

CALL TO ORDER The meeting was called to order at 5:00 p.m. by Peter Watercott, President.

PRESENT Peter Watercott, President
D. Scott Clark, M.D., Vice President
Michael Phillips, M.D., Secretary
John Ungersma, M.D., Treasurer
M.C. Hubbard, Board Member
Taema Weiss, M.D., Chief of Staff
Douglas Buchanan, Esq., District Legal Counsel

ALSO PRESENT John Halfen, Administrator
Sandy Blumberg, Administrative Secretary

APPROVAL OF The minutes of the April 18, 2007 meeting were approved.
MINUTES

FINANCIAL AND John Halfen, Chief Financial Officer reviewed with the Board the
STATISTICAL REPORTS financial and statistical reports for the month of March 2007. Mr. Halfen noted the statement of operations shows a bottom line deficit of expenses over revenues of -\$32, 215. Mr. Halfen called attention to the following:

- In-patient and ancillary service revenue were under budget
- Total gross patient revenue was 12 percent under budget
- Wages and salaries were under budget
- Total expenses were under budget
- The Balance Sheet did not experience significant change
- Year-to-date net revenue is \$2,975,599

Mr. Halfen noted that year-to-date gross patient service revenue is 3.8 million dollars under budget, due to the fact that budget assumptions for the current year were based on the Hospital's performance during 2006. Patient service revenue for the current year is significantly lower than last year, so budget predictions are likely to be adjust lower in the future. It was moved by D. Scott Clark, M.D., seconded by John Ungersma, M.D. and passed to approve the financial and statistical reports for March 2007.

ADMINISTRATOR'S
REPORT

BUILDING UPDATE Mr. Halfen reported that construction of the Support and Radiology buildings is running on budget and on schedule at this time. Hospital representatives recently met with the Office of Statewide Health Planning and Development (OSHPD) in Sacramento for the purpose of reviewing the rebuild project plans. The meeting went as well as can be expected, however at this time there is no clear understanding of OSHPD's role in the "outbuildings" for the project, due to the fact that those buildings are

not required to meet I-space standards, yet they are connected to OSHPD regulated buildings.

PROPERTY AVAILABLE
AT 2957 BIRCH STREET

Mr. Halfen referred to a real estate listing for property available for purchase at 2957 Birch Street, in Bishop, California, the former location of Cerro Coso Community College. Mr. Halfen affirmed that Northern Inyo Hospital (NIH) is still investigating the possibility of acquiring that property, and he will keep the Board posted on any developments in this matter.

COUNTERFEIT BILLS

Mr. Halfen reported that the Hospital's billing department recently received several counterfeit \$100 bills, which were discovered when making a routine deposit at a local bank. The bank has since provided NIH with special pens to be used for scanning and detecting counterfeit currency.

FYI SECTION

Mr. Halfen called attention to the following items that were included in the FYI section of the Board packet:

- Information on possible Medicaid cuts
- A Critical Access Hospital fact sheet
- A thank you received following the NIH employee recognition breakfast

He also added that the Employee Recognition breakfast was a great success and that it was appreciated by all who attended.

OTHER

Mr. Halfen also noted that the Joint Commission on Accreditation of Hospital Organizations (JCAHO) recently paid the Hospital an announced visit for the purpose of conducting a survey of the Lab. The JCAHO surveyor found seven areas where correction is needed, with the most significant corrections being needed in the area of pathology.

CHIEF OF STAFF
REPORT

Chief of Staff Taema Weiss, MD reported that anesthesiologist Tony Schapera, M.D. will be moving out of the area and will be changing from Active to Consulting Medical Staff status. The Medical Staff sincerely wishes Doctor Schapera all the best in his move.

OLD BUSINESS

REAFFIRMATION OF
NEGOTIATOR

Mr. Halfen asked the Board for reaffirmation of the assignment of himself as negotiator on the Hospital's behalf regarding a potential real estate purchase or lease at 152 Pioneer Lane, Bishop, California in whole or in part. Negotiations may be with Stephen Kobayashi, M.D., Pioneer Medical Associates, a partnership, or its designee, singly or collectively. It was moved by Michael Phillips M.D., seconded by Doctor Ungersma, M.D. and passed to approve the reaffirmation of Mr. Halfen as negotiator, with Doctor Clark abstaining from the vote.

ER CONTRACT

Mr. Halfen noted that approval of the Emergency Room (ER) contract with Valley Emergency Physicians will be tabled until the next regular meeting of the District Board.

NEW BUSINESS

COMPLIANCE
PROGRAM ANNUAL
REPORT

Compliance Officer Leo Freis presented NIH's annual Compliance Report for the 2006 calendar year, as mandated by the Joint Commission on Accreditation of Hospital Organizations. The Executive Summary of the report included the following notable points:

- During 2006 NIH educated or re-educated 267 employees and students
- Fourteen compliance audits were conducted that caused 1 change initiative to be undertaken
- In the 2006 calendar year NIH's Compliance Program has been effective in identifying and correcting compliance and HIPPA violations.

It was moved by Doctor Clark, seconded by Doctor Phillips, and passed to approve the annual Compliance report for the 2006 calendar year.

LAUNDRY EQUIPMENT
PURCHASE

Mr. Halfen referred to a proposal to lease new laundry equipment, as included in the rebuild project budget. The proposed lease is with Healthcare Capital Services, and allows for a capitalized lease with a dollar buyout at the end of a period of five years. Following review of the proposal it was moved by Doctor Clark, seconded by Doctor Ungersma, and passed to approve the lease for laundry equipment as presented.

IDENTIFICATION OF
NEGOTIATOR

Mr. Halfen requested that the Board identify himself as negotiator regarding the potential acquisition of real property at 2957 Birch Street, Bishop, California. Negotiations may be with the designee(s) of Southern Mono County Healthcare District. It was moved by Doctor Phillips, seconded by Doctor Ungersma, and passed to approve identifying John Halfen as negotiator on behalf of NIH regarding the potential acquisition of real property at 2957 Birch Street, Bishop, California.

2007-2008 ANNUAL
BUDGET

Mr. Watercott asked that Doctor Clark introduce the agenda item of the 2007-2008 annual budget, due to the fact that he has a conflict of interest in this area. Doctor Clark deferred to Mr. Halfen for a review of the budget assumptions for the 2007-2008 year, which include the following:

- A 3.5% Cost of Living Adjustment (COLA) to employee salaries, with 2% being effective July 8 2007, and another 1% increase possibly becoming effective in January of 2008
- The cost of supplies, purchased services and miscellaneous expenses are assumed to increase at a 5% inflation rate
- There will be no budgeted change in the payor mix or services from current operations
- Other Operating Revenue will include \$786,490 from the District for debt service payments on the 2005 General Obligation Bond
- Two employee positions will be added to the budget, one full time

- equivalent (FTE) in Laundry, and one 80% FTE in Administration
- Employee benefits are expected to continue to run at about 60% of total Salaries and Wages
 - A 6% across the board rate increase for Hospital services will be implemented effective 7/01/07, producing an expected increase to net revenue of \$2,474,237 for the year
 - Capital expenditures will be budgeted at \$2,387,113.61, excluding building project capital purchases
 - Non-operating Revenue will be budgeted at \$1,833,496, including \$501,790 for District tax receipts; \$150,000 from contributions, and \$169,605 from Tobacco settlement funds and Medical Office and cellular tower rent
 - Operating reserves will increase to about \$20,000,000, producing a budgeted interest income of \$1,000,000.
 - Ancillary service revenue will be budgeted lower than the amount budgeted for the current fiscal year

Management asked the Board to approve the following items for the 2007-2008 fiscal year:

1. A 6% across the board rate increase to Hospital services with minor variations
2. A 2% COLA for all employees effective the first pay period in July
3. A capital expenditure budget of \$2,387,113
4. Approval of the fiscal year 2008 operating budget

It was moved by Doctor Ungersma, seconded by Doctor Clark and passed to approve these four items as presented, with Doctor Phillips and Mr. Watercott abstaining from the vote.

EKG CONTACT CLARIFICATION

Mr. Halfen called attention to a clarification of the current EKG contracts which details the specific amounts paid to physicians who provide EKG services. The clarification will not change the compensation amounts currently being paid, but it will better define the amounts paid across the board to all of the EKG physicians. It was moved by Doctor Clark, seconded by Doctor Phillips, and passed to approve the clarification of the EKG contracts as presented.

LEASE OF 152-F PIONEER LANE

Mr. Halfen referred to a proposed lease for the Medical Office Suite at 152-F Pioneer Lane, the office space previously occupied by Stephen Kobayashi, M.D. The Lease allows for the office space being leased by Northern Inyo County Local Hospital District (NICLHD) from the Pioneer Medical Associates (PMA). It was moved by Doctor Ungersma, seconded by M.C. Hubbard, and passed to approve the lease for 152-F Pioneer Lane, with Doctor Clark abstaining from the vote.

POLICY AND PROCEDURE APPROVALS

Mr. Watercott referred to an Infection Control Policy and Procedure titled *Avian Influenza – H5N1 Flu Hospitalized Patients Infection Control*. The purpose of the policy is to minimize infection exposure to healthcare

workers and others from patients presenting with Avian Influenza. Following review of the policy it was moved by Doctor Clark, seconded by Doctor Ungersma, and passed to approve the policy and procedure as presented.

Mr. Watercott called attention to another proposed policy and procedure titled *Disclosure of Name of Emergency Department Physician on Duty*, which has been discussed by various committees but which has yet to receive Medical Staff approval. Discussion followed regarding the pros and cons of releasing the name of Medical Staff personnel on duty, with ER Physicians Black, Phillips, and Tiernan giving their opinions on this issue. It was reported that several members of the ER physician group are strongly opposed to giving out physician names to the general public, and that none of them feel strongly that this information should be released. Following discussion, it was suggested that the policy be re-written to read: "It is the policy of Northern Inyo Hospital not to disclose the names of personnel on duty." It was moved by Doctor Clark, seconded by Doctor Ungersma, and passed to approve the policy and procedure with the rewording stated, with Doctor Phillips abstaining from the vote.

NIH FOUNDATION REPORT

Northern Inyo Hospital Foundation Secretary Maggie Egan gave a brief report on the recent activities of the Foundation. She noted that Georgan Stottlemire and John Halfen have agreed to act as interim director and interim treasurer respectively, until permanent replacements for these positions can be found. The Foundation will take on the task of reviewing its bylaws in the near future, and Ms. Egan reported that the date for next year's Spring Fling has tentatively been set for April 12th. It is possible that the High Sierra Ultramarathon will be held on the same day.

BOARD MEMBER REPORTS

Mr. Watercott asked if any members of the Board of Directors wished to report on any items of interest. Mr. Watercott then stated he recently received a report from Alpha Fund, the Hospital's workman's compensation insurance carrier, and as a result of performance during this last year the Hospital's workman's comp rates should be lower in the upcoming year. Performance Improvement Director Dianne Shirley, RN additionally noted that training on back injury prevention will be held in the future, and it is hoped that this training will help decrease the number of employee back injuries sustained in the future.

OPPORTUNITY FOR PUBLIC COMMENT

In keeping with the Brown Act, Mr. Watercott again asked if any members of the public wished to address the Board of Directors on any items of interest. No comments were heard.

CLOSED SESSION

At 6:55pm, 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 claim filed by April Villalobos against Northern Inyo County Local Hospital District and other defendants (Government Code Section 54956.9(a)).
- C. Confer with legal counsel regarding claim received from Xxxxx Xxx against Northern Inyo County Local Hospital District (Government Code Section 54956.9(a)).
- D. Confer with legal counsel regarding claim received from Landon and Lisa Kleeman against Northern Inyo County Local Hospital District and other defendants (Government Code Section 54956.0(a)).
- E. Instruction of negotiator regarding price and terms of payment for the purchase, sale, exchange, or lease of real property (Government Code Section 54956.8).
- F. Instruction of negotiator regarding price and terms of payment for the purchase, sale, exchange, or lease of a 2nd real property (Government Code Section 54956.8).

RETURN TO OPEN
SESSION

At 7:12p.m. the meeting was returned to open session. Mr. Watercott reported that the Board took no reportable action.

OPPORTUNITY FOR
PUBLIC COMMENT

Mr. Watercott again 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.

ADJOURNMENT

The meeting was adjourned at 7:15 p.m..

Peter Watercott, President

Attest:

Michael Phillips, M.D. Secretary