

CALL TO ORDER The meeting was called to order at 5:34 p.m. by John Ungersma, M.D., Vice President.

PRESENT John Ungersma, M.D., Vice President
M.C. Hubbard, Secretary
D. Scott Clark, M.D., Director
Charlotte Helvie, M.D., Chief of Staff

ALSO PRESENT John Halfen, Administrator
Douglas Buchanan, Esq., Hospital District Legal Counsel
Sandy Blumberg, Administration Secretary

ABSENT Peter Watercott, President

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

PUBLIC COMMENTS
ON AGENDA Doctor Ungersma 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 April 21 2010 regular meeting were approved.

FINANCIAL AND
STATISTICAL REPORTS Mr. Halfen called attention to the financial and statistical reports for the month of March 2010. He noted the statement of operations shows a bottom line excess of revenues over expenses of \$718,140. Mr. Halfen additionally called attention to the following:
- *Inpatient and outpatient service revenue were both over budget*
- *Total expenses were over budget*
- *Salaries and wages and employee benefits expense were over budget*
- *Professional fees expense was over budget*
- *The Balance Sheet showed no significant change*
- *Year-to-date net revenue totals \$1,891,044*
Mr. Halfen noted cash and cash equivalents and short term investments fluctuated during the month in order to help provide funding for the hospital rebuild project. He additionally noted total assets continue to grow and he reviewed the status of the hospital's investments which remain stable at this time. He noted surgery and outpatient revenue have both helped to keep the hospital in positive numbers for the year, and bad debt expense and employee benefits expense both continue to rise. Professional fees expense is high due to an increase in legal fees incurred in recent months. Mr. Halfen additionally mentioned he will review third party liability figures at the next regular meeting. 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 March 2010 as presented.

ADMINISTRATOR'S
REPORT

BUILDING UPDATE	John Hawes, Project Manager with Turner Construction Company reported structural steel work is progressing and steel welding is now 80% complete. Workers are currently installing the deck for the 2 nd floor of the new building and work will begin soon on the roof and 1 st floor slab. Mr. Hawes also noted construction of the exterior frame of the building will begin soon, and the review of the plumbing plans for the new building was positive. Kathy Sherry, also with Turner Construction additionally reported when the user group meetings being conducted this week are concluded, the design for the new building will essentially be complete.
SECURITY REPORT	Mr. Halfen called attention to the monthly security report which revealed no significant security issues.
RAMADAN CLINIC STATUS	Mr. Halfen reported that Amr Ramadan M.D.'s Women & Family practice recently received rural health clinic designation, thanks in part to the efforts of Practice Management Supervisor Lisa Harmon, and Rural Health Clinic nurse manager Tracy Aspel, R.N.. Mr. Halfen additionally noted that 60% of Dr. Ramadan's patients are Medi-Cal patients.
STANDARD & POORS GLOBAL CREDIT PORTAL	Mr. Halfen called attention to a report from Standard & Poor's which explains why the credit impact of Healthcare Reform will take hold slowly, and which also illustrates some of the reasons Northern Inyo Hospital (NIH's) bond rating went down as a result of the negative status associated with conducting business within the State of California.
CHIEF OF STAFF REPORT	Chief of Staff Charlotte Helvie, M.D. reported following careful review and consideration the Medical Executive Committee recommends approval of the hospital-wide policy and procedure titled <i>Warfarin Monitoring Protocol</i> . It was moved by Doctor Clark, seconded by Ms. Hubbard, and passed to approve the <i>Warfarin Monitoring Protocol</i> policy and procedure as presented.
POLICY AND PROCEDURE APPROVALS	<p>Doctor Helvie also reported the Medical Executive Committee recommends approval of a second hospital-wide policy and procedure titled <i>Annual Clinic Evaluation; RHC</i>. It was moved by Ms. Hubbard, seconded by Doctor Clark, and passed to approve the hospital-wide policy and procedure titled <i>Annual Clinic Evaluation; RHC</i> as recommended.</p> <p>Doctor Helvie additionally noted the Medical Staff and appropriate Committees recommend approval of the following standardized procedures submitted for Board review and re-approval:</p> <ol style="list-style-type: none">1. <i>General Policy for Rural Health Clinic Nurse Practitioner</i>2. <i>Adult Health Maintenance</i>3. <i>Obstetric Care</i>4. <i>Pre-Employment Physical Exams</i>5. <i>Medical Screening Examination for the Obstetrical Patient Performed by Registered Nurse</i>

Following review of the policies presented it was moved by Ms. Hubbard, seconded by Doctor Clark and passed to approve all five standardized policies and procedures as recommended.

Doctor Helvie additionally reported the Medical Executive Committee recommends approval of the following two policies and procedures which have been re-worded in response to the findings of the Joint Commission during their recently conducted survey:

1. *Credentialing Health Care Practitioners in the Event of a Disaster*
2. *Medical Staff Peer Review*

It was moved by Ms. Hubbard, seconded by Doctor Clark, and passed to approve the changes to both policies and procedures as recommended.

Doctor Helvie also noted (as an informational item) that Donna McAuley FNP, CNM will be taking a leave of absence for a period of at least three months.

OLD BUSINESS

There was no Old Business scheduled for discussion at this meeting.

NEW BUSINESS

BETA HEALTHCARE RATES & DIVIDENDS

Mr. Halfen called attention to a letter received from Beta Healthcare Group informing the hospital of its' annual liability insurance claims audit, which shows a surplus (credit) from the prior fiscal year. The surplus can be returned to the hospital in the form of an approximate 5% premium reduction for the upcoming year; or the hospital may receive a cash refund. Following brief discussion it was moved by Ms. Hubbard, seconded by Doctor Clark, and passed to apply the surplus to the hospital's liability insurance premium for the upcoming fiscal year.

JACK BURROUGHS; ACHD

Jack Burroughs, Director of Executive Services for the Association of California Healthcare Districts (ACHD) was present to compliment Northern Inyo Hospital on being fiscally sound during difficult economic times, and on management's understanding of the importance of having a net income from hospital operations. Mr. Burroughs distributed a comparison of California Healthcare Districts which shows Northern Inyo Hospital as having the third highest income from operations in the State in spite of its small size, and stated he considers NIH to be a "shining example" of fiscally responsible Health Care Districts, which he often refers to as a hospital that other Districts should attempt to emulate.

DISTRICT BOARD VACANCY

Mr. Halfen noted that following the resignation of Board Treasurer Michael Phillips, M.D., the Board has until June 20 2010 to fill the vacancy for Zone II of the District. Mr. Halfen stated that to date three residents have shown an interest in representing Zone II, and one of those persons, Ms. Denise Hayden, was present at this meeting. Dr. Ungersma welcomed Ms. Hayden on behalf of the Board, and noted that Mr. Halfen

will first meet with each of the interested parties, then appointments will be set up for the candidates to be interviewed by the District Board.

OMNICELL BAR CODE
SYSTEM

Pharmacy Director Jillene Freis, RPH called attention to a proposal to purchase a medication bar-coding system for the Pharmacy Department at a cost of \$40,725. Ms. Freis noted the importance of a bar-coding system in the prevention of patient medication errors, and noted pharmacy and nursing committees both recommend the purchase in the interest of patient safety. Following review of the proposal (which also involves an additional \$12,600 cost for annual maintenance and service fees) it was moved by Doctor Clark, seconded by Ms. Hubbard, and passed to approve the purchase of the Omnicell bar-coding system as requested.

2010-2011 FISCAL YEAR
BUDGET

Mr. Halfen called attention to the following eleven Budget Assumptions for the 2010-2011 fiscal year:

1. No change in patient activity will be budgeted for FY 2011. The current YTD Average Daily Census is 9.63 patients.
2. There will be no budget change in the payer mix or services from current operations.
3. Other Operating Revenue will include \$956,513 from the District for Debt Service payments on the 2005 General Obligation Bond.
4. The cost of supplies, purchased services, and miscellaneous expenses will increase at a 5.5% inflation rate.
5. Wages and salaries will increase by 1.0% for a cost of living adjustment effective with the first payroll in July 2010. Total wages will increase an additional 3.8% for anniversary (step) increases and wage adjustments.
6. It is expected that employee benefits will run about 62% of Wages and Salaries.
7. The hospital's operating reserves (not including the building fund(s)) will decline to about \$10,000,000, producing a budgeted interest income of \$200,000 (average 2% yields.)
8. Capital expenditures will be budgeted at \$.5M excluding the building project and related capital purchases.
9. A 6.0% across-the-board rate increase (effective 7-01-2010) and other focused rate adjustments that would net another 1.0% in net increases.
10. This budget includes the lease expense of the temporary buildings (modulars) of \$502,713.
11. This budget includes the added depreciation of the two new permanent buildings of \$430,890.

Mr. Halfen reviewed each of the budget assumptions and noted the budget has basically remained the same for the last nine years. He noted a sizeable expenditure for a new MRI coil should be expected, and information on that expenditure will be presented to the Board at a future meeting. Following review of the information provided it was moved by Doctor Clark, seconded by Ms. Hubbard, and passed to approve the

proposed budget and assumptions for fiscal year 2010-2011 as presented.

SENDING
PROTECTEDHEALTH
INFORMATION BY FAX

Leo Fries, Compliance Officer and Administrative Support Services referred to a proposed policy and procedure titled *Sending Protected Health Information by Fax*, which allows for safeguards being put in place to ensure the privacy of faxed medical information. Following review of the proposed policy it was moved by Ms. Hubbard, seconded by Doctor Clark, and passed to approve the proposed policy and procedure titled *Sending Protected Health Information by Fax* as requested.

BOARD
MEMBERREPORTS

Doctor Ungersma reported he recently attended the annual meeting of the Association of California Healthcare Districts (ACHD), and that pertinent information on current healthcare issues was discussed including the effects of healthcare reform and the impact it will have on the available supply of healthcare professionals. No other reports were heard.

OPPORTUNITY FOR
PUBLIC COMMENT

In keeping with the Brown Act Doctor Ungersma 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.

CLOSED SESSION

At 7:01 p.m. Dr. Ungersma 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 Manahan-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 7:13 p.m. the meeting returned to open session. Dr. Ungersma reported the Board took no reportable action.

OPPORTUNITY FOR
PUBLIC COMMENT

Doctor Ungersma 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 7:14 p.m..

John Ungersma, Vice President

Attest: _____
M.C. Hubbard, Secretary