



Northern Inyo County Local Hospital District

Board of Directors Regular Meeting

Wednesday December 2, 2009 5:30pm

*Board Room
Northern Inyo Hospital*

DRAFT AGENDA

NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT BOARD OF DIRECTORS MEETING

December 2, 2009 at 5:30 P.M.

In the Board Room at Northern Inyo Hospital

1. Call to Order (at 5:30 P.M.).
2. Opportunity for members of the public to comment on any items on this Agenda.
3. Approval of minutes of the October 21, 2009 regular meeting.
4. Financial and Statistical Reports for the month of September 2009; John Halfen.
5. Administrator's Report; John Halfen.
 - A. Building Update
 1. Budget and Cash flow
 - B. Security Report
 - C. Radiology State Inspection
 - D. Patient complaint / request
 - E. CIT Group Bankruptcy
 - F. Bonds update
 - G. Other
6. Chief of Staff Report – Charlotte Helvie, M.D..
 - A. Medical Staff reappointments and reprivileging (*action items*).
 - B. Policies and Procedures (*action items*):
 1. *Medical Students in the OR*
 2. *Surgical Procedural Site Identification*
 3. *Misoprostol for Cervical Ripening*
 4. *Patient Admission to ICU*
 - C. Renewal of NIH Rural Health Clinic privileges for Nurse Practitioners Tracy Drew; Mara Yolken; Joshua Vendig, and Norma Kryder (*action items*).
 - D. Other
7. Old Business
 - A. Reaffirmation of John Halfen as negotiator regarding potential acquisition of real property at 2957 Birch Street, Bishop, California. Negotiation will be with the designee(s) of Mammoth Hospital (*action item*).
 - B. Review of financial reports provided for the Board of Directors (*Carrie Petersen*).
 - C. Employee Satisfaction Survey results (*Georgan Stottlemyre*).
8. New Business
 - A. Board Officer annual elections (*action item*).

- B. Northern Inyo Hospital Health Plan Renewal Report, Barry G. Miller & Associates (*action item*).
- C. Rural Health Clinic Staff Physician Agreement; and Northern Inyo Hospital Private Practice Physician Income Guarantee and Practice Management Agreements with Lara Jeanine Arndal, M.D. (*action items*).
- D. Stay Pioneer Medical Associates CC & R's for Mutuhi Mugo, M.D. (*action item*).
- E. Turner Construction Change Orders (*action items*):
 - 1. COR 20, Contract Reduction, \$2,627,272
 - 2. COR 21, Under slab Piping; \$59,460
 - 3. COR 22, Differing Site Conditions; \$756,333
- 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. Instruct negotiator regarding price and terms of payment for the purchase, sale, exchange, or lease of a real property (Government Code Section 54956.8).
 - C. Confer with legal counsel regarding claim filed by John Nesson M.D. against Northern Inyo County Local Hospital District and other Defendants (Government Code Section 54956.9(a)).
- 12. Return to open session, and report of any action taken in closed session.
- 13. Opportunity for members of the public to address the Board of Directors on items of interest.
- 14. Adjournment.

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- CALL TO ORDER The meeting was called to order at 5:32 p.m. by Peter Watercott, President.
- PRESENT Peter Watercott, President
John Ungersma, M.D., Vice President
D. Scott Clark, M.D., Director
Charlotte Helvie, M.D., Chief of Staff
- ALSO PRESENT John Halfen, Administrator
Rachel Weckslar, Attorney at Law; Assistant District Legal Counsel
Sandy Blumberg, Administration Secretary
- ABSENT M.C. Hubbard, Secretary
- OPPORTUNITY FOR
PUBLIC COMMENT Mr. Watercott asked if any members of the public wished to address the Board on any items listed on the agenda for this meeting. No comments were heard.
- MINUTES The minutes of the September 23 2009 regular meeting were approved.
- FIRE DEPARTMENT
THANK YOU Bishop Fire Chief Ray Seguire thanked the Hospital District for the donation of its' former Conference Room to the Bishop Fire Department for use as a classroom and training facility. Mr. Seguire also thanked John Hawes and Scott Hooker for helping with the relocation and setup of the building, and for allowing the Fire Department to train in the old hospital building prior to it being torn down.
- FINANCIAL AND
STATISTICAL REPORTS John Halfen, Chief Financial Officer called attention to the financial and statistical reports for the month of August 2009. Mr. Halfen noted the statement of operations shows a bottom line excess of revenues over expenses of \$20,110. He additionally called attention to the following:
- *Inpatient and outpatient service revenue were both under budget*
 - *Total expenses were over budget*
 - *Salaries and wages were under budget*
 - *Professional fees expense continues to be over budget*
 - *Bad Debt expense is over budget*
 - *The Balance Sheet shows no significant Change*
 - *Total Assets continue to grow*
 - *Year-To-Date Net Revenue is \$978,400*
- Mr. Halfen briefly reviewed the status of the Hospital's current assets and investments. It was moved by John Ungersma, M.D., seconded by D. Scott Clark M.D. and passed to approve the financial and statistical reports for the month of August 2009 as presented.

ADMINISTRATOR'S
REPORT
BUILDING UPDATE

Kathy Sherry with Turner Construction updated the Board on the status of the Hospital rebuild project. Half of the piers for the foundation are in the ground and it expected the rest will be completed by the first week in December. The second phase of foundation work will begin next week, followed by work on underground utilities. Re-bidding of some of the subcontractors for Phase II has been completed and the Hospital will realize a savings of approximately 1.5 million dollars on the project as a result. The architect transition is going well, and the peer review process has most likely helped to prevent transition problems from arising.

Mr. Halfen reviewed cash flow for the building project and explained the source of funds that will be used, as well as the expected timeline for liquidation of assets needed to fund the project. Mr. Halfen is currently watching market conditions in order to choose the most advantageous time to issue the Hospital's Build America bonds. He additionally noted that discussion regarding plans for Phase III of the building project should begin in the near future. Phase III will be far less complicated than Phase II of the building project.

SECURITY REPORT

Mr. Halfen referred to the monthly Security report, which revealed no significant security issues.

BIRCH STREET
PROPERTY

Mr. Halfen also reported the appraisal of the property at 2957 Birch Street has come in at \$525,000, and he plans to move forward with the purchase of that property. Mr. Halfen also distributed a revised resolution for the real estate purchase, and following review of the document it was moved by Doctor Clark, seconded by Dr. Ungersma, and passed to ratify the resolution to purchase the property at 2957 Birch Street in Bishop California as presented.

CHIA BOARD MEETING

Mr. Halfen reported that thanks to the efforts of Interpretive Services Manager Jose Garcia, the California Hospital Interpreter's Association (CHIA) recently held a Board meeting at Northern Inyo Hospital (NIH). CHIA is one of the leading interpretive services organizations in the country, and the opportunity to network with the group was invaluable to the Hospital's interpretive services program.

IT SYSTEMS REVIEW

Hospital Information System (HIS) demonstrations are continuing, and should be completed by the end of November. After that time, the hospital's HIS Selection Committee will begin the process of choosing the system that will best suit the needs of Northern Inyo Hospital.

NEXT MEETING

In accordance with the holiday schedule the next regular meeting of the District Board of Directors will be held on Wednesday, December 2 2009. This will be the last regular meeting of the 2009 calendar year.

CHIEF OF STAFF
REPORT

Chief of Staff Charlotte Helvie, M.D. reported the Medical Executive Committee recommends the appointment and privileging of the following physicians:

1. Appointment of Thomas J. Boo, M.D. to the NIH Provisional Active Medical Staff
2. Appointment of the following Virtual Radiologic physicians to the NIH Provisional Consulting Staff:
 - Kimberly Joyce Burkholz, M.D. - Susan Amy Klein, M.D.
 - Karen Stark Caldemeyer, M.D. - Leslie Scott Miller, M.D.
 - Shailendri Eswar-Rao Phillip, M.D. - Steven Mark Cohen, M.D.
 - Richard Lee Toothman, M.D. - Mark Cameron Davis, M.D.
 - Charles Stephen Henry, M.D. - Marc Howard Paul, M.D.
 - Raymond M. Montecalvo, M.D. - Heidi Kristine Henry, M.D.

It was moved by Doctor Clark, seconded by Michael Phillips, M.D., and passed to approve all Medical Staff appointments and privileging as recommended.

OLD BUSINESS

Dr. Helvie also reported the Radiologist selection process is still ongoing, and the top three candidates have been asked to make presentations to the Radiologist Selection Committee.

REAFFIRMATION OF
NEGOTIATOR

Mr. Halfen asked for reaffirmation of himself as negotiator regarding the potential acquisition of a real property at Barlow Lane and Highway 395 in Bishop, California. Negotiation will be with the designee(s) of Inyo Mono Title. It was moved by Doctor Phillips, seconded by Doctor Clark, and passed to reaffirm Mr. Halfen as negotiator as requested.

NEW BUSINESS

REVIEW OF FINANCIAL
REPORTS

Mr. Halfen additionally asked the Board to consider any changes they may want to the monthly financial reports that are provided for them on a monthly basis. This agenda item will be discussed in further detail with NIH Controller Carrie Petersen at the Board's next regular meeting.

EMPLOYEE
SATISFACTION
SURVEY

Mr. Halfen referred to results of the Hospital's recent Employee Satisfaction Survey, which were provided for the Board to review. It was noted the survey results would be easier to read if they were reproduced in color (rather than black and white), and it was decided this agenda item will be discussed at the next regular meeting, after the Board has been provided with a color version of the survey results.

TURNER LOGISTICS
TRANSITION PLAN

Mr. Halfen called attention to a proposal from Turner Logistics for Hospital Relocation services, which would assist NIH with its move from the old hospital building into the new facility. Turner Logistics has saved the Hospital a significant amount of money on equipment acquisition for the new building, and having them manage the move to the new facility should save additional money as well. Following review of the transition plan it was moved by Doctor Clark, seconded by Doctor Ungersma, and

passed to approve the Relocation Facilitation Services agreement with Turner Logistics as presented.

SHREDDING MACHINE
PURCHASE

Director of Plant Operations Scott Hooker referred to a proposal to purchase a new shredding machine at a cost of \$32,178. The Hospital's current shredder is broken beyond the point of repair, and Mr. Hooker illustrated the fact that it is cost effective to purchase a new machine and continue to process shredded material in-house. Following review of the proposal it was moved by Doctor Ungersma, seconded by Doctor Phillips, and passed to approve the purchase of a new shredder for the Hospital as recommended.

INFORMATION
TECHNOLOGY
PURCHASES

Information Technology (IT) Director Adam Taylor referred to capital expenditure proposals to purchase computer storage and data backup solutions for the Hospital. Both expenditures were included as part of this year's budget and came in close to the original estimated costs.

Mr. Taylor also referred to a capital expenditure request to purchase switches for the computer network infrastructure for a total of \$74,382. This expenditure was also included in the proposed budget and is needed to maintain the quality of the hospitals' computer infrastructure now and following the transition into the new hospital building. It was moved by Doctor Ungersma, seconded by Doctor Phillips, and passed to approve all three IT capital expenditures as requested.

STRUCTURAL
ENGINEERING
SERVICES; AND
TURNER
CONSTRUCTION
CHANGE ORDERS

Mr. Halfen referred to a proposed agreement for structural engineering services with Thornton Tomasetti. Tomasetti's previous contract was with NTD Stichler Architects, and because of Stichler's exit the agreement has been revised to be between Northern Inyo Hospital and Tomasetti for the duration of the project.

Kathy Sherry with Turner Construction referred to Turner change order requests COR-017 and COR-018, which were presented for the Board's review. Change order COR-017 is needed to complete drilling of the foundation piers for the new hospital building, and represents an increased cost of \$205,933 for additional casings and welding needed as a result of encountering unexpected soil conditions. COR-018 allows for the purchase of a pre-action sprinkler system for the IT Department, which prevents the water fire suppression system from going off immediately in the IT Department when an alarm is triggered in another area of the Hospital. Following brief discussion it was moved by Doctor Clark, seconded by Doctor Phillips, and passed to approve all three construction-related expenditures and agreements as requested.

AGREEMENT WITH
MUTUHI MUGO, M.D.

Mr. Halfen called attention to a proposed income guarantee and practice management agreement; and to a proposed relocation expense agreement

with internal medicine physician Mutuhi Mugo, M.D.. Dr. Mugo intends to relocate to the Bishop area and join the practice of Doctors Asao Kamei, M.D. and Nickoline Hathaway, M.D.. Mr. Halfen noted both agreements closely resemble similar physician agreements the hospital has entered into in the past, but include an appropriate increase to Doctor Mugo's allowance for moving expenses. Following review of both agreements it was moved by Doctor Clark, seconded by Doctor Ungersma, and passed to approve both agreements with Mutuhi Mugo, M.D. as presented. The Hospital District looks forward to welcoming Doctor Mugo to this area during the month of December.

BOARD MEMBER
REPORTS

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

OPPORTUNITY FOR
PUBLIC COMMENT

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

CLOSED SESSION

At 6:51 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. Instruct negotiator regarding price and terms of payment for the purchase, sale, exchange, or lease of a real property (Government Code Section 54956.8).
- C. Confer with legal counsel regarding claim filed by John Nesson M.D. against Northern Inyo County Local Hospital District and other Defendants (Government Code Section 54956.9(a)).

RETURN TO OPEN
SESSION AND REPORT
OF ACTION TAKEN

At 7:26 p.m. the meeting returned to open session. Mr. Watercott reported the Board took no reportable action.

POSSIBLE
TERMINATION OF A
PROFESSIONAL
SERVICES CONTRACT

Mr. Watercott also requested the Board vote on whether or not they will pursue the possible termination of a professional services contract. It was moved by Doctor Phillips, seconded by Doctor Ungersma, and passed to discontinue consideration of the termination of a professional services agreement at this time.

OPPORTUNITY FOR
PUBLIC COMMENT

Mr. Watercott again asked if any members of the public wished to comment on any items listed on the agenda for this meeting or on any items of interest. Mr. Halfen noted he feels it is his duty to inform the Board he has a financial interest in Zumasy Corporation, one of the companies being considered for IT services. No other comments were heard.

ADJOURNMENT

The meeting was adjourned at 7:29 p.m.

Peter Watercott, President

Attest:

John Ungersma, M.D., Vice President

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BUDGET VARIANCE ANALYSIS

Sep-09 PERIOD ENDING After Audit

In the month, NIH was

-7% under budget in IP days;
(-0.08%) under in IP Ancillary Revenue and
(16.5%) over in OP Revenue resulting in
\$ 491,619 (6.9%) over in gross patient revenue from budget &
\$ 198,362 (4.6%) over in net patient revenue from budget

Total Expenses were:

\$ (100,590) (-2.4%) under budget. Wages and Salaries were
\$ (30,311) (-2.0%) under budget and Employee Benefits
\$ (262,617) (-28.6%) under budget.
\$ 46,292 of other income resulted in a net gain of
\$ 542,222 \$ 271,477 over budget.

The following expense areas were over budget for the month:

\$ 19,157 6% Professional Fees; registry staff & Physicians
\$ 31,442 6% Supplies
\$ 54,929 25% Purchased Services
\$ 140,444 97% Bad Debt

Other Information:

45.17% Contractual Percentages for month
40.83% Contractual Percentages for Year

\$ 1,520,622 Year-to-date Net Revenue

Special Notes:

Radiology Professional Fee Revenue and Expense were not budgeted.

NORTHERN INYO HOSPITAL

Balance Sheet

September 30, 2009

Assets

	<u>Current Month</u>	<u>Prior Month</u>	<u>FYE 2009</u>
Current assets:			
Cash and cash equivalents	1,769,427	1,443,135	881,651
Short-term investments	28,014,036	29,515,509	29,519,296
Assets limited as to use	478,489	579,080	738,740
Plant Expansion and Replacement Cash	8,395,903	8,973,876	10,439,607
Other Investments (Partnership)	961,824	961,824	961,824
Patient receivable, less allowance for doubtful accounts \$536,636	8,736,813	8,224,988	7,591,694
Other receivables (Includes GE Financing Funds)	1,151,807	1,126,201	867,584
Inventories	2,482,957	2,477,005	2,456,265
Prepaid expenses	1,269,190	1,279,597	1,057,280
Total current assets	<u>53,260,446</u>	<u>54,581,215</u>	<u>54,513,940</u>
Assets limited as to use:			
Internally designated for capital acquisitions	658,130	658,077	657,814
Specific purpose assets	594,722	595,614	564,033
	<u>1,252,852</u>	<u>1,253,691</u>	<u>1,221,847</u>
Revenue bond construction funds held by trustee	930,926	883,487	788,610
Less amounts required to meet current obligations	478,489	579,080	738,740
Net Assets limited as to use:	<u>1,705,289</u>	<u>1,558,098</u>	<u>1,271,716</u>
Long-term investments	<u>1,595,933</u>	<u>100,000</u>	<u>100,000</u>
Property and equipment, net of accumulated depreciation and amortization	<u>36,708,281</u>	<u>36,345,550</u>	<u>35,316,271</u>
Unamortized bond costs	<u>680,118</u>	<u>682,733</u>	<u>687,964</u>
Total assets	<u><u>93,950,067</u></u>	<u><u>93,267,596</u></u>	<u><u>91,889,892</u></u>

NORTHERN INYO HOSPITAL

Balance Sheet

September 30, 2009

Liabilities and net assets

	<u>Current Month</u>	<u>Prior Month</u>	<u>FYE 2009</u>
Current liabilities:			
Current maturities of long-term debt	903,904	963,196	1,103,540
Accounts payable	990,786	783,263	1,523,288
Accrued salaries, wages and benefits	3,153,059	3,346,492	2,807,675
Accrued interest and sales tax	615,093	488,040	247,663
Deferred income	442,390	486,101	48,991
Due to third-party payors	3,064,097	2,957,806	2,940,964
Due to specific purpose funds	-	-	-
Total current liabilities	<u>9,169,328</u>	<u>9,024,898</u>	<u>8,672,120</u>
Long-term debt, less current maturities	38,609,004	38,609,004	38,624,386
Bond Premium	1,468,559	1,472,901	1,481,587
Total long-term debt	<u>40,077,563</u>	<u>40,081,905</u>	<u>40,105,973</u>
Net assets:			
Unrestricted	44,108,454	43,565,179	42,547,767
Temporarily restricted	594,722	595,614	564,033
Total net assets	<u>44,703,176</u>	<u>44,160,793</u>	<u>43,111,799</u>
Total liabilities and net assets	<u>93,950,067</u>	<u>93,267,596</u>	<u>91,889,892</u>

NORTHERN INYO HOSPITAL

Statement of Operations

As of September 30, 2009

	MTD Actual	MTD Budget	MTD Variance \$	MTD Variance %	YTD Actual	YTD Budget	YTD Variance \$	YTD Variance %	Prior YTD
Unrestricted revenues, gains and other support:									
In-patient service revenue:									
Routine	546,476	658,260	(111,784)	(17.0)	1,768,073	1,974,822	(206,749)	(10.5)	1,751,143
Ancillary	1,992,303	2,114,432	(122,129)	(5.8)	5,832,339	6,343,564	(511,225)	(8.1)	5,826,038
Total in-patient service revenue	2,538,780	2,772,692	(233,912)	(0.08)	7,600,411	8,318,386	(717,975)	-8.6%	7,577,181
Out-patient service revenue	5,120,216	4,394,685	725,531	16.5	14,969,427	13,184,442	1,784,985	13.5	12,844,372
Gross patient service revenue	7,658,996	7,167,377	491,619	6.90	22,569,838	21,502,828	1,067,010	5.0	20,421,553
Less deductions from patient service revenue:									
Patient service revenue adjustments	202,524	233,195	30,671	13.2	557,710	699,597	141,887	20.3	807,430
Contractual adjustments	2,976,995	2,688,590	(288,405)	(10.7)	8,098,655	8,065,789	(32,866)	(0.4)	7,854,082
Prior Period Adjustments	(6,144)	(41,667)	(35,523)	100.0	(7,633)	(125,000)	(117,367)	100.0	(225,418)
Total deductions from patient service revenue	3,173,375	2,880,118	(293,257)	(10.2)	8,648,732	8,640,386	(8,346)	(0.1)	8,436,094
Net patient service revenue	4,485,621	4,287,259	198,362	5%	13,921,105	12,862,442	1,058,663	8%	11,985,459
Other revenue	25,210	40,107	(14,897)	(37.1)	88,338	120,354	(32,016)	(26.6)	80,503
Transfers from Restricted Funds for									
Other Operating Expenses	64,666	64,665	1	-	193,998	193,997	1	0.0	196,623
Total Other revenue	89,876	104,772	(14,896)	(14.2)	282,336	314,351	(32,015)	(10.2)	277,126
Total revenue, gains and other support	4,575,497	4,392,031	183,466	(14.2)	14,203,441	13,176,793	1,026,648	(10.1)	12,262,585
Expenses:									
Salaries and wages	1,476,053	1,506,364	30,311	2.0	4,438,924	4,519,182	80,258	1.8	4,028,479
Employee benefits	655,680	918,297	262,617	28.6	2,749,337	2,754,982	5,645	0.2	2,558,560
Professional fees	358,375	339,218	(19,157)	(5.7)	1,278,273	1,017,685	(260,588)	(25.6)	1,021,724
Supplies	538,511	507,069	(31,442)	(6.2)	1,571,119	1,521,285	(49,834)	(3.3)	1,454,408
Purchased services	278,159	223,230	(54,929)	(24.6)	679,182	669,768	(9,414)	(1.4)	557,762
Depreciation	222,529	230,396	7,867	3.4	666,180	691,195	25,015	3.6	635,224
Interest	109,653	105,656	(3,997)	(3.8)	324,285	316,974	(7,311)	(2.3)	321,006
Bad debts	285,950	145,506	(140,444)	(96.5)	566,453	436,520	(129,933)	(29.8)	266,552
Other	154,658	204,421	49,763	24.3	640,753	613,353	(27,400)	(4.5)	731,156
Total expenses	4,079,567	4,180,157	100,590	2.4	12,914,506	12,540,944	(373,562)	(3.0)	11,574,870
Operating income (loss)	495,930	211,874	284,056	(16.6)	1,288,935	635,849	653,086	(7.1)	687,715
Other income:									
District tax receipts	43,711	47,650	(3,939)	(8.3)	131,133	142,950	(11,817)	(8.3)	142,950
Interest	38,786	43,338	(4,552)	(10.5)	138,772	130,015	8,757	6.7	273,857
Other	4,112	-	4,112	N/A	8,528	-	8,528	N/A	34,347
Grants and Other Non-Restricted Contributions	1,770	1,223	547	44.7	36,963	3,671	33,292	906.9	9,105
Partnership Investment Income	-	-	-	N/A	-	-	-	-	-
Net Medical Office Activity	(42,087)	(33,340)	(8,747)	(21.4)	(83,709)	(100,045)	16,336	16.3	(16,433)
Total other income, net	46,292	58,871	(12,579)	(21)	231,686	176,591	55,095	31.2	443,826
Excess (deficiency) of revenues over expenses	542,222	270,745	271,477	100	1,520,622	812,440	708,182	87	1,131,541

NORTHERN INYO HOSPITAL

Statement of Operations--Statistics

As of September 30, 2009

	Month		Month		Year		Year	
	Actual	Budget	Variance	Percentage	Actual	Budget	Variance	Percentage
Operating statistics:								
Beds	25	25	N/A	N/A	25	25	N/A	N/A
Patient days	245	264	(19)	0.93	760	794	(34)	0.96
Maximum days per bed capacity	750	750	N/A	N/A	2,300	2,300	N/A	N/A
Percentage of occupancy	32.67	35.20	(2.53)	0.93	33.04	34.52	(1.48)	0.96
Average daily census	8.17	8.80	(0.63)	0.93	8.26	8.63	(0.37)	0.96
Average length of stay	2.88	3.00	(0.12)	0.96	2.95	3.01	(0.06)	0.98
Discharges	85	88	(3)	0.97	258	264	(6)	1
Admissions	84	87	(3)	0.97	259	262	(3)	1
Gross profit-revenue depts.	5,312,266	4,741,340	570,926	1.12	15,135,615	14,224,499	911,116	1.06
Percent to gross patient service revenue:								
Deductions from patient service revenue and bad debts	45.17	42.21	2.96	1.07	40.83	42.21	(1.38)	0.97
Salaries and employee benefits	27.59	33.81	(6.22)	0.82	31.59	33.81	(2.22)	0.93
Occupancy expenses	4.41	5.10	(0.69)	0.86	4.81	5.10	(0.29)	0.94
General service departments	4.60	5.90	(1.30)	0.78	5.43	5.90	(0.47)	0.92
Fiscal services department	4.10	5.13	(1.03)	0.80	4.64	5.13	(0.49)	0.90
Administrative departments	4.16	5.23	(1.07)	0.80	4.85	5.23	(0.38)	0.93
Operating income (loss)	5.06	1.41	3.65	3.59	4.35	1.41	2.94	3.09
Excess (deficiency) of revenues over expenses	7.08	3.78	3.30	1.87	6.74	3.78	2.96	1.78
Payroll statistics:								
Average hourly rate (salaries and benefits)	38.05	44.47	(6.42)	0.86	41.73	44.47	(2.74)	0.94
Worked hours	47,763.48	46,813.00	950.48	1.02	146,480.71	140,524.00	5,956.71	1.04
Paid hours	55,543.83	54,496.00	1,047.83	1.02	170,870.07	163,488.00	7,382.07	1.05
Full time equivalents (worked)	277.69	270.60	7.10	1.03	279.54	270.24	9.30	1.03
Full time equivalents (paid)	322.93	315.01	7.92	1.03	326.09	314.40	11.69	1.04

NORTHERN INYO HOSPITAL

Statements of Changes in Net Assets

As of September 30, 2009

	<u>Month-to-date</u>	<u>Year-to-date</u>
Unrestricted net assets:		
Excess (deficiency) of revenues over expenses	542,221.73	1,520,621.53
Net Assets due/to transferred from unrestricted	-	-
Interest posted twice to Bond & Interest	-	(47.40)
Net assets released from restrictions used for operations	1,000.00	39,750.00
Net assets released from restrictions used for payment of long-term debt	(64,666.00)	(193,998.00)
Contributions and interest income	53.24	316.11
Increase in unrestricted net assets	<u>478,608.97</u>	<u>1,366,642.24</u>
Temporarily restricted net assets:		
District tax allocation	-	54,928.54
Net assets released from restrictions	(1,000.00)	(39,750.00)
Restricted contributions	-	15,450.00
Interest income	108.17	108.17
Net Assets for Long-Term Debt due from County	64,666.00	193,998.00
Increase (decrease) in temporarily restricted net assets	<u>63,774.17</u>	<u>224,734.71</u>
Increase (decrease) in net assets	542,383.14	1,591,376.95
Net assets, beginning of period	44,160,792.93	43,111,799.12
Net assets, end of period	<u><u>44,703,176.07</u></u>	<u><u>44,703,176.07</u></u>

NORTHERN INYO HOSPITAL

Statements of Cash Flows

As of September 30, 2009

	Month-to-date	Year-to-date
Cash flows from operating activities:		
Increase (decrease) in net assets	542,383.14	1,591,376.95
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities: (correcting fund deposit)		47.40
Depreciation	222,529.19	666,180.35
Provision for bad debts	285,949.81	566,452.54
Loss (gain) on disposal of equipment	(57.59)	4,137.56
(Increase) decrease in:		
Patient and other receivables	(823,381.12)	(1,995,795.44)
Other current assets	4,454.69	(238,602.88)
Plant Expansion and Replacement Cash	577,973.45	2,043,704.01
Increase (decrease) in:		
Accounts payable and accrued expenses	97,431.18	573,711.88
Third-party payors	106,291.00	123,133.00
Net cash provided (used) by operating activities	1,013,573.75	3,334,345.37
 Cash flows from investing activities:		
Purchase of property and equipment	(585,259.69)	(2,058,190.45)
Purchase of investments	5,540.06	9,327.62
Proceeds from disposal of equipment	57.59	(4,137.56)
Net cash provided (used) in investing activities	(579,662.04)	(2,053,000.39)
 Cash flows from financing activities:		
Long-term debt	(63,634.88)	(228,046.79)
Issuance of revenue bonds	(47,438.75)	(142,316.25)
Unamortized bond costs	2,615.43	7,846.29
Increase (decrease) in donor-restricted funds, net	838.59	(31,052.82)
Net cash provided by (used in) financing activities	(107,619.61)	(393,569.57)
 Increase (decrease) in cash and cash equivalents	 326,292.10	 887,775.41
Cash and cash equivalents, beginning of period	 1,443,134.72	 881,651.41
Cash and cash equivalents, end of period	 1,769,426.82	 1,769,426.82

Northern Inyo Hospital
Summary of Cash and Investment Balances
Calendar Year 2009

Month	Operations Checking Account				Time Deposit Month-End Balances								
	Balance at Beginning of Month	Deposits	Disbursements	Balance at End of Month	Investment Operations Fund	Bond and Interest Fund (2)	Equipment Donations Fund	Childrens Fund	Scholarship Fund	Tobacco Settlement Fund	Total Revenue Bond Fund (1)	Project Revenue Bond Fund (1)	General Obligation Bond Fund
January	910,403	3,465,150	3,801,871	573,681	25,688,066	557,358	26,212	3,137	8,014	521,838	729,992	18,350	974
February	573,681	5,073,277	4,962,667	684,291	25,701,675	557,358	26,212	3,137	8,014	521,965	759,081	-	-
March	684,291	6,979,617	5,689,346	1,974,563	23,604,971	557,497	26,218	3,138	8,016	530,337	806,520	-	-
April	1,974,563	9,529,952	9,189,387	2,315,128	24,919,927	167,252	26,218	3,138	8,016	630,495	853,958	-	14,464,947
May	2,315,128	3,264,722	4,556,036	1,023,814	28,168,905	552,617	26,218	3,138	8,016	631,411	934,534	-	11,007,929
June	1,023,814	3,947,195	3,990,630	980,379	29,618,958	552,753	26,225	3,184	8,018	631,589	788,610	-	10,122,651
July	980,379	7,052,713	7,416,364	616,727	30,121,668	574,431	26,225	2,639	18,468	631,762	836,048	-	9,398,497
August	616,727	6,367,182	5,462,850	1,521,059	29,615,171	574,431	26,225	2,639	18,468	631,852	883,487	-	8,652,655
September	1,521,059	4,571,506	4,221,577	1,870,988	29,609,631	574,537	26,230	2,640	17,470	631,900	930,926	-	8,074,645
Prior Year													
October	2,228,723	3,669,458	5,409,330	488,851	24,438,919	72,065	25,805	3,037	8,963	521,427	957,490	18,349	490,613
November	488,851	3,294,047	3,600,921	181,977	24,595,851	89,165	25,805	3,037	8,963	521,554	1,000,949	18,350	491,657
December	181,977	4,947,737	4,219,311	910,403	24,670,653	557,358	26,222	3,037	8,014	521,703	682,553	18,350	882

Notes: (1) The difference between the Total and Project Revenue Bond Funds represents amounts held by the trustee to make payments on the District's behalf and about \$75,000 to cover the Bond Reserve Account Requirement with respect to the Series 1998 Bonds. The Project is exhausted.

(2) The Bond and Interest Fund now contains the Debt Service amount from the County for both the original Bond and the 2005 Bond.

Investments as of 09/30/2009

Institution	Certificate ID	Purchase Dt	Maturity Dt	Principal	YTM	Broker
LAIF (Walker Fund)	20-14-002 Walker	02-Sep-09	01-Oct-09	\$316,290.00	0.75%	Northern Inyo Hospital
Union Bank-Money Market	2740028807	30-Sep-09	01-Oct-09	\$21,098,980.93	0.11%	Union Bank
Amboy Bank	023305CF0	10-Oct-08	09-Oct-09	\$250,000.00	3.75%	Financial Northeast Corp.
Comerica Bank	200339CT4	15-Oct-08	15-Oct-09	\$250,000.00	3.65%	Financial Northeast Corp.
Morgan Stanley Bank	61747MPB1	15-Oct-08	15-Oct-09	\$250,000.00	3.65%	Financial Northeast Corp.
Bank of Michigan	06424TCW9	17-Oct-08	16-Oct-09	\$250,000.00	3.60%	Financial Northeast Corp.
Firstbank of Puerto Rico	337629B32	17-Oct-08	16-Oct-09	\$250,000.00	3.70%	Financial Northeast Corp.
GMAC Bank	36185AXP8	17-Oct-08	16-Oct-09	\$250,000.00	3.65%	Financial Northeast Corp.
Westernbank Puerto Rico	95989QKL0	16-Oct-08	16-Oct-09	\$250,000.00	3.75%	Financial Northeast Corp.
Citigroup Med Term Note	12560PCL3	21-Sep-07	01-Nov-09	\$702,986.88	6.88%	Multi-Bank Service
Federal Home Loan Mfg Corp-MBS	31282VBY0	02-Aug-09	01-Nov-09	\$37,547.87	4.50%	Multi-Bank Service
Bear Stearns Co Note	073902BR8	22-Feb-08	07-Dec-09	\$933,927.36	4.58%	Multi-Bank Service
1st Financial Bank USA (FNC CD)	5X42582	12-Dec-08	12-Dec-09	\$249,000.00	3.55%	Financial Northeast Corp.
Discover Bank (FNC CD)	5X42584	12-Dec-08	12-Dec-09	\$250,000.00	3.15%	Financial Northeast Corp.
M&T Bank N.A. (FNC CD)	5X42577	12-Dec-08	12-Dec-09	\$250,000.00	3.15%	Financial Northeast Corp.
World Savings Bank Note	98151GAA3	18-Aug-08	15-Dec-09	\$492,950.00	5.24%	Multi-Bank Service
Capital City Bank and Trust	9N01713	30-Dec-04	30-Dec-09	\$99,000.00	4.75%	Financial Northeast Corp.
Gulf Coast Community Bank IFNC CD)	5X42841	05-Jan-09	05-Jan-10	\$99,000.00	2.64%	Financial Northeast Corp.
Berkshire Hathaway Fin Corp GRD Sr Note	084664AR2	11-Dec-08	15-Jan-10	\$203,510.00	2.49%	Multi-Bank Service
Citigroup Inc	172967CU3	11-Dec-08	22-Feb-10	\$97,308.00	6.49%	Multi-Bank Service
Schwab Medium Term Note	80851QCX0	25-Jul-08	01-Mar-10	\$528,440.00	4.33%	Multi-Bank Service
Greater Bay Bancorp Sr Note	391648AT9	11-Dec-08	15-Apr-10	\$101,688.00	3.82%	Multi-Bank Service
Bank of Waukegan	065563AR9	22-Apr-05	22-Apr-10	\$99,000.00	4.75%	Financial Northeast Corp.
Toyota Motor Credit Corp Note	829233PV60	11-Dec-08	28-Apr-10	\$200,164.00	2.79%	Multi-Bank Service
American General Finance Corp Note	02635PSV6	24-Apr-08	15-May-10	\$503,905.00	4.47%	Multi-Bank Service
Worlds Foremost Bank (FNC CD)	5X42688	18-Dec-08	18-Dec-10	\$100,000.00	4.40%	Financial Northeast Corp.
Total Short Term Investments				\$28,113,698.04		
National Rural Utilities Corporate Bond	63743FLH7	13-Aug-09	15-Aug-11	\$250,000.00	2.35%	Financial Northeast Corp.
HSBC Financial Corp	40429XWB8	15-Sep-09	15-Sep-12	\$250,000.00	3.85%	Financial Northeast Corp.
United States Treasury Note	912828LK4	31-Aug-09	31-Aug-14	\$995,932.50	2.46%	Financial Northeast Corp.
Total Long Term Investments				\$1,495,932.50		
Grand Total Investments				\$29,609,630.54		

Financial Indicators

	Target	Sep-09	Aug-09	Jul-09	Jun-09	May-09	Apr-09	Mar-09	Feb-09	Jan-09	Dec-08	Nov-08	Oct-08
Current Ratio	>1.5-2.0	5.81	6.05	6.39	6.29	6.56	7.53	4.20	4.09	3.89	4.13	3.92	3.90
Quick Ratio	>1.33-1.5	5.27	5.51	5.85	5.78	6.04	6.96	3.74	3.66	3.50	3.69	3.47	3.44
Days Cash on Hand	>75	364.93	344.81	349.84	388.66	289.03	337.98	227.43	222.55	230.22	223.53	223.62	218.15

NORTHERN INYO HOSPITAL
STATISTICS

MONTHS	SURGERIES												BIRTHS			ER			OP REFERRALS			ADMITS (WINB)			PT DAYS (W/O NB)			PT DAYS (WINB)			DISCH (WINB)						
	IP		OP		TOTAL		BIRTHS		ADMITS		VISITS		REFERRALS		ADMITS		PT DAYS		PT DAYS		PT DAYS		DISCH														
	07 / 08 / 09	07 / 08 / 09	07 / 08 / 09	07 / 08 / 09	07 / 08 / 09	07 / 08 / 09	07 / 08 / 09	07 / 08 / 09	07 / 08 / 09	07 / 08 / 09	07 / 08 / 09	07 / 08 / 09	07 / 08 / 09	07 / 08 / 09	07 / 08 / 09	07 / 08 / 09	07 / 08 / 09	07 / 08 / 09	07 / 08 / 09	07 / 08 / 09	07 / 08 / 09	07 / 08 / 09	07 / 08 / 09	07 / 08 / 09	07 / 08 / 09	07 / 08 / 09	07 / 08 / 09										
2009	38 / 33 / 46	73 / 106 / 109	111 / 139 / 155	17 / 16 / 25	47 / 48 / 48	610 / 673 / 694	3334 / 3237 / 3241	111 / 107 / 141	259 / 329 / 359	350 / 354 / 406	106 / 96 / 142	24 / 17 / 26	59 / 81 / 97	83 / 98 / 123	19 / 14 / 15	14 / 39 / 33	621 / 646 / 484	2981 / 3165 / 2988	107 / 86 / 96	251 / 241 / 245	291 / 274 / 278	105 / 96 / 100	25 / 32 / 24	63 / 82 / 116	78 / 114 / 140	17 / 13 / 22	49 / 43 / 38	460 / 506 / 542	3079 / 3285 / 3579	117 / 108 / 124	286 / 318 / 296	322 / 349 / 338	116 / 102 / 127				
JANUARY	38 / 33 / 46	73 / 106 / 109	111 / 139 / 155	17 / 16 / 25	47 / 48 / 48	610 / 673 / 694	3334 / 3237 / 3241	111 / 107 / 141	259 / 329 / 359	350 / 354 / 406	106 / 96 / 142	24 / 17 / 26	59 / 81 / 97	83 / 98 / 123	19 / 14 / 15	14 / 39 / 33	621 / 646 / 484	2981 / 3165 / 2988	107 / 86 / 96	251 / 241 / 245	291 / 274 / 278	105 / 96 / 100	25 / 32 / 24	63 / 82 / 116	78 / 114 / 140	17 / 13 / 22	49 / 43 / 38	460 / 506 / 542	3079 / 3285 / 3579	117 / 108 / 124	286 / 318 / 296	322 / 349 / 338	116 / 102 / 127				
FEBRUARY	24 / 17 / 26	59 / 81 / 97	83 / 98 / 123	19 / 14 / 15	14 / 39 / 33	621 / 646 / 484	2981 / 3165 / 2988	107 / 86 / 96	251 / 241 / 245	291 / 274 / 278	105 / 96 / 100	25 / 32 / 24	63 / 82 / 116	78 / 114 / 140	17 / 13 / 22	49 / 43 / 38	460 / 506 / 542	3079 / 3285 / 3579	117 / 108 / 124	286 / 318 / 296	322 / 349 / 338	116 / 102 / 127	31 / 35 / 21	89 / 120 / 86	90 / 155 / 107	17 / 14 / 17	48 / 61 / 48	625 / 658 / 604	3251 / 3611 / 3424	105 / 112 / 100	245 / 307 / 216	276 / 338 / 251	112 / 118 / 102				
MARCH	31 / 35 / 21	89 / 120 / 86	90 / 155 / 107	17 / 14 / 17	48 / 61 / 48	625 / 658 / 604	3251 / 3611 / 3424	105 / 112 / 100	245 / 307 / 216	276 / 338 / 251	112 / 118 / 102	38 / 41 / 36	95 / 110 / 91	133 / 151 / 127	19 / 27 / 21	40 / 68 / 37	580 / 694 / 708	3343 / 3406 / 3268	112 / 128 / 110	289 / 316 / 273	342 / 376 / 318	103 / 126 / 106	38 / 41 / 36	95 / 110 / 91	133 / 151 / 127	19 / 27 / 21	40 / 68 / 37	580 / 694 / 708	3343 / 3406 / 3268	112 / 128 / 110	289 / 316 / 273	342 / 376 / 318	103 / 126 / 106				
APRIL	38 / 41 / 36	95 / 110 / 91	133 / 151 / 127	19 / 27 / 21	40 / 68 / 37	580 / 694 / 708	3343 / 3406 / 3268	112 / 128 / 110	289 / 316 / 273	342 / 376 / 318	103 / 126 / 106	27 / 33 / 29	70 / 83 / 82	97 / 116 / 111	12 / 18 / 24	41 / 38 / 46	511 / 580 / 660	3186 / 3388 / 3520	104 / 112 / 123	297 / 268 / 281	323 / 294 / 323	107 / 108 / 122	27 / 33 / 29	70 / 83 / 82	97 / 116 / 111	12 / 18 / 24	41 / 38 / 46	511 / 580 / 660	3186 / 3388 / 3520	104 / 112 / 123	297 / 268 / 281	323 / 294 / 323	107 / 108 / 122				
MAY	27 / 33 / 29	70 / 83 / 82	97 / 116 / 111	12 / 18 / 24	41 / 38 / 46	511 / 580 / 660	3186 / 3388 / 3520	104 / 112 / 123	297 / 268 / 281	323 / 294 / 323	107 / 108 / 122	41 / 22 / 24	88 / 110 / 129	126 / 132 / 153	24 / 21 / 19	49 / 44 / 51	624 / 676 / 779	3109 / 3307 / 3404	132 / 99 / 106	388 / 274 / 268	445 / 317 / 307	127 / 105 / 107	41 / 22 / 24	88 / 110 / 129	126 / 132 / 153	24 / 21 / 19	49 / 44 / 51	624 / 676 / 779	3109 / 3307 / 3404	132 / 99 / 106	388 / 274 / 268	445 / 317 / 307	127 / 105 / 107				
JUNE	41 / 22 / 24	88 / 110 / 129	126 / 132 / 153	24 / 21 / 19	49 / 44 / 51	624 / 676 / 779	3109 / 3307 / 3404	132 / 99 / 106	388 / 274 / 268	445 / 317 / 307	127 / 105 / 107	35 / 33 / 31	115 / 114 / 91	150 / 147 / 122	25 / 20 / 26	46 / 52 / 34	565 / 642 / 603	3402 / 3145 / 3319	126 / 114 / 113	363 / 305 / 247	421 / 345 / 288	140 / 113 / 111	35 / 33 / 31	115 / 114 / 91	150 / 147 / 122	25 / 20 / 26	46 / 52 / 34	565 / 642 / 603	3402 / 3145 / 3319	126 / 114 / 113	363 / 305 / 247	421 / 345 / 288	140 / 113 / 111				
JULY	35 / 33 / 31	115 / 114 / 91	150 / 147 / 122	25 / 20 / 26	46 / 52 / 34	565 / 642 / 603	3402 / 3145 / 3319	126 / 114 / 113	363 / 305 / 247	421 / 345 / 288	140 / 113 / 111	36 / 25 / 29	90 / 78 / 92	126 / 103 / 121	18 / 26 / 16	65 / 33 / 40	515 / 576 / 684	2897 / 3299 / 3046	118 / 119 / 100	283 / 274 / 245	328 / 330 / 278	109 / 115 / 100	36 / 25 / 29	90 / 78 / 92	126 / 103 / 121	18 / 26 / 16	65 / 33 / 40	515 / 576 / 684	2897 / 3299 / 3046	118 / 119 / 100	283 / 274 / 245	328 / 330 / 278	109 / 115 / 100				
AUGUST	36 / 25 / 29	90 / 78 / 92	126 / 103 / 121	18 / 26 / 16	65 / 33 / 40	515 / 576 / 684	2897 / 3299 / 3046	118 / 119 / 100	283 / 274 / 245	328 / 330 / 278	109 / 115 / 100	36 / 25 / 29	90 / 78 / 92	126 / 103 / 121	18 / 26 / 16	65 / 33 / 40	515 / 576 / 684	2897 / 3299 / 3046	118 / 119 / 100	283 / 274 / 245	328 / 330 / 278	109 / 115 / 100	36 / 25 / 29	90 / 78 / 92	126 / 103 / 121	18 / 26 / 16	65 / 33 / 40	515 / 576 / 684	2897 / 3299 / 3046	118 / 119 / 100	283 / 274 / 245	328 / 330 / 278	109 / 115 / 100				
SEPTEMBER	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /			
OCTOBER	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /		
NOVEMBER	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	
DECEMBER	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /
CALENDAR YEAR	295 / 271 / 266	699 / 884 / 893	994 / 1,166 / 1,159	169 / 169 / 185	389 / 426 / 375	4,811 / 5,250 / 5,668	28,689 / 29,843 / 29,778	10,321 / 9,885 / 10,113	27,011 / 26,222 / 24,430	30,986 / 29,887 / 27,877	10,251 / 9,791 / 10,171	33 / 30 / 30	78 / 98 / 98	110 / 128 / 129	19 / 19 / 21	43 / 47 / 42	535 / 683 / 630	3,177 / 3,316 / 3,309	115 / 109 / 113	300 / 291 / 270	344 / 332 / 310	114 / 109 / 113	33 / 30 / 30	78 / 98 / 98	110 / 128 / 129	19 / 19 / 21	43 / 47 / 42	535 / 683 / 630	3,177 / 3,316 / 3,309	115 / 109 / 113	300 / 291 / 270	344 / 332 / 310	114 / 109 / 113				
MONTHLY AVERAGE	33 / 30 / 30	78 / 98 / 98	110 / 128 / 129	19 / 19 / 21	43 / 47 / 42	535 / 683 / 630	3,177 / 3,316 / 3,309	115 / 109 / 113	300 / 291 / 270	344 / 332 / 310	114 / 109 / 113	33 / 30 / 30	78 / 98 / 98	110 / 128 / 129	19 / 19 / 21	43 / 47 / 42	535 / 683 / 630	3,177 / 3,316 / 3,309	115 / 109 / 113	300 / 291 / 270	344 / 332 / 310	114 / 109 / 113	33 / 30 / 30	78 / 98 / 98	110 / 128 / 129	19 / 19 / 21	43 / 47 / 42	535 / 683 / 630	3,177 / 3,316 / 3,309	115 / 109 / 113	300 / 291 / 270	344 / 332 / 310	114 / 109 / 113				

NORTHERN INYO HOSPITAL
DEPARTMENTAL NON-EMERGENCY OUTPATIENT VISITS

MONTHS 2009	DIAGNOSTIC RADIOLOGY	MAMMOGRAPHY	NUCLEAR MEDICINE	ULTRASOUND	CT SCANNING	MRI	LABORATORY	E.K.G./ EEG	PHYSICAL THERAPY	RESPIRATORY THERAPY	RURAL HEALTH CLINIC	TOTALS
	07 / 08 / 09	07 / 08 / 09	07 / 08 / 09	07 / 08 / 09	07 / 08 / 09	07 / 08 / 09	07 / 08 / 09	07 / 08 / 09	07 / 08 / 09	07 / 08 / 09	07 / 08 / 09	07 / 08 / 09
JANUARY	308 / 544 / 606	198 / 193 / 434	36 / 71 / 96	166 / 205 / 206	112 / 170 / 165	86 / 89 / 470	1621 / 1809 / 1635	139 / 103 / 120	335 / 335 / 363	19 / 10 / 10	941 / 1057 / 1457	3961 / 4586 / 5562
FEBRUARY	263 / 593 / 477	194 / 193 / 182	38 / 63 / 51	157 / 205 / 195	102 / 217 / 153	71 / 85 / 435	1662 / 1744 / 1643	84 / 113 / 116	302 / 364 / 314	19 / 11 / 10	965 / 1150 / 1374	3857 / 4738 / 4950
MARCH	269 / 529 / 581	122 / 311 / 261	29 / 133 / 1	144 / 223 / 201	95 / 233 / 152	76 / 403 / 472	1734 / 1774 / 1904	100 / 149 / 121	340 / 346 / 428	16 / 12 / 13	1095 / 1211 / 1477	4020 / 5324 / 5611
APRIL	258 / 687 / 600	246 / 199 / 378	46 / 183 / 68	139 / 196 / 198	123 / 264 / 161	105 / 453 / 483	1767 / 1984 / 1824	85 / 121 / 108	300 / 410 / 380	14 / 14 / 16	883 / 1318 / 1423	3966 / 5639 / 5639
MAY	262 / 613 / 650	230 / 479 / 391	85 / 167 / 87	150 / 213 / 187	131 / 230 / 131	100 / 424 / 656	1743 / 1758 / 1811	112 / 137 / 103	295 / 349 / 364	18 / 9 / 12	1007 / 1308 / 1373	4133 / 5687 / 5755
JUNE	264 / 616 / 594	243 / 486 / 455	37 / 118 / 37	149 / 186 / 224	128 / 156 / 150	101 / 542 / 461	2203 / 1752 / 1881	90 / 123 / 120	260 / 314 / 388	7 / 19 / 19	864 / 1247 / 1387	4346 / 5559 / 5716
JULY	275 / 604 / 610	192 / 477 / 444	46 / 71 / 84	165 / 196 / 210	109 / 157 / 179	113 / 443 / 505	1618 / 1716 / 1805	94 / 142 / 102	276 / 357 / 328	17 / 15 / 11	887 / 1190 / 1116	3782 / 5368 / 5394
AUGUST	256 / 561 / 528	256 / 402 / 398	59 / 86 / 73	149 / 190 / 193	126 / 150 / 165	130 / 542 / 392	1850 / 1647 / 1779	115 / 145 / 103	289 / 325 / 386	17 / 11 / 12	1064 / 1294 / 1071	4311 / 5353 / 5100
SEPTEMBER	224 / 567 / 505	218 / 464 / 402	75 / 70 / 113	149 / 191 / 200	101 / 157 / 61	55 / 502 / 360	1687 / 1822 / 1743	83 / 131 / 116	254 / 322 / 363	9 / 13 / 11	1047 / 1288 / 1209	3882 / 5627 / 5083
OCTOBER	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /
NOVEMBER	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /
DECEMBER	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /
CALENDAR YEAR	2379 / 5324 / 5151	1899 / 3204 / 3345	451 / 982 / 610	1358 / 1805 / 1814	1027 / 1734 / 1317	837 / 3483 / 4234	15865 / 16006 / 16025	902 / 1164 / 1009	2651 / 3122 / 3304	136 / 114 / 114	8763 / 11063 / 11887	36258 / 47981 / 48810
MONTHLY AVERAGES	264 / 592 / 572	211 / 356 / 372	50 / 107 / 68	151 / 204 / 202	114 / 193 / 146	93 / 387 / 470	1763 / 1778 / 1781	100 / 129 / 112	295 / 347 / 367	15 / 13 / 13	973 / 1229 / 1321	4029 / 5331 / 5423

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

Northern Inyo Hospital
Monthly Report of Capital Expenditures
Fiscal Year Ending JUNE 30, 2010
As of September 30, 2009

MONTH APPROVED BY BOARD	DESCRIPTION OF APPROVED CAPITAL EXPENDITURES	AMOUNT
FY 2008-09	Coagulation Analyzer	25,000
	Zeiss Ophthalmic Argon Laser	42,642 *
	AMOUNT APPROVED BY THE BOARD IN PRIOR FISCAL YEARS TO BE EXPENDED IN THE CURRENT FISCAL YEAR	67,642
FY 2009-10	STAT Centrifuge	3,317
	QuickThaw Plasma Thawing System	5,736 *
	Blood Gas Analyzer	15,702 *
	AMOUNT APPROVED BY THE BOARD IN THE CURRENT FISCAL YEAR TO BE EXPENDED IN THE CURRENT FISCAL YEAR	24,754
	Amount Approved by the Board in Prior Fiscal Years to be Expended in the Current Fiscal Year	67,642
	Amount Approved by the Board in the Current Fiscal Year to be Expended in the Current Fiscal Year	24,754
	Year-to-Date Board-Approved Amount to be Expended	28,317
	Year-to-Date Administrator-Approved Amount	67,842 *
	Actually Expended in Current Fiscal Year	64,079 *
	Year-to-Date Completed Building Project Expenditures	0 *
	TOTAL FUNDS APPROVED TO BE EXPENDED	160,237
	Total-to-Date Spent on Incomplete Board Approved Expenditures	0
 Reconciling Totals:		
	Actually Capitalized in the Current Fiscal Year Total-to-Date	131,920
	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	28,317
	ACTUAL FUNDS APPROVED IN THE CURRENT FISCAL YEAR TOTAL-TO-DATE	160,237

Northern Inyo Hospital
Monthly Report of Capital Expenditures
Fiscal Year Ending JUNE 30, 2010
As of September 30, 2009

MONTH		
APPROVED		
BY BOARD	DESCRIPTION OF APPROVED CAPITAL EXPENDITURES	AMOUNT
	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 the fiscal year ending June 30, 2006, is \$3,600,000 coming from existing hospital funds.)

**Completed in prior fiscal year

**Northern Inyo Hospital
 Monthly Report of Capital Expenditures
 Fiscal Year Ending JUNE 30, 2010
 As of September 30, 2009**

MONTH APPROVED BY BOARD	DESCRIPTION OF APPROVED CAPITAL EXPENDITURES	AMOUNT
Board Approved Construction and Remodel amounts to be Reimburse from Revenue Bonds, General Obligation Bond Funds and Hospital Operations		
FY 1996-97	Central Plant and Emergency Power Generator	3,000,884 **
FY 1997-98	Administration/Office Building (Includes Furniture and Landscaping)	1,617,772 **
FY 2000-01	New Water Line Construction	89,962 **
FY 2001-02	Siemens ICU Patient Monitoring Equipment	170,245 **
	Central Plant and Emergency Power Generator OSHPD Fee	18464.5 **
FY 2003-04	Emergency Room Remodel (Included in New Building & Remodel)	0
FY 2004-05	Emergency Room Remodel (add to \$500,000) (In New Building & Remodel)	0
FY 2005-06	Hospital Building and Remodel see revisions below	39,500,000
FY 2005-06	Construction Cost Overrun Approval	15,250,000
FY 2008-09	Phase II-Bid 1 (Bid Approvals-part of above original numbers)	17,580,971
Total-To-Date Board Approved Construction Amounts to be reimbursed from Revenue Bonds & General Obligation Bond		<u><u>59,647,328</u></u>
Total-To-Date Spent on Construction In Progress from Rev Bonds for Incomplete Projects (Includes Architect Fees for Future Phases)		

*Completed Purchase

**Northern Inyo Hospital
Monthly Report of Capital Expenditures
Fiscal Year Ending JUNE 30, 2010
As of September 30, 2009**

Administrator-Approved Item(s)	Department	Amount	Month Total	Grand Total
POWER AND CONDUIT FOR ELECTRIC DOORS	PURCHASING	5,894		
MONTH ENDING SEPTEMBER 30, 2009			5,894	67,842

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NORTHERN INYO HOSPITAL
SECURITY REPORT
09/23/09 THRU 10/27/09

FACILITY SECURITY

Access security during this period revealed five occasions of open or unsecured exterior doors being identified during those hours when doors were to be locked or secure. Seven interior doors were found unsecured during this same period.

The Rural Health Clinic accounted for three of the unsecured exterior doors during this period.

Main building roof access was found unlocked and open on three occasions during this period.

HUMAN SECURITY

NIH Security provided Law Enforcement standby in seven instances during this period. Three of these details were for Lab BAC's and one was for a suspected 5150 patient.

On October 20th at 0030 hours an Environmental Services employee reported someone yelling in the area of the Rural Health Clinic. Security responded and located a subject yelling in the area of the Cemetery. Bishop Police were notified and upon their arrival the subject was contacted near the Cemetery maintenance shop. This subject was homeless and close to a 5150 candidate. The subject was advised of trespass of the Cemetery and the Hospital Campus and allowed to leave the area.

Security was briefed on one Temporary Restraining Order during this period that was issued to protect a NOC shift Hospital employee.

Security provided patient assists on 36 occasions during this period.

srd

NORTHERN INYO HOSPITAL
SECURITY REPORT
10/28/09 THRU 11/24/09

FACILITY SECURITY

Access security during this period revealed ten occasions of open or unsecured exterior doors being located during those hours when doors were to be locked or secured. Six interior doors were found during the same period.

The Rural Health Clinic accounted for three of the unsecured exterior doors during this period.

Turner Construction trailers were found open and unsecured on two occasions.

IT motion alarms were set off once during this period. Security checked the offices and found them to be secure. The alarms were reset without any further trouble.

On October 28th, a partially full, fuel container was located at the rear entry to the office of Dr. Reid. The container was removed and transported to Maintenance. Why the container was there is unknown.

HUMAN SECURITY

NIH Security provided Law Enforce standby on ten occasions during this period. One instance was for a Lab BAC and two were for possible 5150 subjects.

On November 17th at 1800 hours, it was reported that an adult, female had been acting suspiciously while loitering around the Hospital lobby and cafeteria areas since approximately 1400 hours. This individual was located in the cafeteria and contacted. She explained that she was not in need of medical attention and did not have a lawful reason for being on Campus. Upon being asked to leave the Campus, she refused. She was advised of trespass whereupon she became verbally assaultive. The Bishop Police were contacted and responded to the Hospital. Bishop Police personnel reaffirmed her need to leave Campus and after a lengthy dialogue and threat of arrest, she left without further incident.

On November 22nd at approximately 0230 hours, an intoxicated, male, subject was located in the main parking lot of the Campus. This subject was cooperative, however was intoxicated to the extent he could not care for his safety or the safety of others. Through his cooperation, Security was able to contact a family member who responded to the Hospital and provided the subject with supervision and a ride home.

On November 23rd an elderly, disoriented, male ER patient became uncooperative and presented a management problem for ER Staff. The subject pulled his IV lines and became hostile toward Staff. Security provided standby for several hours during which diagnosis and treatment were performed. The patient was admitted without further incident.

Security provided patient assists on 28 occasions during this period.


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**INSPECTION FINDINGS AND LICENSEE ACKNOWLEDGEMENT
 POSTING REQUIRED [17 CCR 30255(b)(4)]**

Copies of this notice must be conspicuously posted within two working days after receipt if any violations (items of noncompliance) are noted. These documents shall remain posted for a minimum of five working days or until action correcting the violation(s) have been completed, whichever is later. Posting shall appear in a sufficient number of places to permit individuals to observe them on the way to or from any particular work location to which this notice is applicable.

1. LICENSEE <u>Northern Inyo County Local Hospital District</u>		2. INSPECTION AGENCY State of California California Department of Public Health Radiologic Health Branch 1800 E. Lambert Road, Suite 125 Brea, CA 92821 <u>D Kravetski</u>
3. LICENSE NUMBER <u>3384-14</u> <u>dbad Northern Inyo Hospital</u>		
4. INSPECTION DATE <u>11/2/09</u>	5. SITE INSPECTED <u>150 Pioneer Lane Bishop</u>	
6. INSPECTION FINDINGS <u>Ca# 93514-2599</u>		
<p>The inspection was an examination of activities conducted under the license as they relate to the radiation safety and to compliance with the California Code of Regulations (Title 17, CCR) and conditions of the license. The inspection consisted of selective examinations of procedures and records, interviews with personnel, and observations by the inspector.</p> <p><input checked="" type="checkbox"/> Within the scope of this inspection, no violations were observed.</p> <p>The following item(s) relating to records or posting were found to be in violation:</p> <p><input type="checkbox"/> A. Rooms or areas were not properly posted to indicate: _____, Section 30253:10CFR20.1902.</p> <p><input type="checkbox"/> B. A current copy of the:</p> <p style="padding-left: 20px;"><input type="checkbox"/> Radiation Control Regulations 30255(b)(2) <input type="checkbox"/> Operating Procedure Manual 30255(b)(2) <input type="checkbox"/> License 30255(b)(2)</p> <p style="padding-left: 20px;"><input type="checkbox"/> Notice to employees (RH 2364) was not posted as required by Section 30255(b)(3)</p> <p><input type="checkbox"/> C. Containers of radioactive material were not properly labeled to indicated: _____, Section 30253: 10CFR20.1904.</p> <p><input type="checkbox"/> D. Records of _____ were not available as required by Section 30253:10CFR20 Subpart L, specifically Section 10CFR20 _____ and/or Condition 13.</p> <p><input type="checkbox"/> E. Documents required for the transportation of radioactive material were not available, Section 30373:</p> <p style="padding-left: 20px;"><input type="checkbox"/> Shipping Papers 49CFR177.817e <input type="checkbox"/> Special Form Test Certification 49CFR173.476</p> <p style="padding-left: 20px;"><input type="checkbox"/> 7A Package Certification 49CFR172.415(a)</p> <p>ITEMS OF CONCERN:</p>		
		 _____ INSPECTION AGENCY REPRESENTATIVE
7. LICENSEE'S ACKNOWLEDGEMENT The Inspection Agency Representative has explained and I understand the items of noncompliance listed above. The items of noncompliance will be corrected within the next 30 days.		
<u>11.2.2009</u> _____ DATE	<u>Wayne McGregor</u> <u>Wayne McGregor R.S.O.</u> _____ LICENSEE REPRESENTATIVE	

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Dear N.I.H. Board of Directors

Sandra Spidel need your help,
All her patients are being Dumped
your Boards the only way, she
need help for All her people with
Cronic pain, please assist a Dr
here at N.I.H to consist for her.

I'm praying for N.I.H Board of Director's
for a ~~miracal~~ ~~Medical~~ Miracle

I know, please your our only Help
A lot of lives it will effect.

Sincerely
Timothy P Lopez
587 No 3rd St #4
Bishop CA 93514

PS I Dont want
to leave my home here
I love it here in
Bishop



November 6, 2009

Enclosed is a legal notice regarding the recent chapter 11 bankruptcy filings of CIT Group Inc. and CIT Group Funding Company of Delaware LLC (collectively, "CIT"). CIT is providing you with this notice in accordance with an order of the Bankruptcy Court. The notice contains information about various deadlines and upcoming dates in our bankruptcy cases, including the following key pieces of information:

- The date our chapter 11 cases were commenced;
- A summary of our plan of reorganization, including certain release and injunction provisions contained in our plan;
- The date of our disclosure statement and confirmation hearing and deadlines to object to the adequacy of information contained in our disclosure statement and confirmation of our plan;
- The date the Bankruptcy Court will consider entering "final" relief on our first-day motions;
- The date of the "Section 341 Meeting" at which creditors can examine a company representative; and
- The process by which certain members of board of directors of Reorganized CIT Group Inc. will be selected.

The sole purpose of this notice is to provide you with information. There is no need for you to respond to the notice or take any other action unless you wish to do so. You should consult with an attorney if you require any assistance interpreting this notice or have questions regarding protecting your rights in CIT's chapter 11 cases. Neither CIT nor its counsel can provide you with any legal advice.

In the event you have any questions regarding our chapter 11 cases, we have established a Restructuring Information Line which can be accessed by phone toll-free at (866) 967-1786. You may also contact a member of our investor relations team either by phone toll-free at (866) 54-CITIR or via e-mail at investor.relations@cit.com.

Sincerely,



SKADDEN, ARPS, SLATE, MEAGHER
& FLOM LLP
Four Times Square
New York, New York 10036
(212) 735-3000
Gregg M. Galardi
J. Gregory St. Clair

Proposed Counsel for Debtors and
Debtors-in-Possession

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

----- X
In re: : Chapter 11
: :
CIT GROUP INC. and : Case No. 09-16565 (ALG)
CIT GROUP FUNDING COMPANY :
OF DELAWARE LLC, :
: :
Debtors. : (Jointly Administered)
: :
----- X

**SUMMARY OF PLAN AND NOTICE OF (I) MEETING OF CREDITORS;
(II) COMMENCEMENT OF CHAPTER 11 CASES, (III) COMBINED HEARING ON
DISCLOSURE STATEMENT AND CONFIRMATION OF PLAN OF REORGANIZATION AND
(IV) PROCEDURES FOR RECOMMENDING INDIVIDUALS TO SERVE
AS DIRECTORS OF REORGANIZED CIT GROUP INC.**

Commencement of the Chapter 11 Cases

PLEASE TAKE NOTICE that on November 1, 2009 (the "Petition Date"), the debtors and debtors-in-possession in the above-captioned cases (collectively, the "Debtors"),¹ each filed petitions for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"). By order of the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"), the cases are being jointly administered for procedural purposes under Case No. 09-16565 (ALG).

¹ CIT Group Inc. is located at 505 Fifth Avenue, New York, NY 10017. Its tax identification number is 65-xxx1192. In addition to CIT Group Inc., CIT Group Funding Company of Delaware LLC, Case No. 09-16566, is a debtor in these related cases. CIT Group Funding Company of Delaware LLC is located at 1 CIT Drive, Livingston, NJ 07039. Its tax identification number is 98-xxx9146.

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Steering Committee of Lenders (the "Steering Committee Nominees"), (c) three of whom will be nominees (the "Debtholder Nominees") proposed to the Nominating and Governance Committee of the Board of CIT by CIT noteholders (other than members of the Steering Committee) owning more than 1% of the aggregate outstanding principal amount of outstanding CIT bonds and unsecured bank debt claims (the "One-Percent Holders") and (d) one of whom will be CIT's Chief Executive Officer.

PLEASE TAKE FURTHER NOTICE that the deadline for the One-Percent Holders to propose a Debtholder Nominee is 4:00 p.m. (prevailing Eastern Time) on November 20, 2009 (the "Nomination Deadline"). Any One-Percent Holder that desires to propose a Debtholder Nominee should contact (i) CIT Group Inc., 1 CIT Drive, Livingston, New Jersey 07039 (Attn: Robert Ingato; email: robert.ingato@cit.com) and (ii) counsel for the Debtors, Skadden, Arps, Slate, Meagher & Flom LLP, Four Times Square, New York, New York 10036 (Attn: Gregg M. Galardi; email: gregg.galardi@skadden.com) regarding the information that must be provided with respect to any Debtholder Nominee prior to the Nomination Deadline. In addition, any One-Percent Holders proposing a Debtholder Nominee will be required to (a) certify that as of October 29, 2009 such One-Percent Holders held more than 1% of the outstanding bonds and unsecured bank debt claims of CIT and (b) provide, on a confidential basis, a list of such One-Percent Holders' holdings.

Additional Information

PLEASE TAKE FURTHER NOTICE that copies of the pleadings filed in these chapter 11 cases can be obtained by using the Bankruptcy Court's electronic case filing system at www.nysb.uscourts.gov using a PACER password (to obtain a PACER password, go to the PACER website, <http://pacer.psc.uscourts.gov>) or on the website maintained by the Debtors' proposed claims agent at <http://www.kccllc.net/citgroup>.

Dated: New York, New York
November 5, 2009

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**NORTHERN INYO HOSPITAL
POLICY AND PROCEDURE**

Title: Medical Students in the OR	
Scope:	Department: Surgery
Source: Stuhaan, Barbara	Effective Date:

POLICY:

1. The medical student may assist the attending surgeon during a surgical procedure by providing aid in exposure, which will help the surgeon carry out a safe operation with optimal results for the patient.
2. Only medical students, who are currently enrolled in a qualified medical school, may assist with surgical procedures.
3. Medical students must demonstrate knowledge and skill in applying principles of asepsis and infection control.
4. Medical students must demonstrate knowledge of surgical anatomy and physiology.
5. Medical students must demonstrate the ability to function effectively and harmoniously as a team member.
6. Medical students must be able to perform effectively in stressful and emergency situations.
7. The medical student may function under this policy when the following conditions are met:
 - The attending surgeon has determined that the medical student can provide the type of assistance needed during the specific surgery.
 - Functions under the direct supervision of the attending surgeon. (Physical presence of attending surgeon in the operating room).

PROTOCOL:

The Medical Student may, at the discretion of the attending surgeon:

1. Assist with the surgical positioning and draping of the patient if so directed by the surgeon.
2. Provide retraction at the direction of the attending surgeon.
3. Help the surgeon provide homeostasis.
4. Perform knot tying if qualified in the estimation of surgeon.
5. Perform assistance in the closure of tissue as directed by the surgeon; sutures fascia, subcutaneous tissue and skin.
6. Assist the surgeon at the completion of the surgical procedure by:
 - Affixing and stabilizing all drains.
 - Cleaning the wound and applying the dressings.
 - Assist with applying cast; splints, bulky dressings, abduction devices.
7. The medical student practices within the appropriate limitations and may choose not to perform those functions for which he/she has not been prepared or for which he/she does not feel capable of performing.

**NORTHERN INYO HOSPITAL
POLICY AND PROCEDURE**

Title: Medical Students in the OR	
Scope:	Department: Surgery
Source: Stuhaan, Barbara	Effective Date:

8. The activities outlined are determined based on the experience and education of the medical student. The performance of other activities in the role of the medical student is dependent on the ability of the medical student to safely perform the activities under the direction of the surgeon in a competent manner.

Committee Approval Needed: YES Surgery Tissue Committee
Responsibility for Review and Maintenance: Surgery Nurse Manager
Index Listings: Medical Students in the Operating Room, Medical Students, Students
Initiated: 4-1-09

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**NORTHERN INYO HOSPITAL
POLICY AND PROCEDURE**

Title: Surgical Procedural Site Identification	
Scope:	Department: Anesthesia, Emergency Dept, ICU/CCU, Medical/Surgical, OB/Gyn, Outpatient, PACU, Pediatric, Rural Health Clinic, Surgery
Source: Stuhaan, Barbara	Effective Date:

PURPOSE:

To ensure patient safety by appropriate identification of surgical or procedural site or side.

POLICY:

1. Prior to initiation of a surgical procedure, or other invasive procedure that involves laterality, multiple structures or levels, the procedure site or side will be verified by:
 - a. The patient and /or family
 - b. The licensed healthcare professional assigned as the patient's care provider (nurse, imaging services tech, etc.)
 - c. The licensed independent practitioner (MD, DPM, etc.)
 - d. The anesthesia provider (if anesthesia or sedation provided during procedure)
2. To assure correct procedure, patient, insertion/incision, side/site prior to all invasive procedures a double check verification process will be performed.
3. Site marking must be done for any procedure that involves laterality, multiple structures or levels.
4. Procedures requiring double check verification include, but are not limited to:
 - a. Surgery
 - b. Breast needle biopsies performed in Imaging services
 - c. Podiatric/surgical procedures performed anywhere in the hospital
5. All relevant documents and studies will be available prior to the start of invasive procedures. These documents and studies will be reviewed to ensure consistency as to the patient's expectations, the team's understanding of the intended patient, procedures, site, and as applicable, any implants prior to the initiation of the procedure.
6. Missing information or discrepancies will be addressed and resolved before starting the procedure.
7. Surgical sites will be marked at or near the incision site. The mark must be unambiguous (e.g.; use INITIALS or "YES" or a line representing the proposed incision). An "X" will not be used.
8. The method of marking and type of mark should be consistent throughout the organization.
9. The mark is made using a marker that is sufficiently permanent to remain visible after completion of the skin prep and sterile draping.
10. The mark is positioned to be visible after the patient's skin is prepped, the patient is positioned, and sterile draping completed.
11. Multiple sites must be marked. Exception to marking is the single cavity or organ procedure with no identified laterality.
12. Eye procedures are marked above the operative eye. The colored eye band may be used when performing eye procedures on children.
13. Obvious sites such as lacerations and abscessed do not need to be marked unless there is more than one site and not all are being treated.
14. For minimal access procedures that intend to treat a lateralized internal organ, whether percutaneous or through a natural orifice, the intended side must be indicated by a mark at or near the insertion site, and remains visible after completion of the skin prep and sterile draping.
15. Site marking is not required during emergency or immediate intervention or if delay may risk life or limb or when the surgeon or proceduralist is not leaving the bedside after diagnosis, and is immediately doing the procedure.
16. A licensed independent practitioner, who will be involved directly with, and present at the time of performing the procedure, marks the procedure site. (Surgeon or physician performing procedure (radiology/ER).
17. Exceptions to site marking are "minor" procedures such as venipuncture, peripheral IV line placement, insertion of NG tube, or Foley catheter insertion. Site marking is not required for other procedures that may include midline sternotomy, Cesarean section, laparotomy and laparoscopy, and other interventional procedures for which the site of the insertion is not predetermined.

**NORTHERN INYO HOSPITAL
POLICY AND PROCEDURE**

Title: Surgical Procedural Site Identification	
Scope:	Department: Anesthesia, Emergency Dept, ICU/CCU, Medical/Surgical, OB/Gyn, Outpatient, PACU, Pediatric, Rural Health Clinic, Surgery
Source: Stuhaan, Barbara	Effective Date:

TIME OUT

18. There shall be a "time out" immediately prior to starting a procedure.
19. The "time out" must be conducted in the location where the procedure will be done, just before starting the procedure.
20. The "time out" must involve the entire operative team, (at least the Scrub person, Circulating RN, Anesthesiologist and Surgeon) using active communication, and must be documented in the patient record and on the anesthesia record.
21. Documentation will include:
 - a. Correct patient identity.
 - b. Correct side and site.
 - c. Agreement on the procedure to be done.
 - d. Availability of correct implants and special equipment.
22. **Any discrepancies must be resolved before proceeding with procedure.**
23. Marking Exemptions:
 - a. Single organ procedures (e.g.; Cesarean Section)
 - b. Interventional cases for which the catheter/instrument insertion site is not predetermined (e.g.; cardiac catheterization)
 - c. Teeth – but, indicate operative tooth name(s) on documentation or mark the operative tooth (teeth) on dental radiographs or dental diagram.
 - d. Premature infants, for whom the mark may cause a permanent tattoo.
 - e. For procedures in which it is technically or anatomically impossible or impractical to mark the site (mucosal surfaces, perineum, premature infants).
 - f. If the individual performing the procedure is in continuous attendance with the patient from the time of the decision to do the procedure, during the giving of consent by the patient, through the conduct of the procedure.
24. Final verification of the site mark must take place during the "time out".
25. "Time Out" for final verification cannot be exempted.

PROCEDURE:

26. Pre-Operative verification process:
 - a. Verification of the correct person, procedure, and site should occur (as applicable)
 - b. At the time of the surgery/procedure is scheduled.
 - c. At the time of admission or entry into the facility
 - d. Anytime the responsibility for the care of the patient is transferred between care-givers
27. Prior to start of the procedure ensure availability and review of the following:
 - a. Relevant documentation (e.g., History and Physical, Consent)
 - b. Relevant images properly labeled and displayed.
 - c. Any required implants and special equipment.
28. Marking the Operative Site:
 - a. Make the mark at or near the incision site. **DO NOT mark** any Non Operative Site(s) unless necessary for some other aspect of care.
 - b. Use initials, "yes" or a line representing the incision.
 - c. Position the marks to be visible after the patient is prepped and draped.
 - d. Use a marker that is sufficiently permanent to remain visible after completion of the skin prep (use indelible marker such as black Marks-a-Lot®).

**NORTHERN INYO HOSPITAL
POLICY AND PROCEDURE**

Title: Surgical Procedural Site Identification	
Scope:	Department: Anesthesia, Emergency Dept, ICU/CCU, Medical/Surgical, OB/Gyn, Outpatient, PACU, Pediatric, Rural Health Clinic, Surgery
Source: Stuhaan, Barbara	Effective Date:

- e. Mark all cases involving laterality, multiple structures (fingers, toes, lesions).
- f. Involve the awake and aware patient, if possible. The licensed independent practitioner, who will be involved directly with, and present at the time of performing the procedure, will mark the site.
- g. Perform a final verification of the site mark during the "time-out".
- h. For ophthalmology patients, place a colored dot above the operative eye on the forehead in a manner that makes it visible during the procedure and the ophthalmologist will sign the skin above the dot with a fine point-marking pen.

SPECIAL CONSIDERATIONS:

Physician order required Yes No

Procedure may be performed by: RN MD Time Out Initiated

Special education required to perform procedure: Yes No

Age specific considerations:

- Verification of side/site will be completed with adult caretaker of child.

Index Listing: Site Identification/Marking Surgical Site

Committee Approval	Date
Revised 1-04	3-6-09
Surgery-Tissue Committee	1/28/04
Medical Executive Committee	2/5/04
Administration	2/25/04

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NORTHERN INYO HOSPITAL POLICY AND PROCEDURE

Title: Misoprostol for Cervical Ripening	
Scope: Departmental	Department: Obstetrics
Source: Jan Kneip	Effective Date:

PURPOSE:

To define and delimit the off-label use of misoprostol for cervical ripening at NIH

POLICY:

1. Only physicians familiar with its use may order misoprostol for cervical ripening.
2. Misoprostol may be ordered for cervical ripening or labor induction in the third trimester of pregnancy only.
3. Misoprostol for cervical ripening may be used only in accordance with this policy and procedure.
4. Misoprostol may not be ordered if the patient has any of the following
CONTRAINDICATIONS:
 - a. Placenta previa, abruption placenta or unexplained vaginal bleeding
 - b. Previous cesarean section or major uterine surgery
 - c. Cardiac, renal or hepatic disease
 - d. Patient currently on oxytocin. (Oxytocin must be off for 30 minutes prior to starting misoprostol. Oxytocin may not be started until 4 hours or more after the last dose of misoprostol.)
5. Misoprostol may be ordered if in the physician's judgment the following conditions are sufficiently mild to ensure patient safety:
 - a. Asthma
 - b. Glaucoma
6. Misoprostol for cervical ripening may only be initiated upon informed consent of the patient. Informed consent shall be obtained pursuant to the physician's discussion of the risks, benefits and alternatives to the procedure including possible drug side effects.
7. Misoprostol for cervical ripening may only be ordered on the pre-printed MISOPROSTOL FOR INDUCTION OF LABOR ORDER SHEET (attached to this policy).
8. Nurses may only administer misoprostol for cervical ripening if ordered on the the pre-printed MISOPROSTOL FOR INDUCTION OF LABOR ORDER SHEET (attached to this policy).

PROCEDURE:

1. Obtain informed consent and place on the chart. Physicians will discuss the risks and benefits including possible side effects of the medication prior to administration of the

medication. This may be done in the office but documentation will be on the NIH medical record.

2. Complete a full nursing assessment including vital signs prior to this procedure. Cervical exam should indicate less than 2 cm dilated and 50% effaced, or Bishop score of less than 7, and the patient has less than 4 contractions per hour.
3. Complete an Electronic Fetal Monitoring (EFM) baseline strip.
4. Patients will remain on continuous EFM for 1-2 hours after the initial dose. At least a 20 minute strip every hour thereafter.
5. If at any time the EFM changes to a category III strip, the MD will be notified and continuous monitoring will resume. Fetal resuscitation should begin.
6. Misoprostol administration:
 - a. The MD will order using the the pre-printed MISOPROSTOL FOR INDUCTION OF LABOR ORDER SHEET (attached to this policy).
 - b. The physician, a Certified Nurse Mid-Wife, or a Labor and Delivery Registered Nurse may insert misoprostol.
 - c. NPO after the first dose for 1-2 hours
 - d. IV of LR 1000ml with an 18 gauge needle at a rate ordered by the physician
 - e. Have the patient empty their bladder prior to each dose
 - f. Insert 25 mcg misoprostol tablet into the posterior fornix of the vagina. Do not use lubricating jelly. The tablet may be moistened with normal saline or sterile water.
 - g. Patient should remain on bedrest after the insertion up to 2 hours. The patient may ambulate and empty her bladder prior to the next dose.
 - h. The dose may be repeated every 3 to 6 hours up to a maximum of 6 doses in 24 hours. Withhold dosing if adequate cervical ripening, patient enters active labor; the EFM indicates a category III strip or shows hyperstimulation or tachysystole.
 - i. Monitor vital signs including BP and pulse every hour, temperature and respirations every 4 hours.

Note: For hyperstimulation, change patient position such as left or right side, apply oxygen, consider tocolytics, if ordered by MD, such as terbutaline or magnesium and/or attempt to flush the remaining dose from the vaginal vault with normal saline.

DOCUMENTATION:

Document on designated forms

1. Assessment
2. Interventions and responses
3. Medications times and doses
4. Patient education and care plan

Committee Approval	Date
Pharmacy and Therapeutics Committee	
Perinatal/Pediatrics Committee	
Medical Executive Committee	
Board of Directors	

NORTHERN INYO HOSPITAL
Bishop, California

MISOPROSTOL FOR INDUCTION OF LABOR
ORDER SHEET

Misoprostol use is restricted to physicians with experience using misoprostol for cervical ripening.

1. Obtain informed consent and place in chart.
2. Complete baseline assessment and full set of vital signs prior to first dose, then 15 minutes after initial dose.
3. Complete a NST. Notify MD of results.
4. Maintain NPO status for 1-2 hours after insertion of medication.
5. After 2 hours, Diet: _____
6. IV LR 1000ml @ ____ ml/hr via an 18 gauge catheter.
7. ____ Saline Lock

MEDICATION DOSING:

1. Insert pre-cut 25 mcg misoprostol tablet into posterior vaginal fornix. Do not use lubricating jelly. May use normal saline to moisten tablet or fingers.
2. Repeat dose in ____ hours X ____ doses (every 3-6 hours up to a maximum 4 doses in 24 hours). Have the patient empty their bladder between each dose.
3. Patient to remain on bedrest for 2 hours after dose inserted.
4. Place patient on CEFM for 1-2 hours after dose and at least a 20-minute strip every hour thereafter.
5. Monitor FHR and uterine activity prior to first dose. Monitor fetal heart tones for 2 hours after initial dose and then continuously thereafter. Notify physician for non-reactive or non-reassuring maternal-fetal status.
6. Withhold doses if there are two or more contractions in 10 min, has adequate cervical ripening (Bishop score \geq 8, 80% effacement, 3 cm dilated), patient enters active labor, has hyperstimulation or tachysystole or EFM shows a category III strip.
7. For hyperstimulation or tachysystole: Notify physician. Provide oxygen, position change, IV fluids and tocolytic if ordered. Attempt to remove tablet from vagina and swab/flush vagina with normal saline.
8. V/S – BP at least every hour with HR. Temperature and RR every 4 hours and PRN
9. Notify MD for FM category III strips
10. Start oxytocin no sooner than 4 hours after last misoprostol dose.

Allergies: _____

MD Signature: _____

Date/Time: _____

PATIENT STICKER

--

NORTHERN INYO HOSPITAL
 CONSENT For INDUCTION or AUGMENTATION Of LABOR

Your doctor/care provider is recommending a treatment to help the progress of your labor. There are risks and benefits to all medical interventions, treatments.
 The alternative always includes - NO TREATMENT. _____ (Initial)

Select

↓ Medication/treatment	Benefits	Frequent Fetal and Maternal effects
Pitocin	Induction of Labor, increases contraction strength, promotes more rapid dilation of the cervix/or descent of the fetal head, prevention of infection in women with ruptured membranes	Abnormalities in the baby's heart rate, contractions that come too frequently, nausea/vomiting, increase in blood pressure, uterine rupture, premature detachment of the placenta, or allergic reaction. Rarely increases the risk of Cesarean Section in first time women with an unfavorable cervix. _____ (Initial)
Cervidil	Cervical ripening (thinning and opening of the cervix) Prepares the cervix for further induction. Induction of labor	Fever, nausea/vomiting, diarrhea in the mother, abnormalities in the baby's heart rate, contractions that come too frequently, rarely can cause uterine rupture especially in mothers with previous uterine surgery. _____ (Initial)
Misoprostol	Cervical ripening (thinning and opening of the cervix) Prepares the cervix for further induction. Induction of labor	Nausea, vomiting, diarrhea, uterine cramping, headache, abnormalities in the baby's heart rate, contractions that come too frequently. _____ (Initial)
Prostin Gel	Cervical ripening (thinning and opening of the cervix) Prepares the cervix for further induction. Induction of labor	Fever, nausea/vomiting, diarrhea in the mother, abnormalities in the baby's heart rate, contractions that come too frequently, rarely can cause uterine rupture especially in mothers with previous uterine surgery. _____ (Initial)
Transcervical Foley Catheter Placement	Cervical ripening (thinning and opening of the cervix) Prepares the cervix for further induction. Decreases the risk of Cesarean Section for women with an unfavorable cervix	Dislodging the fetal head from the cervix. Rarely can cause artificial rupture of membranes, which may cause prolapse of the umbilical cord and need for immediate Cesarean section or infection. _____ (Initial)
AROM	May increase or augment contractions in labor. May speed the progress of labor	Prolapse of the umbilical cord and need for immediate Cesarean section or infection. _____ (Initial)

I understand these risks/benefits as explained to me by _____ (MD; CNM)
 I consent to the above treatment.

_____ Patient

_____ Date and time

_____ Witness

_____ Date and time

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**NORTHERN INYO HOSPITAL
POLICY AND PROCEDURE**

Title: Patient Admission To ICU	
Scope:	Department: ICU/CCU
Source: Kneip, Jan	Effective Date:

GENERAL ADMISSION POLICY TO THE ICU:

- A. A physician with unrestricted staff privileges may admit a patient to the ICU. A physician who does not have ICU privileges must obtain consultation from one who does.
- B. Patients may be admitted to the ICU from one of four locations:
 - 1. From the Emergency Room
 - 2. Directly from the outside
 - 3. Transfer from within the hospital
 - 4. Inter-hospital transfer.
- C. All admissions should be arranged with the NIH Nursing Shift Supervisor.
- D. The ICU physician shall at all times retain authority and responsibility for the medical management of his patient.
- E. Appropriate consultation is required for all patients in the ICU according to Consultation Criteria.
- F. Attending physicians will evaluate their patient with a frequency appropriate to patient acuity.
- G. All patients must be seen by the attending physician, or his designee, in a time frame appropriate to the severity of their condition.
- H. Specified emergency procedures may be delegated to the nurses as per ICU standards of care.
- I. ICU orders will apply only to a patient while in the ICU. New orders will be required to transfer a patient into and out of the ICU.
- J. The physician upon evaluation of the patient must complete a summary admission history and physical.
- K. A dictated history and physical must be completed within 24 hours after admission.
- L. Direct communication between the critical care nurse and the physician will be maintained at all times.
- M. Each physician who has ICU admitting privileges is expected to be familiar with:
 - 1. Established ICU policies and procedures.
 - 2. Techniques of cardio-pulmonary resuscitation and emergency defibrillation and equipment.
 - 3. The components of the ICU - ACLS Dysrhythmia Protocol.
- N. Privileges in the ICU may be withdrawn from those physicians who do not adhere to the policies established herein.

**NORTHERN INYO HOSPITAL
POLICY AND PROCEDURE**

Title: Patient Admission To ICU	
Scope:	Department: ICU/CCU
Source: Kneip, Jan	Effective Date:

SPECIAL CONSIDERATIONS:

Physician order required: Yes, to admit to the ICU

PRIORITY OF ADMISSION

In the event of a shortage of beds in ICU, or if a question of priority in admission of a patient arises, the Chairman of the ICU Committee will be called upon to make the decision regarding admission, transfer or discharge of patients in the ICU. It will be his/her responsibility to discuss the problem with the attending physician of the patient to be moved. If the Chairman of the ICU committee is not available, the Chief of Staff will assume the responsibility.

ADMISSION CRITERIA

A. Patients with increased acuity level not appropriate for the General Nursing Service may be cared for in the ICU.

B. Patients with the following diagnoses and symptoms may be admitted to the ICU:

1. Cardiogenic shock
2. Myocardial infarction
3. Rule out myocardial infarction
4. Complicated or life threatening arrhythmias
5. Congestive heart failure
6. Post cardiac arrest
7. Pulmonary edema
8. Pulmonary embolus
9. Respiratory insufficiency
10. Metabolic/renal abnormalities
11. Diabetic emergencies
12. Endocrine emergencies
13. Gastrointestinal hemorrhage
14. Neurological emergencies
15. Shock due to any etiology
16. Major trauma
17. Post surgical conditions
18. Inhalation or ingestion of potentially lethal toxic substances
19. Obstetrical emergencies

B. Patients requiring any of the following procedures and/or medications may also be admitted to the ICU:

1. **PROCEDURES**

- Invasive monitoring
- External pacemaker
- Frequent gastrointestinal lavage

**NORTHERN INYO HOSPITAL
POLICY AND PROCEDURE**

Title: Patient Admission To ICU	
Scope:	Department: ICU/CCU
Source: Kneip, Jan	Effective Date:

Balloon tamponade of varices
Intubated patients
Ventilator patients

2. MEDICATIONS

IV antiarrhythmics
IV vasoactive infusions
Concentrated potassium drips 10-20 mEq over 1 hour
Use of thrombolytic agents

The following pediatric conditions may be admitted to the ICU:

ADMISSION CRITERIA

A. Patients with the following conditions may be admitted to the ICU:

1. Shock, any etiology including dehydration
2. Epiglottitis
3. Near drowning, any symptoms
4. Anaphylaxis
5. Toxic ingestions, potentially lethal agents
6. Poorly controlled seizures
7. Respiratory insufficiency with impending respiratory failure including severe asthma or pneumonia.
8. Metabolic renal abnormalities
9. Uncompensated congenital or congestive heart disease
10. Unstable arrhythmias
11. Post cardiac arrest
12. Acute diabetic emergencies
13. Gastrointestinal hemorrhage, severe with hypovolemia/unstable vital signs
14. Coma due to any etiology
15. Major trauma
16. Post surgical conditions requiring close monitoring
17. Any patient requiring close monitoring
18. Meningitis, bacterial
19. Severe electrolyte abnormalities
20. Unstable patients awaiting transfer to tertiary care centers

DOCUMENTATION:

Order by physician to admit to ICU

Committee approval needed: x Yes, ICU Committee

Responsibility for review and maintenance: ICU Committee Chairman

Index Listings: Patient Admission, ICU; Admission of Patient to ICU

Revised/Reviewed: 10/92, 2/95, 3/98, 02/09/04, 11/07jk, 9/09jk

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*People you know,
caring for people you love*

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

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

November 20, 2009

Dear Board of Directors:

Earlier this year, NIH employees were invited to employees (not Board Members and not Doctors) to participate in a National Employee Attitude Survey developed and administered by Business and Legal Reports (BLR) to provide Management with feedback. Based on previous experience, to preserve confidentiality, departments and locations were not identified and specific comments were reviewed only by Administration. The Personnel Payroll Advisory Committee was consulted and approved of the process.

Upon the survey closing to responses in July 2009, 129 surveys were completed. Mr. Halfen was provided with the written comments and the results of the survey. The results are in total only – accurate location, length of employment and other “response identifying” types of categories are not valid, since NIH wanted the survey responses to be as confidential as possible. Even the written comments reviewed only by Mr. Halfen were listed in random order.

BLR provided the report of the Survey of Employee Satisfaction results for Northern Inyo Hospital. The summary information is valid, so attached pages A-1, A-2, A-5, A-7, and A-10 provide some meaningful feedback. The assessment provides: “Northern Inyo Hospital has about the same level of satisfaction as other employers.”

Thank you for your time and attention to the BLR Employee Attitude Survey results. I look forward to your discussion.

Sincerely,

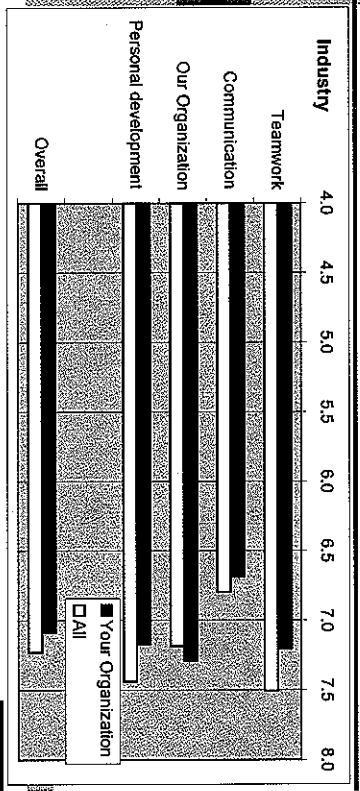
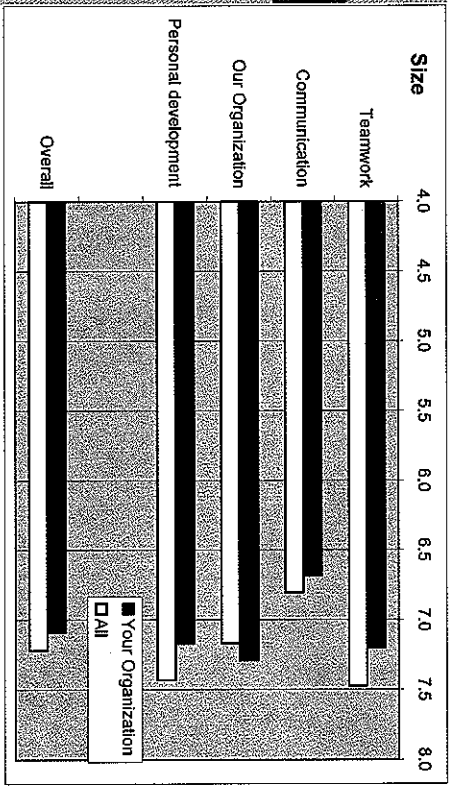
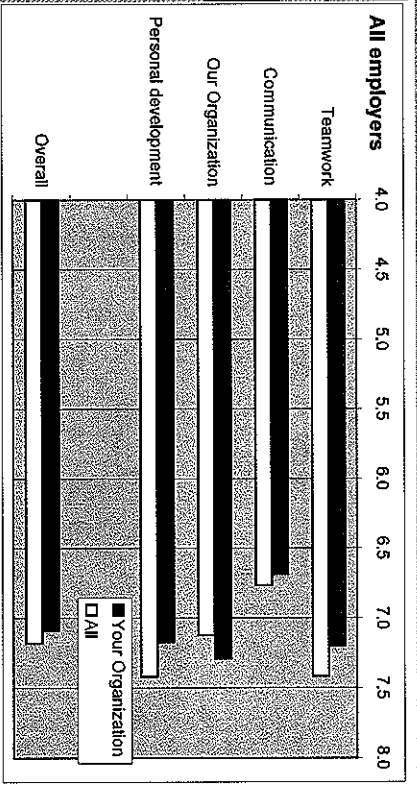
Georgan L. Stottlemyre
Human Resources Manager / PPAC Chairperson



		Performance	
		Variance	
	Your Organization	All From All	From er avg
Teamwork	7.20	7.42	-0.03
Communication	6.69	6.76	-0.07
Our Organization	7.29	7.12	0.08
Personal development	7.17	7.42	-0.08
Overall	7.09	7.18	-0.09
# Employees	129	18,258	
# Employers	1	369	

		Employer size	
	Your Organization	All From All	From er avg
Teamwork	7.20	7.47	-0.07
Communication	6.69	6.80	-0.11
Our Organization	7.29	7.17	0.08
Personal development	7.17	7.43	-0.08
Overall	7.09	7.22	-0.13
# Employees	129	6,660	
# Employers	1	86	

		Industry	
	Your Organization	All From All	From er avg
Teamwork	7.20	7.50	-0.30
Communication	6.69	6.80	-0.11
Our Organization	7.29	7.18	0.08
Personal development	7.17	7.43	-0.08
Overall	7.09	7.23	-0.14
# Employees	129	3,435	
# Employers	1	51	



Assessment key

- Strength
- Opportunity
- Weakness

Summary of Survey results

Employees 129

Northern Inyo Hospital

Survey Questions

- My department has a high level of teamwork
- Our organization, as a whole, has a high level of teamwork
- I understand how to be a good team player
- Teamwork, overall
- I know what is expected of me
- I have a basic understanding of our business goals
- I understand how my role fits in with the organization's future
- My department does a good job of communicating changes or decisions
- There is adequate communication between departments regarding changes or decisions that affect employees
- The organization does a good job communicating changes or decisions that affect employees
- During the last 30 days someone has praised me for doing a good job
- During the last 6 months, someone has communicated with me about my development
- Communication, overall
- My department has consistent, usable work practices
- Our organization, as a whole, has consistent, usable work practices
- I would recommend my organization to friends and family as a good place to work
- We consistently try to improve our customer service for our external clients
- My fellow employees try to do the best job they can
- Our Organization, overall
- I am committed to doing quality work in my job
- I am recognized when I do a good job
- I have the tools and resources I need to do a good job
- On the job, my views are listened to
- My manager is fair and even-handed in the treatment of employees
- My manager cares about me as an individual
- There is a person in the workplace who supports my business and professional growth
- My employer is helping me meet my career objectives
- During the past 12 months, I have had the chance to improve my business and professional skills
- Personal, overall
- Overall

Performance	Importance	Satisfaction index*	Rank	R/G/N
6.55	9.19	0.71	19	7
5.97	9.14	0.65	24	7
9.08	9.29	0.98	2	7
7.20	9.20	0.78	8	7
7.79	9.09	0.86	8	7
7.98	8.47	0.94	3	7
8.11	8.65	0.94	4	7
6.26	9.16	0.68	21	7
5.26	8.98	0.59	25	7
6.11	8.97	0.68	22	7
6.57	8.52	0.77	13	7
5.40	8.13	0.66	23	7
6.89	8.74	0.76	11	7
7.20	9.02	0.80	11	7
6.74	8.75	0.77	14	7
7.74	8.72	0.89	6	7
7.92	8.81	0.90	5	7
6.83	9.24	0.74	17	7
7.29	8.91	0.82	1	7
9.59	9.65	0.99	1	7
6.52	8.57	0.76	15	7
8.09	9.40	0.86	7	7
6.50	8.94	0.73	18	7
6.46	9.28	0.70	20	7
6.96	8.76	0.79	12	7
7.04	8.48	0.83	9	7
6.29	8.40	0.75	16	7
7.07	8.67	0.82	10	7
7.17	8.91	0.80	10	7
7.09	8.94	0.79	10	7

* Satisfaction index is performance divided by importance. A low number indicates dissatisfaction; a higher number shows that performance is in line with expectation.

Assessment key

Highest ranked questions

- 1 I am committed to doing quality work in my job
- 2 I understand how to be a good team player
- 3 I have a basic understanding of our business goals
- 4 I understand how my role fits in with the organization's future
- 5 We consistently try to improve our customer service for our external clients
- 6 I would recommend my organization to friends and family as a good place to work
- 7 I have the tools and resources I need to do a good job
- 8 I know what is expected of me
- 9 There is a person in the workplace who supports my business and professional growth
- 10 During the past 12 months, I have had the chance to improve my business and professional skills

Lowest ranked questions

- 25 There is adequate communication between departments regarding changes or decisions that affect employees
- 24 Our organization, as a whole, has a high level of teamwork
- 23 During the last 6 months, someone has communicated with me about my development
- 22 The organization does a good job communicating changes or decisions that affect employees
- 21 My department does a good job of communicating changes or decisions
- 20 My manager is fair and even-handed in the treatment of employees
- 19 My department has a high level of teamwork
- 18 On the job, my views are listened to
- 17 My fellow employees try to do the best job they can
- 16 My employer is helping me meet my career objectives

Scroll down to see Summary of Results

Summary of Results

Highest/Lowest Ranked Questions

By Years of employment

By Department / Job Function

Year to Year comparisons

Assessment key
Strength
Opportunity
Weakness

Change assessment criteria

Welcome page

Table of Contents

Executive Summary

Satisfaction Index* (year over year)

	Year	Prior	Current	Variance
Satisfaction Index				
Teamwork		0.78	0.78	
Communication		0.76	0.76	
Our Organization		0.82	0.82	
Personal development		0.80	0.80	
Overall		0.79	0.79	
# Employees		129	129	
# Employers		1	1	

Assessment:

No prior year to compare against

Percentile (year over year)	Prior	Current
Teamwork	18	18
Communication	42	42
Our Organization	37	37
Personal development	28	28
Overall	28	28

Assessment:

Northern Inyo Hospital did not participate last year

Performance/Importance

Satisfaction Index* (vs. other employers)

	Northern Inyo Hospital	All From All From other employers	Variance
Teamwork	0.78	0.82	-0.04
Communication	0.76	0.76	0.00
Our Organization	0.82	0.82	0.00
Personal development	0.80	0.82	-0.02
Overall	0.79	0.81	-0.02
# Employees	129	18,258	
# Employers	1	369	

Assessment: employees.

Northern Inyo Hospital has about the same level of satisfaction as other

Assessment key	Strength	Opportunity	Weakness
Teamwork			
Communication			
Our Organization			
Personal development			
Overall			

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Northern Inyo Hospital Health Plan Renewal Report

Barry G. Miller & Associates
License #0B20769
October 28, 2009

**NORTHERN INYO HOSPITAL
RENEWAL REPORT
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• Pinnacle Claims Management Administration Renewal Letter and Amendments	10-11

NORTHERN INYO HOSPITAL
Current Year-to-Date Totals
Plan Year 2009
January 1, 2009 – September 30, 2009

	<u>Current Maximum Liability</u>	<u>Actual Costs</u>	<u>Percentage of Total</u>
Claims:	\$3,164,480	\$1,974,311	87.6%
Stop-Loss Premiums:	\$ 16,468	\$ 16,468	.5%
Individual Stop-Loss:	\$ 324,616	\$ 324,616	9.0%
Administration:	\$ 89,033	\$ 89,033	2.5%
ASO Fees:	\$ 16,048	\$ 16,048	.4%
TOTALS	\$3,610,645	\$2,420,476	100%
Dollar Savings (Nine Months)		\$1,190,169	
Percentage Savings			33%

Assumptions:

Current Worst Case aggregate claims liability was calculated using the actual aggregate for the first nine months.

Actual paid claims were calculated using nine months of claims minus \$13,888 reimbursed by the stop-loss carrier for those amounts over the specific deductible.

Stop-loss and individual stop-loss premiums were based on actual premiums paid over nine months and assumes counts of 1,380 single employees and 1,234 families for the months of January through September 2009.

Administration was based on actual employee counts for eight months of 1,380 singles and 1,234 families.

NORTHERN INYO HOSPITAL

Claims Comparison by Plan Year

<u>Plan Year</u>	<u>Total Annual Claims</u>	<u>Average Monthly Claims</u>	<u>Average Claims Per Employee</u>
1996-97	\$ 715,755	\$ 62,239	\$ 327.57
1997-98 (Jan.-Dec.)	\$ 697,224	\$ 73,392	\$ 365.13
1998-99 (Jan. 98-March 99)	\$ 849,624	\$ 70,802	\$ 317.50
1999-00 (Jan. 99 -March 00)	\$1,080,348	\$ 99,029	\$ 444.08
2000-01 (Jan. 00 – March 01)	\$1,363,511	\$113,626	\$ 465.68
2001-02 (Jan. 01 – Mar. 02)	\$1,500,462	\$125,039	\$ 529.83 +14%
2002-03 (Jan. 02 – Mar. 03)	\$2,037,981	\$169,832	\$ 696.03 +31%
2003-04 (Jan. 03 – Mar. 04)	\$1,829,263	\$154,239	\$ 621.93 - 11%
2004-05 (Jan. 04 – Mar. 05)	\$2,622,830	\$218,569	\$ 827.91 + 33%
2005-06 (Jan. 05 – Mar. 06)	\$2,257,946	\$188,162	\$ 704.73 – 15%
2006-07 (Jan. 06 – Mar. 07)	\$2,453,238	\$204,437	\$ 759.99 + 7.8%
2007-08 (Jan. 07 – Mar. 08)	\$2,486,818	\$207,235	\$ 790.97 + 4%
2008-09 (Jan. 08 – Mar. 09)	\$2,830,300	\$235,858	\$ 863.95 + 9%
2009-10 (Jan. 09 – Sept. 09)	\$1,974,311	\$219,368	\$ 756.44 -12%

* Numbers based on actual claims experience and employee counts.

CONFIDENTIAL
Northern Inyo Hospital
Large Claims

Taken from Pinnacle Claims Mgmt. stop-loss report through September 2009:

Employee	\$ 112,816
Dependent	\$ 85,056
Employee	\$ 82,094
Employee	\$ 46,572
Employee	\$ 35,840
Employee	\$ 60,646
Employee	\$ 80,515
Sub-Total	\$ 503,540 or 26% of total claims paid
Reimbursed by Stop-Loss Company	\$ 13,888

PINNACLE

CLAIMS MANAGEMENT, INC.
Technology Drive, Columbia, Missouri

Northern Inyo Hospital
Aggregate Summary 01/01/09 thru 12/31/09

Month	Coverage	Total Family	Monthly Agg Deductible	Cumulative Agg Deductible	Medical Foreign	Medical Domestic	Medical 80% Domestic	Dental	Rx	Total Paid Claims	Specific Reimbursement	Net Claims
Jan-09	Med & Rx	282	\$ 308,790.00	\$ 340,190.00	\$ 1,797.84	\$ -	\$ -	\$ 6,366.70	\$ 21,076.66	\$ 29,241.22	\$ -	\$ 29,241.22
	Dental	314	\$ 31,400.00									
Feb-09	Med & Rx	286	\$ 313,170.00	\$ 685,160.00	\$ 12,096.78	\$ 81,929.72	\$ 65,543.78	\$ 20,088.60	\$ 32,395.56	\$ 130,124.72	\$ -	\$ 159,365.94
	Dental	318	\$ 31,800.00									
Mar-09	Med & Rx	285	\$ 312,075.00	\$ 1,029,235.00	\$ 56,223.29	\$ 140,209.88	\$ 112,167.74	\$ 281,333.30	\$ 29,831.04	\$ 479,555.37	\$ -	\$ 638,921.31
	Dental	320	\$ 32,000.00									
Apr-09	Med & Rx	294	\$ 321,930.00	\$ 1,383,865.00	\$ 5,716.41	\$ 44,672.21	\$ 35,737.77	\$ 12,587.50	\$ 35,973.03	\$ 90,014.71	\$ -	\$ 728,936.02
	Dental	325	\$ 32,500.00									
May-09	Med & Rx	294	\$ 321,930.00	\$ 1,738,095.00	\$ 81,198.69	\$ 125,370.68	\$ 100,286.64	\$ 26,118.45	\$ 30,049.41	\$ 237,663.09	\$ -	\$ 966,599.11
	Dental	325	\$ 32,500.00									
Jun-09	Med & Rx	294	\$ 321,930.00	\$ 2,092,525.00	\$ 69,855.35	\$ 177,217.49	\$ 141,773.99	\$ 28,224.60	\$ 33,051.53	\$ 272,905.47	\$ -	\$ 1,239,504.58
	Dental	325	\$ 32,500.00									
Jul-09	Med & Rx	294	\$ 321,930.00	\$ 2,446,955.00	\$ 130,193.58	\$ 128,214.33	\$ 102,571.46	\$ 21,979.21	\$ 26,759.14	\$ 281,503.39	\$ -	\$ 1,521,007.98
	Dental	325	\$ 32,500.00									
Aug-09	Med & Rx	295	\$ 323,025.00	\$ 2,802,780.00	\$ 120,434.48	\$ 186,837.45	\$ 148,469.96	\$ 18,994.90	\$ 34,040.37	\$ 322,939.71	\$ -	\$ 1,843,947.69
	Dental	328	\$ 32,800.00									
Sep-09	Med & Rx	300	\$ 328,500.00	\$ 3,164,480.00	\$ 42,122.12	\$ 56,090.70	\$ 44,872.56	\$ 19,293.35	\$ 37,963.34	\$ 144,251.37	\$ 13,888.18	\$ 1,974,310.88
	Dental	332	\$ 33,200.00									
Oct-09	Med & Rx		\$ -	\$ 3,164,480.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,974,310.88
	Dental		\$ -									
Nov-09	Med & Rx		\$ -	\$ 3,164,480.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,974,310.88
	Dental		\$ -									
Dec-09	Med & Rx		\$ -	\$ 3,164,480.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,974,310.88
	Dental		\$ -									
Jan-10			\$ -	\$ 3,164,480.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,974,310.88
Feb-10			\$ -	\$ 3,164,480.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,974,310.88
Mar-10			\$ -	\$ 3,164,480.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,974,310.88
Total		RunOut		\$ 519,638.64	\$ 940,542.26	\$ 752,433.81	\$ 434,866.81	\$ 281,140.10	\$ 1,988,199.06	\$ 13,888.18		

Coverage Effective: January 1, 2009
Average Number of Medical Employees: 2,624
Average Number of Single Dental Employees: 2,912

Aggregate Claim Factors
Factors Include:
Contract Basis:
Med & Rx Family
Dental Family

Medical, Dental & Rx I-12/P-15
Medical, Rx I-12/P-15

Total Paid Claims \$ 1,988,199.06
Less Payments Outside the Aggregate Contract \$ -
Less Specific Reimbursement \$ 13,888.18
Less Final Reimbursements Due \$ -
Net Claims \$ 1,974,310.88

\$70,000 Individual Excess Loss Rates
Factors Include:
Contract Basis:
Single
Family

Annual Aggregate Deductible \$ 3,763,482.00
Cumulative Aggregate Deductible \$ 3,164,480.00
Net Claims less greater Deductible \$ (1,785,171.12)

PINNACLE

CLAIMS MANAGEMENT, P.C.
Technology Driven. Customer Focused.

Northern Inyo Hospital
Aggregate Summary 01/01/08 thru 12/31/08

Month	Coverage	Total Family	Monthly Agg Deductible	Cumulative Agg Deductible	Medical Foreign	Medical Domestic	Medical 80% Domestic	Dental	Rx	Total Paid Claims	Specific Reimbursement	Net Claims
Jan-08	Med & Rx	269	\$ 273,035.00	\$ 303,135.00	\$ -	\$ 24,751.35	\$ 19,801.08	\$ 10,366.50	\$ 33,862.70	\$ 64,032.28	\$ -	\$ 64,032.28
	Dental	301	\$ 30,100.00									
Feb-08	Med & Rx	269	\$ 273,035.00	\$ 606,170.00	\$ 4,672.22	\$ 25,183.04	\$ 20,146.43	\$ 12,110.50	\$ 32,574.62	\$ 69,503.77	\$ -	\$ 133,536.05
	Dental	300	\$ 30,000.00									
Mar-08	Med & Rx	270	\$ 274,050.00	\$ 910,320.00	\$ 122,639.05	\$ 162,028.81	\$ 129,623.05	\$ 28,034.90	\$ 31,909.57	\$ 312,206.57	\$ -	\$ 445,742.62
	Dental	301	\$ 30,100.00									
Apr-08	Med & Rx	272	\$ 276,080.00	\$ 1,216,600.00	\$ 64,101.75	\$ 63,559.49	\$ 50,847.59	\$ 23,991.70	\$ 31,981.21	\$ 170,922.25	\$ -	\$ 616,664.87
	Dental	302	\$ 30,200.00									
May-08	Med & Rx	272	\$ 276,080.00	\$ 1,522,880.00	\$ 101,637.24	\$ 120,347.68	\$ 96,278.14	\$ 16,335.95	\$ 31,580.42	\$ 245,631.75	\$ -	\$ 862,496.62
	Dental	302	\$ 30,200.00									
Jun-08	Med & Rx	270	\$ 274,050.00	\$ 1,826,930.00	\$ 76,278.82	\$ 115,464.05	\$ 92,371.24	\$ 22,342.10	\$ 43,373.55	\$ 234,365.71	\$ -	\$ 1,096,862.33
	Dental	300	\$ 30,000.00									
Jul-08	Med & Rx	271	\$ 275,065.00	\$ 2,132,195.00	\$ 136,881.74	\$ 117,001.24	\$ 93,600.99	\$ 19,789.90	\$ 28,079.38	\$ 278,352.01	\$ 28,100.50	\$ 1,347,113.85
	Dental	302	\$ 30,200.00									
Aug-08	Med & Rx	271	\$ 275,065.00	\$ 2,437,460.00	\$ 155,103.80	\$ 87,693.65	\$ 70,154.92	\$ 17,231.90	\$ 26,525.38	\$ 269,016.00	\$ 23,220.11	\$ 1,592,909.74
	Dental	302	\$ 30,200.00									
Sep-08	Med & Rx	273	\$ 277,095.00	\$ 2,744,955.00	\$ 71,246.45	\$ 128,247.28	\$ 102,597.82	\$ 27,109.50	\$ 33,807.50	\$ 234,761.27	\$ 71,300.63	\$ 1,756,370.38
	Dental	304	\$ 30,400.00									
Oct-08	Med & Rx	278	\$ 282,170.00	\$ 3,058,025.00	\$ 119,844.45	\$ 120,902.84	\$ 96,722.27	\$ 21,924.15	\$ 31,648.82	\$ 270,139.69	\$ -	\$ 2,026,510.07
	Dental	309	\$ 30,900.00									
Nov-08	Med & Rx	279	\$ 283,185.00	\$ 3,372,210.00	\$ 142,184.37	\$ 91,290.71	\$ 73,032.57	\$ 19,187.02	\$ 28,135.57	\$ 262,539.53	\$ 12,524.09	\$ 2,276,525.51
	Dental	310	\$ 31,000.00									
Dec-08	Med & Rx	278	\$ 282,170.00	\$ 3,685,480.00	\$ 88,218.88	\$ 95,687.66	\$ 76,580.13	\$ 26,279.04	\$ 33,051.09	\$ 224,099.14	\$ 9,060.67	\$ 2,451,563.98
	Dental	311	\$ 31,100.00									
Jan-09		RunOut										
Feb-09												
Mar-09												
Total					\$ 1,283,532.67	\$ 1,461,988.65	\$ 1,169,574.92	\$ 262,551.31	\$ 400,169.81	\$ 3,115,828.71	\$ 152,931.77	\$ 2,962,896.94

Coverage Effective: January 1, 2008
Average Number of Medical Employees: 3,272
Average Number of Single Dental Employees: 3,644

Aggregate Claim Factors
Factors Include:
Contract Basis:
Med & Rx Family
Dental Family

Medical, Dental & Rx
1-12/P-15

Medical, Rx
1-12/P-15

Net Claims: \$ 2,962,896.94

\$60,000 Individual Excess Loss Rates
Factors Include:
Contract Basis:
Single
Family

Annual Aggregate Deductible: \$ 3,366,762.00
Cumulative Aggregate Deductible: \$ 3,685,480.00
Net Claims less greater Deductible: \$ (722,583.06)

NORTHERN INYO HOSPITAL
Reinsurance Renewal
12/15 Contract effective January 1, 2010

		Current \$70,000 Specific	Negotiated \$70,000 Renewal	Optional \$75,000 Renewal	Optional \$80,000 Specific
Individual Stop-Loss:					
Individual Stop-Loss Rates **	Single	\$ 77.76	\$ 87.86	\$ 83.60	\$ 73.12
	Family	\$ 176.10	\$ 198.96	\$ 189.34	\$ 165.60
Annual Premium		\$ 443,967	\$ 501,611	\$477,334	\$417,489
Contract Basis (Gapless/No Laser)		12/15	12/15	12/15	12/15
Administration: (claims processing)***					
	Employee Composite	\$ 34.06	\$ 35.02	\$ 35.02	\$ 35.02
Annual		\$ 122,616	\$ 126,072	\$ 126,072	\$ 126,072
Aggregate Premium:					
	Employee Composite	\$ 6.30	\$ 6.52	\$ 6.52	\$ 6.52
Annual		\$ 22,680	\$ 23,472	\$ 23,472	\$ 23,472
ASO Fees: Annual**		\$ 21,398	\$ 23,688	\$ 23,688	\$ 23,688
Claims:					
Aggregate Claims Rate	Medical	\$ 905.00	\$ 925.00	\$ 933.00	\$ 954.00
	RX	\$ 190.00	\$ 190.00	\$ 190.00	\$ 190.00
	Dental	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00
Contract Basis		12/15	12/15	12/15	12/15
Annual Claims Maximum**		\$4,302,000	\$4,374,000	\$4,402,800	\$4,478,400

* Renewal shown on an incurred and paid (24/12) contract basis.

** Current and renewal annual premium based on 161 single employees and 139 family units. Specific coverage includes prescription drugs. ASO fee based on \$6.58 PEPM and remains the same as last plan year. Specific stop-loss contract is on a 12/15 gapless coverage basis with no lasers on any individuals. The original stop-loss increase, before negotiations, was 17%.

*** Medical, dental and RX administration.

Renewal Costs (Reinsurance, Administration and Claims Costs)
Annual Totals
Sun Life Insurance Company
Reinsurance Renewal
12/15 Contract

	<u>Current \$70,000 Specific</u>	<u>Negotiated \$70,000 Renewal</u>	<u>Optional \$75,000 Renewal</u>	<u>Optional \$80,000 Specific</u>
Individual Stop-Loss:	\$ 443,967	\$ 501,611	\$ 477,334	\$ 417,489
Administration:	\$ 122,616	\$ 126,072	\$ 126,072	\$ 126,072
Aggregate Premium:	\$ 22,680	\$ 23,472	\$ 23,472	\$ 23,472
ASO Fees:	\$ 21,398	\$ 23,688	\$ 23,688	\$ 23,688
Annualized Current Claims:	\$2,632,415	\$2,632,415	\$2,632,415	\$2,632,415
FIXED COSTS TOTAL	\$ 610,661	\$ 674,843	\$ 650,566	\$ 590,721
% Difference from Current Rates		+10.5%	+6.5%	-3%
"Worst Case" Claims Liability:	\$4,302,000	\$4,374,000	\$4,402,800	\$4,478,400
"Worst Case" Total Costs:	\$4,912,661	\$5,048,843	\$5,053,366	\$5,069,121
TOTAL COSTS (If claims equal this plan year – \$2,632,415)	\$3,243,076	\$3,307,258	\$3,282,981	\$3,233,136
% Difference from Current		+2%	+1.2%	-1%

Sun Life's Proposal Qualifications and Contingencies

Renewal acceptance is subject to possible revision based upon receipt and review of the following items:

Paid claims experience through 12/31/09 including monthly enrollment figures.

Updated shock loss information through 10/31/09. Shock loss information should include injuries, illnesses, diseases, diagnoses or other losses of the type which are reasonably likely to result in a significant medical expense claim or disability, regardless of current claim dollar amount.

Proposal assumes that benefits will be administered by Pinnacle Claims Management and that the Blue Cross Prudent Buyer network will be utilized.

Renewal rates assume the underlying plan will be brought into compliance with the Mental Health Parity Act and that covered expenses as defined under the Act will be covered "as any other illness".

Health Plans Surveyed

<u>Insurance Company</u>	<u>Response</u>
Intermediary Insurance Services	10% higher than negotiated renewal
Sun Life Assurance Company	Shown in proposal
Best re	Declined to quote – not competitive
Cairnstone re	Declined to quote
OptumHealth	Declined to quote
HCC Life	Declined to quote

October 2, 2009

Mr. John Halfen
Northern Inyo Hospital
150 Pioneer Lane
Bishop, CA 93514-2599

Re: Pinnacle Contract Renewal

Dear Mr. Halfen:

Our records indicate that the Northern Inyo Hospital contract with Pinnacle Claims Management, Inc. (Pinnacle) is scheduled to renew on January 1, 2010. Your administrative fee will increase by 3.5% which reflects the increase in our internal cost of doing business. Although Pinnacle strives to achieve affordability and cost savings for clients whenever possible, there are impacts on our operating and administrative costs that must be considered. Within the last year, Pinnacle has added new technology and increased its programming efficiency; in addition, we administered the federally regulated COBRA subsidy on behalf of you and your employees. This rate modification will therefore be executed to accommodate the increased charges in the administration of services we provide to your organization.

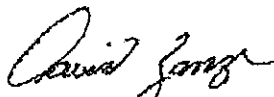
Pinnacle's administrative fee per employee per month (pepm) will increase from \$18.98 to the new monthly rate of \$19.64 pepm.

Additionally, Anthem Blue Cross will be increasing their network fee from the current rate of \$15.08 to \$15.38 pepm.

Please sign, date and return the provided amendment at your earliest convenience. These rates will automatically take effect January 1, 2010 unless we otherwise hear from you.

Pinnacle truly respects the relationship we have formed and welcomes all communication. If there are any questions or concerns, please contact me directly at 949-885-2209.

Sincerely,



David Zanze
President

Cc: Georgan Stottlemire, Northern Inyo Hospital
Terri Zinchiak, Barry G. Miller & Associates

AMENDMENT X

ADMINISTRATIVE SERVICE AGREEMENT

The following Amendment to the Administrative Service Agreement between Pinnacle Claims Management, Inc. and Northern Inyo Hospital is made to **ATTACHMENT C – SCHEDULE OF SERVICE FEES** to the rate schedule for administrative services performed by TPA as follows:

PINNACLE ADMINISTRATIVE MONTHLY SERVICE FEE
PER SINGLE OR FAMILY UNIT \$19.64

ANTHEM BLUE CROSS MONTHLY NETWORK ACCESS FEE
PER SINGLE OR FAMILY UNIT \$15.38

All other terms of the Agreement shall remain unchanged. The above amendment is agreed upon by ADMINISTRATOR and TPA effective as of January 1, 2010, and is duly executed by their respective officers duly authorized to do so:

FOR THE PLAN ADMINISTRATOR:

FOR PINNACLE CLAIMS MANAGEMENT, INC.:

By: _____

By: David Zanze

Printed Name: _____

Printed Name: David Zanze

Title: _____

Title: President

Dated at: _____

Dated at: Irvine, CA

This _____ day of _____, 2009

This 2nd day of October, 2009

**THIS SHEET
INTENTIONALLY
LEFT BLANK**

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

This Professional Services Agreement (this "Agreement"), dated as of December 2, 2009, is entered into by and between Northern Inyo Hospital Local Hospital District ("Hospital") and Jeanine Arndal, M.D. ("Physician").

RECITALS

A. Hospital operates a general acute care hospital which, among other things, owns and operates a Rural Health Clinic (the "Clinic"), located at 153 Pioneer Lane, Bishop, California.

B. Physician is an individual duly licensed to practice medicine in the State of California, and she desires to relocate her practice to Bishop, California.

C. Hospital desires to obtain professional medical services from Physician for the patients of Clinic, and Physician desires to furnish such services upon the terms and conditions set forth in this Agreement.

D. Hospital believes that high standards of patient care can be achieved if Physician assumes the responsibilities set out further in this Agreement.

THEREFORE, THE PARTIES AGREE:

I. PHYSICIAN RESPONSIBILITIES.

1.01 Services. Hospital hereby engages Physician to serve as Clinic staff physician, and Physician hereby accepts such engagement on the terms and conditions set forth in this Agreement. In her capacity as staff physician, Physician shall provide Hospital with the benefit of her direct patient care expertise and experience, and shall render those services necessary to enable Hospital to achieve its goals and objectives for the Clinic. The scope of services to be performed by Physician are described in Exhibit A attached hereto and incorporated by reference herein. Physician shall provide Hospital with patient medical record documentation of all direct patient care services rendered hereunder; such documentation shall be submitted to Hospital on an ongoing basis, and shall be in the form, and contain the information, requested by the Hospital such that a complete medical record can be assembled.

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

1.03 Covenants of Physician: Physician shall:

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

(b) Provide on-call coverage to the Hospital's Emergency Service within the scope of privileges granted him by Hospital.

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

(d) At all times comply with all relevant policies, rules and regulations of the Hospital, subject to California and federal statutes governing the practice of medicine.

(e) As much as is practical, Physician shall be on call or in actual physical presence to provide the emergency coverage required by this Agreement. However, District expressly agrees that said services may 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, and has received approval in writing by the Hospital.

II. HOSPITAL RESPONSIBILITIES.

2.01 Hospital Services.

A. Space. Hospital shall make available for Physician reasonably necessary facilities for the operation of Clinic.

B. Equipment. In consultation with Physician, Hospital shall make all decisions regarding the acquisition of all equipment as may be reasonably necessary for the proper operation and conduct of Clinic. Hospital shall repair, replace or supplement such equipment and maintain it in good working order.

- 2.02 General Services. Hospital shall furnish ordinary janitorial services, maintenance services, and utilities, including telephone service, as may be required for the proper operation and conduct of Clinic.
- 2.03 Supplies. Hospital shall purchase and provide all supplies as may be reasonably required for the proper treatment of Clinic patients. Physician shall inform Hospital of supply needs in a timely manner and shall manage the use of supplies in an efficient manner that promotes quality and cost-effective patient care.
- 2.04 Personnel. Hospital shall determine and furnish all other personnel required to operate Clinic.
- 2.05 Business Operations. Hospital shall be responsible for all business operations related to operation of the Clinic, including personnel management, billing and payroll functions.
- 2.06 Hospital Phone-In Service. Hospital intends to establish a patient phone-in service during the term of this Agreement. Hospital shall staff such service as part of its responsibilities under this Agreement.
- 2.07 Hospital Performance. The responsibilities of Hospital under this Article shall be subject to Hospital's discretion and its usual purchasing practices, budget limitations and applicable laws and regulations.
- 2.08 Clinic Hours. The Hospital guarantees the physician the availability of two-day shifts per week for the one year and one day shift per week for the second year of this agreement. Specific shifts will be scheduled according to normal operating procedures of the Clinic.

III. COMPENSATION.

- 3.01 Compensation. Hospital shall pay Physician \$70 per hour and \$15.00 per patient encounter for patients scheduled to be seen in the Clinic by Physician. Said sums are payable on the 20th day of the calendar month immediately following the service performed.
- 3.02 Malpractice Insurance. Physician agrees to secure her own malpractice insurance with limits and coverage's appropriate for the physician to provide services under this agreement and all other agreements with the Hospital. The Hospital agrees to reimburse the physician 80% of the premiums for said insurance paid for by the physician..
- 3.03 Billing for Professional Services. Physician assigns to Clinic all claims, demands and rights of Physician to bill and collect for all professional services rendered to Clinic patients. Physician acknowledges that Clinic shall be solely responsible for billing and collecting for all professional services provided by Physician to Clinic patients at Clinic, and for managing all Clinic receivables and payables, including those related to Medicare and Medi-Cal beneficiaries. Physician shall not bill or collect for any services rendered to Clinic patients, and all Clinic receivables and billings shall be the sole and exclusive property of Clinic. In particular, any payments made pursuant to a payor agreement

(including co-payments made by patients) shall constitute revenue of the Clinic. In the event payments are made to Physician pursuant to any payer agreement, Physician shall promptly remit the payments directly to Clinic.

IV. TERM AND TERMINATION.

4.01 Term. The term of this Agreement shall be for a period of two years beginning on the first day of the first shift scheduled for the physician to work ("Effective Date"), and ending on the last day of the twenty-fourth month thereafter.

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

- A. By either party, at any time, without cause or penalty, upon sixty (60) days' prior written notice to the other party;
- B. Immediately by Hospital in its sole discretion if Physician fails to maintain the professional standards described in Article V of this Agreement;
- C. Immediately upon closure of the Hospital or Clinic;
- D. By either party upon written notice to the other party in the event that any federal, state or local government or agency passes, issues or promulgates any law, rule, regulation, standard or interpretation at any time while this Agreement is in effect that prohibits, restricts, limits or in any way substantially changes the arrangement contemplated herein or which otherwise significantly affects either party's rights or obligations under this Agreement; provided that in such event, Hospital must give notice to Physician equal to that provided to Hospital by the relevant federal, state or local government or agency. If this Agreement can be amended to the satisfaction of both parties to compensate for any such prohibition, restriction, limitation or change, this clause shall not be interpreted to prevent such amendment; or
- E. By either party in the event of a material breach by the other party, and in such event, the non-breaching party shall have the right to terminate this Agreement after providing thirty (30) days' written notice to the breaching party, unless such breach is cured to the satisfaction of the non-breaching party within the thirty (30) days.

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

V. PROFESSIONAL STANDARDS.

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

5.02 Licensure and Standards. Physician shall:

- A. At all times be licensed to practice medicine in the State of California;
- B. Comply with all policies, bylaws, rules and regulations of Hospital and Clinic and its Medical Staff, including those related to documenting all advice to patients and proper sign-off of lab and X-ray reports;
- C. Be a member in good standing of the Active Medical Staff of the Hospital;
- D. Maintain professional liability coverage in an amount required for membership on the Active Medical Staff of the Hospital;
- E. Participate in continuing education as necessary to maintain licensure and the current standard of practice; and
- F. Comply with all applicable laws, rules and regulations of any and all governmental authorities, and applicable standards and recommendations of the Joint Commission on Accreditation of Healthcare Organizations.

VI. RELATIONSHIP BETWEEN THE PARTIES.

6.01 Professional Relations.

- A. Independent Contractor. No relationship of employer and employee is created by this Agreement. In the performance of Physician's work and duties, Physician is at all times acting and performing as an independent contractor, practicing the profession of medicine. Hospital and Clinic shall neither have nor exercise control or direction over the methods by which Physician performs professional services pursuant to this Agreement; provided, however, that Physician agrees that all work performed pursuant to this Agreement shall be in strict accordance with currently approved methods and practices in Physician's professional specialty and in accordance with the standards set forth in this Agreement. The sole interest of Hospital is to insure that such services are performed and rendered in a competent and cost effective manner.
- B. Benefits. Except as specifically set forth in this Agreement, it is understood and agreed that Physician shall have no claims under this Agreement or otherwise against Hospital for social security benefits, worker's compensation benefits, disability benefits, unemployment benefits, sick leave, or any other employee

benefit of any kind. In addition, Hospital shall have no obligation to reimburse Physician for any costs or expenses associated with Physician's compliance with continuing medical education requirements.

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

VII. GENERAL PROVISIONS.

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

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

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

This section is intended to assure compliance with Section 1861 of the Social Security Act, as amended, and regulations directly pertinent to that Act. The obligations of Physician

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

- 7.03 Amendment. This Agreement may be amended at any time by mutual agreement of the parties, but any such amendment must be in writing, dated, and signed by the parties.
- 7.04 Arbitration and Dispute Resolution.
- A. Non Medical Disagreements. In the event that disagreements arise between the parties concerning their performance under this Agreement, or on other matters, such disagreements shall be the subject of negotiations between Physician and the Hospital Administrator. In the event Physician is not satisfied with the decision of the Administrator, the dispute shall be submitted to the Hospital's Board of Directors and the decision of the Board shall be final.
- B. Medical Disagreement. Any questions or disagreements concerning standards of professional practice or the medical aspects of the service furnished in Clinic shall be referred to a peer group of qualified physicians recommended by the Medical Executive Committee, which shall recommend a resolution of the matter to the Administrator. In the event Physician is not satisfied with the decision of the Administrator, the dispute shall be submitted to the Hospital Board of Directors and the decision of the Board shall be final.
- 7.05 Assignment. Physician shall not assign, sell, transfer or delegate any of the Physician's rights or duties, including by hiring or otherwise retaining additional physicians to perform services pursuant to this Agreement, without the prior written consent of Hospital.
- 7.06 Attorneys' Fees. If any legal action or other proceeding is commenced, by either party, to enforce rights, duties, and/or responsibilities under this Agreement, the prevailing party shall be entitled to recover a reasonable attorney's fee and costs. As used in this Section 7.06, the term "prevailing party" shall have the meaning assigned by Section 1032(a)(4) of the California Code of Civil Procedure.
- 7.07 Choice of Law. This Agreement shall be construed in accordance with, and governed by, the laws of the State of California.
- 7.08 Exhibits. All Exhibits attached and referred to herein are fully incorporated by this reference.
- 7.09 Notices. All notices or other communications under this Agreement shall be sent to the parties at the addresses set forth below:

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

Physician: Jeanine Arndal, M.D.
153 Pioneer Lane
Bishop, CA 93514

- 7.10 Records. All files, charts and records, medical or otherwise, generated by a Medical Professional in connection with services furnished during the term of this Agreement are the property of Clinic. Physician agrees to maintain medical records according to Clinic policies and procedures and in accordance with community standards. Each party agrees to maintain the confidentiality of all records and materials in accordance with all applicable state and federal laws. Hospital agrees to permit Physician to have access during or after the term of the Agreement, to medical records generated by Physician if necessary in connection with claims, litigation, investigations, or treatment of patients.
- 7.11 Prior Agreements. This Agreement represents the entire understanding and agreement of the parties as to those matters contained in it. No prior oral or written understanding shall be of any force or effect with respect to the matters contained in this Agreement.
- 7.12 Referrals. This Agreement does not impose any obligation or requirement that Hospital shall make any referral of patients to Physician or that Physician shall make any referral of patients to Hospital. The payment of compensation pursuant to section 3.01 is not based in any way on referrals of patients to Hospital.
- 7.13 Severability. If any provision of this Agreement is determined to be illegal or unenforceable, that provision shall be severed from this Agreement, and the remaining provisions shall remain enforceable between the parties.
- 7.14 Waiver. The failure of either party to exercise any right under this Agreement shall not operate as a waiver of that right.
- 7.15 Gender and Number. Use of the masculine gender shall mean the feminine or neuter, and the plural number the singular, and vice versa, as the context shall indicate.
- 7.16 Authority and Executive. By their signature below, each of the parties represent that they have the authority to execute this Agreement and do hereby bind the party on whose behalf their execution is made.

NORTHERN INYO COUNTY
LOCAL HOSPITAL DISTRICT

PHYSICIAN

By _____
Peter J. Watercott, President
Board of Directors

By _____
Jeanine Arndal, MD

EXHIBIT A

POSITION DESCRIPTION

TITLE

Staff Physician, OB/GYN

DEPARTMENT

Rural Health Clinic

POSITION SUMMARY

The Rural Health Clinic Staff Physician is a Member of the Northern Inyo Hospital Active Medical Staff and the Clinic multi disciplinary care team. She provides direct primary medical diagnostic and treatment to patients. The Staff physician will:

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

THIS SHEET

INTENTIONALLY

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

This Agreement is made and entered into on the 2nd day of December, 2009, by and between Northern Inyo County Local Hospital District ("District) and Jeanine Arndal, M.D. ("Physician").

RECITALS

- A. District, which is organized and exists under the California Local Health Care District Law, *Health & Safety Code section 32000, et seq.*, operates Northern Inyo Hospital ("Hospital"), a general acute care hospital serving northern Inyo County, California, including the communities of Bishop and Big Pine.
- B. The District Board of Directors has found, by Resolution No. 09-01, that it will be in the best interests of the public health of the aforesaid communities to obtain a licensed physician and surgeon who is a board-certified/eligible specialist in the practice of obstetrics and gynecology ("OB/GYN") 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 will be certified by the American Board of Obstetrics and Gynecology within five years of completing residency. Physician desires to relocate her practice ("Practice") to Bishop, California, and practice OB/GYN in the aforesaid communities.

IN WITNESS WHEREOF, THE PARTIES AGREE AS FOLLOWS:

I.

COVENANTS OF PHYSICIAN

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

- 1.01. **Services.** Physician shall provide Hospital with the benefit of his direct patient care expertise and experience, and shall render those services necessary to enable Hospital to achieve its goals and objectives for the provision of OB/GYN 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 shall be used at any time by Physician as anything other than the private practice of OB/GYN medicine unless specifically agreed to, in writing, by the parties.

1.03. Medical Staff Membership and Service: Physician shall:

- a) Apply for and maintain Provisional or Active Medical Staff ("Medical Staff") membership with OB/GYN and OB/GYN surgical privileges sufficient to support a full time OB/GYN 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, and 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. Hospital Services.

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

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 full time basis, maintaining hours of operation in keeping with the full time practice of one OB/GYN surgeon while permitting a surgery schedule sufficient to service the patients of the Practice. Specific shifts will be scheduled according to normal operating procedures of the Practice and will be mutually agreed upon with Physician.

III.
COMPENSATION

- 3.01. Compensation.** During the term of this agreement, District shall guarantee Physician an annual income of \$221,997, payable to Physician at the higher of 50% of fees collected for services rendered in Section II or the rate of \$8,538.34 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. Additionally, Physician will be entitled to a \$500 per day stipend for taking C-Section call. All payments shall be made on the same date as the District normally pays its employees.
- 3.02. Malpractice Insurance.** Physician will secure and maintain her own malpractice insurance with limits of no less than \$1 million per occurrence and \$3 million per year. District will reimburse Physician eighty percent (80%) of the premiums for said insurance paid for by Physician.
- 3.03. Health Insurance.** 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.
- 3.04. Billing for Professional Services.** Subject to section 2.05 above, Physician assigns to District all claims, demands and rights of Physician to bill and collect for all professional services rendered to Practice patients, for all billings for surgical services, for all billings consulting performed or provided by the Physician. Physician acknowledges that Hospital shall be solely responsible for billing and collecting for all professional services provided by Physician to Practice patients at Practice and for all surgical services performed at the Hospital, and for managing all Practice receivables and payables, including those related to Medicare and MediCal beneficiaries. Physician shall not bill or collect for any services rendered to Practice patients or Hospital patients, and all Practice receivables and billings shall be the sole and exclusive property of Practice. In particular, any payments made pursuant to a payer agreement (including co-payments made by patients) shall constitute revenue of the Practice. In the event payments are made to Physician pursuant to any payer agreement, Physician shall promptly remit the payments directly to 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 12-1-2009 and will expire on 11-30-2012.
- 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, 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. Hospital shall retain the Accounts Receivable and shall reduce said receivable by the amount it has compensated physician in excess of the fees earned. The balance shall be paid to the physician within 45 days of the termination of this agreement.

V.

PROFESSIONAL STANDARDS

5.01. Medical Staff Membership. It is a condition of this Agreement that Physician maintain 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 Obstetricians and Gynecologists, the Hospital Medical Staff, and the District. Further, she shall not violate any California law which prohibits (1) driving a motor vehicle under the influence of alcohol or prescription drugs or the combined influence of such substances, (2) unlawful use of controlled substances, (3) being intoxicated in a public place in such a condition as to be a danger to herself or others, and/or (4) conduct justifying imposition of an injunction prohibiting harassment of Hospital employees in their workplace. Entry of any injunction, judgment, or order against Physician based upon facts, which constitutes the above offenses, shall be a material breach of this Agreement.

VI.

RELATIONSHIP BETWEEN THE PARTIES

6.01. Professional Relations.

- a) Independent Contractor. No relationship of employer and employee is created by this Agreement. In the performance of Physician's work and duties, Physician is at all times acting and performing as an independent contractor, practicing the profession of medicine. District shall neither have nor exercise control or direction over the methods by which Physician performs professional services pursuant to this Agreement; provided, however, that Physician agrees that all work performed pursuant to this Agreement shall be in strict accordance with currently approved methods and practices in Physician's professional specialty and in accordance with the standards set forth in this Agreement.
- b) Benefits. Except as specifically set forth in this Agreement, it is understood and agreed that Physician shall have no claims under this Agreement or otherwise against Hospital for social security benefits, worker's compensation benefits, disability benefits, or any 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 he will not, either directly or indirectly, during and after the term of this Agreement, call on, solicit or take away, or attempt to call on, solicit or take away any patients or patient groups with whom Physician dealt or became aware of as a result of Physician'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 himself to Bishop, California; that he 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:

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

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

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

NORTHERN INYO COUNTY
LOCAL HOSPITAL DISTRICT

PHYSICIAN

By _____
Peter J. Watercott, President
Board of Directors

By _____

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

Specifically, the Physician will:

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

THIS SHEET

INTENTIONALLY

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Turner Construction
Northern Inyo Hospital Construction
 150 Pioneer Lane
 Bishop, CA 93514
 phone: 760-873-7214
 fax: 760-873-7246

November 23, 2009

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

RE: Northern Inyo Hospital Construction
 150 Pioneer Lane
 Bishop, CA 93514
Project # 1495401
Change Order Request Number COR - 020

Dear Mr. Halfen,

In an effort to reduce overall project cost Turner Construction has rebid specific subcontracts as approved by the Board on 8/27/09. The cost included herein contains the finalized bid results and final subcontractor negotiations. In addition to below there are several value engineering items being considered by the Architect and Owner in the amount of (\$428,171). Upon acceptance, these items will be issued via Change Order.

This Change Order Request also incorporates all schedule delays to date by both Turner Construction and subcontractors for time and money, i.e. labor rate increases by subcontractors due to the delay in receiving the permit and Turner's delay cost for extended staff on site. Turner's GMP was based on the permit receipt on 3/20/09, while actual permit sign off was 8/17/09. The permit delay which resulted in a 157 calendar day delta coupled with delays incurred due to drilled pier timelines, differing site conditions, OSHPD issues and coordination with NIH medical procedures has produced an overall 244 calendar day delay. However Turner has reviewed other time frames in the schedule and reduced the overall impact to 208 calendar days. These delays are included in the values below. Note, subcontractor cost for differing site conditions submitted under separate cover. As a result of the above, the current completion date as of the 11/17/09 update reflects an 11/16/11 completion. We will continue to pursue any time saving measures possible.

PCO No	Description	Amount
062	Subcontractor Re-bid	(\$2,135,793.00)
042	Subcontractor Negotiation	(\$491,479.00)

Total Amount (\$2,627,272.00)

We have reviewed the scopes of work and have verified that they are in compliance with our contract agreement. Upon approval of this Change Order Request, new contracts will be issued to the successful subcontractors from the rebid efforts.

Please return one (1) copy of this letter indicating your approval of this Change Order Request which **decreases** our Contract by **Two million six hundred twenty seven thousand two hundred seventy two and 00/100 dollars ((\$2,627,272.00))**. This approval will also authorize us to issue Subcontract Change Orders accordingly.

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

Sincerely,



Kathy Sherry
Project Manager

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

cc: File



Turner Construction
Northern Inyo Hospital Construction
150 Pioneer Lane
Bishop, CA 93514
phone: 760-873-7214
fax: 760-873-7246

November 20, 2009

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

RE: Northern Inyo Hospital Construction
150 Pioneer Lane
Bishop, CA 93514
Project # 1495401
Change Order Request Number COR - 021

Dear Mr. Halfen,

We have finalized the required quotations for PCO number 8003 for the following extra work Allowance - Excavation for Plumbing. This is a reconciliation of the Provisional Allowance in the amount of \$30,000 for underslab plumbing. Local subcontractor, Doug Clair will be providing the required services. Total cost of work is \$89,460. The value below represents the differential between the quoted value and the allowance. We have reviewed the scopes of work and have verified that they are in compliance with our contract agreement. The following is a detailed itemization of all extra costs:

Item	Description	Amount Proposed	Contractor
002	Site Utilites Owner Allowance - Excavate, Bed, and Backfill Plumbing	\$59,460.00	RAYHEA

Total Amount \$59,460.00

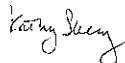
We have reviewed the scopes of work and have verified that they are in compliance with our contract agreement. See the attached for a detailed breakdown of the costs included in this Change Order Request.

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 **Fifty nine thousand four hundred sixty and 00/100 dollars (\$59,460.00)**. This approval will also authorize us to issue Subcontract Change Orders accordingly.

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

Sincerely,



Kathy Sherry
Project Manager

Approved By: _____ Date: _____

John Halfen
CEO - Northern Inyo Hospital

cc: File



Turner Construction
Northern Inyo Hospital Construction
150 Pioneer Lane
Bishop, CA 93514
phone: 760-873-7214
fax: 760-873-7246

November 23, 2009

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

RE: Northern Inyo Hospital Construction
150 Pioneer Lane
Bishop, CA 93514
Project # 1495401
Change Order Request Number COR - 022

Dear Mr. Halfen,

As presented at the last Board Meeting, Galletti and Hillside Drilling were in the process of calculating cost associated with the differing site conditions encountered during the drilling operation. Specifically, this included the lost time and additional material required as a result of the cobbles and boulders at the 25' and 45' level. We have since received all cost from Galletti and Sons as well as their subcontractor Hillside Drilling identifying a total cost of \$1,575,627. COR 17 approved in October, represented a partial change order for additional casings purchased and welding time in the amount of \$205,933. Turner Construction has analyzed Galletti's cost proposal and now requests approval of a second partial change order as we have not yet reached final negotiation. Reference also COR 17 for additional information.

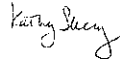
PCO No	Description	Amount
046A	Differing Site Conditions	\$756,332.89
Total Amount	\$756,332.89	

We have reviewed the scopes of work and have verified that they are in compliance with our contract agreement. See the attached for a detailed breakdown of the costs included in this Change Order Request.

Please return one (1) copy of this letter indicating your approval of this Change Order Request which **increases** our Contract by **Seven hundred fifty six thousand three hundred thirty two and 89/100 dollars (\$756,332.89)**. 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