided in the Service.

(b) Pathologist shall bill and collect for professional services in compliance with applicable laws, customary professional practices, and the Medicare and MediCal Programs, and other third-party payor programs, whether public or private.

(c) Pathologist shall, at District's request, make periodic accountings to the District of billings and collections, which identify patients, services, and fees. District shall request such information from Pathologist only to the extent necessary to comply with an inquiry concerning services provided by Pathologist to a particular patient or patients.

(d) Should Pathologist place a billing clerk at the Hospital, Pathologist shall compensate District for the costs of copying, computer access and any other such services utilized by billing clerk.

(e) District shall have reasonable access to Pathologist's records in order to assure Pathologist's compliance with this Agreement, subject to compliance with applicable law regarding the confidentiality of medical records and only to the extent reasonably necessary to assure Pathologist's compliance with applicable law regarding the confidentiality of medical

records and only to the extent reasonably necessary to assure Pathologist's compliance with this Agreement.

(f) Pathologist shall promptly correct any billing errors documented by District.

(g) Pathologist shall accept Medi-Cal patients, and assignments with respect to services provided to Medicare beneficiaries.

(h) Hospital shall pay Pathologist a fee for each autopsy conducted by Pathologist at the request of a Hospital Medical Staff member, as set forth in Exhibit A.

IV. GENERAL PROVISIONS

4.01. **Intent and Construction.** Nothing in this Agreement is intended to require, or shall be construed as requiring, the District to do any act or adopt any course of action which the District Board, either directly or through its lawful designee, determines to be not in the best interests of the District or the Hospital.

4.02. **Independent Contractor.** In the performance of the work, duties and obligations devolving upon it under this Agreement, it is mutually understood and agreed that pathologist is at all times acting and performing as an independent contractor practicing his profession of medicine and specializing in pathology. District shall neither have nor exercise any control or direction over the methods by which Pathologist shall perform his work and function; the sole interest and responsibility of District being to assure that the services covered by this Agreement are performed and rendered in a competent, efficient and satisfactory manner. The standards of medical practice and professional duties of pathologist shall be determined by the medical staff of the Hospital. All applicable provisions of law and other rules and regulations of any and all governmental authorities relating to licensure and regulation of physicians and hospitals and to the operation of the Lab shall be fully complied with by all parties hereto.

4.03. **Records.** The originals of all medical records prepared by Pathologist shall be the property of District and shall be retained at the Hospital premises. Pathologist shall have access to and may photocopy relevant documents and records upon reasonable notice. All charts shall be duly posted in a timely manner.

4.04. **Assignment.** Except as expressly provided in subdivisions (d), (e), and (g) of Section 2.02 above, nothing in this Agreement shall be construed to permit assignment by Pathologist of any rights or duties under this Agreement. Such assignment is expressly prohibited without the written consent of the District.

4.05. **Term of Agreement.** Except as set forth in Section 4.06, this Agreement shall remain in full force and effect for a term of two years commencing March 15, 2011 and ending March 14, 2013, and continuing month-to-month thereafter.

4.06. **Termination.**
(a) Either party may terminate this Agreement without cause upon ninety (90) days written notice to the other. District may terminate this Agreement and all rights of Pathologist hereunder, immediately and without notice upon the occurrence of any of the following events:

1. Upon determination by the Board, following a recommendation of the Executive Committee of the Hospital's Medical Staff before which Executive Committee Pathologist shall be given an opportunity to appear and be heard, that Pathologist has not performed in a medically professional manner, or that Pathologist has failed to satisfactorily maintain and operate the Lab in a manner consistent with reasonable legal and medical standards established for the operations of such laboratories, all to such effect that the termination of this Agreement would be in the best interests of the District. Prior to any Board action, Pathologist shall be given the opportunity to meet with the Executive Committee to discuss any alleged defaults or defects. If it is determined by the Executive Committee that the alleged defaults or defects are curable, Pathologist shall be given a reasonable time to cure such defaults or defects. Hearings and determinations occurring pursuant to this subdivision I shall not constitute, and shall not be subject to the requirements of, a procedural rights hearing as provided by the Hospital's Medical Staff Bylaws.

2. The appointment of a receiver of Pathologist's assets, an assignment by Pathologist for the benefit of his creditors, or any adjudication of the Pathologist as a bankrupt or insolvent.

3. Closure of the Hospital.

4.07. **Integration and Modification.** This is the entire Agreement of the parties. Any modification of this Agreement may only be made in a writing signed by both parties.

4.08. **Severability** In the event that any of the provisions, or portions thereof, of this Agreement are held to be unenforceable or invalid by any court of competent jurisdiction, the validity and enforceability of the remaining provisions, or portions thereof, shall not be affected thereby.

4.09. **Binding on Successors.** Subject to the restrictions against transfer or assignment set forth above, this Agreement shall inure to the benefit of, and shall be binding upon, the assigns, successors in interest, personal representatives, estates, heirs, legatees, agents, trustees, conservators, and personal representatives of the parties, and all persons claiming by, through, or under them.

4.10. **Waiver.** The waiver by a party of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition. A party's subsequent acceptance of performance by the other shall not be deemed to be a waiver of any preceding breach of any term, covenant, or condition of this Agreement, regardless of knowledge of such preceding breach at the time of acceptance of such performance.

4.11. **Notice.** Any notice required or permitted to be given hereunder shall be written, and may be delivered personally to the addressee or sent to it by United States mail, first class postage prepaid, and addressed to each of the parties at the following respective addresses (or such other address as may hereafter be designated by a party by written notice thereof to the other party):

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

PATHOLOGIST
Arcadia Pathology Medical Group
4800 Indianola Way
La Canada, California 91011
Attn: Kenneth L. Saeger, M.D.

Notice shall be effective on the third day after mailing.

4.12. **Attorney's Fees.** If any litigation or proceeding is commenced between the parties to this Agreement, concerning this Agreement and/or the rights and duties of either party in relation to this Agreement, the party prevailing in that litigation shall be entitled, in addition to such other relief granted, to a reasonable sum as and for its attorney's fees in the litigation, which shall be determined by the Court in that litigation or in a separate action brought for that purpose.

4.13. **Gender and Number.** In the construction of this Agreement the gender shall include the feminine and neuter, and the singular the plural, and *vice versa*, as the context may indicate.

4.14. **Mutual Preparation.** Preparation of this Agreement shall be deemed to have been by both parties.

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

NORTHERN INYO COUNTY
LOCAL HOSPITAL DISTRICT

By

PETER WATERCOTT, President
Board of Directors

Kenneth L. Saeger, M.D.
Arcadia Pathology Medical Group
4800 Indianola Way
La Canada, CA 91011

ANATOMIC PATHOLOGY

Exhibit "A"

CPT #	SPECIMEN	PHYSICIAN CHARGE
88300	LEVEL 1. GROSS ONLY	27.00
88302	LEVEL II	72.00
88304	LEVEL III	106.00
88305	LEVEL IV	123.00
88307	LEVEL V	166.00
88309	LEVEL VI.	276.00
88312	Special Stains Group 1	34.00
88313	Special Stains Group 11	34.00
88342	In-House Immunohistochemistry (up to 5)	303.00
88329	Consultation in Surgery with out frozen	75.00
88331	Consultation in Surgery With Frozen Section, single specimen	112.00
88332	Additional Frozen Section each specimen	55.00
88311	Decalcification	22.00
88325	Comprehensive Consultation	112.00
88321	Slide Consultation and report on referred slides prepared elsewhere	122.00
CYTOPATHOLOGY		
88305	Cell Block (any source)	123.00
88108	Cytology, concentration technique, smears and interpretation	166.00
88104	Cytopathology Smears other than GYN stain and interpretation	67.00
BONE MARROW PANEL		
85095	Bone Marrow Aspiration Only	84.25
85102	Bone Marrow Bx; (needle or trocar)	112.00
85097	Smear Interpretation	167.00
88305	Bone Marrow Bx. Interpretation	123.00
88313	Group 11 Special Stains	34.00
FNA PANEL		
88172	Evaluation of FNA	56.00
88173	Interpretation FNA	112.00
88305	Cell Block from material	123.00
88108	Cytology, concentration technique, smears and interpretation	166.00

CONSULTATIONS CLINICAL PATHOLOGY

80500	Clinical pathology consultation; limited	45.00
80502	Comprehensive, for complex diagnostic problem	58.00
85060	Blood smear, peripheral	20.00
87207	Smear for inclusion bodies	60.00
89060	Crystal identification	40.00

AUTOPSY

Adult autopsy with examination of brain (paid in advance by family)	2,500.00
Adult autopsy without examination of brain (paid in advance by family)	2,000.00
Adult autopsy with examination of brain requested by a Medical Staff Member in cases of unusual medical interest	1,250.00
Adult autopsy without examination of brain requested by a Medical Staff Member in cases of unusual medical interest	1,000.00
Stillborn infants	500.00

THIS SHEET
INTENTIONALLY
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**NORTHERN INYO HOSPITAL
GENERAL ANESTHESIA CO-MEDICAL DIRECTOR AND
PROFESSIONAL SERVICES AGREEMENT**

This Co-Medical Director and Professional Services Agreement ("Agreement") dated this 1st day of April, 2011, is entered into by and between Northern Inyo County Local Hospital District ("Hospital") and John Daniel Cowan, M.D., LTD (Physician).

RECITALS

- A. Hospital operates a critical access hospital, which, among other things, operates inpatient and outpatient major and minor surgery suites, offering a variety of surgical procedures, located at 150 Pioneer Lane, Bishop, California.
- B. Physician are individuals duly licensed to practice medicine in the State of California, specializing in general anesthesia, are Board Certified in anesthesia, and are members of the Northern Inyo Hospital Active Medical Staff with privileges sufficient to practice general anesthesia.
- C. Hospital desires to obtain administrative and professional medical services from Physician for the patients of Hospital, and Physician desire to furnish such services upon the terms and conditions set forth in this Agreement.
- D. Hospital believes that high standards of patient care can be achieved if Physician assumes the responsibilities set out further in this Agreement.

IN WITNESS WHEREOF, ALL PARTIES AGREE AS FOLLOWS:

I.

RESPONSIBILITIES OF THE PHYSICIAN.

1.01. Professional Services. Physician shall provide the following services, consistent with the Hospital's policies and procedures, to the Hospital and Hospital patients, provided that Physician's obligations hereunder are limited to the provision of services within his professional capabilities:

- a) Medical Services. In cooperation with the Hospital, arrange for appropriate coverage for the provision of professional anesthesia services to Hospital patients.

Physician shall cooperate in Hospital's participation in the Medicare and Medi-Cal programs. Physician shall provide services to Medicare and Medi-Cal beneficiaries in a nondiscriminatory manner.

Anesthesiologists will be solely responsible for developing a mechanism for scheduling surgical assignments between and amongst themselves for scheduled cases at the Hospital, which will cover not less than one operating room per day, five days a week, excluding Hospital holidays, for the first room, and not less than 160 days per year for a second

operating room. The protocol for scheduling the second room will be determined and agreed to jointly between the anesthesiologists and memorialized in a written memorandum after acceptance by Administration. Physician shall not be required to provide more than 90 days of second room coverage per year.

- b) On-Call Coverage. Anesthesiologists shall provide on-call anesthesia coverage for the Hospital twenty-four hours per day, seven days per week, and 365 days per year. Anesthesiologists are specifically required to communicate with each other sufficiently to ensure continuous and non-interrupted call coverage. In the event that Physician is unable to provide said coverage he is specifically required to provide an equally qualified locums tenens or the equivalent at his own expense. Physician shall not be required to provide more than 26 weeks per year of call coverage on an annualized basis.
- c) Administrative Services. As Co-Medical Director, Physician will assist the Hospital in meeting all State and Federal legal and regulatory requirements, including but not limited to those found in Title XXII and Medicare's "Conditions of Participation" as well as those of any accreditation agency the Hospital may be participating with. These functions may include, but will not be limited to, review, creation, and revision of policies and procedures as they relate to anesthesia.

Additionally the Co-Medical Directors will be called upon to help promote the Hospital in regards to procedures offered at the Hospital and will take an active role in insuring that the Hospital is keeping up to date technologically and medically. Co-Medical Directors will provide the services described in Exhibit "A" as well as assist Hospital personnel in providing educational programs to Medical Staff, employees, and others.

1.02. Medical Director and Administrative Services. Physician shall act as Co-Medical Director of the Hospital's anesthesia service.

- a) Time Commitment. Physician shall not be required to devote more than four (4) hours per month to the administrative services described in this Agreement.
- b) Physician Time Reports. Physician shall maintain weekly time reports, which provide accurate accountings of time spent, on a daily basis, providing administrative services to the Hospital. Such reports shall be substantially in the form attached as Exhibit B or as otherwise required by Hospital, and shall document Physician's actual provision of administrative services. All time reports shall be submitted to Hospital no later than the 10th day of the calendar month following the month in which the services were performed.

1.03. Personal Services. This Agreement is entered into by Hospital in reliance on the professional and administrative skills of Physician. Physician shall continue to be primarily responsible for fulfilling the terms of the Agreement, except as specifically set forth in this Agreement. The physician will be specifically permitted to arrange for any other anesthesiologist to substitute his/her services in the stead of the contracting physician so long as the substituting physician is an active member of the Medical Staff.

1.04. Absences. In the event Physician is unable to perform the obligations under this Agreement due to illness, continuing education responsibilities leave or other justifiable cause, Hospital shall designate a qualified replacement. The person who provides services on behalf of Physician in Physician's absence shall be bound by all terms of this Agreement. Hospital shall have the right to approve the length of Physician's absence, and any unapproved absence shall

constitute a breach of this Agreement.

- 1.05. **Non-Exclusive Arrangement.** Physician shall provide professional services to and for the benefit of the Hospital. All revenues associated with Hospital activities (non professional fee, typically part A) belong to the Hospital. Physician shall bill and retain all billings associated with professional anesthesia services.

This is not an exclusive arrangement with the Hospital. Physician therefore is free to seek supplemental income arrangements elsewhere; however they will give first priority to performing all Hospital activities consistent with the terms of this Agreement. Physician shall not undertake non-Hospital activities to the extent that such undertaking would interfere with his obligations under this Agreement.

- 1.07. **Limitation on Use of Space.** No part of the Hospital's premises shall be used at any time by Physician as an office for the private practice of medicine or to see patients other than Hospital patients.

II.

HOSPITAL RESPONSIBILITIES.

2.01. **Hospital Services.**

- a) **Space.** Hospital shall make available for Physician reasonably necessary facilities for the successful provision of anesthesia services. This may include a hospital approved Pain Management Service,
- b) **Equipment.** In consultation with Physician, Hospital shall make all decisions regarding the acquisition of all equipment as may be reasonably necessary for the proper operation and conduct of Hospital. Hospital shall repair, replace or supplement such equipment and maintain it in good working order.

III.

COMPENSATION AND INCOME GUARANTEE.

- 3.01. **Compensation.** Hospital shall pay each anesthesiologist \$2000.00 per month for administrative services during the term of this Agreement. In addition, Hospital shall guarantee a surgical case volume such that Physician receives payments from private billings, net of all billing expense, contractual adjustments, discounts and refunds, in the amount of \$726,000 annually on a pro-rated basis. Said pro-ration shall be the physician's share of first call taken. This compensation will be adjusted annually by the employee COLA.

- 3.02.1 **Compensation Methodology.** Within ten working days of the end of each quarter and the receipt of billings report(s) from the Physician billing service, the Hospital will calculate the pro-rated receipts for Physician. In the event that this yields an amount less than the pro-rated share indicated in 3.01 the Hospital will fund the difference to the Physician. In the event this amount is in excess, the Hospital will credit that amount against future payments. At the end of each calendar year the Hospital will fund any credits to the physician. A full accounting will be provided for each quarter's transactions by the hospital.

3.03 Additional Compensation. If the Physician works more 2nd room days than required by Table I, the additional compensation will be \$400/day as will be the reduction if the minimum days are not worked. There will be no compensation to the collective anesthesiologists for days worked in excess of the total required, without prior Administrative approval.

IV.

TERM AND TERMINATION.

4.01. Term. The term of this Agreement shall be for a period of thirty six months beginning on the first day of April, 2011 and ending on the 31st day of March, 2014.

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

- a) By either party at any time, without cause or penalty, upon 90 days' prior written notice to the other party;
- b) Immediately by Hospital in its sole discretion if Physician fails to maintain the professional standards described in this Agreement;
- c) Immediately upon closure of the Hospital;
- d) By either party upon written notice to the other party in the event that any federal, state or local government or agency passes, issues or promulgates any law, rule, regulation, standard or interpretation at any time while this Agreement is in effect that prohibits, restricts, limits or in any way substantially changes the arrangement contemplated herein or which otherwise significantly affects either party's rights or obligations under this Agreement; provided that in such event, Hospital must give notice to Physician equal to that provided to Hospital by the relevant federal, state or local government or agency. If this Agreement can be amended to the satisfaction of both parties to compensate for any such prohibition, restriction, limitation or change, this clause shall not be interpreted to prevent such amendment; or
- e) By either party in the event of a material breach by the other party, and in such event, the non-breaching party shall have the right to terminate this Agreement after providing thirty (30) days' written notice to the breaching party, unless such breach is cured to the satisfaction of the non-breaching party within the thirty (30) days.
- f) Automatically with ninety (90) days' notice, at such time as the Medical Staff approves privileges for a third qualified, practicing anesthesiologist.
- g) Immediately upon death or disability such that Physician is physically unable to perform the duties required under this agreement.

4.03. Rights Upon Termination. Upon any termination or expiration of this Agreement, all rights

and obligations of the parties shall cease except those rights and obligations that have accrued or expressly survive termination.

V.

PROFESSIONAL STANDARDS.

- 5.01. **Medical Staff Standing.** Prior to performing services pursuant to this Agreement, Physician must obtain full Active or Provisional Medical Staff membership privileges on the Medical Staff of Hospital with appropriate clinical privileges, and maintain such membership throughout the term of this Agreement. Such membership shall be subject to all of the privileges and responsibilities of Medical Staff membership.
- 5.02. **Licensure and Standards.** Physician shall:
- a) At all times be licensed to practice medicine in the State of California;
 - b) Comply with all policies, bylaws, rules and regulations of Hospital and Hospital Medical Staff, including those related to documenting all advice to patients and proper sign-off of lab and X-ray reports;
 - c) Be a member, in good standing, of the Active Medical Staff of the Hospital;
 - d) Maintain professional liability coverage in an amount required for membership on the Active Medical Staff of the Hospital;
 - e) Participate in continuing education as necessary to maintain licensure and the current standard of practice;
 - f) Comply with all applicable laws, rules and regulations of any and all governmental authorities, and applicable standards and recommendations of the Joint Commission on Accreditation of Healthcare Organizations.
 - g) Maintain a professional image to the public, the Medical Staff and the Hospital employees. Said professional image would not include public intoxication, drug abuse of any kind, failure to respond to reasonable requests of the Medical Staff, or failure to perform the duties required by the Medical Staff, the District Board and this Agreement.
 - h) The physician specifically agrees to abide by the Professional Conduct Prohibition of Disruptive or Discriminatory Behavior Policy attached hereto.

VI.

RELATIONSHIP BETWEEN THE PARTIES.

- 6.01. **Professional Relations.**
- a) **Independent Contractor.** No relationship of employer and employee is created by this Agreement. In the performance of Physician's work and duties, Physician are at all times acting and performing as independent contractors, practicing the profession of medicine. Hospital shall neither have nor exercise control or direction over the methods by which

Physician perform professional services pursuant to this Agreement; provided, however, that Physician agree that all work performed pursuant to this Agreement shall be in strict accordance with currently approved methods and practices in Physician' professional specialty and in accordance with the standards set forth in this Agreement. The sole interest of Hospital is to insure that such services are performed and rendered in a competent and cost effective manner.

b) Benefits. Except as specifically set forth in this Agreement, it is understood and agreed that Physician shall have no claims under this Agreement or otherwise against Hospital for social security benefits, worker's compensation benefits, disability benefits, unemployment benefits, sick leave, or any other employee benefits of any kind. In addition, Hospital shall have no obligation to reimburse Physician for any costs or expenses associated with Physician' compliance with continuing medical education requirements.

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

VII.

GENERAL PROVISIONS.

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

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

Physician shall also make available such subcontract and the books, documents, and records of any subcontractor if that subcontractor performs any of the Physician' duties under this Agreement at a cost of \$10,000 or more over a twelve-month period, and if that subcontractor is organizationally related to Physician.

Such books, documents, and records shall be preserved and available for four (4) years after the furnishing of services by Physician pursuant to this Agreement. If Physician is requested to disclose books, documents or records pursuant to this subsection for purposes of an audit, Physician shall notify Hospital of the nature and scope of such request, and Physician shall make available, upon written request of Hospital, all such books, documents or records. Physician shall indemnify and hold harmless Hospital in the event that any amount of reimbursement is denied or disallowed because of the failure of Physician or any subcontractor

to comply with their obligations to maintain and make available books, documents, or records pursuant to this subsection. Such indemnity shall include, but not be limited to the amount of reimbursement denied, plus any interest, penalties and legal costs.

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

- 7.03. **Amendment.** This Agreement may be amended at any time by mutual agreement of the parties, but any such amendment must be in writing, dated, and signed by all parties.
- 7.04. **Assignment.** Except as provided in section 1.01 b) above, Physician shall not assign, sell, transfer or delegate any of the Physician's rights or duties, including by hiring or otherwise retaining additional Physician to perform services pursuant to this Agreement, without the prior written consent of Hospital.
- 7.05. **Attorneys' Fees.** If any legal action or other proceeding is commenced by either party, to enforce rights, duties, and/or responsibilities under this Agreement, the prevailing party shall be entitled to recover reasonable attorney's fees and costs. As used in this Section 7.05, the term "prevailing party" shall have the meaning assigned by Section 1032(a)(4) of the California Code of Civil Procedure.
- 7.06. **Choice of Law.** This Agreement shall be construed in accordance with, and governed by, the laws of the State of California.
- 7.07. **Exhibits.** All Exhibits attached and referred to herein are fully incorporated by this reference.
- 7.08. **Notices.** All notices or other communications under this Agreement shall be sent to the parties at the addresses set forth below:

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

Physician: John Daniel Cowan, M.D., LTD
P.O. Box 815
Bishop, CA 93515

- 7.09. **Records.** All files, charts and records, medical or otherwise, generated by Physician in connection with services furnished during the term of this Agreement are the property of Hospital. Physician agrees to maintain medical records according to Hospital policies and procedures and in accordance with community standards. Each party agrees to maintain the confidentiality of all records and materials in accordance with all applicable state and federal laws. Hospital agrees to permit Physician to have access during or after the term of the

Agreement to medical records generated by Physician if necessary in connection with claims, litigation, investigations, or treatment of patients.

- 7.10. **Prior Agreements**. This Agreement represents the entire understanding and agreement of the parties as to those matters contained in it. No prior oral or written understanding shall be of any force or effect with respect to the matters contained in this Agreement. Any modification of this Agreement must be in writing and signed by the parties.
- 7.11. **Referrals**. This Agreement does not impose any obligation or requirement that Hospital shall make any referral of patients to Physician or that Physician shall make any referral of patients to Hospital. The payment of compensation pursuant to section 3.01 is not based in any way on referrals of patients to Hospital.
- 7.12. **Severability**. If any provision of this Agreement is determined to be illegal or unenforceable, that provision shall be severed from this Agreement, and the remaining provisions shall remain enforceable between the parties.
- 7.13. **Waiver**. The failure of either party to exercise any right under this Agreement shall not operate as a waiver of that right.
- 7.14. **Gender and Number**. Use of the masculine gender shall mean the feminine or neuter, and the plural number the singular, and vice versa, as the context shall indicate.
- 7.15. **Authority and Executive**. By their signature below, each of the parties represent that they have the authority to execute this Agreement and do hereby bind the party on whose behalf their execution is made.
- 7.16. **Mutual Construction**. This agreement has been prepared by all the parties thereto, and shall be so construed.

NORTHERN INYO COUNTY
LOCAL HOSPITAL DISTRICT

PHYSICIAN

By: _____
Peter Watcrott, President
Board of Directors

By: _____
John Daniel Cowan, M.D.
Physician

Attachment A

ADMINISTRATIVE SERVICES TO BE PROVIDED

Physician shall:

- Provide general administration of the day-to-day operations of the Hospital's anesthesia service.
- Implement Hospital's policies and procedures.
- Assure Physician' coverage of Hospital, in cooperation with Hospital.
- Provide medical consultation to the NIH Medical Staff, the Hospital staff, and Hospital administration in the area of the Physician's specialty as needed.
- Coordinate and consult with Hospital and Hospital Medical Staff regarding the efficiency and effectiveness of Hospital, and make recommendations and analyses as needed for Hospital to reduce costs and improve services provided in Hospital.
- Develop, review, and provide training programs to Physician and other medical personnel providing services to Hospital.
- Participate in Hospital, and Hospital Medical Staff committees upon request.
- Participate in the development and presentation of programs related to the marketing of Hospital's services and enhancing Hospital/community relations, provided, however, that Physician shall not be required to participate in any advertising related to Hospital's services.
- Advise and assist in the development of protocols and policies for Hospital.
- Upon request by Hospital, be available at all times to respond/consult in the event of urgent or emergent situations. Cooperate in all litigation matters affecting Physician and/or Hospital.

ATTACHMENT B

NORTHERN INYO HOSPITAL POLICY AND PROCEDURE

Title: Professional Conduct. Prohibition of Disruptive or Discriminatory Behavior	
Scope: Hospital wide	Department: Medical Staff
Source: Medical Staff	Effective Date: 12/5/07

POLICY

All Medical Staff members shall conduct themselves at all times while on Hospital premises in a courteous, professional, respectful, collegial, and cooperative manner. This applies to interactions and communications with or relating to Medical Staff colleagues, AHPs, nursing and technical personnel, other caregivers, other Hospital personnel, patients, patients' family members and friends, visitors, and others. Such conduct is necessary to promote high quality patient care and to maintain a safe work environment. Disruptive, discriminatory, or harassing behavior, as defined below, are prohibited and will not be tolerated.

Definitions

- A. "Disruptive Behavior" is marked by disrespectful behavior manifested through personal interaction with practitioners, Hospital personnel, patients, family members, or others, which:
1. Interferes, or tends to interfere with high quality patient care or the orderly administration of the Hospital or the Medical Staff; or
 2. Creates a hostile work environment; or
 3. Is directed at a specific person or persons, would reasonably be expected to cause substantial emotional distress, and serves no constructive purpose in advancing the goals of health care.
- B. "Discrimination" is conduct directed against any individual (e.g., against another Medical Staff member, AHP, Hospital employee, or patient) that deprives the individual of full and equal accommodations, advantages, facilities, privileges, or services, based on the individual's race, religion, color, national origin, ancestry, physical disability, mental

disability, medical disability, marital status, sex, gender, or sexual orientation.

- C. "Sexual harassment" is unwelcome verbal or physical conduct of a sexual nature, which may include verbal harassment (such as epithets, derogatory comments or slurs), physical harassment (such as unwelcome touching, assault, or interference with movement or work), and visual harassment (such as the display of derogatory or sexual-themed cartoons, drawings or posters). Sexual harassment includes unwelcome advances, requests for sexual favors, and any other verbal, visual, or physical conduct of a sexual nature when (1) submission to or rejection of this conduct by an individual is used as a factor in decisions affecting hiring, evaluation, retention, promotion, or other aspects of employment; or (2) this conduct substantially interferes with the individual's employment or creates an intimidating, hostile, or offensive work environment. Sexual harassment also includes conduct indicating that employment and/or employment benefits are conditioned upon acquiescence in sexual activities.

Examples of Prohibited Conduct

Examples of prohibited, disruptive conduct may include, but are not limited to, any of the conducts described below if it is found to interfere, or tend to interfere, with patient care or the orderly administration of the Hospital or Medical Staff; or, if it creates a hostile work environment; or, if it is directed at a specific person or persons, causes substantial emotional distress, and has no legitimate purpose:

- A. Any striking, pushing, or inappropriate touching of Hospital Staff or others;
- B. Any conduct that would violate Medical Staff and/or Hospital policies relating to discrimination and/or sexual harassment;
- C. Forcefully throwing, hitting, pushing, or slamming objects in an expression of anger or frustration;
- D. Yelling, screaming, or using an unduly loud voice directed at patients, Hospital employees, other practitioners, or others;
- E. Refusing to respond to a request by any caregiver for orders, instructions, or assistance with the care of a patient, including, but not limited to, repeated failure to respond to calls or pages;

- F. Use of racial, ethnic, epithetic, or derogatory comments, or profanity, directed at Hospital employees or others;
- G. Criticism which is unreasonable and unprofessional of Hospital or Medical Staff personnel (including other practitioners), policies or equipment, or other negative comments that undermine patient trust in the Hospital or Medical Staff in the presence or hearing of patients, patients' family members, and/or visitors;
- H. Use of medical record entries to criticize Hospital or Medical Staff personnel, policies, or equipment, other practitioners, or others;
- I. Unauthorized use and/or disclosure of confidential or personal information related to any employee, patient, practitioner, or other person;
- J. Use of threatening or offensive gestures;
- K. Intentional filing of false complaints or accusations;
- L. Any form of retaliation against a person who has filed a complaint against a practitioner alleging violation of the above standard of conduct;
- M. Use of physical or verbal threats to Hospital employees, other practitioners, or others, including, without limitation, threats to get an employee fired or disciplined;
- N. Persisting to criticize, or to discuss performance or quality concerns with particular Hospital employees or others after being asked to direct such comments exclusively through other channels;
- O. Persisting in contacting a Hospital employee or other person to discuss personal or performance matters after that person or a supervisory person, the Chief Executive Officer ("CEO"), or designee, or Medical Staff leader, has requested that such contacts be discontinued [NOTE: MEDICAL STAFF MEMBERS ARE ENCOURAGED TO PROVIDE COMMENTS, SUGGESTIONS AND RECOMMENDATIONS RELATING TO HOSPITAL EMPLOYEES, SERVICES OR FACILITIES; WHERE SUCH INFORMATION IS PROVIDED THROUGH APPROPRIATE ADMINISTRATIVE OR SUPERVISORY CHANNELS];
- P. Obstructing the peer review process by intentionally refusing, without justification, to attend meetings or respond to questions about the practitioner's conduct or professional practice when the practitioner is the subject of a focused review or investigation.

PROCEDURE

Hospital Staff Response to Disruptive or Discriminatory Behavior or Sexual Harassment ("Walk Away Rule")

Any Hospital employee ("Caregiver") who believes that he or she is being subjected to disruptive or discriminatory behavior or sexual harassment within the meaning of this Policy by a Medical Staff member is authorized and directed to take the following actions:

- A. Promptly contact the Caregiver's immediate supervisor to report the situation and to arrange for the transition of patient care as necessary in order to permit the Caregiver to avoid conversing or interacting with the Practitioner;
- B. Discontinue all conversation or interaction with the Practitioner except to the extent necessary to transition patient care responsibility safely and promptly from the Caregiver to another qualified person as directed by the Caregiver's supervisor;
- C. Continue work or patient care activity elsewhere as directed; and
- D. Consult with supervisory personnel or with the Director of Human Resources about filing a written report of the alleged incident.

Enforcement

- A. Allegations
 1. All allegations of disruptive behavior, discrimination, or sexual harassment, as defined above, by a Practitioner involving a patient or involving another member of the Medical or AHP staff shall be forwarded, in writing, to Medical Staff Administration. If the Chief of Staff determines that the allegations are supported by reliable evidence, the Chief of Staff shall forward the allegation to the Medical Executive Committee ("MEC") for action consistent with the Medical Staff Bylaws. Pursuant to Section 7.1.2.5.2 of these Bylaws, the Chief of Staff shall also consult with the Administrator.
 2. Allegations of disruptive behavior, discrimination, or sexual harassment, as defined above, by a Practitioner, directed

toward hospital employees or persons other than patients and Medical Staff members, will be immediately forwarded to the Chief of Staff. The Chief of Staff, or designee, shall promptly conduct an initial evaluation. If the Chief of Staff or designee determines that the complaint may be valid, she or he shall inform the Hospital Administrator and shall then proceed as provided herein.

3. If the allegations involve the Chief of Staff, the Vice Chief of Staff shall take over the responsibilities of the Chief of Staff under this section. If the allegations involve a member of the Medical Executive Committee, that member shall not participate or be present during the Medical Executive Committee's consideration of the matter.
4. Initial complaints of disruptive behavior, discrimination, or sexual harassment by a Practitioner shall be documented on an incident reporting form and shall be maintained in the Medical Staff Office. Where possible, reports should include:
 - a. Name(s) of individual(s) involved;
 - b. Date, time and place of incident;
 - c. A factual description and detailing of the incident;
 - d. All witnesses to the incident including any patient or patient's family member or visitor;
 - e. The immediate effects or consequences of the incident; and
 - f. Any action taken by anyone to intervene or remedy the incident.

B. Initial Investigation and Mediation

1. The Chief of Staff shall promptly establish an Ad Hoc Committee to investigate the complaint. If the complaining party is a Hospital employee, the Ad Hoc Committee shall include: the Chief of Staff or designee, the Chair of the practitioner's Clinical Department or designee, the complaining employee's immediate supervisor, and the Hospital Administrator or designee. The Ad Hoc Committee shall take written statements from the complaining party, any witnesses, and the accused. The complaining party shall be informed of the process to investigate and respond to such allegations and shall be informed that retaliation for making such allegations will not be tolerated. The complaining party shall also be informed that if he or she makes a written statement, the statement may be made available to the Practitioner who is the subject of the allegations.
2. All witness statements and investigation documents shall be maintained in the Medical Staff Office as confidential, peer review documents.

3. If the complaint appears to be supported by reliable evidence, the Ad Hoc Committee shall meet with the Practitioner who is the subject of the complaint and advise the Practitioner of his or her obligations under this policy; that a complaint has been made; and that no retaliation against any complaining person, witness or investigator will be tolerated. The Chair of the Ad Hoc Committee shall provide the Practitioner with sufficient information to understand and respond to the allegations made by the complaining party. The Practitioner shall be permitted to respond orally or in writing to the allegations. Any written statement provided by the Practitioner and all documentation of the investigation created by the Chief of Staff or designee, or by the Ad Hoc Committee, shall be maintained as confidential Medical Staff documents. The Ad Hoc Committee meeting with the Practitioner shall not constitute a hearing and the Practitioner shall not be entitled to legal counsel or other representation during the meeting. The Practitioner may, of course, seek legal counsel outside the meeting process.
4. The Chief of Staff or designee shall advise the Hospital Administrator of the complaint and the status of the investigation. Although legal counsel are not permitted to be present during interviews or meetings provided for in these provisions, the Chief of Staff or designee are encouraged to consult with Medical Staff legal counsel and the Practitioner, at his or her own expense, may consult legal counsel outside the investigation and meeting process.
5. The Chief of Staff or designee and Hospital Administrator shall take appropriate steps to assure that employees, witnesses and others are protected from discrimination, harassment, or retaliation pending the resolution of the complaint.
6. The Ad Hoc Committee shall attempt, if feasible and appropriate, to persuade the parties to agree to a resolution of the complaint, which would be produced in written form and signed by both parties.
7. If the Practitioner is determined to be at fault, the Ad Hoc Committee may enter into a voluntary conduct agreement with the Practitioner; may refer the Practitioner to the Medical Staff Assistance Committee; may refer the Practitioner for counseling or evaluation; or may coordinate other steps to reach an effective voluntary resolution of the issue.

C. Formal Action

1. If the Ad Hoc Committee, or its Chair, concludes that the matter cannot be resolved through voluntary actions and agreements, the Chair shall refer the matter to the MEC with a request for formal corrective action in accordance with Article 8 of the Bylaws. In the event of such referral, any member of the Medical Executive Committee who is the subject of the investigation shall not participate or be present during the Medical Executive Committee's consideration of the matter, except as is provided in subparagraph 2 or 3, below.
2. If immediate action must be taken in response to an imminent risk to the health or safety of any person, any person authorized under Section 7.1 to request corrective action may summarily suspend the Practitioner's Medical Staff membership and privileges in accordance with Section 7.2 of the Bylaws. In that event, the Practitioner shall be entitled to request an interview with the MEC to review the suspension within five (5) days of the suspension. The provisions of the Bylaws shall be followed for review of summary suspensions.
3. If the MEC initiates a corrective action investigation of the complaint, it shall, where feasible, assure that the investigation, although not constituting a hearing, shall include the following elements:
 - a. The Practitioner shall be entitled to review, but not retain, copies of statements made by complaining parties and witnesses. The Practitioner shall also be entitled to receive a summary of other adverse information considered relevant to the investigation.
 - b. The Practitioner shall be entitled to respond to the adverse statements and information and to submit oral or written information in response, subject to such conditions and limitations as the MEC may determine.
 - c. If the MEC determines that there is substantial evidence that a violation of this policy has occurred, it may do any one or more of the following:
 - 1) Issue a written or oral reprimand. If a written or oral reprimand is issued, the Practitioner shall be entitled to reply orally or in writing to the MEC. A copy of any written reprimand and any written reply shall be maintained in the Practitioner's credentials file. A written reprimand shall not be considered medical disciplinary action, shall not be reported to the Medical Board of California or the National Practitioner Data Bank, and shall not entitle the Practitioner to a

hearing or appeal under Article 8 of the Bylaws.

- 2) Recommend that the Practitioner undertake psychoanalysis, therapy, counseling, or training.
- 3) Recommend other corrective action in accordance with Article 8 of the Bylaws.
- 4) If the MEC recommends action, which would entitle the Practitioner to request a Medical Staff hearing, special notice to the Practitioner shall be given in accordance with Section 8.6.2 of the Bylaws.

D. Action by the District Board or Designee

If the District Board determines that the MEC's action is inadequate, or if the MEC takes no action after the investigation, the District Board, after complying with applicable law, may do or recommend any one or more of the actions listed in Section C.4) above.

- E. If either the MEC or the District Board recommends corrective action, which, if adopted, would require a report to the Medical Board of California or the National Practitioner Data Bank, the Practitioner shall be notified of the proposed action and of his or her right to request a hearing in accordance with the Bylaws.

Committee	Approved
Medical Executive Committee	12/04/07
Administration	
Board of Directors	12/05/07

TABLE I

Dan Cowan \$229,000	1 st Room plus call (# of Weeks) 17	2 nd Room (# of days) 20
------------------------	--	---

- Differences will be compensated as follows:

1. First days will change the guarantee pro-ration
2. Second days will increase (decrease) the due to/due from the physician for that quarter

Initials: _____

Initials: _____

**NORTHERN INYO HOSPITAL
GENERAL ANESTHESIA CO-MEDICAL DIRECTOR AND
PROFESSIONAL SERVICES AGREEMENT**

This Co-Medical Director and Professional Services Agreement ("Agreement") dated this 1st day of April, 2011, is entered into by and between Northern Inyo County Local Hospital District ("Hospital") and Curtis J. Schweizer, M.D., (Physician).

RECITALS

- A. Hospital operates a critical access hospital, which, among other things, operates inpatient and outpatient major and minor surgery suites, offering a variety of surgical procedures, located at 150 Pioneer Lane, Bishop, California.
- B. Physician are individuals duly licensed to practice medicine in the State of California, specializing in general anesthesia, are Board Certified in anesthesia, and are members of the Northern Inyo Hospital Active Medical Staff with privileges sufficient to practice general anesthesia.
- C. Hospital desires to obtain administrative and professional medical services from Physician for the patients of Hospital, and Physician desire to furnish such services upon the terms and conditions set forth in this Agreement.
- D. Hospital believes that high standards of patient care can be achieved if Physician assumes the responsibilities set out further in this Agreement.

IN WITNESS WHEREOF, ALL PARTIES AGREE AS FOLLOWS:

I.

RESPONSIBILITIES OF THE PHYSICIAN.

1.01. Professional Services. Physician shall provide the following services, consistent with the Hospital's policies and procedures, to the Hospital and Hospital patients, provided that Physician's obligations hereunder are limited to the provision of services within his professional capabilities:

- a) Medical Services. In cooperation with the Hospital, arrange for appropriate coverage for the provision of professional anesthesia services to Hospital patients.

Physician shall cooperate in Hospital's participation in the Medicare and Medi-Cal programs. Physician shall provide services to Medicare and Medi-Cal beneficiaries in a nondiscriminatory manner.

Anesthesiologists will be solely responsible for developing a mechanism for scheduling surgical assignments between and amongst themselves for scheduled cases at the Hospital, which will cover not less than one operating room per day, five days a week, excluding Hospital holidays, for the first room, and not less than 160 days per year for a second

operating room. The protocol for scheduling the second room will be determined and agreed to jointly between the anesthesiologists and memorialized in a written memorandum after acceptance by Administration. Physician shall not be required to provide more than 90 days of second room coverage per year.

- b) **On-Call Coverage.** Anesthesiologists shall provide on-call anesthesia coverage for the Hospital twenty-four hours per day, seven days per week, and 365 days per year. Anesthesiologists are specifically required to communicate with each other sufficiently to ensure continuous and non-interrupted call coverage. In the event that Physician is unable to provide said coverage he is specifically required to provide an equally qualified locums tenens or the equivalent at his own expense. Physician shall not be required to provide more than 26 weeks per year of call coverage on an annualized basis.
- c) **Administrative Services.** As Co-Medical Director, Physician will assist the Hospital in meeting all State and Federal legal and regulatory requirements, including but not limited to those found in Title XXII and Medicare's "Conditions of Participation" as well as those of any accreditation agency the Hospital may be participating with. These functions may include, but will not be limited to, review, creation, and revision of policies and procedures as they relate to anesthesia.

Additionally the Co-Medical Directors will be called upon to help promote the Hospital in regards to procedures offered at the Hospital and will take an active role in insuring that the Hospital is keeping up to date technologically and medically. Co-Medical Directors will provide the services described in Exhibit "A" as well as assist Hospital personnel in providing educational programs to Medical Staff, employees, and others.

1.02. Medical Director and Administrative Services. Physician shall act as Co-Medical Director of the Hospital's anesthesia service.

- a) **Time Commitment.** Physician shall not be required to devote more than four (4) hours per month to the administrative services described in this Agreement.
- b) **Physician Time Reports.** Physician shall maintain weekly time reports, which provide accurate accountings of time spent, on a daily basis, providing administrative services to the Hospital. Such reports shall be substantially in the form attached as Exhibit B or as otherwise required by Hospital, and shall document Physician's actual provision of administrative services. All time reports shall be submitted to Hospital no later than the 10th day of the calendar month following the month in which the services were performed.

1.03. Personal Services. This Agreement is entered into by Hospital in reliance on the professional and administrative skills of Physician. Physician shall continue to be primarily responsible for fulfilling the terms of the Agreement, except as specifically set forth in this Agreement. The physician will be specifically permitted to arrange for any other anesthesiologist to substitute his/her services in the stead of the contracting physician so long as the substituting physician is an active member of the Medical Staff.

1.04. Absences. In the event Physician is unable to perform the obligations under this Agreement due to illness, continuing education responsibilities leave or other justifiable cause, Hospital shall designate a qualified replacement. The person who provides services on behalf of Physician in Physician's absence shall be bound by all terms of this Agreement. Hospital shall have the right to approve the length of Physician's absence, and any unapproved absence shall

constitute a breach of this Agreement.

- 1.05. **Non-Exclusive Arrangement.** Physician shall provide professional services to and for the benefit of the Hospital. All revenues associated with Hospital activities (non professional fee, typically part A) belong to the Hospital. Physician shall bill and retain all billings associated with professional anesthesia services.

This is not an exclusive arrangement with the Hospital. Physician therefore is free to seek supplemental income arrangements elsewhere; however they will give first priority to performing all Hospital activities consistent with the terms of this Agreement. Physician shall not undertake non-Hospital activities to the extent that such undertaking would interfere with his obligations under this Agreement.

- 1.07. **Limitation on Use of Space.** No part of the Hospital's premises shall be used at any time by Physician as an office for the private practice of medicine or to see patients other than Hospital patients.

II.

HOSPITAL RESPONSIBILITIES.

2.01. **Hospital Services.**

- a) **Space.** Hospital shall make available for Physician reasonably necessary facilities for the successful provision of anesthesia services. This may include a hospital approved Pain Management Service,
- b) **Equipment.** In consultation with Physician, Hospital shall make all decisions regarding the acquisition of all equipment as may be reasonably necessary for the proper operation and conduct of Hospital. Hospital shall repair, replace or supplement such equipment and maintain it in good working order.

III.

COMPENSATION AND INCOME GUARANTEE.

- 3.01. **Compensation.** Hospital shall pay each anesthesiologist \$2000.00 per month for administrative services during the term of this Agreement. In addition, Hospital shall guarantee a surgical case volume such that Physician receives payments from private billings, net of all billing expense, contractual adjustments, discounts and refunds, in the amount of \$726,000 annually on a pro-rated basis. Said pro-ration shall be the physician's share of first call taken. This compensation will be adjusted annually by the employee COLA.

- 3.02.1 **Compensation Methodology.** Within ten working days of the end of each quarter and the receipt of billings report(s) from the Physician billing service, the Hospital will calculate the pro-rated receipts for Physician. In the event that this yields an amount less than the pro-rated share indicated in 3.01 the Hospital will fund the difference to the Physician. In the event this amount is in excess, the Hospital will credit that amount against future payments. At the end of each calendar year the Hospital will fund any credits to the physician. A full accounting will be provided for each quarter's transactions by the hospital.

3.03 Additional Compensation. If the Physician works more 2nd room days than required by Table I, the additional compensation will be \$400/day as will be the reduction if the minimum days are not worked. There will be no compensation to the collective anesthesiologists for days worked in excess of the total required, without prior Administrative approval.

IV.

TERM AND TERMINATION.

4.01. Term. The term of this Agreement shall be for a period of thirty six months beginning on the first day of April, 2011 and ending on the 31st day of March, 2014.

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

- a) By either party at any time, without cause or penalty, upon 90 days' prior written notice to the other party;
- b) Immediately by Hospital in its sole discretion if Physician fails to maintain the professional standards described in this Agreement;
- c) Immediately upon closure of the Hospital;
- d) By either party upon written notice to the other party in the event that any federal, state or local government or agency passes, issues or promulgates any law, rule, regulation, standard or interpretation at any time while this Agreement is in effect that prohibits, restricts, limits or in any way substantially changes the arrangement contemplated herein or which otherwise significantly affects either party's rights or obligations under this Agreement; provided that in such event, Hospital must give notice to Physician equal to that provided to Hospital by the relevant federal, state or local government or agency. If this Agreement can be amended to the satisfaction of both parties to compensate for any such prohibition, restriction, limitation or change, this clause shall not be interpreted to prevent such amendment; or
- e) By either party in the event of a material breach by the other party, and in such event, the non-breaching party shall have the right to terminate this Agreement after providing thirty (30) days' written notice to the breaching party, unless such breach is cured to the satisfaction of the non-breaching party within the thirty (30) days.
- f) Automatically with ninety (90) days' notice, at such time as the Medical Staff approves privileges for a third qualified, practicing anesthesiologist.
- g) Immediately upon death or disability such that Physician is physically unable to perform the duties required under this agreement.

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

V.

PROFESSIONAL STANDARDS.

5.01. **Medical Staff Standing.** Prior to performing services pursuant to this Agreement, Physician must obtain full Active or Provisional Medical Staff membership privileges on the Medical Staff of Hospital with appropriate clinical privileges, and maintain such membership throughout the term of this Agreement. Such membership shall be subject to all of the privileges and responsibilities of Medical Staff membership.

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

- a) At all times be licensed to practice medicine in the State of California;
- b) Comply with all policies, bylaws, rules and regulations of Hospital and Hospital Medical Staff, including those related to documenting all advice to patients and proper sign-off of lab and X-ray reports;
- c) Be a member, in good standing, of the Active Medical Staff of the Hospital;
- d) Maintain professional liability coverage in an amount required for membership on the Active Medical Staff of the Hospital;
- e) Participate in continuing education as necessary to maintain licensure and the current standard of practice;
- f) Comply with all applicable laws, rules and regulations of any and all governmental authorities, and applicable standards and recommendations of the Joint Commission on Accreditation of Healthcare Organizations.
- g) Maintain a professional image to the public, the Medical Staff and the Hospital employees. Said professional image would not include public intoxication, drug abuse of any kind, failure to respond to reasonable requests of the Medical Staff, or failure to perform the duties required by the Medical Staff, the District Board and this Agreement.
- h) The physician specifically agrees to abide by the Professional Conduct Prohibition of Disruptive or Discriminatory Behavior Policy attached hereto.

VI.

RELATIONSHIP BETWEEN THE PARTIES.

6.01. **Professional Relations.**

- a) **Independent Contractor.** No relationship of employer and employee is created by this Agreement. In the performance of Physician's work and duties, Physician are at all times acting and performing as independent contractors, practicing the profession of medicine. Hospital shall neither have nor exercise control or direction over the methods by which Physician perform professional services pursuant to this Agreement; provided, however, that Physician agree that all work performed pursuant to this Agreement shall be in strict accordance with currently approved methods and practices in Physician' professional specialty and in accordance with the standards set forth in this Agreement. The sole interest of Hospital is to insure that such services are performed and rendered in a competent and

cost effective manner.

b) **Benefits.** Except as specifically set forth in this Agreement, it is understood and agreed that Physician shall have no claims under this Agreement or otherwise against Hospital for social security benefits, worker's compensation benefits, disability benefits, unemployment benefits, sick leave, or any other employee benefits of any kind. In addition, Hospital shall have no obligation to reimburse Physician for any costs or expenses associated with Physician' compliance with continuing medical education requirements.

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

VII.

GENERAL PROVISIONS.

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

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

Physician shall also make available such subcontract and the books, documents, and records of any subcontractor if that subcontractor performs any of the Physician' duties under this Agreement at a cost of \$10,000 or more over a twelve-month period, and if that subcontractor is organizationally related to Physician.

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

This section is intended to assure compliance with Section 1861 of the Social Security Act, as

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

- 7.03. **Amendment.** This Agreement may be amended at any time by mutual agreement of the parties, but any such amendment must be in writing, dated, and signed by all parties.
- 7.04. **Assignment.** Except as provided in section 1.01 b) above, Physician shall not assign, sell, transfer or delegate any of the Physician's rights or duties, including by hiring or otherwise retaining additional Physician to perform services pursuant to this Agreement, without the prior written consent of Hospital.
- 7.05. **Attorneys' Fees.** If any legal action or other proceeding is commenced by either party, to enforce rights, duties, and/or responsibilities under this Agreement, the prevailing party shall be entitled to recover reasonable attorney's fees and costs. As used in this Section 7.05, the term "prevailing party" shall have the meaning assigned by Section 1032(a)(4) of the California Code of Civil Procedure.
- 7.06. **Choice of Law.** This Agreement shall be construed in accordance with, and governed by, the laws of the State of California.
- 7.07. **Exhibits.** All Exhibits attached and referred to herein are fully incorporated by this reference.
- 7.08. **Notices.** All notices or other communications under this Agreement shall be sent to the parties at the addresses set forth below:
- Hospital: Administrator
Northern Inyo Hospital
150 Pioneer Lane
Bishop, CA 93514
- Physician: Curtis J. Schweizer, M.D.
398 Vista Road
Bishop, CA 93514
- 7.09. **Records.** All files, charts and records, medical or otherwise, generated by Physician in connection with services furnished during the term of this Agreement are the property of Hospital. Physician agrees to maintain medical records according to Hospital policies and procedures and in accordance with community standards. Each party agrees to maintain the confidentiality of all records and materials in accordance with all applicable state and federal laws. Hospital agrees to permit Physician to have access during or after the term of the Agreement to medical records generated by Physician if necessary in connection with claims, litigation, investigations, or treatment of patients.
- 7.10. **Prior Agreements.** This Agreement represents the entire understanding and agreement of the parties as to those matters contained in it. No prior oral or written understanding shall be of any force or effect with respect to the matters contained in this Agreement. Any modification of this Agreement must be in writing and signed by the parties.

- 7.11. **Referrals.** This Agreement does not impose any obligation or requirement that Hospital shall make any referral of patients to Physician or that Physician shall make any referral of patients to Hospital. The payment of compensation pursuant to section 3.01 is not based in any way on referrals of patients to Hospital.
- 7.12. **Severability.** If any provision of this Agreement is determined to be illegal or unenforceable, that provision shall be severed from this Agreement, and the remaining provisions shall remain enforceable between the parties.
- 7.13. **Waiver.** The failure of either party to exercise any right under this Agreement shall not operate as a waiver of that right.
- 7.14. **Gender and Number.** Use of the masculine gender shall mean the feminine or neuter, and the plural number the singular, and vice versa, as the context shall indicate.
- 7.15. **Authority and Executive.** By their signature below, each of the parties represent that they have the authority to execute this Agreement and do hereby bind the party on whose behalf their execution is made.
- 7.16. **Mutual Construction.** This agreement has been prepared by all the parties thereto, and shall be so construed.

NORTHERN INYO COUNTY
LOCAL HOSPITAL DISTRICT

PHYSICIAN

By: _____
Peter Watcrott, President
Board of Directors

By: _____
Curtis J. Schweizer, M.D.
Physician

Attachment A

ADMINISTRATIVE SERVICES TO BE PROVIDED

Physician shall:

- Provide general administration of the day-to-day operations of the Hospital's anesthesia service.
- Implement Hospital's policies and procedures.
- Assure Physician' coverage of Hospital, in cooperation with Hospital.
- Provide medical consultation to the NIH Medical Staff, the Hospital staff, and Hospital administration in the area of the Physician's specialty as needed.
- Coordinate and consult with Hospital and Hospital Medical Staff regarding the efficiency and effectiveness of Hospital, and make recommendations and analyses as needed for Hospital to reduce costs and improve services provided in Hospital.
- Develop, review, and provide training programs to Physician and other medical personnel providing services to Hospital.
- Participate in Hospital, and Hospital Medical Staff committees upon request.
- Participate in the development and presentation of programs related to the marketing of Hospital's services and enhancing Hospital/community relations, provided, however, that Physician shall not be required to participate in any advertising related to Hospital's services.
- Advise and assist in the development of protocols and policies for Hospital.
- Upon request by Hospital, be available at all times to respond/consult in the event of urgent or emergent situations. Cooperate in all litigation matters affecting Physician and/or Hospital.

ATTACHMENT B

NORTHERN INYO HOSPITAL POLICY AND PROCEDURE

Title: Professional Conduct. Prohibition of Disruptive or Discriminatory Behavior	
Scope: Hospital wide	Department: Medical Staff
Source: Medical Staff	Effective Date: 12/5/07

POLICY

All Medical Staff members shall conduct themselves at all times while on Hospital premises in a courteous, professional, respectful, collegial, and cooperative manner. This applies to interactions and communications with or relating to Medical Staff colleagues, AHPs, nursing and technical personnel, other caregivers, other Hospital personnel, patients, patients' family members and friends, visitors, and others. Such conduct is necessary to promote high quality patient care and to maintain a safe work environment. Disruptive, discriminatory, or harassing behavior, as defined below, are prohibited and will not be tolerated.

Definitions

- A. "Disruptive Behavior" is marked by disrespectful behavior manifested through personal interaction with practitioners, Hospital personnel, patients, family members, or others, which:
1. Interferes, or tends to interfere with high quality patient care or the orderly administration of the Hospital or the Medical Staff; or
 2. Creates a hostile work environment; or
 3. Is directed at a specific person or persons, would reasonably be expected to cause substantial emotional distress, and serves no constructive purpose in advancing the goals of health care.
- B. "Discrimination" is conduct directed against any individual (e.g., against another Medical Staff member, AHP, Hospital employee, or patient) that deprives the individual of full and equal accommodations, advantages, facilities, privileges, or services, based on the individual's race, religion, color, national origin, ancestry, physical disability, mental disability, medical disability, marital status, sex, gender, or sexual orientation.

- C. "Sexual harassment" is unwelcome verbal or physical conduct of a sexual nature, which may include verbal harassment (such as epithets, derogatory comments or slurs), physical harassment (such as unwelcome touching, assault, or interference with movement or work), and visual harassment (such as the display of derogatory or sexual-themed cartoons, drawings or posters). Sexual harassment includes unwelcome advances, requests for sexual favors, and any other verbal, visual, or physical conduct of a sexual nature when (1) submission to or rejection of this conduct by an individual is used as a factor in decisions affecting hiring, evaluation, retention, promotion, or other aspects of employment; or (2) this conduct substantially interferes with the individual's employment or creates an intimidating, hostile, or offensive work environment. Sexual harassment also includes conduct indicating that employment and/or employment benefits are conditioned upon acquiescence in sexual activities.

Examples of Prohibited Conduct

Examples of prohibited, disruptive conduct may include, but are not limited to, any of the conducts described below if it is found to interfere, or tend to interfere, with patient care or the orderly administration of the Hospital or Medical Staff; or, if it creates a hostile work environment; or, if it is directed at a specific person or persons, causes substantial emotional distress, and has no legitimate purpose:

- A. Any striking, pushing, or inappropriate touching of Hospital Staff or others;
- B. Any conduct that would violate Medical Staff and/or Hospital policies relating to discrimination and/or sexual harassment;
- C. Forcefully throwing, hitting, pushing, or slamming objects in an expression of anger or frustration;
- D. Yelling, screaming, or using an unduly loud voice directed at patients, Hospital employees, other practitioners, or others;
- E. Refusing to respond to a request by any caregiver for orders, instructions, or assistance with the care of a patient, including, but not limited to, repeated failure to respond to calls or pages;
- F. Use of racial, ethnic, epithetic, or derogatory comments, or profanity, directed at Hospital employees or others;

- G. Criticism which is unreasonable and unprofessional of Hospital or Medical Staff personnel (including other practitioners), policies or equipment, or other negative comments that undermine patient trust in the Hospital or Medical Staff in the presence or hearing of patients, patients' family members, and/or visitors;
- H. Use of medical record entries to criticize Hospital or Medical Staff personnel, policies, or equipment, other practitioners, or others;
- I. Unauthorized use and/or disclosure of confidential or personal information related to any employee, patient, practitioner, or other person;
- J. Use of threatening or offensive gestures;
- K. Intentional filing of false complaints or accusations;
- L. Any form of retaliation against a person who has filed a complaint against a practitioner alleging violation of the above standard of conduct;
- M. Use of physical or verbal threats to Hospital employees, other practitioners, or others, including, without limitation, threats to get an employee fired or disciplined;
- N. Persisting to criticize, or to discuss performance or quality concerns with particular Hospital employees or others after being asked to direct such comments exclusively through other channels;
- O. Persisting in contacting a Hospital employee or other person to discuss personal or performance matters after that person or a supervisory person, the Chief Executive Officer ("CEO"), or designee, or Medical Staff leader, has requested that such contacts be discontinued [NOTE: MEDICAL STAFF MEMBERS ARE ENCOURAGED TO PROVIDE COMMENTS, SUGGESTIONS AND RECOMMENDATIONS RELATING TO HOSPITAL EMPLOYEES, SERVICES OR FACILITIES; WHERE SUCH INFORMATION IS PROVIDED THROUGH APPROPRIATE ADMINISTRATIVE OR SUPERVISORY CHANNELS];
- P. Obstructing the peer review process by intentionally refusing, without justification, to attend meetings or respond to questions about the practitioner's conduct or professional practice when the practitioner is the subject of a focused review or investigation.

PROCEDURE

Hospital Staff Response to Disruptive or Discriminatory Behavior or Sexual Harassment ("Walk Away Rule")

Any Hospital employee ("Caregiver") who believes that he or she is being subjected to disruptive or discriminatory behavior or sexual harassment within the meaning of this Policy by a Medical Staff member is authorized and directed to take the following actions:

- A. Promptly contact the Caregiver's immediate supervisor to report the situation and to arrange for the transition of patient care as necessary in order to permit the Caregiver to avoid conversing or interacting with the Practitioner;
- B. Discontinue all conversation or interaction with the Practitioner except to the extent necessary to transition patient care responsibility safely and promptly from the Caregiver to another qualified person as directed by the Caregiver's supervisor;
- C. Continue work or patient care activity elsewhere as directed; and
- D. Consult with supervisory personnel or with the Director of Human Resources about filing a written report of the alleged incident.

Enforcement

- A. Allegations
 1. All allegations of disruptive behavior, discrimination, or sexual harassment, as defined above, by a Practitioner involving a patient or involving another member of the Medical or AHP staff shall be forwarded, in writing, to Medical Staff Administration. If the Chief of Staff determines that the allegations are supported by reliable evidence, the Chief of Staff shall forward the allegation to the Medical Executive Committee ("MEC") for action consistent with the Medical Staff Bylaws. Pursuant to Section 7.1.2.5.2 of these Bylaws, the Chief of Staff shall also consult with the Administrator.
 2. Allegations of disruptive behavior, discrimination, or sexual harassment, as defined above, by a Practitioner, directed toward hospital employees or persons other than patients and Medical Staff members, will be immediately forwarded to the Chief of Staff. The Chief of Staff, or designee, shall

promptly conduct an initial evaluation. If the Chief of Staff or designee determines that the complaint may be valid, she or he shall inform the Hospital Administrator and shall then proceed as provided herein.

3. If the allegations involve the Chief of Staff, the Vice Chief of Staff shall take over the responsibilities of the Chief of Staff under this section. If the allegations involve a member of the Medical Executive Committee, that member shall not participate or be present during the Medical Executive Committee's consideration of the matter.
4. Initial complaints of disruptive behavior, discrimination, or sexual harassment by a Practitioner shall be documented on an incident reporting form and shall be maintained in the Medical Staff Office. Where possible, reports should include:
 - a. Name(s) of individual(s) involved;
 - b. Date, time and place of incident;
 - c. A factual description and detailing of the incident;
 - d. All witnesses to the incident including any patient or patient's family member or visitor;
 - e. The immediate effects or consequences of the incident; and
 - f. Any action taken by anyone to intervene or remedy the incident.

B. Initial Investigation and Mediation

1. The Chief of Staff shall promptly establish an Ad Hoc Committee to investigate the complaint. If the complaining party is a Hospital employee, the Ad Hoc Committee shall include: the Chief of Staff or designee, the Chair of the practitioner's Clinical Department or designee, the complaining employee's immediate supervisor, and the Hospital Administrator or designee. The Ad Hoc Committee shall take written statements from the complaining party, any witnesses, and the accused. The complaining party shall be informed of the process to investigate and respond to such allegations and shall be informed that retaliation for making such allegations will not be tolerated. The complaining party shall also be informed that if he or she makes a written statement, the statement may be made available to the Practitioner who is the subject of the allegations.
2. All witness statements and investigation documents shall be maintained in the Medical Staff Office as confidential, peer review documents.
3. If the complaint appears to be supported by reliable evidence, the Ad Hoc Committee shall meet with the

Practitioner who is the subject of the complaint and advise the Practitioner of his or her obligations under this policy; that a complaint has been made; and that no retaliation against any complaining person, witness or investigator will be tolerated. The Chair of the Ad Hoc Committee shall provide the Practitioner with sufficient information to understand and respond to the allegations made by the complaining party. The Practitioner shall be permitted to respond orally or in writing to the allegations. Any written statement provided by the Practitioner and all documentation of the investigation created by the Chief of Staff or designee, or by the Ad Hoc Committee, shall be maintained as confidential Medical Staff documents. The Ad Hoc Committee meeting with the Practitioner shall not constitute a hearing and the Practitioner shall not be entitled to legal counsel or other representation during the meeting. The Practitioner may, of course, seek legal counsel outside the meeting process.

4. The Chief of Staff or designee shall advise the Hospital Administrator of the complaint and the status of the investigation. Although legal counsel are not permitted to be present during interviews or meetings provided for in these provisions, the Chief of Staff or designee are encouraged to consult with Medical Staff legal counsel and the Practitioner, at his or her own expense, may consult legal counsel outside the investigation and meeting process.
5. The Chief of Staff or designee and Hospital Administrator shall take appropriate steps to assure that employees, witnesses and others are protected from discrimination, harassment, or retaliation pending the resolution of the complaint.
6. The Ad Hoc Committee shall attempt, if feasible and appropriate, to persuade the parties to agree to a resolution of the complaint, which would be produced in written form and signed by both parties.
7. If the Practitioner is determined to be at fault, the Ad Hoc Committee may enter into a voluntary conduct agreement with the Practitioner; may refer the Practitioner to the Medical Staff Assistance Committee; may refer the Practitioner for counseling or evaluation; or may coordinate other steps to reach an effective voluntary resolution of the issue.

C. Formal Action

1. If the Ad Hoc Committee, or its Chair, concludes that the matter cannot be resolved through voluntary actions and

agreements, the Chair shall refer the matter to the MEC with a request for formal corrective action in accordance with Article 8 of the Bylaws. In the event of such referral, any member of the Medical Executive Committee who is the subject of the investigation shall not participate or be present during the Medical Executive Committee's consideration of the matter, except as is provided in subparagraph 2 or 3, below.

2. If immediate action must be taken in response to an imminent risk to the health or safety of any person, any person authorized under Section 7.1 to request corrective action may summarily suspend the Practitioner's Medical Staff membership and privileges in accordance with Section 7.2 of the Bylaws. In that event, the Practitioner shall be entitled to request an interview with the MEC to review the suspension within five (5) days of the suspension. The provisions of the Bylaws shall be followed for review of summary suspensions.
3. If the MEC initiates a corrective action investigation of the complaint, it shall, where feasible, assure that the investigation, although not constituting a hearing, shall include the following elements:
 - a. The Practitioner shall be entitled to review, but not retain, copies of statements made by complaining parties and witnesses. The Practitioner shall also be entitled to receive a summary of other adverse information considered relevant to the investigation.
 - b. The Practitioner shall be entitled to respond to the adverse statements and information and to submit oral or written information in response, subject to such conditions and limitations as the MEC may determine.
 - c. If the MEC determines that there is substantial evidence that a violation of this policy has occurred, it may do any one or more of the following:
 - 1) Issue a written or oral reprimand. If a written or oral reprimand is issued, the Practitioner shall be entitled to reply orally or in writing to the MEC. A copy of any written reprimand and any written reply shall be maintained in the Practitioner's credentials file. A written reprimand shall not be considered medical disciplinary action, shall not be reported to the Medical Board of California or the National Practitioner Data Bank, and shall not entitle the Practitioner to a hearing or appeal under Article 8 of the Bylaws.
 - 2) Recommend that the Practitioner undertake

psychoanalysis, therapy, counseling, or training.

- 3) Recommend other corrective action in accordance with Article 8 of the Bylaws.
- 4) If the MEC recommends action, which would entitle the Practitioner to request a Medical Staff hearing, special notice to the Practitioner shall be given in accordance with Section 8.6.2 of the Bylaws.

D. Action by the District Board or Designee

If the District Board determines that the MEC's action is inadequate, or if the MEC takes no action after the investigation, the District Board, after complying with applicable law, may do or recommend any one or more of the actions listed in Section C.4) above.

- E. If either the MEC or the District Board recommends corrective action, which, if adopted, would require a report to the Medical Board of California or the National Practitioner Data Bank, the Practitioner shall be notified of the proposed action and of his or her right to request a hearing in accordance with the Bylaws.

Committee	Approved
Medical Executive Committee	12/04/07
Administration	
Board of Directors	12/05/07

TABLE I

Curt Schweizer \$291,000	1 st Room plus call (# of Weeks) 20	2 nd Room (# of days) 70
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- Differences will be compensated as follows:

1. First days will change the guarantee pro-ration
2. Second days will increase (decrease) the due to/due from the physician for that quarter

Initials: _____

Initials: _____

**NORTHERN INYO HOSPITAL
GENERAL ANESTHESIA CO-MEDICAL DIRECTOR AND
PROFESSIONAL SERVICES AGREEMENT**

This Co-Medical Director and Professional Services Agreement ("Agreement") dated this 1st day of April, 2011, is entered into by and between Northern Inyo County Local Hospital District ("Hospital") and Tony Schapera, M.D., (Physician).

RECITALS

- A. Hospital operates a critical access hospital, which, among other things, operates inpatient and outpatient major and minor surgery suites, offering a variety of surgical procedures, located at 150 Pioneer Lane, Bishop, California.
- B. Physician are individuals duly licensed to practice medicine in the State of California, specializing in general anesthesia, are Board Certified in anesthesia, and are members of the Northern Inyo Hospital Active Medical Staff with privileges sufficient to practice general anesthesia.
- C. Hospital desires to obtain administrative and professional medical services from Physician for the patients of Hospital, and Physician desire to furnish such services upon the terms and conditions set forth in this Agreement.
- D. Hospital believes that high standards of patient care can be achieved if Physician assumes the responsibilities set out further in this Agreement.

IN WITNESS WHEREOF, ALL PARTIES AGREE AS FOLLOWS:

I.

RESPONSIBILITIES OF THE PHYSICIAN.

1.01. Professional Services. Physician shall provide the following services, consistent with the Hospital's policies and procedures, to the Hospital and Hospital patients, provided that Physician's obligations hereunder are limited to the provision of services within his professional capabilities:

- a) Medical Services. In cooperation with the Hospital, arrange for appropriate coverage for the provision of professional anesthesia services to Hospital patients.

Physician shall cooperate in Hospital's participation in the Medicare and Medi-Cal programs. Physician shall provide services to Medicare and Medi-Cal beneficiaries in a nondiscriminatory manner.

Anesthesiologists will be solely responsible for developing a mechanism for scheduling surgical assignments between and amongst themselves for scheduled cases at the Hospital, which will cover not less than one operating room per day, five days a week, excluding Hospital holidays, for the first room, and not less than 160 days per year for a second

operating room. The protocol for scheduling the second room will be determined and agreed to jointly between the anesthesiologists and memorialized in a written memorandum after acceptance by Administration. Physician shall not be required to provide more than 90 days of second room coverage per year.

- b) On-Call Coverage. Anesthesiologists shall provide on-call anesthesia coverage for the Hospital twenty-four hours per day, seven days per week, and 365 days per year. Anesthesiologists are specifically required to communicate with each other sufficiently to ensure continuous and non-interrupted call coverage. In the event that Physician is unable to provide said coverage he is specifically required to provide an equally qualified locums tenens or the equivalent at his own expense. Physician shall not be required to provide more than 26 weeks per year of call coverage on an annualized basis.
- c) Administrative Services. As Co-Medical Director, Physician will assist the Hospital in meeting all State and Federal legal and regulatory requirements, including but not limited to those found in Title XXII and Medicare's "Conditions of Participation" as well as those of any accreditation agency the Hospital may be participating with. These functions may include, but will not be limited to, review, creation, and revision of policies and procedures as they relate to anesthesia.

Additionally the Co-Medical Directors will be called upon to help promote the Hospital in regards to procedures offered at the Hospital and will take an active role in insuring that the Hospital is keeping up to date technologically and medically. Co-Medical Directors will provide the services described in Exhibit "A" as well as assist Hospital personnel in providing educational programs to Medical Staff, employees, and others.

1.02. Medical Director and Administrative Services. Physician shall act as Co-Medical Director of the Hospital's anesthesia service.

- a) Time Commitment. Physician shall not be required to devote more than four (4) hours per month to the administrative services described in this Agreement.
- b) Physician Time Reports. Physician shall maintain weekly time reports, which provide accurate accountings of time spent, on a daily basis, providing administrative services to the Hospital. Such reports shall be substantially in the form attached as Exhibit B or as otherwise required by Hospital, and shall document Physician's actual provision of administrative services. All time reports shall be submitted to Hospital no later than the 10th day of the calendar month following the month in which the services were performed.

1.03. Personal Services. This Agreement is entered into by Hospital in reliance on the professional and administrative skills of Physician. Physician shall continue to be primarily responsible for fulfilling the terms of the Agreement, except as specifically set forth in this Agreement. The physician will be specifically permitted to arrange for any other anesthesiologist to substitute his/her services in the stead of the contracting physician so long as the substituting physician is an active member of the Medical Staff.

1.04. Absences. In the event Physician is unable to perform the obligations under this Agreement due to illness, continuing education responsibilities leave or other justifiable cause, Hospital shall designate a qualified replacement. The person who provides services on behalf of Physician in Physician's absence shall be bound by all terms of this Agreement. Hospital shall have the right to approve the length of Physician's absence, and any unapproved absence shall

constitute a breach of this Agreement.

- 1.05. **Non-Exclusive Arrangement.** Physician shall provide professional services to and for the benefit of the Hospital. All revenues associated with Hospital activities (non professional fee, typically part A) belong to the Hospital. Physician shall bill and retain all billings associated with professional anesthesia services.

This is not an exclusive arrangement with the Hospital. Physician therefore is free to seek supplemental income arrangements elsewhere; however they will give first priority to performing all Hospital activities consistent with the terms of this Agreement. Physician shall not undertake non-Hospital activities to the extent that such undertaking would interfere with his obligations under this Agreement.

- 1.07. **Limitation on Use of Space.** No part of the Hospital's premises shall be used at any time by Physician as an office for the private practice of medicine or to see patients other than Hospital patients.

II.

HOSPITAL RESPONSIBILITIES.

2.01. **Hospital Services.**

- a) **Space.** Hospital shall make available for Physician reasonably necessary facilities for the successful provision of anesthesia services. This may include a hospital approved Pain Management Service,
- b) **Equipment.** In consultation with Physician, Hospital shall make all decisions regarding the acquisition of all equipment as may be reasonably necessary for the proper operation and conduct of Hospital. Hospital shall repair, replace or supplement such equipment and maintain it in good working order.

III.

COMPENSATION AND INCOME GUARANTEE.

- 3.01. **Compensation.** Hospital shall pay each anesthesiologist \$2000.00 per month for administrative services during the term of this Agreement. In addition, Hospital shall guarantee a surgical case volume such that Physician receives payments from private billings, net of all billing expense, contractual adjustments, discounts and refunds, in the amount of \$726,000 annually on a pro-rated basis. Said pro-ration shall be the physician's share of first call taken. This compensation will be adjusted annually by the employee COLA.

- 3.02.1 **Compensation Methodology.** Within ten working days of the end of each quarter and the receipt of billings report(s) from the Physician billing service, the Hospital will calculate the pro-rated receipts for Physician. In the event that this yields an amount less than the pro-rated share indicated in 3.01 the Hospital will fund the difference to the Physician. In the event this amount is in excess, the Hospital will credit that amount against future payments. At the end of each calendar year the Hospital will fund any credits to the physician. A full accounting will be provided for each quarter's transactions by the hospital.

3.03 Additional Compensation. If the Physician works more 2nd room days than required by Table I, the additional compensation will be \$400/day as will be the reduction if the minimum days are not worked. There will be no compensation to the collective anesthesiologists for days worked in excess of the total required, without prior Administrative approval.

IV.

TERM AND TERMINATION.

4.01. Term. The term of this Agreement shall be for a period of thirty six months beginning on the first day of April, 2011 and ending on the 31st day of March, 2014.

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

- a) By either party at any time, without cause or penalty, upon 90 days' prior written notice to the other party;
- b) Immediately by Hospital in its sole discretion if Physician fails to maintain the professional standards described in this Agreement;
- c) Immediately upon closure of the Hospital;
- d) By either party upon written notice to the other party in the event that any federal, state or local government or agency passes, issues or promulgates any law, rule, regulation, standard or interpretation at any time while this Agreement is in effect that prohibits, restricts, limits or in any way substantially changes the arrangement contemplated herein or which otherwise significantly affects either party's rights or obligations under this Agreement; provided that in such event, Hospital must give notice to Physician equal to that provided to Hospital by the relevant federal, state or local government or agency. If this Agreement can be amended to the satisfaction of both parties to compensate for any such prohibition, restriction, limitation or change, this clause shall not be interpreted to prevent such amendment; or
- e) By either party in the event of a material breach by the other party, and in such event, the non-breaching party shall have the right to terminate this Agreement after providing thirty (30) days' written notice to the breaching party, unless such breach is cured to the satisfaction of the non-breaching party within the thirty (30) days.
- f) Automatically with ninety (90) days' notice, at such time as the Medical Staff approves privileges for a third qualified, practicing anesthesiologist.
- g) Immediately upon death or disability such that Physician is physically unable to perform the duties required under this agreement.

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

or expressly survive termination.

V.

PROFESSIONAL STANDARDS.

- 5.01. **Medical Staff Standing.** Prior to performing services pursuant to this Agreement, Physician must obtain full Active or Provisional Medical Staff membership privileges on the Medical Staff of Hospital with appropriate clinical privileges, and maintain such membership throughout the term of this Agreement. Such membership shall be subject to all of the privileges and responsibilities of Medical Staff membership.
- 5.02. **Licensure and Standards.** Physician shall:
- a) At all times be licensed to practice medicine in the State of California;
 - b) Comply with all policies, bylaws, rules and regulations of Hospital and Hospital Medical Staff, including those related to documenting all advice to patients and proper sign-off of lab and X-ray reports;
 - c) Be a member, in good standing, of the Active Medical Staff of the Hospital;
 - d) Maintain professional liability coverage in an amount required for membership on the Active Medical Staff of the Hospital;
 - e) Participate in continuing education as necessary to maintain licensure and the current standard of practice;
 - f) Comply with all applicable laws, rules and regulations of any and all governmental authorities, and applicable standards and recommendations of the Joint Commission on Accreditation of Healthcare Organizations.
 - g) Maintain a professional image to the public, the Medical Staff and the Hospital employees. Said professional image would not include public intoxication, drug abuse of any kind, failure to respond to reasonable requests of the Medical Staff, or failure to perform the duties required by the Medical Staff, the District Board and this Agreement.
 - h) The physician specifically agrees to abide by the Professional Conduct Prohibition of Disruptive or Discriminatory Behavior Policy attached hereto.

VI.

RELATIONSHIP BETWEEN THE PARTIES.

6.01. **Professional Relations.**

- a) **Independent Contractor.** No relationship of employer and employee is created by this Agreement. In the performance of Physician's work and duties, Physician are at all times acting and performing as independent contractors, practicing the profession of medicine. Hospital shall neither have nor exercise control or direction over the methods by which Physician perform professional services pursuant to this Agreement; provided, however,

that Physician agree that all work performed pursuant to this Agreement shall be in strict accordance with currently approved methods and practices in Physician' professional specialty and in accordance with the standards set forth in this Agreement. The sole interest of Hospital is to insure that such services are performed and rendered in a competent and cost effective manner.

b) Benefits. Except as specifically set forth in this Agreement, it is understood and agreed that Physician shall have no claims under this Agreement or otherwise against Hospital for social security benefits, worker's compensation benefits, disability benefits, unemployment benefits, sick leave, or any other employee benefits of any kind. In addition, Hospital shall have no obligation to reimburse Physician for any costs or expenses associated with Physician' compliance with continuing medical education requirements.

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

VII.

GENERAL PROVISIONS.

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

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

Physician shall also make available such subcontract and the books, documents, and records of any subcontractor if that subcontractor performs any of the Physician' duties under this Agreement at a cost of \$10,000 or more over a twelve-month period, and if that subcontractor is organizationally related to Physician.

Such books, documents, and records shall be preserved and available for four (4) years after the furnishing of services by Physician pursuant to this Agreement. If Physician is requested to disclose books, documents or records pursuant to this subsection for purposes of an audit, Physician shall notify Hospital of the nature and scope of such request, and Physician shall make available, upon written request of Hospital, all such books, documents or records. Physician shall indemnify and hold harmless Hospital in the event that any amount of reimbursement is denied or disallowed because of the failure of Physician or any subcontractor to comply with their obligations to maintain and make available books, documents, or records

pursuant to this subsection. Such indemnity shall include, but not be limited to the amount of reimbursement denied, plus any interest, penalties and legal costs.

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

- 7.03. **Amendment.** This Agreement may be amended at any time by mutual agreement of the parties, but any such amendment must be in writing, dated, and signed by all parties.
- 7.04. **Assignment.** Except as provided in section 1.01 b) above, Physician shall not assign, sell, transfer or delegate any of the Physician' rights or duties, including by hiring or otherwise retaining additional Physician to perform services pursuant to this Agreement, without the prior written consent of Hospital.
- 7.05. **Attorneys' Fees.** If any legal action or other proceeding is commenced by either party, to enforce rights, duties, and/or responsibilities under this Agreement, the prevailing party shall be entitled to recover reasonable attorney's fees and costs. As used in this Section 7.05, the term "prevailing party" shall have the meaning assigned by Section 1032(a)(4) of the California Code of Civil Procedure.
- 7.06. **Choice of Law.** This Agreement shall be construed in accordance with, and governed by, the laws of the State of California.
- 7.07. **Exhibits.** All Exhibits attached and referred to herein are fully incorporated by this reference.
- 7.08. **Notices.** All notices or other communications under this Agreement shall be sent to the parties at the addresses set forth below:

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

Physician: Tony Schapera, M.D.

Bishop, CA 93514

- 7.09. **Records.** All files, charts and records, medical or otherwise, generated by Physician in connection with services furnished during the term of this Agreement are the property of Hospital. Physician agrees to maintain medical records according to Hospital policies and procedures and in accordance with community standards. Each party agrees to maintain the confidentiality of all records and materials in accordance with all applicable state and federal laws. Hospital agrees to permit Physician to have access during or after the term of the Agreement to medical records generated by Physician if necessary in connection with claims,

litigation, investigations, or treatment of patients.

- 7.10. **Prior Agreements**. This Agreement represents the entire understanding and agreement of the parties as to those matters contained in it. No prior oral or written understanding shall be of any force or effect with respect to the matters contained in this Agreement. Any modification of this Agreement must be in writing and signed by the parties.
- 7.11. **Referrals**. This Agreement does not impose any obligation or requirement that Hospital shall make any referral of patients to Physician or that Physician shall make any referral of patients to Hospital. The payment of compensation pursuant to section 3.01 is not based in any way on referrals of patients to Hospital.
- 7.12. **Severability**. If any provision of this Agreement is determined to be illegal or unenforceable, that provision shall be severed from this Agreement, and the remaining provisions shall remain enforceable between the parties.
- 7.13. **Waiver**. The failure of either party to exercise any right under this Agreement shall not operate as a waiver of that right.
- 7.14. **Gender and Number**. Use of the masculine gender shall mean the feminine or neuter, and the plural number the singular, and vice versa, as the context shall indicate.
- 7.15. **Authority and Executive**. By their signature below, each of the parties represent that they have the authority to execute this Agreement and do hereby bind the party on whose behalf their execution is made.
- 7.16. **Mutual Construction**. This agreement has been prepared by all the parties thereto, and shall be so construed.

NORTHERN INYO COUNTY
LOCAL HOSPITAL DISTRICT

PHYSICIAN

By: _____
Peter Watcrott, President
Board of Directors

By: _____
Tony Schapera, M.D.
Physician

Attachment A

ADMINISTRATIVE SERVICES TO BE PROVIDED

Physician shall:

- Provide general administration of the day-to-day operations of the Hospital's anesthesia service.
- Implement Hospital's policies and procedures.
- Assure Physician' coverage of Hospital, in cooperation with Hospital.
- Provide medical consultation to the NIH Medical Staff, the Hospital staff, and Hospital administration in the area of the Physician's specialty as needed.
- Coordinate and consult with Hospital and Hospital Medical Staff regarding the efficiency and effectiveness of Hospital, and make recommendations and analyses as needed for Hospital to reduce costs and improve services provided in Hospital.
- Develop, review, and provide training programs to Physician and other medical personnel providing services to Hospital.
- Participate in Hospital, and Hospital Medical Staff committees upon request.
- Participate in the development and presentation of programs related to the marketing of Hospital's services and enhancing Hospital/community relations, provided, however, that Physician shall not be required to participate in any advertising related to Hospital's services.
- Advise and assist in the development of protocols and policies for Hospital.
- Upon request by Hospital, be available at all times to respond/consult in the event of urgent or emergent situations. Cooperate in all litigation matters affecting Physician and/or Hospital.

ATTACHMENT B

NORTHERN INYO HOSPITAL POLICY AND PROCEDURE

Title: Professional Conduct. Prohibition of Disruptive or Discriminatory Behavior	
Scope: Hospital wide	Department: Medical Staff
Source: Medical Staff	Effective Date: 12/5/07

POLICY

All Medical Staff members shall conduct themselves at all times while on Hospital premises in a courteous, professional, respectful, collegial, and cooperative manner. This applies to interactions and communications with or relating to Medical Staff colleagues, AHPs, nursing and technical personnel, other caregivers, other Hospital personnel, patients, patients' family members and friends, visitors, and others. Such conduct is necessary to promote high quality patient care and to maintain a safe work environment. Disruptive, discriminatory, or harassing behavior, as defined below, are prohibited and will not be tolerated.

Definitions

- A. "Disruptive Behavior" is marked by disrespectful behavior manifested through personal interaction with practitioners, Hospital personnel, patients, family members, or others, which:
1. Interferes, or tends to interfere with high quality patient care or the orderly administration of the Hospital or the Medical Staff; or
 2. Creates a hostile work environment; or
 3. Is directed at a specific person or persons, would reasonably be expected to cause substantial emotional distress, and serves no constructive purpose in advancing the goals of health care.
- B. "Discrimination" is conduct directed against any individual (e.g., against another Medical Staff member, AHP, Hospital employee, or patient) that deprives the individual of full and equal accommodations, advantages, facilities, privileges, or services, based on the individual's race, religion, color,

national origin, ancestry, physical disability, mental disability, medical disability, marital status, sex, gender, or sexual orientation.

- C. "Sexual harassment" is unwelcome verbal or physical conduct of a sexual nature, which may include verbal harassment (such as epithets, derogatory comments or slurs), physical harassment (such as unwelcome touching, assault, or interference with movement or work), and visual harassment (such as the display of derogatory or sexual-themed cartoons, drawings or posters). Sexual harassment includes unwelcome advances, requests for sexual favors, and any other verbal, visual, or physical conduct of a sexual nature when (1) submission to or rejection of this conduct by an individual is used as a factor in decisions affecting hiring, evaluation, retention, promotion, or other aspects of employment; or (2) this conduct substantially interferes with the individual's employment or creates an intimidating, hostile, or offensive work environment. Sexual harassment also includes conduct indicating that employment and/or employment benefits are conditioned upon acquiescence in sexual activities.

Examples of Prohibited Conduct

Examples of prohibited, disruptive conduct may include, but are not limited to, any of the conducts described below if it is found to interfere, or tend to interfere, with patient care or the orderly administration of the Hospital or Medical Staff; or, if it creates a hostile work environment; or, if it is directed at a specific person or persons, causes substantial emotional distress, and has no legitimate purpose:

- A. Any striking, pushing, or inappropriate touching of Hospital Staff or others;
- B. Any conduct that would violate Medical Staff and/or Hospital policies relating to discrimination and/or sexual harassment;
- C. Forcefully throwing, hitting, pushing, or slamming objects in an expression of anger or frustration;
- D. Yelling, screaming, or using an unduly loud voice directed at patients, Hospital employees, other practitioners, or others;
- E. Refusing to respond to a request by any caregiver for orders, instructions, or assistance with the care of a patient, including, but not limited to, repeated failure to respond to calls or pages;

- F. Use of racial, ethnic, epithetic, or derogatory comments, or profanity, directed at Hospital employees or others;
- G. Criticism which is unreasonable and unprofessional of Hospital or Medical Staff personnel (including other practitioners), policies or equipment, or other negative comments that undermine patient trust in the Hospital or Medical Staff in the presence or hearing of patients, patients' family members, and/or visitors;
- H. Use of medical record entries to criticize Hospital or Medical Staff personnel, policies, or equipment, other practitioners, or others;
- I. Unauthorized use and/or disclosure of confidential or personal information related to any employee, patient, practitioner, or other person;
- J. Use of threatening or offensive gestures;
- K. Intentional filing of false complaints or accusations;
- L. Any form of retaliation against a person who has filed a complaint against a practitioner alleging violation of the above standard of conduct;
- M. Use of physical or verbal threats to Hospital employees, other practitioners, or others, including, without limitation, threats to get an employee fired or disciplined;
- N. Persisting to criticize, or to discuss performance or quality concerns with particular Hospital employees or others after being asked to direct such comments exclusively through other channels;
- O. Persisting in contacting a Hospital employee or other person to discuss personal or performance matters after that person or a supervisory person, the Chief Executive Officer ("CEO"), or designee, or Medical Staff leader, has requested that such contacts be discontinued [NOTE: MEDICAL STAFF MEMBERS ARE ENCOURAGED TO PROVIDE COMMENTS, SUGGESTIONS AND RECOMMENDATIONS RELATING TO HOSPITAL EMPLOYEES, SERVICES OR FACILITIES; WHERE SUCH INFORMATION IS PROVIDED THROUGH APPROPRIATE ADMINISTRATIVE OR SUPERVISORY CHANNELS];
- P. Obstructing the peer review process by intentionally refusing, without justification, to attend meetings or respond to questions about the practitioner's conduct or professional practice when the practitioner is the subject of a focused

review or investigation.

PROCEDURE

Hospital Staff Response to Disruptive or Discriminatory Behavior or Sexual Harassment ("Walk Away Rule")

Any Hospital employee ("Caregiver") who believes that he or she is being subjected to disruptive or discriminatory behavior or sexual harassment within the meaning of this Policy by a Medical Staff member is authorized and directed to take the following actions:

- A. Promptly contact the Caregiver's immediate supervisor to report the situation and to arrange for the transition of patient care as necessary in order to permit the Caregiver to avoid conversing or interacting with the Practitioner;
- B. Discontinue all conversation or interaction with the Practitioner except to the extent necessary to transition patient care responsibility safely and promptly from the Caregiver to another qualified person as directed by the Caregiver's supervisor;
- C. Continue work or patient care activity elsewhere as directed; and
- D. Consult with supervisory personnel or with the Director of Human Resources about filing a written report of the alleged incident.

Enforcement

- A. Allegations
 1. All allegations of disruptive behavior, discrimination, or sexual harassment, as defined above, by a Practitioner involving a patient or involving another member of the Medical or AHP staff shall be forwarded, in writing, to Medical Staff Administration. If the Chief of Staff determines that the allegations are supported by reliable evidence, the Chief of Staff shall forward the allegation to the Medical Executive Committee ("MEC") for action consistent with the Medical Staff Bylaws. Pursuant to Section 7.1.2.5.2 of these Bylaws, the Chief of Staff shall also consult with the Administrator.

2. Allegations of disruptive behavior, discrimination, or sexual harassment, as defined above, by a Practitioner, directed toward hospital employees or persons other than patients and Medical Staff members, will be immediately forwarded to the Chief of Staff. The Chief of Staff, or designee, shall promptly conduct an initial evaluation. If the Chief of Staff or designee determines that the complaint may be valid, she or he shall inform the Hospital Administrator and shall then proceed as provided herein.
3. If the allegations involve the Chief of Staff, the Vice Chief of Staff shall take over the responsibilities of the Chief of Staff under this section. If the allegations involve a member of the Medical Executive Committee, that member shall not participate or be present during the Medical Executive Committee's consideration of the matter.
4. Initial complaints of disruptive behavior, discrimination, or sexual harassment by a Practitioner shall be documented on an incident reporting form and shall be maintained in the Medical Staff Office. Where possible, reports should include:
 - a. Name(s) of individual(s) involved;
 - b. Date, time and place of incident;
 - c. A factual description and detailing of the incident;
 - d. All witnesses to the incident including any patient or patient's family member or visitor;
 - e. The immediate effects or consequences of the incident; and
 - f. Any action taken by anyone to intervene or remedy the incident.

B. Initial Investigation and Mediation

1. The Chief of Staff shall promptly establish an Ad Hoc Committee to investigate the complaint. If the complaining party is a Hospital employee, the Ad Hoc Committee shall include: the Chief of Staff or designee, the Chair of the practitioner's Clinical Department or designee, the complaining employee's immediate supervisor, and the Hospital Administrator or designee. The Ad Hoc Committee shall take written statements from the complaining party, any witnesses, and the accused. The complaining party shall be informed of the process to investigate and respond to such allegations and shall be informed that retaliation for making such allegations will not be tolerated. The complaining party shall also be informed that if he or she makes a written statement, the statement may be made available to the Practitioner who is the subject of the allegations.

2. All witness statements and investigation documents shall be maintained in the Medical Staff Office as confidential, peer review documents.
3. If the complaint appears to be supported by reliable evidence, the Ad Hoc Committee shall meet with the Practitioner who is the subject of the complaint and advise the Practitioner of his or her obligations under this policy; that a complaint has been made; and that no retaliation against any complaining person, witness or investigator will be tolerated. The Chair of the Ad Hoc Committee shall provide the Practitioner with sufficient information to understand and respond to the allegations made by the complaining party. The Practitioner shall be permitted to respond orally or in writing to the allegations. Any written statement provided by the Practitioner and all documentation of the investigation created by the Chief of Staff or designee, or by the Ad Hoc Committee, shall be maintained as confidential Medical Staff documents. The Ad Hoc Committee meeting with the Practitioner shall not constitute a hearing and the Practitioner shall not be entitled to legal counsel or other representation during the meeting. The Practitioner may, of course, seek legal counsel outside the meeting process.
4. The Chief of Staff or designee shall advise the Hospital Administrator of the complaint and the status of the investigation. Although legal counsel are not permitted to be present during interviews or meetings provided for in these provisions, the Chief of Staff or designee are encouraged to consult with Medical Staff legal counsel and the Practitioner, at his or her own expense, may consult legal counsel outside the investigation and meeting process.
5. The Chief of Staff or designee and Hospital Administrator shall take appropriate steps to assure that employees, witnesses and others are protected from discrimination, harassment, or retaliation pending the resolution of the complaint.
6. The Ad Hoc Committee shall attempt, if feasible and appropriate, to persuade the parties to agree to a resolution of the complaint, which would be produced in written form and signed by both parties.
7. If the Practitioner is determined to be at fault, the Ad Hoc Committee may enter into a voluntary conduct agreement with the Practitioner; may refer the Practitioner to the Medical Staff Assistance Committee; may refer the Practitioner for

counseling or evaluation; or may coordinate other steps to reach an effective voluntary resolution of the issue.

C. Formal Action

1. If the Ad Hoc Committee, or its Chair, concludes that the matter cannot be resolved through voluntary actions and agreements, the Chair shall refer the matter to the MEC with a request for formal corrective action in accordance with Article 8 of the Bylaws. In the event of such referral, any member of the Medical Executive Committee who is the subject of the investigation shall not participate or be present during the Medical Executive Committee's consideration of the matter, except as is provided in subparagraph 2 or 3, below.
2. If immediate action must be taken in response to an imminent risk to the health or safety of any person, any person authorized under Section 7.1 to request corrective action may summarily suspend the Practitioner's Medical Staff membership and privileges in accordance with Section 7.2 of the Bylaws. In that event, the Practitioner shall be entitled to request an interview with the MEC to review the suspension within five (5) days of the suspension. The provisions of the Bylaws shall be followed for review of summary suspensions.
3. If the MEC initiates a corrective action investigation of the complaint, it shall, where feasible, assure that the investigation, although not constituting a hearing, shall include the following elements:
 - a. The Practitioner shall be entitled to review, but not retain, copies of statements made by complaining parties and witnesses. The Practitioner shall also be entitled to receive a summary of other adverse information considered relevant to the investigation.
 - b. The Practitioner shall be entitled to respond to the adverse statements and information and to submit oral or written information in response, subject to such conditions and limitations as the MEC may determine.
 - c. If the MEC determines that there is substantial evidence that a violation of this policy has occurred, it may do any one or more of the following:
 - 1) Issue a written or oral reprimand. If a written or oral reprimand is issued, the Practitioner shall be entitled to reply orally or in writing to the MEC. A copy of any written reprimand and any written reply shall be maintained in the Practitioner's credentials file. A

written reprimand shall not be considered medical disciplinary action, shall not be reported to the Medical Board of California or the National Practitioner Data Bank, and shall not entitle the Practitioner to a hearing or appeal under Article 8 of the Bylaws.

- 2) Recommend that the Practitioner undertake psychoanalysis, therapy, counseling, or training.
- 3) Recommend other corrective action in accordance with Article 8 of the Bylaws.
- 4) If the MEC recommends action, which would entitle the Practitioner to request a Medical Staff hearing, special notice to the Practitioner shall be given in accordance with Section 8.6.2 of the Bylaws.

D. Action by the District Board or Designee

If the District Board determines that the MEC's action is inadequate, or if the MEC takes no action after the investigation, the District Board, after complying with applicable law, may do or recommend any one or more of the actions listed in Section C.4) above.

- E. If either the MEC or the District Board recommends corrective action, which, if adopted, would require a report to the Medical Board of California or the National Practitioner Data Bank, the Practitioner shall be notified of the proposed action and of his or her right to request a hearing in accordance with the Bylaws.

Committee	Approved
Medical Executive Committee	12/04/07
Administration	
Board of Directors	12/05/07

TABLE I

Tony Schapera \$206,000	1 st Room plus call (# of Weeks) 15	2 nd Room (# of days) 70
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- Differences will be compensated as follows:

1. First days will change the guarantee pro-ration
2. Second days will increase (decrease) the due to/due from the physician for that quarter

Initials: _____

Initials: _____

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Upgrade of Siemens
Analyzers

CURRENT	Year 1	Year 2	Year 3	Year 4	Year 5	5 year
2 Xpand	\$ 55,380.00	\$ 55,380.00	\$ 55,380.00	\$ 60,000.00	\$ -	\$ 226,140.00
Service	\$ -	\$ -	\$ -	\$ 26,000.00	\$ 26,000.00	\$ 52,000.00
reagents/supp	\$ 179,707.00	\$ 185,098.00	\$ 190,651.00	\$ 196,651.00	\$ 202,262.00	\$ 954,369.00

Access 95						
Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
reagents/supp	\$ 61,412.00	\$ 63,254.00	\$ 65,152.00	\$ 67,107.00	\$ 69,120.00	\$ 326,045.00
Access 11						
Service	\$ 8,160.00	\$ 8,405.00	\$ 8,657.00	\$ 8,917.00	\$ 9,184.00	\$ 43,323.00
reagents/supp	\$ 87,148.00	\$ 89,762.00	\$ 92,455.00	\$ 95,229.00	\$ 98,086.00	\$ 462,680.00
Grand total	\$ 391,807.00	\$ 401,899.00	\$ 412,295.00	\$ 453,904.00	\$ 404,652.00	\$ 2,064,557.00

PROPOSED

EXL/EXL200	\$ 81,144.00	\$ 81,144.00	\$ 81,144.00	\$ 81,144.00	\$ 81,144.00	\$ 462,680.00
service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 832,048.00
reagents/supp	\$ 261,581.00	\$ 269,428.00	\$ 277,511.00	\$ 285,837.00	\$ 294,412.00	\$ 788,725.00

Grand total	\$ 342,725.00	\$ 350,572.00	\$ 358,655.00	\$ 366,981.00	\$ 375,556.00	\$ 1,794,489.00
Savings	\$ 49,082.00	\$ 51,327.00	\$ 53,640.00	\$ 86,923.00	\$ 29,096.00	\$ 270,068.00

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

This Agreement is made and entered into on this 16th day of March, 2011 by and between Northern Inyo County Local Hospital District ("District") and Vasuki Sittampalam, M.D. ("Physician").

RECITALS

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

IN WITNESS WHEREOF, THE PARTIES AGREE AS FOLLOWS:

**I.
COVENANTS OF PHYSICIAN**

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

- 1.01. Services.** Physician shall provide Hospital with the benefit of her direct patient care expertise and experience, and shall render those services necessary to enable Hospital to achieve its goals and objectives for the provision of Internal Medicine Services. The scope of services to be performed by Physician is described in Exhibit A attached hereto and incorporated by reference herein. Physician shall provide Hospital with patient medical record documentation of all direct patient care services rendered hereunder; such documentation shall be submitted to

Hospital on an ongoing basis, and shall be in the form, and contain the information, requested by the Hospital such that a complete medical record can be assembled.

- 1.02. Limitation on Use of Space.** No part of any offices provided by the District either by lease or other arrangement shall be used at any time by Physician as anything other than the private practice of Internal Medicine unless specifically agreed to, in writing, by the parties.
- 1.03. Medical Staff Membership and Service:** Physician shall:
- a) Maintain Provisional or Active Medical Staff (“Medical Staff”) membership with Internal Medicine privileges sufficient to support a full time Internal Medicine practice, for the term of this Agreement.
 - b) Physician shall be solely responsible for call coverage for her personal private practice.
 - c) Maintain books, records, documents, and other evidence pertaining to all costs and expenses incurred, and revenue acquired, pursuant to this Agreement to the extent, and in such detail, as will properly reflect all net costs, direct and indirect, of labor, materials, equipment, supplies, services, and other costs and expenses of whatever nature, for which she may claim payment or reimbursement from the District. Physician acknowledges and agrees that any federal office authorized by law shall have access, for the purpose of audit and examination, to any books, documents, papers, and records of Physician which are relevant to this Agreement, at all reasonable times for a period of four (4) years following the termination of this Agreement, during which period Physician shall preserve and maintain said books, documents, papers, and records. Physician further agrees to transfer to the District, upon termination of this Agreement, any books, documents, papers or records which possess long-term [*i.e.*, more than four (4) years] value to the Hospital. Physician shall include a clause providing similar access in any sub-contract she may enter with a value of more than Ten Thousand Dollars (\$10,000) or for more than a twelve (12) month period, when said sub-contract is with a related organization.
 - d) At all times comply with all relevant policies, rules and regulations of the Hospital, subject to California and federal statutes governing the practice of medicine.
 - e) District expressly agrees that said services might be performed by such other qualified physicians as the Physician may employ or otherwise provide so long as each such physician has received proper training, is properly licensed, has been granted privileges by the Hospital Medical Staff, and has received approval in writing from the Hospital.

II.

COVENANTS OF THE DISTRICT

2.01. Hospital Services.

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

2.02. General Services. District shall furnish ordinary janitorial services, maintenance services, and utilities, including telephone service, as may be required for the proper operation and conduct of Physician's Practice.

2.03. Supplies. District shall purchase and provide all supplies as may be reasonably required for the proper treatment of Physician's Practice patients. Physician shall inform Hospital of supply needs in a timely manner and shall manage the use of supplies in an efficient manner that promotes quality and cost-effective patient care.

2.04. Personnel. District shall determine the initial number and types of employees required for the operation of the Practice and place them in the Practice initially. Physician and Hospital will mutually agree to subsequent staffing requirements. Physician shall not be required to maintain any personnel that she does not feel is appropriate for the practice.

2.05. Business Operations. District shall be responsible for all business operations related to operation of the Practice, including personnel management, billing and payroll functions. Physician will provide the appropriate billing codes, which will be used unless changed by mutual consent of the Physician and Hospital. Hospital will incur and pay all operating expenses of the Practice.

2.06. Hospital Performance. The responsibilities of District under this Article shall be conditional upon and subject to District's discretion and its usual purchasing practices, budget limitations and applicable laws and regulations.

2.07. Practice Hours. The District desires, and Physician agrees, that Physician's Practice shall operate on a full-time basis, maintaining hours of operation in keeping with the full time practice of one Internal Medicine physician while permitting a schedule sufficient to serve the patients of the Practice. Specific shifts will be scheduled according to normal operating procedures of the Practice and will be mutually agreed upon with Physician.

III. **COMPENSATION**

- 3.01. **Compensation.** During the term of this agreement, District shall guarantee Physician an annual income of \$150,000, payable to Physician at the higher of 50% of fees collected for services rendered in Section II or the rate of \$5,769 every two (2) weeks, adjusted quarterly to reflect 50 % of fees collected so that payments will not exceed the minimum guarantee unless 50% of the fees exceed the guarantee on an annualized basis. All payments shall be made on the same date as the District normally pays its employees.
- 3.02. **Malpractice Insurance.** Physician will secure and maintain her own malpractice insurance with limits of no less than \$1 million per occurrence and \$3 million per year. District will reimburse Physician eighty percent (80%) of the premiums for said insurance paid for by Physician.
- 3.03. **Health Insurance.** None.
- 3.04. **Billing for Professional Services.** Subject to section 2.05 above, Physician assigns to District all claims, demands and rights of Physician to bill and collect for all professional services rendered to Practice patients, for all billings for surgical services, for all billings consulting performed or provided by the Physician. Physician acknowledges that Hospital shall be solely responsible for billing and collecting for all professional services provided by Physician to Practice patients at Practice and for all surgical services performed at the Hospital, and for managing all Practice receivables and payables, including those related to Medicare and MediCal beneficiaries. Physician shall not bill or collect for any services rendered to Practice patients or Hospital patients, and all Practice receivables and billings shall be the sole and exclusive property of Practice. In particular, any payments made pursuant to a payer agreement (including co-payments made by patients) shall constitute revenue of the Practice. In the event payments are made to Physician pursuant to any payer agreement, Physician shall promptly remit the payments directly to District.
- 3.05. **Retention.** Hospital will retain 50% of all fees collected from the activities of physician/practice in exchange for the services rendered in II above.

IV. **TERM AND TERMINATION**

- 4.01. **Term.** The term of this Agreement shall be three (3) years beginning on 3-16-2011 and ending on 3-15-2014. The Agreement may be renewed, by written instrument signed by both parties, no later than 120 days before its expiration date.

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

- a) By Physician at any time, without cause or penalty, upon one hundred and eighty (180) days' prior written notice to the District;
- b) Immediately by District in its sole discretion if Physician fails to maintain the professional standards described in Article V of this Agreement;
- c) Immediately upon closure of the Hospital or Practice;
- d) By either party upon written notice to the other party in the event that any federal, state or local government or agency passes, issues or promulgates any law, rule, regulation, standard or interpretation at any time while this Agreement is in effect that prohibits, restricts, limits or in any way substantially changes the arrangement contemplated herein or which otherwise significantly affects either party's rights or obligations under this Agreement; provided that in such event, District must give notice to Physician equal to that provided to District by the relevant federal, state or local government or agency. If this Agreement can be amended to the satisfaction of both parties to compensate for any such prohibition, restriction, limitation or change, this clause shall not be interpreted to prevent such amendment; or
- e) By either party in the event of a material breach by the other party and, in such event, the non-breaching party shall have the right to terminate this Agreement after providing thirty (30) days' written notice to the breaching party, explaining the breach, unless such breach is cured to the satisfaction of the non-breaching party within the thirty (30) days.

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

V.

PROFESSIONAL STANDARDS

5.01. Medical Staff Membership. It is a condition precedent of District's obligation under this Agreement that Physician maintains Active Medical Staff membership on the Hospital Medical Staff with appropriate clinical privileges and maintain such membership and privileges throughout the term of this Agreement.

5.02. Licensure and Standards. Physician shall:

- a) At all times be licensed to practice medicine in the State of California;
- b) Comply with all policies, bylaws, rules and regulations of Hospital, Hospital Medical Staff, and Practice, including those related to documenting all advice to patients and proper sign-off of lab and X-ray reports;

- c) Be a member in good standing of the Provisional or Active Medical Staff of Hospital;
- d) Maintain professional liability coverage in an amount required for membership on the Active Medical Staff of Hospital;
- e) Participate in continuing education as necessary to maintain licensure and the current standard of practice; and
- f) Comply with all applicable laws, rules and regulations of any and all governmental authorities, and applicable standards and recommendations of the Joint Commission on Accreditation of Healthcare Organizations.
- g) At all times conduct herself, professionally and publicly, in accordance with the standards of the medical profession, the American College of Surgeons, the Hospital Medical Staff, and the District. Further, she shall not violate any law which prohibits (1) driving a motor vehicle under the influence of alcohol or prescription drugs or the combined influence of such substances, (2) unlawful use of controlled substances, (3) being intoxicated in a public place in such a condition as to be a danger to herself or others, and/or (4) conduct justifying imposition of an injunction prohibiting harassment of Hospital employees in their workplace. Entry of any injunction, judgment, or order against Physician based upon facts which constitute any of the above offenses shall be a material breach of this Agreement.

VI.

RELATIONSHIP BETWEEN THE PARTIES

6.01. Professional Relations.

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

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

VII. **GENERAL PROVISIONS**

- 7.01. **No Solicitation.** Physician agrees that she will not, either directly or indirectly, during and after the term of this Agreement, call on, solicit, or take away, or attempt to call on, solicit, or take away any patients or patient groups with whom Physician dealt or became aware of as a result of Physician's past, present or future affiliation with Hospital and Practice.
- 7.02. **Access to Records.** To the extent required by Section 1861(v)(i)(I) of the Social Security Act, as amended, and by valid regulation which is directly applicable to that Section, Physician agrees to make available upon valid written request from the Secretary of HHS, the Comptroller General, or any other duly authorized representatives, this Agreement and the books, documents and records of Physician to the extent that such books, documents and records are necessary to certify the nature and extent of Hospital's costs for services provided by Physician.

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

Such books, documents, and records shall be preserved and available for four (4) years after the furnishing of services by Physician pursuant to this Agreement. If Physician is requested to disclose books, documents or records pursuant to this subsection for purposes of an audit, Physician shall notify Hospital of the nature and scope of such request, and Physician shall make available, upon written request of Hospital, all such books, documents or records. Physician shall indemnify and hold harmless Hospital in the event that any amount of reimbursement is denied or disallowed because of the failure of Physician or any subcontractor to comply with its obligations to maintain and make available

books, documents, or records pursuant to this subsection. Such indemnity shall include, but not be limited to the amount of reimbursement denied, plus any interest, penalties and legal costs.

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

- 7.03. **Amendment.** This Agreement may be amended at any time by mutual agreement of the parties, but any such amendment must be in writing, dated, and signed by both parties.
- 7.04. **No Referral Fees.** No payment or other consideration shall be made under this Agreement for the referral of patients, by Physician, to Hospital or to any nonprofit corporation affiliated with District.
- 7.05. **Repayment of Inducement.** The parties stipulate and agree that the income guaranteed to Physician under this Agreement, and the covenants of the District to provide office space, personal, equipment, and certain other benefits, are the minimum required to enable Physician to relocate herself to Bishop, California; that she is not able to repay such inducement, and no such repayment shall be required.
- 7.06. **Assignment.** Physician shall not assign, sell, transfer or delegate any of the Physician's rights or duties, including by hiring or otherwise retaining additional physicians to perform services pursuant to this Agreement, without the prior written consent of Hospital.
- 7.07. **Attorneys' Fees.** If any legal action or other proceeding is commenced, by either party, to enforce rights, duties, and/or responsibilities under this Agreement, the prevailing party shall be entitled to recover reasonable attorney's fees and costs. As used in this Section 7.07, the term "prevailing party" shall have the meaning assigned by Section 1032(a)(4) of the California Code of Civil Procedure.
- 7.08. **Choice of Law.** This Agreement shall be construed in accordance with, and governed by, the laws of the State of California.
- 7.09. **Exhibits.** All Exhibits attached and referred to herein are fully incorporated by this reference.
- 7.10. **Notices.** All notices or other communications under this Agreement shall be sent to the parties at the addresses set forth below:

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

Physician: Vasuki Sittampalam, M.D.
686 W. Line Street
Bishop, CA 93514

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

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

- 7.16. **Gender and Number.** Use of the masculine gender shall mean the feminine or neuter, and the plural number the singular, and vice versa, as the context shall indicate.
- 7.17. **Authority and Executive.** By their signature below, each of the parties represent that they have the authority to execute this Agreement and do hereby bind the party on whose behalf their execution is made.
- 7.18. **Construction.** This Agreement has been negotiated and prepared by both parties and it shall be assumed, in the interpretation of any uncertainty, that both parties caused it to exist.

NORTHERN INYO COUNTY
LOCAL HOSPITAL DISTRICT

PHYSICIAN

By _____
Peter J. Watercott, President
District Board of Directors

By _____
Vasuki Sittampalam, M.D.

APPROVED AS TO FORM:

Douglas Buchanan
District Legal Counsel

EXHIBIT A

SCOPE OF DUTIES OF THE PHYSICIAN

POSITION SUMMARY

The Physician is a Member of the Northern Inyo Hospital Active Medical Staff. Physician provides direct primary medical diagnosis and treatment to Practice and Hospital patients. The Physician will provide services commensurate with the equivalent of a full time Internal Medicine Practice. Full time shall mean regularly scheduled office hours to meet the service area demand and performance of surgeries as may be required. Full time shall also mean the provision of no more than four (4) weeks of vacation and two (2) weeks of time to acquire CME credits, if needed, as well as all recognized national holidays. All time off will be coordinated with Call coverage such that scheduled time off will not conflict with the Physician's call requirement.

Specifically, the Physician will:

1. Provide high quality primary medical care services.
2. Direct the need for on-going educational programs that serve the patient.
3. Evaluate and develop treatment plans to facilitate the individual healthcare needs of each patient.
4. Work with all Practice personnel to meet the healthcare needs of all patients.
5. Assess, evaluate, and monitor on-going health care and medication of Practice patients.
6. Manage all medical and surgical emergencies.
7. Participate in professional development activities and maintain professional affiliations.
8. Participate with Hospital to meet all federal and state regulations.

THIS SHEET

INTENTIONALLY

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

This Agreement is made and entered into on this 16th day of March, 2011 by and between Northern Inyo County Local Hospital District ("District") and James Englesby, M.D. ("Physician").

RECITALS

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

IN WITNESS WHEREOF, THE PARTIES AGREE AS FOLLOWS:

**I.
COVENANTS OF PHYSICIAN**

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

- 1.01. Services.** Physician shall provide Hospital with the benefit of his direct patient care expertise and experience, and shall render those services necessary to enable Hospital to achieve its goals and objectives for the provision of General Medicine Services. The scope of services to be performed by Physician is described in Exhibit A attached hereto and incorporated by reference herein. Physician shall provide Hospital with patient medical record documentation of all direct patient care services rendered hereunder; such documentation shall be submitted to

Hospital on an ongoing basis, and shall be in the form, and contain the information, requested by the Hospital such that a complete medical record can be assembled.

- 1.02. **Limitation on Use of Space.** No part of any offices provided by the District either by lease or other arrangement shall be used at any time by Physician as anything other than the private practice of General Medicine unless specifically agreed to, in writing, by the parties.
- 1.03. **Medical Staff Membership and Service:** Physician shall:
- a) Obtain and maintain Provisional or Active Medical Staff ("Medical Staff") membership with General Medicine privileges sufficient to support a full time General Medicine practice, for the term of this Agreement.
 - b) Physician shall be solely responsible for call coverage for his personal private practice.
 - c) Maintain books, records, documents, and other evidence pertaining to all costs and expenses incurred, and revenue acquired, pursuant to this Agreement to the extent, and in such detail, as will properly reflect all net costs, direct and indirect, of labor, materials, equipment, supplies, services, and other costs and expenses of whatever nature, for which he may claim payment or reimbursement from the District. Physician acknowledges and agrees that any federal office authorized by law shall have access, for the purpose of audit and examination, to any books, documents, papers, and records of Physician which are relevant to this Agreement, at all reasonable times for a period of four (4) years following the termination of this Agreement, during which period Physician shall preserve and maintain said books, documents, papers, and records. Physician further agrees to transfer to the District, upon termination of this Agreement, any books, documents, papers or records which possess long-term [*i.e.*, more than four (4) years] value to the Hospital. Physician shall include a clause providing similar access in any sub-contract he may enter with a value of more than Ten Thousand Dollars (\$10,000) or for more than a twelve (12) month period, when said sub-contract is with a related organization.
 - d) At all times comply with all relevant policies, rules and regulations of the Hospital, subject to California and federal statutes governing the practice of medicine.
 - e) District expressly agrees that said services might be performed by such other qualified physicians as the Physician may employ or otherwise provide so long as each such physician has received proper training, is properly licensed, has been granted privileges by the Hospital Medical Staff, and has received approval in writing from the Hospital.

II.
COVENANTS OF THE DISTRICT

2.01. Hospital Services.

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

2.02. General Services. District shall furnish ordinary janitorial services, maintenance services, and utilities, including telephone service, as may be required for the proper operation and conduct of Physician's Practice.

2.03. Supplies. District shall purchase and provide all supplies as may be reasonably required for the proper treatment of Physician's Practice patients. Physician shall inform Hospital of supply needs in a timely manner and shall manage the use of supplies in an efficient manner that promotes quality and cost-effective patient care.

2.04. Personnel. District shall determine the initial number and types of employees required for the operation of the Practice and place them in the Practice initially. Physician and Hospital will mutually agree to subsequent staffing requirements. Physician shall not be required to maintain any personnel that he does not feel is appropriate for the practice.

2.05. Business Operations. District shall be responsible for all business operations related to operation of the Practice, including personnel management, billing and payroll functions. Physician will provide the appropriate billing codes, which will be used unless changed by mutual consent of the Physician and Hospital. Hospital will incur and pay all operating expenses of the Practice.

2.06. Hospital Performance. The responsibilities of District under this Article shall be conditional upon and subject to District's discretion and its usual purchasing practices, budget limitations and applicable laws and regulations.

2.07. Practice Hours. The District desires, and Physician agrees, that Physician's Practice shall operate on a full-time basis, maintaining hours of operation in keeping with the full time practice of one General Medicine physician while permitting a schedule sufficient to serve the patients of the Practice. Specific shifts will be scheduled according to normal operating procedures of the Practice and will be mutually agreed upon with Physician.

III.
COMPENSATION

- 3.01. **Compensation.** During the term of this agreement, District shall guarantee Physician an annual income of \$180,000, payable to Physician at the higher of 50% of fees collected for services rendered in Section II or the rate of \$6,923 every two (2) weeks, adjusted quarterly to reflect 50 % of fees collected so that payments will not exceed the minimum guarantee unless 50% of the fees exceed the guarantee on an annualized basis. All payments shall be made on the same date as the District normally pays its employees.
- 3.02. **Malpractice Insurance.** Physician will secure and maintain his own malpractice insurance with limits of no less than \$1 million per occurrence and \$3 million per year. District will reimburse Physician eighty percent (80%) of the premiums for said insurance paid for by Physician.
- 3.03. **Health Insurance.** None.
- 3.04. **Billing for Professional Services.** Subject to section 2.05 above, Physician assigns to District all claims, demands and rights of Physician to bill and collect for all professional services rendered to Practice patients, for all billings for surgical services, for all billings consulting performed or provided by the Physician. Physician acknowledges that Hospital shall be solely responsible for billing and collecting for all professional services provided by Physician to Practice patients at Practice and for all surgical services performed at the Hospital, and for managing all Practice receivables and payables, including those related to Medicare and MediCal beneficiaries. Physician shall not bill or collect for any services rendered to Practice patients or Hospital patients, and all Practice receivables and billings shall be the sole and exclusive property of Practice. In particular, any payments made pursuant to a payer agreement (including co-payments made by patients) shall constitute revenue of the Practice. In the event payments are made to Physician pursuant to any payer agreement, Physician shall promptly remit the payments directly to District.
- 3.05. **Retention.** Hospital will retain 50% of all fees collected from the activities of physician/practice in exchange for the services rendered in II above.

IV.
TERM AND TERMINATION

- 4.01. **Term.** The term of this Agreement shall be three (3) years beginning on 3-16-2011 and ending on 3-15-2014. The Agreement may be renewed, by written instrument signed by both parties, no later than 120 days before its expiration date.

- 4.02. **Termination.** Notwithstanding the provisions of section 4.01, this Agreement may be terminated:
- a) By Physician at any time, without cause or penalty, upon one hundred and eighty (180) days' prior written notice to the District;
 - b) Immediately by District in its sole discretion if Physician fails to maintain the professional standards described in Article V of this Agreement;
 - c) Immediately upon closure of the Hospital or Practice;
 - d) By either party upon written notice to the other party in the event that any federal, state or local government or agency passes, issues or promulgates any law, rule, regulation, standard or interpretation at any time while this Agreement is in effect that prohibits, restricts, limits or in any way substantially changes the arrangement contemplated herein or which otherwise significantly affects either party's rights or obligations under this Agreement; provided that in such event, District must give notice to Physician equal to that provided to District by the relevant federal, state or local government or agency. If this Agreement can be amended to the satisfaction of both parties to compensate for any such prohibition, restriction, limitation or change, this clause shall not be interpreted to prevent such amendment; or
 - e) By either party in the event of a material breach by the other party and, in such event, the non-breaching party shall have the right to terminate this Agreement after providing thirty (30) days' written notice to the breaching party, explaining the breach, unless such breach is cured to the satisfaction of the non-breaching party within the thirty (30) days.

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

V. **PROFESSIONAL STANDARDS**

- 5.01. **Medical Staff Membership.** It is a condition precedent of District's obligation under this Agreement that Physician maintains Active Medical Staff membership on the Hospital Medical Staff with appropriate clinical privileges and maintain such membership and privileges throughout the term of this Agreement.
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- e) Participate in continuing education as necessary to maintain licensure and the current standard of practice; and
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- g) At all times conduct himself, professionally and publicly, in accordance with the standards of the medical profession, the Hospital Medical Staff, and the District. Further, he shall not violate any law which prohibits (1) driving a motor vehicle under the influence of alcohol or prescription drugs or the combined influence of such substances, (2) unlawful use of controlled substances, (3) being intoxicated in a public place in such a condition as to be a danger to himself or others, and/or (4) conduct justifying imposition of an injunction prohibiting harassment of Hospital employees in their workplace. Entry of any injunction, judgment, or order against Physician based upon facts which constitute any of the above offenses shall be a material breach of this Agreement.

VI.

RELATIONSHIP BETWEEN THE PARTIES

6.01. Professional Relations.

- a) Independent Contractor. No relationship of employer and employee is created by this Agreement. In the performance of Physician's work and duties, Physician is at all times acting and performing as an independent contractor practicing the profession of medicine. District shall neither have nor exercise control or direction over the methods by which Physician performs professional services pursuant to this Agreement; provided, however, that Physician agrees that all work performed pursuant to this Agreement shall be in strict accordance with currently approved methods and practices in Physician's professional specialty and in accordance with the standards set forth in this Agreement.
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Physician shall also make available such subcontract and the books, documents, and records of any subcontractor if that subcontractor performs any of the Physician's duties under this Agreement at a cost of \$10,000.00 or more over a twelve (12) month period, and if that subcontractor is organizationally related to Physician.

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

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Physician: James Englesby, M.D.
152 Pioneer Lane, Suite C
Bishop, CA 93514

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NORTHERN INYO COUNTY
LOCAL HOSPITAL DISTRICT

PHYSICIAN

By _____
Peter J. Watercott, President
District Board of Directors

By _____
James Englesby, M.D.

APPROVED AS TO FORM:

Douglas Buchanan
District Legal Counsel

EXHIBIT A

SCOPE OF DUTIES OF THE PHYSICIAN

POSITION SUMMARY

The Physician is a Member of the Northern Inyo Hospital Active Medical Staff. Physician provides direct primary medical diagnosis and treatment to Practice and Hospital patients. The Physician will provide services commensurate with the equivalent of a full time General Medicine Practice. Full time shall mean regularly scheduled office hours to meet the service area demand and performance of surgeries as may be required. Full time shall also mean the provision of no more than four (4) weeks of vacation and two (2) weeks of time to acquire CME credits, if needed, as well as all recognized national holidays. All time off will be coordinated with Call coverage such that scheduled time off will not conflict with the Physician's call requirement.

Specifically, the Physician will:

1. Provide high quality primary medical care services.
2. Direct the need for on-going educational programs that serve the patient.
3. Evaluate and develop treatment plans to facilitate the individual healthcare needs of each patient.
4. Work with all Practice personnel to meet the healthcare needs of all patients.
5. Assess, evaluate, and monitor on-going health care and medication of Practice patients.
6. Manage all medical and surgical emergencies.
7. Participate in professional development activities and maintain professional affiliations.
8. Participate with Hospital to meet all federal and state regulations.

END