



Northern Inyo County Local Hospital District

**Board of Directors Regular Meeting**

**Wednesday September 21, 2011; 5:30pm**

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

**DRAFT AGENDA**  
NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT  
BOARD OF DIRECTORS MEETING  
September 21, 2011 at 5:30 P.M.  
*In the Board Room at Northern Inyo Hospital*

1. Call to Order (at 5:30 P.M.).
2. Opportunity for members of the public to comment on any items on this Agenda.
3. Approval of minutes of the July 20, 2011 regular meeting.
4. Financial and Statistical Reports for the month of June and July 2011; plus Building Project Cash Flow update; John Halfen.
5. Administrator's Report; John Halfen.
  - A. Building Update
  - B. Orthopedic services update
  - C. Physician Recruiting Update
  - D. Food Facility Inspection Report
  - E. Other
6. Chief of Staff Report; Robbin Cromer-Tyler, M.D..
  - A. Policies and Procedures (*action items*):
    1. Preoperative Medication Guidelines
    2. Preoperative Interview
    3. Procedural Sedation
  - B. NIH MERP, Plan to Eliminate or Substantially Reduce Medication-Related Errors 2011 (*action item*).
  - C. Medical Staff Appointments / Hospital Privileges Grants (*action items*):
    1. Sonia Johnson, M.D.
    2. John Meher, M.D.
  - D. Other
7. Old Business
  - A. Revised agreement for Medical Director of Orthopedic Services, Peter Godleski, M.D. (*action item*).
  - B. Revised agreement for EKG Department Services, Maria Toczek, M.D. (*action item*).
8. New Business
  - A. Construction Change Order Requests 147; 211; 212; 214; 223; 229; 231; 233; 235; 236; 237; 238; 239; 243; 244; and 246 (*action items*).
  - B. Phillips Echocardiogram transmission equipment and software purchase (*action item*).

C. Health Plan Annual Report, Barry Miller & Associates (*action item*).

D. Change in PTO Eligibility (*possible action item*).

E. Policy & Procedure manuals annual approval (*action items*):

1. Anesthesia
2. Central Supply
3. Dietary
4. EKG
5. Emergency Room
6. Exposure, Blood borne Pathogens
7. ICU Unit
8. Infection Control
9. Laboratory Manual
10. Language Services
11. Physical Therapy
12. Radiology
13. Radiation Safety
14. Respiratory Therapy
15. Rural Health Clinic
16. Mammography & MSQA
17. Med-Surg Unit
18. MRI Safety
19. Nuclear Medicine
20. Nursing Administration
21. OB Unit
22. Outpatient Unit
23. PACU Unit
24. Pediatric Unit
25. Pharmacy
26. Safety
27. Staff Development
28. Surgical Services Unit
29. Surgery Lithotripsy Service

F. Hospital wide Policy and Procedure; *Travel Between Hospital Locations* (*action item*).

G. Paving of Nazarene Church Parking Lot (*action item*).

H. Physician Hospitalist Agreement, Shiva Shabnam, M.D. (*action item*).

I. Physician Hospitalist Agreement, Sudhir Kakarla, M.D. (*action item*).

J. Use of Birch Street Annex space (*discussion item*).

9. Reports from Board members on items of interest.

10. Opportunity for members of the public to comment on any items on this Agenda, and/or on any items of interest.

11. Adjournment to closed session to:

A. Hear reports on the hospital quality assurance activities, and hear a report from the Medical Staff Executive Committee (Section 32155 of the Health and Safety Code, and Government Code Section 54962).

- B. Confer with legal counsel regarding action filed by John Nesson M.D. against Northern Inyo County Local Hospital District and other Defendants (Government Code Section 54956.9(a)).
- C. Confer with legal counsel regarding action filed by Stephen Johnson and Elizabeth Monahan-Johnson against Northern Inyo County Local Hospital District and other Defendants (Government Code Section 54956.9(a)).
- D. Confer with legal counsel regarding pending litigation based on claim filed by Terry Williams against Northern Inyo County Local Hospital District and other parties (Government Code Section 54956.9).
- E. Confer with legal counsel regarding pending litigation based on stop notice filed by Strocal, Inc. (Government Code Sections 910 et seq., 54956.9).
- F. Discussion to determine whether or not to initiate litigation (Government Code Section 54956.9(c)).
- G. Conduct Board of Directors Annual Self Assessment (Government Code Section 54597).
- 12. Return to open session, and report of any action taken in closed session.
- 13. Board of Directors Self Assessment (*discussion item*).
- 14. Opportunity for members of the public to address the Board of Directors on items of interest.
- 15. Adjournment.

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- CALL TO ORDER                    The meeting was called to order at 5:30 pm by Peter Watercott, President.
- PRESENT                            Peter Watercott, President  
  John Ungersma, M.D., Vice President  
  M.C. Hubbard, Secretary  
  Denise Hayden, Treasurer  
  D. Scott Clark, M.D., Director
- ALSO PRESENT                    John Halfen, Administrator  
  Robbin Cromer-Tyler, Chief of Staff  
  Douglas Buchanan District Legal Counsel  
  Sandy Blumberg, Administration Secretary
- ALSO PRESENT FOR  
RELEVANT PORTION(S)         Dianne Shirley, R.N. Performance Improvement Coordinator
- PUBLIC COMMENT                 Mr. Watercott asked if any members of the public wished to comment on any items listed on the agenda for this meeting. No comments were heard.
- MINUTES                            The minutes of the June 15 2011 regular meeting were approved.
- FINANCIAL AND  
STATISTICAL REPORTS         Mr. Halfen called attention to the financial and statistical reports for the month of May 2011. He noted the statement of operations shows a bottom line deficit of expenses over revenues of \$488,865. Mr. Halfen additionally called attention to the following:
- *Inpatient service revenue was close to budget*
  - *Total expenses were over budget*
  - *Salaries and wages and employee benefits expense were both over budget*
  - *Professional Fees expense was over budget*
  - *The Balance Sheet showed no significant change*
  - *Total net assets declined during the month*
  - *Year-to-date net income totals \$4,799,360.*
- Mr. Halfen noted the balance sheet continues to show short term investments and cash equivalents being converted into cash in order to help fund the hospital rebuild project. He also noted total net assets declined during the month which is not of concern unless the trend continues. The statement of operations shows net patient service revenue was short for the month and is down from the prior fiscal year. Wages and salaries are in good shape year-to-date, and year-to-date net income is expected to stay about the same through the end of this fiscal year. Investments remain stable and total \$14,707,000 at this time. Following review of the reports provided it was moved by M.C. Hubbard, seconded by D. Scott Clark, M.D. and passed to approve the financial and statistical reports for the month of May 2011 as presented.

ADMINISTRATOR'S  
REPORT

BUILDING UPDATE

John Hawes with Turner Construction Company reported the building project is progressing well and the central plant is coming online. Turner is finishing the chiller and boiler water systems and prepping for asphalt paving in the month of August. Construction trailers will move from the east to the south side of the project site next month, and interior painting of the new building is continuing. The ceiling grid is going in, and tours of the construction site are being conducted for interested persons. Mr. Hawes additionally noted the building project remains on schedule at this time.

PHYSICIAN  
RECRUITING UPDATE

Mr. Halfen reported locums coverage for Dr. Arndal has been obtained and she will be out on maternity leave during the months of October and November. He also stated the hospital continues to recruit for a permanent OB/GYN to replace David Greene, M.D., as well as for permanent hospitalist coverage. An orthopedic recruitment update will be provided later in this meeting.

OTHER

Mr. Halfen informed those present that this will be the last Board meeting held in this building, and the location of the September meeting is likely to be the Birch Street Annex, located at 2957 Birch Street, Bishop.

CHIEF OF STAFF  
REPORT

Chief of Staff Robbin Cromer-Tyler, M.D. reported there are no Medical Staff items of significance to report at this time. She mentioned that an article was recently published on the front page of the Los Angeles Times about a survivor of last August's multiple vehicle accident on Highway 395 being released from a Southern California hospital. Dr. Cromer-Tyler noted the number of casualties in that accident would have been much higher were it not for the outstanding efforts of NIH staff.

OLD BUSINESS

PMA CC&R WAIVER

Mr. Halfen stated the agenda item titled *Temporary CC&R Waiver Request for Pioneer Medical Associates* no longer needs to be discussed and will be removed from future agendas.

NEW BUSINESS

CONSTRUCTION  
CHANGE ORDER  
REQUESTS

Kathy Sherry, Project Manager with Turner Construction Company called attention to the following construction change order requests:

1. COR 131; Canopy Revisions (IB 30, 89, 93, 108, 121, 168)
2. COR 216; ED Door Size Change
3. COR 224; IB 233 North Mechanical Room
4. COR 225; IB 35 Server Room

Ms. Sherry explained the reason for each of the change orders and noted they are a result of design changes being made in order to improve on or to make corrections to the original building plan. The total cost for these change orders which was not previously allowed for in the project budget

is \$150,000. Mr. Halfen distributed a cash flow projection for the remainder of the building project, including the cost of these change orders. Following review of the information provided it was moved by John Ungersma, M.D., seconded by Ms. Hubbard, and passed to approve all four construction change orders as requested.

ICD-10 SERVICES  
AGREEMENT

Mr. Halfen called attention to an agreement for ICD-10 consulting services to assist the Hospital with the changeover to the new 10-digit coding system. He noted ICD-10 implementation must take place by October 13 in order for the Hospital to continue to be paid correctly for services. It was moved by Doctor Ungersma, seconded by Ms. Hubbard, and passed to approve the ICD-10 Services agreement as requested.

NIH AUXILIARY  
PURCHASES

Mr. Halfen called attention to a list of capital purchases the NIH Auxiliary will make for the benefit of all Hospital patients. As a result of diligent fundraising on the part of Auxiliary members, the following equipment will be purchased for the benefit of District residents:

- Bladder Scanner for the ER (\$13,144)
- Transport monitor for Outpatient and Recovery patients (approximate cost \$13,000-\$15,000)
- Mammography Viewer and mobile shield for Radiology (\$1,051)

The Board expressed its appreciation of the Auxiliary's efforts and support, stating they are constantly impressed by the amount of money the Auxiliary raises in order to purchase life saving equipment for Hospital patients. It was moved by Dr. Ungersma, seconded by Denise Hayden, and passed to approve the purchase of the hospital equipment selected for purchase by the NIH Auxiliary.

DISTRICT BOARD  
CALENDAR

A calendar of Board meetings and activities to be held during 2011 was distributed for the reference of Board members, as an information item only. The calendar will continue to be updated throughout the year as new events are scheduled.

ORTHOPEDIC  
SERVICES  
AGREEMENT

Mr. Halfen called attention to a proposed agreement for the services of an orthopedic director for Northern Inyo Hospital (NIH). The director would have the responsibility of overseeing and managing all orthopedic services at NIH and would be tasked with selecting at least one additional orthopedic surgeon to provide services for Hospital patients. The agreement allows for payment of \$1,000,000 annually to the director, which Mr. Halfen believes will be offset by the increase in professional fees and ancillary services resulting from the orthopedic practice. Administration is seeking approval of this agreement as a model for services, and continues to recruit in order to find the right physician to take on the Director responsibilities. The agreement also allows for the Hospital to provide practice management and absorb overhead costs for the physician's orthopedic practice, and these costs should eventually be recouped by revenue generated from the practice. Mr. Halfen also noted



that following the departure of two orthopedic surgeons the hospital has seen declining revenue in surgery and radiology, and it is of utmost importance to reverse that trend and make orthopedic services available to area residents and to prevent them from having to go elsewhere to obtain services. The proposed agreement allows for the Hospital to terminate the contract at any time, and Mr. Halfen noted that orthopedic service is usually one of the lower risk ventures in regard to a hospital's cost exposure. He again stated his opinion that we cannot continue to allow orthopedic services to leave town when coverage could and should be provided here. Discussion followed on the different options of models for orthopedic services, with an alternate model being to rotate specialists through the Hospital in order to provide a wider variety of specialist options. Dr. Ungersma stated that he has studied the model being proposed in this agreement and he believes that Administration's proposal is a good working model. Following further discussion it was moved by Doctor Clark, seconded by Doctor Ungersma, and passed to approve the model practice management agreement for Director of Orthopedic Services as presented.

BOARD MEMBER  
REPORTS

Mr. Watercott reported there will be a community outreach event at the Bishop park pool this Saturday sponsored by the Northern Inyo Hospital Foundation. The Foundation is sponsoring a free swim day for the general public, and will provide root beer floats which will be served by Foundation and NIH Auxiliary members. No other 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 of interest or on any items listed on the agenda for this meeting. Medical Staff coordinator Maggie Egan reported the NIH Foundation has agreed to provide funding for a healing garden for the new hospital facility. The garden will be for the use of hospital patients, visitors, and for members of the community at large. Ms. Egan also stated a farewell reception for David Greene, M.D. will be held on Friday July 22 from 2:00 to 4:00 in the Hospice meeting room.

CLOSED SESSION

At 6:30 pm Mr. Watercott announced the meeting was being adjourned to closed session to allow the board of Directors to:

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

D. Confer with legal counsel regarding pending litigation based on claim filed by Terry Williams against Northern Inyo County Local Hospital District and other parties (Government Code Section 54956.9).

E. Confer with legal counsel regarding pending litigation based on stop notice filed by Strocal, Inc. (Government Code Section 910 et seq., 54956.9).

Director D. Scott Clark, M.D. was not present during discussion of item C during closed session.

RETURN TO OPEN  
SESSION AND REPORT  
OF ACTION TAKEN

At 7:03 pm the meeting returned to open session. Mr. Watercott reported the Board voted to deny the claim filed by Terry Williams against Northern Inyo County Local Hospital District. Mr. Watercott also stated the Board self-assessment will be tabled to the next regular meeting, which will be held on September 21.

PUBLIC COMMENT

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

ADJOURNMENT

The meeting was adjourned at 7:04 pm.

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

Attest:

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

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**BUDGET VARIANCE ANALYSIS**

**Jun-11 PERIOD ENDING**

**In the month, NIH was**

|                     |   |                |   |
|---------------------|---|----------------|---|
|                     |   | <b>-19%</b>    | <b>under budget in IP days;</b>                           |
|                     | ( | <b>-0.073%</b> | <b>) under budget IP Revenue and</b>                      |
|                     | ( | <b>2.4%</b>    | <b>) over in OP Revenue resulting in</b>                  |
| <b>\$ (80,246)</b>  | ( | <b>-1.1%</b>   | <b>) under in gross patient revenue from budget &amp;</b> |
| <b>\$ (839,456)</b> | ( | <b>-18.0%</b>  | <b>) under in net patient revenue from budget</b>         |

**Total Expenses were:**

|                     |           |                |  |
|---------------------|-----------|----------------|--|
| <b>\$ (564,984)</b> | (         | <b>-12.3%</b>  | <b>) under budget. Wages and Salaries were</b>     |
| <b>\$ (79,255)</b>  | (         | <b>-4.9%</b>   | <b>) under budget and Employee Benefits</b>        |
| <b>\$ (92,742)</b>  | (         | <b>-9.3%</b>   | <b>) under budget.</b>                             |
| <b>\$ 3,428</b>     |           |                | <b>of other income resulted in a net income of</b> |
| <b>\$ 191,851</b>   | <b>\$</b> | <b>(5,571)</b> | <b>under budget.</b>                               |

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

|                  |  |           |   |
|------------------|--|-----------|---|
| <b>\$ 32,129</b> |  |           | <b>Professional Fees include shortage for Tahoe</b> |
| <b>\$ 1,431</b>  |  | <b>9%</b> | <b>Carson Radiology</b>                             |
|                  |  | <b>1%</b> | <b>Interest Expense</b>                             |

**Other Information:**

|               |  |
|---------------|--|
| <b>51.73%</b> | <b>Contractual Percentages for month</b> |
| <b>38.63%</b> | <b>Contractual Percentages for Year</b>  |

**\$ 4,991,211 Year-to-date Net Revenue**

**Special Notes:**

**Depreciation is correcting for year**  
**Evaluation of 3rd Party Liabilities to Medicare and Medi-Cal resulted in the increase**  
**in contractals resulting in contractual percentages coming in line for the year**

NORTHERN INYO HOSPITAL

Statement of Operations

As of June 30, 2011

|  | MTD Actual       | MTD Budget       | MTD Variance \$  | MTD Variance % | YTD Actual        | YTD Budget        | YTD Variance \$    | YTD Variance % | Prior YTD         |
|--|------------------|------------------|------------------|----------------|-------------------|-------------------|--------------------|----------------|-------------------|
| <b>Unrestricted revenues, gains and other support:</b>       |                  |                  |                  |                |                   |                   |                    |                |                   |
| In-patient service revenue:                                  |                  |                  |                  |                |                   |                   |                    |                |                   |
| Routine  | 548,495          | 634,879          | (86,384)         | (13.6)         | 6,566,068         | 7,724,373         | (1,158,305)        | (15.0)         | 6,788,910         |
| Ancillary  | 1,991,033        | 2,104,074        | (113,041)        | (5.4)          | 23,337,336        | 25,599,621        | (2,262,285)        | (8.8)          | 23,094,367        |
| <b>Total in-patient service revenue</b>                      | <b>2,539,529</b> | <b>2,738,953</b> | <b>(199,424)</b> | <b>(0.073)</b> | <b>29,903,404</b> | <b>33,323,994</b> | <b>(3,420,590)</b> | <b>-10.3%</b>  | <b>29,883,276</b> |
| Out-patient service revenue                                  | 5,012,073        | 4,892,894        | 119,179          | 2.4            | 59,029,992        | 59,530,248        | (500,256)          | (0.8)          | 57,822,995        |
| <b>Gross patient service revenue</b>                         | <b>7,551,601</b> | <b>7,631,847</b> | <b>(80,246)</b>  | <b>(1.10)</b>  | <b>88,933,397</b> | <b>92,854,242</b> | <b>(3,920,845)</b> | <b>(4.2)</b>   | <b>87,706,271</b> |
| <b>Less deductions from patient service revenue:</b>         |                  |                  |                  |                |                   |                   |                    |                |                   |
| Patient service revenue adjustments                          | 224,202          | 145,324          | (78,878)         | (54.3)         | 1,746,089         | 1,768,116         | 22,027             | 1.3            | 1,825,002         |
| Contractual adjustments                                      | 3,505,164        | 2,824,832        | (680,332)        | (24.1)         | 34,730,377        | 34,368,773        | (361,604)          | (1.1)          | 34,649,401        |
| Prior Period Adjustments                                     | -                | -                | -                | 100.0          | (4,399,823)       | -                 | 4,399,823          | 100.0          | (3,448,494)       |
| <b>Total deductions from patient service revenue</b>         | <b>3,729,366</b> | <b>2,970,156</b> | <b>(759,210)</b> | <b>(25.6)</b>  | <b>32,076,643</b> | <b>36,136,889</b> | <b>4,060,246</b>   | <b>11.2</b>    | <b>33,025,909</b> |
| <b>Net patient service revenue</b>                           | <b>3,822,235</b> | <b>4,661,691</b> | <b>(839,456)</b> | <b>-18%</b>    | <b>56,856,754</b> | <b>56,717,353</b> | <b>139,401</b>     | <b>0%</b>      | <b>54,680,362</b> |
| Other revenue  | 24,671           | 30,925           | (6,254)          | (20.2)         | 410,790           | 376,248           | 34,542             | 9.2            | 352,699           |
| Transfers from Restricted Funds for Other Operating Expenses | 366,743          | 78,618           | 288,125          | 366.5          | 1,249,209         | 956,514           | 292,695            | 30.6           | 925,990           |
| <b>Total Other revenue</b>                                   | <b>391,415</b>   | <b>109,543</b>   | <b>281,872</b>   | <b>257.3</b>   | <b>1,659,999</b>  | <b>1,332,762</b>  | <b>327,237</b>     | <b>24.6</b>    | <b>1,278,689</b>  |
| <b>Total revenue, gains and other support</b>                | <b>4,213,650</b> | <b>4,771,234</b> | <b>(557,584)</b> | <b>257.1</b>   | <b>58,516,753</b> | <b>58,050,115</b> | <b>466,638</b>     | <b>24.6</b>    | <b>55,959,051</b> |
| <b>Expenses:</b>   |                  |                  |                  |                |                   |                   |                    |                |                   |
| Salaries and wages   | 1,531,148        | 1,610,403        | 79,255           | 4.9            | 18,785,202        | 19,593,223        | 808,021            | 4.1            | 18,066,079        |
| Employee benefits  | 904,298          | 997,040          | 92,742           | 9.3            | 12,021,865        | 12,130,672        | 108,807            | 0.9            | 11,721,094        |
| Professional fees  | 389,640          | 357,511          | (32,129)         | (9.0)          | 5,165,879         | 4,349,700         | (816,179)          | (18.8)         | 5,240,046         |
| Supplies   | 415,042          | 555,811          | 140,769          | 25.3           | 5,572,177         | 6,762,406         | 1,190,229          | 17.6           | 6,199,994         |
| Purchased services   | 245,804          | 251,069          | 5,265            | 2.1            | 2,913,976         | 3,054,679         | 140,703            | 4.6            | 3,269,390         |
| Depreciation   | 51,252           | 287,671          | 236,419          | 82.2           | 2,719,597         | 3,499,997         | 780,400            | 22.3           | 2,712,171         |
| Interest   | 104,109          | 102,678          | (1,431)          | (1.4)          | 1,261,416         | 1,249,245         | (12,171)           | (1.0)          | 1,301,291         |
| Bad debts  | 177,031          | 216,171          | 39,140           | 18.1           | 2,282,479         | 2,630,082         | 347,603            | 13.2           | 2,228,799         |
| Other  | 206,903          | 211,857          | 4,954            | 2.3            | 2,636,316         | 2,577,581         | (58,735)           | (2.3)          | 2,331,823         |
| <b>Total expenses</b>  | <b>4,025,227</b> | <b>4,590,211</b> | <b>564,984</b>   | <b>12.3</b>    | <b>53,358,908</b> | <b>55,847,585</b> | <b>2,488,677</b>   | <b>4.5</b>     | <b>53,070,688</b> |
| <b>Operating income (loss)</b>                               | <b>188,423</b>   | <b>181,023</b>   | <b>7,400</b>     | <b>244.8</b>   | <b>5,157,845</b>  | <b>2,202,530</b>  | <b>2,955,315</b>   | <b>20.1</b>    | <b>2,888,363</b>  |
| <b>Other income:</b>   |                  |                  |                  |                |                   |                   |                    |                |                   |
| District tax receipts  | 59,426           | 43,112           | 16,314           | 37.8           | 527,640           | 524,529           | 3,111              | 0.6            | 573,524           |
| Interest   | 336              | 15,914           | (15,578)         | (97.9)         | 296,626           | 193,625           | 103,001            | 53.2           | 203,370           |
| Other  | 6,951            | 4,797            | 2,154            | 44.9           | 59,864            | 58,357            | 1,507              | 2.6            | 58,059            |
| Grants and Other Non-Restricted Contributions                | 4,236            | 5,208            | (972)            | (18.7)         | 125,667           | 63,367            | 62,300             | 98.3           | 123,289           |
| Partnership Investment Income                                | -                | -                | -                | N/A            | 25,928            | -                 | 25,928             | -              | 51,855            |
| Net Medical Office Activity                                  | (67,521)         | (52,632)         | (14,889)         | (79.1)         | (1,202,359)       | (640,383)         | (561,976)          | (87.8)         | (574,654)         |
| <b>Total other income, net</b>                               | <b>3,428</b>     | <b>16,399</b>    | <b>(12,971)</b>  | <b>(79)</b>    | <b>(166,634)</b>  | <b>199,495</b>    | <b>(366,129)</b>   | <b>(183.5)</b> | <b>435,442</b>    |
| <b>Excess (deficiency) of revenues over expenses</b>         | <b>191,851</b>   | <b>197,422</b>   | <b>(5,571)</b>   | <b>(3)</b>     | <b>4,991,211</b>  | <b>2,402,025</b>  | <b>2,589,186</b>   | <b>107.8</b>   | <b>3,323,805</b>  |
| Contractual Percentage                                       | 51.73%           | 41.75%           |                  |                | 38.63%            | 41.75%            |                    |                | 40.20%            |

**NORTHERN INYO HOSPITAL**  
**Statement of Operations--Statistics**  
*As of June 30, 2011*

|   | Month     |           | Month      |            | Year       |            | Year        |            |
|---|-----------|-----------|------------|------------|------------|------------|-------------|------------|
|   | Actual    | Budget    | Variance   | Percentage | Actual     | Budget     | Variance    | Percentage |
| <b>Operating statistics:</b>                          |           |           |            |            |            |            |             |            |
| Beds  | 25        | 25        | N/A        | N/A        | 25         | 25         | N/A         | N/A        |
| Patient days  | 210       | 258       | (48)       | 0.81       | 2,629      | 3,142      | (513)       | 0.84       |
| Maximum days per bed capacity                         | 750       | 750       | N/A        | N/A        | 9,125      | 9,125      | N/A         | N/A        |
| Percentage of occupancy                               | 28.00     | 34.40     | (6.40)     | 0.81       | 28.81      | 34.43      | (5.62)      | 0.84       |
| Average daily census                                  | 7.00      | 8.60      | (1.60)     | 0.81       | 7.20       | 8.61       | (1.41)      | 0.84       |
| Average length of stay                                | 2.73      | 3.15      | (0.42)     | 0.87       | 3.01       | 3.14       | (0.13)      | 0.96       |
| Discharges  | 77        | 82        | (5)        | 0.94       | 872        | 1,000      | (128)       | 1          |
| Admissions  | 73        | 82        | (9)        | 0.89       | 870        | 1,000      | (130)       | 1          |
| Gross profit-revenue depts.                           | 5,166,756 | 4,994,139 | 172,617    | 1.03       | 58,179,420 | 60,762,086 | (2,582,666) | 0.96       |
| <b>Percent to gross patient service revenue:</b>      |           |           |            |            |            |            |             |            |
| Deductions from patient service revenue and bad debts | 51.73     | 41.75     | 9.98       | 1.24       | 38.63      | 41.75      | (3.12)      | 0.93       |
| Salaries and employee benefits                        | 32.05     | 34.11     | (2.06)     | 0.94       | 34.48      | 34.11      | 0.37        | 1.01       |
| Occupancy expenses                                    | 2.49      | 5.42      | (2.93)     | 0.46       | 4.89       | 5.42       | (0.53)      | 0.90       |
| General service departments                           | 5.29      | 5.54      | (0.25)     | 0.95       | 5.95       | 5.54       | 0.41        | 1.07       |
| Fiscal services department                            | 4.42      | 5.11      | (0.69)     | 0.86       | 5.23       | 5.11       | 0.12        | 1.02       |
| Administrative departments                            | 5.40      | 5.11      | 0.29       | 1.06       | 5.06       | 5.11       | (0.05)      | 0.99       |
| Operating income (loss)                               | 0.34      | 0.85      | (0.51)     | 0.40       | 3.61       | 0.85       | 2.76        | 4.25       |
| Excess (deficiency) of revenues over expenses         | 2.54      | 2.59      | (0.05)     | 0.98       | 5.61       | 2.59       | 3.02        | 2.17       |
| <b>Payroll statistics:</b>                            |           |           |            |            |            |            |             |            |
| Average hourly rate (salaries and benefits)           | 43.92     | 46.12     | (2.19)     | 0.95       | 45.15      | 46.76      | (1.60)      | 0.97       |
| Worked hours  | 46,635.18 | 47,764.00 | (1,128.82) | 0.98       | 582,210.47 | 581,080.00 | 1,130.47    | 1.00       |
| Paid hours  | 55,110.43 | 56,447.00 | (1,336.57) | 0.98       | 679,049.63 | 677,364.00 | 1,685.63    | 1.00       |
| Full time equivalents (worked)                        | 271.13    | 279.32    | (8.19)     | 0.97       | 279.91     | 278.96     | 0.95        | 1.00       |
| Full time equivalents (paid)                          | 320.41    | 330.10    | (9.69)     | 0.97       | 326.47     | 325.19     | 1.28        | 1.00       |

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

| Month      | <u>Operations Checking Account</u> |            |               |                         | <u>Time Deposit Month-End Balances</u> |                        |                          |                |                  |                         |           | Total Revenue Bond Funds | General Obligation Bond Fund |
|------------|------------------------------------|------------|---------------|-------------------------|--|------------------------|--------------------------|----------------|------------------|-------------------------|-----------|--------------------------|------------------------------|
|            | Balance at Beginning of Month      | Deposits   | Disbursements | Balance at End of Month | Investment Operations Fund             | Bond and Interest Fund | Equipment Donations Fund | Childrens Fund | Scholarship Fund | Tobacco Settlement Fund |           |                          |                              |
| January    | 10,507,916                         | 6,765,249  | 9,559,496     | 7,713,669               | 24,907,772                             | 790,535                | 26,596                   | 2,815          | 4,027            | 723,292                 | 2,120,894 | 593                      |                              |
| February   | 7,713,669                          | 7,631,345  | 6,454,526     | 8,890,488               | 21,851,274                             | 790,535                | 26,596                   | 2,815          | 4,027            | 723,320                 | 2,257,873 | 593                      |                              |
| March      | 8,890,488                          | 7,124,284  | 7,982,727     | 8,032,045               | 19,738,054                             | 790,635                | 26,599                   | 2,815          | 4,027            | 723,351                 | 2,394,743 | 593                      |                              |
| April      | 8,032,045                          | 4,976,646  | 9,187,639     | 3,821,052               | 17,729,613                             | 592,220                | 26,599                   | 2,815          | 4,027            | 799,780                 | 2,531,814 | 593                      |                              |
| May        | 3,821,052                          | 9,962,528  | 6,016,138     | 7,767,442               | 14,707,953                             | 592,220                | 26,599                   | 2,815          | 4,027            | 799,816                 | 2,688,329 | 593                      |                              |
| June       | 7,767,442                          | 6,502,436  | 6,807,040     | 7,462,838               | 12,693,053                             | 592,296                | 26,603                   | 2,815          | 4,028            | 799,849                 | 2,413,318 | -                        |                              |
| Prior Year |                                    |            |               |                         |  |                        |                          |                |                  |                         |           |                          |                              |
| July       | 88,781                             | 10,753,454 | 10,191,339    | 650,897                 | 32,112,550                             | 960,184                | 26,490                   | 2,640          | 3,824            | 723,106                 | 6,720,131 | 1,941,143                |                              |
| August     | 650,897                            | 5,605,016  | 5,416,671     | 839,242                 | 30,865,987                             | 960,184                | 26,590                   | 2,814          | 18,924           | 723,138                 | 7,183,224 | 1,941,159                |                              |
| September  | 839,242                            | 29,826,128 | 30,427,218    | 238,152                 | 32,060,945                             | 960,301                | 26,593                   | 2,814          | 18,926           | 723,168                 | 5,665,915 | 588                      |                              |
| October    | 238,152                            | 6,928,121  | 6,894,086     | 272,187                 | 28,514,689                             | 394,548                | 26,593                   | 2,814          | 4,026            | 723,197                 | 3,963,503 | 593                      |                              |
| November   | 272,187                            | 14,762,394 | 6,195,143     | 8,839,438               | 22,466,248                             | 245,400                | 26,593                   | 2,814          | 4,026            | 723,230                 | 2,160,323 | 593                      |                              |
| December   | 8,839,438                          | 11,892,778 | 10,224,299    | 10,507,916              | 24,092,498                             | 826,410                | 26,596                   | 2,815          | 4,027            | 723,261                 | 1,884,461 | 593                      |                              |

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

| Investments as of June 30, 2011     |                  |             |             |                     |       |                           |  |
|-------------------------------------|------------------|-------------|-------------|---------------------|-------|---------------------------|--|
| Institution                         | Certificate ID   | Purchase Dt | Maturity Dt | Principal           | YTM   | Broker                    |  |
| LAF (Walker Fund)                   | 20-14-002 Walker | 02-Jun-11   | 01-Jul-11   | \$319,541           | 0.45% | Northern Inyo Hospital    |  |
| <b>Total Short Term Investments</b> |                  |             |             | <b>\$319,541</b>    |       |                           |  |
| Florida Power Corp 1st Mortgage     | 341099-BZ-1      | 18-Jan-11   | 15-Jul-11   | \$1,031,060         | 0.32% | Multi-Bank Service        |  |
| United States Treasury Note-MBS     | 912828LG3        | 02-Sep-10   | 31-Jul-11   | \$1,006,960         | 0.23% | Multi-Bank Service        |  |
| United States Treasury Note-MBS     | 912828LG3 .232   | 03-Sep-10   | 31-Jul-11   | \$1,006,960         | 0.23% | Multi-Bank Service        |  |
| United States Treasury Note-MBS     | 912828LV0        | 02-Sep-10   | 31-Aug-11   | \$2,014,460         | 0.27% | Multi-Bank Service        |  |
| United States Treasury Note-MBS     | 912828LW8        | 02-Sep-10   | 30-Sep-11   | \$1,763,230         | 0.30% | Multi-Bank Service        |  |
| Union National Bank & Trust CO-FNC  | 5L27278          | 19-Oct-09   | 19-Oct-11   | \$250,000           | 2.00% | Financial Northeast Corp. |  |
| Credit Suisse 1st Boston USA Note   | 22541LAB9        | 02-Feb-10   | 15-Nov-11   | \$541,865           | 1.36% | Multi-Bank Service        |  |
| General Electric CAP Corp           | 36962G-T3-8      | 18-Jan-11   | 15-Nov-11   | \$777,968           | 0.47% | Multi-Bank Service        |  |
| Worlds Foremost Bank (FNC CD)       | 5X42688          | 18-Dec-08   | 18-Dec-11   | \$100,000           | 4.40% | Financial Northeast Corp. |  |
| General Electric CAP Corp           | 36962GSX8        | 21-Dec-10   | 15-Feb-12   | \$1,060,060         | 0.63% | Multi-Bank Service        |  |
| BP CAP MKTS                         | 05565ABG2        | 16-Dec-10   | 10-Mar-12   | \$2,570,950         | 0.81% | Multi-Bank Service        |  |
| First Republic Bank-Div of BOFA FNC | 5L28639          | 20-May-10   | 20-May-13   | \$150,000           | 2.40% | Financial Northeast Corp. |  |
| First Republic Bank-Div of BOFA FNC | 5L28638          | 20-May-10   | 20-May-15   | \$100,000           | 3.10% | Financial Northeast Corp. |  |
| <b>Total Long Term Investments</b>  |                  |             |             | <b>\$12,373,513</b> |       |                           |  |
| <b>Grand Total Investments</b>      |                  |             |             | <b>\$12,693,053</b> |       |                           |  |



**Financial Indicators**

|                   | Target    | Jun-11 | May-11 | Apr-11 | Mar-11 | Feb-11 | Jan-11 | Dec-10 | Nov-10 | Oct-10 | Sep-10 | Aug-10 | Jul-10 |
|-------------------|-----------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Current Ratio     | >1.5-2.0  | 3.98   | 4.49   | 5.34   | 4.78   | 4.72   | 5.14   | 5.39   | 4.23   | 5.43   | 5.34   | 5.17   | 5.00   |
| Quick Ratio       | >1.33-1.5 | 3.49   | 3.87   | 4.30   | 4.15   | 4.20   | 4.62   | 4.88   | 3.54   | 4.65   | 4.72   | 4.62   | 4.45   |
| Days Cash on Hand | >75       | 231.83 | 165.71 | 195.53 | 214.19 | 241.51 | 235.84 | 267.12 | 284.37 | 241.31 | 272.45 | 303.29 | 277.51 |



NORTHERN INYO HOSPITAL  
DEPARTMENTAL NON-EMERGENCY OUTPATIENT VISITS

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

| MONTHS<br>2011   | DIAGNOSTIC RADIOLOGY |      | MAMMOGRAPHY |      | NUCLEAR MEDICINE |      | ULTRASOUND |     | CT SCANNING |      | MRI  |      | LABORATORY |     | EKG/EEG |      | PHYSICAL THERAPY |     | RESPIRATORY THERAPY |       | RURAL HEALTH CLINIC |     | TOTALS |     |      |      |      |    |    |     |      |      |      |       |       |       |   |   |   |
|------------------|----------------------|------|-------------|------|------------------|------|------------|-----|-------------|------|------|------|------------|-----|---------|------|------------------|-----|---------------------|-------|---------------------|-----|--------|-----|------|------|------|----|----|-----|------|------|------|-------|-------|-------|---|---|---|
|                  | 09                   | 10   | 11          | 09   | 10               | 11   | 09         | 10  | 11          | 09   | 10   | 11   | 09         | 10  | 11      | 09   | 10               | 11  | 09                  | 10    | 11                  | 09  | 10     | 11  | 09   | 10   | 11   |    |    |     |      |      |      |       |       |       |   |   |   |
| JANUARY          | 608                  | 822  | 742         | 434  | 330              | 192  | 96         | 77  | 34          | 208  | 198  | 242  | 165        | 167 | 185     | 470  | 658              | 100 | 1635                | 1619  | 1661                | 120 | 98     | 99  | 363  | 352  | 558  | 10 | 17 | 18  | 1457 | 1220 | 1352 | 5582  | 5966  | 5183  |   |   |   |
| FEBRUARY         | 477                  | 542  | 644         | 182  | 313              | 180  | 51         | 51  | 41          | 195  | 201  | 251  | 153        | 147 | 156     | 435  | 456              | 91  | 1643                | 1522  | 1497                | 116 | 114    | 126 | 314  | 376  | 596  | 10 | 15 | 23  | 1374 | 1254 | 1207 | 4850  | 4661  | 4821  |   |   |   |
| MARCH            | 581                  | 557  | 683         | 261  | 321              | 201  | 1          | 99  | 46          | 201  | 206  | 243  | 162        | 170 | 196     | 472  | 440              | 116 | 1904                | 1795  | 1786                | 121 | 117    | 139 | 428  | 449  | 712  | 13 | 9  | 27  | 1477 | 1404 | 1273 | 5611  | 5577  | 5431  |   |   |   |
| APRIL            | 500                  | 786  | 609         | 378  | 289              | 170  | 68         | 57  | 39          | 198  | 252  | 248  | 161        | 181 | 159     | 483  | 448              | 99  | 1824                | 1804  | 1658                | 108 | 113    | 129 | 380  | 395  | 750  | 18 | 10 | 14  | 1423 | 1394 | 1084 | 5639  | 5409  | 4849  |   |   |   |
| MAY              | 650                  | 764  | 687         | 391  | 177              | 159  | 87         | 40  | 49          | 187  | 234  | 244  | 131        | 189 | 190     | 856  | 109              | 107 | 1811                | 1622  | 1570                | 143 | 93     | 141 | 354  | 458  | 771  | 12 | 19 | 21  | 1373 | 1165 | 1154 | 5755  | 4862  | 5103  |   |   |   |
| JUNE             | 594                  | 632  | 245         | 455  | 199              | 205  | 37         | 42  | 38          | 224  | 220  | 253  | 150        | 158 | 183     | 461  | 100              | 113 | 1881                | 1707  | 1671                | 120 | 104    | 98  | 388  | 401  | 539  | 19 | 14 | 18  | 1387 | 1346 | 1441 | 5716  | 4923  | 4844  |   |   |   |
| JULY             | /                    | /    | /           | /    | /                | /    | /          | /   | /           | /    | /    | /    | /          | /   | /       | /    | /                | /   | /                   | /     | /                   | /   | /      | /   | /    | /    | /    | /  | /  | /   | /    | /    | /    | /     | /     | /     | / | / | / |
| AUGUST           | /                    | /    | /           | /    | /                | /    | /          | /   | /           | /    | /    | /    | /          | /   | /       | /    | /                | /   | /                   | /     | /                   | /   | /      | /   | /    | /    | /    | /  | /  | /   | /    | /    | /    | /     | /     | /     | / | / | / |
| SEPTEMBER        | /                    | /    | /           | /    | /                | /    | /          | /   | /           | /    | /    | /    | /          | /   | /       | /    | /                | /   | /                   | /     | /                   | /   | /      | /   | /    | /    | /    | /  | /  | /   | /    | /    | /    | /     | /     | /     | / | / | / |
| OCTOBER          | /                    | /    | /           | /    | /                | /    | /          | /   | /           | /    | /    | /    | /          | /   | /       | /    | /                | /   | /                   | /     | /                   | /   | /      | /   | /    | /    | /    | /  | /  | /   | /    | /    | /    | /     | /     | /     | / | / | / |
| NOVEMBER         | /                    | /    | /           | /    | /                | /    | /          | /   | /           | /    | /    | /    | /          | /   | /       | /    | /                | /   | /                   | /     | /                   | /   | /      | /   | /    | /    | /    | /  | /  | /   | /    | /    | /    | /     | /     | /     | / | / | / |
| DECEMBER         | /                    | /    | /           | /    | /                | /    | /          | /   | /           | /    | /    | /    | /          | /   | /       | /    | /                | /   | /                   | /     | /                   | /   | /      | /   | /    | /    | /    | /  | /  | /   | /    | /    | /    | /     | /     | /     | / | / | / |
| CALENDAR YEAR    | 3508                 | 3813 | 3660        | 2101 | 1629             | 1117 | 340        | 366 | 247         | 1211 | 1311 | 1481 | 812        | 966 | 1069    | 2977 | 1911             | 615 | 10638               | 10669 | 9843                | 688 | 637    | 732 | 2227 | 2429 | 3926 | 80 | 84 | 121 | 8491 | 7783 | 7621 | 33233 | 31188 | 30331 |   |   |   |
| MONTHLY AVERAGES | 585                  | 652  | 610         | 350  | 272              | 186  | 57         | 61  | 41          | 202  | 219  | 247  | 162        | 164 | 178     | 486  | 319              | 103 | 1783                | 1678  | 1641                | 115 | 106    | 122 | 371  | 405  | 654  | 13 | 14 | 20  | 1415 | 1297 | 1264 | 5639  | 5186  | 5055  |   |   |   |

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

# NORTHERN INYO HOSPITAL

## Balance Sheet

June 30, 2011

|   | <i>Current</i>            |                           |                           |
|---|---------------------------|---------------------------|---------------------------|
|   | <u>Month</u>              | <u>Prior Month</u>        | <u>FYE 2010</u>           |
| <b>Current assets:</b>  |                           |                           |                           |
| Cash and cash equivalents   | \$ 7,402,434              | 7,611,615                 | 5,736                     |
| <b>Short-term investments</b>   | 12,443,143                | 8,252,876                 | 30,262,716                |
| Assets limited as to use  | -                         | -                         | 5,587,596                 |
| Plant Expansion and Replacement Cash  | 9                         | 602                       | 2,099,904                 |
| Other Investments (Partnership)   | 1,311,342                 | 972,172                   | 971,107                   |
| Patient receivable, less allowance for doubtful<br>accounts \$536,816               | 8,782,454                 | 8,756,347                 | 7,953,621                 |
| Other receivables (Includes GE Financing Funds)                                     | 540,584                   | 166,589                   | 424,259                   |
| Inventories   | 2,456,875                 | 2,374,835                 | 2,378,072                 |
| Prepaid expenses  | 1,166,148                 | 1,526,725                 | 1,143,283                 |
| <b>Total current assets</b>   | <u>34,102,990</u>         | <u>29,661,760</u>         | <u>50,826,294</u>         |
| <b>Assets limited as to use:</b>  |                           |                           |                           |
| Internally designated for capital acquisitions                                      | 826,452                   | 826,415                   | 745,008                   |
| Specific purpose assets   | 599,215                   | 599,138                   | 966,724                   |
|   | <u>1,425,666</u>          | <u>1,425,553</u>          | <u>1,711,732</u>          |
| <b>Revenue bond funds held by trustee</b>   | 2,313,854                 | 2,688,329                 | 7,541,783                 |
| Less amounts required to meet current obligations                                   | -                         | -                         | 5,587,596                 |
| <b>Net Assets limited as to use:</b>  | <u>3,739,520</u>          | <u>4,113,882</u>          | <u>3,665,918</u>          |
| <b>Long-term investments</b>  | <u>250,000</u>            | <u>6,455,844</u>          | <u>2,824,834</u>          |
| <b>Property and equipment, net of accumulated<br/>depreciation and amortization</b> | <u>69,861,184</u>         | <u>67,198,431</u>         | <u>47,655,595</u>         |
| <b>Unamortized bond costs</b>   | <u>956,927</u>            | <u>961,553</u>            | <u>1,012,587</u>          |
| <b>Total assets</b>   | <u><u>108,910,621</u></u> | <u><u>108,391,471</u></u> | <u><u>105,985,228</u></u> |

# NORTHERN INYO HOSPITAL

## Balance Sheet

June 30, 2011

### Liabilities and net assets

|  | <i>Current</i>     |                    |                    |
|--|--------------------|--------------------|--------------------|
|  | <u>Month</u>       | <u>Prior Month</u> | <u>FYE 2010</u>    |
| <b>Current liabilities:</b>                    |                    |                    |                    |
| Current maturities of long-term debt           | 1,627,452          | 64,413             | 1,188,561          |
| Accounts payable                               | 824,579            | 821,896            | 952,032            |
| Accrued salaries, wages and benefits           | 3,607,702          | 3,489,637          | 3,275,053          |
| Accrued interest and sales tax                 | 264,736            | 602,374            | 560,578            |
| Deferred income                                | -                  | 90,861             | 48,296             |
| Due to third-party payors                      | 2,246,201          | 1,542,881          | 2,616,629          |
| Due to specific purpose funds                  | -                  | -                  | -                  |
| <b>Total current liabilities</b>               | <u>8,570,668</u>   | <u>6,612,061</u>   | <u>8,641,148</u>   |
| <b>Long-term debt, less current maturities</b> | 47,393,738         | 49,020,816         | 49,020,816         |
| Bond Premium                                   | 1,377,364          | 1,381,706          | 1,429,475          |
| <b>Total long-term debt</b>                    | <u>48,771,102</u>  | <u>50,402,523</u>  | <u>50,450,292</u>  |
| <b>Net assets:</b>                             |                    |                    |                    |
| Unrestricted                                   | 50,969,636         | 50,777,748         | 45,927,064         |
| Temporarily restricted                         | 599,215            | 599,138            | 966,724            |
| <b>Total net assets</b>                        | <u>51,568,851</u>  | <u>51,376,887</u>  | <u>46,893,788</u>  |
| <b>Total liabilities and net assets</b>        | <u>108,910,621</u> | <u>108,391,471</u> | <u>105,985,228</u> |

# NORTHERN INYO HOSPITAL

## Statements of Changes in Net Assets

*As of June 30, 2011*

|   | <u>Month-to-date</u> | <u>Year-to-date</u>   |
|---|----------------------|-----------------------|
| <b>Unrestricted net assets:</b>   |                      |                       |
| Excess (deficiency) of revenues over expenses                                   | 191,851.02           | 4,991,210.85          |
| Net Assets due/to transferred from unrestricted                                 | -                    | (80,957.53)           |
| Interest posted twice to Bond & Interest  | -                    | -                     |
| Net assets released from restrictions used for operations                       | -                    | 50,875.00             |
| <b>Net assets released from restrictions used for payment of long-term debt</b> | <b>(366,743.23)</b>  | <b>(1,249,208.99)</b> |
| Contributions and interest income   | 36.61                | 81,443.56             |
| <b>Increase in unrestricted net assets</b>                                      | <b>(174,855.60)</b>  | <b>3,793,362.89</b>   |
| <b>Temporarily restricted net assets:</b>                                       |                      |                       |
| District tax allocation   | -                    | 916,840.13            |
| Net assets released from restrictions   | -                    | (1,300,083.99)        |
| Restricted contributions  | -                    | 15,374.00             |
| Interest income   | 76.58                | 360.65                |
| Net Assets for Long-Term Debt due from County                                   | 366,743.23           | 1,249,208.99          |
| <b>Increase (decrease) in temporarily restricted net assets</b>                 | <b>366,819.81</b>    | <b>881,699.78</b>     |
| <b>Increase (decrease) in net assets</b>  | <b>191,964.21</b>    | <b>4,675,062.67</b>   |
| <b>Net assets, beginning of period</b>  | <b>51,376,886.50</b> | <b>46,893,788.04</b>  |
| <b>Net assets, end of period</b>  | <b>51,568,850.71</b> | <b>51,568,850.71</b>  |

# NORTHERN INYO HOSPITAL

## Statements of Cash Flows

*As of June 30, 2011*

|   | <u>Month-to-date</u>  | <u>Year-to-date</u>   |
|---|-----------------------|-----------------------|
| <b>Cash flows from operating activities:</b>  |                       |                       |
| Increase (decrease) in net assets   | 191,964.21            | 4,675,062.67          |
| Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities: (correcting fund deposit) |                       |                       |
| Depreciation  | 51,252.03             | 2,719,596.60          |
| Provision for bad debts   | 177,031.24            | 2,282,479.15          |
| Loss (gain) on disposal of equipment  | 137.93                | 1,054.56              |
| (Increase) decrease in:   |                       |                       |
| Patient and other receivables   | (577,132.74)          | (3,227,636.53)        |
| Other current assets  | 278,536.14            | (101,669.28)          |
| Plant Expansion and Replacement Cash  | 592.67                | 2,099,895.19          |
| Increase (decrease) in:   |                       |                       |
| Accounts payable and accrued expenses   | (307,752.23)          | (138,942.40)          |
| Third-party payors  | 703,320.00            | (370,428.76)          |
| <b>Net cash provided (used) by operating activities</b>   | <u>517,949.25</u>     | <u>7,939,411.20</u>   |
| <br><b>Cash flows from investing activities:</b>  |                       |                       |
| Purchase of property and equipment  | (2,714,005.21)        | (24,925,214.94)       |
| Purchase of investments   | 1,676,406.30          | 20,054,171.34         |
| Proceeds from disposal of equipment   | (137.93)              | (1,025.29)            |
| <b>Net cash provided (used) in investing activities</b>   | <u>(1,037,736.84)</u> | <u>(4,872,068.89)</u> |
| <br><b>Cash flows from financing activities:</b>  |                       |                       |
| Long-term debt  | (68,382.11)           | (1,240,298.93)        |
| Issuance of revenue bonds   | 374,475.78            | 5,227,928.87          |
| Unamortized bond costs  | 4,626.77              | 55,660.54             |
| Increase (decrease) in donor-restricted funds, net  | (113.19)              | 286,065.65            |
| <b>Net cash provided by (used in) financing activities</b>  | <u>310,607.25</u>     | <u>4,329,356.13</u>   |
| <br><b>Increase (decrease) in cash and cash equivalents</b>   | <u>(209,180.34)</u>   | <u>7,396,698.44</u>   |
| <br><b>Cash and cash equivalents, beginning of period</b>   | <u>7,611,614.70</u>   | <u>5,735.92</u>       |
| <br><b>Cash and cash equivalents, end of period</b>   | <u>7,402,434.36</u>   | <u>7,402,434.36</u>   |

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**BUDGET VARIANCE ANALYSIS**

**Jul-11 PERIOD ENDING**

**In the month, NIH was**

|              |         |                                    |  |
|--------------|---------|------------------------------------|--|
|              | 1%      | ovder budget in IP days;           |  |
| (            | -0.066% | ) under budget IP Revenue and      |  |
| (            | -3.8%   | ) under in OP Revenue resulting in |  |
| \$ (370,274) | (       | -4.7%                              | ) under in gross patient revenue from budget & |
| \$ 777,912   | (       | 16.4%                              | ) over in net patient revenue from budget      |

**Total Expenses were:**

|              |    |           |   |
|--------------|----|-----------|---|
| \$ (190,565) | (  | -4.1%     | ) under budget. Wages and Salaries were     |
| \$ (12,545)  | (  | -0.8%     | ) under budget and Employee Benefits        |
| \$ (10,821)  | (  | -1.0%     | ) under budget.                             |
| \$ 31,218    |    |           | of other income resulted in a net income of |
| \$ 1,146,071 | \$ | 1,016,219 | over budget.                                |

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

|           |     |                    |
|-----------|-----|--------------------|
| \$ 66,107 | 16% | Professional Fees  |
| \$ 14,340 | 6%  | Purchased Services |
| \$ 34,499 | 15% | Other Expenses     |

**Other Information:**

|        |                                   |
|--------|-----------------------------------|
| 27.44% | Contractual Percentages for month |
| 27.44% | Contractual Percentages for Year  |

**\$ 1,146,071 Year-to-date Net Revenue**

**Special Notes:**

**Prior Year Medicare Tentative Settlement and Medi-Cal Cost Report Settlement amounts caused contractals to be low for the month.**

# NORTHERN INYO HOSPITAL

## Balance Sheet

July 31, 2011

|   | <i>Current</i>            |                           |                           |
|---|---------------------------|---------------------------|---------------------------|
|   | <i>Month</i>              | <i>Prior Month</i>        | <i>FYE 2011</i>           |
| <b>Current assets:</b>  |                           |                           |                           |
| Cash and cash equivalents   | \$ 8,164,686              | 7,402,434                 | 7,402,434                 |
| <b>Short-term investments</b>   | 9,398,542                 | 12,443,143                | 12,443,143                |
| Assets limited as to use  | -                         | -                         | -                         |
| Plant Expansion and Replacement Cash  | 9                         | 9                         | 9                         |
| Other Investments (Partnership)   | 1,311,342                 | 1,311,342                 | 1,311,342                 |
| Patient receivable, less allowance for doubtful accounts \$500,445              | 8,648,310                 | 8,782,454                 | 8,782,454                 |
| Other receivables (Includes GE Financing Funds)                                 | 3,216,653                 | 540,584                   | 540,584                   |
| Inventories   | 2,465,442                 | 2,456,875                 | 2,456,875                 |
| Prepaid expenses  | 1,266,888                 | 1,166,148                 | 1,166,148                 |
| <b>Total current assets</b>   | <u>34,471,872</u>         | <u>34,102,990</u>         | <u>34,102,990</u>         |
| <b>Assets limited as to use:</b>  |                           |                           |                           |
| Internally designated for capital acquisitions                                  | 826,484                   | 826,452                   | 826,452                   |
| Specific purpose assets   | 638,416                   | 599,215                   | 599,215                   |
|   | <u>1,464,900</u>          | <u>1,425,666</u>          | <u>1,425,666</u>          |
| <b>Revenue bond funds held by trustee</b>                                       | 2,450,834                 | 2,313,854                 | 2,313,854                 |
| Less amounts required to meet current obligations                               | -                         | -                         | -                         |
| <b>Net Assets limited as to use:</b>  | <u>3,915,734</u>          | <u>3,739,520</u>          | <u>3,739,520</u>          |
| <b>Long-term investments</b>  | <u>250,000</u>            | <u>250,000</u>            | <u>250,000</u>            |
| <b>Property and equipment, net of accumulated depreciation and amortization</b> | <u>71,443,989</u>         | <u>69,861,184</u>         | <u>69,861,184</u>         |
| <b>Unamortized bond costs</b>   | <u>952,300</u>            | <u>956,927</u>            | <u>956,927</u>            |
| <b>Total assets</b>   | <u><u>111,033,895</u></u> | <u><u>108,910,621</u></u> | <u><u>108,910,621</u></u> |

# NORTHERN INYO HOSPITAL

## Balance Sheet

July 31, 2011

### Liabilities and net assets

|  | <u>Current</u>         |                        |                        |
|--|------------------------|------------------------|------------------------|
|  | <u>Month</u>           | <u>Prior Month</u>     | <u>FYE 2011</u>        |
| <b>Current liabilities:</b>                    |                        |                        |                        |
| Current maturities of long-term debt           | 1,563,177              | 1,627,452              | 1,627,452              |
| Accounts payable                               | 804,693                | 824,579                | 824,579                |
| Accrued salaries, wages and benefits           | 3,889,375              | 3,607,702              | 3,607,702              |
| Accrued interest and sales tax                 | 441,603                | 264,736                | 264,736                |
| Deferred income                                | 528,730                | -                      | -                      |
| Due to third-party payors                      | 2,246,201              | 2,246,201              | 2,246,201              |
| Due to specific purpose funds                  | 39,202                 | -                      | -                      |
| <b>Total current liabilities</b>               | <u>9,512,980</u>       | <u>8,570,668</u>       | <u>8,570,668</u>       |
| <b>Long-term debt, less current maturities</b> | 47,393,738             | 47,393,738             | 47,393,738             |
| Bond Premium                                   | 1,373,021              | 1,377,364              | 1,377,364              |
| <b>Total long-term debt</b>                    | <u>48,766,759</u>      | <u>48,771,102</u>      | <u>48,771,102</u>      |
| <b>Net assets:</b>                             |                        |                        |                        |
| Unrestricted                                   | 52,115,739             | 50,969,636             | 50,969,636             |
| Temporarily restricted                         | 638,416                | 599,215                | 599,215                |
| <b>Total net assets</b>                        | <u>52,754,156</u>      | <u>51,568,851</u>      | <u>51,568,851</u>      |
| <br><b>Total liabilities and net assets</b>    | <br><u>111,033,895</u> | <br><u>108,910,621</u> | <br><u>108,910,621</u> |

**NORTHERN INYO HOSPITAL**

**Statement of Operations**

*As of July 31, 2011*

|  | MTD Actual         | MTD Budget       | MTD Variance \$  | MTD Variance % | YTD Actual         | YTD Budget       | YTD Variance \$  | YTD Variance % | Prior YTD        |
|--|--------------------|------------------|------------------|----------------|--------------------|------------------|------------------|----------------|------------------|
| <b>Unrestricted revenues, gains and other support:</b>       |                    |                  |                  |                |                    |                  |                  |                |                  |
| <b>In-patient service revenue:</b>                           |                    |                  |                  |                |                    |                  |                  |                |                  |
| Routine  | 504,177            | 573,991          | (69,814)         | (12.2)         | 504,177            | 573,991          | (69,814)         | (12.2)         | 508,266          |
| Ancillary  | 1,902,312          | 2,002,091        | (99,779)         | (5.0)          | 1,902,312          | 2,002,091        | (99,779)         | (5.0)          | 1,628,410        |
| Total in-patient service revenue                             | 2,406,489          | 2,576,082        | (169,593)        | (0.066)        | 2,406,489          | 2,576,082        | (169,593)        | -6.6%          | 2,136,675        |
| Out-patient service revenue                                  | 5,039,768          | 5,240,449        | (200,681)        | (3.8)          | 5,039,768          | 5,240,449        | (200,681)        | (3.8)          | 5,095,394        |
| <b>Gross patient service revenue</b>                         | <b>7,446,257</b>   | <b>7,816,531</b> | <b>(370,274)</b> | <b>(4.70)</b>  | <b>7,446,257</b>   | <b>7,816,531</b> | <b>(370,274)</b> | <b>(4.7)</b>   | <b>7,232,069</b> |
| <b>Less deductions from patient service revenue:</b>         |                    |                  |                  |                |                    |                  |                  |                |                  |
| <b>Patient service revenue adjustments</b>                   |                    |                  |                  |                |                    |                  |                  |                |                  |
| Contractual adjustments                                      | 47,941             | 129,172          | 81,231           | 62.9           | 47,941             | 129,172          | 81,231           | 62.9           | 123,956          |
| Prior Period Adjustments                                     | 2,970,078          | 2,954,809        | (15,269)         | (0.5)          | 2,970,078          | 2,954,809        | (15,269)         | (0.5)          | 2,796,352        |
| <b>Total deductions from patient service revenue</b>         | <b>(1,082,224)</b> | <b>-</b>         | <b>1,082,224</b> | <b>100.0</b>   | <b>(1,082,224)</b> | <b>-</b>         | <b>1,082,224</b> | <b>100.0</b>   | <b>(394,242)</b> |
| <b>Net patient service revenue</b>                           | <b>5,510,462</b>   | <b>4,732,550</b> | <b>777,912</b>   | <b>16%</b>     | <b>5,510,462</b>   | <b>4,732,550</b> | <b>777,912</b>   | <b>16%</b>     | <b>4,706,003</b> |
| Other revenue  | 26,421             | 40,891           | (14,470)         | (35.4)         | 26,421             | 40,891           | (14,470)         | (35.4)         | 53,642           |
| Transfers from Restricted Funds for Other Operating Expenses | 97,135             | 90,257           | 6,878            | 7.6            | 97,135             | 90,257           | 6,878            | 7.6            | 80,224           |
| <b>Total Other revenue</b>                                   | <b>123,556</b>     | <b>131,148</b>   | <b>(7,592)</b>   | <b>(5.8)</b>   | <b>123,556</b>     | <b>131,148</b>   | <b>(7,592)</b>   | <b>(5.8)</b>   | <b>133,866</b>   |
| <b>Total revenue, gains and other support</b>                | <b>5,634,018</b>   | <b>4,863,698</b> | <b>770,320</b>   | <b>(5.6)</b>   | <b>5,634,018</b>   | <b>4,863,698</b> | <b>770,320</b>   | <b>(5.6)</b>   | <b>4,839,869</b> |
| <b>Expenses:</b>   |                    |                  |                  |                |                    |                  |                  |                |                  |
| Salaries and wages   | 1,640,710          | 1,653,255        | 12,545           | 0.8            | 1,640,710          | 1,653,255        | 12,545           | 0.8            | 1,536,448        |
| Employee benefits  | 1,040,644          | 1,051,465        | 10,821           | 1.0            | 1,040,644          | 1,051,465        | 10,821           | 1.0            | 946,111          |
| Professional fees  | 471,390            | 405,283          | (66,107)         | (16.3)         | 471,390            | 405,283          | (66,107)         | (16.3)         | 376,619          |
| Supplies   | 425,181            | 484,398          | 59,217           | 12.2           | 425,181            | 484,398          | 59,217           | 12.2           | 421,488          |
| Purchased services   | 256,327            | 241,987          | (14,340)         | (5.9)          | 256,327            | 241,987          | (14,340)         | (5.9)          | 245,880          |
| Depreciation   | 210,062            | 326,542          | 116,480          | 35.7           | 210,062            | 326,542          | 116,480          | 35.7           | 321,705          |
| Interest   | 102,907            | 114,857          | 11,950           | 10.4           | 102,907            | 114,857          | 11,950           | 10.4           | 107,541          |
| Bad debts  | 107,192            | 201,689          | 94,497           | 46.9           | 107,192            | 201,689          | 94,497           | 46.9           | 301,869          |
| Other  | 264,753            | 230,254          | (34,499)         | (15.0)         | 264,753            | 230,254          | (34,499)         | (15.0)         | 289,227          |
| <b>Total expenses</b>  | <b>4,519,165</b>   | <b>4,709,730</b> | <b>190,565</b>   | <b>4.1</b>     | <b>4,519,165</b>   | <b>4,709,730</b> | <b>190,565</b>   | <b>4.1</b>     | <b>4,546,888</b> |
| <b>Operating income (loss)</b>                               | <b>1,114,853</b>   | <b>153,968</b>   | <b>960,885</b>   | <b>(9.7)</b>   | <b>1,114,853</b>   | <b>153,968</b>   | <b>960,885</b>   | <b>(9.7)</b>   | <b>292,981</b>   |
| <b>Other income:</b>   |                    |                  |                  |                |                    |                  |                  |                |                  |
| District tax receipts  | 48,066             | 43,263           | 4,803            | 11.1           | 48,066             | 43,263           | 4,803            | 11.1           | 42,565           |
| Interest   | 43,980             | 26,701           | 17,279           | 64.7           | 43,980             | 26,701           | 17,279           | 64.7           | 72,489           |
| Other  | 4,933              | 5,221            | (288)            | (5.5)          | 4,933              | 5,221            | (288)            | (5.5)          | 11,045           |
| Grants and Other Non-Restricted Contributions                | 24,731             | 5,160            | 19,571           | 379.3          | 24,731             | 5,160            | 19,571           | 379.3          | 37,259           |
| Partnership Investment Income                                | -                  | 2,541            | (2,541)          | (100.0)        | -                  | 2,541            | (2,541)          | -              | -                |
| Net Medical Office Activity                                  | (90,492)           | (107,002)        | 16,510           | 229.5          | (90,492)           | (107,002)        | 16,510           | 15.4           | (90,779)         |
| <b>Total other income, net</b>                               | <b>31,218</b>      | <b>(24,116)</b>  | <b>55,334</b>    | <b>230</b>     | <b>31,218</b>      | <b>(24,116)</b>  | <b>55,334</b>    | <b>229.5</b>   | <b>72,578</b>    |
| <b>Excess (deficiency) of revenues over expenses</b>         | <b>1,146,071</b>   | <b>129,852</b>   | <b>1,016,219</b> | <b>783</b>     | <b>1,146,071</b>   | <b>129,852</b>   | <b>1,016,219</b> | <b>782.6</b>   | <b>365,559</b>   |
| <b>Contractual Percentage</b>                                | <b>27.44%</b>      | <b>42.03%</b>    |                  |                | <b>27.44%</b>      | <b>42.03%</b>    |                  |                | <b>39.10%</b>    |

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

|   | Month     |            | Year      |            |
|---|-----------|------------|-----------|------------|
|   | Actual    | Budget     | Actual    | Budget     |
| <b>Operating statistics:</b>                          |           |            |           |            |
| Beds  | 25        | N/A        | 25        | N/A        |
| Patient days  | 187       | 185        | 187       | 185        |
| Maximum days per bed capacity                         | 775       | N/A        | 775       | N/A        |
| Percentage of occupancy                               | 24.13     | 23.87      | 24.13     | 23.87      |
| Average daily census                                  | 6.03      | 5.97       | 6.03      | 5.97       |
| Average length of stay                                | 2.63      | 2.50       | 2.63      | 2.50       |
| Discharges  | 71        | 74         | 71        | 74         |
| Admissions  | 70        | 75         | 70        | 75         |
| Gross profit-revenue depts.                           | 4,835,866 | 5,167,616  | 4,835,866 | 5,167,616  |
|   |           | (331,750)  |           | (331,750)  |
| <b>Percent to gross patient service revenue:</b>      |           |            |           |            |
| Deductions from patient service revenue and bad debts | 27.44     | 42.03      | 27.44     | 42.03      |
| Salaries and employee benefits                        | 35.82     | 34.48      | 35.82     | 34.48      |
| Occupancy expenses                                    | 4.62      | 6.02       | 4.62      | 6.02       |
| General service departments                           | 6.01      | 5.85       | 6.01      | 5.85       |
| Fiscal services department                            | 5.96      | 5.34       | 5.96      | 5.34       |
| Administrative departments                            | 5.66      | 4.96       | 5.66      | 4.96       |
| Operating income (loss)                               | 12.45     | (0.21)     | 12.45     | (0.21)     |
| Excess (deficiency) of revenues over expenses         | 15.39     | 1.66       | 15.39     | 1.66       |
|   |           | (14.59)    |           | (14.59)    |
|   |           | 1.34       |           | 1.34       |
|   |           | (1.40)     |           | (1.40)     |
|   |           | 0.16       |           | 0.16       |
|   |           | 0.62       |           | 0.62       |
|   |           | 0.70       |           | 0.70       |
|   |           | 12.66      |           | 12.66      |
|   |           | 13.73      |           | 13.73      |
|   |           | 0.65       |           | 0.65       |
|   |           | 1.04       |           | 1.04       |
|   |           | 0.77       |           | 0.77       |
|   |           | 1.03       |           | 1.03       |
|   |           | 1.12       |           | 1.12       |
|   |           | 1.14       |           | 1.14       |
|   |           | (59.29)    |           | (59.29)    |
|   |           | 9.27       |           | 9.27       |
| <b>Payroll statistics:</b>                            |           |            |           |            |
| Average hourly rate (salaries and benefits)           | 45.68     | 44.94      | 45.68     | 44.94      |
| Worked hours  | 49,360.56 | 51,541.00  | 49,360.56 | 51,541.00  |
| Paid hours  | 58,392.23 | 59,973.00  | 58,392.23 | 59,973.00  |
| Full time equivalents (worked)                        | 280.46    | 292.85     | 280.46    | 292.85     |
| Full time equivalents (paid)                          | 331.77    | 340.76     | 331.77    | 340.76     |
|   |           | (2,180.44) |           | (2,180.44) |
|   |           | (1,580.77) |           | (1,580.77) |
|   |           | (12.39)    |           | (12.39)    |
|   |           | (8.98)     |           | (8.98)     |
|   |           | 0.75       |           | 0.75       |
|   |           | 0.96       |           | 0.96       |
|   |           | 0.97       |           | 0.97       |
|   |           | 0.96       |           | 0.96       |
|   |           | 0.97       |           | 0.97       |
|   |           | 0.75       |           | 0.75       |
|   |           | (2,180.44) |           | (2,180.44) |
|   |           | (1,580.77) |           | (1,580.77) |
|   |           | (12.39)    |           | (12.39)    |
|   |           | (8.98)     |           | (8.98)     |
|   |           | 0.75       |           | 0.75       |
|   |           | 0.96       |           | 0.96       |
|   |           | 0.97       |           | 0.97       |
|   |           | 0.96       |           | 0.96       |
|   |           | 0.97       |           | 0.97       |
|   |           | 0.75       |           | 0.75       |
|   |           | (2,180.44) |           | (2,180.44) |
|   |           | (1,580.77) |           | (1,580.77) |
|   |           | (12.39)    |           | (12.39)    |
|   |           | (8.98)     |           | (8.98)     |
|   |           | 0.75       |           | 0.75       |
|   |           | 0.96       |           | 0.96       |
|   |           | 0.97       |           | 0.97       |
|   |           | 0.96       |           | 0.96       |
|   |           | 0.97       |           | 0.97       |
|   |           | 0.75       |           | 0.75       |
|   |           | (2,180.44) |           | (2,180.44) |
|   |           | (1,580.77) |           | (1,580.77) |
|   |           | (12.39)    |           | (12.39)    |
|   |           | (8.98)     |           | (8.98)     |
|   |           | 0.75       |           | 0.75       |
|   |           | 0.96       |           | 0.96       |
|   |           | 0.97       |           | 0.97       |
|   |           | 0.96       |           | 0.96       |
|   |           | 0.97       |           | 0.97       |
|   |           | 0.75       |           | 0.75       |
|   |           | (2,180.44) |           | (2,180.44) |
|   |           | (1,580.77) |           | (1,580.77) |
|   |           | (12.39)    |           | (12.39)    |
|   |           | (8.98)     |           | (8.98)     |
|   |           | 0.75       |           | 0.75       |
|   |           | 0.96       |           | 0.96       |
|   |           | 0.97       |           | 0.97       |
|   |           | 0.96       |           | 0.96       |
|   |           | 0.97       |           | 0.97       |
|   |           | 0.75       |           | 0.75       |
|   |           | (2,180.44) |           | (2,180.44) |
|   |           | (1,580.77) |           | (1,580.77) |
|   |           | (12.39)    |           | (12.39)    |
|   |           | (8.98)     |           | (8.98)     |
|   |           | 0.75       |           | 0.75       |
|   |           | 0.96       |           | 0.96       |
|   |           | 0.97       |           | 0.97       |
|   |           | 0.96       |           | 0.96       |
|   |           | 0.97       |           | 0.97       |
|   |           | 0.75       |           | 0.75       |
|   |           | (2,180.44) |           | (2,180.44) |
|   |           | (1,580.77) |           | (1,580.77) |
|   |           | (12.39)    |           | (12.39)    |
|   |           | (8.98)     |           | (8.98)     |
|   |           | 0.75       |           | 0.75       |
|   |           | 0.96       |           | 0.96       |
|   |           | 0.97       |           | 0.97       |
|   |           | 0.96       |           | 0.96       |
|   |           | 0.97       |           | 0.97       |
|   |           | 0.75       |           | 0.75       |
|   |           | (2,180.44) |           | (2,180.44) |
|   |           | (1,580.77) |           | (1,580.77) |
|   |           | (12.39)    |           | (12.39)    |
|   |           | (8.98)     |           | (8.98)     |
|   |           | 0.75       |           | 0.75       |
|   |           | 0.96       |           | 0.96       |
|   |           | 0.97       |           | 0.97       |
|   |           | 0.96       |           | 0.96       |
|   |           | 0.97       |           | 0.97       |
|   |           | 0.75       |           | 0.75       |
|   |           | (2,180.44) |           | (2,180.44) |
|   |           | (1,580.77) |           | (1,580.77) |
|   |           | (12.39)    |           | (12.39)    |
|   |           | (8.98)     |           | (8.98)     |
|   |           | 0.75       |           | 0.75       |
|   |           | 0.96       |           | 0.96       |
|   |           | 0.97       |           | 0.97       |
|   |           | 0.96       |           | 0.96       |
|   |           | 0.97       |           | 0.97       |
|   |           | 0.75       |           | 0.75       |
|   |           | (2,180.44) |           | (2,180.44) |
|   |           | (1,580.77) |           | (1,580.77) |
|   |           | (12.39)    |           | (12.39)    |
|   |           | (8.98)     |           | (8.98)     |
|   |           | 0.75       |           | 0.75       |
|   |           | 0.96       |           | 0.96       |
|   |           | 0.97       |           | 0.97       |
|   |           | 0.96       |           | 0.96       |
|   |           | 0.97       |           | 0.97       |
|   |           | 0.75       |           | 0.75       |
|   |           | (2,180.44) |           | (2,180.44) |
|   |           | (1,580.77) |           | (1,580.77) |
|   |           | (12.39)    |           | (12.39)    |
|   |           | (8.98)     |           | (8.98)     |
|   |           | 0.75       |           | 0.75       |
|   |           | 0.96       |           | 0.96       |
|   |           | 0.97       |           | 0.97       |
|   |           | 0.96       |           | 0.96       |
|   |           | 0.97       |           | 0.97       |
|   |           | 0.75       |           | 0.75       |
|   |           | (2,180.44) |           | (2,180.44) |
|   |           | (1,580.77) |           | (1,580.77) |
|   |           | (12.39)    |           | (12.39)    |
|   |           | (8.98)     |           | (8.98)     |
|   |           | 0.75       |           | 0.75       |
|   |           | 0.96       |           | 0.96       |
|   |           | 0.97       |           | 0.97       |
|   |           | 0.96       |           | 0.96       |
|   |           | 0.97       |           | 0.97       |
|   |           | 0.75       |           | 0.75       |
|   |           | (2,180.44) |           | (2,180.44) |
|   |           | (1,580.77) |           | (1,580.77) |
|   |           | (12.39)    |           | (12.39)    |
|   |           | (8.98)     |           | (8.98)     |
|   |           | 0.75       |           | 0.75       |
|   |           | 0.96       |           | 0.96       |
|   |           | 0.97       |           | 0.97       |
|   |           | 0.96       |           | 0.96       |
|   |           | 0.97       |           | 0.97       |
|   |           | 0.75       |           | 0.75       |
|   |           | (2,180.44) |           | (2,180.44) |
|   |           | (1,580.77) |           | (1,580.77) |
|   |           | (12.39)    |           | (12.39)    |
|   |           | (8.98)     |           | (8.98)     |
|   |           | 0.75       |           | 0.75       |
|   |           | 0.96       |           | 0.96       |
|   |           | 0.97       |           | 0.97       |
|   |           | 0.96       |           | 0.96       |
|   |           | 0.97       |           | 0.97       |
|   |           | 0.75       |           | 0.75       |
|   |           | (2,180.44) |           | (2,180.44) |
|   |           | (1,580.77) |           | (1,580.77) |
|   |           | (12.39)    |           | (12.39)    |
|   |           | (8.98)     |           | (8.98)     |
|   |           | 0.75       |           | 0.75       |
|   |           | 0.96       |           | 0.96       |
|   |           | 0.97       |           | 0.97       |
|   |           | 0.96       |           | 0.96       |
|   |           | 0.97       |           | 0.97       |
|   |           | 0.75       |           | 0.75       |
|   |           | (2,180.44) |           | (2,180.44) |
|   |           | (1,580.77) |           | (1,580.77) |
|   |           | (12.39)    |           | (12.39)    |
|   |           | (8.98)     |           | (8.98)     |
|   |           | 0.75       |           | 0.75       |
|   |           | 0.96       |           | 0.96       |
|   |           | 0.97       |           | 0.97       |
|   |           | 0.96       |           | 0.96       |
|   |           | 0.97       |           | 0.97       |
|   |           | 0.75       |           | 0.75       |
|   |           | (2,180.44) |           | (2,180.44) |
|   |           | (1,580.77) |           | (1,580.77) |
|   |           | (12.39)    |           | (12.39)    |
|   |           | (8.98)     |           | (8.98)     |
|   |           | 0.75       |           | 0.75       |
|   |           | 0.96       |           | 0.96       |
|   |           | 0.97       |           | 0.97       |
|   |           | 0.96       |           | 0.96       |
|   |           | 0.97       |           | 0.97       |
|   |           | 0.75       |           | 0.75       |
|   |           | (2,180.44) |           | (2,180.44) |
|   |           | (1,580.77) |           | (1,580.77) |
|   |           | (12.39)    |           | (12.39)    |
|   |           | (8.98)     |           | (8.98)     |
|   |           | 0.75       |           | 0.75       |
|   |           | 0.96       |           | 0.96       |
|   |           | 0.97       |           | 0.97       |
|   |           | 0.96       |           | 0.96       |
|   |           | 0.97       |           | 0.97       |
|   |           | 0.75       |           | 0.75       |
|   |           | (2,180.44) |           | (2,180.44) |
|   |           | (1,580.77) |           | (1,580.77) |
|   |           | (12.39)    |           | (12.39)    |
|   |           | (8.98)     |           | (8.98)     |
|   |           | 0.75       |           | 0.75       |
|   |           | 0.96       |           | 0.96       |
|   |           | 0.97       |           | 0.97       |
|   |           | 0.96       |           | 0.96       |
|   |           | 0.97       |           | 0.97       |
|   |           | 0.75       |           | 0.75       |
|   |           | (2,180.44) |           | (2,180.44) |
|   |           | (1,580.77) |           | (1,580.77) |
|   |           | (12.39)    |           | (12.39)    |
|   |           | (8.98)     |           | (8.98)     |
|   |           | 0.75       |           | 0.75       |
|   |           | 0.96       |           | 0.96       |
|   |           | 0.97       |           | 0.97       |
|   |           | 0.96       |           | 0.96       |
|   |           | 0.97       |           | 0.97       |
|   |           | 0.75       |           | 0.75       |
|   |           | (2,180.44) |           | (2,180.44) |
|   |           | (1,580.77) |           | (1,580.77) |
|   |           | (12.39)    |           | (12.39)    |
|   |           | (8.98)     |           | (8.98)     |
|   |           | 0.75       |           | 0.75       |
|   |           | 0.96       |           | 0.96       |
|   |           | 0.97       |           | 0.97       |
|   |           | 0.96       |           | 0.96       |
|   |           | 0.97       |           | 0.97       |
|   |           | 0.75       |           | 0.75       |
|   |           | (2,180.44) |           | (2,180.44) |
|   |           | (1,580.77) |           | (1,580.77) |
|   |           | (12.39)    |           | (12.39)    |
|   |           | (8.98)     |           | (8.98)     |
|   |           | 0.75       |           | 0.75       |
|   |           | 0.96       |           | 0.96       |
|   |           | 0.97       |           | 0.97       |
|   |           | 0.96       |           | 0.96       |
|   |           | 0.97       |           | 0.97       |
|   |           | 0.75       |           | 0.75       |
|   |           | (2,180.44) |           | (2,180.44) |
|   |           | (1,580.77) |           | (1,580.77) |
|   |           | (12.39)    |           | (12.39)    |
|   |           | (8.98)     |           | (8.98)     |
|   |           | 0.75       |           | 0.75       |
|   |           | 0.96       |           | 0.96       |
|   |           | 0.97       |           | 0.97       |
|   |           | 0.96       |           | 0.96       |
|   |           | 0.97       |           |            |

# NORTHERN INYO HOSPITAL

## Statements of Changes in Net Assets

As of July 31, 2011

|   | <u>Month-to-date</u>        | <u>Year-to-date</u>         |
|---|-----------------------------|-----------------------------|
| <b>Unrestricted net assets:</b>   |                             |                             |
| Excess (deficiency) of revenues over expenses                                   | 1,146,070.84                | 1,146,070.84                |
| Net Assets due/to transferred from unrestricted                                 | -                           | -                           |
| Interest posted twice to Bond & Interest  | -                           | -                           |
| Net assets released from restrictions used for operations                       | -                           | -                           |
| <b>Net assets released from restrictions used for payment of long-term debt</b> | (97,134.58)                 | (97,134.58)                 |
| Contributions and interest income   | 32.19                       | 32.19                       |
| <b>Increase in unrestricted net assets</b>                                      | <u>1,048,968.45</u>         | <u>1,048,968.45</u>         |
| <b>Temporarily restricted net assets:</b>                                       |                             |                             |
| District tax allocation   | 39,201.79                   | 39,201.79                   |
| Net assets released from restrictions   | -                           | -                           |
| Restricted contributions  | -                           | -                           |
| Interest income   | -                           | -                           |
| Net Assets for Long-Term Debt due from County                                   | 97,134.58                   | 97,134.58                   |
| <b>Increase (decrease) in temporarily restricted net assets</b>                 | <u>136,336.37</u>           | <u>136,336.37</u>           |
| <b>Increase (decrease) in net assets</b>  | 1,185,304.82                | 1,185,304.82                |
| <b>Net assets, beginning of period</b>  | 51,568,850.71               | 51,568,850.71               |
| <b>Net assets, end of period</b>  | <u><u>52,754,155.53</u></u> | <u><u>52,754,155.53</u></u> |

# NORTHERN INYO HOSPITAL

## Statements of Cash Flows

As of July 31, 2011

|   | <u>Month-to-date</u> | <u>Year-to-date</u> |
|---|----------------------|---------------------|
| <b>Cash flows from operating activities:</b>  |                      |                     |
| Increase (decrease) in net assets   | 1,185,304.82         | 1,185,304.82        |
| Adjustments to reconcile excess of revenues<br>over expenses to net cash provided by<br>operating activities: (correcting fund deposit) |                      |                     |
| Depreciation  | 210,061.59           | 210,061.59          |
| Provision for bad debts   | 107,192.02           | 107,192.02          |
| Loss (gain) on disposal of equipment  | -                    | -                   |
| (Increase) decrease in:   |                      |                     |
| Patient and other receivables   | (2,649,117.45)       | (2,649,117.45)      |
| Other current assets  | (109,306.52)         | (109,306.52)        |
| Plant Expansion and Replacement Cash  | -                    | -                   |
| Increase (decrease) in:   |                      |                     |
| Accounts payable and accrued expenses   | 1,006,587.07         | 1,006,587.07        |
| Third-party payors  | -                    | -                   |
| <b>Net cash provided (used) by operating activities</b>   | <u>(249,278.47)</u>  | <u>(249,278.47)</u> |
| <br>  |                      |                     |
| <b>Cash flows from investing activities:</b>  |                      |                     |
| Purchase of property and equipment  | (1,792,865.90)       | (1,792,865.90)      |
| Purchase of investments   | 3,044,600.77         | 3,044,600.77        |
| Proceeds from disposal of equipment   | -                    | -                   |
| <b>Net cash provided (used) in investing activities</b>   | <u>1,251,734.87</u>  | <u>1,251,734.87</u> |
| <br>  |                      |                     |
| <b>Cash flows from financing activities:</b>  |                      |                     |
| Long-term debt  | (68,617.44)          | (68,617.44)         |
| Issuance of revenue bonds   | (136,980.53)         | (136,980.53)        |
| Unamortized bond costs  | 4,626.77             | 4,626.77            |
| Increase (decrease) in donor-restricted funds, net  | (39,233.98)          | (39,233.98)         |
| <b>Net cash provided by (used in) financing activities</b>  | <u>(240,205.18)</u>  | <u>(240,205.18)</u> |
| <br>  |                      |                     |
| <b>Increase (decrease) in cash and cash equivalents</b>   | 762,251.22           | 762,251.22          |
| <br>  |                      |                     |
| <b>Cash and cash equivalents, beginning of period</b>   | <u>7,402,434.36</u>  | <u>7,402,434.36</u> |
| <br>  |                      |                     |
| <b>Cash and cash equivalents, end of period</b>   | <u>8,164,685.58</u>  | <u>8,164,685.58</u> |

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

Operations Checking Account

Time Deposit Month-End Balances

| Month      | Operations Checking Account   |            |               |                         | Time Deposit Month-End Balances |                        |                          |                |                  |                         |           | Total Revenue Bond Funds | General Obligation Bond Fund |
|------------|-------------------------------|------------|---------------|-------------------------|---------------------------------|------------------------|--------------------------|----------------|------------------|-------------------------|-----------|--------------------------|------------------------------|
|            | Balance at Beginning of Month | Deposits   | Disbursements | Balance at End of Month | Investment Operations Fund      | Bond and Interest Fund | Equipment Donations Fund | Childrens Fund | Scholarship Fund | Tobacco Settlement Fund |           |                          |                              |
| January    | 10,507,916                    | 6,765,249  | 9,559,496     | 7,713,669               | 24,907,772                      | 790,535                | 26,596                   | 2,815          | 4,027            | 723,292                 | 2,120,894 | 593                      |                              |
| February   | 7,713,669                     | 7,631,345  | 6,454,526     | 8,890,488               | 21,851,274                      | 790,535                | 26,596                   | 2,815          | 4,027            | 723,320                 | 2,257,873 | 593                      |                              |
| March      | 8,890,488                     | 7,124,284  | 7,982,727     | 8,032,045               | 19,738,054                      | 790,635                | 26,599                   | 2,815          | 4,027            | 723,351                 | 2,394,743 | 593                      |                              |
| April      | 8,032,045                     | 4,976,646  | 9,187,639     | 3,821,052               | 17,729,613                      | 592,220                | 26,599                   | 2,815          | 4,027            | 799,780                 | 2,531,814 | 593                      |                              |
| May        | 3,821,052                     | 9,962,528  | 6,016,138     | 7,767,442               | 14,707,953                      | 592,220                | 26,599                   | 2,815          | 4,027            | 799,816                 | 2,688,329 | 593                      |                              |
| June       | 7,767,442                     | 6,502,436  | 6,807,040     | 7,462,838               | 12,693,053                      | 592,296                | 26,603                   | 2,815          | 4,028            | 799,849                 | 2,413,318 | 593                      |                              |
| July       | 7,462,838                     | 6,842,689  | 6,021,265     | 8,284,262               | 9,648,452                       | 631,498                | 26,603                   | 2,815          | 4,028            | 799,881                 | 2,450,834 | -                        |                              |
| Prior Year |                               |            |               |                         |                                 |                        |                          |                |                  |                         |           |                          |                              |
| August     | 650,897                       | 5,605,016  | 5,416,671     | 839,242                 | 30,865,987                      | 960,184                | 26,590                   | 2,814          | 18,924           | 723,138                 | 7,183,224 | 1,941,159                |                              |
| September  | 839,242                       | 29,826,128 | 30,427,218    | 238,152                 | 32,060,945                      | 960,301                | 26,593                   | 2,814          | 18,926           | 723,168                 | 5,665,915 | 588                      |                              |
| October    | 238,152                       | 6,928,121  | 6,894,086     | 272,187                 | 28,514,689                      | 394,548                | 26,593                   | 2,814          | 4,026            | 723,197                 | 3,963,503 | 593                      |                              |
| November   | 272,187                       | 14,762,394 | 6,195,143     | 8,839,438               | 22,466,248                      | 245,400                | 26,593                   | 2,814          | 4,026            | 723,230                 | 2,160,323 | 593                      |                              |
| December   | 8,839,438                     | 11,892,778 | 10,224,299    | 10,507,916              | 24,092,498                      | 826,410                | 26,596                   | 2,815          | 4,027            | 723,261                 | 1,884,461 | 593                      |                              |

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



Investments as of June 30, 2011

| Institution                         | Certificate ID   | Purchase Dt | Maturity Dt | Principal   | YTM   | Broker                    |
|-------------------------------------|------------------|-------------|-------------|-------------|-------|---------------------------|
| LAI (Walker Fund)                   | 20-14-002 Walker | 15-Jul-11   | 01-Aug-11   | \$319,920   | 0.38% | Northern Inyo Hospital    |
| United States Treasury Note-MBS     | 912828LV0        | 02-Sep-10   | 31-Aug-11   | \$2,014,460 | 0.27% | Multi-Bank Service        |
| United States Treasury Note-MBS     | 912828LW8        | 02-Sep-10   | 30-Sep-11   | \$1,763,230 | 0.30% | Multi-Bank Service        |
| Union National Bank & Trust CO-FNC  | 5L27278          | 19-Oct-09   | 19-Oct-11   | \$250,000   | 2.00% | Financial Northeast Corp. |
| Credit Suisse 1st Boston USA Note   | 22541LAB9        | 02-Feb-10   | 15-Nov-11   | \$541,865   | 1.36% | Multi-Bank Service        |
| General Electric CAP Corp           | 36962G-T3-8      | 18-Jan-11   | 15-Nov-11   | \$777,968   | 0.47% | Multi-Bank Service        |
| Worlds Foremost Bank (FNC CD)       | 5X42688          | 18-Dec-08   | 18-Dec-11   | \$100,000   | 4.40% | Financial Northeast Corp. |
| General Electric CAP Corp           | 36962GSX8        | 21-Dec-10   | 15-Feb-12   | \$1,060,060 | 0.63% | Multi-Bank Service        |
| BP CAP MKTS                         | 05565ABG2        | 16-Dec-10   | 10-Mar-12   | \$2,570,950 | 0.81% | Multi-Bank Service        |
| <b>Total Short Term Investments</b> |                  |             |             | \$9,398,452 |       |                           |
| First Republic Bank-Div of BOFA FNC | 5L28639          | 20-May-10   | 20-May-13   | \$150,000   | 2.40% | Financial Northeast Corp. |
| First Republic Bank-Div of BOFA FNC | 5L28638          | 20-May-10   | 20-May-15   | \$100,000   | 3.10% | Financial Northeast Corp. |
| <b>Total Long Term Investments</b>  |                  |             |             | \$250,000   |       |                           |
| <b>Grand Total Investments</b>      |                  |             |             | \$9,648,452 |       |                           |

**Financial Indicators**

|                   | Target    | Jul-11 | Jun-11 | May-11 | Apr-11 | Mar-11 | Feb-11 | Jan-11 | Dec-10 | Nov-10 | Oct-10 | Sep-10 | Aug-10 |
|-------------------|-----------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Current Ratio     | >1.5-2.0  | 3.62   | 3.98   | 4.49   | 5.34   | 4.78   | 4.72   | 5.14   | 5.39   | 4.23   | 5.43   | 5.34   | 5.17   |
| Quick Ratio       | >1.33-1.5 | 2.89   | 3.49   | 3.87   | 4.30   | 4.15   | 4.20   | 4.62   | 4.88   | 3.54   | 4.65   | 4.72   | 4.62   |
| Days Cash on Hand | >75       | 191.12 | 231.83 | 165.71 | 195.53 | 214.19 | 241.51 | 235.84 | 267.12 | 284.37 | 241.31 | 272.45 | 303.29 |



NORTHERN INYO HOSPITAL  
DEPARTMENTAL NON-EMERGENCY OUTPATIENT VISITS

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

| MONTHS<br>2011   | DIAGNOSTIC RADIOLOGY |      | MAMMOGRAPHY |      | NUCLEAR MEDICINE |      | ULTRASOUND |     | CT SCANNING |      | MRI  |      | LABORATORY |      | EKG/EEG |      | PHYSICAL THERAPY |     | RESPIRATORY THERAPY |       | RURAL HEALTH CLINIC |     | TOTALS |     |      |      |      |      |      |      |      |      |      |       |       |       |
|------------------|----------------------|------|-------------|------|------------------|------|------------|-----|-------------|------|------|------|------------|------|---------|------|------------------|-----|---------------------|-------|---------------------|-----|--------|-----|------|------|------|------|------|------|------|------|------|-------|-------|-------|
|                  | 09                   | 10   | 11          | 09   | 10               | 11   | 09         | 10  | 11          | 09   | 10   | 11   | 09         | 10   | 11      | 09   | 10               | 11  | 09                  | 10    | 11                  | 09  | 10     | 11  | 09   | 10   | 11   |      |      |      |      |      |      |       |       |       |
| JANUARY          | 606                  | 622  | 742         | 434  | 330              | 192  | 96         | 77  | 34          | 206  | 198  | 242  | 155        | 157  | 185     | 470  | 658              | 100 | 1835                | 1619  | 1661                | 120 | 96     | 99  | 363  | 352  | 558  | 10   | 17   | 18   | 1457 | 1220 | 1352 | 5562  | 5356  | 5183  |
| FEBRUARY         | 477                  | 542  | 644         | 182  | 313              | 180  | 51         | 51  | 41          | 195  | 201  | 261  | 153        | 147  | 155     | 435  | 456              | 91  | 1643                | 1522  | 1487                | 314 | 378    | 596 | 10   | 15   | 23   | 1374 | 1254 | 1207 | 4950 | 4991 | 4821 |       |       |       |
| MARCH            | 581                  | 557  | 693         | 261  | 321              | 201  | 1          | 99  | 46          | 201  | 206  | 243  | 152        | 170  | 196     | 472  | 440              | 115 | 1904                | 1785  | 1788                | 428 | 449    | 712 | 13   | 9    | 27   | 1477 | 1404 | 1273 | 5611 | 5577 | 5431 |       |       |       |
| APRIL            | 600                  | 785  | 605         | 378  | 289              | 170  | 68         | 57  | 39          | 198  | 252  | 248  | 161        | 161  | 159     | 483  | 148              | 89  | 1824                | 1804  | 1688                | 109 | 113    | 129 | 380  | 395  | 750  | 16   | 10   | 14   | 1423 | 1384 | 1084 | 5539  | 5409  | 4949  |
| MAY              | 650                  | 764  | 687         | 391  | 177              | 159  | 87         | 40  | 49          | 187  | 234  | 244  | 131        | 163  | 190     | 656  | 109              | 107 | 1811                | 1622  | 1570                | 103 | 93     | 141 | 354  | 456  | 771  | 12   | 19   | 21   | 1373 | 1165 | 1164 | 5756  | 4862  | 5103  |
| JUNE             | 594                  | 632  | 602         | 455  | 199              | 205  | 37         | 42  | 38          | 224  | 220  | 253  | 150        | 158  | 183     | 461  | 100              | 113 | 1881                | 1707  | 1671                | 120 | 104    | 98  | 388  | 401  | 539  | 19   | 14   | 18   | 1387 | 1346 | 1441 | 5716  | 4923  | 5181  |
| JULY             | 510                  | 732  | 644         | 444  | 205              | 179  | 84         | 45  | 36          | 210  | 253  | 238  | 179        | 179  | 187     | 505  | 111              | 89  | 1805                | 1669  | 1626                | 102 | 118    | 91  | 328  | 423  | 499  | 11   | 17   | 13   | 1116 | 1123 | 1388 | 5394  | 4795  | 4870  |
| AUGUST           | /                    | /    | /           | /    | /                | /    | /          | /   | /           | /    | /    | /    | /          | /    | /       | /    | /                | /   | /                   | /     | /                   | /   | /      | /   | /    | /    | /    | /    | /    | /    | /    | /    | /    | /     | /     | /     |
| SEPTEMBER        | /                    | /    | /           | /    | /                | /    | /          | /   | /           | /    | /    | /    | /          | /    | /       | /    | /                | /   | /                   | /     | /                   | /   | /      | /   | /    | /    | /    | /    | /    | /    | /    | /    | /    | /     | /     | /     |
| OCTOBER          | /                    | /    | /           | /    | /                | /    | /          | /   | /           | /    | /    | /    | /          | /    | /       | /    | /                | /   | /                   | /     | /                   | /   | /      | /   | /    | /    | /    | /    | /    | /    | /    | /    | /    | /     | /     | /     |
| NOVEMBER         | /                    | /    | /           | /    | /                | /    | /          | /   | /           | /    | /    | /    | /          | /    | /       | /    | /                | /   | /                   | /     | /                   | /   | /      | /   | /    | /    | /    | /    | /    | /    | /    | /    | /    | /     | /     | /     |
| DECEMBER         | /                    | /    | /           | /    | /                | /    | /          | /   | /           | /    | /    | /    | /          | /    | /       | /    | /                | /   | /                   | /     | /                   | /   | /      | /   | /    | /    | /    | /    | /    | /    | /    | /    | /    | /     | /     | /     |
| CALENDAR YEAR    | 4118                 | 4645 | 4821        | 2545 | 1834             | 1296 | 424        | 411 | 283         | 1421 | 1564 | 1719 | 1091       | 1165 | 1235    | 3482 | 2022             | 704 | 12503               | 11658 | 11368               | 790 | 755    | 823 | 2855 | 2852 | 4425 | 91   | 101  | 134  | 9607 | 8906 | 8909 | 38627 | 35913 | 35518 |
| MONTHLY AVERAGES | 588                  | 654  | 680         | 364  | 252              | 185  | 61         | 59  | 40          | 203  | 223  | 246  | 156        | 165  | 176     | 497  | 289              | 101 | 1786                | 1666  | 1624                | 113 | 108    | 118 | 365  | 407  | 632  | 13   | 14   | 19   | 1372 | 1272 | 1273 | 5518  | 5190  | 5074  |

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

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

| <b>MONTH<br/>APPROVED<br/>BY BOARD</b> | <b>DESCRIPTION OF APPROVED CAPITAL EXPENDITURES</b>  | <b>AMOUNT</b>    |
|--|--|------------------|
| FY 2008-09                             | Coagulation Analyzer   | 25,000           |
| FY 2009-10                             | Platelet Function Analyzer   | 9,000            |
|  | PMA-IT Server Room Wiring Project  | 34,625           |
|  | Nexus VOIP Telephone System  | 958,776          |
|  | Siemens Analyzers EXL/EXL200   | 250,940          |
| FY 2010-11                             | McKesson Paragon Hospital Information System                      Capital Fees Only                  | 2,687,694        |
|  | PenRad Mammography Software  | 20,000           |
|  | Kronos Workforce HR and Payroll  | 244,000          |
|  | AMOUNT APPROVED BY THE BOARD IN PRIOR FISCAL YEARS<br>TO BE EXPENDED IN THE CURRENT FISCAL YEAR      | <u>4,230,035</u> |
| FY 2011-12                             | Bladder Scanner for ER to be purchased by NIH Auxillary Donation                                     | 13,145           |
|  | Transport Monitor for PACU to be purchased by NIH Auxillary Donation                                 | 15,000           |
|  | AMOUNT APPROVED BY THE BOARD IN THE CURRENT FISCAL<br>YEAR TO BE EXPENDED IN THE CURRENT FISCAL YEAR | <u>28,145</u>    |
|  | Amount Approved by the Board in Prior Fiscal Years<br>to be Expended in the Current Fiscal Year      | 4,230,035        |
|  | Amount Approved by the Board in the Current Fiscal<br>Year to be Expended in the Current Fiscal Year | <u>28,145</u>    |
|  | Year-to-Date Board-Approved Amount to be Expended  | 4,258,180        |
|  | Year-to-Date Administrator-Approved Amount<br>Actually Expended in Current Fiscal Year               | <u>31,773 *</u>  |
|  | Year-to-Date Completed Building Project Expenditures   | 0 *              |

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

| MONTH<br>APPROVED<br>BY BOARD | DESCRIPTION OF APPROVED CAPITAL EXPENDITURES                             | AMOUNT               |
|-------------------------------|--|----------------------|
|                               | TOTAL FUNDS APPROVED TO BE EXPENDED                                      | <u>4,289,953</u>     |
|                               | <br><b>Total-to-Date Spent on Incomplete Board Approved Expenditures</b> | <br>871,635          |
| <br>Reconciling Totals:       |  |                      |
|                               | Actually Capitalized in the Current Fiscal Year Total-to-Date            | 31,773               |
|                               | Plus: Lease Payments from a Previous Period                              | 0                    |
|                               | Less: Lease Payments Due in the Future                                   | 0                    |
|                               | Less: Funds Expended in a Previous Period                                | 0                    |
|                               | Plus: Other Approved Expenditures  | <u>4,258,180</u>     |
|                               | <br>ACTUAL FUNDS APPROVED IN THE CURRENT FISCAL YEAR TOTAL-TO-DATE       | <br><u>4,289,953</u> |
|                               | <br>Donations by Auxiliary   | <br>0                |
|                               | Donations by Hospice of the Owens Valley                                 | 0                    |
|                               | +Tobacco Funds Used for Purchase   | 0                    |
|                               |  | <u>0</u>             |
|                               |  | 0                    |

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

| Administrator-Approved Item(s) | Department           | Amount | Month<br>Total | Grand<br>Total |
|--------------------------------|----------------------|--------|----------------|----------------|
| DELL LATITUDE E6420 ATG        | MEDICAL OFF/RAMADAN  | 1,887  |                |                |
| CANON IF ADV 6055 COPIER       | BILLING OFFICE ANNEX | 12,495 |                |                |
| AUTOCLAVE/RITTER/M9            | OB/GYN OFFICE        | 2,100  |                |                |
| COOPER SURGICAL LUMAX PRO      | OB/GYN OFFICE        | 3,495  |                |                |
| LEISENGANG COLPOSCOPE/1 DS     | OB/GYN OFFICE        | 1,950  |                |                |
| MIDMARK 119 EXAM TABLE         | OB/GYN OFFICE        | 2,400  |                |                |
| VACUUM CURETTAGE               | OB/GYN OFFICE        | 1,695  |                |                |
| RITTER 75 EXAM TABLE           | OB/GYN OFFICE        | 3,750  |                |                |
| OAK ROLLTOP DESK               | OB/GYN OFFICE        | 2,000  |                |                |
| <b>MONTH ENDING JULY 2011</b>  |                      |        | <b>31,773</b>  | <b>31,773</b>  |

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Date: 8/31/11  
 Time: 10:00  
 Reinspection \_\_\_\_\_

**Food Facility Inspection Report**

Facility: NORTHERN INYO HOSPITAL Address: BISHOP  
 Food Safety Certificate Name: GLEN FOREHAND Exp. Date: 12/11  
 In= In Compliance N/O= Not observed [X]= items not in compliance cos= corrected on site maj= major

|            |   | cos | maj | out |   | out |
|------------|---|-----|-----|-----|---|-----|
| In/N/O     | 1 Demonstration of knowledge                |     |     |     | 24 Person in charge present and performs duties     |     |
| In         | 2 Communicable disease restriction          |     |     |     | 25 Personal cleanliness and hair restraint          |     |
| In/N/O     | 3 Discharge of eyes, nose, mouth            |     |     |     | 26 Approved thawing methods                         |     |
| In/N/O     | 4 Eating, tasting, drinking, tobacco        |     |     |     | 27 Food separated and protected                     |     |
| In/N/O     | 5 Hands properly washed, glove use          |     |     |     | 28 Washing fruits and vegetables                    |     |
| In         | 6 Handwashing facilities available          |     |     |     | 29 Toxic substances properly identified and stored  |     |
| In/N/A N/O | 7 Proper hot and cold holding               |     |     |     | 30 Food storage 31 self service 32 labeled          |     |
| In N/A N/O | 8 Time as control, records                  |     |     |     | 33 Nonfood contact surfaces clean                   |     |
| In/N/A N/O | 9 Proper cooling                            |     |     |     | 34 Warewashing facilities maintained, test strips   |     |
| In/N/A N/O | 10 Cook time, temp                          |     |     |     | 35 Equipment, utensils, approved, clean good repair |     |
| In/N/A N/O | 11 Reheating temperature                    |     |     |     | 36 Equipment, utensils and linens, storage and use  |     |
| In N/A N/O | 12 Returned and reservice of food           |     |     |     | 37 Vending Machines                                 |     |
| In         | 13 Food in good condition, safe             |     |     |     | 38 Adequate ventilation and lighting                |     |
| In/N/A N/O | 14 Food contact surfaces clean, sanitized   |     |     |     | 39 Thermometers provided and adequate               |     |
| In         | 15 Food from approved source                |     |     |     | 40 Wiping cloths properly used and stored           |     |
| In N/A N/O | 16 Shell stock tags 17 Gulf Oyster regs     |     |     |     | 41 Plumbing, proper backflow prevention             |     |
| In N/A N/O | 18 Compliance with HACCP plan               |     |     |     | 42 Garbage properly disposed, facilities maintained |     |
| In N/A N/O | 19 Advisory for raw/undercooked food        |     |     |     | 43 Toilet facilities supplied, clean                |     |
| In N/A     | 20 Health care/ School prohibited food      |     |     |     | 44 Premises clean, vermin proof                     |     |
| In         | 21 Hot & cold water. Hot Temp: <u>122°F</u> |     |     |     | 45 Floors, walls and ceilings maintained and clean  |     |
| In         | 22 Wastewater properly disposed             |     |     |     | 46 No unapproved living or sleeping quarters        |     |
| In         | 23 No rodents, insects, birds, animals      |     |     |     | 47 Signs posted. Last inspection report available   |     |

No PHF [ ]

| Temp           | Food | Location | Temp | Food | Location | Temp | Food | Location |
|----------------|------|----------|------|------|----------|------|------|----------|
| 33             |      | WALK-173 |      |      |          |      |      |          |
| 30, 31, 34, 35 |      | KITCHEN  |      |      |          |      |      |          |
| 32, 38         |      |          |      |      |          |      |      |          |

Comments:  
FOOD IS SAFELY STORED, PREPARED, & SERVED.

Received By: Glen Forehand REHS: ANDREW KIRK

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**NORTHERN INYO HOSPITAL  
POLICY AND PROCEDURE**

|  |  |
|--|--|
| <b>Title: Preoperative Medication Guidelines</b> |  |
| <b>Scope:</b>                                    | <b>Department: Anesthesia, Outpatient, Surgery</b> |
| <b>Source: OP Nurse Manager</b>                  | <b>Effective Date:</b>                             |

The following guidelines have been developed for use in preoperative teaching settings by the nurse at the time of the preoperative interview and by the physician/physician's office at the time of the preoperative instruction. See the policy/procedure: "Preoperative Medications".

**Patients will not be allowed to take their own medications while in the hospital unless NIH Pharmacy has arranged for it.**

**GUIDELINES**

**Medications the patient should take the morning of surgery before coming to the hospital with a small sip of water:**

- ❖ Heart or blood pressure medication that is not a diuretic\* or a combination diuretic product\* that he/she normally takes in the morning (\*see below for exceptions)
- ❖ Anti-seizure or anti-psychotic medication that he/she normally takes in the morning
- ❖ Inhalers that he/she normally takes in the morning
- ❖ H2 and proton pump inhibitors (Examples are: Nexium, Protonix, Pepcid, AC, Prevacid, Prilosec, Cytotec)
- ❖ All medication patches should remain on the patient.

**Patients may take medications they consider necessary (i.e. thyroid medication) as long as it isn't contraindicated (i.e. insulin).**

**Medications that should not be taken:**

- ❖ Anti-hyperglycemics (oral or insulin)
- ❖ Diuretics or combination diuretic products **except for ophthalmology patients. The surgeon and anesthesiologist prefer the ophthalmology patients take their diuretics as usual.**
- ❖ Viagra (sildenafil citrate) or any other erectile dysfunction drugs.
- ❖ ACE (Angiotensin Converting Enzyme) Inhibitors and ARBs (Angiotensin Receptor Blockers) for any patient that may receive a general anesthetic.
- ❖ Digoxin (not contraindicated but since it is long-lasting, is not necessary)

**Any questionable medication should be checked with the anesthesiologist**

- ❖ Patients should be asked to bring a list of their usual medications to the hospital the morning of their surgery if they are unsure of their medications at the time of the preoperative interview.
- ❖ The patient can take his/her medication at home after discharge per physician discharge orders.

**DOCUMENTATION:** Complete the appropriate sections of the Surgical Checklist and the Preoperative Instructions sheet at the time of the interview. Patients should sign the Preoperative Instructions sheet and take the white (top) copy with them.

**Index Listing:** Preoperative Medication Guidelines; Guidelines, Preoperative Medication

**Revised:** 4/97, 1/29/01, 6/01, 2/03, 5/08, 05/10, 5/11 AW, 7/11 AW

**NORTHERN INYO HOSPITAL  
POLICY AND PROCEDURE**

|                                      |  |
|--------------------------------------|--|
| Title: <b>Preoperative Interview</b> |  |
| Scope:                               | Department: <b>Anesthesia, Outpatient, PACU, Surgery</b> |
| Source: OP/PACU Nurse Manager        | Effective Date:  |

**PURPOSE:**

The preoperative interview, ideally conducted in the week before surgery, facilitates communication between the patient and the perioperative staff. Preoperative teaching helps reduce patient anxiety and increases patient cooperation.

Information from this interview may be used to plan nursing care thus improving and individualizing patient care. Problems that require a physician decision can be addressed beforehand facilitating a smoother perioperative experience.

**POLICY:**

Patients will be interviewed by a perioperative nurse at the time of the preoperative lab work/testing. Interviews not completed in person should be completed the day before surgery by phone.

**SPECIAL CONSIDERATIONS:**

Physician order not required

Procedure may be performed by X RN X LVN

Special education required to perform procedure: X no, although the interview should be performed by an experienced perioperative nurse.

**Pediatric patients:** A pediatric assessment form will be used for children age 13 and under. Age Specific considerations: pediatric parents are a source of information for preoperative interviews and should be included. There are some teaching tools specifically geared toward our pediatric patient population. An OR toy set for children old enough not to put pieces in their mouths and same-day-surgery coloring books. Pediatric patients can be shown anesthesia mask and this can be used later in the OR for that particular patient.

**Adolescent patients:** It may be beneficial to conduct the preoperative interview without having the parents present due to the nature of some of the assessment questions.

\* Parents/guardians of any pediatric or adolescent patient should be encouraged to stay in the hospital for the duration of the child's perioperative experience.

**Geriatric patients:** You may need to write some information down for these patients i.e. arrival time, and medications that should be taken with a sip of water at home preoperatively.

- I. The OR clerk will be contacted by Admitting or the Outpatient clerk when a patient arrives for lab work and/or a preoperative interview. A nurse from the OR, PACU or OPD will be designated to perform the interview at that time. The nurse will check the original OR schedule noting the use of surgery, surgeon, anesthesiologist, date and what time the patient's surgery is scheduled.
- II. The nurse will go to the admission area, identify herself/himself to the patient, and take the patient to a private area for interview.

**NORTHERN INYO HOSPITAL  
POLICY AND PROCEDURE**

|                                      |  |
|--------------------------------------|--|
| <b>Title: Preoperative Interview</b> |  |
| <b>Scope:</b>                        | <b>Department: Anesthesia, Outpatient, PACU, Surgery</b> |
| <b>Source: OP/PACU Nurse Manager</b> | <b>Effective Date:</b>                                   |

The nurse should emphasize several points: Clothing-It is best to wear loose comfortable clothing that will be wide enough over the operative area to allow for a dressing. Valuables: It is best to leave all money and jewelry at home including watches. Make-up: It is suggested that no make-up be worn. Nail polish should be removed from the index finger and thumb of both hands, and from the entire hand or foot of any limb involved in the surgery. Equipment: The nurse will review any special equipment the patient might need (braces, crutches, TED hose, etc.) and encourage the patient to bring appropriate equipment he/she may already have to the hospital the morning before surgery. The patient must bring their CPAP machine to the hospital if one is used by the patient at home.

5. **Discharge RX:** Check with the patient for preferred Pharmacy. This allows the PACU nurse to arrange for discharge medications to be dispensed as soon as possible following discharge.

6. **Transportation:** The patient must be informed that he/she will need to be taken home by a responsible adult if any anesthetic (general, spinal, epidural) or IV sedation has been administered. If the person providing the ride is not at the hospital, the patient must provide the phone number for the person providing transportation home. A responsible adult should be with the patient overnight following any surgery for which the patient has received a general anesthesia.

C. **Nursing Care Plan:** The interviewing nurse should complete a written plan of care for the patient for any unique patient problems/needs. If there are no special needs then the nurse should write "Standards of Care for Procedure". The nurses' name should be signed on the interview/care plan.

**DOCUMENTATION:** The "Surgical Checklist", and the "Admission Nursing Assessment".

To View a copy of a PREOPERATIVE INSTRUCTION Sheet, view PREOPERATIVE INSTRUCTION SHEET in Policy Manager.

**Reference:** Current and relevant JCAHO and Title 22 Standards, ASA Standards

**Responsibility for Review and Maintenance:** OPD/PACU Nurse Manager

**Index listings:** Perioperative Interview; Interview, Preoperative

**Revised:** 9/97, 2/1/01, 9/08, 05/11AW, 7/11 AW

# Northern Inyo Hospital Policy and Procedure

## Title: Procedural Sedation

### PURPOSE:

To provide a consistent standard for the administration of sedation during procedures performed at Northern Inyo Hospital

### DEFINITIONS:

- 1) Minimal Sedation – A drug-induced state in which patients respond normally to verbal commands. Although cognitive function and coordination may be impaired, ventilator and cardiovascular functions are unaffected. ‘Minimal Sedation’ includes analgesia, anxiolysis and/or the use of a soporific for the purpose of performing a procedure.
  - a. Analgesia – Pain control, often with a narcotic, which is expected to have no significant effect on the patient’s level of consciousness.
  - b. Anxiolysis – Control of anxiety, most commonly with a benzodiazepine, which is expected to have no effect on a patient’s level of consciousness.
  - c. Soporific – A sleeping agent, which, at the usual dose and route, is expected to induce sleep from which a patient can be easily aroused.
- 2) Dissociative Sedation – A trance-like state of unconsciousness in which the patient is unresponsive to pain and of which the patient will have no memory. Airway reflexes are maintained and vital signs remain stable. This state is unique to Ketamine in appropriate doses.
- 3) Moderate Sedation – A drug-induced depression of consciousness during which the patient responds purposefully to verbal commands, either alone or with light tactile stimulation. No interventions are required to maintain a patent airway and spontaneous ventilation is adequate. Cardiovascular function is usually maintained. Medications to be used may include, but are not limited to, benzodiazepines, narcotics and barbiturates.
- 4) Deep Sedation - A drug-induced depression of consciousness during which patients are not easily aroused, but respond purposely after repeated or painful stimulation. The ability to independently maintain ventilatory function may be impaired. Patients may require assistance in maintaining a patent airway and spontaneous ventilation may be inadequate. Cardiovascular function is usually maintained. Medications to be used may include, but are not limited to, all of the above plus propofol and etomidate.
- 5) General Anesthesia – A drug-induced unconsciousness during which it is expected that respirations, motor tone and protective airway reflexes may be abolished, requiring complete airway and respiratory support. General anesthesia may only be administered by an Anesthesiologist or a Certified Registered Nurse Anesthetist (CRNA) with appropriate clinical privileges. ED physicians may induce general anesthesia only when the goal is endotracheal intubation, as in Rapid Sequence Intubation, and as delineated in their Hospital privileges.

## POLICY:

- 1) Procedural sedation in the hospital shall be monitored and evaluated by the Surgery, Tissue, Transfusion and Anesthesia Committee according to the policy and performed to assure optimal patient outcomes. The physician providing sedation must be thoroughly familiar with the use and potential complications of the drugs used.
- 2) This policy applies in the hospital when patients receive, by any route, for any purpose, moderate, deep or dissociative sedation. **EXCEPTIONS:** This policy does not apply to patients receiving medications for pain control, seizures, insomnia, preoperative medications, anxiety management, or medications given to intubated patients while on ventilatory support. This policy also does not apply to anesthesiologists providing General Anesthesia.
  - a. Minimal sedation, as defined above, does not require any special monitoring or facilities other than maintaining verbal or visual contact with the patient until the effects of the medication have reached their peak, but continuous Pulse Oximetry may be considered.
- 2) Sedation may only be performed by a physician with the appropriate privileges at NIH. Medications ordered for the purpose of sedation may be administered by the RN; medications for moderate or deep sedation must be administered under the direct supervision of the physician who must be present in the department.
- 3) The following resources shall be available in all locations where medications are administered to induce sedation:
  - a. Equipment to monitor vital signs including pulse, respiratory rate and oxygenation.
  - b. Appropriately sized equipment for establishing and providing airway maintenance, including a selection of laryngoscope blades with handle and endotracheal tubes.
  - c. Suction and supplemental oxygen with the appropriately sized adjuncts.
  - d. Crash cart equipped with a defibrillator.
  - e. Appropriate selection of masks and airways.
  - f. Means to administer positive-pressure ventilation (e.g. ambu bag).
  - g. Pharmacologic antagonists, including naloxone and flumazenil.
- 4) Because deep sedation carries a high level of risk, the administration must be carefully planned. A sedation plan will be developed to meet patient needs identified through a pre-sedation assessment.
- 5) Physicians providing moderate or deep sedation must have training and experience in:
  - a. Evaluating patients prior to performing moderate or deep sedation.
  - b. Performing the sedation, including methods and techniques required to rescue those patients who unavoidably or unintentionally slip into a deeper level of sedation than desired.
  - c. Managing an unstable cardiovascular system as well as a compromised airway and inadequate ventilation.
- 6) All physicians requesting privileges in moderate, dissociative and deep sedation must meet the following criteria:
  - a. Satisfactory completion of the sedation reading list or tutorial and completion of the post-test at least every 2 years.
  - b. Documentation of 6 successful sedation procedures within 2 years.
  - c. Current ACLS and/or PALS certification or appropriate Board Certification.

- 7) The Registered Nurse administering the medications to be used for sedation must be competent in the following areas:
  - a. Basic arrhythmia recognition
  - b. Airway management
  - c. Current in BLS, ACLS and PALS
  - d. Clinical pharmacology and hemodynamic variables of the medications to be used and their antagonists
  - e. Knowledge of the appropriate monitoring equipment.
- 8) Sufficient numbers of qualified personnel will be present during sedation to:
  - a. Appropriately evaluate the patient prior to sedation.
  - b. Provide the sedation. The sedation nurse will have no additional responsibilities during the procedure.
  - c. Perform the procedure.
  - d. Monitor the patient.
  - e. Recover and discharge the patient from the department where sedation has been administered.
- 9) The patient's response to sedation and the procedure will be documented in the patient's record.
- 10) Outcomes of patients undergoing moderate, dissociative or deep sedation will be collected and analyzed within the Peer Review process in order to identify opportunities to improve.

## PROCEDURE:

### PRE-SEDATION:

The nurse will complete a pre-procedure assessment with documentation to include:

- Patient identified using 2 patient identifiers (MR#, DOB, Name or Acct#)
- Baseline vital signs including oxygen saturation
- Physical assessment including age, weight, level of consciousness and pregnancy status
- Allergies
- Current medications
- Current medical problems
- Preferred NPO status
  - May not be obtainable due to nature of emergency
  - Consider addition of Reglan or Bicitra 20-30 minutes prior to procedure for patients with a full stomach
  - Pregnancy greater than 20 weeks, obesity and prior history of reflux should always be considered a potential full stomach
  - Non-emergency NPO guidelines:
 

|                                  |
|----------------------------------|
| Previous 2 hours - clear liquids |
| Previous 4 hours - breast milk   |
| Previous 6 hours - light meal    |
| Previous 8 hours - heavy meal    |
- Signed consent for the procedure including sedation, if condition permits
- IV status (patent, running, saline lock)
- Verification that a responsible adult is available to transport the patient home



- Equipment available
- Reversal agents

Physician documentation will include:

- Focused history and physical for the chief complaint
- History of patient or family complications to sedation
- Risks, benefits and alternatives of the procedure and types of sedation have been discussed with the patient and family prior to administration.
- An immediate pre-procedure assessment including a review of vital signs and patient status.
- Airway assessment with classification based on the American Society of Anesthesiology (ASA) classification system listed below. Any patient assessed an ASA-IV or greater requires consultation from the anesthesiologist.

### SEDATION:

- 1) The patient will be monitored continuously throughout the procedure. Monitoring will be done by the medication/monitoring RN who will not assist with the procedure.
  - a. Vital signs, including sedation scale and oxygen saturation levels will be recorded every 5 minutes throughout the procedure.
    - a. For deep sedation, vital signs should be monitored more closely, at least every 3 minutes.
  - b. Medications given, including dose, route and response will be documented throughout the procedure.
  - c. A change of 20% or more from baseline in pulse, heart rate or oxygen saturation should be reported to the physician.
  - d. Documentation should also include the patient's tolerance of the procedure, estimated blood/fluid loss, acute changes in the patient's status, interventions performed and disposition of the patient.
- 2) A respiratory therapist will be at the bedside for any moderate or deep sedation in the ED.
- 3) ETCO<sub>2</sub> Monitoring will be used for deep sedation, if available.

### POST-PROCEDURE:

- 1) Immediately after the procedure, the physician will document the outcome of the procedure, the patient's response to the sedation and any complications.
- 2) Routine nursing recovery care will include, but not be limited to:
  - a. Admission Aldrete score
  - b. Blood pressure, respirations and heart rate every 15 minutes
  - c. Continuous monitoring of oxygen saturation, respirations, and cardiac rhythm
  - d. Documentation of vital signs will continue every 15 minutes until the patient reaches discharge criteria defined as an Aldrete score of 8 for 30 minutes or achieves a score equivalent to pre-procedure levels. If a reversal agent was administered, this monitoring time will be extended to at least one hour after the last reversal agent was administered.
- 3) Any abrupt deterioration of the patient's condition will be reported to the physician immediately. These include, but are not limited to:
  - a. Respiratory rate greater than 20 or less than 10

- b. Oxygen saturation less than 90% or less than pre-procedure levels
- c. Stridor, wheezing or croup symptoms
- d. Shallow or inadequate tidal volumes
- e. Sudden onset of cyanosis
- f. Repeated respiratory obstruction
- g. Systolic blood pressure less than 80% under or more than 20% over preoperative values
- h. Pulse greater than 120 or less than 50
- i. Any cardiac dysrhythmias
- j. Any deterioration in mental status

## DISCHARGE:

- 1) Patients who have received procedural sedation may be discharged when the following criteria are met:
  - a. Discharge order from the physician
  - b. Vital signs to within +/- 20% of pre-procedure level
  - c. Level of consciousness returned to pre-procedure state
  - d. Return of baseline motor function, including able to ambulate without assistance (if applicable)
  - e. Able to tolerate oral fluids (unless contraindicated)
  - f. Pain is manageable
  - g. Oxygen saturation maintained at 94% or greater or is stable at pre-procedural level
- 2) Patient and family education and discharge planning is done and validation that learning took place is documented. Written discharge instructions should cover the following:
  - a. Limitations of activity (including operating a motor vehicle or heavy machinery)
  - b. Dietary precautions
  - c. Medications
  - d. Signs and symptoms of complications with a course of action to take
  - e. Name and phone number of physician and hospital
  - f. Follow-up instructions
- 3) Transportation home shall be by a responsible adult other than the patient.

## ASA SCORING:

American Society of Anesthesiologists grading for anesthetic assessment

1. ASA I - A normal healthy patient without medical problems
2. ASA II - A patient with mild systemic disease (that does not limit activity)
3. ASA III - A patient with moderate or multiple controlled systemic diseases (limits activity, but not incapacitating)
4. ASA IV - A patient with severe systemic disease that is incapacitating and is a constant threat to life
5. ASA V - A moribund patient who is not expected to survive with or without the operation

If any of the above categories is an emergency, it is suffixed with 'E'.

## ALDRETE SCORING:

### ACTIVITY

Able to move 4 extremities voluntarily or on command = 2

Able to move 2 extremities voluntarily or on command = 1

Able to move 0 extremities voluntarily or on command = 0

### RESPIRATION

Able to deep breathe and cough freely = 2

Dyspnea or limited breathing = 1

Apneic = 0

### CIRCULATION

BP" 20% of Preanesthetic level = 2

BP" 20-50% of Preanesthetic level = 1

BP" 50% of Preanesthetic level = 0

### CONSCIOUSNESS

Fully Awake = 2

Arousable on calling = 1

Not responding = 0

### COLOR

Pink = 2

Pale, dusky blotchy, jaundiced, other = 1

Cyanotic = 0

# Northern Inyo Hospital MERP

## Plan to Eliminate or Substantially Reduce Medication-Related Errors 2011

### Introduction

Northern Inyo County Local Hospital District operates a Critical Access 25-bed general acute care hospital, located in Bishop, California. Northern Inyo Hospital serves a rural population of approximately 18,000 residents of Inyo County, 10,000 square miles in area, located between the eastern slopes of the Sierra Nevada and the Nevada/California border.

For purposes of this plan, a "medication-related error" means any preventable medication-related event that adversely affects a patient at Northern Inyo Hospital, and that is related to professional practice, or health care products, procedures, and systems, including, but not limited to, prescribing, prescription order communications, product labeling, packaging and nomenclature, compounding, dispensing, distribution, administration, education, monitoring, and use.

### Multi-disciplinary Process

The Pharmacy and Therapeutics Committee is responsible for implementation of the Northern Inyo Hospital Medication Error Reduction Plan. The Pharmacy & Therapeutics (P&T) Committee is a multi-disciplinary Medical Staff committee. The Medical Staff Bylaws establish the following:

The committee is composed of at least 2 Active Staff Members, the Pharmacy Director, and the Director of Nursing or other nurse designated by the Director of Nursing. Ex Officio members serving without vote shall include the Administrator, or the Administrator's designee, and the Quality Improvement Coordinator.

The committee meets at least once each quarter. The committee is "responsible for development of all drug utilization policies and surveillance of all drug utilization practices within the Hospital, in a reasonable effort to assure optimum clinical results and minimal potential for hazard, subject to such approval by the District Board of Directors, the Administrator, and the Executive Committee of the Medical Staff. The committee is accountable to the Executive Committee of the Medical Staff.

The Performance Improvement Coordinator reports to the Administrator and the Board of Directors.

The Medication Administration Improvement Committee (MAIC), consisting of members of Nursing Administration, Pharmacy, Ancillary services and Performance Improvement was established in 2002. The MAIC performs Medication Occurrence information gathering, chart review and database maintenance functions. The MAIC gathers data on medication errors and potential errors and develops strategies, policies and procedures for improvement of the medication use process and the reduction of medication errors. The MAIC reports its findings and makes recommendations to the Pharmacy and Therapeutics Committee for its consideration, approval and action. The MAIC further functions to communicate P&T findings, policies and recommendations to the Nursing, Pharmacy and Ancillary staffs.

The Pharmacy and Therapeutics Committee with the help of the MAIC will evaluate, assess, and address each of the following:

1. Prescribing
2. Prescription order communications
3. Product labeling
4. Packaging and nomenclature
5. Compounding
6. Dispensing
7. Distribution
8. Administration
9. Education
10. Monitoring
11. Use

The evaluation and assessment will include periodic concurrent and prospective assessment using outside expertise and monthly evaluation and assessment of medication errors as well as assessment of the affects of each of the methods used to improve professional practice, health care products, procedures, and systems.

Outside expertise will be accessed in two ways:

1. By distributing the ISMP Safety Alert newsletter and the ISMP Nurse Advis-ERR newsletter to all nurses and pharmacists. Items that match the scope of practice at NIH will be brought to the attention of the MAIC by its members for assessment and action as warranted.
2. Expert review of NIH medication safety by Dan Ross, Pharm.D. will be done this year.

Monthly Evaluation and Assessment of Medication Errors and Occurrences

Self reported medication errors and occurrences will be compiled, evaluated and assessed to develop possible preventative strategies by the MAIC. In addition, the monthly compilation will be reported to the Pharmacy and Therapeutics Committee for their evaluation and assessment. Error trends will be noted by the MAIC and Pharmacy and Therapeutics Committees and strategies will be implemented to reduce or eliminate these errors.

### Evaluation of Affects of Strategies

Using error data and process data (of processes that are determined to increase error risk), the effectiveness of strategies implemented to reduce medication errors and improve professional practice, health care products, procedures, and systems will be assessed and evaluated.

### Technology use in the reduction or elimination of medication errors

Technology deployed since 2002:

1. Pharmacy Information System updated to include
  - a. Allergy checking
  - b. Duplicate therapy checking
  - c. Drug interaction checking
2. Standard Mix Calculator deployed to all nursing units
  - a. This Excel based program contains worksheets for all IV medications mixed or premixed.
  - b. The program instructs the nurses and physicians in the standard concentrations allowed at NIH.
  - c. The program allows nurses to input patient-specific information in worksheets for each IV medication mixed or pre-mixed, yielding patient-specific and dose-specific rates of infusion and calculated bolus doses.
3. Pharmacy Computer-generated Medication Administration Records (MAR's) implemented
  - a. This technology was implemented to standardize administration times and to reduce transcription errors seen when hand written MAR's were recopied.
4. Omnicell automated dispensing cabinet in emergency room. This was the first cabinet implemented at NIH. The cabinet was implemented with the two safety intents:
  - a. Cabinet-generated medication usage documentation is compared daily to emergency room charts providing the pharmacy with true administration data revealing medication errors not previously detectable. This data is used to improve medication administration in ER.

- b. Cabinet-generated allergy warnings and other administration warnings appear at time of removal providing a process safety step previously unavailable.
5. Omnicell automated dispensing cabinets on Medical-Surgical Unit, ICU and OB units configured with patient profiles. This system was implemented with three safety intents:
  - a. Pharmacy generated patient profiles via direct, real-time interface with the pharmacy information system allows strict control of which medications are accessed by nurses. All cabinets were purchased with lidded bins, lock lid bins and with single unit controlled drug dispensers. All removals are verified with MARs to detect charting-generated errors and to verify controlled substance administration to determine if there has been any diversion.
  - b. Overrides are limited to base IV solutions, certain pain medications and newborn medications that have to be administered within one hour of birth. Overrides performed after pharmacy hours generate allergy warnings, black box warnings, and special administration warnings programmed by pharmacy.
  - c. This system allowed the permanent closing of the pharmacy to the nursing supervisor. Medications needed that are not stored in the medication cabinets require the pharmacist on call to come to the pharmacy to dispense the medication or to admix the IV.
6. Remote pharmacist after-hours coverage.

The implementation of this technology provides for orders to be faxed to the Pharmacy Fax Queue which is accessed after hours by NIH pharmacists via Citrix connection. The orders are reviewed and input into the pharmacy information system, thus providing for 24 hour pharmacy coverage utilizing NIH pharmacists. This technology is designed to have two safety benefits:

  - a. To provide a critical pharmacist review of orders
  - b. To eliminate overrides except in emergencies
7. Electronic MAR

This technology was implemented in 2009. It provides real-time pharmacy generated administration profiles and real-time nurse charting. This technology is intended to have two safety benefits:

  - a. To reduce errors identified as generated by the necessity for multiple pages of hard-copy MARs, replacement of MAR's daily that have hand-written entries, and time delays in order entry by pharmacy that result in MAR's generated for distribution without all current orders printed on them.
  - b. To provide timing reminders for orders due, or overdue. Omitted and late orders are a majority of medication errors at NIH.
8. Up To Date

This program is available to all hospital staff on the intranet. It provides peer reviewed, evidence based, medical information and drug information using Lexi-Comp. Safety benefits include:

- a. Protocols for treatment of disease states.
- b. Age and disease state medications doses
- c. Medication administration information
- d. Approved off-label uses for medications

Planned technology:

NIH will develop Bedside Bar Coding in 2011 and implement in 2012 as part of our move to McKesson Paragon Health Information System.

**The specific planned areas of assessment and improvement for 2011 are:**

Prescribing:

**Prescribing of Antibiotics:** We will study the appropriateness of empiric therapy. The response of prescribing to culture and sensitivity data. We will report the results to the medical staff and will initiate interventions to improve the judicious use of antibiotics. We will report the impact of our interventions to the medical staff.

Prescription Order Communication:

**Reduction of use of Verbal Orders:** Since our efforts in 2007-2009 greatly reduced the number of verbal orders given in the Emergency Dept, this area will not be studied in 2011.

Product Labeling

We will study the labeling of IV solutions and Piggybacks by nursing after removal from the Omnicell. We will report the results to the medical staff and will initiate processes to improve labeling if needed. We will measure the results of these processes.

Packaging and Nomenclature

Since our efforts in 2007 and 2008 resulted in the elimination of look-alike sound-alike errors, this area will not be studied in 2011.

Compounding

We will assess the competency of pharmacy personnel in compounding by using bacterial media kits which are sent to the Lab for incubation. The results will be reported to the medical staff.



## Dispensing

We will study the impact on overrides of after-hours telepharmacy. The results will be reported to the medical staff.

## Distribution

Omnicells will be inventoried monthly. We will report the accuracy of dispensing into Omnicell by the pharmacy and look for improvement possibilities. The result of the inventory will be reported to the Medical Staff.

## Administration

We will perform med-pass observation using an assessment tool. We will report the result to Nursing and undertake education as necessary. We will reassess performance in Administration by repeating med-pass observation quarterly.

## Education

We will study the use of online drug information in dose checking for pediatric doses by nursing and Respiratory Therapy. We will report the results to nursing and the Medical Staff.

## Monitoring

We will study of the impact of pharmacist monitoring of high-risk medications including:

Acetaminophen  
Anticoagulants  
PCA's

## Use

We will study the use of medications in the Emergency Room that have been obtained from Omnicell units in other locations.

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**NORTHERN INYO HOSPITAL  
PRIVATE PRACTICE PHYSICIAN  
INCOME GUARANTEE AND PRACTICE MANAGEMENT AGREEMENT  
Medical Director of Orthopedic Services**

This Agreement is made and entered into on this \_\_\_\_\_ day of \_\_\_\_\_ 2011 by and between Northern Inyo County Local Hospital District ("District") and Peter Godleski, M.D. ("Physician").

**RECITALS**

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

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

**I.  
COVENANTS OF PHYSICIAN**

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

- 1.01. **Services.** Physician shall provide Hospital with the benefit of his direct patient care expertise and experience, and shall render those services necessary to enable Hospital to achieve its goals and objectives for the provision of Orthopedics Services. The scope of services to be performed by Physician is described in Exhibit A attached hereto and incorporated by reference herein. Physician shall provide Hospital with patient medical record documentation of all direct patient care services rendered hereunder; such documentation shall be submitted to Hospital on an ongoing basis, and shall be in the form, and contain the information, requested by the Hospital such that a complete medical record can be assembled.
- 1.02. **Limitation on Use of Space.** No part of any offices provided by the District either by lease or other arrangement shall be used at any time by Physician for anything other than the private practice of Orthopedic medicine unless specifically agreed to, in writing, by the parties.

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

- a) Maintain uninterrupted, continuous Provisional or Active Medical Staff ("Medical Staff") membership with surgical privileges sufficient to provide all services reasonably and normally required by patients of Northern Inyo Hospital and/or residents of the District, including without limitation: clinic staffing, emergency room call, surgery, consulting, diagnostic interpretation of radiologic images, physical therapy diagnosis and prescriptions, and referrals for rehabilitation.
- b) Provide on-call coverage to the Hospital's Emergency Services within the scope of privileges granted to him by Hospital and as required by this agreement 365 days a year, 24 hours a day, seven days a week, for the term of this Agreement.
- c) Secure, provide and arrange the services of at least one other physician, credentialed by the Medical Staff with sufficient skills to provide relief coverage for Physician. Compensation to this physician will be the sole responsibility of Physician.
- d) Maintain books, records, documents, and other evidence pertaining to all costs and expenses incurred, and revenue acquired, pursuant to this Agreement to the extent, and in such detail, as will properly reflect all net costs, direct and indirect, of labor, materials, equipment, supplies, services, and other costs and expenses of whatever nature, for which he may claim payment or reimbursement from the District. Physician acknowledges and agrees that any federal office authorized by law shall have access, for the purpose of audit and examination, to any books, documents, papers, and records of Physician which are relevant to this Agreement, at all reasonable times for a period of four (4) years following the termination of this Agreement, during which period Physician shall preserve and maintain said books, documents, papers, and records. Physician further agrees to transfer to the District, upon termination of this Agreement, any books, documents, papers or records which possess long-term [*i.e.*, more than four (4) years] value to the Hospital. Physician shall include a clause providing similar access in any sub-contract he may enter with a value of more than Ten Thousand Dollars (\$10,000) or for more than a twelve (12) month period, when said sub-contract is with a related organization.
- e) 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.
- f) District expressly agrees that said services might be performed by such other qualified physicians as the Physician may employ or otherwise provide so long as each such physician has received proper training, is properly licensed, has been granted privileges by the Hospital Medical Staff, and has received approval in writing from the Hospital.

**II.**  
**COVENANTS OF THE DISTRICT**

**2.01. Hospital Services.**

- a) Space. Hospital shall make the Offices available for the operation of Physician's Practice either through a direct let at no cost to the physician or through an arrangement with a landlord, also at no cost to the physician, other than the fees retained by the hospital (3.05).

- b) **Equipment.** In consultation with Physician, Hospital shall provide all equipment as may be reasonably necessary for the proper operation and conduct of Physician's practice. Hospital shall repair, replace or supplement such equipment and maintain it in good working order.
- 2.02. **General Services.** District shall furnish ordinary janitorial services, maintenance services, and utilities, including telephone service, as may be required for the proper operation and conduct of Physician's Practice.
- 2.03. **Supplies.** District shall purchase and provide all supplies as may be reasonably required for the proper treatment of Physician's Practice patients. Physician shall inform Hospital of supply needs in a timely manner and shall manage the use of supplies in an efficient manner that promotes quality and cost-effective patient care.
- 2.04. **Personnel.** District shall determine the initial number and types of employees and place them in the Practice initially. Physician and Hospital will mutually agree to subsequent staffing requirements. Physician shall not be required to maintain any personnel that he does not feel is appropriate for the practice.
- 2.05. **Business Operations.** District shall be responsible for all business operations related to operation of the Practice, including personnel management, billing and payroll functions. Physician will provide the appropriate billing codes, which will be used unless changed by mutual consent of the Physician and Hospital. Hospital will incur and pay all operating expenses of the Practice.
- 2.06. **Hospital Performance.** The responsibilities of District under this Article shall be 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 Orthopedic 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.
- 2.08. **Time Off.** Physician may take up to 15 weeks per year off provided he is able to secure the services of another physician to assume his responsibilities. Physician must take 4 weeks off the first year on this agreement and 6 weeks every year after that and provide the coverage required by this agreement at his own expense.
- 2.09 **Emergency Absences.** Physician may take up to 20 days per year off for unforeseen emergencies, for reasons such as illness and family emergencies. These emergencies will not be considered "liquidated damages", (see 4.05) unless extended for more than 48 hours after which physician must provide coverage.

**III.**  
**COMPENSATION**

3.01. **Compensation.** During the term of this agreement, District shall guarantee Physician an annual income of \$1,000,000 payable to Physician at the higher of 50% of fees collected for services rendered in Section II or the rate of \$38,461.54 every two (2) weeks, adjusted annually to reflect 50% of fees collected so that payments will not exceed the minimum guarantee on an annualized basis. All payments shall be made on the same date as the District normally pays its employees. This guarantee will not be amended in any way because of the number of orthopedic physicians practicing in the service area or supporting Physicians practice.

50% of the collections, in excess of \$1,000,000.00, for professional fees rendered by Physician shall be remitted to the physician at the time of reconciliation, at least annually. Said reconciliation shall consider all fees collected and all remittances paid for the term of this contract.

3.02. **Malpractice Insurance.** Physician will secure and maintain his own malpractice insurance with limits of no less than \$1 million per occurrence and \$3 million per year. District will reimburse Physician eighty percent (80%) of the premiums for said insurance paid for by Physician. Payment by Physician shall be limited to \$10,000.00 annually.

3.03. **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 orthopedic 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 and for all orthopedic 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.

3.04. **Retention.** Hospital will retain 50% of all fees collected from the activities of physician/practice in exchange for the services rendered in II above, up to the guarantee amount.

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

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

- 4.02. **Termination.** Notwithstanding the provisions of section 4.01, this Agreement may be terminated:
- a) Immediately by Hospital in its sole discretion if Physician fails to maintain the professional standards described in Article V of this Agreement;
  - b) Immediately upon closure of the Hospital or Practice;
  - c) 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
  - d) By either party in the event of a material breach by the other party. In such event, the non-breaching party shall have the right to terminate this Agreement after providing thirty (30) days' written notice to the breaching party explaining the breach, unless such breach is cured within thirty (30) days.
  - e) Without cause upon 150 days written notice.
- 4.03. **Rights Upon Termination.** Upon any termination or expiration of this Agreement, all rights and obligations of the parties shall cease except those rights and obligations that have accrued or expressly survive termination.
- 4.04. **Accounts Receivable.** Physician shall have no claim to the accounts receivable if this contract is discontinued for any reason (within ten years after the date of this agreement)\_\_\_\_\_. After such time, physician will continue to receive collections from accounts receivable attributable to Physician on the date of termination.
- 4.05. **Liquidated Damages.** The Parties agree that, if Physician breaches any, or all, of his covenants as set forth in Article II of this Agreement, then determining the resulting damages would be impracticable and extremely difficult because neither Party has sufficient information at the date of this Agreement, or will have such information at the date of breach, to determine the cost, to District, providing the services to patients of the Hospital and District which Physician is agreeing to provide. Therefore, the Parties agree that, in the event of such a breach, unless it is caused by circumstances described in Paragraph 2.09 above, Physician shall pay the sum of Four Thousand Dollars (\$4,000) per day to District as liquidated damages.
- 4.06. **Services Outside the boundaries of the District.** Physician may not provide professional services outside of the boundaries of the District unless expressly approved in writing, including email writings, by the Hospital Administrator.

V.  
**PROFESSIONAL STANDARDS**

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

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

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

## VI.

### **RELATIONSHIP BETWEEN THE PARTIES**

6.01. **Professional Relations.**

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



b) **Benefits.** Except as specifically set forth in this Agreement, it is understood and agreed that Physician shall have no claims under this Agreement or otherwise against Hospital for social security benefits, worker's compensation benefits, disability benefits, or any 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.
- 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: Peter Godleski, M.D.  
152 Pioneer Lane, Suite A  
Bishop, CA 93514

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

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

NORTHERN INYO COUNTY  
LOCAL HOSPITAL DISTRICT

PHYSICIAN

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

By \_\_\_\_\_  
Peter Godleski, M.D.

APPROVED AS TO FORM:

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

**EXHIBIT A**  
**SCOPE OF DUTIES OF THE PHYSICIAN**

POSITION SUMMARY

The Physician is a Member of the Northern Inyo Hospital Active Medical Staff with privileges commensurate with a private practice in orthopedic medicine. Physician will be available to provide direct orthopedic diagnosis and treatment to Practice and Hospital patients. The Physician will provide orthopedic services commensurate with the needs of Practice and Hospital patients, which it is agreed require the services of approximately 1.6 full time equivalent orthopedic physicians. 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 orthopedic medical care services.
2. Be solely responsible to provide 100% of the clinical, surgical, and ER orthopedic coverage for the district and/or to provide other physician(s) to do the same.
3. Direct the need for on-going educational programs that serve the patient and the NIH Medical Staff.
4. Evaluate and develop treatment plans to facilitate the individual healthcare needs of each orthopedic patient.
5. Work with all Practice personnel to meet the healthcare needs of all orthopedic patients.
6. Assess, evaluate, and monitor on-going health care and medication of Practice patients.
7. Manage all medical and surgical orthopedic emergencies.
8. Participate in professional development activities and maintain professional affiliations.
9. Participate with Hospital to meet all federal and state regulations.
10. Accept emergency call as provided herein.
11. Actively participate in Medical Staff governance by serving on committees as required by Medical Staff Bylaws, Rules and Policies, and accepting the appointments to chairs, chiefs of service and other designation as requested by the Medical Staff.
12. Abide by any behavioral agreement currently in force by the Medical Staff.
13. Perform the surgical procedures in Exhibit B.
14. Perform "return to work" or other physical assessments on employees requested by the hospital and are within the scope of the physicians' practice.
15. Physician will coordinate the relationship(s) of other orthopedic related sub-specialties.

## **EXHIBIT B**

Physician agrees to, is privileged and is capable of performing the following procedures:

1. Joint repair, including but not limited to total hip and knee replacement
2. Sports medicine management
3. Arthroscopy
4. Fracture reduction and fixation

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

**THIS AGREEMENT MADE AND ENTERED INTO** this first day of July 2011, by and between NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT (hereinafter "Hospital") and Maria Toczek, M.D. (hereinafter "Physician").

**I  
RECITALS**

- A. Hospital is located at 150 Pioneer Lane, Bishop, California, and operates therein a service designated as the Electrocardiographic Department (hereinafter "EKG Department").
- B. Physician is a practitioner licensed to practice medicine in the State of California, and a diplomate of the American Board of Neurology. Physician has represented and does represent, to the Hospital that, on the basis of his or her training or experience, he or she is knowledgeable in the interpretation of electrocardiographs (hereinafter "EEGs") and is readily available to interpret electroencephalographs.
- C. Hospital desires to contract with Physician to provide professional interpretation of EEGs done on patients at the Hospital.
- D. The parties desire to enter this Agreement to provide a complete statement of their respective duties and obligations.
- E. The term "EEG" shall mean all electroencephalographs

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

**II  
COVENANTS OF PHYSICIAN**

- 1. Physician shall perform the following services:



- a. Be available to provide interpretation of all EEG studies performed by the EEG Department on pediatric patients. Said interpretations are to be done within 48 hours of the time the EEG studies are received. Physician shall have no exclusive right to read studies hereunder, and acknowledges that EEGs may be read by any other physician deemed qualified to do so by the Medical Staff Executive Committee.
  - b. Physician acknowledges that Hospital has retained the services of Asao Kamei, M.D. (hereinafter "Dr. Kamei"), to serve as Chief of the EKG Department and agrees that, should Physician fail to read and interpret any EEG which he or she is obligated to read within 48 hours of receiving the EEG for review, said EEG will be read and interpreted by Dr. Kamei or his designee (who will be certified by the American Board of Neurology), and he shall receive compensation from the Hospital for such service. Physician acknowledges and agrees that in such event, Physician will not be compensated by the Hospital. Nothing herein shall prohibit Physician from reading and interpreting the relevant EEG as may be required for the care of his or her own patients.
  - c. Participate in retrospective evaluation of care provided in the EKG Department.
  - d. Be available to provide interpretation of EEGs for patients under the care of Physician who were seen in the Hospital's Emergency Room Department whether or not said patient was seen by the Physician in the Emergency Room.
2. Physician shall at all times comply with the policies, rules and regulations of the Hospital, subject to State and federal statutes covering her practice. No part of the Hospital premises shall be used, at any time, by Physician for the general practice of medicine except during the exercise of privileges granted Physician as a member of the Hospital Medical Staff.
  3. Physician agrees to maintain books, records, documents, and other evidence pertaining to all costs and expenses incurred, and revenue acquired, pursuant to this agreement to the extent, and in such detail, as will properly reflect all net costs, direct and indirect, of labor, materials, equipment, supplies and services, and other costs and expenses of whatever nature, for which he or she may claim payment or reimbursement from the Hospital. Physician acknowledges and agrees that any federal office authorized by law shall have access, for the purpose of audit and examination, to any books, documents, papers, and records of Physician which are relevant to this Agreement, at all reasonable times for a period of four (4) years following the termination of this Agreement, during which period Physician shall preserve and maintain said books, documents, papers and records. Physician further agrees to transfer to the Hospital, upon termination of this Agreement, any books, documents, papers or records which possess long-term (i.e., more than four (4) years)

value to the Hospital. Physician shall include a clause providing similar access in any subcontract he or she may enter with a value of more than \$10,000, or for more than a 12-month period, when said sub-contract is with a related organization.

### **III**

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

4. Hospital shall pay Physician \$125 per EEG interpreted. Beginning 1/1/2013 payment will be equivalent to the comparable Medicare payment. Said sums are payable on the twentieth (20th) day of the calendar month immediately following the service performed. Payments made pursuant to this Paragraph 6 shall be deemed Physician's full, complete, and reasonable compensation for services under this Agreement.
5. Hospital agrees to maintain or provide during the term of this Contract professional liability insurance covering Health Professional's activities hereunder.

### **IV**

#### **GENERAL PROVISIONS**

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

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

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

**PHYSICIAN:** Maria Toczek  
204 W. Kenneth Road  
Glendale, CA 91202-1439

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

14. The term of this Agreement is three (3) years, commencing on 7-01-11 and ending at midnight on 6-30-14.
15. Notwithstanding the aforesaid term, Hospital may terminate this Agreement immediately upon the occurrence of any of the following events:
  - a. Physician's death, loss of Hospital Medical Staff membership, loss of license to practice medicine, or loss of Active Medical Staff privileges required to render services under this Agreement;

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

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

16. Originals of medical records of the EKG Department are the property of the Hospital and shall be retained on Hospital premises. Physician shall have access to, and may photocopy, such documents and records as may be required for the care of his or her patients or to perform his or her duties under this Agreement, provided only that he or she gives reasonable notice. Physician shall complete all reports required of him or her by Hospital, for the performance of his or her duties under this Agreement, within 48 hours of the time the EEG is received. Physician acknowledges that, should he or she remove an original EEG from the custody of the EKG Department, he or she shall return it to the custody of the EKG Department within the 24 hour period required for reading as set forth in Article II, section 1(a) above. "Custody" includes, but is not limited to, the physical premises occupied by the EKG Department and any EEG machines, carts, or collection or storage vehicles located within the Hospital but outside the EKG Department physical premises. Physician shall not destroy or mutilate originals of medical records or EEGs.
17. This Agreement is for the personal services of Physician and Physician may not assign his or her rights, duties, obligations or responsibilities thereunder.
18. Subject to the restrictions against transfer or assignment set forth above, the provisions of this Agreement shall inure to the benefit, and be binding upon, the heirs, successors, assigns, agents, personal representatives, conservators, executors and administrators of the parties.
19. Use of the masculine, feminine or neuter gender, and/or of the singular or plural number, shall include the other when the context shall indicate.
20. Should any provision of this agreement be found by a court of competent jurisdiction to be invalid, the remaining provisions shall remain in full effect.

BY:

NORTHERN INYO COUNTY  
LOCAL HOSPITAL DISTRICT

PHYSICIAN

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

\_\_\_\_\_  
Maria Toczek, M.D.

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**September Board COR'S**

|     |   | Requested  | Unfunded as of May |
|-----|---|------------|--------------------|
| 147 | IB 190 Revised pads at new central plant  | \$3,660    |                    |
| 211 | IB 261 Extend Ribbon Gutter at Radiology  | \$6,023    | \$6,023            |
| 212 | RFI 1033 CHR and HWR added strainers      | \$4,329    | \$4,329            |
| 214 | IB 143 Mechanical Specifications          | \$7,165    |                    |
| 223 | IB 111 and 113 Added Overhead Conduit     | \$20,928   | -\$10,000          |
| 229 | IB 246 Deletion of Casework               | (\$2,406)  |                    |
| 231 | IB 274 Stair 2 rating enclosure           | \$2,661    | \$2,661            |
| 233 | RFI 1070 Chiller Refrigerant Piping       | \$24,842   | \$24,842           |
| 235 | Low Voltage Changes                       | \$53,101   | \$53,101           |
| 236 | Controls Changes from bid to current      | \$148,498  | \$148,498          |
| 237 | IB 273 RFI 1061 - Supply/Return for H1009 | \$7,953    | \$7,953            |
| 238 | Added Exciters for Infant Security        | \$4,590    | \$4,590            |
| 239 | IB 117 Wire Mesh to Structural Glazing    | \$13,216   | \$13,216           |
| 243 | IB 275 Deletion of South Canopy           | (\$23,424) | -\$23,424          |
| 244 | RFI 1158: Tile/Waterproofing/Shower Pan   | \$4,223    | \$4,223            |
| 246 | Canopy Steel erection beyond allowance    | \$31,156   | \$31,156           |
|     |   |            |                    |
|     |   |            |                    |
|     |   |            |                    |
|     |   |            |                    |
|     |   |            |                    |
|     | TOTALS                                    | \$306,515  | \$267,168          |

\* Unfunded is defined as additional cost; not carried in previous projections

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

August 15, 2011

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

RE: Northern Inyo Hospital Construction  
Project # 1495401  
**Change Order Request Number COR - 236**

Dear Mr. Halfen,

We have finalized the required quotations for the additional work outlined below. The following proposal includes; integration and completion of existing JCI control system (existing hospital to integrate to new hospital system), IB 113(control cost), IB 132 (control cost) and additional items incorporated into approved submittals by AAME dated March 29, 2011. Please see the attached supporting documentation for a complete labor, material and equipment estimate of the work. Please see Turner comment on RHP proposal.

| <b>PCO No</b> | <b>Description</b>   | <b>Amount</b> |
|---------------|--|---------------|
| 456           | Incorporating all changes for Controls from bid date to date | \$148,497.90  |

**Total Amount**                    **\$148,497.90**

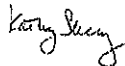
Funding Source: Owner Contingency

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

Please return one (1) copy of this letter indicating your approval of this Change Order Request which increases our Contract by **One hundred forty eight thousand four hundred ninety seven and 90/100 dollars (\$148,497.90)**. 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,



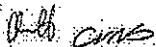
Kathy Sherry  
Project Manager

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

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

 08/26/11

cc: File



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



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

August 23, 2011

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

RE: Northern Inyo Hospital Construction  
Project # 1495401  
Change Order Request Number COR - 244 RBB IB 9076

Dear Mr. Halfen,

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

| PCO No              | Description  | Amount     |
|---------------------|--|------------|
| 534                 | Tile/Waterproofing/Shower Pan Interface change.<br>Ref: RFI 1158 | \$4,222.80 |
| <b>Total Amount</b> | <b>\$4,222.80</b>  |            |

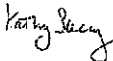
Funding Source: Owner Contingency

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

Please return one (1) copy of this letter indicating your approval of this Change Order Request which increases our Contract by **Four thousand two hundred twenty two and 80/100 dollars (\$4,222.80)**. 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,



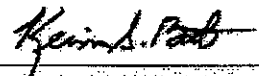
Kathy Sherry  
Project Manager

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

John Halfen  
CEO - Northern Inyo Hospital

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

cc: File



08/31/

**RBB NOTE:**

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



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

July 27, 2011

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

RE: Northern Inyo Hospital Construction  
Project # 1495401  
**Change Order Request Number COR - 233**

Dear Mr. Halfen,

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

| PCO No | Description                         | Amount      |
|--------|-------------------------------------|-------------|
| 471    | RFI 1070 Chiller Refrigerant Piping | \$24,842.32 |

**Total Amount \$24,842.32**

Funding Source: Owner Contingency

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

Please return one (1) copy of this letter indicating your approval of this Change Order Request which increases our Contract by **Twenty four thousand eight hundred forty two and 32/100 dollars (\$24,842.32)**. 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: \_\_\_\_\_  
 John Halfen  
 CEO - Northern Inyo Hospital

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

cc: File

*Kevin A. Pab* 08/26/11

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

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

August 15, 2011

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

RE: Northern Inyo Hospital Construction  
Project # 1495401  
**Change Order Request Number COR - 238**

Dear Mr. Halfen,

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

| PCO No | Description  | Amount     |
|--------|--|------------|
| 521    | Added Exciters for Infant Security Alarm as requested by NIH | \$4,590.00 |

**Total Amount \$4,590.00**

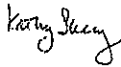
Funding Source: Owner Contingency

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

Please return one (1) copy of this letter indicating your approval of this Change Order Request which increases our Contract by **Four thousand five hundred ninety and 00/100 dollars (\$4,590.00)**. 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: \_\_\_\_\_  
John Halfen  
CEO - Northern Inyo Hospital

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

08/26/11 RBB NOTE:  
We do not have any documentation showing the revision as noted in this COR. Please provide documentation.

cc: File



**RBB NOTE:**

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

# Turner Healthcare

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

August 29, 2011

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

RE: Northern Inyo Hospital Construction  
Project # 1495401  
Change Order Request Number COR - 246 RBB IB 9078

Dear Mr. Halfen,

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

| PCO No              | Description                            | Amount      |
|---------------------|--|-------------|
| 299A                | Canopy Steel erection beyond allowance | \$31,155.65 |
| <b>Total Amount</b> | <b>\$31,155.65</b>                     |             |

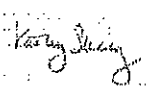
Funding Source: Owner Contingency

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

Please return one (1) copy of this letter indicating your approval of this Change Order Request which increases our Contract by **Thirty one thousand one hundred fifty five and 65/100 dollars (\$31,155.65)**. 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,

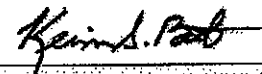
  
Kathy Sherry  
Project Manager

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

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

cc: File





08/31/11

**RBB NOTE:**

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

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

August 17, 2011

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

RE: Northern Inyo Hospital Construction  
Project # 1495401  
Change Order Request Number COR - 235

Dear Mr. Halfen,

We have finalized the required quotations for the additional work outlined below. The Low Voltage contract was an ongoing process between NIH, PlanNet and Turner. After numerous meetings, it was finally finalized (including IB 012 and 151) and several change orders were issued to the electrical contractor. To date, there is still \$70,719 that has not been issue to the electrical contractor, which would meet the total amount of \$883,932.00, which was submitted on 8/20/10. Please see the attached supporting documentation for a complete labor, material and equipment estimate of the work. This low voltage cost is also offset by savings generated with the buyout for the IB 012 changes (COR 054).

| PCO No | Description   | Amount      |
|--------|---|-------------|
| 457    | Low Voltage Changes from cost proposal Rev 2 to Rev 5 | \$53,101.07 |

**Total Amount**            **\$53,101.07**

Funding Source: Owner Contingency

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

Please return one (1) copy of this letter indicating your approval of this Change Order Request which increases our Contract by **Fifty three thousand one hundred one and 07/100 dollars (\$53,101.07)**. 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: \_\_\_\_\_

John Halfen  
CEO - Northern Inyo Hospital

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

cc: File  


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

# Turner Healthcare

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

August 15, 2011

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

RE: Northern Inyo Hospital Construction  
Project # 1495401  
Change Order Request Number COR - 239

Dear Mr. Halfen,

We have finalized the required quotations for the additional work outlined below. Please see the attached supporting documentation for a complete labor, material and equipment estimate of the work. Approval of this change order will allow Turner to move forward with the structural glazing scope so that IB 117 can be finalized by RBB and issued to OSHPD for approval.

| PCO No              | Description  | Amount      |
|---------------------|--|-------------|
| 194                 | IB 117 (Status A) Change Wire Mesh to Structural Glazing | \$13,216.06 |
| <b>Total Amount</b> | <b>\$13,216.06</b>                                       |             |

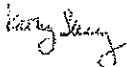
Funding Source: Owner Contingency

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

Please return one (1) copy of this letter indicating your approval of this Change Order Request which increases our Contract by **Thirteen thousand two hundred sixteen and 06/100 dollars (\$13,216.06)**. 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,

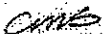


Kathy Sherry  
Project Manager

Approved By: \_\_\_\_\_  
J ohn Halfen  
CEO - Northern Inyo Hospital

Date: \_\_\_\_\_ *Kevin A. Paab* 08/25/11

cc: File



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

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

July 14, 2011

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

RE: Northern Inyo Hospital Construction  
Project # 1495401  
**Change Order Request Number COR - 147**

Dear Mr. Halfen,

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

| PCO No | Description                                  | Amount     |
|--------|--|------------|
| 332    | IB 190 Revise pads at new Central Plant roof | \$3,660.21 |

**Total Amount**            **\$3,660.21**

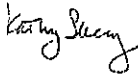
Funding Source: Owner Contingency

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

Please return one (1) copy of this letter indicating your approval of this Change Order Request which increases our Contract by **Three thousand six hundred sixty and 21/100 dollars (\$3,660.21)**. 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.

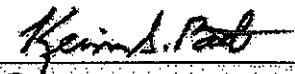
Sincerely,



Kathy Sherry  
Project Manager

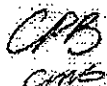
Approved By: \_\_\_\_\_ Date: \_\_\_\_\_

John Halfen  
CEO - Northern Inyo Hospital



08/26/11

cc: File



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

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# Customer Summary



|   |  |   |            |
|---|--|---|------------|
| <b>Reference #:</b> 1-T2QI39  | <b>Rev:</b> 1  | <b>Effective From:</b>  | <b>To:</b> |
| <b>Presented To:</b><br>NORTHERN INYO HOSPITAL<br>150 PIONEER LANE<br>BISHOP, CA 93514<br><br>Tel:<br><br><b>Alternate Address:</b> | <b>Presented By:</b><br>Mark Rose<br><i>Account Manager</i><br><br>Greg Masek<br><i>Regional Manager</i> | <b>Tel:</b> (206) 617-0414<br><b>Fax:</b><br><br><b>Tel:</b> (650) 293-2460<br><b>Fax:</b> (650) 293-2302 |            |
| <b>Date Printed:</b> 23-Jun-11  |  |   |            |
| <b>Submit Orders To:</b><br>22100 BOTHELL EVERETT HWY<br>BOTHELL WA 98041<br>Tel:<br>Fax:(425) 458-0390                             |  |   |            |

**Field Instructions:**

1. This summary is not an approved quotation
2. This summary cannot be used for Order Entry purposes
3. This summary contains confidential and proprietary information of Philips Medical Systems and is intended for use only by the customer whose name appears on this summary. It may not be disclosed to third parties without the prior written consent of Philips Medical Systems.
4. If this potential solution is agreeable to the parties, then Philips will issue a quotation for Customer to sign.

**FOR INFORMATION PURPOSES ONLY  
THIS IS A SUMMARY SHEET NOT A QUOTE**

**IMPORTANT NOTICE:** Health care providers are reminded that if the transactions herein include or involve a loan or discount (including a rebate or other price reduction), they must fully and accurately report such loan or discount on cost reports or other applicable reports or claims for payment submitted under any federal or state health care program, including but not limited to Medicare and Medicaid, such as may be required by state or federal law, including but not limited to 42 CFR 1001.952(h).



**100746 Xcelera R3 Upgrades & Extensions**

**System Type:** New  
**Freight Terms:** FOB Destination  
**Warranty Terms:** Part numbers beginning with two (2) asterisks (\*\*) are covered by a System 12 Months Warranty. All other part numbers are third (3rd) party items.  
**Special Notations:** Contingencies must be removed 120 days before scheduled shipment to assure delivery on specified date. Any rigging costs are the responsibility of the Purchaser.  
**Additional Terms:**

| Line # | Part #    | Description  | Qty | Each       | Price      |
|--------|-----------|--|-----|------------|------------|
| 1      | **FIT2039 | <b>Xcelera Remote User Concurrent User License</b> | 1   | \$2,956.80 | \$2,956.80 |

The remote concurrent user license provides floating access to interact with a single Xcelera server and access exams with enhanced workflow capabilities. While the quantity of Xcelera remote clients is uncontrolled, the total number of concurrent remote user licenses available determines the maximum amount of simultaneous remote users on the Xcelera system at any moment in time. When the remote user accesses the Xcelera server, both a remote and primary user license are engaged. Local utilization patterns, including peak loads, must be taken into careful consideration when determining the proper amount of primary and remote concurrent user licenses needed.

The Xcelera remote user licenses enables cardiologists to review exams at remote locations via the same robust features and functionality, including quantification, as with the configured Xcelera workspaces located at the hospital. Clinical workflow is optimized because cardiologists are able to review, analyze, create reports, and finalize exams while away from the hospital.

Many tele-cardiology use models are supportable via the enhanced Xcelera remote user functionality, including: clinical consultation, outreach programs, on-call services, distributed workflow, home office, and roaming users.

Exam download speeds and system performance over a wide-area network configuration are dependent on the available network bandwidth, resulting in notably reduced system performance versus the typical in-hospital experience. Therefore, use of the remote user configuration is not a proper substitute for onsite cardiac coverage.

Notes:

Requires Xcelera R3.X Core Software

Requires Xcelera concurrent user licenses; offered separately

Due to heavy network traffic requirements, CT and MR assessment, powered by ViewForum, is not provided via remote connections.

|   |              |  |  |          |          |
|---|--------------|--|--|----------|----------|
| 2 | 989801200654 | <b>Project Implementation Services</b> |  | \$720.00 | \$720.00 |
|---|--------------|--|--|----------|----------|

Remote User

Philips Healthcare applies disciplined project management methodology to delivery of each engagement. Our methodology closely parallels the Project Management Institute's (PMI) worldwide recognized framework: Initiating, Planning, Executing, Controlling and Closing. The Philips team, led by an experienced project manager, will work with you throughout the duration of the project to deliver the products and services described in this quotation. The project manager is responsible for all aspects of the project and ensuring that all deliverables are completed with a high degree of customer satisfaction.

Depending on the nature of your project – implementation, upgrade or expansion – the Philips team is comprised of experts needed to deliver your solution. Team members typically include the following resources.

- Implementation Specialists - responsible for technical work such as installation and configuration of the system hardware and software
- Application Consultants – responsible working within the clinical environment providing

100745 Xcelera R3 Upgrades & Extensions

| Line # | Part # | Description | Qty | Each | Price |
|--------|--------|-------------|-----|------|-------|
|--------|--------|-------------|-----|------|-------|

expertise in workflow, application configuration and training

- Integration Engineer – responsible for development and testing of HIS and clinical interfaces

The team, working collaboratively with your staff, will complete all project work and deliverables, as defined for the implementation as described in the Statement of Work (SOW).

**FOR INFORMATION PURPOSES ONLY  
THIS IS A SUMMARY SHEET NOT A QUOTE**

100745 Xcelera R3 Upgrades & Extensions

|            |            |
|------------|------------|
| LIST PRICE | \$5,200.00 |
| DISCOUNT   | \$1,523.20 |
| NET PRICE  | \$3,676.80 |

**FOR INFORMATION PURPOSES ONLY  
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100743 Xcelera Express R3.2

**System Type:** New  
**Freight Terms:** FOB Destination  
**Warranty Terms:** Part numbers beginning with two (2) asterisks (\*\*) are covered by a System 12 Months Warranty. All other part numbers are third (3rd) party items.  
**Special Notations:** Contingencies must be removed 120 days before scheduled shipment to assure delivery on specified date. Any rigging costs are the responsibility of the Purchaser.  
**Additional Terms:**

| Line # | Part #    | Description                | Qty | Each        | Price       |
|--------|-----------|----------------------------|-----|-------------|-------------|
| 1      | **NNAB693 | Xcelera Express R3.2, Dual | 1   | \$20,988.00 | \$20,988.00 |

The Xcelera Express workspace is the pre-configured, entry-level, ultrasound-specific image and information management solution intended for cardiology offices and clinics with modest examination volume and connectivity requirements. The system includes many clinical features and is fully expandable to advanced Xcelera configurations as the cardiology practice grows. With Xcelera Express, cardiologists and their staff can perform the necessary functions to manage, import, export, review, analyze, document, and store ultrasound exams digitally.

Long-term exam storage is provided via the accompanying Network Attached Storage (NAS) system (described separately).

Xcelera Express can support up to two workspaces (seats) in total and can be purchased in single-seat and dual-seat configurations.

The standard Xcelera Express dual-seat configuration includes: Xcelera application software license, (1) primary client/server desktop computer, (1) client desktop workstation, (2) 19" LCD displays, and (1) Ethernet network switch. The dual-seat configuration allows two users to simultaneously work with Xcelera.

**Standard clinical features:**

**Ultrasound Review:**

- Dynamic playback controls, including forward & reverse and variable speed
- Contrast, brightness and grayscale adjustment
- Stress: review exam with images shuffled by anatomical view, stress stage or acquisition sequence
- Protocol review for stress and standard ultrasound exams (full screen, quad, side-by-side)
- Easy review of images from multiple exams using serial comparison
- Image captioning and flagging
- Configurable image thumbnail display, e.g. 3x4 or 4x4 or full study
- Transfer of labeled measurements from Philips ultrasound systems via network directly into the clinical database and report
- Complete measurement and calculation package including Adult, Vascular, and Pediatric
- Configurable measurements and calculations, including protocols

Flexi-Workspace provides the ability to display exams in a personalized look-and-feel. It also facilitates dual monitor support, which allows greater flexibility, such as reviewing images on one display and reports on a second display (2nd display option required).

**Ultrasound Reporting:**

- Choice of pre-configured report templates (reporting profiles, finding codes and measurements)
- Macros: user defined and/or carry over (persistent within the same patient)
- Stress reports with tabular display of stress parameters

**Standard export features:**

- Save the current frame into Windows bitmap format
- Save the selected synchronized loop(s) into AVI format

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THIS IS A SUMMARY SHEET NOT A QUOTE

| Line # | Part # | Description | Qty | Each | Price |
|--------|--------|-------------|-----|------|-------|
|--------|--------|-------------|-----|------|-------|

- Print or fax hardcopy reports (including images)
- Export exam and/or report to media using DICOM or DSR-TIFF formats, using CD or DVD.

**Standard import features:**

- Receive exams from up to three DSR-TIFF and/or DICOM compatible ultrasound modalities
- Import of exams from CD, DVD or USB media into the system's data repository

Up to three compatible ultrasound modalities can be connected to the Xcelera Express server, via DSR-TIFF and/or DICOM formats. DSR-TIFF images will automatically be converted to DICOM upon receipt to facilitate fast access. This implies that two datasets (DICOM and DSR-TIFF) are stored on the repository.

**Storage:**

- For high performance, a large capacity internal hard drive on the server provides a storage buffer of recently accessed exams
- Long-term storage of exams is provided by an expandable redundant Network Attached Storage (NAS) system (described separately)

**Connectivity:**

Xcelera Express is a powerful information management platform. To control maintenance requirements, it is expected to be deployed in its own network environment. As such, the Xcelera Express server is pre-configured as a primary domain controller. It is strongly recommended that the customer evaluates their connectivity needs before purchasing Xcelera Express to determine it is the best configuration for their particular circumstances. Contact your sales representative for additional details and limitations.

**Customer Training:**

Customer training will cover a one-day onsite Xcelera Express DICOM Viewer end-user training and two (2), consecutive, additional Ultrasound training days to provide training designed specifically to meet the customers' needs.

Education is provided Monday - Friday during normal business hours. Note: Philips Healthcare personnel are not responsible for actual patient contact or operation of equipment during education sessions except to demonstrate proper equipment operation. The training sessions should be attended by Ultrasound Sonographer and/or Clinician as identified by the department director. Site must be patient ready.

Due to travel and scheduling requirements, a twenty-one (21) day notification of cancellation is required on training. Education entitlements will be forfeited. On-site training days expires within one (1) year from purchase date.

**Philips Remote Service Network**

The Xcelera Express system is supported via a secure Internet connection to Philips' Remote Services Network (RSN). In order to ensure optimal service, the customer is responsible to provide a permanent connection to the Internet for Philips to install the RSN router (equipment provided at no additional charge) prior to installation of the Xcelera Express system. Your Philips representative will review the RSN preparations and requirements with you in further detail.

|   |           |                          |   |            |            |
|---|-----------|--------------------------|---|------------|------------|
| 2 | **FIT2068 | NETGEAR ReadyNAS NV+ 3TB | 2 | \$1,867.80 | \$3,735.60 |
|---|-----------|--------------------------|---|------------|------------|

FOR INFORMATION PURPOSES ONLY  
THIS IS A SUMMARY SHEET NOT A QUOTE

| Line # | Part # | Description | Qty | Each | Price |
|--------|--------|-------------|-----|------|-------|
|--------|--------|-------------|-----|------|-------|

This unit is connected to the LAN or any other network reachable by the Xcelera system and provides an additional 3.0 TB long term storage for Xcelera patient data. This system is intended for use as an archive, 2 must be ordered.

The two units are mirrored to provide optimal data security and availability. Data written to these units is secured by the RAID5 configuration of 4 disk drives.

Data, once stored, will not be deleted. Multiple sets can be connected for future extensions.

Each unit comprises a powerful IT3107 Network Storage Processor and 4 hot swappable and lockable hard disk-racks.

- 10/100/1000 MBit/s Ethernet
- Dimensions: 200 H x 132 B x 222 D (mm)
- Weight: approx. 5 Kg

|   |           |  |   |            |            |
|---|-----------|--|---|------------|------------|
| 3 | **FIT2385 | <b>2D Quantification Concurrent User License</b> | 2 | \$4,950.00 | \$9,900.00 |
|---|-----------|--|---|------------|------------|

The concurrent user license for two-dimensional ultrasound quantification (2DQ) provides a floating license for a single user to utilize the quantification software.

2DQ is powered by the 2D Quantification plug-ins of Philips QLAB 8.1. Users can select still frames or loops and append these to the patient exam in Xcelera. The still frames or loops will be visible in the Xcelera thumbnail page and available for review. To improve reporting efficiency and clinical workflow, measurements acquired on QLAB can be stored to the Xcelera database and are available in the Xcelera Work Area, trending chart and in the clinical report (if configured). When a user clicks on a 2DQ measurement in Xcelera, the system will display the corresponding image the measurement was acquired from.

Cardiac Motion/Mechanics Quantification (CMQ) plug-in

Provides many robust and objective tools for assessment of Left Ventricle global function and regional wall motion, deformation and timing using next generation of 2D speckle tracking technology. CMQ has an ability to extract a wide range of motion parameters from stored datasets at any time after the actual scan. This facilitates quality assurance, collaborative clinical decision making and case reviews without the need for re-scanning the patient.

- CMQ includes direct access to a suite of methods either based on 2D speckle tracking technology
- Regional and global Strains among other parameters such as rotation and transmural torsion
- CMQ adopts the LV 17 segmentation model and produce comprehensive regional (by view), by layer (Transmural, Endo, Epi) and global function using easy to read Bulls Eye plots
- The free Strain method offers a simple and intuitive way to assess local tissue motion and deformation

AO/CK and Tissue Motion Annular Displacement (TMAD) methods facilitate Global Left Ventricle function, volume and EF assessment

Intima Media Thickness (IMT) Quantification Plug-In

Provides automated measurements of intima media thickness in carotids and other superficial vessels

Eliminates the laborious process of manually positioning cursors, minimizing the time needed to complete an IMT study

Region of Interest (ROI) Quantification Plug-in

Designed to increase the consistency and reliability of acoustic measurements while reducing the effort required to successfully carry out ROI analysis for contrast imaging, tissue analysis and color Doppler.



| Line # | Part # | Description | Qty | Each | Price |
|--------|--------|-------------|-----|------|-------|
|--------|--------|-------------|-----|------|-------|

Strain Quantification (SQ) Plug-in  
 For evaluation of regional myocardial function, assessment of synchronicity and guidance during biventricular pacing procedures.  
 Measures the myocardial velocity TDI data set  
 Derives the displacement, strain and strain rate along user-defined M-Lines.  
 Includes ability to overlay the opening and closing of aortic and mitral valves on SQ curves to evaluate Left ventricle mechanical events.

User-selectable waveform display makes SQ curves easier to read.

Notes:

Compatible with iE33, iU22, CX50, HD15, HD11, SONOS, and HDI systems  
 Requires Xcelera R3.2 Core Software

|   |           |               |   |            |            |
|---|-----------|---------------|---|------------|------------|
| 4 | **NNAB615 | QLAB Training | 1 | \$2,501.40 | \$2,501.40 |
|---|-----------|---------------|---|------------|------------|

Clinical Education Specialists will provide eight (8) hours of QLAB OnSite Education for up to four (4) students, selected by customer, including technologists from night/weekend shifts if necessary. CEUs are not available in all cases. Please read Guidelines for more information, which will be provided to you during the scheduling process. Education Hours: Mon – Fri 8:00am to 5:00pm, except Monday and Friday are half-days to allow for trainer's travel.  
 Note: Philips personnel are not responsible for actual patient contact or operation of equipment during education sessions except to demonstrate proper equipment operation.  
 Education expires one (1) year from the earlier of equipment delivery date or purchase date. Ref# 170-060103

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|            |             |
|------------|-------------|
| LIST PRICE | \$56,250.00 |
| DISCOUNT   | \$19,125.00 |
| NET PRICE  | \$37,125.00 |

**FOR INFORMATION PURPOSES ONLY  
THIS IS A SUMMARY SHEET NOT A QUOTE**

**Philips Standard Terms and Conditions of Sale with the IPC/Xcetera Schedule**

The products and services listed in the quotation are offered by Philips Healthcare, a division of Philips Electronics North America Corporation ("Philips") only under the terms and conditions described below.

**1. Price: Taxes.** The purchase price stated in the quotation does not include applicable sales, excise, use, or other taxes in effect or later levied. Unless Customer provides Philips with an appropriate exemption certificate reasonably in advance of the date the product is available for delivery, Philips shall invoice Customer for those taxes, and Customer shall pay those taxes in accordance with the terms of the invoice.

**2. Cancellation.** Philips' cancellation policies are set forth in the applicable schedule attached to these Terms and Conditions of Sale.

**3. Payment Terms.**

3.1 Unless otherwise specified in the quotation, Philips will invoice Customer, and Customer will immediately pay such invoice on receipt for each product in accordance with the payment terms set forth in the applicable schedule attached to these Terms and Conditions of Sale:

3.2 Orders are subject to Philips' on-going credit review and approval.

3.3 Customer shall pay interest on any amount not paid when due at the maximum rate permitted by applicable law. If Customer fails to pay any amount when due, in addition to any other rights or remedies available to Philips at law or in equity, Philips may discontinue the performance of services, discontinue the delivery of the product, or deduct the unpaid amount from any amounts otherwise owed to Customer by Philips under any agreement with Customer. In any action initiated to enforce the terms of the quotation following a Customer default or product cancellation under an order arising from the quotation, Philips shall be entitled to recover as part of its damages all costs and expenses, including reasonable attorneys' fees, in connection with such action.

**4. Trade-In.** If Customer will be trading-in any equipment (a "Trade-In"), then:

4.1 Customer represents and warrants that Customer has good and marketable title to such Trade-In;

4.2 Title to the Trade-In shall pass from Customer to Philips upon Philips making the new equipment available for first patient use. Removal of the Trade-In from Customer's site shall occur no later than the date Philips makes the new equipment available for first patient use, unless otherwise agreed in writing between Philips and the Customer; and

4.3 Notwithstanding anything to the contrary in any Business Associate Addendum ("BAA"), Customer represents and warrants that Customer has removed or de-identified all Protected Health Information ("PHI") from the Trade-In equipment as of the date the equipment is removed. To the extent Customer has not done so, Customer agrees to reimburse Philips for any out-of-pocket costs Philips incurs to remove or de-identify PHI from the Trade-In.

4.4 If (a) the condition of the Trade-In is not substantially the same when Philips removes the Trade-In (ordinary wear and tear excepted) as it was when Philips quoted the Trade-In value; or (b) Customer delays the removal of the Trade-In, then Philips may reduce the price quoted for such Trade-In or cancel the Trade-In and Customer will pay the adjustment amount within thirty (30) days of receipt of invoice.

4.5 If Philips does not receive possession of the Trade-In, Philips will charge Customer, and Customer will pay within thirty (30) days of receipt of invoice, the amount of the Trade-In allowance.

4.6 Evidence that Customer intends to trade in an asset as part of the purchase or lease of any product(s) shall be in the form of, but not limited to: (a) receiving a trade in quote and/or authorization from Philips on the value of the asset to be traded in; (b) providing Philips with serial numbers of assets to be traded in; and/or, (c) providing Philips with a de-installation date to remove an existing asset in order to install Philips quoted equipment.

**5. Leases.** If Customer desires to convert the purchase of any product to a lease, Customer will arrange for the lease agreement and all other related documentation to be reviewed and approved by Philips not later than ninety (90) days prior to the date of the availability for delivery of major components of the product. The Customer is responsible for converting the transaction to a lease, and is required to secure the leasing company's approval of all of these Terms and Conditions of Sale. No product will be delivered to the Customer until Philips has received copies of the fully executed lease documents and has approved the same.

**6. Security Interest.** Customer hereby grants to Philips a purchase-money security interest in the products until all payments have been made. Customer shall sign any financing statement and other documents necessary to perfect Philips' security interests in the products. Where permitted by applicable law, Customer's signature on the quotation or on a purchase order issued as a result of the quotation gives Philips the right to sign for Customer's behalf and file any financing statement or other documents to perfect Philips' security interest in the product.

**7. Shipment and Risk of Loss.**

7.1 The applicable schedule attached to these Terms and Conditions of Sale shall apply for delivery.

7.2 Title to any product (excluding software), and the risk of loss or damage to any product shall pass to the Customer F.O.B. destination. Customer shall obtain and pay for insurance covering such risks at destination.

**8. Installation, Site Preparation, Remote Services.**

8.1 **Installation.** Customer shall provide Philips full and free access to the installation site and suitable and safe space for the storage of the products before installation. Customer shall advise Philips of conditions at or near the site, including any hazardous materials, that could adversely affect the installation or pose a health or safety risk to Philips' personnel, and shall ensure that those conditions are corrected and hazardous materials removed, and that the site is fully prepared and available to Philips before installation work begins. Customer shall ensure, at no charge to Philips, that there are no obstacles preventing Philips from moving the product from the entrance of the Customer's premises to the installation site. Customer shall be responsible, at its expense, for rigging, the removal of partitions or other obstacles, and restoration work. The products will be installed during normal working hours. Philips will unpack the product, construct applicable pads (if required for certain products), connect the product to a safety switch or breaker to be installed by the Customer, and calibrate and test the product. If local labor conditions, including but not limited to a requirement to utilize union labor, require the use of non-Philips employees to participate in the installation of the product, then such participation of non-Philips employees shall be at Customer's expense. In such case, Philips will provide engineering supervision during the installation.

8.2 **Site Preparation.** Except where Philips has agreed in writing to provide construction services for a fee pursuant to a construction

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agreement and scope of work signed by Customer, Customer shall be responsible, at its expense, for the preparation of the installation site where the product will be installed including any required structural alterations. Customer shall provide any and all plumbing, carpentry work, conduit, wiring including communications and/or computer wiring, network equipment, power supply, surge suppression and power conditioning (except to the extent they are expressly included in the quotation), fire protection and environmental controls, ground fault and isolation system, and other fixtures and utilities required to properly attach, install, and use the product. Site preparation shall be in compliance with all safety, electrical, RF or magnetic shielding and acoustical suppression and building codes relevant to the product and its installation and use. The sufficiency of any installation site plans shall be the responsibility of Customer. Customer, at its expense, shall obtain all permits and licenses required by federal, state, or local authorities in connection with the installation and operation of the product, including any certificate of need and zoning variances. PHILIPS MAKES NO WARRANTY AND ASSUMES NO LIABILITY FOR THE FITNESS OR ADEQUACY OF THE SITE IN WHICH THE PRODUCT IS TO BE INSTALLED OR USED. CUSTOMER INDEMNIFIES PHILIPS AGAINST ANY CLAIMS, INCLUDING SUBROGATION CLAIMS, ARISING FROM CUSTOMER'S SITE PREPARATION RESPONSIBILITIES.

**8.3 Remote Services Network ("RSN").** Customer will (a) provide Philips with a secure location at Customer's premises to store one Philips RSN router (or a Customer-owned router acceptable to Philips at Customer's option) for connection to the equipment and to Customer's network; and (b) at all times during the warranty period provide Philips with full and free access to the router and a dedicated broadband Internet access node, including but not limited to public and private interface access, suitable to establish a successful connection to the products through the Philips RSN and Customer's network for Philips' use in remote servicing of the product, remote assistance to personnel that operate the products, updating the products software, transmitting automated status notifications from the product and regular uploading of products data files (such as but not limited to error logs and utilization data for improvement of Philips products and services and aggregation into services). Customer's failure to provide such access at the scheduled time will constitute Customer's waiver of the scheduled planned maintenance service and will void support or warranty coverage of product malfunctions until such time as planned maintenance service is completed or RSN access is provided. Customer agrees to pay Philips at the prevailing demand service rates for all time spent by Philips service personnel waiting for access to the products.

### **9. Product Warranty.**

9.1 If a separate product warranty page prints as part of this quotation, that product warranty applies to your purchase and is incorporated herein; otherwise Section 9.2-9.5 shall apply.

9.2 **Hardware/Systems.** Philips warrants to Customer that the Philips equipment (including its operating software) will perform in substantial compliance with its performance specifications for a period of 12 months beginning upon availability for first patient use.

9.3 **Stand-alone Licensed Software.** For a period of ninety (90) days from the date Philips makes Stand-alone Licensed Software available for first patient use, such Stand-alone Licensed Software shall substantially conform to the technical user manual that ships with the Stand-alone Licensed Software. "Stand-alone Licensed Software" mean sales of Licensed Software without a contemporaneous purchase of a server for the Licensed Software. If Philips is not the installer of the Stand-alone Licensed Software, the foregoing warranty period shall commence upon shipment.

9.4 If the start of the installation is delayed for any reason beyond the control of Philips for more than thirty (30) days following the date that Philips notifies Customer that the major components of the product are available for delivery, the warranty period begins on the thirty-first (31st) day following that date.

9.5 Philips' sole obligations and Customer's exclusive remedy under any product warranty are limited, at Philips' option, to the repair or the replacement of the product or a portion thereof, within thirty (30) days after receipt of written notice of such material breach from Customer ("Product Warranty Cure Period") or, upon expiration of the Product Warranty Cure Period, to a refund of a portion of the purchase price paid by the Customer, upon Customer's request. Any refund will be paid to the Customer when the product is returned to Philips. Warranty service outside of normal working hours (i.e. 8:00 A.M. to 5:00 P.M., Monday through Friday, excluding Philips' observed holidays), will be subject to payment by Customer at Philips' standard service rates.

9.6 This warranty is subject to the following conditions: the product (a) is to be installed by authorized Philips representatives (or is to be installed in accordance with all Philips installation instructions by personnel trained by Philips); (b) is to be operated exclusively by duly qualified personnel in a safe and reasonable manner in accordance with Philips' written instructions; and (c) is to be maintained and in strict compliance with all recommended and scheduled maintenance instructions provided with the product; and Customer is to notify Philips immediately if the product at any time fails to meet its printed performance specifications. Philips' obligations under any product warranty do not apply to any product defects resulting from improper or inadequate maintenance or calibration by the Customer, or its agents, Customer or third party supplied interfaces, supplies, or software including without limitation loading of operating system patches to the Licensed Software and/or upgrades to anti-virus software (except DAT file changes) running in connection with the Licensed Software without prior validation approval by Philips; use or operation of the product other than in accordance with Philips' applicable product specifications and written instructions; abuse, negligence, accident, loss, or damage in transit; improper site preparation; unauthorized maintenance or modifications to the product; or viruses or similar software interference resulting from connection of the product to a network. Philips does not provide a warranty for any third party products furnished to Customer by Philips under the quotation; however, Philips shall use reasonable efforts to extend to Customer the third party warranty for the product. The obligations of Philips described herein and in the applicable product-specific warranty document are Philips' only obligations and Customer's sole and exclusive remedy for a breach of a product warranty.

9.7 THE WARRANTIES SET FORTH HEREIN AND IN PHILIPS' WARRANTY DOCUMENT WITH RESPECT TO A PRODUCT (INCLUDING THE SOFTWARE PROVIDED WITH THE PRODUCT) ARE THE ONLY WARRANTIES MADE BY PHILIPS IN CONNECTION WITH THE PRODUCT, THE SOFTWARE, AND THE TRANSACTIONS CONTEMPLATED BY THE QUOTATION, AND ARE EXPRESSLY IN LIEU OF ANY OTHER WARRANTIES, WHETHER WRITTEN, ORAL, STATUTORY, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. Philips may use refurbished parts in the manufacture of the products, which are subject to the same quality control procedures and warranties as for new products.

**10. Philips Proprietary Service Materials.** Any Philips maintenance or service software and documentation provided with the product and/or located at Customer's premises is intended solely to assist Philips and its authorized agents to install and to test the products or to assist Philips and its authorized agents to maintain and to service the products under warranty or a separate support agreement with Customer. Customer agrees to restrict access to such software and documentation to Philips' employees and those of Philips' authorized agents only and to permit Philips to remove its Proprietary Service Materials upon request.

### **11. Patent Infringement Claims.**

11.1 Philips shall defend or settle any claim brought against Customer that a Philips product provided in the quotation infringes a valid

claim under a United States patent provided that Customer: (a) provides Philips prompt written notice of the claim; (b) grants Philips full and complete information and assistance necessary for Philips to defend, settle, or avoid the claim; and (c) gives Philips sole control of the defense or settlement of the claim.

11.2 The provisions of this section shall not apply if the product is sold or transferred.

11.3 If (a) a Philips' product is found or believed by Philips to infringe such a claim; or, (b) Customer has been enjoined from using the Philips product pursuant to an injunction issued by a court of competent jurisdiction, Philips may, at its option, (i) procure the right for Customer to use the product, (ii) replace or modify the product to avoid infringement, or (iii) refund to Customer a portion of the product purchase price upon the return of the original product. Philips shall have no obligation for any claim of infringement arising from: Philips' compliance with Customer's designs, specifications, or instructions; Philips' use of technical information or technology supplied by Customer; modifications to the product by Customer or its agents; use of the product other than in accordance with the product specifications or applicable written product instructions; use of the product with products not manufactured by Philips; if infringement would have been avoided by the use of a current unaltered release of the products and Philips provided Customer written notification that use of such release was mandatory; or use of the products after Philips has offered Customer one of the options described herein. The terms in this section state Philips' entire obligation and liability for claims of infringement, and Customer's sole remedy in the event of a claim of infringement.

**12. Limitation of Liability.** THE TOTAL LIABILITY, IF ANY, OF PHILIPS AND ITS AFFILIATES FOR ALL DAMAGES AND BASED ON ALL CLAIMS, WHETHER ARISING FROM BREACH OF CONTRACT, BREACH OF WARRANTY, NEGLIGENCE, INDEMNITY, STRICT LIABILITY OR OTHER TORT, OR OTHERWISE, ARISING FROM A PRODUCT, LICENSED SOFTWARE, AND/OR SERVICE IS LIMITED TO THE PRICE PAID HEREUNDER FOR THE PRODUCT, LICENSED SOFTWARE, OR SERVICE. THIS LIMITATION SHALL NOT APPLY TO THIRD PARTY CLAIMS FOR BODILY INJURY OR DEATH CAUSED BY PHILIPS' NEGLIGENCE OR PROVEN PRODUCT DEFECT.

**13. DISCLAIMER.** IN NO EVENT SHALL PHILIPS OR ITS AFFILIATES BE LIABLE FOR ANY INDIRECT, PUNITIVE, INCIDENTAL, CONSEQUENTIAL, OR SPECIAL DAMAGES, INCLUDING WITHOUT LIMITATION, LOST REVENUES OR PROFITS, BUSINESS INTERRUPTION, LOSS OF DATA, OR THE COST OF SUBSTITUTE PRODUCTS OR SERVICES WHETHER ARISING FROM BREACH OF CONTRACT, BREACH OF WARRANTY, NEGLIGENCE, INDEMNITY, STRICT LIABILITY OR OTHER TORT.

**14. Confidentiality.** Each party shall maintain as confidential any information furnished or disclosed to one party by the other party, whether disclosed in writing or disclosed orally, relating to the business of the disclosing party, its customers and/or its patients, and the quotation and its terms, including the pricing terms under which Customer has agreed to purchase the products. Each party shall use the same degree of care to protect the confidentiality of the disclosed information as that party uses to protect the confidentiality of its own information, but in no event less than a reasonable amount of care. Each party shall disclose such confidential information only to its employees having a need to know such information to perform the transactions contemplated by the quotation. The obligation to maintain the confidentiality of such information shall not extend to information in the public domain at the time of disclosure, and/or information that is required to be disclosed by law or by court order.

**15. Compliance with Laws & Privacy.**

15.1 Each party shall comply with all laws, rules, and regulations applicable to the party in connection with the performance of its obligations in connection with the transactions contemplated by the quotation, including, but not limited to, those relating to affirmative action, fair employment practices, FDA, Medicare fraud and abuse, and the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"). Health care providers are reminded that if the purchase includes a discount or loan, they must fully and accurately report such discount or loan on cost reports or other applicable claims for payment submitted under any federal or state health care program, including but not limited to Medicare and Medicaid, as required by federal law (see 42 CFR 1001.952(h)).

15.2 In the course of providing project implementation related services and/or warranty services to Customer, hereunder, it may be necessary for Philips to have access to, view and/or download computer files from the products that might contain Personal Data. "Personal Data" means information relating to an individual, from which that individual can be directly or indirectly identified. Personal Data can include both personal health information (i.e. images, heart monitor data, and medical record number) and non-health information (i.e. date of birth, gender). Philips will process Personal Data only to the extent necessary to perform and/or fulfill its project implementation related service, warranty service and/or warranty obligations hereunder.

15.3 It is Customer's responsibility to notify Philips at any portion of the order is funded under the American Reinvestment and Recovery Act ("ARRA"). To ensure compliance with the ARRA regulation, Customer shall include a clause stating that the order is funded under ARRA on its purchase order or other document issued by Customer.

**16. General Terms.** The following additional terms shall be applicable to the purchase of a product:

16.1 **Force Majeure.** Each party shall be excused from performing its obligations (except for payment obligations) arising from any delay or default caused by events beyond its reasonable control including, but not limited to, acts of God, acts of third parties, acts of any civil or military authority, fire, flood, war, embargoes, labor disputes, acts of sabotage, riots, accidents, delays of carriers, subcontractors or suppliers, voluntary or mandatory compliance with any government act, regulation or request, shortage of labor, materials or manufacturing facilities.

16.2 **Bankruptcy.** If Customer becomes insolvent, is unable to pay its debts when due, files for bankruptcy, is the subject of involuntary bankruptcy, has a receiver appointed, or has its assets assigned, Philips may cancel any unfulfilled obligations, or suspend performance; however, Customer's financial obligations to Philips shall remain in effect.

16.3 **Assignment.** Customer may not assign any rights or obligations in connection with the transactions contemplated by the quotation without the prior written consent of Philips, which consent shall not be unreasonably withheld, and any attempted assignment without such consent shall be of no force or effect.

16.4 **Export.** Customer shall assume sole responsibility for obtaining any required export authorizations in connection with Customer's export of the products from the country of delivery.

16.5 **Governing Law.** All transactions contemplated by the quotation shall be governed by the laws of the state where the equipment will be installed, without regard to that state's choice of law principles, and expressly excluding application of the Uniform Computer Information Transactions Act ("UCITA"), in any form. EACH PARTY, KNOWINGLY AND AFTER CONSULTATION WITH COUNSEL, FOR ITSELF, ITS SUCCESSORS' AND ASSIGNS, WAIVES ALL RIGHT TO TRIAL BY JURY OF ANY CLAIM ARISING WITH RESPECT TO THIS AGREEMENT OR ANY MATTER RELATED IN ANY WAY THERETO.

16.6 **Entire Agreement.** These Terms and Conditions of Sale, the terms and conditions set forth in the quotation and the applicable

Phillips' product-specific warranty document constitute the entire understanding and agreement by and between the parties with respect to the transactions contemplated by the quotation, and supersede any previous understandings or agreements between the parties, whether written or oral, regarding the transactions contemplated by the quotation. The pricing in the quotation is based upon the terms and conditions in the quotation. No additional terms, conditions, consents, waivers, alterations, or modifications shall be binding unless in writing and signed by the parties. Customer's additional or different terms and conditions, whether stated in a purchase order or other document issued by Customer, are specifically rejected and shall not apply to the transactions contemplated by the quotation.

16.7 **Headings.** The headings in the quotation are intended for convenience only and shall not be used to interpret the quotation.

16.8 **Severability.** If any provision of the quotation is deemed to be illegal, unenforceable, or invalid, in whole or in part, the validity and enforceability of the remaining provisions shall not be affected or impaired, and shall continue in full force and effect.

16.9 **Notices.** Notices or other communications shall be in writing, and shall be deemed served if delivered personally, or if sent by facsimile transmission, by overnight mail or courier, or by certified mail, return receipt requested and addressed to the party at the address set forth in the quotation.

16.10 **Performance.** The failure of Customer or of Phillips at any time to require the performance of any obligation will not affect the right to require such performance at any time thereafter. Course of dealing, course of performance, course of conduct, prior dealings, usage of trade, community standards, industry standards, and customary standards and customary practice or interpretation in matters involving the sale, delivery, installation, use, or service of similar or dissimilar products or services shall not serve as references in interpreting the terms and conditions of the quotation.

16.11 **Obligations.** Customer's obligations are independent of any other obligations the Customer may have under any other agreement, contract, or account with Phillips. Customer will not exercise any right of offset in connection with the terms and conditions in the quotation or in connection with any other agreement, contract, or account with Phillips.

16.12 **Additional Terms.** Schedule 1 is incorporated herein and its additional terms and conditions shall apply to Phillips Xcelera, Xper Cardiovascular Information System (CVIS), and TraceMaster Vue EKG Storage System (TMV) as defined under such schedule. If any terms set forth in a schedule conflict with terms set forth in these Terms and Conditions of Sales, the terms set forth in the schedule shall govern.

## **LICENSED SOFTWARE**

### **1. License Grant.**

1.1 Subject to any usage limitations for the Licensed Software set forth on the product description of the quotation, Phillips grants to Customer a non-exclusive and non-transferable right and license to use the computer software package ("Licensed Software") in accordance with the terms of the quotation. The License shall continue for as long as Customer continues to own the product, except that Phillips may terminate the License if Customer is in breach or default. Customer shall return the Licensed Software and any authorized copies thereof to Phillips immediately upon expiration or termination of this License.

1.2 The License does not include any right to use the Licensed Software for purposes other than the operation of the product. Customer may make one copy of the Licensed Software in machine-readable form solely for backup purposes. Phillips reserves the right to charge for backup copies created by Phillips. Except as otherwise provided under section 1.6, Customer may not copy, reproduce, sell, assign, transfer, or sublicense the Licensed Software for any purpose without the prior written consent of Phillips. Customer shall reproduce Phillips' copyright notice or other identifying legends on such copies or reproductions. Customer will not (and will not allow any third party to) decompile, disassemble, or otherwise reverse engineer or attempt to reconstruct or discover the product or Licensed Software by any means whatsoever.

1.3 The License shall not affect the exclusive ownership by Phillips of the Licensed Software or of any trademarks, copyrights, patents, trade secrets, or other intellectual property rights of Phillips (or any of Phillips' suppliers) relating to the Licensed Software.

1.4 Customer agrees that only authorized officers, employees, and agents of Customer will use the Licensed Software, or have access to the Licensed Software (or to any part thereof), and that none of Customer's officers, employees, or agents will disclose the Licensed Software, or any portion thereof, or permit the Licensed Software, or any portion thereof, to be used by any person or entity other than those entities identified on the quotation. Customer acknowledges that certain of Phillips' rights may be derived from license agreements with third parties, and Customer agrees to preserve the confidentiality of information provided by Phillips under such third party license agreements.

1.5 The Licensed Software shall be used only on the product(s) referenced in the quotation.

1.6 Customer may transfer the Licensed Software in connection with sale of the product to a healthcare provider who accepts all of the terms and conditions of this License; provided that Customer is not in breach or default of this License, the Terms and Conditions of Sale, or any payment obligation to Phillips.

### **2. Modifications.**

2.1 If Customer modifies the Licensed Software in any manner, all warranties associated with the Licensed Software and the products shall become void. If Customer or any of its officers, employees, or agents should devise any revisions, enhancements, additions, modifications, or improvements to the Licensed Software, Customer shall disclose them to Phillips, and Phillips shall have a non-exclusive royalty-free license to use and to sub-license them.

2.2 The Licensed Software is licensed to Customer on the basis that (i) Customer shall maintain the configuration of the products as they were originally designed and manufactured and (ii) the product includes only those subsystems and components certified by Phillips. The Licensed Software may not perform as intended on systems modified by other than Phillips or its authorized agents, or on systems which include subsystems or components not certified by Phillips. Phillips does not assume any responsibility or liability with respect to unauthorized modification or substitution of subsystems or components.

### **3. Open Source.**

3.1 Customer's rights under this License are conditioned upon Customer not performing, and Customer shall not perform any actions in a manner that would require any software furnished with the product, or the product and/or any derivative work thereof, to be licensed under Open License Terms. These actions include but are not limited to:

- (a) combining such software, the product or a derivative work thereof with Open Source Software by means of incorporation, linking or otherwise; or
- (b) distributing such software, the product or a derivative work thereof with Open Source Software; or
- (c) using Open Source Software to create a derivative work of the product or such software, insofar as these actions would require such software, the product or a derivative work thereof to be licensed under Open License Terms.

3.2 As used herein, "Open Source Software" means any software that is licensed under Open License Terms. "Open License Terms"

means terms in any license agreement or grant that requires as a condition of use, modification and/or distribution of a work that:

(a) source code will be made available; or

(b) permission will be granted for creating derivative works; or

(c) a royalty-free license be granted to any party under any intellectual property right regarding that work and/or any other work that contains, is combined with, requires or is based on that work.

3.3 Customer shall indemnify Philips and its affiliates against and hold Philips and its affiliates harmless from any damage or costs arising from or in connection with any violation or breach of the provisions of this Section 3, and Customer shall reimburse all costs and expenses incurred by Philips and/or its affiliates in defending any claim, demand, suit or proceeding arising from or in connection with such violation or breach.

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**Schedule 1**  
**Xcelera, Xper Cardiovascular Information System (CVIS), and TraceMaster Vue EKG Storage System (TMV)**

**1. Definitions**

- 1.1 "CVIS" includes CVIS's core modules and interfaces set forth on the quotation.
- 1.2 "Project Implementation Plan" shall mean the project management implementation plan, mutually agreed to by the parties, that sets timetables and the order of project rollout for the work scope set forth in the Statement of Work ("SOW"), applicable to the products purchased.
- 1.3 "Authorized Users" of the product shall mean persons performing patient care or those requiring administrative access, to patient records, as authorized by Customer, in support of performance of such services on patients admitted to Customer's facility.

**2. Payment Terms.**

Unless otherwise specified in the quotation, Philips will invoice Customer and Customer will pay such invoice on receipt for each product as follows:

- 2.1 10% of the purchase price shall be due with Customer's acceptance of the quotation.
- 2.2 70% of the purchase price shall be due on delivery of the major components of the product. Product installation will not begin until Customer has paid this portion of the purchase price.
- 2.3 20% of the purchase price shall be due when the product is available for first patient use. Available for first patient use means the product has been installed and substantially meets Philips' systems verification functionality set forth in the installation manual.
- 2.4 If the start of the installation is delayed for any reason beyond the control of Philips for more than thirty (30) days following the date that Philips notifies Customer that the major components of the product are available for delivery, the unpaid portion of the purchase price shall be due on the thirty-first (31st) day following such date.

**3. Cancellation.**

The quotation is subject to change or withdrawal prior to written acceptance by Customer. All purchase orders issued by Customer are subject to acceptance by Philips. If Customer cancels an order prior to product delivery, Customer shall pay the costs incurred by Philips up to the date of cancellation including, but not limited to, the costs to manufacture the product, the costs to provide any training, educational, or other services to Customer in connection with the order, a nominal restocking fee, and the costs to return or cancel any product ordered from a third party on Customer's behalf.

**4. Delivery.**

- 4.1 Philips will use reasonable efforts to ship the product to Customer: (a) by the mutually agreed upon shipment date; or (b) by the date stated in the quotation; or (c) as otherwise agreed in writing. Philips will ship the product according to Philips' standard commercial practices. Philips may make partial shipments. Philips will pay shipping costs associated with product shipment.
- 4.2 Prior to the shipment of any product, Philips may change the construction or the design of the product without notice to the Customer so long as the function, footprint, and performance of the product are not substantially altered.
- 4.3 If Customer requests a delay in the date major components of the product are available for delivery, then Philips will place the product in storage and the unpaid portion of the purchase price shall be due. Customer will reimburse Philips for all storage fees incurred upon receipt of invoice.

**5. Product Warranty.**

- 5.1 Except for the additional limitations set forth in this section and Section 7 of this Schedule, the warranty set forth in Sections 9.2-9.5 of Philips Terms and Conditions of Sale is the sole warranty for the Philips products subject to this Schedule.
- 5.2 For upgrades to Xper, TMV, and CVIS, and Xcelera Licensed Software purchased without a concurrent server purchase, the following warranty terms shall apply and shall supersede Section 9.2 of the Philips Terms and Conditions of Sale:
- (a) **Xper, TMV, and Xcelera Licensed Software Upgrades.** For a period of ninety (90) days from the date that a Licensed Software upgrade is available for first patient use, Philips warrants that such Licensed Software upgrade shall substantially conform to its documentation. Licensed Software upgrades do not include hardware costs.
- (b) **Xper, TMV, and Xcelera Hardware Upgrades.** Philips warrants that any Philips-provided hardware purchased as a system upgrade or as a replacement part, with the exception of patient cables and/or disposable items (which have no warranty), shall be free from material defects in material and workmanship under normal use and service for a period of ninety (90) days from the date available for first patient use.
- (c) **CVIS.** Section 9.1 of Philips Terms and Conditions of Sale shall not apply to CVIS Licensed Software or hardware. Section 9.2 of Philips Terms and Conditions of Sale shall apply to CVIS Licensed Software and hardware, except for the warranty periods set forth therein. This schedule modifies the warranty periods set forth in Section 9.2 as follows: (i) CVIS core module shall have a warranty period of ninety (90) days from the date Philips makes the first CVIS Licensed Software clinical module and interface, as applicable, implemented under the project, available to Customer for first patient use. Server hardware shall have a warranty period of one (1) year from the date Philips makes the first CVIS Licensed Software clinical module and interface, as applicable, implemented under the project, available to Customer for first patient use; and (ii) CVIS clinical module and associated interface specific to such module, if applicable, shall have a warranty period of ninety (90) days from the date that Philips makes such items available to Customer for first patient use.

**6. Warranty Limitations.**

The following additional warranty exclusions shall apply under Section 9.4(b) of Philips Terms and Conditions of Sale: (a) use of an Xper or Xcelera with a client device with less than a 100mbit connection to the server software for such products; or (b) use of the Xcelera, Webforum, on a workstation without a 3-D video card as required in the quotation.

**7. Customer Room Preparation Responsibilities**

- 7.1 Customer is responsible for all activities and costs necessary to prepare the facility for installation of the product by Philips. Customer's obligations include, but are not limited to, running all cable in procedure room and network cable to workstations prior to installation. For CVIS, Customer's obligations also include procuring the server to the specifications recommended by Philips prior to the date that the installation process commences per the Project Implementation Plan, mutually agreed to between the parties.
- 7.2 Prior to acceptance of the quotation, Customer shall obtain from the applicable Philips Implementation Team any other additional Customer installation preparation requirements in connection with the implementation resulting from unique attributes of Customer's



environment and the size of the implementation.

**8. Archive Requirement.**

Customer is required to have an archive for any Xper, Xcelera, or TMV system provided hereunder. If Customer provides its own storage, Customer is responsible for procuring any specialty software or hardware (fiber channel or host bus adapter ("HBA")) necessary to manage storage and allow the system to access the storage. Customer is responsible for providing fiber channel switches, port upgrades, and other telecommunications and/or network hardware required for the Philips products to physically connect to the storage, regardless of whether Philips provides the storage.

**9. Certified Hardware**

Philips shall install the Licensed Software solely on certified hardware pursuant to Philips' specifications where such certified hardware is identified on the SOW, which the parties will execute and attach to the quotation. Customer shall not use the Licensed Software with any uncertified hardware.

**10. Storage Sizing**

Upon request, Philips will provide Customer with estimates of image study sizes for different types of studies that Customer can use as a general aide to calculate and determine its near-term and long-term storage requirements for Cardiology. Customer is responsible to determine what storage archive device types and sizes are required to support its Xcelera or TMV solution, whether through procurement from Philips or utilization of Customer's own existing storage solutions. Customer acknowledges that use of storage varies greatly based on its unique utilization of the system and based on factors that are outside Philips' control. Therefore, Customer is solely responsible to determine what storage archive device is best suited to meet its needs. As part of its decision making process in connection with archive device storage size, Customer should consider that study sizes are affected greatly by: (a) changes in the types and amount of modality equipment used; (b) technician discretion in file size creation; and (c) clinical protocols within a department. Customer is solely responsible for system administration for the Xcelera or TMV solution, which includes monitoring the storage archive device for its utilization levels and planning any necessary storage changes as Customer's requirements change.

**11. Unauthorized Patches and Anti-Virus Updates.**

Customer's installation or use of: (a) operating system patches, updates or upgrades; (b) anti-virus updates (except to the DAT files i.e. virus definitions); or (c) upgrades to anti-virus search engines without prior validation testing and approval from Philips ("Unauthorized Updates"), may adversely affect the functionality and performance of the Licensed Software. Philips shall perform validation testing of certain Microsoft operating systems, and MacAfee and Symantec's anti-virus software during the warranty period. Philips shall have no obligation to validate any other third party operating system or anti-virus software. If Customer installs or uses Unauthorized Updates, Philips shall have no liability or responsibility for performance of the Licensed Software and the warranty shall be void with such Unauthorized Updates. If Customer is using Unauthorized Updates when requesting service support or an Unauthorized Update is discovered by Philips after commencing the technical support process, then, prior to being obligated to perform warranty support services during a service period, Philips may require Customer to roll back to the most recent operating system and anti-virus search engine versions that have been validated by Philips as posted on the Philips service internet site.

**12. Interfaces.**

**12.1 Xper & Xcelera Interfaces.** Philips' obligation to provide any Xper, Xcelera or TMV interfaces is expressly conditioned upon Customer enabling its Hospital Information System ("HIS") system to send and receive HL7 messages to and from the applicable Philips products by the date the products are available for first patient use. If Customer has not fulfilled its interface obligations by such time, Philips may, at its discretion, terminate any interface obligations and refund any pre-paid amounts for interfaces against the applicable purchase order. Customer will execute any documentation reasonably requested by Philips to document such terminated interfaces. Upon Philips' issuance of a refund in accordance with this section, Customer shall be deemed to have accepted the applicable Philips products. Any interfaces terminated shall be re-evaluated under a separate new sales contract.

**12.2 CVIS Interfaces.** Philips' obligation to provide any interfaces to a CVIS core tool is expressly conditioned upon Customer meeting its interface obligations by the date set forth in the Project Implementation Plan. If Customer has not fulfilled its interface obligations by such time, Philips may, at its discretion, terminate such interface obligations and refund any pre-paid amounts for interfaces and their associated clinical modules against the applicable purchase order. Customer will execute any documentation reasonably requested by Philips to document such terminated interfaces. Any interfaces and CVIS clinical modules terminated shall be re-evaluated under a separate new sales contract.

**13. Frequent Data Backup/Disaster Recovery Responsibility.**

Philips is not responsible for the development or execution of a business continuity/disaster recovery plan or backing up the data and images processed by the system. Philips is also not responsible for backing up the data in the CVIS core data database and any associated files. Customer is responsible for performing frequent backups of any data, patient information or images residing on the repository database, on Philips products, or an archive.

**14. Statement of Work ("SOW").**

Professional services performed in connection with Xcelera shall be performed pursuant to a SOW, which the parties will execute and attach to this quotation, subject to the terms set forth in this quotation.

**15. Support Services.**

**15.1** During the applicable product warranty period, Philips shall provide, at no charge to Customer, Philips' then-current in-warranty service for the products. Customer shall use Philips Remote Service Network ("RSN") service to enable Philips to access the system to perform its support obligations.

**15.2** Warranty exclusions set forth Section 9.4 also apply to Support Services. The conditions that resulted in the exclusion of product warranty coverage, set forth in Section 9.4, shall also apply to any service provided during an in-warranty or post warranty coverage period.

**16. Migration.**

Philips shall have no responsibility under the migration services to: (a) locate missing studies; (b) fix corrupt media or studies; or (c) repair failed Customer legacy hardware discovered during the migration service. Philips shall have no responsibility under the migration services to migrate studies affected by the foregoing events.

**17. Systems Administration Requirement.**

Customer, at all times, shall have a designated systems administrator that has completed systems administration for the version of the product running at Customer's site. Systems administration training set forth on the quotation is at no charge. However, any training, beyond that set forth in the quotation, shall be at customers' sole expense.

**FOR INFORMATION PURPOSES ONLY  
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PHILIPS MEDICAL SYSTEMS N.A.  
 22100 Bothell Everett Highway  
 P.O. Box 3003  
 Bothell, Washington 98041-3003  
 Tel: (800) 722-7900



|  |               |  |            |
|--|---------------|--|------------|
| <b>Quotation #:</b> 1-T2QI39   | <b>Rev.</b> 1 | <b>Effective From:</b>   | <b>To:</b> |
| <b>Presented To:</b><br>NORTHERN INYO HOSPITAL<br>150 PIONEER LANE<br>BISHOP, CA 93514                                     |               | <b>Presented By:</b><br>Mark Rose<br><i>Account Manager</i><br><br>Greg Masek<br><i>Regional Manager</i> |            |
| Tel:   |               | Tel: (206) 617-0414<br>Fax:  |            |
| <b>Alternate Address:</b>  |               | Tel: (650) 293-2460<br>Fax: (650) 293-2302   |            |
| <b>Date Printed:</b> 23-Jun-11   |               |  |            |
| <b>Submit Orders To:</b> 22100 Bothell Everett Hwy<br>Bothell, WA 98021-8431<br>Tel: (800) 982-2011<br>Fax: (425) 487-8110 |               |  |            |

**IMPORTANT NOTICE:** Health care providers are reminded that if the transactions herein include or involve a loan or discount (including a rebate or other price reduction), they must fully and accurately report such loan or discount on cost reports or other applicable reports or claims for payment submitted under any federal or state health care program, including but not limited to Medicare and Medicaid, such as may be required by state or federal law, including but not limited to 42 CFR 1001.952(h).

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| Model                      | Months | Qty | Service Plan |
|----------------------------|--------|-----|--------------|
| 100743 Xcelera Express 3.2 | 4      | 1   | SVC101 Gold  |

| Home Office Use Only |            |          |
|----------------------|------------|----------|
| Site #               | Start Date | End Date |
|                      |            |          |

## POINT OF SALE SERVICE CONTRACT SECTION

This quotation contains confidential and proprietary information of Philips Medical Systems and is intended for use only by the customer whose name appears on this quotation. It may not be disclosed to third parties without the prior written consent of Philips Medical Systems.

**Philips Ultrasound Customer Services Ranked #1 by Customers in IMV ServiceTrak™ Survey in 2009 for 17th consecutive year.**

| Additional Equipment Covered | Part #  | Service Price Total |
|------------------------------|---------|---------------------|
| NETGEAR ReadyNAS NVX 3TB     | FIT2068 | \$2,088             |

| Item # | Part # | Description |
|--------|--------|-------------|
|--------|--------|-------------|

1      SVC0101      Gold  
**Philips Healthcare's Gold Service Agreement:**

- Labor and travel coverage from 8:00 am to 5:00 pm Monday, Friday excluding holidays
- Preferred rates for labor and travel outside coverage hours
- Parts coverage excluding consumable items and other items listed in the Terms and Conditions provided with this agreement
- Priority parts delivery
- 98% Uptime Guarantee, per the terms and conditions of the Uptime Guarantee Exhibit
- Planned Maintenance Service
- Unlimited Remote Technical Assistance Center (RTAC) access
- Unlimited Clinical Telephone Support
- 25% Discount on future upgrade purchases
- Operating System Software Updates
- Hardware Reliability Updates
- 30 Continuing Education Units (CEUs) from Philips On-line University per year

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**Xplore Express 3.2**

**Service Plan: SVC0101 Gold**

**Quantity: 1**

**\*To commence at a time of system warranty expiration with the exception of In-Warranty Coverage and selected Supplement Items Plans\***

**Select Payment Terms Desired:**

| Select Choice*           | Payments Plans           | Single System List | Single System Net | Total List | Total Net |
|--------------------------|--------------------------|--------------------|-------------------|------------|-----------|
| <input type="checkbox"/> | 48 Monthly Payments at   | \$174              | \$136             | \$174      | \$136     |
| <input type="checkbox"/> | 16 Quarterly Payments at | \$522              | \$407             | \$522      | \$407     |
| <input type="checkbox"/> | 4 Yearly Payments at     | \$2,088            | \$1,629           | \$2,088    | \$1,629   |
| <input type="checkbox"/> | Single Payment at        | \$8,352            | \$6,515           | \$8,352    | \$6,515   |

\* If no selection is made, the default choice will be monthly payments.

*Prices above do not include any applicable sales taxes*

The service agreement payment does not include optional equipment. If optional equipment is purchased please see attached Equipment Configuration Option Pricing (if available) or contact your Account Manager for amended service pricing.

**Buying Group:** AMERINET

**Contract #:** VQ01300 New

**Add'l Terms:**

Each Quotation solution will reference a specific Buying Group/Contract Number representing an agreement containing discounts, fees and any specific terms and conditions which will apply to that single quoted solution. If no Buying Group/Contract Number is shown, Philips' Terms and Conditions of Sale will apply to the quoted solution.

Each equipment system listed on purchase order/orders represents a separate and distinct financial transaction. We understand and agree that each transaction is to be individually billed and paid.

For services performed outside the contract hours of coverage, Philips will request a Purchase Order before dispatching a Field Service Engineer.

Our facility does not issue formal purchase orders. We authorize payments 'in lieu of a Purchase Order' for the equipment as described in Phillips Medical Systems ('Phillips') Service Agreement. Initialed: \_\_\_\_\_

Our facility does issue formal purchase orders, however, due to our business/system limitations, we cannot issue a formal purchase order until \_\_\_\_\_ days prior to warranty expiration. Initialed: \_\_\_\_\_

**Customer Agreement as Quoted**

Upon customer signing and acceptance by an authorized Philips representative, this document constitutes a contract and customer agrees to be bound by all terms hereof which include IMPORTANT LIMITATIONS OF LIABILITY.

BY: X \_\_\_\_\_  
 Customer Signature  
 \_\_\_\_\_  
 Printed Name  
 Title \_\_\_\_\_ Date \_\_\_\_\_

**FOR INFORMATION PURPOSES ONLY  
 THIS IS A SUMMARY SHEET NOT A QUOTE**

**Headquarters Use Only**

Philips by its acceptance thereof, agrees to provide maintenance service for the equipment listed above in accordance with all terms.

Signature \_\_\_\_\_  
 Title \_\_\_\_\_ Date \_\_\_\_\_

# Service Agreement Terms and Conditions

## PHILIPS HEALTHCARE SERVICE AGREEMENT TERMS AND CONDITIONS

Philips Healthcare (f/k/a Philips Medical Systems North America Company), a division of Philips Electronics North America Corporation ("Philips") will perform the services ("Services") listed below and on the above pages of this service agreement and any exhibits and attachments ("Exhibits") attached to it (together, the "Agreement") under the following terms and conditions:

### 1. SERVICE

During the term of this Agreement, unless otherwise set forth in the Exhibits, Philips will provide Customer the Services on the equipment identified so long as it remains under Customer's exclusive ownership or control ("Equipment"), at the location described ("Equipment Site"), and for the prices set forth in this Agreement, including:

- Equipment quality performance planned maintenance as scheduled by Philips to include a general Equipment inspection and review of Equipment operation, calibrating the Equipment as necessary, system lubrication and filter replacement or cleaning, completing minor operational and reliability field engineering change notices or updates and other remedial maintenance of a non-emergency nature. Philips will provide such planned maintenance during the Service Coverage hours (as defined in paragraph 3 below) at a time that is mutually agreed upon; and
- Repair service, due to Equipment malfunction, as required. Repair service includes the cost of Philips replacement parts as required on an exchange (refurbished) or new part basis and labor to install Philips replacement parts. Replaced parts become Philips' property and may be promptly removed by Philips from the Equipment Site. The prices set forth in this Agreement are subject to change if (i) the Equipment is upgraded or reconfigured, or (ii) cryogens are included in this Agreement and the Consumer Price Index (CPI) for open market crude helium prices, as reported by the Bureau of Land Management (BLM), is increased by five percent (5%) or more during the term of this Agreement.

### 2. EXCLUSIONS

The Services do not include:

- servicing or replacing components of the Equipment other than those listed in the Exhibits;
- providing any service or parts specifically excluded under this Agreement;
- providing or paying the cost of any rigging, facility, structural alteration, or accessory incident to the Services or Equipment;
- servicing the Equipment if the Equipment Site or Equipment is contaminated with blood or other potentially infectious substances;
- any service necessary due to:
  - a design, specification or instruction provided by Customer or Customer representative;
  - the failure of anyone other than Philips' subcontractor or Philips to comply with Philips' written instructions or recommendations;
  - any combining of the Equipment with a product or software of other manufacturers other than those recommended by Philips;
  - any alteration or improper storage, handling, use or maintenance of the Equipment by anyone other than Philips' subcontractor or Philips;
  - damage caused by an external source, regardless of nature;
  - any removal or relocation of the Equipment; or
  - neglect or misuse of the Equipment;
- any cost of materials, supplies, parts or labor supplied by any party other than Philips or Philips' subcontractors;
- unless specifically included in this Agreement, the cost of consumable materials, including but not limited to cushions, knee supports, pads, magnetic media, cryogens, PET calibration sources, film, batteries, X-ray plates and cassettes or other supply items;
- the cost of reconditioning, rebuilds, and overhauls if reasonably necessary because repair by Philips cannot maintain the Equipment in satisfactory operating condition;
- providing software updates, back-up copies of software, or the programming of custom code;
- unless specifically included in this Agreement, maintenance or repair, including the cost thereof, of third-party products including but not limited to HVAC systems and chiller systems;
- unless specifically included in this Agreement, the cost of nuclear camera detector crystals, surface coils, flat panel detectors, magnet replacement, magnet refrigeration system (goldhead, compressor), chiller, power conditioners, power filters, surge suppressors, uninterruptible power supplies and evacuated devices such as x-ray tubes, image intensifier tubes, TV camera pick-up tubes, photo multiplier tubes, and monitors;
- disposal of hazardous, infectious, or biomedical waste or materials, whether or not generated from the Services; or
- service to Equipment that has exceeded its useful life (i.e., has reached end-of-life as identified by the original manufacturer), is classified as obsolete, is beyond economical repair, for which continued support by the original manufacturer or repair parts are no longer available, or that can no longer be maintained in a safe or effective manner as determined by Philips. Philips will use commercially reasonable efforts to Service Equipment that has exceeded its useful life, but if Philips determines that its ability to provide Service is hindered due to the unavailability of parts or trained personnel, then Philips may remove the item(s) of Equipment from this Agreement upon notice to the Customer and refund any Customer pre-payments for periods of Service Coverage terminated by Philips or terminate this Agreement as described in paragraph 7.

### 3. COVERAGE

- Unless otherwise set forth in the Exhibits, Philips will provide Customer the Services Mondays through Fridays, 8:00 AM to 5:00 PM Customer local time, excluding Philips observed holidays ("Service Coverage"). Unless otherwise set forth in the Exhibits, travel necessary to perform the Services during the Service Coverage hours (including but not limited to the availability of personnel and repair parts, Philips will provide, at Customer request and additional expense, service relating to certain excluded items (voiced at Philips' then current standard rates for material and labor) or service outside the Service Coverage hours (voiced at Philips applicable rates for out-of-hours services of this type) in effect for service contract customers with this Equipment, including round trip travel time). Customer will be charged a minimum of two hours on-site time plus applicable travel charges per service visit. Other travel expenses and overnight living expenses will be charged at actual cost in accordance with Philips standards for business expense reimbursement of Philips employees.
- If this Agreement includes Alliance coverage, then the terms and conditions of Exhibit 1 and its attachments are incorporated into this Agreement.
- If this Agreement includes Multi-Vendor Comprehensive Management coverage, then the terms and conditions of Exhibit 2 and its attachments are incorporated into this Agreement.
- If the Philips Technology Updates option is available for the Equipment and purchased or included in this Agreement, then the terms and conditions of Exhibit 3 are incorporated into this Agreement.
- If an uptime guarantee is available for the Equipment and purchased or included in this Agreement, then the terms and conditions of Exhibit 4 are incorporated into this Agreement.

### 4. CUSTOMER RESPONSIBILITIES

During the term of this Agreement, Customer will:

- assure that the Equipment Site is maintained in a clean and sanitary condition and that the Equipment is cleaned and decontaminated after contact with blood or other potentially infectious material;
- dispose of any hazardous or biological waste generated as a result of Philips servicing the Equipment;
- maintain the Equipment Site and environment (including temperature and humidity control, incoming power quality, incoming water quality, and fire protection system) in a condition suitable for operation of the Equipment;
- operate the Equipment in accordance with the published manufacturer's operating instructions;
- make normal operator adjustments to the Equipment as specified in the published manufacturer's operating instructions;
- provide:

(1) Philips a secure location to store a Philips remote services ("PRS") network router (or a Customer owned router acceptable to Philips) for connection to the Equipment and Customer network and a Philips diagnostic site server ("DSS") for connection to any non-Philips Equipment subject to Multi-Vendor Comprehensive Management coverage; provided, however, that the PRS router and DSS remain Philips' property and are only provided during the term of this Agreement;

(2) Philips and its vendors full and free access to the PRS router and DSS to enable Philips to remotely access the Equipment or non-Philips Equipment subject to Multi-Vendor Comprehensive Management coverage; and

(3) Philips at each Equipment Site, at all times during the term of this Agreement, a dedicated broadband Internet access node, including but not limited to public and private interface access, suitable to establish a successful connection to the Equipment through the PRS and Customer network for Philips use in remote servicing of the Equipment, remote assistance to personnel that operate the Equipment, performing real-time screen sharing with Customer's personnel, updating the Equipment software, transmitting automated status notification from the Equipment and regular uploading of Equipment data files (such as but not limited to error logs and utilization data for improvement of Philips products and services and aggregation into new services). Unless Philips determines in its sole discretion that the Equipment cannot be connected to the PRS, then Customer's failure to provide the access described in this paragraph 4(f) will constitute Customer's waiver of its rights to Services under this Agreement and any uptime guarantee provided with the Equipment or in connection with this Agreement, if any;

g. provide Philips service personnel full and free access to the Equipment at the scheduled service time. Customer's failure to provide such access at the scheduled time constitutes Customer's waiver of the scheduled planned maintenance service and voids Agreement coverage of Equipment malfunctions until such time as planned maintenance service is completed. Customer agrees to pay Philips at the prevailing demand service rates for all time spent by Philips service personnel waiting for access to the Equipment;

h. provide Philips service personnel access to safe and secure parking in an area close to the normal Equipment Site entrance/exit points and access to Customer's cafeteria, if any;

i. report cryogen readings for all Equipment covered by this Agreement into the Magnet Monitoring System at 1-800-722-9377 (option 8) each week if the Equipment is not connected the PRS. If an emergency cryogen fill is required due to a lack of such cryogen reporting, then Customer will be responsible for all costs and expenses associated with such emergency cryogen fill; and

j. connect all Equipment located in a mobile unit to a fully functional and operating generator during transport. If such generator malfunctions, then Customer agrees to replace or repair the generator within two (2) business days. If generator repair goes beyond two (2) business days, then Customer will be responsible for all costs and expenses associated with the resulting cryogen fill.

#### 5. PAYMENT

All payments under this Agreement are due thirty (30) days from the date of Philips' invoice until the Agreement amount and all applicable taxes and interest are paid in full. Customer will pay interest on any amount not paid when due at the lesser of 1.5% interest per month or the maximum rate permitted by applicable law.

#### 6. EXCUSABLE DELAYS

Philips is excused from performing under this Agreement when Philips' delay or failure to perform is caused by events beyond Philips' reasonable control including, but not limited to, acts of God, acts of third parties, acts of the other party, acts of any civil or military authority, fire, floods, war, terrorism, embargoes, labor disputes, acts of sabotage, riots, accidents, delays of carriers, subcontractors or suppliers, voluntary or mandatory compliance with any government act, regulation or request, shortage of labor, materials or manufacturing facilities, or Equipment being contaminated with blood or other potentially infectious material.

#### 7. TERM; TERMINATION

Except as otherwise provided in this paragraph 7, this Agreement is noncancelable by Customer and will remain in effect for the term specified in this Agreement.

a. Customer may cancel this Agreement upon 60 days written notice to Philips (i) representing that the Equipment is being permanently removed from the Equipment Site and that the Equipment is not being used in any other Customer or third party site, or (ii) specifically describing a material breach or default of the Agreement by Philips, provided that Philips may avoid such cancellation by curing the condition of breach or default within such 60 day notice period.

b. If Customer transfers ownership of the Equipment as part of the transfer of (i) Customer's business or a substantial amount of its assets to a third party or (ii) a mobile unit that houses the Equipment to a third party, in either case without assignment of this Agreement to such third party (as described in paragraph 16), then Customer will pay a cancellation fee equal to thirty percent of the remaining balance of this Agreement.

c. Customer's failure to pay any amount due under this Agreement within 30 days of when payment is due constitutes a default of this Agreement and all other agreements between Customer and Philips. In such an event, Philips may, at its option, (i) withhold performance under this Agreement and any or all of the other agreements until a reasonable time after all defaults have been cured, (ii) declare all sums due and to become due to be immediately due and payable under this Agreement and any or all of the other agreements, (iii) commence collection activities for all sums due or to become due hereunder, including, but not limited to costs and expenses of collection, and reasonable attorney's fees, (iv) terminate this Agreement with 10 days notice to Customer, and (v) pursue any other remedies permitted by law.

d. If Philips determines that its ability to provide the Service Coverage is hindered due to the unavailability of parts or trained personnel, then Philips may terminate this Agreement upon notice to the Customer and provide Customer with a refund of any Customer pre-payments for periods of Service Coverage terminated by Philips.

#### 8. WARRANTY DISCLAIMER

Philips' full contractual service obligations to Customer are described in this Agreement. Philips provides no warranties under this Agreement. All service and parts to support service under this Agreement are provided as is. No warranty of merchantability or fitness for a particular purpose applies to anything provided by PHILIPS' subCONTRACTOR OR PHILIPS.

#### 9. LIMITATIONS OF REMEDIES AND DAMAGES

Philips' total liability, if any, and Customer's exclusive remedy with respect to the Services and Philips' performance hereunder is limited to an amount not to exceed the price stated herein for service that is the basis for the claim. IN NO EVENT WILL PHILIPS BE LIABLE FOR ANY INDIRECT, PUNITIVE, INCIDENTAL, CONSEQUENTIAL, OR SPECIAL DAMAGES, INCLUDING WITHOUT LIMITATION, LOST REVENUES OR PROFITS, OR THE COST OF SUBSTITUTE PARTS OR SERVICES, WHETHER ARISING FROM BREACH OF THE TERMS IN THIS AGREEMENT, BREACH OF WARRANTY, NEGLIGENCE, INDEMNITY, STRICT LIABILITY OR OTHER TORT. PHILIPS WILL HAVE NO LIABILITY FOR ANY ASSISTANCE PHILIPS PROVIDES THAT IS NOT REQUIRED UNDER THIS AGREEMENT.

#### 10. PROPRIETARY SERVICE MATERIALS

In connection with the installation, configuration, maintenance, repair and de-installation of the Equipment, Philips might deliver or transmit to the Equipment Site, along with the Equipment or separately, and store at the Equipment Site, attach to or install on the Equipment, and use certain proprietary service materials (including software, tools and written documentation) that have not been purchased by or licensed to Customer. Customer hereby consents to this delivery, transmission, storage, attachment, installation and use, and to the presence of Philips' locked cabinet or box in the Equipment Site for storage of this property, and to Philips' removal of all or any part of this property at any time, all without charge to Philips. The presence of this property within the Equipment Site will not give Customer any right or title to this property or any license or other right to access, use or decompile this property. Any access to or use of this property and any decompilation of this property by anyone other than Philips' personnel is prohibited. Customer agrees that it will use all reasonable efforts to protect this property against damage or loss and to prevent any access to or use or decompilation of this property contrary to this prohibition. Customer also agrees to immediately report to Philips any violation of this provision known by Customer.

#### 11. THIRD PARTY MANAGEMENT

If Customer has contracted with a third party service management organization, asset management company, maintenance management company, technology management company, maintenance insurance organization or the like ("Third Party Organization") for purposes of centralized billing and management of services provided to Customer, at Customer's written request, Philips will route invoices for payment of services rendered by Philips to such Third Party Organization and accept payment from them on Customer's behalf. Notwithstanding the above, Customer agrees that the services provided by Philips are subject solely to the terms and conditions set forth in this Agreement, and that Customer guarantees the payment of all monies due or that may become due under this Agreement in spite of any collateral arrangements Customer may have with such Third Party Organization or any payment Customer has made to the Third Party Organization. Philips has no contractual relationship for the Services rendered to Customer, except as set forth herein. To the extent that the parts and services Philips provides are not covered by Customer's arrangement with such Third Party Organization, Customer agrees to promptly pay for such parts and services on demand.

#### 12. TAXES

Customer will not be obligated to pay any federal, state or local tax imposed upon or measured by Philips' net income. Any other applicable tax will be invoiced to and payable by Customer, along with the Agreement Price in accordance with the payment terms set forth in this Agreement, unless Philips receives a tax exemption certificate from Customer which is acceptable to the taxing authorities.

#### 13. INDEPENDENT CONTRACTOR

Philips is Customer's independent contractor. Philips' employees are under Philips' exclusive direction and control. Philips' subcontractor's employees are under Philips' subcontractor's exclusive direction and control. Nothing in this Agreement will be construed to designate Philips or any of Philips' employees or Philips' subcontractors or any of their employees as Customer employees, agents, joint venturers or partners. Philips and its subcontractors, officers, directors, and employees from any claims for loss of profit, damage, expense or liability (including reasonable attorney's fees) to the extent such claims result from Customer's or Customer's employees' act or omissions related to the services to be performed by Customer's employees under this Agreement.

#### 14. RECORD RETENTION AND ACCESS

If Section 1861 (v) (1) (B) of the Social Security Act applies to this Agreement, Subsections (i) and (ii) of that Section are made a part of this Agreement. In such an event, Philips agrees to retain and make available, and to insert the requisite clause in each applicable subcontract requiring Philips subcontractor to retain and make available, the contract(s), book(s), document(s), and record(s) to the person(s), upon the request(s) for the period(s) of time required by these Subsections.

#### 15. PRIVACY

In the course of providing the Services to Customer, it is necessary for Philips to have access to, view and/or download computer files from the Equipment that might contain Personal Data. Personal Data includes information relating to an individual, from which that individual can be directly or indirectly identified. Personal Data can include both personal health information (e.g., images, heart monitor data, medical record number) and non-health information (e.g., date of birth, gender). Philips will process Personal Data only to the extent necessary to fulfill its Service obligations under this Agreement.

#### 16. SUBCONTRACTS AND ASSIGNMENTS

Philips may subcontract to service contractors of Philips' choice any of Philips' service obligations to Customer or other activities performed by Philips under this Agreement. No such subcontract will release Philips from those obligations to Customer. Customer may not assign this Agreement or the responsibility for payments due under it without Philips' prior express written consent, which will not be unreasonably withheld.

#### 17. SURVIVAL, WAIVER, SEVERABILITY, NOTICE, CHOICE OF LAW

Customer's obligation to pay any money due to Philips under this Agreement survives expiration or termination of this Agreement. All of Philips' rights, privileges and remedies with respect to this Agreement will continue in full force and effect after the end of this Agreement. Either party's failure to enforce any provision of this Agreement is not a waiver of that provision or of such party's right to later enforce each and every provision. If any part of this Agreement is found to be invalid, the remaining part will be effective. Notices or other communications will be in writing, and will be deemed served if delivered personally, or if sent by facsimile transmission, by overnight mail or courier, or by certified mail, return receipt requested and addressed to the party at the address set forth on the face of this Agreement. The law of the state in which the Equipment is located will govern any interpretation of this

Agreement and dispute between Philips and Customer without regard to the principles of choice of law.

**18. ENTIRE AGREEMENT**

This Agreement constitutes the entire understanding of the parties and supersedes all other agreements, written or oral, regarding its subject matter. No additional terms, conditions, consent, waiver, alteration, or modification will be binding unless in writing and signed by Philips' authorized representative and Customer. Additional or different terms and conditions, whether stated in a purchase order or other document issued by Customer, are specifically rejected and will not apply to the transactions contemplated by this Agreement. No prior proposals, statements, course of dealing, course of performance, usage of trade or industry standard will be part of this Agreement.

**19. AUTHORITY TO EXECUTE**

In executing this Agreement, the parties hereto acknowledge that they have read each of the terms and conditions hereof on behalf of their respective interests, that they know and understand the same, and that they have signed this Agreement as their own respective free acts and with the express authority to do so.

21594h v1 (rev012811)

Signature \_\_\_\_\_

Date \_\_\_\_\_

**FOR INFORMATION PURPOSES ONLY  
THIS IS A SUMMARY SHEET NOT A QUOTE**



**Exhibit 4**

**Uptime Guarantee**

This Uptime Guarantee Exhibit ("Exhibit") is an exhibit to and incorporated into the Philips Healthcare Service Agreement to which this Exhibit is attached. Unless otherwise defined in this Exhibit, the capitalized terms used in this Exhibit have the same meanings as set forth in the Agreement. This Exhibit provides terms and conditions that are in addition to and may supersede the Agreement. In the case of a conflict between this Exhibit and the Agreement, this Exhibit shall supersede the Agreement and the terms and conditions herein shall govern with respect to the Uptime Guarantee.

**1. GENERAL**

Philips agrees to provide to Customer the uptime guarantee specified below on the Philips manufactured equipment ("Uptime Equipment") covered under the Agreement at the Equipment Site ("Uptime Guarantee"). Uptime Equipment does not include peripheral equipment such as external printers, archiving devices, external display monitors, or attached cameras. The terms and conditions of the Agreement are hereby incorporated into this Uptime Guarantee. This Exhibit will remain in effect for the term of the Agreement. Philips performance of its obligations under this Exhibit are subject to Customer meeting its responsibilities described in paragraph 4 of the Agreement for the Uptime Equipment.

UPTIME EQUIPMENT DOES NOT INCLUDE ULTRASOUND SYSTEMS UNLESS SPECIFICALLY LISTED ON THE QUOTATION AS AN ENTITLEMENT. If an item of Uptime Equipment fails to achieve the Uptime Percentage (as defined below) set forth on Schedule 3(a) below, then Customer, as its sole and exclusive remedy, will receive a discount of future Agreement payment(s), as more fully described in paragraph 3 below.

**2. DEFINITIONS**

- a. Uptime Equipment has the meaning set forth in paragraph 1 above.
- b. **Measurement Period:** The measurement period for determining Uptime Percentage is 12 months beginning on the effective date of the Agreement and thereafter on the annual anniversary date of such effective date.
- c. **Base Hours** means the hours/day and days/week over which Uptime Hours and Downtime will be calculated during the Measurement Period. The Base Hours will be the contracted hours of coverage provided for under the Agreement for each particular piece of Uptime Equipment.
- d. **Downtime** means the time that the Uptime Equipment is unable to produce diagnostic images during the Base Hours of any given Measurement Period solely due to Philips' design, manufacturing, materials, or Service performance failure. Measurement of Downtime will commence when the Customer notifies the Philips customer service center that the Uptime Equipment is unable to produce diagnostic images. Downtime does not include time due to planned maintenance service, cryogen replenishment, installation of upgrades and updates, x-ray tube replacement, or an occurrence or condition excluded under the Agreement. The determination of the cause of Downtime is subject to verification by a Phillips regional service manager.
- e. **Uptime Hours** is determined by subtracting the total Downtime from the Base Hours for a particular piece of Uptime Equipment. [Uptime Hours = Base Hours – Downtime]
- f. **Uptime Percentage** is determined by dividing the Uptime Hours by the Base Hours, and multiplying the result by 100. [Uptime Percentage = (Uptime Hours/Base Hours) x 100]

**3. ADJUSTMENT SCHEDULE**

a. **Philips-Manufactured Uptime Equipment.** If the Uptime Percentage specified in Schedule 3(a) is not achieved for Uptime Equipment that is manufactured by Philips, the applicable discount specified in Schedule 3(a) under the Uptime Guarantee specified in the Agreement for such equipment will be made to the portion of Customer's payment(s) due under this Agreement for the piece(s) of equipment that failed to meet the applicable Uptime Percentage. The discount will be applied to all such payments due during the next Uptime Measurement Period.

Schedule 3(a): Agreement Payment Adjustment Schedule for Uptime Equipment

| 99.99% Uptime Guarantee<br>(Available Only for Medical IT High Availability Components) |          | 99% Uptime Guarantee |          | 98% Uptime Guarantee |          | 96% Uptime Guarantee |          |
|---|----------|----------------------|----------|----------------------|----------|----------------------|----------|
| Uptime Percentage   | Discount | Uptime Percentage    | Discount | Uptime Percentage    | Discount | Uptime Percentage    | Discount |
| 99.99% - 100%   | None     | 99% - 100%           | None     | 98% - 100%           | None     | 96% - 100%           | None     |
| 96% - 99.98%  | 5%       | 96% - 98.9%          | 5%       | 95% - 97.9%          | 5%       | 91% - 95.9%          | 5%       |
| 92% - 95.9%   | 10%      | 93% - 95.9%          | 10%      | 92% - 94.9%          | 10%      | <90.9%               | 10% *    |
| <91.9%  | 15% *    | <92.9%               | 15% *    | <91.9%               | 15% *    |                      |          |

\* Maximum adjustment available

#### 4. UPTIME PERCENTAGE DETERMINATION

The Uptime Percentage is determined according to the following formula:  $\text{Uptime Percentage} = (\text{Uptime Hours} / \text{Base Hours}) \times 100$ . The Uptime Percentage is then used in Schedule 3(a) above to determine the applicable discount, if any. Below are examples of how Uptime Percentage is determined:

**a. MEASUREMENT EXAMPLE # 1:**

Base Hours = 8 AM to 5 PM Monday through Friday over the 12 month Measurement Period.  
((9 hours x 5 days) x 52 weeks = 2,340 Base Hours)  
2,340 Base Hours - 60 Downtime hours = 2,280 Uptime Hours  
(2280 / 2340) \* 100 = 97.4% Uptime Percentage

**b. MEASUREMENT EXAMPLE # 2:**

Base Hours = 8 AM to 9 PM Monday through Friday over the 12 month Measurement Period.  
((13 hours x 5 days) x 52 weeks = 3,380 Base Hours)  
3,380 Base Hours - 60 Downtime hours = 3,320 Uptime Hours  
(3320 / 3380) \* 100 = 98.2% Uptime Percentage

#### 5. REPORTS

Uptime Percentage performance reports will be provided at the Customer's request for any Measurement Period while this Uptime Guarantee remains in effect. One report per Measurement Period will be provided if the Customer requests a report within 60 days following the completion of the Measurement Period. Customer must notify Philips in writing if the Uptime Percentage was not achieved for a particular piece of equipment within 60 days after the end of a Measurement Period to receive any applicable discount.

#### 6. WARRANTY DISCLAIMER

Philips full Uptime Guarantee obligations to Customer are described in this Exhibit. Philips provides no warranties under this Uptime Guarantee. All service and parts to support service under this Uptime Guarantee are provided "AS IS". NO WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE APPLIES TO ANYTHING PROVIDED BY PHILIPS' SUBCONTRACTOR OR PHILIPS.

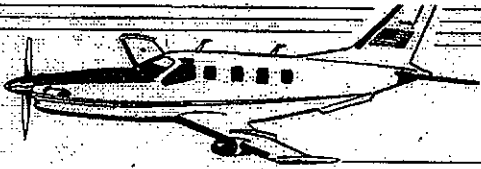
#### 7. LIMITATIONS OF REMEDIES AND DAMAGES

Philips total liability, if any, and Customer's exclusive remedy with respect to this Uptime Guarantee and Philips performance hereunder is limited to the remedies stated herein. IN NO EVENT WILL PHILIPS BE LIABLE FOR ANY INDIRECT, PUNITIVE, INCIDENTAL, CONSEQUENTIAL, OR SPECIAL DAMAGES, INCLUDING WITHOUT LIMITATION, LOST REVENUES OR PROFITS, OR THE COST OF SUBSTITUTE PARTS OR SERVICES, WHETHER ARISING FROM BREACH OF THE TERMS IN THIS UPTIME GUARANTEE, BREACH OF WARRANTY, NEGLIGENCE, INDEMNITY, STRICT LIABILITY OR OTHER TORT. PHILIPS WILL HAVE NO LIABILITY FOR ANY ASSISTANCE PHILIPS PROVIDES THAT IS NOT REQUIRED UNDER THIS UPTIME GUARANTEE.

21594h v1 (rev012811)

**FOR INFORMATION PURPOSES ONLY  
THIS IS A SUMMARY SHEET NOT A QUOTE**

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**BARRY G. MILLER & ASSOCIATES**  
Insurance Services, Inc.

August 15, 2011

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

Dear John & Georgan:

I have enclosed your health plan year-to-date report for plan year 2011. This health plan report includes:

- Annual financial totals;
- Claims rates year by year dating back to when we started working with you in 1996;
- Large claims reports;
- Year-to-date claims vs. maximum liability;
- Prior year's claims vs. maximum liability;
- Summary.

I am providing you with this year-to-date report just to give you an idea of what your health plan costs are thus far. If you have questions after reviewing our report, please call.

Regards,

*Barry Miller*  
Barry Miller

*Terri Zinchiak*  
Terri Zinchiak

BGM:tz  
Attachments

Employee Benefits Consultants — License #0B20769

3161 CAMERON PARK DRIVE • SUITE 203 • CAMERON PARK, CALIFORNIA • 95682 • VOICE: 530-672-0187 • FAX: 530-672-0838

**Northern Inyo Hospital Health Plan  
Year-to-  
Date Report**

Barry G. Miller & Associates  
License #0B20769  
August 15, 2011

**NORTHERN INYO HOSPITAL  
YEAR-TO-DATE REPORT  
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**NORTHERN INYO HOSPITAL**  
**Current Year-to-Date Totals**  
**Plan Year 2011**  
**January 1, 2011 – July 31, 2011**

|                                      | <u>Current<br/>Maximum Liability</u> | <u>Actual<br/>Costs</u> | <u>Percentage<br/>of Total</u> |
|--------------------------------------|--------------------------------------|-------------------------|--------------------------------|
| <b>Claims:</b>                       | <b>\$3,126,748</b>                   | <b>\$1,611,916</b>      | <b>88.6%</b>                   |
| <b>Stop-Loss Premiums:</b>           | <b>\$ 13,536</b>                     | <b>\$ 13,536</b>        | <b>.4%</b>                     |
| <b>Individual Stop-Loss:</b>         | <b>\$ 300,190</b>                    | <b>\$ 300,190</b>       | <b>8.5%</b>                    |
| <b>Administration:</b>               | <b>\$ 73,117</b>                     | <b>\$ 73,117</b>        | <b>2.1%</b>                    |
| <b>ASO Fees:</b>                     | <b>\$ 13,818</b>                     | <b>\$ 13,818</b>        | <b>.4%</b>                     |
| <b>TOTALS</b>                        | <b>\$3,527,409</b>                   | <b>\$2,012,577</b>      | <b>100%</b>                    |
| <b>Dollar Savings (Seven Months)</b> |                                      | <b>\$1,514,832</b>      |                                |
| <b>Percentage Savings</b>            |                                      |                         | <b>43%</b>                     |

**Assumptions:**

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

Actual paid claims were calculated using seven months of claims. A total of \$25,385 has been reimbursed by the stop-loss carrier.

Stop-loss and individual stop-loss premiums were based on actual premiums paid over seven months and assumes counts of 1,038 single employees and 1,038 families for the months of January through July 2011.

Administration was based on actual employee counts for seven months of 1,038 singles and 1,038 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)  | \$2,929,998                | \$244,167                     | \$ 894.38 + 13%                    |
| 2009-10 (Jan. 09 - Mar. 10)  | \$3,522,642                | \$293,554                     | \$1,001.89 +12%                    |
| 2010-11 (Jan. 10 - Mar. 11)  | \$3,426,479                | \$285,540                     | \$ 964.66 - 4%                     |
| 2011-12 (Jan. 11 - July 11)  | \$1,511,916                | \$268,653                     | \$ 907.61 - 6%                     |

\* Numbers based on actual claims experience and employee counts. Current year is calculated based on six months of mature claims.



# Specific Reinsurance Summary

**Employer** Northern Inyo Hospital

**Reinsurance Carrier** Sun Life Assurance Company of Canada

**Stop Loss Retention** \$90,000.00

**Date Revised** 07/25/11

**Policy Period** Jan-2011-Dec 2011

**Benefit Type** Med, Rx

**Contract Type** I-12; P-15; Gapless

| Claimant Name       | Claimant ID Number | Group Number | Prognosis | Total Paid Claims | Advanced Funding | Total Paid Domestic | 20% Paid Domestic | Total Submitted |
|---------------------|--------------------|--------------|-----------|-------------------|------------------|---------------------|-------------------|-----------------|
|                     | W00227761-00       | 02491        | Stable    | \$ 87,558.85      | \$ -             | \$ 64,227.89        | \$ 12,845.58      | \$ (15,286.73)  |
|                     | W00083006-00       | 02491        | Guarded   | \$ 100,292.97     | \$ -             | \$ -                | \$ -              | \$ 10,292.97    |
|                     | W00112561-40       | 02491        | Stable    | \$ 72,430.56      | \$ -             | \$ 64,802.90        | \$ 12,960.58      | \$ (30,530.02)  |
|                     | W00085074-51       | 02491        | Stable    | \$ 64,143.78      | \$ -             | \$ 1,867.72         | \$ 373.54         | \$ (26,229.76)  |
|                     | W00022739-00       | 02491        | Stable    | \$ 45,994.71      | \$ -             | \$ 22,208.95        | \$ 4,441.79       | \$ (48,447.08)  |
|                     | W00292140-40       | 02491        | Guarded   | \$ 106,015.63     | \$ -             | \$ 591.77           | \$ 118.36         | \$ 15,897.27    |
| <b>Grand Totals</b> |                    |              |           | \$ 476,436.50     | \$ -             | \$ 153,699.23       | \$ 30,739.85      | \$ (94,303.35)  |



Northern Inyo Hospital  
Aggregate Summary 01/01/10 thru 12/31/10

| Month  | Medical<br>RX Family | Dental<br>Family | Monthly Agg<br>Deductible | Cumulative Agg<br>Deductible | Medical Foreign | Medical<br>Domestic | Medical 80%<br>Domestic | Dental        | Rx            | Total Paid Claims | Specific<br>Reimbursement | Net Claims      |
|--------|----------------------|------------------|---------------------------|------------------------------|-----------------|---------------------|-------------------------|---------------|---------------|-------------------|---------------------------|-----------------|
| Jan-10 | 286                  | 325              | \$ 364,908.00             | \$ 364,908.00                | \$ 106.28       | \$ 19,322.84        | \$ 14,658.27            | \$ 5,864.10   | \$ 17,980.93  | \$ 38,409.58      | \$ -                      | \$ 38,409.58    |
| Feb-10 | 287                  | 324              | \$ 365,931.00             | \$ 730,839.00                | \$ 39,109.21    | \$ 44,090.59        | \$ 35,272.47            | \$ 13,937.30  | \$ 37,052.17  | \$ 126,371.15     | \$ -                      | \$ 126,371.15   |
| Mar-10 | 288                  | 324              | \$ 367,054.00             | \$ 1,097,893.00              | \$ 144,789.42   | \$ 95,015.74        | \$ 76,012.59            | \$ 32,207.25  | \$ 32,997.09  | \$ 286,006.35     | \$ -                      | \$ 449,787.09   |
| Apr-10 | 288                  | 324              | \$ 367,054.00             | \$ 1,464,947.00              | \$ 24,552.90    | \$ 93,089.70        | \$ 74,471.76            | \$ 13,845.14  | \$ 42,768.17  | \$ 155,625.97     | \$ -                      | \$ 605,413.08   |
| May-10 | 288                  | 325              | \$ 367,154.00             | \$ 1,832,101.00              | \$ 193,004.34   | \$ 133,470.84       | \$ 108,776.67           | \$ 30,644.25  | \$ 36,179.11  | \$ 366,604.87     | \$ -                      | \$ 972,017.93   |
| Jun-10 | 287                  | 324              | \$ 365,931.00             | \$ 2,198,032.00              | \$ 79,547.33    | \$ 68,325.80        | \$ 54,860.72            | \$ 17,836.85  | \$ 30,116.67  | \$ 182,161.57     | \$ -                      | \$ 1,154,179.50 |
| Jul-10 | 295                  | 321              | \$ 363,365.00             | \$ 2,561,417.00              | \$ 76,178.40    | \$ 129,897.37       | \$ 103,917.90           | \$ 24,260.75  | \$ 39,324.27  | \$ 243,681.32     | \$ -                      | \$ 1,397,960.81 |
| Aug-10 | 286                  | 323              | \$ 364,708.00             | \$ 2,926,125.00              | \$ 131,330.50   | \$ 83,832.62        | \$ 66,906.10            | \$ 20,864.35  | \$ 34,084.46  | \$ 253,165.41     | \$ -                      | \$ 1,651,026.22 |
| Sep-10 | 284                  | 322              | \$ 362,362.00             | \$ 3,288,487.00              | \$ 156,381.49   | \$ 124,868.39       | \$ 99,894.71            | \$ 11,642.60  | \$ 35,538.51  | \$ 303,457.31     | \$ 3,635.44               | \$ 1,950,848.09 |
| Oct-10 | 286                  | 325              | \$ 364,908.00             | \$ 3,653,395.00              | \$ 245,351.23   | \$ 187,009.25       | \$ 149,671.40           | \$ 18,170.10  | \$ 39,846.03  | \$ 453,038.76     | \$ 5,270.39               | \$ 2,398,616.46 |
| Nov-10 | 284                  | 322              | \$ 363,362.00             | \$ 4,016,757.00              | \$ 179,236.81   | \$ 79,714.28        | \$ 58,971.43            | \$ 28,311.03  | \$ 22,368.58  | \$ 288,889.85     | \$ 18,636.82              | \$ 2,668,869.39 |
| Dec-10 | 284                  | 322              | \$ 362,362.00             | \$ 4,378,119.00              | \$ 132,387.37   | \$ 199,414.36       | \$ 159,531.49           | \$ 21,749.42  | \$ 28,138.74  | \$ 395,805.02     | \$ 415,680.82             | \$ 2,592,993.59 |
| Jan-11 |                      |                  |                           |                              | \$ 559,645.19   | \$ 238,713.53       | \$ 190,970.82           | \$ 16,802.30  | \$ 15,899.44  | \$ 783,317.75     | \$ 39,661.18              | \$ 3,336,850.17 |
| Feb-11 |                      |                  |                           |                              | \$ 83,964.59    | \$ 97,800.25        | \$ 78,320.20            | \$ 5,169.70   | \$ -          | \$ 187,454.49     | \$ 225,080.53             | \$ 3,279,024.13 |
| Mar-11 |                      |                  |                           |                              | \$ 213,922.11   | \$ 2,135.43         | \$ 1,708.34             | \$ 1,563.62   | \$ -          | \$ 217,194.07     | \$ 69,738.47              | \$ 3,426,479.73 |
|        |                      |                  |                           |                              | \$ 2,259,509.67 | \$ 1,589,691.10     | \$ 1,271,744.88         | \$ 262,688.76 | \$ 410,268.17 | \$ 4,204,183.48   | \$ 777,703.75             | \$ 4,204,183.48 |

Coverage Effective: January 1, 2010  
Average Number of Medical Employees: 297  
Average Number of Dental Employees: 323

Aggregate Claim Factors: Medical, Dental & Rx  
Factors Include: I-12/ P-15  
Contract Basis: \$ 1,123.00  
Med & Rx Family: \$ 100.00  
Dental Family: \$ -

\$75,000 Individual Excess Loss Rates: Medical, Rx  
Factors Include: I-12/ P-15  
Contract Basis: \$ 83.60  
Single: \$ 189.34  
Family: \$ -

Net Claims less greater Deductible: \$ 3,426,479.73  
Annual Aggregate Deductible: \$ 4,121,545.00  
Cumulative Aggregate Deductible: \$ 4,379,119.00  
Net Claims less greater Deductible: \$ (951,639.27)

Enrollment changes will cause fluctuations on the life count reported.  
Life count and claims paid dollars on this report reflects totals as of run date and is subject to change.

## Summary

- ✦ Total worst case liability for the first seven months of this year (January through July) is \$3,126,748. Actual costs, due to favorable claims experience (i.e. actual paid claims that are less than maximums), are \$1,611,916 total dollars. Thus, your costs are \$1,514,832 under your aggregate ceiling.
- ✦ Claims consume approximately 88% of total costs.
- ✦ Stop-loss premium expenses represent 8½% of total costs.
- ✦ Administration costs are 2.1% of total costs, much lower than if we were fully insured where administration would be more like 15-19%.
- ✦ Thus the majority of your plan costs are returned in benefits to your employees as opposed to "overhead" such as administration and reinsurance costs.
- ✦ Medical/dental/RX claims per employee per month for seven months of this year are \$907.61 which is 6% lower than last year. This is particularly good, since last year was 4% below the prior year. Your claims have dropped the last two years. Your highest year, in 2009, was \$1,001 with this year's claims well under that figure.
- ✦ The large claims report identifies six claimants. Remember, you are responsible for claims up to \$90,000; the reinsurance company, Sun Life, pays amounts above that. (We have asked Pinnacle to identify any claim once it hits 50% of the \$90,000 deductible so we can keep an eye on it.) Thus, we have just two claims this year that has exceeded \$90,000 which, as of July 31st, totaled \$206,309. Pinnacle has requested \$30,740 reimbursement to the hospital; \$25,385 has been reimbursed.

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**NORTHERN INYO HOSPITAL  
POLICY AND PROCEDURE**

|  |                 |
|--|-----------------|
| Title: Travel Between Hospital Locations |                 |
| Scope: Hospital-wide                     | Department:     |
| Source: Compliance                       | Effective Date: |

**PURPOSE:**

To define the circumstances under which payment may be made for travel between hospital locations.

**POLICY:**

1. The hospital will compensate employees for travel between hospital facilities under the terms and conditions set forth in this policy.
2. Hospital facilities for which travel compensation is available will be listed on the hospital intranet under Information>Hospital Locations. Any other travel compensation will be in accordance with the Travel Policy.
3. The hospital facility which is the employee's primary work station will be the "from site" for purposes of this policy.
4. The hospital facility to which an employee travels from the "from site", when assigned to do so by the employee's manager, will be the "to site".
5. Compensation under this policy will only be paid to employees using their own automobiles. Any other method of travel, i.e. foot, bicycle, hospital vehicle, will not be compensated.
6. Employees traveling between facilities will only be compensated for mileage logged on a form provided by the hospital called the "Mileage Log." The Mileage Log may be paper or electronic at the option of the hospital. The distance for compensation between "from sites" and "to sites" will be predetermined and published by the hospital on the intranet under Information>Hospital Locations.
7. Compensation for travel between hospital facilities will be paid at the current IRS mileage amount times the distance travelled by the employee as documented on the Mileage Log which must be signed by both the employee and the employee's manager.
8. Applicable taxes will be withheld from the compensation paid pursuant to this policy if such withholding is required by the IRS.
9. The frequency of compensation for travel between hospital facilities will be paid on a schedule determined by the hospital from time to time, but not less than each month.

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Reviewed  
Supercedes

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**HAWKEYE ENTERPRISES, INC.**

P. O. BOX 1297  
BISHOP, CA. 93515

(760) 872-4512

LIC. # 793962 A HAZ., B, C-10

CELL 760-784-1077

FAX 872-4023

**PROPOSAL & CONTRACT**

August 29, 2011

Northern Inyo Hospital .

Attn: Dan Webster

Re: Pavement for Church of the Nazarene 900 w. Line , Bishop

Dear Dan :

Our bid for the repairs and Pavement of the Nazarene Church is :

Item I

1. Prepare the dirt area for new pavement approximately 6,590 sq ft
2. Grade out the area to 3" deep for the new pavement
3. Grade the area to drain off to the East and tie into the existing asphalt pavement
4. Scarify and recompact the soil to 90% ASTM standards
5. Install 3" hot mix asphalt , ½" rock PG 68-24 design mix

Cost for this item \$24,990

Item II

1. Thoroughly clean the existing asphalt in front of the church that fronts to Line street approximately 8660 sq ft
2. Fill all cracks with hot Crafcoc crack filler that are over ¼" wide ( small cracks will not allow the hot mix to flow into them – they get filled with the slurry )
3. Install 1 coat of slurry seal to the area 10 mills thick
4. Restripe church lot

Cost for this item \$3875

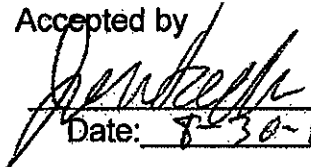
We based this quote on doing this paving concurrently with the paving we are doing at the Hospital . we do not have a firm date at this time but Beebe is shooting for approximately 2-3 weeks

Terms: 10% mobilization of costs at start

90% on completion-- 1% 10 business days net 30 days

Thank you for this opportunity

Accepted by

  
Date: 8-30-11

Submitted by:

  
Larry Blain



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# NORTHERN INYO HOSPITAL

## PHYSICIAN HOSPITALIST AGREEMENT

NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT, a political subdivision organized and existing pursuant to the Local Hospital District Law (Health and Safety Code Section 32000, et seq.) of the State of California, hereinafter referred to as "District", and Shiva Shabnam, M.D. agree as follows:

### PART I

#### RECITALS

1. District is the owner and operator of a Hospital located in Bishop, California. As a community service, District conducts a Hospitalist Service, hereinafter referred to as "Service", to serve the members of the community and other persons who may require immediate medical and/or hospital service.
2. Physician is duly licensed under the laws of the State of California, and has experience in providing primary and intensive patient care.
3. District has concluded that engaging Physician is the most desirable course of action considering both the cost and quality of service, as compared to other arrangements and providers available to District.
4. The parties to this agreement, in order to provide a full statement of their respective responsibilities in connection with the operation of the physician services during the term of this contract, desire to enter there into.

### PART II

#### AGREEMENTS

1. **Space.** District shall make available for the use of Physician during the term hereof and during the hours hereinafter specified, the space that is now or may be hereafter occupied by the Service. District shall also provide Physician an appropriately furnished room, in which they may rest when their services are not otherwise required, together with meals while they are on duty.
2. **Equipment and Supplies.** District shall provide, at its own expense, for the use of Physician, all necessary expendable and non-expendable medical equipment, drugs, supplies, furniture and fixtures as are necessary for the efficient operation of the Service.
3. **Maintenance.** District shall maintain and repair all equipment and shall provide utilities and services such as heat, water, electricity, telephone service, laundry and janitorial service.

# NORTHERN INYO HOSPITAL

## PHYSICIAN HOSPITALIST AGREEMENT

4. **Physician Services.** In order to provide quality Hospitalist care on a prompt and continuing basis, available at all times at Hospital to the community, Physician agrees to provide the professional services of duly licensed Physician and surgeon in the Service 24 hours a day, seven days a week on a scheduled weekly basis (rotation). Said services are delineated, but are not limited to, on Schedule A of this agreement.

Physician shall respond to in-house emergencies in the same manner as other members of the medical staff, and shall make pronouncements of death when attending Physician is not immediately available.

Physician may be granted limited admitting privileges for patients without a private physician. Procedures, rules and regulations with respect to such privileges, and the obligations of Physician to make referrals to the "on-call" panel and other Physician and other matters related thereto, shall be as set forth in the Medical Staff-By-Laws, rules and regulations or as otherwise determined by the Medical Staff Executive Committee or the Hospitalist Committee with the approval of the Board of Trustees.

5. **Standards.** It is understood and agreed that the standards of professional practice and duties of Physician shall from time to time be set by the medical staff of Hospital, and Physician shall abide by the by-laws, rules and regulations of the medical staff and Hospital policies. Further, Physician shall cause the Service to comply with those standards and requirements of the Joint Commission and the California Medical Association, which relate to the Service over which Physician has control.

6. **Personnel.** District shall provide the services of licensed registered and vocational nurses and other non-physician technicians and assistants, necessary for the efficient operation of the Service. Normal direction and control of such personnel for professional medical matters shall rest with Physician. The selection and retention of all non-physician personnel is the responsibility of District.

7. **Liaison.** The District shall appoint personnel to act as liaison between the Hospitalist and the clinical Service(s) of the Hospital. Initially this person will be the Utilization Coordinator.

8. **District and Government Authorities.** Physician, in connection with their operation and conduct of the Service, shall comply with all applicable provisions of law, and other valid rules and regulations of the District's Board of Trustees, its organized medical staff and all governmental agencies having jurisdiction over; (i) the operation of the District and services; (ii) the licensing of health care practitioners; (iii) and the delivery of services to patients of governmentally regulated third party payers whose members/beneficiaries receive care at the District, including but not limited to rules and regulations promulgated with respect to the transfer of patients from the Hospitalist Service.

9. **Independent Contractor.** No relationship of employer or employee is created by this Agreement, it being understood that Physician will act hereunder as independent contractor, and that the Physician shall have any claim under this Agreement or otherwise against District for

# NORTHERN INYO HOSPITAL

## PHYSICIAN HOSPITALIST AGREEMENT

vacation pay, sick leave, retirement benefits, Social Security, Worker's Compensation benefits, or employee benefits of any kind; that District shall neither have not exercise any control or direction over the methods by which physicians shall perform their work and functions, which at all times shall be in strict accordance with currently approved methods and practices in their field; and that the sole interest of District is to ensure that said Hospitalist service shall be performed and rendered in a competent, efficient and satisfactory manner and in accordance with the standards required by the Medical Staff and District. Physicians are allowed to work for or have a private practice while providing hospitalist services for Northern Inyo Hospital.

**10. Compensation.** Physician shall receive for services rendered:

- \$9,100 for each full rotation worked,
- Lodging provided or arranged by the hospital,
- \$51.00 per diem,
- All transportation expenses.
- Malpractice insurance (with tail coverage).

**11. Daily Memoranda and Billing.** District agrees to act as Physician's designated billing and collection agent. Physicians shall file with the Business Office of District periodic memoranda on forms agreed upon between the parties, covering services performed at the fees herein above mentioned and shall and does hereby assign the collection of said charges to District. Hospital's charges to the patient shall be separate and distinct from the charges by Physician; however, patient may be sent a billing, which includes a combined Hospital and Physician's charge. If the patient's billing includes such a combined charge, it must be clearly indicated that the charge includes Physician's professional component and that District is acting as billing agent for Physician's. Physician agrees to participate in all compliance efforts of Hospital.

Within 10 days of the receipt of an invoice or request for funding from the physician, the District shall present to Physician a check representing the payment for services rendered in the preceding month. Payments will be made on a monthly basis. Monthly payments shall be made by the Hospital to Physician before the 15<sup>th</sup> day of the month in which services are rendered.

Payment of all sums under this part shall be made to Physician at the following address:

Shiva Shabnam, M.D.  
9423 Reseda Blvd., Apt 512  
Northridge, CA 91324

**12. Not Exclusive.** It is specifically agreed and understood that Physician shall not be required to, nor is it anticipated, that Physician will devote full time to District, it being understood that Physician may have additional enterprises and other Hospitalist or other service agreements.

# NORTHERN INYO HOSPITAL

## PHYSICIAN HOSPITALIST AGREEMENT

**13. Assignment.** Physician shall not assign, sell or transfer this Agreement or any interest therein without the consent of the District in writing first being obtained. Notwithstanding any of the foregoing, it is understood and agreed that, in the event that Physician forms an alternative professional organization, duly authorized under the laws of this State to practice medicine, said alternative professional organization may be substituted in the place of Physician, with all of the rights and subject to all of the obligations of Physician under the terms of this Agreement. Said substitution shall be effected upon Physician giving written notice to District.

**14. Term.** The term of this Agreement shall be from 11/1/2011 to 10/31/2013, and continuing from year to year thereafter. Hospital may terminate this Agreement upon fifteen (15) days written notice to the physician. Physician may terminate this agreement with fifteen (15) day written notice but not less than 30 days prior to the start of the physician schedule the before

In addition, Hospital may terminate this Agreement and all rights of Physician hereunder, without notice, immediately upon the occurrence of any of the following events:

1. Upon the failure of Physician to provide the services required to be provided by Physician for a period in excess of one (1) hour unless other acceptable coverage is arranged.

2. Upon a determination by a majority of Hospital's Board of Directors, after consultation with; the Executive Committee of the Medical Staff, that Physician, or any physician provided by Physician have been guilty of professional incompetence, have failed to maintain the Service in a manner consistent with the highest standards maintained for the operation of the Service in comparable hospitals, or are otherwise bringing discredit upon the Hospital or its Medical Staff in the community.

3. Immediately upon the appointment of a receiver of Physician's assets, as assignment by Physician for the benefit of its creditors or any action taken or suffered by Physician (with respect to Physician) under any bankruptcy or insolvency act.

**15. Amendment.** This Agreement may be amended at any time by written agreement duly executed by both parties.

**16. Attorney's Fees.** In the event that suit is brought regarding the provisions of this Agreement or the enforcement thereof, the prevailing party shall be awarded its cost of suit and reasonable attorney's fees as a part of any Judgment rendered therein.

**17. Liquidated Damages.** The Physician understands that the District will be damaged in the event that the Physician fails to fulfill the terms of this agreement and hereby agrees that such failure is worth \$2500 a day. Administrator shall be the sole determiner of the existence of damages.

**18. Medical Records.** Physician shall in a timely manner, prior to the billing process, prepare and maintain complete and legible medical records, which accurately document the

NORTHERN INYO HOSPITAL

PHYSICIAN HOSPITALIST AGREEMENT

professional service and medical necessity of all services rendered, for each patient who is treated at the Service. Such medical records shall be the property of Hospital; however, Physician shall have access to and may photocopy relevant documents and records, within the restrictions of the law, upon giving reasonable notice to Hospital.

**19. Accounts and Records.** Physician agrees to maintain books, records, documents, and other evidence pertaining to all costs and expenses incurred and revenues acquired under 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 payment or reimbursement is claimed. The Authorized Federal Office shall have access for the purpose of audit and examination to any books, documents, papers, and records of Physician, which are pertinent to this Agreement, at all reasonable times during the period of retention provided for in the following paragraph.

Physician shall preserve all pertinent records and books of accounts related to this contract in the possession of Physician for a period of four (4) years after the end of the contract period. Physician agree to transfer to District upon termination of this Agreement any records which possess long-term value to District beyond four (4) years.

Physician shall include a clause providing similar access in any subcontract with a value or cost of \$10,000 or more over a twelve-month period when the subcontract is with a related organization.

**20. Notices.** The notices required by this Agreement shall be effective if mailed, postage prepaid as follows:

- (a) To District at: 150 Pioneer Lane  
Bishop, California 93514
- (b) To Physician at:

IN WITNESS WHEREOF, the parties hereto have executed this Hospitalist Care Agreement at Bishop, California on \_\_\_\_\_.

DISTRICT:

NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT

BY \_\_\_\_\_  
John Halfen, Administrator

NORTHERN INYO HOSPITAL  
PHYSICIAN HOSPITALIST AGREEMENT

PHYSICIAN:

BY \_\_\_\_\_  
Shiva Shabnam, MD

NORTHERN INYO HOSPITAL

PHYSICIAN HOSPITALIST AGREEMENT

**SCHEDULE A**

1. Admit Patients as needed.
2. Round on in-patients as needed.
3. Assist with transfers as requested.
4. Complete charts as needed.
5. Record histories and physicals as needed.
6. Participate in the development of the hospital information system's computerized physician order entry module.

**SCHEDULE B**

1. \$50.00 PER DISCHARGE (NOT BETWEEN INPATIENT UNITS) PER ROTATION IN EXCESS OF 15 DISCHARGES.
2. \$30 PER HOUR OF ON SITE COVERAGE IN EXCESS OF 60 HOURS
3. \$30.00 PER HOUR FOR ONSITE SERVICE FOR PREMIUM HOURS DEFINED AS 12AM (MIDNIGHT) UNTIL 6AM.



NORTHERN INYO HOSPITAL  
 PHYSICIAN HOSPITALIST AGREEMENT

**ATTACHMENT A**

**HOSPITALIST WEEKLY TIME SHEET**  
**WEEK ENDING: \_\_\_\_\_**

***HOURS:***

| Sat. | Sun. | Mon. | Tues. | Weds. | Thurs. | Fri. | Total | Amount over 60 |
|------|------|------|-------|-------|--------|------|-------|----------------|
|      |      |      |       |       |        |      |       | \$ -           |

***PREMIUM HOURS (12 a.m. to 6 a.m.):***

| Sat. | Sun. | Mon. | Tues. | Weds. | Thurs. | Fri. | Total | Hours @ \$30 |
|------|------|------|-------|-------|--------|------|-------|--------------|
|      |      |      |       |       |        |      |       | \$ -         |

***DISCHARGES (Including Transfers):***

| Sat. | Sun. | Mon. | Tues. | Weds. | Thurs. | Fri. | Total | Discharge over 15 |
|------|------|------|-------|-------|--------|------|-------|-------------------|
|      |      |      |       |       |        |      |       | \$ -              |

NORTHERN INYO HOSPITAL  
PHYSICIAN HOSPITALIST AGREEMENT

**ATTACHMENT B**

**Medicare Allocation and Time Records**

- A. District and Physician agree to maintain a written allocation agreement in accordance with the applicable Medicare regulations in effect specifying reasonable estimates of the time Physician will spend in rendering:
  - 1. Services to the District, which are reimbursable by Part A of Medicare;
  - 2. Professional services to patients of the District which are reimbursable by Part B of Medicare; and.
  - 3. Services, which are not reimbursable by Medicare.
- B. Physician agrees to maintain adequate time records in order to substantiate the aforementioned allocation agreement. Maintenance of said time records shall not imply any employer/employee relationship between District and Pathologist.
- C. Physician shall provide written notice to District whenever the time records maintained in connection with any allocation agreement fail to substantiate, or appear to fail to substantiate, the allocations made in such an agreement. As soon as practicable after notice has been provided by Physician the parties shall execute, or cause to be executed, a new allocation agreement that reflects the actual time records.
- D. Completion of Medicare "Time Studies" (Attachment A) as required.

**THIS SHEET  
INTENTIONALLY  
LEFT BLANK**

# NORTHERN INYO HOSPITAL

## PHYSICIAN HOSPITALIST AGREEMENT

NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT, a political subdivision organized and existing pursuant to the Local Hospital District Law (Health and Safety Code Section 32000, et seq.) of the State of California, hereinafter referred to as "District", and Sudhir Kakarla, M.D. agree as follows:

### PART I

#### RECITALS

1. District is the owner and operator of a Hospital located in Bishop, California. As a community service, District conducts a Hospitalist Service, hereinafter referred to as "Service", to serve the members of the community and other persons who may require immediate medical and/or hospital service.
2. Physician is duly licensed under the laws of the State of California, and has experience in providing primary and intensive patient care.
3. District has concluded that engaging Physician is the most desirable course of action considering both the cost and quality of service, as compared to other arrangements and providers available to District.
4. The parties to this agreement, in order to provide a full statement of their respective responsibilities in connection with the operation of the physician services during the term of this contract, desire to enter there into.

### PART II

#### AGREEMENTS

1. **Space.** District shall make available for the use of Physician during the term hereof and during the hours hereinafter specified, the space that is now or may be hereafter occupied by the Service. District shall also provide Physician an appropriately furnished room, in which they may rest when their services are not otherwise required, together with meals while they are on duty.
2. **Equipment and Supplies.** District shall provide, at its own expense, for the use of Physician, all necessary expendable and non-expendable medical equipment, drugs, supplies, furniture and fixtures as are necessary for the efficient operation of the Service.
3. **Maintenance.** District shall maintain and repair all equipment and shall provide utilities and services such as heat, water, electricity, telephone service, laundry and janitorial service.

# NORTHERN INYO HOSPITAL

## PHYSICIAN HOSPITALIST AGREEMENT

**4. Physician Services.** In order to provide quality Hospitalist care on a prompt and continuing basis, available at all times at Hospital to the community, Physician agrees to provide the professional services of duly licensed Physician and surgeon in the Service 24 hours a day, seven days a week on a scheduled weekly basis (rotation). Said services are delineated, but are not limited to, Schedule A of this agreement.

Physician shall respond to in-house emergencies in the same manner as other members of the medical staff, and shall make pronouncements of death when attending Physician is not immediately available.

Physician may be granted limited admitting privileges for patients without a private physician. Procedures, rules and regulations with respect to such privileges, and the obligations of Physician to make referrals to the "on-call" panel and other Physician and other matters related thereto, shall be as set forth in the Medical Staff-By-Laws, rules and regulations or as otherwise determined by the Medical Staff Executive Committee or the Hospitalist Committee with the approval of the Board of Trustees.

**5. Standards.** It is understood and agreed that the standards of professional practice and duties of Physician shall from time to time be set by the medical staff of Hospital, and Physician shall abide by the by-laws, rules and regulations of the medical staff and Hospital policies. Further, Physician shall cause the Service to comply with those standards and requirements of the Joint Commission and the California Medical Association, which relate to the Service over which Physician has control.

**6. Personnel.** District shall provide the services of licensed registered and vocational nurses and other non-physician technicians and assistants, necessary for the efficient operation of the Service. Normal direction and control of such personnel for professional medical matters shall rest with Physician. The selection and retention of all non-physician personnel is the responsibility of District.

**7. Liaison.** The District shall appoint personnel to act as liaison between the Hospitalist and the clinical Service(s) of the Hospital. Initially this person will be the Utilization Coordinator.

**8. District and Government Authorities.** Physician, in connection with their operation and conduct of the Service, shall comply with all applicable provisions of law, and other valid rules and regulations of the District's Board of Trustees, its organized medical staff and all governmental agencies having jurisdiction over; (i) the operation of the District and services; (ii) the licensing of health care practitioners; (iii) and the delivery of services to patients of governmentally regulated third party payers whose members/beneficiaries receive care at the District, including but not limited to rules and regulations promulgated with respect to the transfer of patients from the Hospitalist Service.

# NORTHERN INYO HOSPITAL

## PHYSICIAN HOSPITALIST AGREEMENT

9. **Independent Contractor.** No relationship of employer or employee is created by this Agreement, it being understood that Physician will act hereunder as independent contractor, and that the Physician shall have any claim under this Agreement or otherwise against District for vacation pay, sick leave, retirement benefits, Social Security, Worker's Compensation benefits, or employee benefits of any kind; that District shall neither have not exercise any control or direction over the methods by which physicians shall perform their work and functions, which at all times shall be in strict accordance with currently approved methods and practices in their field; and that the sole interest of District is to ensure that said Hospitalist service shall be performed and rendered in a competent, efficient and satisfactory manner and in accordance with the standards required by the Medical Staff and District. Physicians are allowed to work for or have a private practice while providing hospitalist services for Northern Inyo Hospital.

10. **Compensation.** Physician shall receive for services rendered:

- \$9,000 for each full rotation worked,
- Lodging provided or arranged by the hospital,
- \$51.00 per diem,
- All transportation expenses.
- Cost of upgrade to Malpractice, if any.

11. **Daily Memoranda and Billing.** District agrees to act as Physician's designated billing and collection agent. Physicians shall file with the Business Office of District periodic memoranda on forms agreed upon between the parties, covering services performed at the fees herein above mentioned and shall and does hereby assign the collection of said charges to District. Hospital's charges to the patient shall be separate and distinct from the charges by Physician; however, patient may be sent a billing, which includes a combined Hospital and Physician's charge. If the patient's billing includes such a combined charge, it must be clearly indicated that the charge includes Physician's professional component and that District is acting as billing agent for Physician's. Physician agrees to participate in all compliance efforts of Hospital.

Within 10 days of the receipt of an invoice or request for funding from the physician, the District shall present to Physician a check representing the payment for services rendered in the preceding month. Payments will be made on a monthly basis. Monthly payments shall be made by the Hospital to Physician before the 15<sup>th</sup> day of the month in which services are rendered.

Payment of all sums under this part shall be made to Physician at the following address:

Sudhir Kakarla, M.D.  
(current address)

12. **Not Exclusive.** It is specifically agreed and understood that Physician shall not be required to, nor is it anticipated, that Physician will devote full time to District, it being understood that Physician may have additional enterprises and other Hospitalist or other service agreements.

# NORTHERN INYO HOSPITAL

## PHYSICIAN HOSPITALIST AGREEMENT

13. **Assignment.** Physician shall not assign, sell or transfer this Agreement or any interest therein without the consent of the District in writing first being obtained. Notwithstanding any of the foregoing, it is understood and agreed that, in the event that Physician forms an alternative professional organization, duly authorized under the laws of this State to practice medicine, said alternative professional organization may be substituted in the place of Physician, with all of the rights and subject to all of the obligations of Physician under the terms of this Agreement. Said substitution shall be effected upon Physician giving written notice to District.

14. **Term.** The term of this Agreement shall be from 11/1/2011 to 10/31/2013, and continuing from year to year thereafter. Hospital may terminate this Agreement upon fifteen (15) days written notice to the physician. Physician may terminate this agreement with fifteen (15) day written notice but not less than 30 days prior to the start of the physician schedule the before

In addition, Hospital may terminate this Agreement and all rights of Physician hereunder, without notice, immediately upon the occurrence of any of the following events:

1. Upon the failure of Physician to provide the services required to be provided by Physician for a period in excess of one (1) hour unless other acceptable coverage is arranged.

2. Upon a determination by a majority of Hospital's Board of Directors, after consultation with; the Executive Committee of the Medical Staff, that Physician, or any physician provided by Physician have been guilty of professional incompetence, have failed to maintain the Service in a manner consistent with the highest standards maintained for the operation of the Service in comparable hospitals, or are otherwise bringing discredit upon the Hospital or its Medical Staff in the community.

3. Immediately upon the appointment of a receiver of Physician's assets, as assignment by Physician for the benefit of its creditors or any action taken or suffered by Physician (with respect to Physician) under any bankruptcy or insolvency act.

15. **Amendment.** This Agreement may be amended at any time by written agreement duly executed by both parties.

16. **Attorney's Fees.** In the event that suit is brought regarding the provisions of this Agreement or the enforcement thereof, the prevailing party shall be awarded its cost of suit and reasonable attorney's fees as a part of any Judgment rendered therein.

17. **Liquidated Damages.** The Physician understands that the District will be damaged in the event that the Physician fails to fulfill the terms of this agreement and hereby agrees that such failure is worth \$2500 a day. Administrator shall be the sole determiner of the existence of damages.

# NORTHERN INYO HOSPITAL

## PHYSICIAN HOSPITALIST AGREEMENT

**18. Medical Records.** Physician shall in a timely manner, prior to the billing process, prepare and maintain complete and legible medical records, which accurately document the professional service and medical necessity of all services rendered, for each patient who is treated at the Service. Such medical records shall be the property of Hospital; however, Physician shall have access to and may photocopy relevant documents and records, within the restrictions of the law, upon giving reasonable notice to Hospital.

**19. Accounts and Records.** Physician agrees to maintain books, records, documents, and other evidence pertaining to all costs and expenses incurred and revenues acquired under 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 payment or reimbursement is claimed. The Authorized Federal Office shall have access for the purpose of audit and examination to any books, documents, papers, and records of Physician, which are pertinent to this Agreement, at all reasonable times during the period of retention provided for in the following paragraph.

Physician shall preserve all pertinent records and books of accounts related to this contract in the possession of Physician for a period of four (4) years after the end of the contract period. Physician agree to transfer to District upon termination of this Agreement any records which possess long-term value to District beyond four (4) years.

Physician shall include a clause providing similar access in any subcontract with a value or cost of \$10,000 or more over a twelve-month period when the subcontract is with a related organization.



NORTHERN INYO HOSPITAL

PHYSICIAN HOSPITALIST AGREEMENT

20. Notices. The notices required by this Agreement shall be effective if mailed, postage prepaid as follows:

- (a) To District at: 150 Pioneer Lane  
Bishop, California 93514
- (b) To Physician at: *(current address)*

IN WITNESS WHEREOF, the parties hereto have executed this Hospitalist Care Agreement at Bishop, California on \_\_\_\_\_.

DISTRICT:

NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT

BY \_\_\_\_\_  
John Halfen, Administrator

PHYSICIAN:

BY \_\_\_\_\_  
Sudhir Kakarla, MD

NORTHERN INYO HOSPITAL

PHYSICIAN HOSPITALIST AGREEMENT

**SCHEDULE A**

1. Admit Patients as needed.
2. Round on in-patients as needed.
3. Assist with transfers as requested.
4. Complete charts as needed.
5. Record histories and physicals as needed.
6. Participate in the development of the hospital information system's computerized physician order entry module.

NORTHERN INYO HOSPITAL  
PHYSICIAN HOSPITALIST AGREEMENT

**SCHEDULE B**

1. \$50.00 PER DISCHARGE (NOT BETWEEN INPATIENT UNITS) PER ROTATION IN EXCESS OF 15 DISCHARGES.
2. \$30 PER HOUR OF ON SITE COVERAGE IN EXCESS OF 60 HOURS
3. \$30.00 PER HOUR FOR ONSITE SERVICE FOR PREMIUM HOURS DEFINED AS 12AM (MIDNIGHT) UNTIL 6AM.

NORTHERN INYO HOSPITAL

PHYSICIAN HOSPITALIST AGREEMENT

**ATTACHMENT A**

**HOSPITALIST WEEKLY TIME SHEET**  
**WEEK ENDING: \_\_\_\_\_**

***HOURS:***

| Sat. | Sun. | Mon. | Tues. | Weds. | Thurs. | Fri. | Total | Amount over 60 |
|------|------|------|-------|-------|--------|------|-------|----------------|
|      |      |      |       |       |        |      |       | \$ -           |

***PREMIUM HOURS ( 12 a.m. to 6 a.m.) :***

| Sat. | Sun. | Mon. | Tues. | Weds. | Thurs. | Fri. | Total | Hours @ \$30 |
|------|------|------|-------|-------|--------|------|-------|--------------|
|      |      |      |       |       |        |      |       | \$ -         |

***DISCHARGES (Including Transfers):***

| Sat. | Sun. | Mon. | Tues. | Weds. | Thurs. | Fri. | Total | Discharge over 15 |
|------|------|------|-------|-------|--------|------|-------|-------------------|
|      |      |      |       |       |        |      |       | \$ -              |

NORTHERN INYO HOSPITAL

PHYSICIAN HOSPITALIST AGREEMENT

**ATTACHMENT B**

**Medicare Allocation and Time Records**

- A. District and Physician agree to maintain a written allocation agreement in accordance with the applicable Medicare regulations in effect specifying reasonable estimates of the time Physician will spend in rendering:
  - 1. Services to the District, which are reimbursable by Part A of Medicare;
  - 2. Professional services to patients of the District which are reimbursable by Part B of Medicare; and
  - 3. Services, which are not reimbursable by Medicare.
- B. Physician agrees to maintain adequate time records in order to substantiate the aforementioned allocation agreement. Maintenance of said time records shall not imply any employer/employee relationship between District and Pathologist.
- C. Physician shall provide written notice to District whenever the time records maintained in connection with any allocation agreement fail to substantiate, or appear to fail to substantiate, the allocations made in such an agreement. As soon as practicable after notice has been provided by Physician the parties shall execute, or cause to be executed, a new allocation agreement that reflects the actual time records.
- D. Completion of Medicare "Time Studies" (Attachment A) as required.

**END**