

CALL TO ORDER The meeting was called to order at 5:30 p.m. 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
Douglas Buchanan, District Legal Counsel
Helena Black, M.D., Chief of Staff
Sandy Blumberg, Administration Secretary

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

PUBLIC COMMENTS
ON THE AGENDA Mr. Watercott asked if any members of the public wished to address the Board on any items listed on the agenda for this meeting. No comments were heard.

MINUTES The minutes of the September 15 2010 regular meeting were approved.

REPLACE CORE
INFORMATION
TECHNOLOGY SYSTEM Mr. Watercott stated agenda item G listed under New Business on this agenda; *Possible Replacement of the Hospital's Core Information Technology System*; would be discussed at this time in order to allow individuals present only for this discussion to leave afterward if they wish.

Mr. Halfen stated hospital management began looking into the possibility of replacing its core Information Technology (IT) system two years ago when its current vendor Quadramed informed customers they would not continue to support parts of their system in the future. After reviewing Quadramed's plans for surgery scheduling and other vital hospital operations, it became apparent that their products will become more expensive yet less appropriate to meet the needs of Northern Inyo Hospital (NIH) in the future. Administration also became aware that federal 'meaningful use' dollars will be available to hospitals that embrace electronic health records and electronic health record exchange; so management began looking at those products and vendors most likely to meet NIH's Hospital Information System (H.I.S.) needs. Following 18 months of extensive research; vigorous examination of the products available; site visits; and following consultation with HIS Pros Consultants; the decision has been narrowed to two vendors, which are McKesson and Meditech Corporations. IT Director Adam Taylor called attention to department head/user questionnaires filled out by NIH employees who were part of the selection process; and upon review of

employee input the clear front-runner at this time is McKesson (with few dissenting opinions). Mr. Taylor also noted McKesson's implementation schedule and timeline is far superior to Meditech's, and McKesson should be able to install their product well in advance of the deadline to meet meaningful use funding requirements. Representatives from McKesson were on hand to answer any questions Board members and others present may have. Following an in-depth discussion of the selection process and upon making the determination that due diligence was done in the selection process; it was moved by Denise Hayden, seconded by M.C. Hubbard, and passed to approve McKesson Corporation to be the hospitals' new HIS vendor as recommended. D. Scott Clark, M.D. noted his vote was made with reservation due to his concerns that a possibility exists that the hospital may not receive the meaningful use dollars it is expecting. Doctor Ungersma stated his feeling that it is extremely important to ensure that the new system is one approved by the Office of the National Coordinator.

FINANCIAL AND STATISTICAL REPORTS

Mr. Halfen called attention to the financial and statistical reports for the month of August 2010. He noted the statement of operations shows a bottom line excess of revenues over expenses of \$708,166. Mr. Halfen additionally called attention to the following:

- *Inpatient service revenue was under budget and outpatient service revenue was over budget*
- *Total expenses were under budget*
- *Salaries & wages and employee benefits expense were both under budget*
- *Professional Fees Expense was over budget*
- *The Balance Sheet showed no significant change*
- *Total net assets continue to grow*
- *Year-to-date net income totals \$1,073,725*

Mr. Halfen noted the balance sheet shows a decline in short term investments due to the fact that assets are being liquidated in order to help fund the hospital rebuild project. Revenue was down during the month of August, however interim payments began coming in from Medicare and Medical. The expense side of the income statement shows no notable change, and total expenses are on track with the annual budget at this time. Following review of the information provided it was moved by John Ungersma, M.D., seconded by Doctor Clark, and passed to approve the financial and statistical reports for the month of August as presented.

ADMINISTRATOR'S REPORT

CHANGE OF PAYDAY

Mr. Halfen informed the Board at the next regular meeting he may ask for Board approval to change the hospital employee pay schedule from every other Thursday to every other Friday. At this time he is introducing the concept to measure the reactions of employees and of the Board, and he will present more information on this topic at the December meeting. Mr. Halfen noted most employers pay on Friday, and this change would help

to maximize the hospital's cash float over payday weekends. He also suggested the possibility of making direct deposit mandatory for hospital employees in order to ease internal accounting; however Ms. Hubbard noted this may not be feasible if some employees do not have the ability to open a bank account.

BUILDING UPDATE

John Hawes with Turner Construction Company reported in spite of rain delays the hospital rebuild project is still running on schedule at this time. To prevent further weather delays during winter months the new building will be encased in plastic then is scheduled to go through a drying process on December 2nd. During cold weather the structure will be heated to allow construction to continue on schedule, and in April of 2011 the plastic will be removed to reveal a building well on its way to completion. Mr. Hawes also noted that without the hard work of Kevin Boots and RBB Architects, the project would not be progressing in a timely manner.

CHIEF OF STAFF REPORT

Chief of Staff Helena Black, M.D. reported following careful review by the appropriate committees the Medical Staff recommends approval of the following Rural Health Clinic (RHC) protocol and procedure:

1. Physician Assistant Protocol: *Medication/Device Policy for RHC P.A.s*
2. Nurse Practitioner Standardized Procedure: *Furnishing Medications/Devices Policy for RHC NP's*

It was moved by Ms. Hubbard, seconded by Doctor Ungersma, and passed to approve the RHC policy and the RHC protocol as presented.

Doctor Black also reported following careful review by the appropriate Medical Staff committees, she is pleased to request Board approval to grant privileges to RHC Physician Assistant Sarah Starosta. It was moved by Doctor Clark, seconded by Ms. Hubbard, and passed to approve privileges for Sarah Starosta. P.A. as requested.

Doctor Black also reported the Medical Staff has received and recommends accepting the resignations of the following Medical Staff members:

1. Donna McAuley, RN, FNP, CNM
2. Marilou Terpenning, M.D.
3. Sudhir Kakarla, M.D.
4. William Carter, D.D.S.

It was moved by Doctor Clark, seconded by Ms. Hayden, and passed to accept the resignations the four Medical Staff members as requested.

Doctor Black also reported the Medical Executive Committee recommends a change be made to the Medical Staff bylaws to include the Chief of Emergency Service as a member of the Medical Executive Committee. It was moved by Doctor Ungersma, seconded by Ms. Hayden, and passed to approve the change to the Medical Staff bylaws as requested.

Doctor Black also reported as an informational item only that Jennie Walker, M.D. has replaced Carolyn Tiernan, M.D. as Chief of Emergency Service. She additionally noted the hospital's Continuing Medical Education (CME) accreditation will be recertified during the month of November, and the Medical Staff will be taking over the CME accreditation process.

OLD BUSINESS

VALLEY EMERGENCY
PHYSICIANS
AGREEMENT

Mr. Halfen called attention to a proposed agreement for Emergency Department Physician services submitted by Valley Emergency Physicians. The proposed contract was submitted at the last regular meeting but was tabled to this meeting to allow changes to be made to the agreement. Doctor Black commented that NIH's Emergency Department physicians feel Valley is making an attempt to address their needs and concerns, and the agreement being presented at this time is acceptable to the physician group. District Legal Counsel Douglas Buchanan recommended a change be made to the wording of section 11.2 item E allowing for removal of a provider for "being convicted of a crime". Mr. Buchanan recommends the section be changed to read that a provider may be removed for being "convicted of a crime other than an infraction", and explained his reasoning for the change. Following review of the agreement presented it was moved by Doctor Ungersma, seconded by Ms. Hubbard, and passed to approve the agreement with Valley Emergency Physicians; with the change being made to section 11.2 item E; and with other minor housekeeping changes being made as suggested by Mr. Buchanan.

MEDICAL/DENTAL/
VISION RATE
INCREASE

Mr. Halfen called attention to a proposal for a 2% increase to the rate charged to employees for Medical, Dental, and Vision coverage, due to the fact that premium increases have not been passed on to employees since 2006. This agenda item was tabled from the last regular meeting due to the lack of a quorum. Mr. Halfen noted the increase for employees will be minimal and that the cost of medical coverage for many employees has decreased significantly due to the change to 340B pricing for employee prescriptions. It was moved by Doctor Clark, seconded by Ms. Hubbard, and passed to approve the 2% increase to the employee contribution for medical, dental, and vision coverage as requested, with Ms. Hayden and Mr. Watercott abstaining from the vote.

PIONEER MEDICAL
ASSOCIATES
PARTNERSHIP
INTEREST PURCHASE

Mr. Halfen asked that discussion of the possible Pioneer Medical Associates partnership interest purchase be tabled to the next regular meeting of the District Board in order to allow for changes to be made to the proposed agreement.

PATHOLOGY
AGREEMENT WITH
KENNETH SAEGER

Mr. Halfen called attention to a proposed Pathology and Clinical Laboratory Service Agreement with Kenneth Saegar, M.D.. The agreement was presented at a previous meeting but was tabled in order to

allow Doctor Saegar to address concerns regarding one of the Arcadia Pathology Group physicians who provides services. Following review and discussion by the Medical Executive Committee the proposed agreement constitutes a six month extension of the previous contract in order to allow Dr. Saeger to deal with the physician concerns in question. Following brief discussion it was moved by Doctor Clark, seconded by Doctor Ungersma, and passed to approve the six month extension of the agreement for the Pathology and Clinical Laboratory Services of Kenneth Saegar, M.D. as recommended.

NEW BUSINESS

CONSTRUCTION CHANGE ORDER REQUESTS

Kathy Sherry with Turner Construction Company presented the following construction change orders for the review and consideration of the Board:

1. COR 54: \$381,454 for door hardware and access control
2. COR 58: \$372,952 for permit documents (addendum 5)
3. COR 63: \$36,753 for edge of slab coordination
4. COR 67: (\$344,559) credit for Value Engineering, for electrical and fireproofing work
5. COR 68: \$2,901 for interior lighting
6. COR 70: \$128,358 for central plant domestic hot water return loop
7. COR 71: \$107,050 for security system and cameras
8. COR 72: \$27,433 for additional conduit for Southern California Edison

Ms. Sherry detailed the need for each change order and noted the combined cost of the COR's will be \$712,342. The changes needed are a combination of design changes; rebids; improvements and upgrades; and additional permits that are needed. Following review of the information provided it was moved by Doctor Clark, seconded by Ms. Hayden, and passed to approve all eight construction change orders as recommended.

ANESTHESIA CONTRACT RENEWALS

Mr. Halfen called attention to proposed General Anesthesia Co-Medical Director and Professional Services Agreements with J. Daniel Cowan, M.D., and Curtis Schweizer, M.D.. Mr. Halfen noted the proposed agreements allow for a 5% increase to physician compensation, due to the fact that the doctors' current compensation rate is well below the average for anesthesiologists. Although a larger increase would be needed in order to bring the doctors up to the median range, Doctors Cowan and Schweizer have agreed to accept only a 5% increase. Mr. Halfen also noted that a behavioral agreement has been added to both the physician contracts. Following review of the proposed agreements it was moved by Doctor Ungersma, seconded by Ms. Hayden, and passed to approve the General Anesthesia Co-Medical Director Agreements with Doctors Schweizer and Cowan as recommended.

POLICY & PROCEDURE MANUAL APPROVALS

Mr. Halfen called attention to the following Policy and Procedure manuals which were on hand for the review and approval of the Board:

1. EKG
2. Surgery – Lithotripsy Service

3. Dietary 4. Language Services

It was moved by Ms. Hubbard, seconded by Ms. Hayden, and passed to approve all four policy and procedure manuals as presented.

SECURITY
AGREEMENT
RENEWALS

Mr. Halfen also called attention to a Security Agreement renewal for Chris Nelsen, which contained no changes from the previous agreement. It was moved by Ms. Hubbard, seconded by Ms. Hayden, and passed to approve the Security Agreement with Chris Nelsen as recommended.

Mr. Halfen also requested authority to renew future Security Agreements if a change of date is the only change that is needed. It was moved by Doctor Ungersma, seconded by Doctor Clark and passed allow Mr Halfen to approve security contract renewals with only date changes needed.

POSSIBLE DISTRICT
NAME CHANGE

Mr. Halfen called attention to a correspondence received from District Legal Counsel Doug Buchanan recommending a possible change of the name "Northern Inyo County Local Hospital District", to "Northern Inyo County Local Healthcare District". Following discussion of the pros and cons of a name change, and it was determined that although the change may be appropriate it may also cause a great deal of work to be needed in regard to changing District titles; holdings; contracts; bond issues; tax reporting; letterhead, etc.. Following further discussion it was decided that the Hospital District name will remain unchanged at this time.

BOARD MEMBER
REPORTS

Mr. Watercott asked if any members of the Board of Directors wished to report on any items of interest. Doctor Ungersma reported that Senate Bill 726 was not put into law; and it appears California will remain one of only five states in the country in which hospitals do not have the ability to employ physicians. Doctor Clark stated that as acting head of Radiology Services he would like to commend Radiology Director Patty Dickson on the excellent job she has done on scheduling; employee achievement; and on maintaining contracts in a manner that has saved NIH a significant amount of money. Mr. Watercott also stated that although he was out of the area on August 9 2010, after hearing countless reports of the excellent handling of the multi-vehicle accident on Highway 395 by NIH staff, he is humbled and honored to be associated with this hospital.

OPPORTUNITY FOR
PUBLIC COMMENT

In keeping with the Brown Act, Mr. Watercott again asked if any members of the public wished to comment on any items listed on the agenda for this meeting, or on any items of interest. Rick Casa with Turner Construction Company stated Turner will hold a barbeque for hospital employees the Tuesday before Thanksgiving, and a raffle will be held to raise funds for the NIH Foundation. Mr. Watercott also mentioned the possibility of the NIH Foundation hosting a "Hard Hat Hootenany" (in place of the annual "Groundhog A-Go-Go") to raise funds for the Foundation, and he suggested that perhaps the event could be held inside

the plastic encased structure of the new hospital building. Mr. Casa stated Turner will discuss this possibility further with the Foundation Board to. Mr. Casa also reported Turner has done everything possible to save the hospital money on the rebuild project, including re-bidding portions of the project, and by accepting a fixed fee for their own services. As a result of their efforts Turner Construction and Turner Logistics have been able to save approximately \$3,000,000 on the total cost of the project.

CLOSED SESSION

At 8:00 p.m. Mr. Watercott announced the meeting was being adjourned to closed session to allow the Board of Directors to:

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

RETURN TO OPEN
SESSION AND REPORT
OF ACTION TAKEN

At 8:19 p.m. the meeting returned to open session. Mr. Watercott reported the Board took no reportable action.

OFFICE LEASE FOR 152
PIONEER LANE, SUITE
G

Mr. Halfen referred to a proposed Office Lease renewal for 152 Pioneer Lane, Suite G, with D. Scott Clark, M.D.. Mr. Halfen noted the only change to the lease is an allowance for a 2% rent increase being charged to the renter. It was moved by Doctor Ungersma, seconded by Ms. Hayden, and passed to approve the proposed office lease for 152 Pioneer Lane, Suite G, with Doctor Clark being absent from the vote.

OPPORTUNITY FOR
PUBLIC COMMENT

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

ADJOURNMENT

The meeting was adjourned at 8:24 p.m..

Peter Watercott, President

Attest:

M.C. Hubbard, Secretary