

- 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
- ALSO PRESENT John Halfen, Administrator
Helena Black, M.D. Chief of Staff
Douglas Buchanan District Legal Counsel
Sandy Blumberg, Executive Assistant
- ABSENT D. Scott Clark, M.D., Director
- 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 February 16 regular meeting were approved.
- FINANCIAL AND
STATISTICAL REPORTS Mr. Halfen called attention to the financial and statistical reports for the month of January 2011. He noted the statement of operations shows a bottom line excess of revenues over expenses of \$127,362. Mr. Halfen additionally called attention to the following:
- *Inpatient and outpatient service revenue were both over budget*
 - *Total expenses were under budget*
 - *Salaries and wages were on budget, and employee benefits expense was over 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 \$4,463,744*
- ADMINISTRATOR'S
REPORT Mr. Halfen noted the number of orthopedic surgeries is down and average inpatient days are lower than they were at this time last year. Gross patient revenue was up for the month but is under budget year-to-date. Mr. Halfen also reported the hospital has received prior year settlements totaling \$4,455,385 so the income statement is in great shape for the year. Total expenses and salaries and wages expense are very close to budget and the hospital's investments remain stable at this time. Following review of the information provided, it was moved by John Ungersma, M.D., seconded by Denise Hayden, and passed to approve the financial and statistical reports for the month of January 2011 as presented.
- BUILDING UPDATE Kathy Sherry, Project Manager for Turner Construction Company reported work continues on the hospital's existing central plant and the new boilers arrived today. Overhead piping for the new central plant is

currently being installed, and overall the construction project is progressing slightly ahead of schedule. Windows are now being installed in the new hospital building and lathe is being applied to the exterior walls. Plaster work will begin this month, followed by application of the outer finish coating on the building, and the plastic will be removed from the structure some time during the month of May. Mr. Halfen also reported that the Northern Inyo Hospital (NIH) Foundation is working on plans to create a healing garden for the new facility.

SECURITY REPORT

Mr. Halfen called attention to the Security report for the month of January, which contained no new security issues of significance.

ORTHOPEDIC UPDATE
AND PHYSICIAN
RECRUITING UPDATE

Mr. Halfen stated recruitment efforts are underway to obtain a new orthopedic surgeon, and to have that physician on board by the start of June. He also stated he has formalized the search for a pediatric physician or pediatric physician assistant (P.A.) to help in the Beck, Casey, and Helvie practice. He also reported the pediatric physicians will soon begin seeing MediCal patients at the NIH Rural Health Clinic, in order to improve the reimbursement rate received for those patients.

PMA PARTNERSHIP
PURCHASE

Mr. Halfen also reported paperwork for the District's purchase of a Pioneer Medical Associates (PMA) partnership interest has been finalized, and the transaction will enter into escrow tomorrow.

ACHD BYLAWS
AMMENDMENT

Mr. Halfen also called attention to a correspondence received from the Association of California Healthcare Districts (ACHD) which reviews proposed changes to their bylaws. Anyone desiring additional information on this subject should contact NIH Board member John Ungersma, M.D., who is also currently a member of the ACHD Board.

CHIEF OF STAFF
REPORT

STAFF RESIGNATION &
LEAVE OF ABSENCE

Chief of Staff Helena Black, M.D. reported the Medical Staff Executive Committee recommends the following action regarding Medical Staff privileging and credentialing:

1. Acceptance of the staff resignation of Miguel Palos, M.D.
2. Granting of a request for leave of absence by Gregory Taylor, M.D.

It was moved by Ms. Hayden, seconded by M.C. Hubbard, and passed to approve the Staff resignation and leave of absence as requested.

POLICY AND
PROCEDURE
APPROVALS

Doctor Black also reported following careful consideration and approval by the appropriate committees, the Medical Executive Committee recommends approval of the following hospital wide policies and procedures:

1. *(MBC) Reporting of Certain Final Decisions or Recommended Actions*
2. *Compliance with New Joint Commission Standard MS 01.01.01*
3. *Interfacility Transfer for Radiologic Imaging and Procedures*

Following review of the information provided it was moved by Doctor Ungersma, seconded by Ms. Hayden, and passed to approve policy and procedures 1 and 3 as recommended. Mr. Halfen and Mr. Buchanan discussed concerns they had about policy #2 (*Compliance with New Joint Commission Standard MS 01.01.01*), regarding the time limitation specified for the Board of Directors to act on amendments to the Medical Staff bylaws defaulting to approval after 60 days. Mr. Halfen asked that the Board approve the policy as is, deleting everything except for the first sentence in item 1G, in order to give Administration time to review and possibly re-write that section. It was moved by Doctor Ungersma, seconded by Ms. Hayden, and passed to also approve policy #2, *Compliance with New Joint Commission Standard MS 01.01.01* as requested, deleting all but the first sentence of paragraph 1G.

OTHER

Doctor Black also informed the Board that the Hospital's Continuing Medical Education (CME) program has been accredited for four more years. She additionally noted anesthesiologist Anthony Schapera M.D. will return to NIH in April, and that his temporary privileges became effective as of today.

NEW BUSINESS

PRACTICE
MANAGEMENT
AGREEMENT, VASUKI
SITTAMPALAM, M.D.

Mr. Halfen called attention to a proposed income guarantee and practice management agreement with Vasuki Sittampalam, M.D., who was in attendance at this meeting. He stated the proposed agreement with Dr. Sittampalam is similar to those entered into with other physician practices, and that it will assist the doctor with management of her office to help ensure that her practice continues to run smoothly for her patients. If approved, the hospital will begin to handle Dr. Sittampalam's financial matters immediately, but the lease for the building will remain in the Doctor's name. The building will also be assessed by an architect in order to determine whether or not it can be converted into a physician provider based Rural Health Clinic, in order to improve provider reimbursement rates. Employees of Dr. Sittampalam's practice (referred to as the Family Health Center or FHC) will likely become hospital employees during the time the agreement is in effect, and it was noted that the agreement may be temporary and the doctor might resume financial management of the practice sometime in the future. Following brief discussion it was moved by Doctor Ungersma, seconded by Ms. Hubbard, and passed to approve the Private Practice Physician Income Guarantee and Practice Management Agreement with Vasuki Sittampalam, M.D. as requested.

Mr. Halfen additionally called attention to a proposed *Cash and Cash Accounts and Accounts Receivable Agreement* with Dr. Sittampalam, which allows the hospital to assume control of her receivables and cash accounts effective immediately. It was moved by Ms. Hubbard, seconded by Doctor Ungersma, and passed to approve the *Cash and Cash Accounts and Accounts Receivable Agreement* with Dr. Sittampalam as requested.

UPGRADE FOR
SIEMENS ANALYZERS

Laboratory Director Leon Freis called attention to a request to upgrade the Siemens Analyzers for the Laboratory Department at a total five-year cost of \$954,369. Mr. Freis stated development of a new platform for the analyzers allows the hospital to eliminate two other machines that are seldom used and no longer supported by the companies which manufactured them. He also stated that the upgrade should save the hospital approximately \$250,000 in costs every five years. Following review of the information provided it was moved by Doctor Ungersma, seconded by Ms. Hubbard, and passed to approve the Siemens analyzer upgrade for the Laboratory Department as requested.

CONSTRUCTION
CHANGE ORDERS

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

1. COR 104; IB 45, 172, 191, and 196, Site Utility Changes, \$43,291
2. COR 111; IB 78, Decontamination Tank Reconciliation (\$18,508)
3. COR 113; IB 124 and 125, Electrical RFI's, \$8,213
4. COR 124; IB 179, Hard Connection Canopy, \$46,158
5. COR 127; IB 123, Emergency Generator Part 3, \$231,893
6. COR 129; Wage Rate Increase, \$120,000

Ms. Sherry reviewed the reasons for each change order and noted COR 111 represents a credit for a price decrease for the decontamination tank. The other change orders represent improvements and corrections which are in the best interest of the rebuild project, plus a wage rate increase resulting from a delay in the originally scheduled time frame for completion of subcontractor work. Ms. Sherry additionally noted these change orders include final adjustments needed for the electrical portion of the project, and in response to a question raised by Mr. Halfen she stated electrical capability for the new facility will be in excess of 5,000 amps. Stacey Brown, M.D. commented that NIH should consider placing cooling systems for drugs and laboratory samples on back-up emergency power, in the event of a power outage during the (extremely) hot summer months. Following review and discussion of the change orders presented, it was moved by Doctor Ungersma, seconded by Ms. Hayden, and passed to approve all six construction change order requests as requested.

PATHOLOGY
AGREEMENT,
KENNETH SAEGER, MD

Mr. Halfen called attention to a proposed Pathology and Clinical Laboratory Service Agreement with Kenneth Saeger, M.D., for the period March 15 2011 through March 14 2013. He stated Dr. Saeger has successfully addressed concerns regarding the quality of pathology coverage at NIH, and the Medical Staff and Hospital Administration are both satisfied with the adjustments that have been made. Following review of the proposed agreement it was moved by Ms. Hubbard, seconded by Doctor Ungersma, and passed to approve the Pathology and Clinical Service Agreement with Kenneth Saeger, M.D. as requested.

ANESTHESIA
AGREEMENTS

Mr. Halfen also called attention to proposed agreements for anesthesia services with Curtis Schweizer, M.D.; J. Daniel Cowan, M.D., and

Anthony Schapera, M.D.. He noted that the addition of Dr. Schapera will make the other physicians responsible for a lower percentage of anesthesia call, and it will allow two surgery rooms to be working simultaneously more often. Doctors Cowan and Schweizer have agreed to accept lower pay in order to bring Dr. Schapera on board, and they will both benefit from the increased backup and improved surgery coverage. Improvements to anesthesia coverage will also allow the hospital to pursue additional pain management services and offer more surgical space to any orthopedic surgeons who may come on board in the future. Following discussion of the agreements it was moved by Ms. Hayden, seconded by Doctor Ungersma, and passed to approve the anesthesia agreements with Doctors Schweizer, Cowan, and Schapera as presented.

ORTHOPEDIC
RECRUITING AND
INCENTIVES

Mr. Halfen again addressed the importance of adding new orthopedic surgeons to the NIH Medical Staff as soon as possible. He noted Mammoth Hospital has increased its' orthopedic services, and with the departure of Dr. Perry NIH is looking at acquiring at least one new full-time orthopedic surgeon. Mr. Halfen would like to improve the incentives offered to potential orthopedic candidates and do everything possible to get a new orthopedic surgeon on board by the start of June. He requested Board permission to offer a \$50,000 bonus to the first orthopedic surgeon who is recruited and on board by the start of June, and additionally requested the ability to offer a \$25,000 bonus to any successful orthopedic candidate obtained independently of a physician recruiter. Mr. Halfen also noted the \$50,000 bonus would have to be paid back if the physician does not stay for a minimum of 24 months, and in that event the amount would be pro-rated for the 24 month period. Additionally, Mr. Halfen requested an increase to the relocation expense allocation for an incoming orthopedic surgeon to a total of \$26,000. Following discussion of the importance of obtaining an orthopedic surgeon in a timely manner, it was moved by Dr Ungersma, seconded by Ms. Hayden, and passed to approve both orthopedic physician recruitment incentives, as well as the relocation expense increase for incoming orthopedic surgeons as requested.

PMA PARTNERSHIP
REQUEST

Mr. Halfen stated a possible PMA Partnership request will not be discussed at this time, due to the fact that the persons who were potentially going to make the request were not in attendance at this time.

PRACTICE
MANAGEMENT
AGREEMENT WITH
JAMES ENGLSBY M.D.

Mr. Halfen called attention to a proposed Practice Management Agreement with James Englesby, M.D., who recently joined the Kamei and Hathaway internal medicine practice. The agreement is similar to those entered into with other physicians, however this agreement allows for six months free stay in one of the hospital's leased properties, plus 18 months of free medical dental and vision coverage for Dr. Englesby identical to that provided for a single full-time NIH employee. Following review of the proposed agreement it was moved by Dr. Ungersma, seconded by Ms. Hubbard, and passed to approve the Private Practice

Physician Income Guarantee and Practice Management Agreement with James Englesby, M.D. as requested.

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 he recently attended the Association of California Health Care Districts' (ACHD) Legislative day in Sacramento. At this time the ACHD does not plan to support the current physician employment bill, nor does it plan to endorse a bill proposing blanket workmen's compensation benefit coverage. Anyone who would like additional information on ACHD matters should contact Dr. Ungersma at their convenience.

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. Asao Kamei, M.D. noted the passing of retired hospital Director of Nursing Janie Carrington, R.N. and acknowledged Ms. Carrington's years of service to the residents of the Owens Valley. Ms. Carrington, who also served as Director of the Hospice of the Owens Valley for many years, will truly be missed.

CLOSED SESSION

At 7:17 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 7:36 p.m. the meeting returned to open session. Mr. Watercott announced that the Board took no reportable action.

PUBLIC COMMENT

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

ADJOURNMENT

The meeting was adjourned at 7:36 p.m..

Signed by: _____
Peter Watercott, President

Attest: _____
M.C. Hubbard, Secretary