



Northern Inyo County Local Hospital District

Board of Directors Regular Meeting

Wednesday October 17 2012; 5:30pm

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

DRAFT AGENDA

NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT BOARD OF DIRECTORS MEETING

October 17, 2012 at 5:30 P.M.

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

1. Call to Order (at 5:30 p.m.).
 2. Opportunity for members of the public to comment on any items on this Agenda.
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Consent Agenda

3. Approval of the minutes of the September 19, 2012 regular meeting (*action item*).
 4. Financial and Statistical Reports for the month of July 2012; John Halfen (*action item*).
 5. Policy & Procedure manuals annual approval (*action items*):
 1. Employee Health
 2. Environmental Services
 3. Pulmonary Function
 4. Utilization Review
 5. Social Services
 6. Clinical Diet Manual
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6. Administrator's Report; John Halfen.
 - A. Building Update
 - B. Orthopedic services update
 - C. Hospitalist Program update
 - D. Physician Recruiting Update
 - E. Security Reports for August 2012
 - F. 1998 Revenue Bonds
7. Chief of Staff Report; Robbin Cromer-Tyler, M.D..
 - A. Medical Staff privileging and credentialing (*action items*):
 1. Kristin Collins, D.O.; Staff Appointment, Clinical Privileges
 2. Robert Frankel, P.A.; Delegation of Services Agreement, Clinical Privileges
 3. Lyn Leventis, M.D.; Resignation of Staff Appointment, Clinical Privileges
8. Old Business
 - A. Discussion and possible approval of Hospital earthquake insurance coverage (*action item*).
9. New Business
 - A. Construction Change Order Request (*action item*):
 1. COR 349: Chiller Piping Replacement for CH-2 and CH-3, tentative cost \$85,000.
 - B. Employee Incentive Store proposal (*action item*).
 - C. Rural Health Clinic Staff Physician Agreement with Catherine Leja, M.D. (*action item*).
 - D. Relocation Expense Agreement for Catherine Leja, M.D. (*action item*).

- E. Private Practice Income Guarantee for Catherine Leja, M.D. (*action item*).
 - F. Renewal of Agreement for Services of Chief of Electrocardiographic Department with Asao Kamei, M.D. (*action item*).
 - G. Bullet points for Memorandum of Understanding for Orthopedic Services with Mammoth Hospital (*action item*).
 - H. Renewal of Private Practice Physician Income Guarantee and Practice Management Agreement with Lara Jeanine Arndal, M.D. (*action item*).
 - I. Extension of Rural Health Clinic Medical Director Agreement with Stacey Brown, M.D. (*action item*).
 - J. Extension of Rural Health Clinic Staff Physician Agreement with Thomas Boo, M.D. (*action item*).
 - K. Renewal of Electrocardiographic Department Services Agreement with James Richardson, M.D.. (*action item*).
 - L. Renewal of Electrocardiographic Department Services Agreement with Nickoline Hathaway, M.D. (*action item*).
- 10. Reports from Board members on items of interest.
 - 11. Opportunity for members of the public to comment on any items on this Agenda, and/or on any items of interest.
 - 12. 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 pending litigation based on stop notice filed by Strocak, Inc. (Government Code Sections 910 et seq., 54956.9).
 - 13. Return to open session, and report of any action taken in closed session.
 - 14. Opportunity for members of the public to address the Board of Directors on items of interest.
 - 15. Adjournment.

**THIS SHEET
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- CALL TO ORDER The meeting was called to order at 5:30 p.m. by John Ungersma, M.D., Vice President.
- PRESENT John Ungersma, M.D., Vice President
M.C. Hubbard, Secretary
Denise Hayden, Treasurer
D. Scott Clark, M.D., Director
- ALSO PRESENT John Halfen, Administrator
Robbin Cromer-Tyler, M.D., Chief of Staff
Douglas Buchanan, District Legal Counsel
Sandy Blumberg, Administration Secretary
- ABSENT Peter Watcrott, President
- OPPORTUNITY FOR
PUBLIC COMMENT Doctor Ungersma asked if any members of the public wished to comment on any items listed on the agenda for this meeting, or on any items of interest. No comments were heard.
- CONSENT AGENDA The proposed consent agenda for this meeting included the following items:
1. Approval of the minutes of the July 18, 2012 regular meeting (*action item*)
2. Approval of the financial and statistical reports for the month of June, 2012 (*action item*)
It was moved by M.C. Hubbard, seconded by Denise Hayden, and passed to approve the proposed consent agenda items as presented.
- ADMINISTRATOR'S
REPORT Mr. Halfen introduced interim Chief Nursing Officer Sharon Tourville, R.N., to provide an update on licensure status for the new hospital building, and to update the Board on plans for our move into the new hospital facility. Ms. Tourville displayed the long list of "to do" items that we started working on 6 weeks ago, compared to the short list of items that still need to be completed. Hospital staff has been working diligently on preparations for licensing and the move into the new building, and Ms. Tourville stated that we were informed today that our licensing visit will take place on October 8 and 9. The State will send a team of three nurses for the survey, and by the time they depart we will know whether or not we have been granted licensure. If all goes well with licensing, we will begin moving equipment into the new building on Friday, October 12 at 6:00pm; and we will move patients into the new hospital facility on the morning of Monday October 15. Our equipment list for the new building has been approved by the State, and a lot of that equipment has already been placed in the building. We plan to be double-staffed during the move, and night shift employees will stay over in order to help in the
- BUILDING UPDATE

effort. Members of the Hospital Auxiliary will also be on site to help with traffic control and to assist in any way that they are needed. The Board complimented Ms. Tourville on her hard work and intensive attention she has paid to making licensure and the move into the new hospital building happen.

Mr. Halfen commented that following the move into the new hospital building, we will begin discussing Phase III of the building project in more detail, and at this time it appears we will have seed money to begin Phase III. Mr. Halfen additionally stated he is considering refinancing our 1998 revenue bonds in order to help provide funding for Phase III of the rebuild project.

ORTHOPEDIC
SERVICES UPDATE

Mr. Halfen reported he recently met with Mammoth Hospital (MH) Administrator Gary Boyd and orthopedic surgeons Mark Robinson, M.D. and Tim Crall, M.D. to discuss developing a Memorandum of Understanding (MOU) for managing orthopedic services between the two facilities. The proposed understanding includes the physicians being responsible for billing and collecting their own professional fees; and Northern Inyo Hospital (NIH) and Mammoth Hospital each being responsible for collecting their own facility fees. NIH will also take over management of the Bishop orthopedic office, and Doctor Crall will apply for Medical Staff privileges at NIH. This agreement would be in the best interest of Northern Inyo Hospital and Bishop area orthopedic patients, and there would be no incentive for the physicians to provide services at one facility over the other. Mammoth Hospital and NIH would also agree to share in the economic risk involved in this venture.

HOSPITALIST
PROGRAM UPDATE

Mr. Halfen also reported that Shiva Shabnam, M.D. plans to relocate to this area and become Hospitalist Director at Northern Inyo Hospital. She will provide roughly 50% of NIH's hospitalist coverage, and will take over the duties of current Hospitalist Director Asao Kamei, M.D., thereby freeing him up to have more hours available for his private practice.

PHYSICIAN
RECRUITING UPDATE

Mr. Halfen also stated the Hospital District is currently recruiting for a new full-time OB/Gyn physician to join the practice of Jeanine Arndal, MD, and that OB/Gyn Lynn Leventis, M.D. has relocated out of this area.

SECURITY REPORTS
FOR JUNE & JULY 2012

Mr. Halfen called attention to the Security reports for the months of June and July 2012, which revealed no new Security issues of significance.

ACCOUNTABLE CARE
ORGANIZATIONS
(ACO'S)

Mr. Halfen additionally gave the Board a heads-up that we will eventually have to address the subject of the Hospital having to align itself with an Accountable Care Organization (ACO).

OTHER: BOND
REFINANCING

Mr. Halfen also gave a heads-up that he is looking into the possibility of refinancing the Districts' 1998 revenue bonds, in order to provide additional cash and possible funding for Phase III of the hospital rebuild project.

CHIEF OF STAFF
REPORT

Chief of Staff Robbin Cromer-Tyler M.D. stated there are no Medical Staff items of importance to discuss at this time.

OLD BUSINESS

2012-2013 ANNUAL
BUDGET APPROVAL

Mr. Halfen called attention to the budget assumptions for fiscal year 2012-2013. He stated that the most notable of the assumptions are a 6.5 percent across-the-board rate increase for hospital services (to help offset the cost of inflation); and a 1% employee Cost of Living Adjustment effective as of last July 1. Mr. Halfen also noted assets currently total 55 million, and he does not expect any dramatic changes to budget planning in the upcoming year. It was moved by Ms. Hubbard, seconded by Ms. Hayden, and passed to approve the budget assumptions for the 2012-2013 fiscal year as presented.

CONSTRUCTION
CHANGE ORDER
REQUESTS

Kathy Sherry with Turner Construction Company called attention to the following list of proposed Construction Change Order requests (COR's) for the hospital rebuild project:

1. COR 341: Turner Contract Reconciliation; \$274,208
2. COR 342: Extended AHU Warranty; \$11,340
3. COR 343: IB 330, Added Garbage Disposal and Resolution Lighting Conflicts; \$3,130
4. COR 344: NIH Directed Campus Fiber and IB 362; \$5,191
5. COR 345: Bond and GLI Reconciliation; \$49,342
6. COR 346: IB 52, 105, 112 -- Reconciliation; \$10,587
7. COR 347: Concrete Allowance Reconciliation; \$19,386
8. COR 348: Chiller Piping; \$50,756

Ms. Sherry noted the COR's represent clean up items for the project, plus improvements to work that was previously completed. Following review of the information provided it was moved by Ms. Hayden, seconded by Ms. Hubbard, and passed to approve all eight COR's as requested.

REVISED ACTUARIAL
VALUATION OF
DISTRICT RETIREMENT
PLAN

Mr. Halfen called attention to a revised Actuarial Valuation of the District Retirement Plan as of January 1, 2012. The main change from the previous report involves an increase to plan funding based on management's policy of funding the plan at 125%. The Board expressed their appreciation of the fact that the Hospital retirement fund has remained stable during difficult financial times, thanks to efficient management on the part of Administration. Following review of the information provided it was moved by Ms. Hubbard, seconded by D. Scott Clark, M.D., and passed to approve the revised Actuarial Valuation of the Hospital District Retirement Plan as requested, with Ms. Hayden abstaining from the vote.

BIRCH STREET
FINANCING, OAK
VALLEY COMMUNITY
BANK

Mr. Halfen also called attention to a proposal to borrow \$600,000 against the Districts' real property located at 2957 Birch Street in Bishop, California, in order to help shore up the hospitals' cash position. Mr. Halfen stated his feeling that it is prudent to improve our cash base in order to allow for the unexpected, and following review of the information provided it was moved by Ms. Hayden, seconded by Doctor Clark, and passed to approve a loan of \$600,000 from Oak Valley Community Bank, using the District's Birch Street property as collateral.

DIRECTOR OF
HOSPITALIST
PROGRAM
AGREEMENT; AND
RELOCATION EXPENSE
AGREEMENT FOR
SHIVA SHABNAM, M.D.

Mr. Halfen called attention to a proposed agreement for the services of Medical Director of the Hospitalist Program with Shiva Shabnam, M.D.; and a Relocation Expense Agreement for Dr. Shabnam to reimburse her for moving costs to relocate to this area. Dr. Shabnam has provided hospitalist coverage part-time at NIH for over a year, and she is considered to be an excellent candidate for the job. It was moved by Doctor Clark, seconded by MC Hubbard, and passed to approve both agreements with Dr. Shabnam as requested. Doctor Ungersma thanked outgoing Medical Director of the Hospitalist program Asao Kamei, M.D. for his dedication to making the Hospitalist program so successful.

DISTRICT BYLAWS
ANNUAL REVIEW

Mr. Halfen called attention to the following proposed changes to the Hospital District Bylaws as recommended by District Legal Counsel Douglas Buchanan:

1. Change the title "*Joint Commission on Accreditation of Healthcare Organizations*" to the new (and correct) title "*The Joint Commission*" in Article III Section 3K
2. Delete Article VI Section g(3) which states the Hospital Administrator has the authority to approve "*Modifications of existing contracts for the Construction of Northern Inyo Hospital (Phase II) within the now-existing \$400,000 limits of said contracts.*", due to the fact that Phase II of the construction project is now complete.

It was moved by Ms. Hayden, seconded by Ms. Hubbard, and passed to approve both changes to the Hospital District Bylaws as recommended.

POLICY & PROCEDURE
MANUAL APPROVALS

Mr. Halfen called attention to the following list of Policy and Procedure manuals which were due for annual approval, noting that every item included in these manuals has previously been approved by the Board:

- | | |
|------------------------------------|---------------------------|
| 1. Anesthesia | 9. Nursing Administration |
| 2. Central Supply | 10. OB Unit |
| 3. Dietary | 11. Outpatient Unit |
| 4. EKG | 12. PACU Unit |
| 5. Emergency Room | 13. Pediatric Unit |
| 6. Exposure, Blood Borne Pathogens | 14. Pharmacy |
| 7. ICU Unit | 15. Physical Therapy |
| 8. Infection Control | 16. Radiology |

- | | |
|---------------------------|-------------------------|
| 17.Laboratory Manual | 24. Radiation Safety |
| 18.Language Services | 25. Respiratory Therapy |
| 19.Mammography & MSQA | 26. Rural Health Clinic |
| 20.Med Surg | 27. Safety |
| 21.MRI Safety | 28. Staff Development |
| 22.Nuclear Medicine | 29. Standby Kitchen |
| 23.Surgical Services Unit | 30. Surgery Lithotripsy |

It was moved by Ms. Hubbard, seconded by Ms. Hayden, and passed to approve all 30 Policy and Procedure manuals as presented.

EARTHQUAKE
INSURANCE

Insurance agents Diane Corsaro and Robert Beach were on hand to present earthquake insurance proposals for Northern Inyo Hospital. Both proposals provide insurance coverage for the existing hospital building and for the contents of the Radiology building, with differences in the proposed deductible amounts as well as in the rating of the companies chosen to provide coverage. Following review of the information provided, it was moved by Ms. Hayden, seconded by Ms. Hubbard and passed to table a decision on the purchase of earthquake insurance to a future meeting. Doctor Clark also expressed his opinion that he does not feel it is necessary to purchase earthquake insurance coverage for NIH. Both agents were asked to extend their insurance quotes for a period of 30 days, and Controller Carrie Petersen noted that the Hospital's business plan *does* include provision for the Hospital to obtain disaster and/or earthquake insurance coverage for the facility.

BOARD RESOLUTION
12-06, OAK VALLEY
COMMUNITY BANK

Mr. Halfen called attention to proposed District Board Resolution 12-06, which allows for the borrowing of \$600,000 from Oak Valley Community Bank (secured by a first deed of trust on the District's real property located at 2957 Birch Street, Bishop, California); as previously discussed during this meeting. It was moved by Ms. Hayden, seconded by Doctor Clark, and passed to approve Board Resolution 12-06 for the transaction with Oak Valley Community Bank as requested.

CAPITAL LEASE WITH
G.E. FINANCING FOR
PHILLIPS MONITORING
SYSTEM

Mr. Halfen also advised the Board that he received information today regarding a proposed capital lease with G.E. Financing for the Phillips Monitoring System; acknowledging that the Board may not have had adequate time to thoroughly review the information. After brief discussion it was moved by Ms. Hayden, seconded by Ms. Hubbard, and passed to table discussion of this agenda item to a future meeting.

CLAIM AGAINST THE
DISTRICT

Agenda item K under the New Business section of this agenda, "*Consideration of a Claim Against the District*" will be moved to closed session for discussion, with the agreement of the claimant in question.

BOARD MEMBER
REPORTS

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

OPPORTUNITY FOR
PUBLIC COMMENT

In keeping with the Brown Act, Doctor Ungersma 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. Stacey Brown M.D. mentioned he would like to see housekeeping changes made to some of our existing physician contracts, and in particular he would like the contracts for Rural Health Clinic (RHC) physicians and for prospective (incoming) physicians to include provision for health insurance benefit coverage. Doctor Brown also stated his concern regarding the closure of the Family Health Center (FHC), as well as the elimination of some Toiyabe Indian Healthcare Project services, and the effect that those closures have had on our community. Doctor Brown has developed a 'white paper' of suggestions and proposed goals for the RHC and for Northern Inyo Hospital, to help provide coverage to those patients who are now in need of a new primary care physician. RHC is currently seeing a large influx of new patients following the closure of FHC, and it has become necessary to consider how we can expand our services and develop short and long term solutions to deal with the current shortage of providers.

CLOSED SESSION

At 7:08pm Doctor Ungersma 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 pending litigation based on stop notice filed by Strocal, Inc. (Government Code Sections 910 et seq., 54956.9).
- C. 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)).
- D. Confer with legal counsel regarding a Claim Against the District (Government Code Section 54956.9(c)).
- E. Confer with legal counsel regarding potential litigation (Government Code Section 54956.9(c)).
- F. Confer with legal counsel regarding a second Claim Against the District (Government Code Section 54956.9(c)).

RETURN TO OPEN
SESSION AND REPORT
OF ACTION TAKEN

At 8:25 p.m. the meeting returned to open session. Doctor Ungersma reported that the Board took the following action during closed session:

- A. The Board voted to settle the first Claim Against the District in an amount not to exceed \$10,000.00
- B. The Board voted to authorize settlement of potential litigation with Lynn Leventis, M.D. in an amount not to exceed \$180,000
- C. The Board voted to settle the second Claim Against the District in an amount not to exceed \$1,000

Doctor Ungersma reported that the Board took no additional action.

In keeping with the Brown Act, Doctor Ungersma again asked if anyone present wished to comment on any items listed on the agenda for this meeting, or on any items of interest. No comments were heard.

The meeting was adjourned at 8:28 p.m..

John Ungersma, M.D., Vice President

Attest:

M.C. Hubbard, Secretary

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NORTHERN INYO HOSPITAL

SECURITY REPORT

AUGUST 2012

FACILITY SECURITY

Access security during this period revealed nine instances of open or unsecured entry doors being located during those hours when doors were to be secure. Two interior doors were found unsecured during this period.

The entry doors of the new Hospital building present a unique concern as eighteen entry doors were found unsecured during the month. Until occupancy, limited Staff is present in and around the new building and hours could pass with an unsecured door, leaving a condition with little or no supervision for areas within the new building. If a door is unlocked for whatever purpose be certain that the door is secured once the need no longer exists for it being unlocked.

The old building roof access was found open and unsecured on one occasion.

One fire alarm was activated in the new building during this period. It was determined to be a false alarm due to maintenance activity.

HUMAN SECURITY

On August 12th, Security Staff was requested in the ED for disruptive family members. Security Staff counseled the individuals and the problem was resolved.

On August 17th, Security stood by in the ED for a patient that was mildly uncooperative,

On August 21st, Security was requested in the ED for a patient that was believed to be drug seeking. Upon staff advising the patient that narcotics would not be indicated, the patient went into an outrage and refused to cooperate with Staff. The patient was discharged and accompanied off Campus by Security Staff.

On August 25th, a theft was witnessed from a vehicle belonging to a Hospital Contractor. The Contractor witnessed the theft and took chase of the thief. Failing to catch the suspect, the Contractor returned and reported the theft to Security Staff. Security notified the Bishop Police Department who took the subject into custody a short time later. The stolen items were recovered and the suspect was taken into custody.

On August 30th, an ED patient became verbally abusive and threatening to Staff. Security Staff counseled this patient who complied with the request to behave.

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

5150 assistance was provided on two occasions this month.

Security Staff provided patient assistance forty three times this month.

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NORTHERN INYO HOSPITAL
Northern Inyo County Local Hospital District
150 Pioneer Lane, Bishop, California 93514

Medical Staff Office
(760) 873-2136 voice
(760) 873-2130 fax

TO: NICLHD Board of Directors

FROM: Robbin Cromer-Tyler, MD
NIH Chief of Staff

DATE: June 4, 2012

RE: Medical Executive Committee Report

The Medical Executive Committee met on this date. Following careful review and consideration, the Committee agreed to recommend the following to the NICLHD Board of Directors:

1. Approval of the appointment to the NIH Provisional Active Medical Staff of Board-eligible pediatrician Kristin Collins, DO, with privileges as requested commensurate with her pediatric practice.
2. Approval of Robert Frankel, PA, to function according to the NIH protocols for physician assistants at the NIH Rural Health Clinic, as requested, under the Delegations of Services Agreements and written supervision guidelines with supervising physicians Stacey Brown, MD, Thomas Boo, MD, and Jennifer Scott, MD.

These recommendations are made consequent to careful review of each applicant's application and supporting documentation.

Additionally, the Medical Executive Committee agreed to accept the letter dated September 25, 2012, from OB/GYN Lynn Leventis, MD, resigning her Staff appointment and clinical privileges on that date.

Robbin Cromer-Tyler, MD, Chairman

Dr. Lynn L. Leventis
4601 3rd Street
La Mesa, CA 91941

September 25, 2012

Robbin Cromer-Tyler, MD
Chief of Staff
c/o Medical Staff Office
Northern Inyo Hospital
150 Pioneer Lane
Bishop, CA 93514

Dear Dr. Cromer-Tyler,

I am writing to inform you that I am resigning my Medical Staff appointment and clinical privileges at Northern Inyo Hospital, effective September 25, 2012.

Thank you.

Sincerely,



Lynn L. Leventis, MD

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Risk Placement Services, Inc.
Knowledge. Relationships.
Trust and Confidence.

Risk Placement Services
701 S. Parker Street
Suite 6200
Orange, CA 92868-4720
Ph: 714-558-6141
Fax: 714-558-6143

INSURANCE QUOTE - REVISED

DATE ISSUED: September 7, 2012

AGENT: Diane Corsaros Insurance Agency
371 N. Main St., Suite A
Bishop, CA 93514

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

INSURER: Princeton Excess and Surplus Lines Insurance Co.
Non-Admitted AM Best Rating: A+ XV;
Underwriters at Lloyds, Non-Admitted A XV and
International Insurance Co of Hannover Ltd, Non-Admitted A XV

COVERAGE: DIC including Earthquake and Flood

POLICY PERIOD: 10/7/12 TO 10/7/13

Minimum Earned Premium: 25%

PREMIUM: \$16,500.00

FEES: Carrier Inspection Fee \$110.00
Carrier Policy Fee \$250.00

TAXES: \$547.95

TOTAL: \$17,407.95

THE PREMIUM ABOVE DOES NOT INCLUDE TERRORISM COVERAGE. IF THE INSURED ELECTS TO PURCHASE TERRORISM COVERAGE THE ADDITIONAL PREMIUM WILL BE \$8,250.00 PLUS TAX OF \$268.13.

TERMS / CONDITIONS / SUBJECTIVITIES: see attached company quote

Please be advised that there may be a short rate cancellation penalty of up to 25% applied to your policy premium if you request cancellation of your policy prior to the expiration date. Please refer to your policy for specific terms and conditions.

REQUIRED PRIOR TO BINDING: 1) SIGNED TRIA NOTICE 2) SIGNED D1 FORM

PAYMENT TERMS:

PREMIUM PAYMENT IS DUE WITHIN TWENTY (20) DAYS FROM EFFECTIVE DATE UNLESS OTHERWISE STIPULATED.

The coverage outlined above may not conform to the terms and conditions you requested. Please check carefully. If this policy is issued on a Non-Admitted basis, all applicable taxes & fees must be added to the bound premium. Your office is responsible for collecting Surplus Lines taxes & fees (if applicable) from the insured in addition to completing any required Surplus Lines forms. RPS will remit the applicable taxes and forms to the State. This Policy is subject to the Surplus Lines Laws in your State, therefore you should make every effort to comply with any special provisions and regulations of your State.

James Kennedy, Area Vice President
AUTHORIZED REPRESENTATIVE

INSURED: Northern Inyo Hospital
DATE ISSUED: September 7, 2012

reference #:0606715C

To: Risk Placement Services, Inc.
Attn: Kelly Kimura

Date: 9/7/2012

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

We are pleased to offer the below Difference In Conditions proposal.

Named Insured: Northern Inyo Hospital

Insuring Company: Princeton Excess & Surplus Lines Insurance Company (45.98%); Underwriters at Lloyds of London: Syndicates HIS 33 (36.78%) and KLN 510 (11.49%); and International Insurance Company of Hannover Limited (5.75%); All Non Admitted

Coverage: Difference In Conditions

Type of Submission: New

Effective Date: 10/7/2012

Expiration Date: 10/7/2013

Location(s) Covered: As per the schedule provided by the producer on file with the Company.

Total Insurable Values: \$7,000,000

Limits: This policy's liability shall not exceed \$7,000,000 each and every loss occurrence.

Sublimits:

\$7,000,000	Earthquake per occurrence and in the annual aggregate
\$7,000,000	EQSL per occurrence and in the annual aggregate
\$7,000,000	Flood per occurrence and in the annual aggregate
\$300,000	Building Ordinance Coverage B&C (Full Limit for Coverage A)

Covered Property: This proposal covers property as described below, but no coverage attaches under any item unless an "X" is inserted in the box preceding that item:

<input checked="" type="checkbox"/>	Building and/or Structures
<input type="checkbox"/>	Stock, Materials and Supplies
<input checked="" type="checkbox"/>	Furniture, Fixtures, Equipment and Machinery
<input type="checkbox"/>	Tenant's Improvements and Betterments
<input type="checkbox"/>	Business Income, Extra Expense and Rental Income – EPI

Perils:

**POLICYHOLDER DISCLOSURE NOTICE OF
TERRORISM INSURANCE COVERAGE**

You are hereby notified that under the Terrorism Risk Insurance Act, as amended, you now have a right to purchase insurance coverage for losses resulting from acts of terrorism, as defined in Section 102(1) of the Act. The term "act of terrorism" means any act that is certified by the Secretary of the Treasury—in concurrence with the Secretary of State, and the Attorney General of the United States—to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

YOU SHOULD KNOW THAT WHERE COVERAGE IS PROVIDED BY THIS POLICY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM, SUCH LOSSES MAY BE PARTIALLY REIMBURSED BY THE UNITED STATES GOVERNMENT UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. HOWEVER, YOUR POLICY MAY CONTAIN OTHER EXCLUSIONS WHICH MIGHT AFFECT YOUR COVERAGE, SUCH AS AN EXCLUSION FOR NUCLEAR EVENTS. UNDER THE FORMULA, THE UNITED STATES GOVERNMENT GENERALLY REIMBURSES 85% OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURANCE COMPANY PROVIDING THE COVERAGE. THE PREMIUM CHARGED FOR THIS COVERAGE IS PROVIDED BELOW AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS THAT MAY BE COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.

YOU SHOULD ALSO KNOW THAT THE TERRORISM RISK INSURANCE ACT, AS AMENDED, CONTAINS A \$100 BILLION CAP THAT LIMITS U.S. GOVERNMENT REIMBURSEMENT AS WELL AS INSURERS' LIABILITY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM WHEN THE AMOUNT OF SUCH LOSSES IN ANY ONE CALENDAR YEAR EXCEEDS \$100 BILLION, IF THE AGGREGATE INSURED LOSSES FOR ALL INSURERS EXCEED \$100 BILLION, YOUR COVERAGE MAY BE REDUCED.

SELECTION OR REJECTION OF TERRORISM INSURANCE COVERAGE

- _____ I hereby elect to purchase Terrorism coverage as defined in the Terrorism Risk Insurance Act, as amended, for a prospective premium of **\$8,250** plus tax/fee
- _____ I hereby elect to have the exclusion for terrorism coverage attached to my policy. I understand that an exclusion will be attached to my policy and I will have no coverage for losses resulting from certified acts of terrorism.

Policyholder/Applicant's Signature

Print Name

Date

TERRORISM RISK INSURANCE ACT

The following is a partial summary of the Terrorism Risk Insurance Act, as amended, (hereinafter referred to as the Act). Only the provisions of the Act determine the scope of the insurance protection available for the losses covered under the Act. The Act has been extended through December 31, 2014.

The Act provides coverage for property and casualty insurance for "insured losses" as a result of an "act of terrorism." As stated in the Act:

- A. "Insured loss" means any loss resulting from an "act of terrorism" (including an act of war, in the case of worker's compensation) that is covered by primary or excess property and casualty insurance issued by an insurer if such loss:
1. occurs within the United States; or
 2. occurs to an air carrier (as defined in section 40102 of title 49, United States Code), to a United States flag vessel (or a vessel based principally in the United States, on which US income tax is paid and whose insurance coverage is subject to regulation in the United States), regardless of where the loss occurs, or at the premises of any United States mission.
- B. "Act of terrorism" means any act that is certified by the Secretary of State, in concurrence with the Secretary of State and the Attorney General of the United States:
1. To be an act of terrorism;
 2. To be a violent act or an act that is dangerous to:
 - a. human life;
 - b. property; or
 - c. infrastructure;
 3. to have resulted in damage within the United States, or outside of the United States in the case of:
 - a. an air carrier or vessel described in paragraph (5)(B) of Section 102 of the Act; or
 - b. the premises of a United States mission; and
 4. to have been committed by an individual or individuals, as part of an effort to coerce the civilian populations of the United States or to influence the policy or affect the conduct of the United States Government by coercion.
- C. Section 102 (1)(B) of the Act states "no act shall be certified by the Secretary as an act of terrorism if:
1. the act is committed as part of the course of a war declared by the Congress, except that this clause shall not apply with respect to any coverage for workers' compensation; or
 2. property and casualty insurance losses resulting from the act, in the aggregate, do not exceed \$5,000,000."
- D. The Act also contains a "program trigger" in Section 103(e)(1)(B), pursuant to which the federal government does not pay compensation for losses resulting from a certified act occurring after December 31, 2007, unless aggregate industry insured losses from such a certified act exceed a certain amount, or "trigger." For insured losses occurring in 2008 and for all additional program years, the program trigger is \$100,000,000 of aggregate industry insured losses.

- E. The Act does not apply to: crop or livestock insurance; private mortgage insurance or title insurance; financial guaranty insurance issued by monoline financial guaranty insurance corporations; insurance for medical malpractice; health or life insurance; flood insurance provided under the National Flood Insurance Act of 1968; commercial automobile insurance; burglary and theft insurance; surety insurance; professional liability insurance (except Directors and Officers Liability); or farm owners multiple peril insurance.
- F. Under the Act for program years through December 31, 2014, the federal government will reimburse the insurance company for 85% of its insured losses in excess of a deductible, until aggregate "insured losses" in any Program Year exceed \$100 billion. Each insurer's deductible will be 20% of its direct earned premium for property and casualty insurance (as reported on Page 14 of the company's Annual Statement), over the immediately preceding calendar year.

For the purposes of determining such deductibles, direct earned premium means only the premiums earned on the commercial lines property and casualty insurance covered by the Act for U.S. risks or vessels, aircraft and foreign missions outside the U.S. covered by the Act.

Neither the insurance company (having met its statutorily mandated share as described above) nor the federal government will be liable for payment of any portion of "insured losses" under the Act that exceeds \$100 billion in the aggregate during any Program Year.

NOTICE:

- 1. THE INSURANCE POLICY THAT YOU ARE APPLYING TO PURCHASE IS BEING ISSUED BY AN INSURER THAT IS NOT LICENSED BY THE STATE OF CALIFORNIA. THESE COMPANIES ARE CALLED "NONADMITTED" OR "SURPLUS LINE" INSURERS.**
- 2. THE INSURER IS NOT SUBJECT TO THE FINANCIAL SOLVENCY REGULATION AND ENFORCEMENT THAT APPLY TO CALIFORNIA LICENSED INSURERS.**
- 3. THE INSURER DOES NOT PARTICIPATE IN ANY OF THE INSURANCE GUARANTEE FUNDS CREATED BY CALIFORNIA LAW. THEREFORE, THESE FUNDS WILL NOT PAY YOUR CLAIMS OR PROTECT YOUR ASSETS IF THE INSURER BECOMES INSOLVENT AND IS UNABLE TO MAKE PAYMENTS AS PROMISED.**
- 4. THE INSURER SHOULD BE LICENSED EITHER AS A FOREIGN INSURER IN ANOTHER STATE IN THE UNITED STATES OR AS A NON-UNITED STATES (ALIEN) INSURER. YOU SHOULD ASK QUESTIONS OF YOUR INSURANCE AGENT, BROKER, OR "SURPLUS LINE" BROKER OR CONTACT THE CALIFORNIA DEPARTMENT OF INSURANCE AT THE FOLLOWING TOLL-FREE TELEPHONE NUMBER: 1-800-927-4357. ASK WHETHER OR NOT THE INSURER IS LICENSED AS A FOREIGN OR NON-UNITED STATES (ALIEN) INSURER AND FOR ADDITIONAL INFORMATION ABOUT THE INSURER. YOU MAY ALSO CONTACT THE NAIC'S INTERNET WEB SITE AT WWW.NAIC.ORG.**
- 5. FOREIGN INSURERS SHOULD BE LICENSED BY A STATE IN THE UNITED STATES AND YOU MAY CONTACT THAT STATE'S DEPARTMENT OF INSURANCE TO OBTAIN MORE INFORMATION ABOUT THAT INSURER.**
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APPROVED NONADMITTED NON-UNITED STATES INSURERS. ASK YOUR AGENT, BROKER, OR "SURPLUS LINE" BROKER TO OBTAIN MORE INFORMATION ABOUT THAT INSURER.

7. CALIFORNIA MAINTAINS A LIST OF APPROVED SURPLUS LINE INSURERS. ASK YOUR AGENT OR BROKER IF THE INSURER IS ON THAT LIST, OR VIEW THAT LIST AT THE INTERNET WEB SITE OF THE CALIFORNIA DEPARTMENT OF INSURANCE: WWW.INSURANCE.CA.GOV.

8. IF YOU, AS THE APPLICANT, REQUIRED THAT THE INSURANCE POLICY YOU HAVE PURCHASED BE BOUND IMMEDIATELY, EITHER BECAUSE EXISTING COVERAGE WAS GOING TO LAPSE WITHIN TWO BUSINESS DAYS OR BECAUSE YOU WERE REQUIRED TO HAVE COVERAGE WITHIN TWO BUSINESS DAYS, AND YOU DID NOT RECEIVE THIS DISCLOSURE FORM AND A REQUEST FOR YOUR SIGNATURE UNTIL AFTER COVERAGE BECAME EFFECTIVE, YOU HAVE THE RIGHT TO CANCEL THIS POLICY WITHIN FIVE DAYS OF RECEIVING THIS DISCLOSURE. IF YOU CANCEL COVERAGE, THE PREMIUM WILL BE PRORATED AND ANY BROKER'S FEE CHARGED FOR THIS INSURANCE WILL BE RETURNED TO YOU.

Date: _____

Insured: _____

MANAGING GENERAL AGENTS
LICENSE #0332012

BLISS & GLENNON

I N C O R P O R A T E D

SURPLUS LINE BROKERS

435 N. PCH, SUITE 200 REDONDO BEACH, CA 90277

www.bgsurplus.com
(800) 829-7330 FAX (310) 372-1903

QUOTATION

[X] FAX TO: 760-873-4796

PER YOUR SUBMISSION FOR INSURANCE, WE ARE PLEASED TO OFFER THE FOLLOWING:

QUOTED WITH: MT HAWLEY INSURANCE COMPANY

QUOTE NUMBER: 0619619- 1

BEST RATING: A+ XI

QUOTE IS EFFECTIVE FROM 09/10/12 FOR 30 DAYS EXPIRES 10/10/12

PROD: ROBERT BEACH INSURANCE

NAME OF NORTHERN INYO COUNTY LOCAL

459 WEST LINE STREET

APPLICANT: HOSPITAL DISTRICT

BISHOP, CA 93514

150 PIONEER LANE

ATTN: ROBERT

BISHOP, CA 93514

PROD#: 003112 (760)873-6375

COVERAGES

>> REVISED QUOTE. INCREASED THE TIV TO \$7M AS REQUESTED. THE QUOTE IS
SUBJECT TO RECEIVING A REVISED SOV SHOWING THE NEW VALUES UPON BINDING. <

\$7M TIV

** SEE COMPANY QUOTE (ATTACHED HERETO) FOR TERMS & CONDITIONS **

PREMIUM

\$11,000.00

COVERAGE: DIFFERENCE IN CONDITIONS

COMMISSION: 10.00%

TOTAL PREMIUM	\$	11,000.00
POLICY FEE	\$	150.00
PROCESSING FEE	\$	300.00
STATE TAX*	\$	330.00
STAMP FEE*	\$	27.50
TOTAL	\$	11,807.50

DEPOSIT:	\$3,557.50
MIN. EARNED:	\$3,289.38

SUBJECT TO ALL ADDITIONAL REQUESTED INFORMATION, COVERAGE MAY BE BOUND UPON OUR RECEIPT OF DEPOSIT & ORDER TO BIND.

IMPORTANT NOTE

PLEASE READ CAREFULLY AS THE QUOTE MAY NOT INCLUDE ALL THE
CONDITIONS, TERMS OR COVERAGES REQUESTED. NO FLAT CANCELLATIONS.
PRODUCER IS RESPONSIBLE FOR EARNED PREMIUMS. ALL FEES FULLY EARNED.
BALANCE DUE WITHIN 20 DAYS OF EFFECTIVE DATE

BY: SHANE BOUMA
BOUMASH@BGSURPLUS.COM

DATE: 06/23/12

* State taxes and fees are subject to change due to the state legislation at time of binding

Deductibles:

\$25,000 Per Occurrence for AOP

5.00% of total values at risk Per Unit (including time element if applicable) at the time of loss subject to a minimum of \$50,000 for EQ/EQSL

\$50,000 Per Occurrence for Flood

Total Premium and Fees:

Premium: \$11,000

CIGA Fee: \$0

Inspection Fee: \$0

PCA Fee: \$150

Minimum Earned Premium: 25.00%

Commission: 10.0%

Valuation:

Physical Damage at Replacement Cost

+ \$300 Processing Fee + 3.25% Taxes/Fees

Coinsurance:

N/A for Physical Damage

Policy Form(s) and Endorsements (Available Upon Request):

Mt. Hawley Insurance Company Earthquake Coverage Policy Forms and endorsements.

Special Conditions:

60 day notice of Cancellation, except 10 days for non-payment of premium.

Based on 100% values all coverages.

Comments:

This quote is valid until 9/29/2012 and may not be bound without written confirmation received in our office prior to the effective date of coverage. This is being quoted in a non-admitted carrier and you are responsible for the payment of all taxes and fees and the filing of all required documents in connection with this insurance placement.

Please note that mid term change requests must be confirmed and agreed to by the underwriter. Any agreed changes are underwritten individually and are not necessarily bound by an 'account rate'.

Sincerely,



Audree Lau

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Date: _____

Insured: _____



EARTHQUAKE COVERAGE APPLICATION
PLEASE READ CAREFULLY AND COMPLETE ALL SECTIONS

SECTION I - APPLICANT

Insured Northern Inyo County Local Hospital District

Mailing Address (if different from Loc. Address) 150 Pioneer Ln.

City Bishop State CA Zip Code 93514

SECTION II - ADDITIONAL RISK INFORMATION

Location 1 Street 150 Pioneer Ln.

City Bishop State CA Zip Code 93514

CONSTRUCTION (Check One)

- Wood Frame 1-2
- Non-Combustible (Steel Frame)
- Masonry Non-Combustible (rein. Hollow Conc. 201-FH(C))
- Fire-Resistive (Steel Frame or Rein. Conc.) 1-1
- Joisted Tilt-Up
- Joisted Reinforced Masonry (rein. Hollow Conc. 66)
- Modified Fire Resistive (concr Frame or Rein. Conc.)
- Brick Veneer
- Modular

PARKING (Check One)

- None N-A
- Detached
- Attached - No Structure above
- Habitational over Garage
- Tuckunder - 1 side
- Tuckunder - 2 sides
- Full Subterranean
- Partial Subterranean
- First Floor Parking
- Soft First Floor Parking (no walk out to do walls)

YEAR BUILT Various
(Condo or Apt.) See SOV

OF UNITS N-A

OF BLDGS 1 Covered
(For multiple buildings, check breakdown of value and cost)

OCCUPANCY (Check One)

- Agribus
- Condo Ass'n
- Manufacturing
- Public Bldg
- Retail
- Service
- Wholesale
- Apartment
- Hotel/Motel
- Office
- Restaurant
- School
- Warehouse

EXPLAIN OCCUPANCY (required)

Hospital

NUMBER OF STORIES 1

SQUARE FOOTAGE 24,000
(1-2)

COVERAGE (Must be 100% of replacement cost)

Building 3,000,000... \$ 3M
BPP 4,000,000... \$ 4M
TIB..... \$ 0
Business Interruption/EE... \$ 0

ADDITIONAL PROPERTY COVERAGE

\$ _____
Types Pools Fences
 Paved Surfaces

- Deductible 5% 7.5% 10% 15% 20%
- Ordinance or Low Coverage None 10% 20%

- On Firm, Natural Soil? Yes No
- If Wood Frame, is Building Bolted to Foundation? Yes No
- Mold Cleanup & Removal Cover \$10,000 (Bldg Only) 25% All Covers 50% All Cover
- Sprinkler System? Yes No
- EQ Sprinkler Leak? Yes No

Inspection Contact Person: Name Scott Hooker Telephone (760) 873-2625

Enter Requested Effective Date: ASAP

NOTICE TO PRODUCER/INSURED

Any person who knowingly and with intent to defraud an insurance company or other person, files an application for insurance containing false information of conceal, for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act which is a crime.

Robert M. Beal
Producer Signature

Insured Signature

if additional locations are required, please submit an application for each location.



STATEMENT OF VALUES

Insured: Northern Inyo County Local Hospital District
 DBA: Northern Inyo Hospital
 Address: 150 Pioneer Ln.
 Bishop, CA

Agency
 Robert Beach & Associates Ins. Agency
 459 West Line St.
 Bishop, CA 93514

Add'l. Cov. Rating Info., Endts., Etc.

Location:

Eff. Date: [TBD]10/1/12 Exp. Date: 10/1/2013

#	Description & Location of Property	Valuation	Co-Ins.	Def. Amt	P/C	Form's Cond's	Building Value	Yr. Bilt.	Const. Type	Roof Type	# Stories	Sq. Feet	Year Updates	Contents Value	Time Element	# Mos.	Ins. to Value \$ per SQFT
1-1	Radiology Building	RC	90	5	4	DIC	Nil	2008	Class 6	Geoflex	1	11,520		4,000,000			N-A
1-2	Old Hospital Building	RC	20	5	4	DIC	3,000,000	VRS	Class 1	Geoflex	1	24,000		Nil			125
TOTAL \$:																	
Value Shown: 3,000,000 Actual Cash Value: 35520 84 Replacement Cost: X																	

Special Notes - Remarks

Construction Types: (1-1) Fire Resistive, (1-2) Frame.
 Year Built: (1-1) 1967, 1968 & 1980.
 Deductible: 5%
 Building Ordinance: (1-2) 20% Sublimit - 600,000

Remarks:

This location and value information contained herein has been prepared from our records and is true and correct to the best of my knowledge and belief

[Signature]
 SIGNATURE AGENT / PRODUCER

DATE

DATE

SIGNATURE OF NAMED INSURED



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Northern Inyo Hospital Employee Incentive Store Proposal

As Northern Inyo Hospital is located in such a remote area, one of our main marketing goals is to convince those who can afford to leave the area, to spend their healthcare dollars locally. From a traditional marketing perspective, this is accomplished by building consumer confidence in the Northern Inyo Hospital brand by providing consistently high quality experiences at our facility. Unfortunately, with the advent of the internet and saturation of the healthcare market, traditional advertising is becoming less effective. Contemporary pervasive marketing strategies focus on finding ways for consumers to interact with brands on an emotional, intellectual and physical level. Meaningful brand experiences stick with consumers, especially when those experiences are in line with personal values and beliefs. In this new era of experience marketing, consumers interact with brands in order to achieve satisfaction with, and loyalty to the brand.¹

The creation of an Employee Incentive Store would allow Northern Inyo Hospital to begin to fulfill this new marketing need, while simultaneously providing rewards and incentives to staff for demonstrating good behavior. These internal incentive stores can be very popular with staff and go a long way to build morale and brand loyalty. Additionally, selecting Northern Inyo Hospital branded items for the store that are highly visible in public, that are in line with our values of promoting health and wellness, and that have a high likelihood of being given or shared with other community members, would allow us to provide a symbolic and sustainable memory of the experience of utilizing them as well as physical interaction with the Northern Inyo Hospital brand.

The store would be virtually housed on Northern Inyo Hospital's intranet. The physical items would be ordered, stored and delivered to staff by Cheryl Underhill. Items would be "purchased" by Northern Inyo Hospital staff with NORTHERN INYO HOSPITAL BUCKS. NORTHERN INYO HOSPITAL BUCKS could be earned by staff in a variety of methods such as demonstrating excellence at their job, participating in Northern Inyo Hospital sponsored events like working a booth, participating in the Northern Inyo Hospital /ACI Wellness Program which proactively works to reduce healthcare costs for our staff, etc... The Human Resource Department, Department Heads and Administrative Staff could be allocated a predetermined amount of NORTHERN INYO HOSPITAL BUCKS to reward staff members who demonstrate going above and beyond the call of duty. Items would be priced at market value and one NORTHERN INYO HOSPITAL BUCK would roughly equal \$1.

Requirements for items in store:

- A. The item must prominently display the current Northern Inyo Hospital logo.
- B. The item must have a high probability of being seen in public.
- C. The item must be cool. It must be likely that the item would be sought after by non-Northern Inyo Hospital staff.
- D. Consumers must be able to interact with the product in a meaningful way.
- E. The majority of items should promote health and wellness for individuals and our community as a whole.

Northern Inyo Hospital Employee Incentive Store Proposal

Here are some examples of items that could be featured in the virtual store:

						
Pedometer ~\$2/ea	Non-plastic Sports Bottles ~\$3.50/ea	Marathon Kits ~ \$3/ea				
						
Car Sun Shade ~\$5	1 st Aid Kits ~\$12	Umbrellas ~\$8	Blankets ~\$7	Backpacker Chair ~\$17	Yoga mats ~\$10	Beach Towels ~\$10
						
Slingpack ~\$5	Briefcase ~\$6	Briefcase ~\$20	Lunch Bags ~\$3	Cooler Tote ~\$10	Drawstring Tote ~\$1	Tote ~\$1
						
Grocery Tote ~\$2	Spoooner Mug ~\$2.50	Mug ~\$1.50	Thermos ~\$10	Picture Frames ~\$5	Temp/Clocks \$8	Padfolios ~\$10
						
						
Cool Apparel ~\$10 - \$40	Hats ~\$5	Rain Gear ~\$1	Ice Scrapers ~\$2	Travel Tool Kits ~\$2	Clip Tool Kit ~\$8	

Northern Inyo Hospital Employee Incentive Store Proposal

In an effort to prevent self-dealing activities, NORTHERN INYO HOSPITAL BUCKS would be printed under controlled circumstances, numbered, and tracked when issued. Additionally, the authorizing party (i.e. Department Head) would physically sign the NORTHERN INYO HOSPITAL BUCKS when given to a staff member, so there is no question as to who authorized the incentives for the individual wanting to "purchase" items from the store.

The items in the virtual store will not be for sale, as that would require the collection of retail sales tax. This virtual store would be a marketing and incentive effort, not a direct source of revenue for the hospital.

The initial budget for this project is requested at \$5,000. This would allow the virtual store to be stocked with a variety of imprinted items (which usually carry minimum order thresholds). The success of the project and the budget for subsequent years would be reviewed annually.

References

1. Van Waart, P., & Mulder, I. Meaningful advertising: pervasive advertising in the experience economy. (March 2011). Retrieved from <http://pervasiveadvertising.org/wp-content/uploads/2011/03/vanwaart.pdf>.

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**NORTHERN INYO HOSPITAL
RURAL HEALTH CLINIC STAFF PHYSICIAN
PROFESSIONAL SERVICES AGREEMENT**

This Professional Services Agreement (this "Agreement"), dated as of 17 October 2012, is entered into by and between Northern Inyo Hospital Local Hospital District ("Hospital") and Catherine Leja, MD. ("Physician").

RECITALS

- A. Hospital operates a general acute care hospital, which, among other things, owns and operates a Rural Health Clinic (the "Clinic"), located at 153 Pioneer Lane, Bishop, California.
- B. Physician is an individual duly licensed to practice medicine in the State of California, and she desires to relocate her practice to Bishop, California.
- C. Hospital desires to obtain professional medical services from Physician for the patients of Clinic, and Physician desires 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.

THEREFORE, THE PARTIES AGREE:

I. PHYSICIAN RESPONSIBILITIES.

- 1.01 Services. Hospital hereby engages Physician to serve as Clinic staff physician, and Physician hereby accepts such engagement on the terms and conditions set forth in this Agreement. In her capacity as staff physician, 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 Clinic. 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 the Clinic'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 Clinic patients.

1.03 Covenants of Physician: Physician shall:

(a) Apply for and maintain Provisional or Active Medical Staff membership and the aforesaid Family Practice privileges for the term of this Agreement.

(b) Provide on-call Hospitalist coverage for the Hospital's in-patient service Service within the scope of privileges granted him by Hospital. A minimum of 7 rotations (weeks) is required. Hospitalist rotations will be compensated at the current hospitalist rate and count as income against the guarantee.

(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, and 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 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) As much as is practical, Physician shall be on call or in actual physical presence to provide the emergency coverage required by this Agreement. However, District expressly agrees that said such other qualified physicians might perform services as the Physician may employ or otherwise provide so long as each such physician has received proper training, is properly licensed, and has received approval in writing by the Hospital.

(f) Assist in monitoring and reviewing the clinical performance of Clinic non-physician providers (nurse practitioners)

II. HOSPITAL RESPONSIBILITIES.

2.01 Hospital Services.

- A. Space. Hospital shall make available for Physician reasonably necessary facilities for the operation of Clinic.
- 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 Clinic. Hospital shall repair, replace or supplement such equipment and maintain it in good working order.

- 2.02 General Services. Hospital shall furnish ordinary janitorial services, maintenance services, and utilities, including telephone service, as may be required for the proper operation and conduct of Clinic.
- 2.03 Supplies. Hospital shall purchase and provide all supplies as may be reasonably required for the proper treatment of Clinic 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. Hospital shall determine and furnish all other personnel required to operate Clinic.
- 2.05 Business Operations. Hospital shall be responsible for all business operations related to operation of the Clinic, including personnel management, billing and payroll functions.
- 2.06 Hospital Performance. The responsibilities of Hospital under this Article shall be subject to Hospital's discretion and its usual purchasing practices, budget limitations and applicable laws and regulations.
- 2.07 Clinic Hours. Specific shifts will be scheduled according to normal operating procedures of the Clinic.

III. COMPENSATION.

- 3.01 Compensation. Hospital shall pay Physician \$40 per hour and \$40.00 per patient encounter for patients seen in the Clinic by Physician. Said sums are payable on the 20th day of the calendar month immediately following the service performed.
- 3.02 Community Pool. In addition to 3.01 above, Hospital shall contribute \$2.75 per patient seen into a pool of all patients seen by all participating contracted providers. Funds in the pool shall be distributed amongst all the contracted and eligible Physician providers quarterly (paid within 10 working days of the end of each quarter) in accordance with a Quality Assurance and Performance Plan established by the RHC Medical Director. The Hospital District Board will adjudicate disputes.
- 3.03 Malpractice Insurance. Physician agrees to secure her own malpractice insurance with limits and coverage's appropriate for the physician to provide services under this agreement. Hospital agrees to reimburse 80% of malpractice premiums paid by Physician.
- 3.04 Time off. Physician shall be afforded 6 weeks of time off per year.
- 3.05 Physician shall be eligible for the NIH's basic single Medical/Dental/Vision benefit Plan.

3.06 Billing for Professional Services. Physician assigns to Clinic all claims, demands and rights of Physician to bill and collect for all professional services rendered to Clinic patients. Physician acknowledges that Clinic shall be solely responsible for billing and collecting for all professional services provided by Physician to Clinic patients at Clinic, and for managing all Clinic receivables and payables, including those related to Medicare and Medi-Cal beneficiaries. Physician shall not bill or collect for any services rendered to Clinic patients, and all Clinic receivables and billings shall be the sole and exclusive property of Clinic. In particular, any payments made pursuant to a payer agreement (including co-payments made by patients) shall constitute revenue of the Clinic. In the event payments are made to Physician pursuant to any payer agreement, Physician shall promptly remit the payments directly to Clinic.

IV. TERM AND TERMINATION.

- 4.01 Term. The term of this Agreement shall be for a period of three years beginning on the first day of the first shift scheduled for the physician to work ("Effective Date"), and ending on the last day of the thirty sixth months thereafter.
- 4.02. Termination. Notwithstanding the provisions of section 4.01, this Agreement may be terminated:
- A. By either party, at any time, without cause or penalty, upon sixty (60) 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 Article V of this Agreement;
 - C. Immediately upon closure of the Hospital or Clinic;
 - 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.
- 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 Medical Staff privileges on the Medical Staff of Hospital, 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 Clinic and its 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; 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.

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. Hospital and Clinic 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. 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 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 Clinic.
- 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 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 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 the parties.
- 7.04 Arbitration and Dispute Resolution.
- A. Non Medical Disagreements. In the event that disagreements arise between the parties concerning their performance under this Agreement, or on other matters, such disagreements shall be the subject of negotiations between Physician and the Hospital Administrator. In the event Physician is not satisfied with the decision of the Administrator, the dispute shall be submitted to the Hospital's Board of Directors and the decision of the Board shall be final.
- B. Medical Disagreement. Any questions or disagreements concerning standards of professional practice or the medical aspects of the service furnished in Clinic shall be referred to a peer group of qualified physicians recommended by the Medical Executive Committee, which shall recommend a resolution of the matter to the Administrator. In the event Physician is not satisfied with the decision of the Administrator, the dispute shall be submitted to the Hospital Board of Directors and the decision of the Board shall be final.
- 7.05 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.
- 7.06 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 a reasonable attorney's fee and costs. As used in this Section 7.06, the term "prevailing party" shall have the meaning assigned by Section 1032(a)(4) of the California Code of Civil Procedure.
- 7.07 Choice of Law. This Agreement shall be construed in accordance with, and governed by, the laws of the State of California.
- 7.08 Exhibits. All Exhibits attached and referred to herein are fully incorporated by this reference.
- 7.09 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: Catherin Leja, MD

153 Pioneer Lane
Bishop, CA 93514

- 7.10 Records. All files, charts and records, medical or otherwise, generated by a Medical Professional in connection with services furnished during the term of this Agreement are the property of Clinic. Physician agrees to maintain medical records according to Clinic 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.
- 7.11 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.
- 7.12 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.
- 7.13 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.
- 7.14 Waiver. The failure of either party to exercise any right under this Agreement shall not operate as a waiver of that right.
- 7.15 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.
- 7.16 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.

NORTHERN INYO COUNTY
LOCAL HOSPITAL DISTRICT

PHYSICIAN

By _____
Peter J. Watercott, President
Board of Directors

By _____
Catherine Leja, MD

EXHIBIT A

POSITION DESCRIPTION

TITLE

Staff Physician

DEPARTMENT

Rural Health Clinic

POSITION SUMMARY

The Rural Health Clinic Staff Physician is a Member of the Northern Inyo Hospital Active Medical Staff and the Clinic multi-disciplinary care team. He/she provides direct primary medical diagnostic and treatment to patients. The Staff 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 office personnel to meet the healthcare needs of all patients.
5. Assess, evaluate, and monitor on-going health care and medication of Clinic 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 Rural Health Clinic regulations.
9. Monitor and review clinical performance of non-physician providers (Nurse Practitioners)
10. Provide on-site clinical consultation to non-physician providers (Nurse Practitioners)

**RELOCATION EXPENSE
AND SIGN ON BONUS
AGREEMENT**

THIS AGREEMENT, MADE AND ENTERED into this 17TH day of October, 2012, by and between the NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT, hereinafter referred to as "District" and, Catherine Leja, M.D., hereinafter referred to as "Physician."

I

RECITALS

1.01. District is a Local Healthcare District, organized and existing under the California Local Health Care District Law, Health and Safety Code Section 32000, et seq., with its principal place of business in Bishop, California, at which location it operates Northern Inyo Hospital (hereinafter "Hospital").

1.02. Physician is licensed to practice medicine in the State of California, and is certified by the American Board of Family Practitioners. Physician has applied for membership on the Medical Staff of Northern Inyo Hospital. Physician warrants that she is qualified for membership on the Provisional and Active Medical Staffs at Hospital and that there is no impediment to her obtaining such membership.

1.03. The Board of Directors (hereinafter "Board") of District has determined, pursuant to Health & Safety Code section 32121.3, that the Northern Inyo Hospital Medical Staff requires an additional physician practicing family Practice and has determined that recruitment of such a physician would be in the best interests of the public health of the communities served by the District and would benefit the District.

1.04. Physician desires to relocate her practice in Bishop, California.

NOW, THEREFORE, IN CONSIDERATION OF THE PROMISES SET FORTH BELOW,
THE PARTIES AGREE AS FOLLOWS:

II

COVENANTS OF THE PARTIES

2.01. Physician agrees to relocate her practice in Bishop, California; to apply for and use her best efforts to obtain membership on the Provisional and Active Medical Staffs of Northern Inyo Hospital, with privileges in Family Practice, to maintain such memberships for an aggregate period of at least two (2) years and to maintain an active practice in family practice in the City of Bishop, California, for at least two (2) years.

2.02. District agrees to pay up to \$16,000.00, as incurred, to Physician for moving expenses (which shall include items such as moving company fees, U-Haul and other conveyance expenses, travel expenses, and lodging) to support her move to Bishop, California.

2.03. Physician agrees that should she fail to perform all of the acts promised in Section 2.01 above, that he shall, not later than thirty (30) days after being given written notice by the District, repay to the District, with interest at the rate of three and six tenths percent (3.6%) a prorated share, representing that portion of the two (2) years in which she is or will not be performing such acts, of those funds expended by the District pursuant to Section 2.02 above. For example, if Physician fulfills her obligations for 18 months, then she shall repay the District, with interest, \$4,000.00 (representing the product of $6/24 \times \$16,000.00$)

2.04 . In lieu of a Signing bonus, parties agree that the District will pay for or reimburse physician up to \$26,000 for malpractice "tail coverage" net of taxes, if any.

III

GENERAL PROVISIONS

3.01. This is the entire Agreement of the parties. It may not be modified except by a writing signed by each of the parties.

3.02. Any written notice given pursuant to the Agreement shall be deemed given when such notice is deposited in the U.S. Mail, first class postage prepaid, addressed to the respective parties as follows:

NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT
150 Pioneer Lane
Bishop, CA 93514

Catherine Leja, M.D.
C/O Northern Inyo Hospital
150 Pioneer Lane
Bishop, CA 93514

3.03. If either party brings legal action to enforce any rights or obligations under this Agreement, the Court shall have the power to award reasonable attorney's fees to the prevailing party.

3.04. The rights and obligations set forth in this Agreement are personal to all parties, and may not be assigned without the express written consent of all parties.

3.05. This Agreement shall be binding upon the heirs, successors, assigns, and personal representatives of the respective parties.

3.06. The parties acknowledge and agree, in accord with the requirements of Health & Safety Code section 32121.3(c) (2), that no payment or other consideration shall be made for the referral of patients to the District's hospital or to any affiliated non-profit corporation, and that no such payment or consideration is contemplated or intended.

3.07. This Agreement shall be interpreted according to the laws of California.

3.08. The term of this agreement shall be from the first day Physician is granted privileges and is available to fulfill this agreement and obligations until the last day of the twenty-fourth month thereafter.

EXECUTED at Bishop, California, on the day and year first above written.

NORTHERN INYO COUNTY LOCAL
HOSPITAL DISTRICT

By _____
President, Board of Directors
Northern Inyo County Local
Hospital District

By _____
Catherine Leja, M.D.

**NORTHERN INYO HOSPITAL
PRIVATE PRACTICE PHYSICIAN
INCOME GUARANTEE**

This Agreement is made and entered into on this 17th day of October, 2012 by and between Northern Inyo County Local Hospital District ("District") and Catherine Leja 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 general acute care hospital serving northern Inyo County, California, including the communities of Bishop and Big Pine.
- B. Physician is a physician, engaged in the private practice of medicine, licensed to practice medicine in the State of California, and a member of the American College of Family Practice. Physician desires to relocate her practice ("Practice") to Bishop, California, and practice medicine in the Rural Health Clinic.

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 the Rural Health Clinic.

- 1.01.** 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 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. Medical Staff Membership and Service:** Physician shall:
 - a) Apply for and maintain Provisional or Active Medical Staff ("Medical Staff") membership with family practice privileges sufficient to support a full time practice, for the term of this Agreement.

- b) Provide on-call coverage to the Hospital's Emergency Services within the scope of privileges granted to physician by Hospital as may be required by the Hospital Medical Staff.
 - 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 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.
- 1.03 Physician shall enter into a Rural Health Clinic Staff Physician agreement and abide by all of its terms and conditions.

II. COVENANTS OF THE HOSPITAL

- 2.01. **Income Guarantee.** The Hospital guarantees that the Compensation earned by the Physician, from all sources in the District will be equal to a minimum of \$183,797 per annum for a full time practice. Full Time is defined as 40 hours of onsite clinic coverage. Part time coverage shall be prorated with forty hours as the base. For example, working 32 hours per week would yield (32/40) @ 183,797 or \$147,037.
- 2.02. **Reconciliation.** The Hospital will reconcile the amounts paid/worked to the Physician for a given Calendar quarter against one fourth of the guarantee amount for the first four quarters and annually thereafter. If the paid amount is less that the guaranteed amount, the Hospital will remit the difference within thirty days of the end of the reconciled quarter/year. Said reconciliations will occur on a cumulative basis such that and overage or underage for any given quarter will be carried forward to the subsequent quarter. Said accumulations will continue for the term of this agreement. Part time hours will be reconciled as indicated above.

III.
TERM AND TERMINATION

- 3.01. **Term.** The term of this Agreement shall be three years beginning on the Monday next following the day upon which Physician is granted clinical privileges at Hospital and provisional membership on the Active Medical Staff of Hospital and scheduled for work. The Agreement may be renewed, by written instrument signed by both parties, no later than 120 days before its expiration date.
- 3.02. **Termination.** Notwithstanding the provisions of section 3.01, 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 other party in the first year and ninety (90) days notice thereafter.
 - b) Immediately by Hospital in its sole discretion if Physician fails to maintain the professional standards described in Article V of this Agreement;
 - c) Immediately upon closure of the Hospital or Practice;
 - d) By either party upon written notice to the other party in the event that any federal, state or local government or agency passes, issues or promulgates any law, rule, regulation, standard or interpretation at any time while this Agreement is in effect that prohibits, restricts, limits or in any way substantially changes the arrangement contemplated herein or which otherwise significantly affects either party's rights or obligations under this Agreement; provided that in such event, Hospital must give notice to Physician equal to that provided to Hospital by the relevant federal, state or local government or agency. If this Agreement can be amended to the satisfaction of both parties to compensate for any such 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.
 - f) By either party by giving 90 day notice.
- 3.03. **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.

IV.
PROFESSIONAL STANDARDS

- 4.01. **Medical Staff Membership.** It is a condition of this Agreement that Physician obtains Provisional or 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.

4.02. 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 himself, professionally and publicly, in accordance with the standards of the medical profession, the American College of Family Practice, the Hospital Medical Staff, and the District. Further, she shall not violate any California law which prohibits (1) driving a motor vehicle under the influence of alcohol or prescription drugs or the combined influence of such substances, (2) unlawful use of controlled substances, (3) being intoxicated in a public place in such a condition as to be a danger to himself or others, and/or (4) conduct justifying imposition of an injunction prohibiting harassment of Hospital employees in their workplace. Entry of any injunction, judgment, or order against Physician based upon facts, which constitutes the above offenses, shall be a material breach of this Agreement.

V.

GENERAL PROVISIONS

- 5.01. 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.
- 5.02. 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.

- 5.03. 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.
- 5.04. 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.
- 5.05. 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 himself to Bishop, California; that she is not able to repay such inducement, and no such repayment shall be required.
- 5.06. 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.
- 5.07. 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.
- 5.08. Choice of Law.** This Agreement shall be construed in accordance with, and governed by, the laws of the State of California.
- 5.09. Exhibits.** All Exhibits attached and referred to herein are fully incorporated by this reference.

5.10. **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: Catherine Leja, M.D.
153 Pioneer Lane
Bishop, C 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.

- 5.11. **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 the Rural Health Clinic (RHC). Physician agrees to maintain medical records according to RHC 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.
- 5.12. **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.
- 5.13. **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.
- 5.14. **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.
- 5.15. **Waiver.** The failure of either party to exercise any right under this Agreement shall not operate as a waiver of that right.
- 5.16. **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.

5.17. **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.

5.18. **Construction.** This Agreement has been negotiated and prepared by both parties and it shall be assumed, in the interpretation of any uncertainty, that both parties caused it to exist.

NORTHERN INYO COUNTY
LOCAL HOSPITAL DISTRICT

PHYSICIAN

By _____
Peter J. Watercott, President
Board of Directors

By _____
Catherine Leja, M.D.

APPROVED AS TO FORM:

Douglas Buchanan
NICLHD Legal Counsel

**THIS SHEET
INTENTIONALLY
LEFT BLANK**

**AGREEMENT FOR SERVICES OF CHIEF OF
NORTHERN INYO HOSPITAL
ELECTROCARDIOGRAPHIC
DEPARTMENT**

THIS AGREEMENT MADE AND ENTERED INTO this 1st day of October 2012, by and between NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT (hereinafter "Hospital") and ASAO KAMEI, M.D. (hereinafter "Physician").

**I
RECITALS**

- A. Hospital is located at 150 Pioneer Lane, Bishop, California, and operates therein a service designated as the Electrocardiography Department (hereinafter "EKG Department").
- B. Physician is a sole practitioner licensed to practice medicine in the State of California, and is a Diplomate of the American Board of Internal Medicine. Physician has represented, and does represent, to the Hospital that, on the basis of his training or experience, he is knowledgeable in the interpretation of electrocardiographs (hereinafter "EKGs") and is readily available to interpret EKGs.
- C. Hospital desires to contract with Physician to provide professional interpretation of EKGs done on patients at the Hospital and to serve as the physician in charge of the EKG Department (hereinafter "Chief").
- D. The parties desire to enter this Agreement to provide a complete statement of their respective duties and obligations.

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

**II
COVENANTS OF PHYSICIAN**

- I. Physician shall perform the following services:
 - a. Be available as a paid physician to provide interpretation of all full and partial cardiac function studies performed by the EKG Department within a response time that is in accord with the standards of the Hospital and its Active Medical Staff. Physician shall have no exclusive right to read EKGs performed at the Hospital and acknowledges that EKGs and treadmill studies may be read by any other physician deemed qualified to do so by the Active Medical Staff.

- b. As Chief, Physician will be responsible for interpretation of all EKGs done on patients in the Hospital emergency room, and Hospital outpatients, inpatients, and pre-operative patients, and will perform such duty no later than 24 hours after the EKG has been created. Although EKGs ordered by another internal medicine specialist or cardiologist may be interpreted by that person, Physician shall read any EKG done in the Hospital, regardless of who ordered it, if said EKG has not been read within 24 hours of its creation, provided that Physician shall complete such reading within 48 hours of the EKG's creation. Further, Physician will read any EKG, regardless of who ordered it, done in preparation for any type of surgery, whether emergency or elective, if said EKG has not been read within a reasonable time prior to the time scheduled for said surgery.
- c. Physician, in his role as Chief, may read any EKG done in the Hospital.
- d. Make recommendations to appropriate members of the Hospital Medical Staff, Hospital administration, and the Hospital staff, with respect to policies and procedures of the EKG Department.
- e. Participate in retrospective evaluation of care provided in the EKG Department.
- f. Insure that the department is operated in accordance with all the rules and regulations as may be promulgated by any State, Federal, or local jurisdiction, as well as any credentialing agency that the Hospital aspires to attain.
2. Physician shall at all times comply with the policies, rules, and regulations of the Hospital, subject to State and federal statutes covering his practice. No part of the Hospital premises shall be used, at any time, by Physician for the general practice of medicine except during the exercise of privileges granted Physician as a member of the Hospital Medical Staff.
 3. Physician acknowledges Hospital policy with respect to providing EKGs and EKG interpretations to Hospital employees without charge or on a discount basis, and agrees that his compensation under Paragraph 7 shall be adjusted accordingly.
 4. Physician agrees to maintain books, records, documents, and other evidence pertaining to all costs and expenses incurred, and revenue acquired, pursuant to this Agreement to the extent, and in such detail, as will properly reflect all net costs, direct and indirect, of labor, materials, equipment, supplies and services, and other costs and expenses of whatever nature, for which he may claim payment or reimbursement from the Hospital. Physician acknowledges and agrees that any federal office authorized by law shall have access, for the purpose of audit and examination, to any books, documents, papers, and records of Physician which are relevant to this Agreement, at all reasonable times for a period of four (4) years following the termination of this Agreement, during which period Physician shall preserve and maintain said books, documents, papers and records. Physician further agrees to transfer to the Hospital, upon termination of this Agreement, any books, documents,

papers or records, which possess long-term (ie. more than four (4) years) value to the Hospital. Physician shall include a clause providing similar access in any subcontract he may enter with a value of more than \$10,000, or for more than a 12 month period, when said sub-contract is with a related organization.

5. Physician shall, at all times, comply with all relevant policies, rules and regulations of the Hospital, subject to State and federal statutes governing the practice of medicine.

III

COVENANTS OF THE HOSPITAL

1. Hospital shall furnish, for the use of Physician in rendering services hereunder:
 - a. Sufficient space in the Hospital to enable him to perform his duties under this Agreement; and,
 - b. Ordinary janitorial and in-house messenger service, and such electricity for light and power, gas, water, and heat as may be required by him to perform his duties under this Agreement.
 - c. Hospital shall pay Physician, for his services as Chief, an administrative fee of \$1,600.00 per month. In addition, Physician shall be paid \$7,950 per month for professional fees, as listed in Exhibit A for these interpretations. Said sums are payable on the tenth (10th) day of the calendar month immediately following the month that the service was performed. Payments made pursuant to this Paragraph 7 shall be deemed Physician's full, complete, and reasonable compensation for services under this Agreement. These rates will be adjusted annually by the amount of the NIH employee Board approved Cost of Living Adjustment.

Hospital shall bill for and retain for all professional fees in Exhibit A.

IV

GENERAL PROVISIONS

1. Services to be performed by Physician under this Agreement may be performed by other physicians who are approved in writing (which approval is revocable) by Hospital and who shall be members of the Hospital Medical Staff. Physician shall provide an acceptable substitute to perform his duties hereunder during such time as he is absent due to illness, vacation, or attendance at scientific or medical meetings. Notwithstanding anything to the contrary contained herein, Physician shall not have the right to assign this agreement, or any rights or obligations there under, without the written consent of Hospital first had and obtained.

Init (NIH) _____ Init (AK) _____
Effective: 10-1-2012

2. In the performance of his duties and obligations under this Agreement, it is further mutually understood and agreed that:

a. Physician is at all times acting and performing as an independent contractor; that Hospital shall neither have nor exercise any control or direction over the methods by which he shall perform his work and functions (except that Physician shall do so at all times in strict compliance with currently approved methods and practices of internal medicine and cardiology, and in accord with the Hospital's By-Laws and with the Hospital Medical Staff By-Laws and Rules and Regulations), and that the sole interest of Hospital is to assure that the services of Physician shall be performed and rendered, and the EKG Department shall be operated, in a competent, efficient, and satisfactory manner in accord with the highest medical standards possible.

b. No act, commission, or omission of Physician pursuant to the terms and conditions of this Agreement shall be construed to make or render Physician an agent, employee, or servant of the Hospital.

c. It is the intent of the parties that Physician be an independent contractor, and not an employee, in the performance of his duties under this Agreement. In order to protect the Hospital from liability Physician shall defend, indemnify, and hold harmless the Hospital from liability for any and all claims arising out of the performance of his duties under this Agreement.

3. Physician shall, at all relevant times, be a member of the Hospital Medical Staff.

4. Each party shall comply with all applicable requirements of law relating to licensure and regulation of both physicians and hospitals.

5. This is the entire agreement of the parties, and supersedes any and all prior oral and/or written agreements. It may be modified only by a written instrument signed by both parties.

6. Whenever, under the terms of this Agreement, written notice is required or permitted to be given, such notice shall be deemed given when deposited in the United States mail, first class postage prepaid, addressed as follows:

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

PHYSICIAN: Asao Kamei, M.D.
152-C Pioneer Lane
Bishop, California 93514

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

7. The term of this Agreement will commence on October 1, 2012 and end at midnight on September 30, 2014.

8. Notwithstanding the aforesaid term, Hospital may terminate this Agreement immediately upon the occurrence of any of the following events:

a. Physician's death, loss of Active Medical Staff membership, loss of license to practice medicine, or loss of Hospital Medical Staff privileges required to render services under this Agreement;

b. Physician's inability to render services hereunder without providing a substitute acceptable to the Hospital;

c. The appointment of a receiver of the assets of Physician, an assignment by him for the benefit of his creditors, or any action taken or suffered by him (with respect to him) under any bankruptcy or insolvency law;

d. Closure of the Hospital;

e. Sixty (60) days after written notice of termination without cause is given by Hospital to Physician. However, the parties understand and acknowledge that termination of this Agreement shall not affect Physician's membership on the Hospital's Medical Staff.

9. Notwithstanding the aforesaid term, Physician may terminate this Agreement:

a. Upon written 90-day notice.

b. Immediately, upon death or disability.

c. Immediately upon Hospital's failure to perform under this agreement.

10. Originals of medical records of the EKG Department are the property of the Hospital and shall be retained at Hospital premises. Physician shall have access to, and may photocopy, such documents and records as may be required for the care of his patients or to perform his duties under this Agreement, provided only that he gives reasonable notice. Physician shall dictate or write all reports required of him by Hospital, for the performance of his duties under this agreement, in a timely manner.

11. This Agreement is for the personal services of Physician and Physician may not assign his rights, duties, obligations or responsibilities there under.

12. Subject to the restrictions against transfer or assignment set forth above, the provisions of this Agreement shall inure to the benefit, and be binding upon, the heirs, successors, assigns, agents, personal representatives, conservators, executors and administrators of the parties.

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

Asao Kamei, M.D.

By _____
Peter Watercott, President
Board of Directors
Northern Inyo County Local
Hospital District

APPROVED FOR FORM:

Douglas Buchanan
District Legal Counsel

EXHIBIT A
EKG INTREPRETATIONS

EKG Interpretation

Rhythm Strip

Tele Strip

Cardiac event recorder

Treadmill Study

Cardiac Nuclear

Adenosine Nuclear

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Memorandum of Understanding for Orthopedic Services; Northern Inyo Hospital & Mammoth Hospital

DRAFT

1. Patients will be seen and or treated at the facility of their choice given that either facility is medically appropriate.
2. Physician billing (pro fees) will be billed separately from facility fees and/or billed in accordance with the instructions of the physician(s).
3. Hospitals will bill for facility and ancillary services as is the custom.
4. Physicians, as long as they are appropriately credentialed by the NIH Medical Staff, will be afforded free use of the office at 152-A Pioneer Lane.
5. 152-A will be renamed with a neutral name.
6. To the extent that either hospital experiences an economic loss through the provision of Physician services at either location, both hospitals will share that loss on a prorated basis.
7. Clinical protocols and medical operations at 152-A will be at the direction of a Medical director contracted by NIH.
8. Physicians will provide Emergency Room Call as will be deemed appropriate by the NIH Medical Staff.
9. *NIH will manage the offices at 152-A, including employing the staff as may be appropriate.*
10. *MOU is cancellable with 60 day notice.*

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

This agreement ("Agreement") is made and entered into on 4/30/2012, by and between Northern Inyo County Local Hospital District ("District") and Lara Jeanine Arndal, 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 general acute care 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 Obstetrician Gynecologist ("OB/GYN") to practice in said communities, on the terms and conditions and surgeon who is a board-certified/eligible specialist in the practice of obstetrics and set forth below.
- C. Physician is a physician and surgeon, engaged in the private practice of medicine, licensed to practice medicine in the State of California, and will be certified by the American Board of Obstetrics and Gynecology within five years of completing residency. Physician desires to relocate his/her practice ("Practice") to Bishop, California, and practice OB/GYN 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 in Bishop, California. Physician shall be reimbursed for certain costs and expenses incurred by Physician in (i) relocating her practice to Bishop, and (ii) operating her practice in Bishop; all in accordance with the terms and conditions of that certain Relocation and Expense Agreement between Physician and District dated of even date herewith. Upon relocating her practice to Bishop, California, Physician shall operate her practice for the "Term" (as such term is defined in Section 4.01 below) of this Agreement, and provide and comply with the following:

- 1.01. **Services.** Physician shall provide Hospital with the benefit of her direct patient care expertise and experience, and shall render the scope of services 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, reasonably requested by the Hospital such that a complete medical record can be assembled.
- 1.02. **Limitation on Use of Space.** Physician shall use no part of any of the Offices for anything other

than for the private practice of OB/GYN medicine unless specifically agreed to, in writing, by the parties.

- 2.02. General Services.** District shall furnish ordinary janitorial services, maintenance services, and utilities, including telephone service, as may be required for the proper operation and conduct of Physician's Practice
- 2.03. Supplies.** District shall purchase and provide all supplies as may be reasonably required for the proper treatment of Physician's Practice patients. Physician shall inform Hospital of supply needs in a timely manner and shall manage the use of supplies in an efficient manner that promotes quality and cost-effective patient care.
- 2.04. Personnel.** District shall determine the initial number and types of employees and place them in the Practice initially. Physician and Hospital will mutually agree to subsequent staffing requirements.
- 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 the mutual consent of the Physician and Hospital. Hospital will incur and pay all operating expenses of the Practice.
- 2.06. Hospital Performance.** The responsibilities of District under this Article shall be subject to District's usual purchasing practices 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 OB/GYN surgeon while permitting a surgery schedule sufficient to service the patients of the Practice. Specific shifts will be scheduled according to normal operating procedures of the Practice and will be mutually agreed upon by Hospital and Physician.

Physician will specifically provide a total of 40 weeks per year allocated, on an annual and concurrent basis, as follows:

- 26 weeks of GYN call/ 20 weeks of OB/C-Section call. (OB/C-Section call can be increased to 20-26 weeks at Hospital's discretion);
- 40 weeks of clinic service; and
- 26 weeks of surgical services.

Physician shall receive 12 weeks per year paid time off during which time Physician must accomplish any licensure, CME, and any other absence hours-such as vacation, illness, jury duty, bereavement, etc.

Physician agrees to coordinate his/her schedule with any other physician(s) contracted by the Hospital for like services. Any equal schedule such as two weeks of all services, one week of

clinic, and one week off (the 2-1-1) per four (4) week rotation will be acceptable if agreed to by both physicians.

The Parties understand and agree that Physician is not responsible for providing, and will not provide, call coverage under any circumstances other than (i) as required by the Medical Staff Bylaw's requirements and (ii) that for which she is obligated under the terms of this Agreement.

III.

COMPENSATION

3.01. Minimum Income Guarantee. At all times during the Term of this Agreement, including any extensions or renewals hereof, District, District shall guarantee Physician an annual income of no less than \$295,625.20 ("Minimum Income Guarantee"). Compensation from District shall be payable to Physician at the higher of (a) the Minimum Income Guarantee amount paid at the rate of \$11,370.20 every two (2) weeks, or (b) 50% of fees collected for services rendered in Section II, adjusted quarterly after the first year 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. Additionally, Physician will be entitled to a \$500 per day stipend for taking any C-Section call in excess of 20 weeks per year. All payments shall be made on the same date as the District normally pays its employees. The Minimum Income Guarantee amount will be increased at the same time, in the same manner and at the same rate as the Hospital's employees.

3.02. Malpractice Insurance. At all times during the Term of this Agreement, including any extensions or renewals hereof, District will secure and maintain malpractice insurance for the benefit of the physician with limits of no less than \$1 million per occurrence and \$3 million per year. Tail coverage will also be provided in accordance with the following:

- Physician completes the entire three (3) year Term of this Agreement and then leaves the Hospital for any reason whatsoever = District pays 100% of the tail coverage premium;
- Physician leaves on her own initiative before the full three (3) year Term of this Agreement is completed and Physician provides Hospital with not less than one hundred and eighty (180) days' prior written notice = District and Physician split the tail premium pro-rata based on the number of months Physician stayed with the Hospital before leaving;
- Physician leaves the Hospital and does not give the required notice = Physician shall pay 100% of the tail premium;
- Physician becomes disabled to the point where she closes her practice contemplated by this Agreement = District pays 100% of the tail coverage premium;
- Hospital terminates Physician with or without cause before full three (3) year Term ends = Hospital pays 100% of the tail coverage premium.

3.03. Health Insurance. At all times during the Term of this Agreement, including any extensions or renewals hereof, Physician will be (i) admitted to the Hospital's self-funded Medical Dental Vision Benefit Plan and be provided the benefits contained therein as if she were an employee of District and (ii) provided a disability program until age 65 in an amount equal to the higher of (x) \$10,000.00 per month or (y) the average benefit received by all other OB/GYN physicians who are in similar contractual relationships with Hospital and who are receiving disability benefits.

3.04. Signing Bonus. Physician will receive \$1,000.00 from District upon signing this Agreement, which amount shall belong solely to Physician and shall not be subject to re-payment under any

circumstances. This payment is in addition to all amounts due Physician under the Expense Relocation Agreement and this Agreement.

3.05. Practice Liaison. Physician will receive \$1,250.00 per month for acting as the practice liaison and Publishing all the call schedules related to the OB/GYN service.

3.06. 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 District, 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.

3.07 Retention. Hospital shall retain an amount equal to 50% of all fees collected from the activities of physician/practice in exchange for providing all services and supplies rendered in II above.

IV.

TERM AND TERMINATION

4.01. Term. The term ("Term") of this Agreement shall be three (3) years beginning at 12:01 a.m. on 5/1/2012 and expiring at 12:00 p.m. on 4/31/2015.

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 Hospital;

b). Immediately by Hospital in its sole discretion if Physician fails to maintain the professional standards described in Article V of this Agreement;

c). Immediately upon permanent 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, substantially restricts, substantially 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 reasonable satisfaction of the non-breaching party within the thirty (30) days; or

f). Should Hospital fail to pay Physician any monetary benefits as defined in this Agreement and/or fail to provide non-monetary benefits as defined in this Agreement, within ten (10) days of the date such amount was due and payable, Physician may terminate this Agreement by providing ten (10) days prior written notice.

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. Hospital shall retain the Accounts Receivable and shall reduce said receivable by the amount it has compensated physician in excess of the fees earned. The balance shall be paid to the physician within forty-five (45) days of the termination of this Agreement.

4.04. Post Termination Patient Care. Upon termination or expiration of this Agreement, until such time as the District has made medically appropriate referrals of any of Physician's patients who continue to need her services, District shall continue to compensate Physician for the services that she renders to such patients at the rate of 50% of all fees collected for such services and shall pay within ten (10) days of receipt.

V.

PROFESSIONAL STANDARDS

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

5.02. Licensure and Standards. Physician shall:

- a) At all times be licensed to practice medicine in the State of California;
- b) Comply with all policies, bylaws, rules and regulations of Hospital, Hospital Medical Staff, and Practice, including those related to documenting all advice to patients and proper sign-off of lab and X-ray reports;
- c) Be a member in good standing of the Provisional or Active Medical Staff of Hospital;
- d) Maintain professional liability coverage in an amount required for membership on the Active Medical Staff of Hospital, at District's sole expense;
- 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, the same as a reasonable physician acting under the same or similar circumstances, and in accordance with the standards of, the American College of Obstetricians and Gynecologists, the Hospital Medical Staff, and the District. Further, she shall not violate any California law which prohibits (1) driving a motor vehicle under the influence of alcohol or prescription drugs or the combined influence of

such substances, (2) unlawful use of controlled substances, (3) being intoxicated in a public place in such a condition as to be a danger to 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 constitutes the above offenses, shall be a material breach of this Agreement.

5.03 Amendment of Standards. None of the policies, bylaws, rules and regulations of Hospital, Hospital Medical Staff, or Practice shall be altered without Physician's consent. [(or, as a backup position) shall be altered without providing Physician advance notice and a meaningful opportunity to object.]

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, or any other 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.

6.03 Disclosure of Physician's Information. Neither District nor Hospital may disclose any information provided by, or about, Physician in connection with any credentialing or peer review deliberations unless such disclosure is otherwise required by law.

VII.

GENERAL PROVISIONS

- 7.01. **No Competition.** For a period of six (6) months after this Agreement has been terminated by District for cause, Physician will not, directly or indirectly, solicit or accept employment with the same or similar duties as under this Agreement, with any person, medical group or any other entity that is a competitor with District, or enter into competition with District, either by herself or through any entity owned or managed, in whole or in part by Physician within a sixty (60) mile radius of Hospital. Physician further acknowledges that in the event this section is determined to be unenforceable by a court of competent jurisdiction, the parties agree that this provision shall be deemed to be amended to any lesser area or duration as determined by any court of competent jurisdiction and that the remaining provisions shall be valid and enforceable.
- 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, the covenants of the District to provide office space, and the covenant of Hospital to provide personal, equipment, and certain other benefits, are the minimum required to enable Physician to relocate herself and her practice to Bishop, California; that she is not able to repay such inducement, and that 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.

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: Lara Jeanine Arndal, MD
2626 Sierra Vista Way
Bishop, CA 93514

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.

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

Physician: Lara Jeanine Arndal, MD
2626 Sierra Vista Way
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 Physician's 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.

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:**

By: _____
Peter Watercott, District Board President

PHYSICIAN:

By: _____
Lara Jeanine Arndal, M.D.

APPROVED 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 and the Clinic multi-disciplinary care team. 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 Obstetrical and Gynecological Practice. Full time shall mean regularly scheduled office hours to meet the service area demand and performance of surgeries as may be required. 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 Obstetrical and Gynecological medical and surgical emergencies.
7. Participate in professional development activities and maintain professional affiliations.
8. Participate with Hospital to meet all federal and state Rural Health Clinic regulations.
9. Accept emergency call as provided herein.

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**NORTHERN INYO HOSPITAL
RURAL HEALTH CLINIC MEDICAL DIRECTOR AND
PROFESSIONAL SERVICES AGREEMENT**

Addendum

This Professional Services Agreement Addendum (this "Agreement"), dated as of 10/17/2012 is entered into by and between Northern Inyo Hospital Local Hospital District ("Hospital") and Stacy Brown, M.D. ("Physician").

This document will extend the Rural Health Clinic Medical Director and Professional Services Agreement, entered into on 10/1/2010 between the above parties until 12/28/2012. Any positive changes made to that document will be retroactive from 10/1/2012 thru the new contract period.

Peter Watercott, District Board President
Northern Inyo County Local Hospital District

Date

Stacey Brown, M.D.
Physician

Date

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**NORTHERN INYO HOSPITAL
RURAL HEALTH CLINIC STAFF PHYSICIAN
PROFESSIONAL SERVICES AGREEMENT**

Addendum

This Professional Services Agreement Addendum (this "Agreement"), dated as of 10/17/2012 is entered into by and between Northern Inyo Hospital Local Hospital District ("Hospital") and Thomas Boo, M.D. ("Physician").

This document will extend the RHC Staff Physician Agreement, entered into on 10/1/2009 between the above parties until 12/28/2012. Any positive changes made to that document will be retroactive from 10/1/2011 thru the new contract period.

Peter Watercott, District Board Chairman
Northern Inyo County Local Hospital District

Date

Thomas Boo, M.D., Physician

Date

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

THIS AGREEMENT MADE AND ENTERED INTO this 1st day of December, 2012, by and between NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT (hereinafter "Hospital") and James Richardson, M.D. (hereinafter "Physician").

**I
RECITALS**

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

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

**II
COVENANTS OF PHYSICIAN**

- 1. Physician shall perform the follow services:

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

agreement to the extent, and in such detail, as will properly reflect all net costs, direct and indirect, of labor, materials, equipment, supplies and services, and other costs and expenses of whatever nature, for which he or she may claim payment or reimbursement from the Hospital. Physician acknowledges and agrees that any federal office authorized by law shall have access, for the purpose of audit and examination, to any books, documents, papers, and records of Physician which are relevant to this Agreement, at all reasonable times for a period of four (4) years following the termination of this Agreement, during which period Physician shall preserve and maintain said books, documents, papers and records. Physician further agrees to transfer to the Hospital, upon termination of this Agreement, any books, documents, papers or records which possess long-term (i.e., more than four (4) years) value to the Hospital. Physician shall include a clause providing similar access in any subcontract he or she may enter with a value of more than \$10,000, or for more than a 12-month period, when said sub-contract is with a related organization.

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

III

COVENANTS OF THE HOSPITAL

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

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

IV GENERAL PROVISIONS

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

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

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

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

PHYSICIAN: James Richardson, M.D.
307 Academy
Bishop, California 93514

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

7. The term of this Agreement is one (1) year, commencing on December 1, 2012 and ending at midnight on November 30, 2013.
8. Notwithstanding the aforesaid term, Hospital may terminate this Agreement immediately upon the occurrence of any of the following events:

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

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

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

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

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

NORTHERN INYO COUNTY
LOCAL HOSPITAL DISTRICT

By _____
Peter Watcrott, President
Board of Directors

James Richardson, M.D.
307 Academy
Bishop, California 93514

EXHIBIT A
EKG INTERPRETATION RATES

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

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

THIS AGREEMENT MADE AND ENTERED INTO this 1st day of December, 2012, by and between NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT (hereinafter "Hospital") and Nickoline M. Hathaway, M.D. (hereinafter "Physician").

**I
RECITALS**

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

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

**II
COVENANTS OF PHYSICIAN**

1. Physician shall perform the follow services:

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

agreement to the extent, and in such detail, as will properly reflect all net costs, direct and indirect, of labor, materials, equipment, supplies and services, and other costs and expenses of whatever nature, for which he or she may claim payment or reimbursement from the Hospital. Physician acknowledges and agrees that any federal office authorized by law shall have access, for the purpose of audit and examination, to any books, documents, papers, and records of Physician which are relevant to this Agreement, at all reasonable times for a period of four (4) years following the termination of this Agreement, during which period Physician shall preserve and maintain said books, documents, papers and records. Physician further agrees to transfer to the Hospital, upon termination of this Agreement, any books, documents, papers or records which possess long-term (i.e., more than four (4) years) value to the Hospital. Physician shall include a clause providing similar access in any subcontract he or she may enter with a value of more than \$10,000, or for more than a 12-month period, when said sub-contract is with a related organization.

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 - c. Where any member of the Hospital Medical Staff requests Physician to consult on a patient after the patient's EKG is read by the Chief;
 - d. Where Physician has not been identified as the primary physician of a patient at the time a patient's pre-operative EKG is read by the Chief;
 - e. For any EKG not read within 24 hours of its creation.

III

COVENANTS OF THE HOSPITAL

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

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

IV GENERAL PROVISIONS

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

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

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

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

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

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

7. The term of this Agreement is one (1) year, commencing on December 1, 2012 and ending at midnight on November 30, 2013.
8. Notwithstanding the aforesaid term, Hospital may terminate this Agreement immediately upon the occurrence of any of the following events:

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

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

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

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

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

NORTHERN INYO COUNTY
LOCAL HOSPITAL DISTRICT

By _____
Peter Watcrott, President
Board of Directors

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

EXHIBIT A
EKG INTERPRETATION RATES

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

END