



Northern Inyo County Local Hospital District

***Board of Directors Regular Meeting***

**Wednesday February 15 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**

**February 15, 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.
3. Approval of minutes of the January 18, 2012 regular meeting; and the January 9, 2012 Special Meeting (*action items*).
4. Financial and Statistical Reports for the month of December 2011; John Halfen.
5. Administrator's Report; John Halfen.
  - A. Building Update
  - B. Orthopedic services update
  - C. Physician Recruiting Update
  - D. Security Report, December 2011
  - E. 340 B Update
  - F. Other (non-action items)
6. Chief of Staff Report; Robbin Cromer-Tyler, M.D..
7. Old Business
  - A. Practice Management Agreement, and Relocation Expense Agreement with Kristen Collins, M.D. (*action items*).
8. New Business
  - A. Construction Change Order Requests (*action items*):
    1. COR 290; RFI 996.1 Backflow Device in ICU, \$3,439
    2. COR 291; IB 336, Mechanical Cleanup Items, \$30,889
    3. COR 292; IB 210 Signage Reconciliation, \$30,889
    4. COR 293; IB 320, Ladder Rack in Server Room, \$46,653
  - B. Review of Hospital District Conflict of Interest Code (*action item*).
  - C. Renewal of Private Practice Physician Practice Management Agreement with Charlotte Helvie, M.D. (*action item*).
  - D. Renewal of Consulting Agreement with Patricia Calloway (*action item*).
  - E. Approval of line of credit with Bank of the West, \$5M (*action item*).
  - F. Acceptance of mutual agreement not to proceed with Private Practice Physician Income Guarantee and Practice Management Agreement for Services of Medical Director of Orthopedic Services with Peter Godleski, M.D., dated 12/22/11 (*action item*).
  - G. Other (*non-action items*).

9. Reports from Board members on items of interest.
10. Opportunity for members of the public to comment on any items on this Agenda, and/or on any items of interest.
11. Adjournment to closed session to:
  - A. Hear reports on the hospital quality assurance activities, and hear a report from the Medical Staff Executive Committee (Section 32155 of the Health and Safety Code, and Government Code Section 54962).
  - B. Conduct a Performance Evaluation (Government Code Section 54957).
  - 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 pending litigation based on stop notice filed by Strocal, Inc. (Government Code Sections 910 et seq., 54956.9).
  - E. Discussion to determine whether or not to initiate litigation (Government Code Section 54956.9(c)).
  - F. Confer with legal counsel regarding potential litigation (Government Code Section 54956.9(c)).
12. Return to open session, and report of any action taken in closed session.
13. Opportunity for members of the public to address the Board of Directors on items of interest.
14. Adjournment.

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CALL TO ORDER                      The meeting was called to order at 5:30 pm by Peter Watercott, President.

PRESENT                                Peter Watercott, President  
John Ungersma, M.D., Vice President  
M.C. Hubbard, Secretary  
Denise Hayden, Treasurer  
D. Scott Clark, M.D., Director

ALSO PRESENT                      John Halfen, Administrator  
Robbin Cromer-Tyler, Chief of Staff  
Douglas Buchanan District Legal Counsel

ALSO PRESENT FOR  
RELEVANT PORTION(S)              Dianne Shirley, R.N. Performance Improvement Coordinator

OPPORTUNITY FOR  
PUBLIC COMMENT                      Mr. Watercott asked if any members of the public wished to comment on any items listed on the agenda for this meeting. Hospital employee Gretchen Schumacher, R.N. spoke in support of Deborah Morales, whose employment has been terminated. She stated her feeling that Deborah handles patients in a very professional and caring manner, and she feels that Ms. Morales is a tremendous asset to the hospital. Ms. Schumacher asked that the Board consider overturning the termination of Ms. Morales.

Mr. Halfen also introduced potential incoming orthopedic surgeon Peter Godleski M.D., who is in town to meet with members of the Medical Staff, and with hospital staff. Doctor Godleski stated he looks forward to managing orthopedic services at Northern Inyo Hospital (NIH), and to enhancing the hospital's orthopedic practice as much as possible.

MINUTES                                The minutes of the December 21 2011 regular meeting were approved.

FINANCIAL AND  
STATISTICAL REPORTS                Mr. Halfen called attention to the financial and statistical reports for the month of October 2011. He noted the statement of operations shows a bottom line excess of expenses over revenues of \$888,000. Mr. Halfen additionally called attention to the following:

- *Inpatient service revenue was under budget*
- *Outpatient service revenue was under budget*
- *Total Expenses were over budget*
- *Salaries and wages were over budget*
- *Professional Fees expense was over budget*
- *The Balance Sheet showed no significant change*
- *Total net assets decreased during the month*
- *Year to date net income totals \$569,000*

Mr. Halfen noted cash and cash equivalents are down from last year as a result of the hospital rebuild project, and they are expected to continue to decline until the building project is complete. Total assets are in good

ADMINISTRATOR'S REPORT	shape, and current liabilities are up as a result of timing issues. The average number of days patient accounts are in receivables is 53.42, and there has been no change to the status of the hospital's investments. The hospital realized a significant loss in the month of November, largely due to a shortage of patient revenue. Expenses were also over budget for the month but are in good shape year-to-date. December is expected to be a better month in regard to revenue, and January has also been good so far. Following review of the reports provided it was moved by Denise Hayden, seconded by John Ungersma, M.D., and passed to accept the financial and statistical reports for the month of November as presented.
BUILDING UPDATE	John Hawes with Turner Construction Company reported the chillers in the new hospital building are up and running, and the new boilers and hot water heaters are also up and ready for final cleaning. All of the ceiling tiles have been dropped on the first floor, and tiles on the 2 <sup>nd</sup> floor will go in next week. Air handling units are being installed and the Information Technology (IT) room is being cleaned in preparation for bringing in the servers. Signs for the new building will also start coming in next week. Doctor Ungersma inquired about plans for an opening ceremony for the new building, and Mr. Halfen reported Grant Writing and Marketing Director Angie Aukee is coordinating that event.
ORTHOPEDIC SERVICES UPDATE	Mr. Halfen reported we are waiting for the appropriate Medical Staff approvals and credentialing needed in order to have orthopedic surgeon Peter Godleski M.D. come on board.
PHYSICIAN RECRUITMENT UPDATE	Mr. Halfen also reported that Lyn Leventis, M.D. will join the OB/Gyn practice of Lara Jeanine Arndal, M.D. in the next three to four months. Until Dr. Leventis comes on board, Arathi Veerswamy, M.D. with Renown Hospital in Reno will provide one week of OB/Gyn coverage a month for Dr. Arndal. Additionally, Kristin Collins, M.D. has agreed to join the pediatric practice of Doctors Beck, Casey, and Helvie, and she is expected to arrive sometime in June or July. Asao Kamei, M.D. additionally reported we have new hospitalist physicians coming on board in the near future, and now that our need for hospitalists has been met we will concentrate more on recruiting new internal medicine candidates.
23,052	Mr. Halfen reported that 23,052 is the number of cookies prepared by the NIH Dietary Department during the 2011 calendar year.
CHIEF OF STAFF REPORT	Chief of Staff Robbin Cromer-Tyler, M.D. reported the Medical Executive Committee has not met during the last month, and there is no Medical Staff news or action to report at this time.
OLD BUSINESS BIANNUAL COST OF LIVING ADJUSTMENT	Mr. Halfen reported the request for an employee Cost of Living Adjustment (COLA) has been withdrawn at this time, due to the fact that hospital revenue is currently not meeting budgeted projections.

MANDATORY  
AMENDMENT TO  
VALIC 457(B) PLAN

Mr. Halfen also called attention to a mandatory amendment to the hospital's Valic 457(B) plan, which needs to be adopted in order to maintain tax benefits of the plan. It was moved by Doctor Ungersma, seconded by M.C. Hubbard, and passed to approve the mandatory amendment to the Valic 457(B) plan as requested, with Mr. Watercott abstaining from the vote.

DISCUSSION OF AN  
EMPLOYEE  
GRIEVANCE

District Legal Counsel Douglas Buchanan reviewed the guidelines for discussing an employee grievance during closed session. It was noted that the grievance filed by Ms. Sandra Lund will be heard in closed session at the request of Ms. Lund. Closed session rules allow for only the Board of Directors and whomever the Board needs present to help with discussion of the grievance to be present, as well as the employee, and their attorney, if desired. If witnesses are called, they are heard one at a time, and the Chairman of the Board has control over the conduct of the grievance.

It was also reported that management has not had adequate time to fully investigate a second employee grievance filed by Ms. Deborah Morales, therefore Administration requests discussion of that grievance be tabled to a special meeting of the District Board, to be held at Northern Inyo Hospital on January 25<sup>th</sup> 2012 at noon. It was moved by Dr. Ungersma, seconded by Ms. Hubbard, and passed to table discussion of the employee grievance and appeal of termination filed by Ms. Deborah Morales until January 25 2012, with the consent of Ms. Morales.

NEW BUSINESS

CONSTRUCTION  
CHANGE ORDER  
REQUESTS

Kathy Sherry with Turner Construction Company called attention the following list of Construction Change Order Requests:

1. COR 168.2; IB 223 and 256 EJ Head of Wall, \$10,881
2. COR 263.1; IB 267, Revise curb and gutter location. Removal and replacement west side of Support, \$10,929
3. COR 270.1; IB 294, Add furred wall in front of shaft wall, \$4,274
4. COR 275.1; IB 315 Line for Humidification for CRAH, \$4,487
5. COR 278; IB 309, Electrical for FSD, \$4,365
6. COR 279.1; IB 317, Handrails at Walkways and Radiology, 7,298
7. COR 281; IB 332, Boiler, APC and Flue Anchorage, \$4,754
8. COR 282; IB 328, 325, 339, Equipment Anchorage, \$0
9. COR 283; IB 337, Canopy Support Attachment, \$2,287
10. COR 284; IB279, Added Door for Display Area Gift Shop, \$3,126
11. COR 285; RFI 1216 CRAH Floor Stand, \$7,117
12. COR 286; IB331 TV Bracket Anchorage, \$856
13. COR 287; IB 271 Various Minor RFI revisions (RFI 1034, 1058, 1066, 1074, 1074.1,1108B, 1037)
14. COR 288; IB 312, 323, 324, 326 at Zero and remove and replace sidewalk adjacent to south side of Support, \$5,993

Ms. Sherry noted all of the COR's represent either design changes; Office of Statewide Health Care Planning and Development (OSHPD) requirements; or code changes necessary for completion of the project. Mr. Halfen asked if the cost of some of the design changes can be covered by the architect who created the original design, and the response was that they cannot. Following review and discussion of the information provided it was moved by D. Scott Clark, M.D., seconded by Ms. Hubbard, and passed to approve all 14 Construction Change Orders as requested.

EXTENSION OF  
TURNER CONTRACT

Ms. Sherry also called attention to COR 289 which allows for an extension of Turner Construction's contract from January 3 2012 to March 28 2012, so Turner can continue to manage the project until it is complete. Ms. Sherry explained that Turner has exhausted all possible ways to save the hospital money on the building project, and they cannot continue to absorb any additional costs. Mr. Halfen provided a cash flow projection illustrating where the money for the \$367,330 contract extension will come from, and also showed how the hospital intends to pay the remainder of building project expenses. He also noted the hospital has established two lease lines of credit in order to help cover the cost of equipment for the new building, if necessary. Following review of the information provided, it was moved by Doctor Clark, seconded by Ms. Hubbard, and passed to approve COR 289 to allow for extension of the Turner Construction Management contract as requested.

PURCHASE OF  
PARAGON PHYSICIAN  
DOCUMENTATION  
MODULE

Information Technology Director Adam Taylor called attention to a proposal to purchase the Paragon Physician Documentation Module for NIH's new Hospital Information System (HIS). Mr. Taylor noted the module is an important part of the hospital's electronic medical records package, which was originally budgeted for at \$190,000, but will actually come in at a cost of \$137,000. A demonstration of the system will be provided for the Medical Staff on January 23, and Mr. Taylor requests approval of this purchase pending the acceptance of the Medical Staff. It was moved by Doctor Clark, seconded by Ms. Hubbard, and passed to approve the purchase of the Paragon Physician Documentation module, pending the approval of the NIH Medical Staff.

ALLIANT INSURANCE  
RENEWAL

Mr. Halfen called attention to a renewal of the Alliant *All Risk Property Insurance* policy for NIH. The Alliant proposal represents a renewal of the existing policy, with a small reduction to the cost of the premium. Mr. Halfen noted the new policy will not include earthquake insurance coverage, since the new hospital building will essentially be considered to be 'earthquake proof'. The contents of the new building will be insured, however the building itself will not have earthquake insurance coverage. It was moved by Dr. Ungersma, seconded by Ms. Hayden, and passed to approve the Alliant *All Risk Property Insurance* policy renewal as requested.



PRACTICE  
MANAGEMENT  
AGREEMENTS FOR  
COLLINS & NGUYEN

Mr. Halfen reported approval of the proposed *Practice Management Agreement* and *Relocation Expense Agreement* with Kristen Collins, M.D. will be tabled to the February regular meeting. He additionally reported the proposed *Practice Management* and *Relocation Expense* agreements with John Nguyen, M.D. have been retracted and will not be presented for approval now or at any time in the future.

PRACTICE  
MANAGEMENT  
AGREEMENT, CASEY

Mr. Halfen also called attention to a renewal of the existing *Private Practice Physician Practice Management Agreement* with Alice Casey, M.D.. The new agreement is identical to Doctor Casey's existing agreement, with a change being made only to the date. It was moved by Dr. Clark, seconded by Ms. Hayden, and passed to approve the renewal agreement with Alice Casey M.D. as requested.

ORTHOPEDIC  
CONTRACT  
AMENDMENT

Mr. Halfen also called attention to a proposed amendment to the *Agreement for Orthopedic Services* with Peter Godleski, M.D., which specifies that Dr. Godleski will make every attempt to use existing Medical Staff members to help provide orthopedic coverage. It was moved by Dr. Ungersma, seconded by Ms. Hayden, and passed to approve the amendment to the *Agreement for Orthopedic Services* with Peter Godleski, M.D. as requested.

BOARD MEMBER  
REPORTS

Mr. Watercott asked if any members of the District Board wished to comment on any items of interest. Ms. Hayden commented that a family member recently had surgery at Northern Inyo Hospital, and Ms. Hayden and her family were thrilled with the care provided by Doctor Clark, and with every member of the hospital staff that they encountered. No other comments were heard.

OPPORTUNITY FOR  
PUBLIC COMMENT

In keeping with the Brown Act, Mr. Watercott again asked if any members of the public wished to comment on any items of interest or on any items listed on the agenda for this meeting. Mr. Buchanan reported he recently received an anonymous letter sent to him and to every member of the District Board, and it is his policy that any letter or correspondence that is not signed does not exist. Anonymous correspondences will not be taken seriously, and anyone wanting to get the attention of District Legal Counsel should sign their letter in order for it to be considered.

CLOSED SESSION

At 6:45 p.m. Mr. Watercott announced the meeting was being adjourned to closed session to allow the Board of Directors to:

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

- Defendants (Government Code Section 54956.9(a)).
- C. Confer with legal counsel regarding pending litigation based on stop notice filed by Strocal, Inc. (Government Code Sections 910 et seq., 54956.9).
  - D. Discussion to determine whether or not to initiate litigation (Government Code Section 54956.9(c)).
  - E. 1. Discussion of an employee grievance and appeal of an employee termination (Government Code Section 54957).  
2. Discussion of a second employee grievance and appeal of an employee termination (Government Code Section 54957).
  - F. Conduct CEO Annual Performance Evaluation (Government Code Section 54957).

RETURN TO OPEN  
SESSION AND REPORT  
OF ACTION TAKEN

At 8:37p.m. the meeting returned to open session. Mr. Watercott reported that the District Board took action to uphold the termination of former employee Sandra Lund. Ms. Lund expressed her disappointment with the Board's ruling, but thanked them for their time and consideration. She also stated her lack of respect for management personnel who issued her termination notice, and stated her belief that the manager in question should hold a position of importance at the hospital.

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

The meeting was adjourned at 8:42 p.m..

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Peter Watercott, President

Attest:

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M.C. Hubbard, Secretary

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CALL TO ORDER                      The meeting was called to order at 5:45 p.m. by Peter Watercott, President, in the Laboratory registration area of Northern Inyo Hospital.

PRESENT                                John Ungersma, M.D., Vice President  
M.C. Hubbard, Secretary  
Denise Hayden, Treasurer  
D. Scott Clark, M.D., Director

ALSO PRESENT                      Leon Freis, RHP, Administration Support Services  
Sandy Blumberg, Administration Executive Assistant

ABSENT                                 John Halfen, Administrator  
Doug Buchanan, District Legal Counsel

ALSO PRESENT FOR  
RELEVANT PORTION(S)            Bruce Tulloch, Hematology Clinical Lab Scientist Supervisor  
Mary Ward, Chemistry Phlebotomy Supervisor  
Sandra Lund, former Laboratory Client Services Representative

OPPORTUNITY FOR  
PUBLIC COMMENT                    Mr. Watercott asked if any members of the public wished to comment on any items listed on the notice for this meeting, or on any items of interest. No comments were heard.

SPECIAL WORKSHOP  
RELATED TO AN  
EMPLOYEE  
GRIEVANCE                          A demonstration of the Laboratory registration order entry process was provided for members of the Board. The demonstration was given by Bruce Tulloch, Hematology Clinical Lab Scientist Supervisor, with the assistance of Mary Ward, Northern Inyo Hospital (NIH) Chemistry Phlebotomy Supervisor. The demonstration was offered in relation to an employee grievance and appeal of termination submitted by former NIH employee Sandra Lund.

Mr. Tulloch demonstrated the order entry process performed by Ms. Lund while employed at the hospital, and answered questions about the process at length (with additional input from Ms. Ward). A thorough discussion and step-by-step demonstration of the order entry process took place to the satisfaction of everyone present. It was noted that improvements have recently been made to the program in an attempt to help prevent mistakes from being made in the future. It was noted that all order entry fields can be overridden by the employee if they see they have made a mistake that needs to be corrected.

Ms. Lund expressed her feeling that the level of stress encountered while performing her normal job duties at NIH was very high, and it became worse when she perceived that harassment and hostility was being directed toward her by the Laboratory Manager. Ms. Lund acknowledged that she made errors yet stated she previously went for a long period of

time without making mistakes, until increased stress in her environment took a toll on her job performance. Ms. Ward acknowledged that the job responsibilities of the Lab order entry person can, at times, be very stressful. It was noted, however, that similar mistakes have not been made by other employees performing the same job functions.

The Board asked Ms. Lund and Ms. Ward for suggestions to help failsafe the order entry process, and no definitive suggestions for improvement were made. Laboratory Manager Leo Freis noted the hospital constantly strives to make improvements to its order entry system and procedures. Ms. Lund stated her opinion that other healthcare facilities do not have discipline policies as punitive as those in place for NIH employees, and she would like to see more lenient policies developed.

At the close of discussion Ms. Lund thanked the Board for their time and consideration, and the Board thanked Mr. Tulloch and Ms. Ward for their assistance with the demonstration. It was then moved by M.C. Hubbard, seconded by Denise Hayden, and passed to table a decision on the grievance and appeal of termination of Sandra Lund to the next regular meeting of the District Board.

BIANNUAL COST OF  
LIVING ADJUSTMENT  
(COLA)

Mr. Watercott called attention to the information item regarding a Biannual Cost of Living Adjustment (COLA) for hospital employees. In the absence of Administrator John Halfen, Executive Assistant Sandy Blumberg reported Administration's request for an employee Cost of Living Adjustment is being withdrawn at this time, due to the fact that the hospital is currently not meeting budget in regard to revenue earned.

OPPORTUNITY FOR  
PUBLIC COMMENT

In keeping with the Brown Act, Mr. Watercott again asked if anyone present wished to comment on any items listed on the agenda for this meeting or on any items of interest. Marilyn Mann was present in support of Ms. Lund, and she expressed her hope that the Board will recognize the difficulty of Ms. Lund's situation and establish policies sympathetic to employees who perform their job duties under stressful conditions. Ms. Mann also hopes that the Board and Hospital Administration will see this incident as an opportunity to implement a better system of checks and balances and to create an atmosphere more supportive of hospital employees.

ADJOURNMENT

The meeting was adjourned at 7:07p.m..

\_\_\_\_\_  
Peter Watercott, President

Attest: \_\_\_\_\_

\_\_\_\_\_  
M.C. Hubbard, Secretary

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**BUDGET VARIANCE ANALYSIS**

**Dec-11 PERIOD ENDING**

**In the month, NIH was**

	1%	over budget in IP days;
(	-0.193%	) under budget IP Revenue and
(	-2.2%	) under in OP Revenue resulting in
\$ (611,742)	(	-7.8%) under in gross patient revenue from budget &
\$ (344,967)	(	-7.3%) under in net patient revenue from budget

**Total Expenses were:**

\$ (248,876)	(	-5.3%	) over budget. Wages and Salaries were
\$ (58,286)	(	-3.5%	) over budget and Employee Benefits
\$ (42,281)	(	-4.0%	) under budget.
\$ 362,548			of other income resulted in a net loss of
\$ 413,181	\$	283,329	under budget.

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

\$ (58,286)	-4%	Salaries & Wages
\$ (5,568)	-1%	Professional Fees
\$ (104,074)	-22%	Supplies
\$ 39,242	20%	Bad Debt
\$ 23,205	10%	Other Expenses

**Other Information:**

42.45%	Contractual Percentages for month
41.24%	Contractual Percentages for Year

**\$ 981,774 Year-to-date Net Revenue**

**Special Notes:**

**McKesson Paragon Training is in full swing causing increase in Salaries & Wages  
Medicare 05 & 06 cost report final settlement resulted in \$122K due to Medicare  
and that amount is included in the Contractual Adjustments for the month**

# NORTHERN INYO HOSPITAL

## Balance Sheet

December 31, 2011

amounts 1,000

	<i>Current</i>		
	<i>Month</i>	<i>Prior Month</i>	<i>FYE 2011</i>
<b>Current assets:</b>			
Cash and cash equivalents	3,560	3,346	7,402
<b>Short-term investments</b>	6,985	7,085	12,443
Assets limited as to use	0	0	0
Plant Expansion and Replacement Cash	0	0	0
Other Investments (Partnership)	1,311	1,311	1,311
Patient receivable, less allowance for doubtful accounts \$505,629	8,532	8,132	8,782
Other receivables (Includes GE Financing Funds)	1,452	949	541
Inventories	2,434	2,392	2,457
Prepaid expenses	1,154	1,141	1,166
<b>Total current assets</b>	<b>25,429</b>	<b>24,357</b>	<b>34,103</b>
<b>Assets limited as to use:</b>			
Internally designated for capital acquisitions	827	827	826
Specific purpose assets	8	8	599
	834	834	1,426
<b>Revenue bond funds held by trustee</b>	1,904	3,018	2,314
Less amounts required to meet current obligations	0	0	0
<b>Net Assets limited as to use:</b>	<b>2,738</b>	<b>3,852</b>	<b>3,740</b>
<b>Long-term investments</b>	<b>250</b>	<b>250</b>	<b>250</b>
<b>Property and equipment, net of accumulated depreciation and amortization</b>	<b>82,483</b>	<b>80,310</b>	<b>69,861</b>
<b>Unamortized bond costs</b>	<b>929</b>	<b>934</b>	<b>957</b>
<b>Total assets</b>	<b>111,829</b>	<b>109,704</b>	<b>108,911</b>



# NORTHERN INYO HOSPITAL

## Balance Sheet

December 31, 2011

amounts 1,000

### Liabilities and net assets

	<i>Current</i>		
	<i>Month</i>	<i>Prior Month</i>	<i>FYE 2011</i>
<b>Current liabilities:</b>			
Current maturities of long-term debt	398	1,204	1,627
Accounts payable	3,240	1,081	825
Accrued salaries, wages and benefits	3,677	3,746	3,608
Accrued interest and sales tax	261	601	265
Deferred income	288	336	0
Due to third-party payors	2,517	2,440	2,246
Due to specific purpose funds	743	0	0
<b>Total current liabilities</b>	<b>11,124</b>	<b>9,409</b>	<b>8,571</b>
<b>Long-term debt, less current maturities</b>	<b>47,394</b>	<b>47,394</b>	<b>47,394</b>
Bond Premium	1,351	1,356	1,377
<b>Total long-term debt</b>	<b>48,745</b>	<b>48,749</b>	<b>48,771</b>
<b>Net assets:</b>			
Unrestricted	51,952	51,538	50,970
Temporarily restricted	8	8	599
<b>Total net assets</b>	<b>51,959</b>	<b>51,546</b>	<b>51,569</b>
<b>Total liabilities and net assets</b>	<b>111,829</b>	<b>109,704</b>	<b>108,911</b>

**NORTHERN INYO HOSPITAL**  
**Statement of Operations amounts in 1,000**  
*As of December 31, 2011*

	MTD Actual	MTD Budget	MTD Variance \$	MTD Variance %	YTD Actual	YTD Budget	YTD Variance \$	YTD Variance %	Prior YTD
<b>Unrestricted revenues, gains and other support:</b>									
In-patient service revenue:									
Routine	497	574	(77)	(13.4)	3,132	3,407	(275)	(8.1)	3,036
Ancillary	1,582	2,002	(420)	(21.0)	9,999	11,883	(1,884)	(15.9)	10,705
Total in-patient service revenue	2,080	2,576	(497)	(0.193)	13,131	15,290	(2,159)	-14.1%	13,742
Out-patient service revenue	5,125	5,240	(115)	(2.2)	31,611	31,105	506	1.6	29,052
<b>Gross patient service revenue</b>	<b>7,205</b>	<b>7,817</b>	<b>(612)</b>	<b>(7.80)</b>	<b>44,742</b>	<b>46,395</b>	<b>(1,653)</b>	<b>(3.6)</b>	<b>42,794</b>
<b>Less deductions from patient service revenue:</b>									
Patient service revenue adjustments	134	129	(4)	(3.5)	1,097	767	(330)	(43.1)	733
Contractual adjustments	2,684	2,955	271	9.2	17,312	17,538	226	1.3	16,049
Prior Period Adjustments	0	0	0	100.0	(960)	0	960	100.0	(4,448)
<b>Total deductions from patient service revenue</b>	<b>2,817</b>	<b>3,084</b>	<b>267</b>	<b>8.7</b>	<b>17,449</b>	<b>18,305</b>	<b>856</b>	<b>4.7</b>	<b>12,334</b>
<b>Net patient service revenue</b>	<b>4,388</b>	<b>4,733</b>	<b>(345)</b>	<b>-7%</b>	<b>27,293</b>	<b>28,090</b>	<b>(797)</b>	<b>-3%</b>	<b>30,459</b>
Other revenue	27	41	(14)	(34.5)	205	243	(38)	(15.6)	262
Transfers from Restricted Funds for Other Operating Expenses	97	90	7	7.6	583	536	47	8.8	481
<b>Total Other revenue</b>	<b>124</b>	<b>131</b>	<b>(7)</b>	<b>(5.5)</b>	<b>788</b>	<b>778</b>	<b>9</b>	<b>1.2</b>	<b>743</b>
<b>Total revenue, gains and other support</b>	<b>4,511</b>	<b>4,864</b>	<b>(352)</b>	<b>(5.6)</b>	<b>28,081</b>	<b>28,868</b>	<b>(788)</b>	<b>1.2</b>	<b>31,203</b>
<b>Expenses:</b>									
Salaries and wages	1,595	1,653	58	3.5	9,957	9,813	(144)	(1.5)	9,281
Employee benefits	1,009	1,051	42	4.0	6,226	6,241	15	0.3	5,877
Professional fees	400	405	6	1.4	2,723	2,406	(317)	(13.2)	2,343
Supplies	380	484	104	21.5	2,751	2,875	124	4.3	2,653
Purchased services	272	242	(30)	(12.3)	1,341	1,436	95	6.6	1,458
Depreciation	212	327	115	35.2	1,264	1,938	674	34.8	1,959
Interest	99	115	16	13.7	611	682	71	10.4	718
Bad debts	241	202	(39)	(19.5)	1,004	1,197	193	16.1	1,197
Other	253	230	(23)	(10.1)	1,541	1,367	(174)	(12.8)	1,329
<b>Total expenses</b>	<b>4,461</b>	<b>4,710</b>	<b>249</b>	<b>5.3</b>	<b>27,417</b>	<b>27,955</b>	<b>537</b>	<b>1.9</b>	<b>26,815</b>
<b>Operating income (loss)</b>	<b>51</b>	<b>154</b>	<b>(103)</b>	<b>(10.9)</b>	<b>663</b>	<b>914</b>	<b>(250)</b>	<b>(0.7)</b>	<b>4,388</b>
<b>Other income:</b>									
District tax receipts	48	43	5	11.1	288	257	32	12.3	255
Interest	12	27	(15)	(56.8)	101	158	(57)	(36.2)	164
Other	3	5	(2)	(39.4)	22	31	(9)	(29.9)	34
Grants and Other Non-Restricted Contributions	0	5	(5)	(100.0)	34	31	4	12.0	41
Partnership Investment Income	33	3	31	1,209.1	33	15	18	-	0
Net Medical Office Activity	(104)	(107)	3	N/A	(531)	(635)	104	16.4	(545)
Net 340B Drug Program	370	0	370	N/A	370	0	370	N/A	0
<b>Total other income, net</b>	<b>363</b>	<b>(24)</b>	<b>387</b>	<b>-</b>	<b>318</b>	<b>(143)</b>	<b>461</b>	<b>322.4</b>	<b>(51)</b>
<b>Excess (deficiency) of revenues over expenses</b>	<b>413</b>	<b>130</b>	<b>283</b>	<b>218.2</b>	<b>982</b>	<b>771</b>	<b>211</b>	<b>27.4</b>	<b>4,336</b>
Contractual Percentage	42.45%	42.03%			41.24%	42.03%			31.62%

# NORTHERN INYO HOSPITAL

## Statement of Operations--Statistics

*As of December 31, 2011*

	Month		Month		Year		Year	
	Actual	Budget	Variance	Percentage	Actual	Budget	Variance	Percentage
<b>Operating statistics:</b>								
Beds	25	25	N/A	N/A	25	25	N/A	N/A
Patient days	186	185	1	1.01	1,138	1,100	38	1.03
Maximum days per bed capacity	775	775	N/A	N/A	4,600	4,600	N/A	N/A
Percentage of occupancy	24.00	23.87	0.13	1.01	24.74	23.91	0.83	1.03
Average daily census	6.00	5.97	0.03	1.01	6.18	5.98	0.21	1.03
Average length of stay	2.91	2.50	0.41	1.16	2.75	2.50	0.25	1.10
Discharges	64	74	(10)	0.86	414	440	(26)	1
Admissions	64	75	(11)	0.85	428	446	(18)	1
Gross profit-revenue depts.	4,658,022	5,167,616	(509,594)	0.90	29,101,222	30,672,366	(1,571,144)	0.95
<b>Percent to gross patient service revenue:</b>								
Deductions from patient service revenue and bad debts	42.45	42.03	0.42	1.01	41.24	42.03	(0.79)	0.98
Salaries and employee benefits	35.90	34.48	1.42	1.04	35.96	34.48	1.48	1.04
Occupancy expenses	5.06	6.02	(0.96)	0.84	4.66	6.02	(1.36)	0.77
General service departments	5.95	5.85	0.10	1.02	6.18	5.85	0.33	1.06
Fiscal services department	4.66	5.34	(0.68)	0.87	5.50	5.34	0.16	1.03
Administrative departments	5.67	4.96	0.71	1.14	5.69	4.96	0.73	1.15
Operating income (loss)	3.75	(0.21)	3.96	(17.86)	(0.04)	(0.21)	0.17	0.19
Excess (deficiency) of revenues over expenses	5.73	1.66	4.07	3.45	2.19	1.66	0.53	1.32
<b>Payroll statistics:</b>								
Average hourly rate (salaries and benefits)	42.05	44.94	(2.88)	0.94	45.14	44.94	0.20	1.00
Worked hours	46,243.16	51,541.00	(5,297.84)	0.90	296,698.09	305,916.00	(9,217.91)	0.97
Paid hours	61,508.26	59,973.00	1,535.26	1.03	356,442.94	355,970.00	472.94	1.00
Full time equivalents (worked)	262.75	292.85	(30.10)	0.90	283.11	293.02	(9.91)	0.97
Full time equivalents (paid)	349.48	340.76	8.72	1.03	340.12	340.97	(0.85)	1.00

# NORTHERN INYO HOSPITAL

## Statements of Changes in Net Assets

As of December 31, 2011

	<u>Month-to-date</u>	<u>Year-to-date</u>
<b>Unrestricted net assets:</b>		
Excess (deficiency) of revenues over expenses	413,181.19	981,774.37
Net Assets due/to transferred from unrestricted	-	-
Interest posted twice to Bond & Interest	-	-
Net assets released from restrictions used for operations	-	-
<b>Net assets released from restrictions used for payment of long-term debt</b>	(97,134.58)	(582,807.48)
Contributions and interest income	33.94	206.26
<b>Increase in unrestricted net assets</b>	<u>316,080.55</u>	<u>399,173.15</u>
<b>Temporarily restricted net assets:</b>		
District tax allocation	-	39,201.79
Net assets released from restrictions	-	(631,000.00)
Restricted contributions	-	200.00
Interest income	4.29	64.60
Net Assets for Long-Term Debt due from County	97,134.58	582,807.48
<b>Increase (decrease) in temporarily restricted net assets</b>	<u>97,138.87</u>	<u>(8,726.13)</u>
<b>Increase (decrease) in net assets</b>	413,219.42	390,447.02
<b>Net assets, beginning of period</b>	51,546,078.31	51,568,850.71
<b>Net assets, end of period</b>	<u>51,959,297.73</u>	<u>51,959,297.73</u>

# NORTHERN INYO HOSPITAL

## Statements of Cash Flows

As of December 31, 2011

	<u>Month-to-date</u>	<u>Year-to-date</u>
<b>Cash flows from operating activities:</b>		
Increase (decrease) in net assets	413,219.42	390,447.02
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities: (correcting fund deposit)		
Depreciation	211,543.99	1,264,279.08
Provision for bad debts	240,930.87	1,004,182.27
Loss (gain) on disposal of equipment	-	-
(Increase) decrease in:		
Patient and other receivables	(1,143,430.55)	(1,665,022.34)
Other current assets	(54,433.32)	34,754.44
Plant Expansion and Replacement Cash	-	-
Increase (decrease) in:		
Accounts payable and accrued expenses	2,444,065.02	3,512,434.66
Third-party payors	77,060.64	270,365.64
<b>Net cash provided (used) by operating activities</b>	<u>2,188,956.07</u>	<u>4,811,440.77</u>
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(2,383,973.15)	(13,886,013.10)
Purchase of investments	99,982.06	5,458,131.06
Proceeds from disposal of equipment	-	-
<b>Net cash provided (used) in investing activities</b>	<u>(2,283,991.09)</u>	<u>(8,427,882.04)</u>
<b>Cash flows from financing activities:</b>		
Long-term debt	(809,807.05)	(1,255,264.74)
Issuance of revenue bonds	1,114,471.92	410,258.68
Unamortized bond costs	4,626.77	27,760.62
Increase (decrease) in donor-restricted funds, net	(38.23)	591,327.35
<b>Net cash provided by (used in) financing activities</b>	<u>309,253.41</u>	<u>(225,918.09)</u>
<b>Increase (decrease) in cash and cash equivalents</b>	214,218.39	(3,842,359.36)
<b>Cash and cash equivalents, beginning of period</b>	<u>3,345,856.61</u>	<u>7,402,434.36</u>
<b>Cash and cash equivalents, end of period</b>	<u>3,560,075.00</u>	<u>3,560,075.00</u>

## Financial Indicators

	Target	Dec-11	Nov-11	Oct-11	Sep-11	Aug-11	Jul-11	Jun-11	May-11	Apr-11	Mar-11	Feb-11	Jan-11
Current Ratio	>1.5-2.0	2.29	2.59	2.88	3.09	3.29	3.62	3.98	4.49	5.34	4.78	4.72	5.14
Quick Ratio	>1.33-1.5	1.83	2.11	2.40	2.58	2.79	2.89	3.49	3.87	4.30	4.15	4.20	4.62
Days Cash on Hand	>75	139.70	136.28	152.23	177.78	186.45	191.12	231.83	165.71	195.53	214.19	241.51	235.84
Debt Service Coverage	>1.5-2.0												

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

Month	<u>Operations Checking Account</u>				<u>Time Deposit Month-End Balances</u>							* Total Revenue Bond Funds	General Obligation Bond Fund
	Balance at Beginning of Month	Deposits	Disbursements	Balance at End of Month	Investment Operations Fund	Bond and Interest Fund	Equipment Donations Fund	Childrens Fund	Scholarship Fund	Tobacco Settlement Fund			
January	10,507,916	6,765,249	9,559,496	7,713,669	24,907,772	790,535	26,596	2,815	4,027	723,292	2,120,894	593	
February	7,713,669	7,631,345	6,454,526	8,890,488	21,851,274	790,535	26,596	2,815	4,027	723,320	2,257,873	593	
March	8,890,488	7,124,284	7,982,727	8,032,045	19,738,054	790,635	26,599	2,815	4,027	723,351	2,394,743	593	
April	8,032,045	4,976,646	9,187,639	3,821,052	17,729,613	592,220	26,599	2,815	4,027	799,780	2,531,814	593	
May	3,821,052	9,962,528	6,016,138	7,767,442	14,707,953	592,220	26,599	2,815	4,027	799,816	2,688,329	593	
June	7,767,442	6,502,436	6,807,040	7,462,838	12,693,053	592,296	26,603	2,815	4,028	799,849	2,413,318	-	
July	7,462,838	6,842,689	6,021,265	8,284,262	9,648,452	631,498	26,603	2,815	4,028	799,881	2,450,834	-	
August	8,284,262	9,931,004	6,969,573	11,245,693	7,663,367	631,498	26,603	2,815	4,028	799,918	2,587,816	-	
September	11,245,693	4,378,829	7,163,803	8,460,718	7,629,512	631,558	26,605	3,015	4,028	799,951	2,724,799	-	
October	8,460,718	4,652,466	7,563,728	5,549,457	7,379,819	558	26,605	3,015	4,028	799,986	2,861,783	-	
November	5,549,457	4,641,126	6,735,075	3,455,507	7,334,904	558	26,605	3,015	4,028	800,019	3,018,067	-	
December	3,455,507	5,229,268	4,997,687	3,687,088	7,234,922	558	26,606	3,015	4,028	800,052	1,766,583	-	

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

Investments as of December 31, 2011

Institution	Certificate ID	Purchase Dt	Maturity Dt	Principal	YTM	Broker
LAIF (Walker Fund)	20-14-002 Walker	02-Dec-11	01-Jan-12	\$320,226	0.38%	Northern Inyo Hospital
Multi-Bank Securities	RMB004151	02-Dec-11	20-Jan-12	\$2,011,375	0.01%	Multi-Bank Service
General Electric CAP Corp	36962GSX8	21-Dec-10	15-Feb-12	\$1,060,060	0.63%	Multi-Bank Service
BP CAP MKTS	05565ABG2	16-Dec-10	10-Mar-12	\$2,570,950	0.81%	Multi-Bank Service
Morgan Stanley Bank	617446-HC-6	21-Nov-11	01-Apr-12	\$1,022,310	0.41%	Multi-Bank Service
<b>Total Short Term Investments</b>				<b>\$6,984,922</b>		
First Republic Bank-Div of BOFA FNC	5L28639	20-May-10	20-May-13	\$150,000	2.40%	Financial Northeast Corp.
First Republic Bank-Div of BOFA FNC	5L28638	20-May-10	20-May-15	\$100,000	3.10%	Financial Northeast Corp.
<b>Total Long Term Investments</b>				<b>\$250,000</b>		
<b>Grand Total Investments</b>				<b>\$7,234,922</b>		



NORTHERN INYO HOSPITAL  
STATISTICS

12 MONTHS	IP			SURGERIES			TOTAL			BIRTHS			ER			OP			ADMITTS			PT DAYS			PT DAYS			DISCH					
	09 / 10 / 11			09 / 10 / 11			09 / 10 / 11			09 / 10 / 11			09 / 10 / 11			09 / 10 / 11			09 / 10 / 11			09 / 10 / 11			09 / 10 / 11			09 / 10 / 11			09 / 10 / 11		
	09	10	11	09	10	11	09	10	11	09	10	11	09	10	11	09	10	11	09	10	11	09	10	11	09	10	11	09	10	11	09	10	11
JANUARY	46	26	28	109	95	88	155	121	116	25	18	16	594	604	600	3241	3157	3223	141	99	93	359	304	285	406	337	314	142	99	97			
FEBRUARY	26	15	31	97	82	86	123	97	117	15	13	17	494	487	599	2988	3066	3109	96	81	94	245	209	204	278	235	238	100	83	83			
MARCH	24	42	18	116	104	90	140	146	108	22	21	10	542	663	565	3579	3504	3537	124	120	78	296	254	212	338	301	234	127	115	86			
APRIL	21	27	26	86	88	75	107	115	101	17	16	14	604	498	609	3424	3424	3207	100	84	74	216	231	242	251	258	273	102	90	75			
MAY	36	27	21	91	92	79	127	119	100	21	14	9	708	594	488	3258	3157	3233	110	106	87	273	291	246	318	312	263	106	104	86			
JUNE	29	20	19	82	97	75	111	117	94	24	14	6	660	756	857	3520	3352	3312	123	80	93	281	194	210	323	215	249	122	78	97			
JULY	24	24	24	129	77	77	153	101	101	19	11	18	779	690	598	3404	3345	3035	106	77	88	268	206	187	307	225	221	107	81	88			
AUGUST	31	21	30	91	70	83	122	91	113	26	19	25	603	744	702	3319	3502	3374	113	97	110	247	237	204	288	272	253	111	92	104			
SEPTEMBER	29	28	24	82	97	96	121	125	120	16	11	21	684	616	638	3045	3421	3155	100	86	86	245	196	169	278	216	211	100	88	87			
OCTOBER	25	21	22	85	101	63	110	122	85	15	16	20	638	567	510	3413	3453	3053	97	93	87	264	231	224	294	259	262	104	96	81			
NOVEMBER	27	19	15	58	76	57	85	95	72	18	16	15	588	496	556	3183	3333	2974	100	83	80	297	196	204	346	221	234	100	77	90			
DECEMBER	23	22	20	118	103	88	141	125	108	13	16	14	551	572	463	3183	3534	3006	94	90	78	238	192	192	266	223	223	89	92	78			
CALENDAR	341	292	278	1154	1082	957	1495	1374	1235	231	185	185	7445	7287	7185	39557	40248	38218	1304	1036	1048	3229	2741	2579	3693	3074	2975	1310	1095	1052			
MONTHLY	28	24	23	96	90	80	125	115	103	19	15	15	620	607	599	3296	3354	3185	109	91	87	269	228	215	308	256	248	109	91	88			

NORTHERN INYO HOSPITAL  
DEPARTMENTAL NON-EMERGENCY OUTPATIENT VISITS

Effective April 2010, Radiology Visits include all patient types (OP, IP, & ER); this is a change from only Outpatients

MONTHS 2011	DIAGNOSTIC RADIOLOGY		MAMMOGRAPHY		NUCLEAR MEDICINE		ULTRASOUND		CT SCANNING		LABORATORY		EKG/EEG		PHYSICAL THERAPY		RESPIRATORY THERAPY		RURAL HEALTH CLINIC		TOTALS															
	09	10	11	09	10	11	09	10	11	09	10	11	09	10	11	09	10	11	09	10	11	09	10	11												
JANUARY	606	622	742	434	330	192	96	77	34	206	198	242	185	167	185	470	658	100	1635	1619	1661	120	96	99	363	352	558	10	17	18	1457	1220	1362	5562	5356	5183
FEBRUARY	477	542	644	182	313	190	51	51	41	195	201	251	153	147	155	435	456	91	1643	1522	1497	116	114	128	314	376	596	10	15	23	1374	1254	1207	4950	4991	4821
MARCH	581	567	693	261	321	201	1	99	46	201	206	243	152	170	196	472	440	115	1904	1795	1786	121	117	139	428	449	712	13	9	27	1477	1404	1273	5611	5577	5431
APRIL	600	786	609	378	289	170	68	57	39	198	252	248	161	161	159	483	148	89	1824	1804	1658	108	113	129	380	395	750	16	10	14	1423	1394	1084	5639	5409	4949
MAY	650	764	687	391	177	159	87	40	49	187	234	244	131	183	190	656	109	107	1811	1622	1570	103	93	141	354	456	771	12	19	21	1373	1165	1164	5755	4862	5103
JUNE	594	632	602	455	199	205	37	42	38	224	220	253	150	158	183	461	400	113	1881	1707	1671	120	104	98	388	401	539	19	14	18	1387	1346	1441	5716	4923	5161
JULY	610	732	644	444	205	179	84	45	36	210	253	238	179	179	167	505	111	89	1805	1589	1526	102	118	91	328	423	499	11	17	13	1116	1123	1388	5394	4795	4870
AUGUST	528	813	672	398	187	204	73	57	35	193	252	243	165	220	182	392	106	104	1779	1648	1671	103	111	132	386	442	520	12	17	17	1071	1357	1552	5100	5210	5332
SEPTEMBER	505	786	692	402	184	173	113	37	30	200	239	238	61	140	166	360	105	125	1743	1728	1534	116	106	117	363	375	417	11	37	14	1209	1234	1336	5083	4971	4842
OCTOBER	546	684	586	434	339	186	88	63	35	176	243	190	155	189	158	423	137	117	1685	1586	1530	112	104	89	413	521	388	12	14	15	1297	1150	1397	5341	5030	4691
NOVEMBER	562	526	554	381	213	174	37	39	25	177	201	205	159	143	137	415	107	117	1651	1516	1625	102	103	92	363	471	372	8	12	10	1151	1100	1291	5006	4431	4602
DECEMBER	602	719	647	377	229	205	86	30	33	199	236	224	173	170	136	399	125	114	1653	1517	1424	93	130	124	370	523	384	16	28	11	1379	1289	1436	4950	4871	4624
CALENDAR YEAR AVERAGES	6981	8173	7772	4537	2986	2238	821	637	441	2366	2735	2819	1804	2027	2014	5471	2602	1281	21014	19653	19153	1316	1309	1377	4450	5184	6506	152	209	201	15714	15036	15921	64107	60426	59609
MONTHLY	572	681	648	378	249	187	68	53	37	197	228	235	150	169	168	456	217	107	1751	1638	1696	110	109	115	371	432	542	13	17	17	1310	1253	1327	5342	5038	4967

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

**Northern Inyo Hospital**  
**Monthly Report of Capital Expenditures**  
**Fiscal Year Ending JUNE 30, 2012**  
**As of December 31, 2011**

<b>MONTH APPROVED BY BOARD</b>	<b>DESCRIPTION OF APPROVED CAPITAL EXPENDITURES</b>	<b>AMOUNT</b>
FY 2008-09	Coagulation Analyzer	25,000
FY 2009-10	Platelet Function Analyzer	9,000
	PMA-IT Server Room Wiring Project	34,625
	Nexus VOIP Telephone System	958,776
	Siemens Analyzers EXL/EXL200	250,940
FY 2010-11	McKesson Paragon Hospital Information System                      Capital Fees Only	2,687,694
	PenRad Mammography Software	20,000
	Kronos Workforce HR and Payroll	244,000
	AMOUNT APPROVED BY THE BOARD IN PRIOR FISCAL YEARS TO BE EXPENDED IN THE CURRENT FISCAL YEAR	<u>4,230,035</u>
FY 2011-12	Bladder Scanner for ER to be purchased by NIH Auxillary Donation	13,145
	Transport Monitor for PACU to be purchased by NIH Auxillary Donation	15,000
	GE/DATEX Anesthesia Patient Monitors	97,637
	Additional Copper and Fiberoptic Cable	29,884
	Paragon Physician Documentation Module	137,254
	AMOUNT APPROVED BY THE BOARD IN THE CURRENT FISCAL YEAR TO BE EXPENDED IN THE CURRENT FISCAL YEAR	<u>292,920</u>
	Amount Approved by the Board in Prior Fiscal Years to be Expended in the Current Fiscal Year	4,230,035
	Amount Approved by the Board in the Current Fiscal Year to be Expended in the Current Fiscal Year	<u>292,920</u>
	Year-to-Date Board-Approved Amount to be Expended	4,522,955
	Year-to-Date Administrator-Approved Amount	124,173 *
	Actually Expended in Current Fiscal Year	<u>                    *</u>

**Northern Inyo Hospital  
 Monthly Report of Capital Expenditures  
 Fiscal Year Ending JUNE 30, 2012  
 As of December 31, 2011**

<b>MONTH APPROVED BY BOARD</b>	<b>DESCRIPTION OF APPROVED CAPITAL EXPENDITURES</b>	<b>AMOUNT</b>
	Year-to-Date Completed Building Project Expenditures	0 *
	<b>TOTAL FUNDS APPROVED TO BE EXPENDED</b>	<u><u>4,647,128</u></u>
	<b>Total-to-Date Spent on Incomplete Board Approved Expenditures</b>	871,635

Reconciling Totals:

Actually Capitalized in the Current Fiscal Year Total-to-Date	124,173
Plus: Lease Payments from a Previous Period	0
Less: Lease Payments Due in the Future	0
Less: Funds Expended in a Previous Period	0
Plus: Other Approved Expenditures	<u>4,522,955</u>
<b>ACTUAL FUNDS APPROVED IN THE CURRENT FISCAL YEAR TOTAL-TO-DATE</b>	<u><u>4,647,128</u></u>

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

\*Completed Purchase

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

\*\*Completed in prior fiscal year

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Peter Godleski  
2306 Runyon Court  
Orlando, Florida 32837

January 31, 2012

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

Dear John:

This is to confirm our conversation of Thursday January 26, 2012, in which we agreed mutually that we will not be proceeding with or executing the contract titled:

Northern Inyo Hospital  
Private Practice Physician  
Income Guarantee and Practice Management Agreement  
Medical Director of Orthopedic Services

and dated December 22<sup>nd</sup> 2011 between Northern Inyo County Local Hospital District and Peter Godleski, M.D.

Therefore this contract is null and void, as mutually agreed.

Respectfully,

A handwritten signature in black ink that reads "Peter Godleski MD". The signature is written in a cursive style with a large initial "P" and "G".

Peter Godleski MD

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# NORTHERN INYO HOSPITAL

## SECURITY REPORT

DECEMBER 2011

### FACILITY SECURITY

Access security during this period revealed three instances of open or unsecured doors being located during those hours when doors were to be secured. Three interior doors were located unsecured during this period.

On December 3<sup>rd</sup>, Security discovered an alarm of unknown source on the second floor of the new building. Scott Hooker was notified and Turner Staff disconnected the alarm.

On December 6<sup>th</sup>, Security noticed a loud mechanical noise coming from the north end of the overhead of the Support Building. Maintenance Staff was called out and identified the problem as a thermostat controlled vents failure to open.

On December 24<sup>th</sup>, Security observed a water leak outside the south east corner of the new building. Scott Hooker notified. Turner was aware of the leak and will address in the a.m.

### HUMAN SECURITY

On December 10<sup>th</sup>, Security Staff stood by in the ED while an extremely intoxicated patient was treated.

On December 13<sup>th</sup>, EMS presented a patient to the ED that was soon thereafter pronounced deceased. Security Staff stood by directly as ICSO had determined that the deceased was a possible homicide victim. Security Staff assisted with evidence collection and provided Crime Scene overview of the deceased until the Coroner took possession of the body.

On December 24<sup>th</sup>, Security Staff stood by in the ED while treatment was provided to a felony assault victim. Upon learning that the Police Department had been notified the patient attempted to leave Campus. Security Staff was able to detain the subject long enough for Police personnel to arrive and interview the victim. This subject left Campus without further treatment.

On December 25<sup>th</sup>, Security Staff was called to the ED to assist with a very intoxicated patient. Security stood by with this patient through treatment and until discharged.

On December 26<sup>th</sup>, Security Staff made contact with the driver of a vehicle that had been left parked and unattended in the Ambulance Parking area. This subject had brought a patient into the ED for treatment and initially refused to move the vehicle. After a lengthy discussion of potential consequences, the subject moved the vehicle and left Campus.



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340 Drug Program Net Profit

Due to Hospital from Retailer for prescriptions filled from April through December 2011 under 340B program	\$ 701,259.03
Due to Sentry from NIH for costs of program	\$ (128,305.75)
Due to Cardinal from NIH for Replacement Drugs to Retailer	<u>\$ (202,584.35)</u>
	<u>\$ 370,368.93</u>

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**NORTHERN INYO HOSPITAL  
PRIVATE PRACTICE PHYSICIAN  
PRACTICE MANAGEMENT AGREEMENT**

This Agreement is made and entered into on this first day of March, 2012 by and between Northern Inyo County Local Hospital District ("District") and Kristin Collins, D.O. ("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 physician who is a board-certified/eligible specialist in the practice of General Pediatrics, to practice in said communities, on the terms and conditions set forth below.
- C. 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 Pediatricians. Physician desires to maintain her practice ("Practice") in Bishop, California, and practice Pediatrics in the aforesaid communities.

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

**I.  
COVENANTS OF PHYSICIAN**

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

- 1.01. Services.** Physician shall provide Hospital with the benefit of her direct patient care expertise and experience, and shall render those services necessary to enable Hospital to achieve its goals and objectives for the provision of Pediatric Services. The scope of services to be performed by Physician is described in Exhibit A attached hereto and incorporated by reference herein. Physician shall provide Hospital with patient medical record documentation of all direct patient care services rendered hereunder; such documentation shall be submitted to Hospital on an ongoing basis, and shall be in the form, and contain the information, requested by the Hospital such that a complete medical record can be assembled.

1.02. **Limitation on Use of Space.** No part of any offices provided by the District either by lease or other arrangement shall be used at any time by Physician as anything other than the private practice of PEDIATRIC medicine unless specifically agreed to, in writing, by the parties.

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

- a) Maintain Active Medical Staff ("Medical Staff") membership with Pediatric privileges sufficient to support a part time PEDIATRIC 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 her by Hospital and as required by the Hospital Medical Staff. Physician shall not be required to provide more than fifty percent (50%) of the annual call in weekly increments (4,380 hours annually) unless otherwise agreed upon from time to time. The minimum call requirement shall be 2,920. Physician shall be solely responsible for call coverage for her personal private practice.
- c) Maintain books, records, documents, and other evidence pertaining to all costs and expenses incurred, and revenue acquired, pursuant to this Agreement to the extent, and in such detail, as will properly reflect all net costs, direct and indirect, of labor, materials, equipment, supplies, services, and other costs and expenses of whatever nature, for which she may claim payment or reimbursement from the District. Physician acknowledges and agrees that any federal office authorized by law shall have access, for the purpose of audit and examination, to any books, documents, papers, and records of Physician which are relevant to this Agreement, at all reasonable times for a period of four (4) years following the termination of this Agreement, during which period Physician shall preserve and maintain said books, documents, papers, and records. Physician further agrees to transfer to the District, upon termination of this Agreement, any books, documents, papers or records which possess long-term [*i.e.*, more than four (4) years] value to the Hospital. Physician shall include a clause providing similar access in any sub-contract he may enter with a value of more than Ten Thousand Dollars (\$10,000) or for more than a twelve (12) month period, when said sub-contract is with a related organization.
- d) At all times comply with all relevant policies, rules and regulations of the Hospital, subject to California and federal statutes governing the practice of medicine.
- e) District expressly agrees that said services might be performed by such other qualified physicians as the Physician may employ or otherwise provide so long as each such physician has received proper training, is properly licensed, has been granted privileges by the Hospital Medical Staff, and has received approval in writing from the Hospital.

## II.

### **COVENANTS OF THE DISTRICT**

2.01. **Practice Management Services.** Hospital will provide the following services in exchange for the fees agreed to in 3.05

- a) **Space.** Hospital shall make the Offices available for the operation of Physician's Practice either through a direct let at no cost to the physician or through an arrangement with a landlord.

- b) **Equipment**. In consultation with Physician, Hospital shall provide all equipment as may be reasonably necessary for the proper operation and conduct of Physician's practice. Hospital shall repair, replace or supplement such equipment and maintain it in good working order.
- 2.02. **General Services**. District shall furnish ordinary janitorial services, maintenance services, and utilities, including telephone service, as may be required for the proper operation and conduct of Physician's Practice.
- 2.03. **Supplies**. District shall purchase and provide all supplies as may be reasonably required for the proper treatment of Physician's Practice patients. Physician shall inform Hospital of supply needs in a timely manner and shall manage the use of supplies in an efficient manner that promotes quality and cost-effective patient care.
- 2.04. **Personnel**. Physician and Hospital will mutually agree to staffing requirements. Physician shall not be required to maintain any personnel that she does not feel is appropriate for the practice.
- 2.05. **Business Operations**. District shall be responsible for all business operations related to operation of the Practice, including personnel management, billing and payroll functions. Physician will provide the appropriate billing codes, which will be used unless changed by mutual consent of the Physician and Hospital. Hospital will incur and pay all operating expenses of the Practice.
- 2.06. **Hospital Performance**. The responsibilities of District under this Article shall be subject to District's discretion and its usual purchasing practices, budget limitations and applicable laws and regulations.
- 2.07. **Practice Hours**. The District desires, and Physician agrees, that Physician's Practice shall operate on a part-time basis, maintaining hours of operation in keeping with the part time practice of one GENERAL Pediatrician while permitting a Pediatrics schedule sufficient to service the patients of the Practice. Part time shall mean an average of six shifts per week, a shift varying between three and four and one half hours and shall be consistent with the scheduled hours of operation of operation of the Clinic. Specific shifts will be scheduled according to normal operating procedures of the Practice and will be mutually agreed upon with Physician.

### **III. COMPENSATION**

- 3.01. **Compensation**. During the term of this agreement, District shall guarantee Physician an annual income of \$138,306, payable to Physician at the higher of 50% of fees collected for services rendered in Section II or the rate of \$5,319.46 every two (2) weeks, adjusted quarterly to reflected 50 % of fees collected so that payments will not exceed the minimum guarantee unless 50% of the fees exceed the guarantee on an annualized basis. All payments shall be made on the same date as the District normally pays its employees and shall be adjusted for Cost of Living at the same rates and conditions as Hospital employees.

**Sign on Bonus.** Physician shall receive a \$20,000 sign on Bonus fifteen days after she has started seeing patients. This bonus must be repaid if the physician does not complete the term of this contract by abandonment of the contract or termination under the provisions in 402 a) and 402 e). Said repayment will be prorated by the months remaining unfulfilled term of this agreement.

- 3.02. **Malpractice Insurance.** Physician will secure and maintain her own malpractice insurance with limits of no less than \$1 million per occurrence and \$3 million per year. District will reimburse Physician eighty percent (80%) of the premiums for said insurance paid for by Physician. Physician's expensed shall be limited to \$1,000 per annualized policy period.
- 3.03. **Health Insurance.** For the term of this Agreement, and no longer, Physician will be 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 the District, or, at NIH's direction, the Physician will maintain her own health insurance and will be reimbursed by the District.
- 3.04. **Billing for Professional Services.** Subject to section 2.05 above, Physician assigns to District all claims, demands and rights of Physician to bill and collect for all professional services rendered to Practice patients, for all billings for Pediatric 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 Pediatric services performed at the Hospital, and for managing all Practice receivables and payables, including those related to Medicare and MediCal beneficiaries. Physician shall not bill or collect for any services rendered to Practice patients or Hospital patients, and all Practice receivables and billings shall be the sole and exclusive property of the Practice. In particular, any payments made pursuant to a payer agreement (including co-payments made by patients) shall constitute revenue of the Practice. In the event payments are made to Physician pursuant to any payer agreement, Physician shall promptly remit the payments directly to Hospital.
- 3.05. **CME and Vacation Expense.** The hospital will reimburse 50% of pre-approved (by the hospital Administrator) necessary CME expense incurred by the physician. Additionally Physician shall be entitled to four weeks (24 shifts) of vacation, compensated at the rate (s) in 3.01.
- 3.06. **Student Loan Reimbursement.** NIH will contribute the lower of the annual loan repayment required by the Physician's loan agreement or \$10,000. Payment will coincide with the due date of the payment.
- 3.07. **Retention.** Hospital will retain 50% of all fees collected from the activities of Physician/practice in exchange for the services rendered in II above.

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

- 4.01. **Term.** The term of this Agreement shall be two (2) 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. The Agreement may be

renewed, by written instrument signed by both parties, no later than 120 days before its expiration date.

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

- a) By Physician at any time, without cause or penalty, upon one hundred and eighty (180) days' prior written notice to the 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 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.

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

## V.

### **PROFESSIONAL STANDARDS**

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

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

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



- d) Maintain professional liability coverage in an amount required for membership on the Active Medical Staff of Hospital;
- e) Participate in continuing education as necessary to maintain licensure and the current standard of practice; and
- f) Comply with all applicable laws, rules and regulations of any and all governmental authorities, and applicable standards and recommendations of the Joint Commission on Accreditation of Healthcare Organizations.
- g) At all times conduct herself, professionally and publicly, in accordance with the standards of the medical profession, the American College of Pediatricians, 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.

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

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

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

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

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

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

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

- 7.03. **Amendment.** This Agreement may be amended at any time by mutual agreement of the parties, but any such amendment must be in writing, dated, and signed by both parties.
- 7.04. **No Referral Fees.** No payment or other consideration shall be made under this Agreement for the referral of patients, by Physician, to Hospital or to any nonprofit corporation affiliated with District.
- 7.05. **Repayment of Inducement.** The parties stipulate and agree that the income guaranteed to Physician under this Agreement, and the covenants of the District to provide office space,

personal, equipment, and certain other benefits, are the minimum required to enable Physician to relocate herself to Bishop, California; that she is not able to repay such inducement, and no such repayment shall be required.

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

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

**Physician:** Kristin Collins, DO  
152 Pioneer Lane, Suite H  
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. Physician agrees to maintain medical records according to Practice policies and procedures and in accordance with community standards. Each party agrees to maintain the confidentiality of all records and materials in accordance with all applicable state and federal laws. Hospital agrees to permit Physician to have access, during or after the term of the Agreement, to medical records generated by Physician if necessary in connection with claims, litigation, investigations, or treatment of patients.
- 7.12. **Prior Agreements**. This Agreement represents the entire understanding and agreement of the parties as to those matters contained in it. No prior oral or written understanding shall be of

any force or effect with respect to the matters contained in this Agreement. This Agreement may be modified only by a writing signed by each party or his/its lawful agent.

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

NORTHERN INYO COUNTY  
LOCAL HOSPITAL DISTRICT

PHYSICIAN

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

By \_\_\_\_\_  
Kristen Collins, D.O.

APPROVED AS TO FORM:

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

## **EXHIBIT A**

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

#### POSITION SUMMARY

The Physician is a Member of the Northern Inyo Hospital Active Medical Staff. Physician provides direct primary medical diagnosis and treatment to Practice and Hospital patients. The Physician will provide services commensurate with the equivalent of a part time Pediatric Practice. Part time shall mean regularly scheduled office hours to meet the service area demand and performance of surgeries as may be required.

Specifically, the Physician will:

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

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## RELOCATION EXPENSE AGREEMENT

THIS AGREEMENT, MADE AND ENTERED into this \_\_\_\_ day of \_\_\_\_\_, 2012, by and between the NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT, hereinafter referred to as "District" and Kristin Collins, D.O. 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 Pediatrics. 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 Pediatrics and capable of performing Cesarean Sections in order to insure adequate coverage of that medical specialty and, further, 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.

## II

### COVENANTS OF THE PARTIES

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

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 General Pediatrics, to maintain such memberships for an aggregate period of at least two (2) years and to maintain an active practice in Pediatrics in the City of Bishop, California, for at least two (2) years.

2.02. District agrees to pay up to \$10,000.00, 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 he shall repay the District, with interest, \$2,500.00 (representing the product of  $6/24 \times \$10,000.00$ )



### 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

KRISTIN COLLINS, D.O.

C/O Northern Inyo Hospital  
152 Pioneer Lane, Suite H  
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 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 \_\_\_\_\_  
Kristen Collins, D.O..

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**February Board COR'S**

		Requested	
COR			
290	RFI 996.1 Backflow Device in ICU	\$3,439	
291	IB 336 Mechanical Cleanup Items	\$30,889	
292	IB 210 Signage Reconciliation	\$81,447	
293	IB 320 Ladder Rack in Server Room	\$46,653	

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

February 06, 2012

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

RE: Northern Inyo Hospital Construction  
Project # 1495401  
**Change Order Request Number COR - 293**

Dear Mr. Halfen,

We have finalized the required quotations for the additional work outlined below. Please see the attached supporting documentation for a complete labor, material and equipment estimate of the work. IB 320 reduced the scope of the ladder rack frame previously included in IB 35. This portion of the work was not included in our COR for IB 35, therefore the total cost of the ladder rack is included herein, based on the IB 320 design. We have also included the cost of the acoustical tile subcontractor as an allowance as T&M tickets are still being reconciled.

PCO No	Description	Amount
564	IB 320 Ladder Rack in Server Room H1048	\$46,653.15
<b>Total Amount</b>	<b>\$46,653.15</b>	

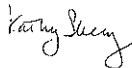
Funding Source: Owner Contingency

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

Please return one (1) copy of this letter indicating your approval of this Change Order Request which increases our Contract by **Forty six thousand six hundred fifty three and 15/100 dollars (\$46,653.15)**. This approval will also authorize us to issue Subcontract Change Orders accordingly.

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

Sincerely,



Kathy Sherry  
Project Manager

Approved By: \_\_\_\_\_ Date: \_\_\_\_\_  
John Halfen  
CEO - Northern Inyo Hospital

cc: File, PCO 564

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

February 03, 2012

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

RE: Northern Inyo Hospital Construction  
Project # 1495401  
**Change Order Request Number COR - 291**

Dear Mr. Halfen,

We have finalized the required quotations for the additional work included in Instructional Bulletin 336. Please see the attached supporting documentation for a complete labor, material and equipment estimate of the work.

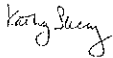
PCO No	Description	Amount
648	IB 336 Mechanical Cleanup Items	\$30,888.61
<b>Total Amount</b>	<b>\$30,888.61</b>	

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

Please return one (1) copy of this letter indicating your approval of this Change Order Request which increases our Contract by **Thirty thousand eight hundred eighty eight and 61/100 dollars (\$30,888.61)**. This approval will also authorize us to issue Subcontract Change Orders accordingly.

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

Sincerely,



Kathy Sherry  
Project Manager

Approved By: \_\_\_\_\_ Date: \_\_\_\_\_  
John Halfen  
CEO - Northern Inyo Hospital

cc: File, PCO 648

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

February 06, 2012

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

RE: Northern Inyo Hospital Construction  
Project # 1495401  
**Change Order Request Number COR - 292**

Dear Mr. Halfen,

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

<b>PCO No</b>	<b>Description</b>	<b>Amount</b>
407	IB 210 Signage Reconciliation.	\$81,447.42

**Total Amount**                    **\$81,447.42**

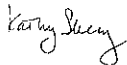
Funding Source: Owner Contingency

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

Please return one (1) copy of this letter indicating your approval of this Change Order Request which increases our Contract by **Eighty one thousand four hundred forty seven and 42/100 dollars (\$81,447.42)**. This approval will also authorize us to issue Subcontract Change Orders accordingly.

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

Sincerely,



Kathy Sherry  
Project Manager

Approved By: \_\_\_\_\_ Date: \_\_\_\_\_

John Halfen  
CEO - Northern Inyo Hospital

cc: File



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

February 01, 2012

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

RE: Northern Inyo Hospital Construction  
Project # 1495401  
**Change Order Request Number COR - 290**

Dear Mr. Halfen,

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

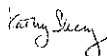
<b>PCO No</b>	<b>Description</b>	<b>Amount</b>
656	RFI 996.1 Backflow Device in ICU	\$3,439.37
<b>Total Amount</b>	<b>\$3,439.37</b>	

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

Please return one (1) copy of this letter indicating your approval of this Change Order Request which increases our Contract by **Three thousand four hundred thirty nine and 37/100 dollars (\$3,439.37)**. This approval will also authorize us to issue Subcontract Change Orders accordingly.

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

Sincerely,



Kathy Sherry  
Project Manager

Approved By: \_\_\_\_\_ Date: \_\_\_\_\_  
John Halfen  
CEO - Northern Inyo Hospital

cc: File, PCO 656



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RANDY H. KELLER  
County Counsel

DANA M. CROM  
Deputy County Counsel

STEVEN B. PORTER  
Deputy County Counsel

OFFICE OF THE COUNTY  
COUNSEL

January 23, 2012

*Independence:*

P.O. Box M, 224 No. Edwards St.  
Independence, CA 93526  
760 878-0229 Fax 760 878-2241

*Bishop:*

163 May Street  
Bishop, CA 93514  
760 872-1169 Fax 760 873-5695

Local Agency Governing Boards  
Inyo County, California

Subject: CONFLICT OF INTEREST CODE: REQUIREMENT TO REVIEW, AMEND OR REPORT


Dear Governing Board Members:

Government Code Section 87306.5 requires every local agency's code reviewing body to, no later than July 1 of every even-numbered year, direct every local government agency which has adopted a conflict of interest code to review its conflict of interest code and either amend the code or report to the respective code reviewing body that no amendment is necessary. This letter constitutes the official notification pursuant to Government Code section 87306.5. Pursuant to that Government Code section, the report must be submitted to the agency's code reviewing body no later than October 1 of each even-numbered year.

County records indicate that the Inyo County Board of Supervisors is your agency's code reviewing body. Under the provisions of Government Code section 87306.5 you are required to review your conflict of interest code and amend it as required by Government Code section 87306, or submit a written statement to the Office of County Counsel no later than October 1, 2012 that no change in your code is required.

We are enclosing a revised County of Inyo Standardized Conflict of Interest Code Form should your Agency's Conflict of Interest Code need revision or amendment. To assist your agency in making its biennial report, we are enclosing a Local Agency Biennial Report form, which should be completed and returned to the Office of County Counsel by **October 1, 2012**. Early responses are appreciated, especially if you anticipate amending your code, to give our office an adequate opportunity for review. We have the forms in a PDF format. If you would rather have them emailed to you please contact Debbie at either 760 878-0229 or [dgonzalez@inyocounty.us](mailto:dgonzalez@inyocounty.us).

On an unrelated ethics note, in addition to updating the Conflict of Interest Form, if your agency provides compensation, salary, stipend, or reimburses the expenses of, the members of your governing body, your agency must ensure those persons receive ethics training every two years. Training is available at the following websites: <http://www/localethics.fppc.ca.gov> or [http:// localethics.fppc.ca.gov](http://localethics.fppc.ca.gov). You should document that the training was received.

Sincerely,  
  
Randy H. Keller  
County Counsel

RK/dg  
Enclosures - Local Agency Biennial Form  
- Standard Conflict of Interest Code Form  
iC:CIC/GOVBd.Ltr.12

RECEIVED

JAN 24 2012

ADMINISTRATION OFFICE

## 2012 LOCAL AGENCY BIENNIAL REPORT

Government Code Section 87306.5 requires local agencies to submit to their code reviewing body a biennial report identifying changes in its code, or a statement that their code is not in need of amendment. Such reports shall be submitted to the Office of County Counsel for approval no later than October 1, of each even-numbered year. Once reviewed, the Office of County Counsel will submit all reports to the Board for their approval. You may use this form or you may prepare your own report. When completed, all reports must be mailed to:

County Counsel  
County of Inyo  
Post Office Box M  
Independence, CA 93526

###

This agency has reviewed its conflict of interest code and has determined that:

- (1)  Our agency's code accurately designates all positions which make or participate in the making of governmental decisions; that the disclosure assigned those positions accurately requires the disclosure of all investments, business positions, interests in real property and sources of income which may foreseeably be affected materially by the decisions made by those designated positions; and further that the code includes all other provisions required by Government Code Section 87302; or,
- (2)  Our agency's code is in need of amendment. We have determined that the following amendments are necessary (check applicable items):
- Include new positions which must be designated.
  - Make changes to the reportable sources of income, investments, business positions, or real property.
  - Make changes to the titles of positions assigned.
  - Delete positions which have been abolished or changed.
  - Change or add the provisions required by Government Code Section 87302.

Contact Person \_\_\_\_\_  
Agency \_\_\_\_\_  
Mailing Address \_\_\_\_\_  
Date of Review of Agencies Conflict of Interest Code \_\_\_\_\_

\_\_\_\_\_  
Signature of Presiding Officer

**Note:** Government Code Section 87306 requires that when a department has determined that amendments are necessitated by changed circumstances, the amendments or revisions shall be submitted to the code reviewing body within 90 days.

**CONFLICT OF INTEREST CODE OF THE \_\_\_\_\_ DISTRICT**  
**COUNTY OF INYO, STATE OF CALIFORNIA**

**SECTION 1. Purpose.**

Pursuant to California Government Code section 87300, et seq., the \_\_\_\_\_ District hereby adopts the following Conflict of Interest Code. Nothing contained herein is intended to modify or abridge the provisions of the Political Reform Act of 1974 (Government Code section 81000). The provisions of this Conflict of Interest Code are additional to California Government Code section 87100 and other laws pertaining to conflicts of interest. Except as otherwise indicated, the definitions of said Act and regulations adopted pursuant thereto are incorporated herein and this Conflict of Interest Code shall be interpreted in a manner consistent therewith.

**SECTION 2. Designated Positions.**

The positions listed on Appendix "A" are designated positions. Persons holding these designated positions are deemed to make, or participate in the making of, decisions which may have a material effect on a financial interest.

**SECTION 3. Disclosure Statements.**

Each designated position is assigned to one or more of the disclosure categories set forth in Appendix "B". Each person in a designated position shall file a statement of financial interest disclosing that person's interest in investments, business positions, real property, and income, designated as reportable under the disclosure category to which the person's position is assigned by Appendix "A".

Notwithstanding the disclosure category to which a consultant position is assigned by Appendix "A", the Presiding Officer of the \_\_\_\_\_ District's Governing Board may determine in writing that a particular consultant, although a "designated" position, is hired to perform a range of duties that are limited in scope and, thus, is not required to fully comply with the disclosure requirements of the category designated for consultants on Appendix "A". Such written determination shall include a description of the consultant's duties and, based upon that description, a statement of the extent, if any, of the disclosure requirements for such consultant. Such written determination is a public record and shall be filed and retained for public inspection in the same manner and locations as is required for statements of financial interest.

**SECTION 4. Place, Time and Requirements of Filing.**

(A) Place of Filing.

All persons required to file a statement of financial interests shall file the original with the Inyo County Clerk, and a copy with the Presiding Officer of the \_\_\_\_\_ District's Governing Board.

(B) Time and Content of Filing.

The first statement by a person in a designated position upon the effective date of this Conflict of Interest Code, shall be filed within thirty (30) days after the effective date of this Conflict of Interest Code, and shall disclose investments, business positions, and interest in real property, held on the effective date of this Conflict of Interest Code, and income received twelve (12) months before the effective date of this Conflict of Interest Code. The first statement by a person who assumes a designated position after the effective date of this Conflict of Interest Code, shall be filed within thirty (30) days after assuming such position with the District and shall disclose investments, business positions, and interests in real property held, and income received, during the twelve (12) months before the date of assuming such position. After filing the first

statement, each person in a designated position shall file an annual statement on or before April 1, disclosing reportable investments, business positions, interests in real property held, and income received, any time during the previous calendar year or since the date the person assumed the designated position during the calendar year. Every person in a designated position who leaves a designated position shall file, within thirty (30) days of leaving the position, a statement disclosing reportable investments, business positions, interests in real property held, and income received, at any time during the period between the closing date of the last statement required to be filed, and the date of leaving the position.

**SECTION 5. Contents of Disclosure Statement.**

Statements of financial interest shall be made on forms supplied by the Inyo County Clerk and shall contain all of the information as required by the current provisions of Government Code sections 87206 and 87207 for interest in investments, business positions, real property, and sources of income designated as reportable under the disclosure category to which the person's position is assigned on Appendix "A".

**SECTION 6. Disqualification.**

An person in a designated position must disqualify himself or herself from making, or participating in the making, or using their official position to influence the making of any decision which will have a material financial effect, as distinguishable from its effect on the public generally, on any financial interest as defined in Section 87103 of the Government Code. No person in a designated position shall be required to disqualify himself or herself with respect to any matter which could not be legally acted upon or decided without his or her participation.

**APPENDIX "A"**  
**CONFLICT OF INTEREST CODE OF THE**  

---

**COUNTY OF INYO, STATE OF CALIFORNIA** DISTRICT

**DESIGNATED POSITIONS**

Designated Positions

Disclosure Category

**APPENDIX "B"**

**CONFLICT OF INTEREST CODE OF THE  
DISTRICT  
COUNTY OF INYO, STATE OF CALIFORNIA**

**DISCLOSURE CATEGORIES**

**CONFLICT OF INTEREST CODE OF THE  
NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT  
COUNTY OF INYO, STATE OF CALIFORNIA**

**SECTION 1: Purpose**

Pursuant to California Government Code section 87300, *et seq.*, the Northern Inyo County Local Hospital District hereby adopts the following Conflict of Interest Code. Nothing contained herein is intended to modify or abridge the provisions of the *Political Reform Act of 1974* (California Government Code section 81000). The provisions of this Conflict of Interest Code are additional to California Government Code section 81700 and other laws pertaining to conflicts of interest. Except as otherwise indicated, the definitions of said Act and regulations adopted pursuant thereto are incorporated herein and this Conflict of Interest Code shall be interpreted in a manner consistent therewith.

**SECTION 2: Designated Positions**

The positions listed on Appendix "A" are designated positions. Persons holding these designated positions are designated positions and are deemed to make, or participate in the making of, decisions which may have a material effect of a financial interest.

**SECTION 3: Disclosure Statements**

Each designated position is assigned to one or more of the disclosure categories as set forth in Appendix "B". Each person in a designated position shall file a statement of financial interest disclosing that person's interest in investments, business positions, real property, and income, designated as reportable under the disclosure category to which the person's position is assigned on Appendix "A".

Notwithstanding the disclosure category to which a consultant position is assigned by Appendix "A", the Presiding Officer of the Northern Inyo County Local Hospital District's Governing Board may determine in writing that a particular consultant, although a "designated" position is hired to perform a range of duties that are limited in scope and, thus, is not required to fully comply with the disclosure requirements of the category designated for consultants on Appendix "A". Such written determination shall include a description of the consultant's duties and, based upon that description, a statement of the extent, if any, of the disclosure requirements for such consultant. Such written determination is a public record and shall be filed and retained for public inspection in the same manner and locations as is required for statements of financial interest.



#### **SECTION 4: Place, Time, and Requirements of Filing**

(A) Place of Filing.

All persons required to file a statement of financial interests shall file the original with the Inyo County Clerk, and a copy with the Presiding Officer of the Northern Inyo County Local Hospital District Governing Board.

(B) Time and Content of Filing.

The first statement by a person in a designated position upon the effective date of this Conflict of Interest Code shall be filed within thirty (30) days after the effective date of this Conflict of Interest Code, and shall disclose investments, business positions, and interest in real property held on the effective date of this Conflict of Interest Code and income received twelve (12) months before the effective date of this Conflict of Interest Code. The first statement by a person who assumes a designated position after the effective date of this Conflict of Interest Code shall be filed within thirty (30) days after assuming such position with the District and shall disclose investments, business positions, and interests in real property held, and income received, during the twelve (12) months before the date of assuming such position. After filing the first statement, each person in a designated position shall file an annual statement on or before April 1, disclosing reportable investments, business positions, interests in real property held, and income received, any time during the previous calendar year or since the date the person assumed the designated position during the calendar year. Every person in a designated position who leaves a designated position shall file, within thirty (30) days of leaving the position, a statement disclosing reportable investments, business positions, interests in real property held, and income received, at any time during the previous calendar year or since the date the person assumed the designated position during the calendar year. Every person in a designated position who leaves a designated position shall file, within thirty (30) days of leaving the position, a statement disclosing reportable investments, business positions, interests in real property held and income received, at any time during the period between the closing date of the last statement required to be filed, and the date of leaving the position.

#### **SECTION 5: Contents of Disclosure Statement**

Statements of financial interest shall be made on forms supplied by the Inyo County Clerk and shall contain all of the information as required by the current provisions of Government Code sections 87206 and 87207 for interest in investments, business positions, real property, and sources of income designated as reportable under the disclosure category to which the person's position is assigned on Appendix "A".

**SECTION 6: Disqualification**

A person in a designated position must disqualify himself or herself from making, or participating in the making, or using their official position to influence the making of any decision which will have a material financial effect, as distinguishable from its effect on the public generally, on any financial interest as defined in Section 87103 of the Government Code. No person in a designated position shall be required to disqualify himself or herself with respect to any matter which could not be legally acted upon or decided without his or her participation.

**APPENDIX "A"**  
**DESIGNATED POSITIONS**

**OF THE NORTHERN INYO COUNTY LOCAL HOSPITAL  
DISTRICT  
COUNTY OF INYO, STATE OF CALIFORNIA**

<u>DESIGNATED POSITIONS</u>	<u>DISCLOSURE CATEGORY</u>
Members of the Board of Directors, Hospital Administrator, and Chief Financial Officer	1
Director of Human resources and Education	2
Director of Information Technology	3
Director of Nursing	3
Director of Pharmacy	3
Director of Purchasing	3
Laboratory Manager	3
Radiology Manager	3
Director of Plant Operations	3
Dietary Director	3
Consultants, and Hospital District Legal Counsel	4

**APPENDIX "B"**  
**OF THE NORTHERN INYO COUNTY**  
**LOCAL HOSPITAL DISTRICT**

**DISCLOSURE CATEGORIES**

An investment, business position, interest in real property, or income is reportable if the business entity in which the investment or business position is held, the interest in real property, or the income or source of income may foreseeably be affected materially by any decision made or participated in by a person in a designated position.

**Designated persons in Disclosure Category "1" must report:**

All investments, interests in real property and income, any business entity in which the person is a director, officer, partner, trustee, employee, or holds any position of management, and any such business position. Financial interests are reportable only if located within or subject to the jurisdiction of the Northern Inyo County Local Hospital District or if the business entity is doing business or planning to do business in the jurisdiction or has done business within the jurisdiction at any time during the two years prior to the filing of the statement.

**Designated persons in Disclosure Category "2" must report:**

- A. Investments in any business entity defined to be an "employer" or an "employment agency" within the meaning of the State Labor Statute.
- B. Each source of income, provided that the income was furnished by or on behalf of any person defined to be an "employer, "labor organization", "employment agency, or "joint apprenticeship council" within the meaning of the State Labor Statute.
- C. His or her status as a director, officer, partner, trustee, employee, or any position of management in any business entity defined to be an "employer", "employment agency", labor organization", or "joint apprenticeship council", within the meaning of the State Labor Statute.

**Designated persons in Disclosure Category "3" must report:**

- A. Investments in any business entity which, within the last two years, has contracted, or in the future foreseeably may contract with the Northern Inyo County Local Hospital District or with the State of California to provide services,

- supplies, materials, machinery or equipment to the department or division of the Hospital District in which the persons serve as designated persons.
- B. Income from any source which, within the last two years, has contracted, or in the future foreseeably may contract with the Hospital District or with the State of California to provide services, supplies, materials, machinery or equipment to the department or division of the Hospital District in which the persons serve as designated persons.
  - C. His or her status as director, officer, partner, trustee, employee, or holder of a position of management in any business entity, which, within the last two years, has contracted, or in the future foreseeably may contract with the Hospital District or with the State of California to provide services, supplies, materials, machinery or equipment to the department or division of the hospital district in which the persons serve as designated persons.

**Designated persons in Disclosure Category "4":**

Are consultants. A consultant is any natural person who provides under contract information, advice, or recommendation of counsel to the Northern Inyo County Local Hospital District. The disclosure required of each consultant shall be determined on a case by case basis by the Hospital Administrator, based on whether the consultant participates in the making of decisions on behalf of the Northern Inyo County Local Hospital District which may foreseeably and materially affect any investments, interests in real property, or sources of income conceivably held by the consultant, or any business entity in which the consultant may conceivably hold a business position. The scope of disclosure required of each consultant, if any, shall be determined by the Hospital Administrator in writing in each case, and may include, but is not limited to, any source listed in Disclosure Categories 1, 2, or 3 or this Appendix.

This acknowledges that the Northern Inyo County Local Hospital District adopted this Conflict of Interest Code on \_\_\_\_\_, 2010.

\_\_\_\_\_  
Signature of Authorized Officer  
Peter J. Watcrott, Governing Board President  
Northern Inyo County Local Hospital District

**THIS SHEET**

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**NORTHERN INYO HOSPITAL  
PRIVATE PRACTICE PHYSICIAN  
PRACTICE MANAGEMENT AGREEMENT**

This Agreement is made and entered into on this first day of February 2012 by and between Northern Inyo County Local Hospital District ("District") and Charlotte Helvie, 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 physician and surgeon who is a board-certified/eligible specialist in the practice of General Pediatrics, to practice in said communities, on the terms and conditions set forth below.
- C. Physician is a physician and surgeon, engaged in the private practice of medicine, licensed to practice medicine in the State of California, and a member of the American College of Pediatricians. Physician desires to maintain her practice ("Practice") in Bishop, California, and practice Pediatrics in the aforesaid communities.

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

**I.  
COVENANTS OF PHYSICIAN**

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

- 1.01. Services.** Physician shall provide Hospital with the benefit of her direct patient care expertise and experience, and shall render those services necessary to enable Hospital to achieve its goals and objectives for the provision of Pediatric Services. The scope of services to be performed by Physician is described in Exhibit A attached hereto and incorporated by reference herein. Physician shall provide Hospital with patient medical record documentation of all direct patient care services rendered hereunder; such documentation shall be submitted to Hospital on an ongoing basis, and shall be in the form, and contain the information, requested by the Hospital such that a complete medical record can be assembled.

**1.02. Limitation on Use of Space.** No part of any offices provided by the District either by lease or other arrangement shall be used at any time by Physician as anything other than the private practice of PEDIATRIC medicine unless specifically agreed to, in writing, by the parties.

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

- a) Maintain Active Medical Staff ("Medical Staff") membership with Pediatric privileges sufficient to support a part time PEDIATRIC 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 her by Hospital and as required by the Hospital Medical Staff. Physician shall not be required to provide more than fifty percent (50%) of the annual call in weekly increments unless otherwise agreed upon from time to time. Physician shall be solely responsible for call coverage for her personal private practice.
- c) Maintain books, records, documents, and other evidence pertaining to all costs and expenses incurred, and revenue acquired, pursuant to this Agreement to the extent, and in such detail, as will properly reflect all net costs, direct and indirect, of labor, materials, equipment, supplies, services, and other costs and expenses of whatever nature, for which she may claim payment or reimbursement from the District. Physician acknowledges and agrees that any federal office authorized by law shall have access, for the purpose of audit and examination, to any books, documents, papers, and records of Physician which are relevant to this Agreement, at all reasonable times for a period of four (4) years following the termination of this Agreement, during which period Physician shall preserve and maintain said books, documents, papers, and records. Physician further agrees to transfer to the District, upon termination of this Agreement, any books, documents, papers or records which possess long-term [*i.e.*, more than four (4) years] value to the Hospital. Physician shall include a clause providing similar access in any sub-contract he may enter with a value of more than Ten Thousand Dollars (\$10,000) or for more than a twelve (12) month period, when said sub-contract is with a related organization.
- d) At all times comply with all relevant policies, rules and regulations of the Hospital, subject to California and federal statutes governing the practice of medicine.
- e) District expressly agrees that said services might be performed by such other qualified physicians as the Physician may employ or otherwise provide so long as each such physician has received proper training, is properly licensed, has been granted privileges by the Hospital Medical Staff, and has received approval in writing from the Hospital.

## II.

### COVENANTS OF THE DISTRICT

**2.01. Practice Management Services.** Hospital will provide the following services in exchange for the fees agreed to in 3.05

- a) Space. Hospital shall make the Offices available for the operation of Physician's Practice either through a direct let at no cost to the physician or through an arrangement with a landlord.



- b) **Equipment**. In consultation with Physician, Hospital shall provide all equipment as may be reasonably necessary for the proper operation and conduct of Physician's practice. Hospital shall repair, replace or supplement such equipment and maintain it in good working order.
- 2.02. **General Services**. District shall furnish ordinary janitorial services, maintenance services, and utilities, including telephone service, as may be required for the proper operation and conduct of Physician's Practice.
- 2.03. **Supplies**. District shall purchase and provide all supplies as may be reasonably required for the proper treatment of Physician's Practice patients. Physician shall inform Hospital of supply needs in a timely manner and shall manage the use of supplies in an efficient manner that promotes quality and cost-effective patient care.
- 2.04. **Personnel**. District shall determine the initial number and types of employees and place them in the Practice initially. Physician and Hospital will mutually agree to subsequent staffing requirements. Physician shall not be required to maintain any personnel that she does not feel is appropriate for the practice.
- 2.05. **Business Operations**. District shall be responsible for all business operations related to operation of the Practice, including personnel management, billing and payroll functions. Physician will provide the appropriate billing codes, which will be used unless changed by mutual consent of the Physician and Hospital. Hospital will incur and pay all operating expenses of the Practice.
- 2.06. **Hospital Performance**. The responsibilities of District under this Article shall be subject to District's discretion and its usual purchasing practices, budget limitations and applicable laws and regulations.
- 2.07. **Practice Hours**. The District desires, and Physician agrees, that Physician's Practice shall operate on a part-time basis, maintaining hours of operation in keeping with the part time practice of one pediatrician while permitting a Pediatrics schedule sufficient to service the patients of the Practice. Part time shall mean a minimum of 15 hours per week of scheduled patients, not to exceed 19.5 hours per week. Specific shifts will be scheduled according to normal operating procedures of the Practice and will be mutually agreed upon with Physician.

### **III. COMPENSATION**

- 3.01. **Compensation**. During the term of this agreement, District shall guarantee Physician an annual income of \$100,000, payable to Physician at the higher of 50% of fees collected for services rendered in Section II or the rate of \$3,846.15 every two (2) weeks, adjusted quarterly to reflected 50 % of fees collected so that payments will not exceed the minimum guarantee unless 50% of the fees exceed the guarantee on an annualized basis. All payments shall be made on the same date as the District normally pays its employees and shall be adjusted for Cost of Living at the same rates and conditions as Hospital employees.

- 3.02. **Malpractice Insurance.** Physician will secure and maintain her own malpractice insurance with limits of no less than \$1 million per occurrence and \$3 million per year. District will reimburse Physician eighty percent (80%) of the premiums for said insurance paid for by Physician.
- 3.03. **Health Insurance.** During the first year of the term of this Agreement, and no longer, Physician will be 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 or, at the Physician's direction, the Physician will maintain her own health insurance and will be reimbursed by the District.
- 3.04. **Billing for Professional Services.** Subject to section 2.05 above, Physician assigns to District all claims, demands and rights of Physician to bill and collect for all professional services rendered to Practice patients, for all billings for Pediatric 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 Pediatric services performed at the Hospital, and for managing all Practice receivables and payables, including those related to Medicare and MediCal beneficiaries. Physician shall not bill or collect for any services rendered to Practice patients or Hospital patients, and all Practice receivables and billings shall be the sole and exclusive property of Practice. In particular, any payments made pursuant to a payer agreement (including co-payments made by patients) shall constitute revenue of the Practice. In the event payments are made to Physician pursuant to any payer agreement, Physician shall promptly remit the payments directly to Hospital.
- 3.05. **Retention.** Hospital will retain 50% of all fees collected from the activities of physician/practice in exchange for the services rendered in II above.

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

- 4.01. **Term.** The term of this Agreement shall be three (3) years beginning on February 1, 2012 and ending on January 31, 2015. The Agreement may be renewed, by written instrument signed by both parties, no later than 120 days before its expiration date.
- 4.02. **Termination.** Notwithstanding the provisions of section 4.01, this Agreement may be terminated:
- a) By Physician at any time, without cause or penalty, upon one hundred and eighty (180) days' prior written notice to the 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 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.

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

## V. **PROFESSIONAL STANDARDS**

5.01. **Medical Staff Membership.** It is a condition 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;
- e) Participate in continuing education as necessary to maintain licensure and the current standard of practice; and
- f) Comply with all applicable laws, rules and regulations of any and all governmental authorities, and applicable standards and recommendations of the Joint Commission on Accreditation of Healthcare Organizations.
- g) At all times conduct herself, professionally and publicly, in accordance with the standards of the medical profession, the American College of Pediatricians, 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.

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

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

## VII.

### GENERAL PROVISIONS

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

Comptroller General, or any other duly authorized representatives, this Agreement and the books, documents and records of Physician to the extent that such books, documents and records are necessary to certify the nature and extent of Hospital's costs for services provided by Physician.

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

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

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

- 7.03. **Amendment.** This Agreement may be amended at any time by mutual agreement of the parties, but any such amendment must be in writing, dated, and signed by both parties.
- 7.04. **No Referral Fees.** No payment or other consideration shall be made under this Agreement for the referral of patients, by Physician, to Hospital or to any nonprofit corporation affiliated with District.
- 7.05. **Repayment of Inducement.** The parties stipulate and agree that the income guaranteed to Physician under this Agreement, and the covenants of the District to provide office space, personal, equipment, and certain other benefits, are the minimum required to enable Physician to practice in Bishop, California; that she is not able to repay such inducement, and no such repayment shall be required.
- 7.06. **Assignment.** Physician shall not assign, sell, transfer or delegate any of the Physician's rights or duties, including by hiring or otherwise retaining additional physicians to perform services pursuant to this Agreement, without the prior written consent of Hospital.
- 7.07. **Attorneys' Fees.** If any legal action or other proceeding is commenced, by either party, to enforce rights, duties, and/or responsibilities under this Agreement, the prevailing party shall be entitled to recover reasonable attorney's fees and costs. As used in this Section 7.07, the term

“prevailing party” shall have the meaning assigned by Section 1032(a)(4) of the California Code of Civil Procedure.

- 7.08. **Choice of Law.** This Agreement shall be construed in accordance with, and governed by, the laws of the State of California.
- 7.09. **Exhibits.** All Exhibits attached and referred to herein are fully incorporated by this reference.
- 7.10. **Notices.** All notices or other communications under this Agreement shall be sent to the parties at the addresses set forth below:

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

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

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

NORTHERN INYO COUNTY  
 LOCAL HOSPITAL DISTRICT

PHYSICIAN

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

By \_\_\_\_\_  
 Charlotte Helvie, M.D.

APPROVED AS TO FORM:

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

## **EXHIBIT A**

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

#### POSITION SUMMARY

The Physician is a Member of the Northern Inyo Hospital Active Medical Staff. Physician provides direct primary medical diagnosis and treatment to Practice and Hospital patients. The Physician will provide services commensurate with the equivalent of a part time Pediatric Practice. Part time shall mean regularly scheduled office hours to meet the service area demand and performance of surgeries as may be required.

Specifically, the Physician will:

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



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6. Manage all medical and Pediatric emergencies.
7. Participate in professional development activities and maintain professional affiliations.
8. Participate with Hospital to meet all federal and state regulations.
9. Accept emergency call as provided herein.

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**Consulting Agreement  
For Patricia Calloway**

*Activities Director*

March 1, 2012

This agreement, when signed by both parties, will constitute the consulting agreement between Northern Inyo Hospital (NIH) and Patricia Calloway, a Certified Activities Director as required by Title XXII, and will be effective 3-01-2012 and shall be for a one year term, unless terminated in accordance with the termination provisions contained herein.

1. Director will be available on a consulting basis, which may require seeing patients and/or employees and/or Physicians in the Hospital.
2. Director will be compensated at the rate of \$50.00 per hour for each hour of work performed either on or off site.
3. Director will receive a \$500.00 per month stipend.
4. Director will be responsible for developing an activities program sufficient to satisfy Title XXII requirements for the use of "Swing Beds". Program will be in written form and provide sufficient information to compile Policies and Procedures for governance approval.
5. Director will either report to the Hospital or direct hospital personnel, as appropriate, to prepare an actives plan for each eligible patient and insure that that plan is carried out either by hospital personnel or herself.
6. Director will be not eligible for any benefits, retirement programs, FICA, workman's compensation or insurance of any kind.
7. This agreement is not meant to establish an employment relationship between the parties, but rather create an independent consulting relationship.
8. Hospital recognizes that this is a part-time relationship.
9. Either party may cancel this agreement with 30-day notice.

Agreed to this \_\_\_\_\_th day of \_\_\_\_\_, 2012.

\_\_\_\_\_  
John Halfen  
Administrator, Northern Inyo Hospital

Date: \_\_\_\_\_

\_\_\_\_\_  
Patricia Calloway  
Activities Director

Date: \_\_\_\_\_

**THIS SHEET**

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Peter Godleski  
2306 Runyon Court  
Orlando, Florida 32837

January 31, 2012

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

Dear John:

This is to confirm our conversation of Thursday January 26, 2012, in which we agreed mutually that we will not be proceeding with or executing the contract titled:

Northern Inyo Hospital  
Private Practice Physician  
Income Guarantee and Practice Management Agreement  
Medical Director of Orthopedic Services

and dated December 22<sup>nd</sup> 2011 between Northern Inyo County Local Hospital District and Peter Godleski, M.D.

Therefore this contract is null and void, as mutually agreed.

Respectfully,

A handwritten signature in black ink that reads "Peter Godleski MD". The signature is written in a cursive, somewhat stylized font.

Peter Godleski MD

**END**