



Northern Inyo County Local Hospital District

Board of Directors Regular Meeting

Wednesday October 20 2010; 5:30pm

*Board Room
Northern Inyo Hospital*

DRAFT AGENDA
**NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT
BOARD OF DIRECTORS MEETING**
October 20, 2010 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 September 15 2010 regular meeting.
4. Financial and Statistical Reports for the month of August 2010; John Halfen.
5. Administrator's Report; John Halfen.
 - A. Building Update
 - B. Security Reports
 - C. Change of payday
 - D. Other
6. Chief of Staff Report; Helena Black, M.D.
 - A. Physician Assistant Protocol: *Medication/Device Policy for RHC P.A.s (action item)*.
 - B. Nurse Practitioner Standardized Procedure: *Furnishing Medications/Devices Policy for RHC NP's (action item)*.
 - C. Privileges for NIH Rural Health Clinic Physician Assistant applicant(s) (*action item*).
 - D. Medical Staff Privileges: Resignations (*action items*):
 1. Donna McAuley, NP, CNM
 2. Marilou Terpenning, M.D.
 3. Sudhir Kakarla, M.D.
 4. William Carter, D.D.S.
 - E. Bylaws Amendment: Composition of Medical Executive Committee (*action item*).
 - F. Medical Staff Appointment: ER Service Chief (*information item*).
 - G. CME Accreditation (*information item*).
 - H. Other
7. Old Business
 - A. Valley Emergency Physicians proposal (*action item*).
 - B. Medical/Dental/Vision rate increase (*action item*).
 - C. Pioneer Medical Associates partnership interest purchase (*action item*).
 - D. Pathology Agreement with Kenneth Saeger, M.D. (*action item*).
8. New Business

- A. Construction Change Order Requests 54, 58, 63, 67, 68, 70, 71 and 72 (*action items*).
 - B. Contract renewals/extensions (*action items*):
 - 1. Anesthesia
 - C. Policy and Procedure manuals annual approval (*action items*):
 - 1. EKG
 - 2. Dietary
 - 3. Surgery – Lithotripsy Service
 - 4. Language Services
 - D. Security Agreement Renewal, Chris Nelsen (*action item*).
 - E. Authorize Administration to renew Security contracts with no changes for one year (*action item*).
 - F. Possible Hospital District name change (*action item*).
 - G. Replace Core Information Technology system (*action 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)).
12. Return to open session, and report of any action taken in closed session.
13. Office Lease, 152 Pioneer Lane, Suite G (*action item*).
14. Opportunity for members of the public to address the Board of Directors on items of interest.
15. Adjournment.

**THIS SHEET
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- CALL TO ORDER The meeting was called to order at 5:30 p.m. by D. Scott Clark M.D., Member at Large.
- PRESENT D. Scott Clark M.D., Member at Large
M.C. Hubbard, Secretary
Denise Hayden, Treasurer
Helena Black M.D., Chief of Staff
- ALSO PRESENT John Halfen, Administrator
Douglas Buchanan, District Legal Counsel
Sandy Blumberg, Administration Secretary
- ABSENT Peter Watercott, President
John Ungersma, M.D., Vice President
- PUBLIC COMMENTS
ON THE AGENDA Doctor Clark 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 July 21 2010 regular meeting were approved.
- FINANCIAL AND
STATISTICAL REPORTS Mr. Halfen called attention to the financial and statistical reports for the month of July 2010. He noted the statement of operations shows a bottom line excess of revenues over expenses of \$365,559. 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 and 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 are \$47,259,000*
 - *Year-to-date net income totals \$365,559*
- Mr. Halfen commented that cash reserves have been fluctuating on a regular basis due to money being disbursed to help fund the hospital rebuild project. He stated the hospital's investments remain stable at this time, and Northern Inyo Hospital (NIH) is on track financially to be able to provide the funding necessary to complete the building project. He additionally reported he recently moved \$23,000,000 in investments out of Union Bank and into treasury securities with Multibank Securities, whose financial performance has been exemplary during difficult financial times. Mr. Halfen also noted that bad debt expense continues to be a concern however it is manageable at this time. Following review of the statements provided it was moved by M.C. Hubbard, seconded by Denise Hayden, and

| | |
|--|---|
| ADMINISTRATOR'S REPORT | passed to approve the financial and statistical reports for the month of July 2010 as presented. |
| BUILDING UPDATE | John Hawes with Turner Construction Company reported the concrete for all levels of the new hospital building has been poured and fireproofing of the steel structure is currently under way. Within the next month scaffolding will go up and the exterior of the building will be framed. Kathy Sherry, also with Turner Construction provided a chart of remaining project expenditures along with the expected dates that funds will be needed for each portion of the project. Mr. Halfen provided a chart which illustrated the sources of funding for the project as well as the estimated dates for major monetary disbursements. |
| SECURITY REPORT | Mr. Halfen referred to the monthly Security reports for the months of June and July 2010, which revealed no significant security issues. |
| ANNUAL AUDIT RESULTS | Mr. Halfen reported the hospital's annual audit has been completed, and as a result of the diligent efforts of NIH Controller Carrier Petersen, no audit adjustments were needed this year. The Board congratulated Ms. Petersen on a job well done and it was moved by Ms. Hayden, seconded by Ms. Hubbard, and passed to approve the annual audit of K.C. Miller and Associates as reported. |
| INYO COUNTY TREASURY POOL STATEMENT | Mr. Halfen referred to a correspondence received from Inyo County reporting the market valuation of the County Treasury Pool as of June 30, 2010. This item was provided for informational purposes only. |
| KITCHEN INSPECTION | Mr. Halfen informed the Board the Dietary Department recently underwent another unannounced inspection, and once again the kitchen passed the inspection with flying colors. |
| NOVEMBER ELECTION | Mr. Halfen informed the Board that Board members Hayden, Watercott, and Hubbard had no opponents file to run against them to represent their Hospital District Zones, so the terms of those three Board members will automatically renew as of the November 2 2010 election. |
| CALIFORNIA PHYSICIAN FACTS AND FIGURES | Mr. Halfen called attention to a publication titled <i>California Physician Facts and Figures</i> which provides current statistics on California physician numbers, education, practices, and compensation rates. The publication was provided as an item of interest only. |
| HOSPITAL LICENSE RENEWAL | Mr. Halfen informed the Board that the State of California will not be issuing license renewal paperwork for California hospitals until the annual budget has been signed. Northern Inyo Hospital's license is scheduled to expire on October 31 2010, and the Department of Licensing and |

Certification assures hospital administration that if the budget is not signed by that time NIH will not be penalized for late renewal.

HIS SYSTEM
SELECTION

Mr. Halfen also reported management is in the final stages of choosing a new Hospital Information System (HIS) and the final selection will be presented for Board approval at the regular October meeting. The two vendors still in the running for consideration are MediTech and McKesson. NIH is discontinuing use of the Quadramed system due to concerns about the company's future and their ability to continue to support their products. Members of the Board commented that they would like to hear from HIS users at the October meeting, in order to help make their decision easier.

CHIEF OF STAFF
REPORT

Chief of Staff Helena Black, M.D. reported the Medical Executive Committee recommends the granting of cancer chemotherapy privileges to Thomas Boo, M.D., to manage chemotherapy patients in consultation with an oncologist per protocol. It was moved by Ms. Hayden, seconded by Ms. Hubbard and passed to approve the granting of additional privileges for Dr. Boo as requested.

ADDITIONAL
PRIVILEGES, DR. BOO

POLICIES AND
PROCEDURES

Doctor Black also reported the Medical Staff and appropriate committees recommend approval of the following two OB/Gyn policies and procedures:

1. *Prostaglandin or Cervidil Vaginal Insert for Cervical Ripening*
2. *Pitocin Induction or Augmentation of Labor*

Following brief review of the policies it was moved by Ms. Hubbard, seconded by Ms. Hayden, and passed to approve both policies and procedures as recommended.

PHYSICIAN ASSISTANT
PROTOCOLS

Doctor Black called attention to the following Rural Health Clinic Physician Assistant Protocols also recommended for approval by the Medical Staff and appropriate Medical Staff Committees:

1. *General Policy for RHC Physician Assistants*
2. *Adult Health Maintenance for Rural Health Clinic Physician Assistants*
3. *Adult Health Maintenance for Rural Health Clinic Physician Assistants*
4. *Management of Chronic Illness for Rural Health Clinic Physician Assistants*
5. *Emergency Care Policy for Rural Health Clinic Physician Assistants*
6. *Laboratory & Diagnostic Testing for RHC Physician Assistants*
7. *Minor Surgical Policy for Rural Health Clinic Physician Assistants*
8. *Management of Minor Trauma for Rural Health Clinic Physician Assistants*

9. *Well Child Care Policy for Rural Health Clinic Physician Assistants*

Doctor Black noted that Physician Assistants (P.A.s) require different protocols than nurse practitioners, and these protocols have been reworded to be specifically appropriate for P.A.s. It was moved by Ms. Hayden, seconded by Ms. Hubbard, and passed to approve all nine Physician Assistant protocols as recommended.

RHC P.A.s

Rural Health Clinic (RHC) Director Stacey Brown M.D. reported the RHC has hired two Physician Assistants who will begin work later this month. The hiring process has been delayed due to the fact that credentialing criteria and requirements have yet to be established for NIH Physician Assistants. Doctor Brown will work with the Medical Staff to expedite credentialing of the P.A.s in order to get them on board and seeing patients as soon as possible. A special meeting of the District Board may be called in order to approve the credentialing paperwork prior to the next regular meeting.

OTHER

Doctor Black reported as an informational item only that Donna McCauley, FNP is no longer working at the Family Health Center.

OLD BUSINESS

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

NEW BUSINESS

CONSTRUCTION
CHANGE ORDERS

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

1. COR 52: \$144,979.25 in extra costs for the central plant chiller and condenser
2. COR 56: \$82,746.00 for exterior framing and support steel changes needed to meet code
3. COR 59: \$100,276.84 for central plant electrical changes/improvements

Ms. Sherry noted the change orders are a result of design changes and upgrades to the central plant, which have been carefully reviewed by the project's mechanical engineers. Following review of the information provided it was moved by Ms. Hubbard, seconded by Ms. Hayden and passed to approve all three construction change orders as presented.

CONTRACT RENEWALS
AND EXTENSIONS

Mr. Halfen called attention to the following contract renewals and extensions that are being presented for Board approval:

1. Pathology Agreement, *Kenneth Saeger, M.D.* and sidebar regarding *Natalie Z. Mills, M.D.*
2. Security Officer Agreements (*S. Day, D. Nolan, F. Gomez, and C. Carter*)
3. Lead Security Officer Agreement (*S. Day*)
4. Chief of EKG Agreement, *Asao Kamei, M.D.*

5. Director of Respiratory therapy, *Asao Kamei, M.D.*
6. M.O.U. with *Tomi Bortolazzo, M.D.*
7. Real Estate Lease for 331 Clarke Street
8. Real Estate Lease for 768 W. Pine Street
9. Office Lease for 152-D Pioneer Lane
10. Rural Health Clinic Director Agreement, *Stacey Brown M.D.*
11. Rural Health Clinic Staff Physician Agreement, *Michael Phillips, M.D.*

Mr. Halfen noted that items 2 through 11 do not contain any financial or service level changes and are simple contract renewals that could be approved in one motion. It was moved by Ms. Hubbard, seconded by Ms. Hayden, and passed to approve agreements 2 through 11 as requested. Mr. Halfen also noted there is a proposed change to agreement #1 for the Pathology services of Kenneth Saegar M.D., and he will review those changes (which also do not involve financial or service level changes) with District Legal Counsel Douglas Buchanan. Mr. Buchanan commented that he would like to make housekeeping changes to agreement 5 for the Respiratory Therapy Director services of Asao Kamei, M.D., and it was moved by Ms. Hubbard, seconded by Ms. Hayden and passed to also approve agreements 1 and 5 including Mr. Buchanan's changes.

EMERGENCY
DEPARTMENT
PHYSICIAN COVERAGE
PROPOSALS

Doctor Black called attention to two proposals for emergency department physician coverage presented by Valley Emergency Physicians and by Jennie Walker M.D. on behalf of Eastern Sierra Emergency Physicians. Doctor Black stated the emergency department (E.D.) physicians have been dissatisfied with some aspects of Valley management in recent years, however in an effort to keep the NIH contract Valley is offering to make changes and improvements to the doctors' agreement. Doctor Black stated the emergency department physicians will continue to work with Valley in an attempt to come up with a suitable agreement, and the proposed ED contract will be resubmitted for approval at the next regular meeting of the District Board.

NON-DISCRIMINATION
POLICY & PROCEDURE

Mr. Halfen referred to the Hospital's proposed hospital-wide Non-discrimination policy, which states that no patient will be discriminated against on the basis or ground of race, color, sex (gender), sexual orientation, age, religion, or national origin. It was moved by Ms. Hayden, seconded by Ms. Hubbard, and passed to approve the NIH Nondiscrimination Policy as presented.

AUXILIARY BYLAWS
APPROVAL

Mr. Halfen also referred to the N.I.H. Auxiliary bylaws which were submitted for annual approval with no changes being made from the previous year. It was moved by Ms. Hubbard, seconded by Ms. Hayden, and passed to approve the NIH Auxiliary bylaws as presented.

**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. Central Supply
2. Emergency Room
3. ICU Unit
4. Infection Control
5. Laboratory Manual
6. Language Services
7. Outpatient Unit
8. PACU Unit
9. Pediatric Unit
10. Radiology
11. Mammography & MSQA
12. Med-Surg Unit
13. MRI Safety
14. Nuclear Medicine
15. Nursing Administration
16. OB Unit
17. Pharmacy
18. Radiation Safety
19. Respiratory Therapy
20. Rural Health Clinic
21. Safety
22. Staff Development
23. Surgical Services Unit

It was moved by Ms. Hubbard, seconded by Ms. Hayden, and passed to approve all 23 policy and procedure manuals as presented.

MDV RATE INCREASE

Mr. Halfen informed the Board that in spite of the fact that employee benefit costs have been increasing for the last three years, no increase has been made to the employee contribution for medical, dental, and vision insurance. Mr. Halfen proposes a 2 percent increase be made to the current employee contribution which will result in an increased cost to employees of \$1.60 per month or less. Following brief discussion it was determined this agenda item will be discussed at the next meeting of the District Board where a quorum of Board members who do not need to abstain from the vote are present.

**BATTERY BACK UP
FOR CT SCANNER**

Radiology Director Patty Dixon referred to a proposal to purchase a back-up battery for the Hospital's CT scanner at a cost of \$22,950. Ms. Dixon stated that multiple power fluctuations have resulted in repeated repair calls to General Electric, and it is doubtful that GE will continue to provide repair service without billing NIH for the cost. It has been determined that it would be financially prudent to purchase a battery backup for the CT scanner in order to avoid future damage to the equipment and to avoid costly repairs. It was moved by Ms. Hayden, seconded by Ms. Hubbard, and passed to approve the purchase of a battery back-up for the hospital's CT scanner as requested.

**BOARD MEMBER
REPORTS**

Doctor Clark asked if any members of the Board of Directors wished to report on any items of interest. No reports were heard.

**OPPORTUNITY FOR
PUBLIC COMMENT**

In keeping with the Brown Act, Doctor Clark 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 6:22 p.m. Doctor Clark 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 6:32 p.m. the meeting returned to open session. Doctor Clark reported the Board took no reportable action.

OPPORTUNITY FOR
PUBLIC COMMENT

Doctor Clark 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 6:34 p.m..

D. Scott Clark, M.D., Member at Large

M.C. Hubbard, Secretary

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BUDGET VARIANCE ANALYSIS

Aug-10 PERIOD ENDING

In the month, NIH was

| | | |
|--------------|--------|---|
| | -11% | under budget in IP days; |
| (| -0.07% |) under in IP Revenue and |
| (| 0.7% |) over in OP Revenue resulting in |
| \$ (164,904) | (| -2.1%) under in gross patient revenue from budget & |
| \$ 147,828 | (| 3.1%) over in net patient revenue from budget |

Total Expenses were:

| | | | |
|--------------|----|---------|---|
| \$ (416,175) | (| -8.8% |) under budget. Wages and Salaries were |
| \$ (94,779) | (| -5.7% |) under budget and Employee Benefits |
| \$ (105,629) | (| -10.3% |) under budget. |
| \$ (42,602) | | | of other income resulted in a net income of |
| \$ 708,166 | \$ | 504,156 | over budget. |

The following expense areas were over budget for the month:

| | | |
|-----------|-----|----------------------|
| \$ 60,168 | 16% | Professional Fees |
| \$ 24,635 | 8% | Depreciation Expense |
| \$ 29,304 | 13% | Other Expense |

Other Information:

| | |
|--------|-----------------------------------|
| 37.86% | Contractual Percentages for month |
| 38.46% | Contractual Percentages for Year |

\$ 1,073,725 Year-to-date Net Revenue

Special Notes:

NORTHERN INYO HOSPITAL

Balance Sheet

August 31, 2010

| | <u>Current Month</u> | <u>Prior Month</u> | <u>FYE 2010</u> |
|---|----------------------|--------------------|--------------------|
| Current assets: | | | |
| Cash and cash equivalents | 710,337 | 588,268 | 5,736 |
| Short-term investments | 28,041,829 | 29,288,393 | 30,262,716 |
| Assets limited as to use | 2,317,438 | 891,124 | 5,587,596 |
| Plant Expansion and Replacement Cash | 1,946,040 | 1,169,124 | 2,099,904 |
| Other Investments (Partnership) | 971,107 | 971,107 | 971,107 |
| Patient receivable, less allowance for doubtful accounts \$542,415 | 8,500,694 | 7,870,225 | 7,953,621 |
| Other receivables (Includes GE Financing Funds) | 1,472,987 | 1,402,753 | 424,259 |
| Inventories | 2,372,602 | 2,363,398 | 2,378,072 |
| Prepaid expenses | 1,257,664 | 1,281,828 | 1,143,283 |
| Total current assets | <u>47,590,699</u> | <u>45,826,219</u> | <u>50,826,294</u> |
| Assets limited as to use: | | | |
| Internally designated for capital acquisitions | 749,698 | 749,566 | 745,008 |
| Specific purpose assets | 981,998 | 966,724 | 966,724 |
| | <u>1,731,696</u> | <u>1,716,290</u> | <u>1,711,732</u> |
| Revenue bond construction funds held by trustee | 6,829,105 | 7,650,870 | 7,541,783 |
| Less amounts required to meet current obligations | 2,317,438 | 891,124 | 5,587,596 |
| Net Assets limited as to use: | <u>6,243,363</u> | <u>8,476,036</u> | <u>3,665,918</u> |
| Long-term investments | <u>2,824,834</u> | <u>2,824,834</u> | <u>2,824,834</u> |
| Property and equipment, net of accumulated depreciation and amortization | <u>49,962,219</u> | <u>48,742,848</u> | <u>47,655,595</u> |
| Unamortized bond costs | <u>1,003,334</u> | <u>1,007,960</u> | <u>1,012,587</u> |
| Total assets | <u>107,624,448</u> | <u>106,877,896</u> | <u>105,985,228</u> |

NORTHERN INYO HOSPITAL

Balance Sheet

August 31, 2010

Liabilities and net assets

| | <u>Current Month</u> | <u>Prior Month</u> | <u>FYE 2010</u> |
|--|----------------------|--------------------|--------------------|
| Current liabilities: | | | |
| Current maturities of long-term debt | 1,030,320 | 1,092,053 | 1,188,561 |
| Accounts payable | 687,797 | 728,352 | 952,032 |
| Accrued salaries, wages and benefits | 3,672,346 | 3,485,707 | 3,275,053 |
| Accrued interest and sales tax | 715,461 | 733,350 | 560,578 |
| Deferred income | 473,944 | 516,509 | 48,296 |
| Due to third-party payors | 2,620,055 | 2,616,629 | 2,616,629 |
| Due to specific purpose funds | - | - | - |
| Total current liabilities | <u>9,199,923</u> | <u>9,172,600</u> | <u>8,641,148</u> |
| Long-term debt, less current maturities | 49,020,816 | 49,020,816 | 49,020,816 |
| Bond Premium | 1,420,790 | 1,425,133 | 1,429,475 |
| Total long-term debt | <u>50,441,606</u> | <u>50,445,949</u> | <u>50,450,292</u> |
| Net assets: | | | |
| Unrestricted | 47,000,921 | 46,292,623 | 45,927,064 |
| Temporarily restricted | 981,998 | 966,724 | 966,724 |
| Total net assets | <u>47,982,919</u> | <u>47,259,347</u> | <u>46,893,788</u> |
| Total liabilities and net assets | <u>107,624,448</u> | <u>106,877,896</u> | <u>105,985,228</u> |

NORTHERN INYO HOSPITAL

Statement of Operations

As of August 31, 2010

| | MTD Actual | MTD Budget | MTD Variance \$ | MTD Variance % | YTD Actual | YTD Budget | YTD Variance \$ | YTD Variance % | Prior YTD |
|--|------------------|------------------|--------------------|----------------------|-------------------|-------------------|--------------------|----------------------|-------------------|
| Unrestricted revenues, gains and other support: | | | | | | | | | |
| In-patient service revenue: | | | | | | | | | |
| Routine | 608,895 | 656,043 | (47,148) | (7.2) | 1,117,161 | 1,312,086 | (194,925) | (14.9) | 1,221,596 |
| Ancillary | 2,022,392 | 2,174,217 | (151,825) | (7.0) | 3,650,801 | 4,348,434 | (697,633) | (16.0) | 3,840,035 |
| Total in-patient service revenue | 2,631,287 | 2,830,260 | (198,973) | (0.07) | 4,767,962 | 5,660,520 | (892,558) | -15.8% | 5,061,631 |
| Out-patient service revenue | 5,090,066 | 5,055,996 | 34,070 | 0.7 | 10,185,460 | 10,111,992 | 73,468 | 0.7 | 9,849,211 |
| Gross patient service revenue | 7,721,352 | 7,886,256 | (164,904) | (2.10) | 14,953,422 | 15,772,512 | (819,090) | (5.2) | 14,910,842 |
| Less deductions from patient service revenue: | | | | | | | | | |
| Patient service revenue adjustments | 143,772 | 150,169 | 6,397 | 4.3 | 267,728 | 300,338 | 32,610 | 10.9 | 355,187 |
| Contractual adjustments | 2,612,657 | 2,918,991 | 306,334 | 10.5 | 5,409,009 | 5,837,982 | 428,973 | 7.4 | 5,121,661 |
| Prior Period Adjustments | - | - | - | 100.0 | (394,242) | - | 394,242 | 100.0 | (1,489) |
| Total deductions from patient service revenue | 2,756,428 | 3,069,160 | 312,732 | 10.2 | 5,282,495 | 6,138,320 | 855,825 | 13.9 | 5,475,358 |
| Net patient service revenue | 4,964,924 | 4,817,096 | 147,828 | 3% | 9,670,927 | 9,634,192 | 36,735 | 0% | 9,435,484 |
| Other revenue | 32,666 | 31,955 | 711 | 2.2 | 86,308 | 63,910 | 22,398 | 35.1 | 63,128 |
| Transfers from Restricted Funds for Other Operating Expenses | 80,224 | 81,238 | (1,014) | (1.3) | 160,448 | 162,476 | (2,028) | (1.3) | 129,332 |
| Total Other revenue | 112,890 | 113,193 | (303) | (0.3) | 246,756 | 226,386 | 20,370 | 9.0 | 192,460 |
| Total revenue, gains and other support | 5,077,814 | 4,930,289 | 147,525 | (0.3) | 9,917,683 | 9,860,578 | 57,105 | 9.0 | 9,627,944 |
| Expenses: | | | | | | | | | |
| Salaries and wages | 1,569,302 | 1,664,081 | 94,779 | 5.7 | 3,105,750 | 3,328,162 | 222,412 | 6.7 | 2,962,871 |
| Employee benefits | 924,649 | 1,030,278 | 105,629 | 10.3 | 1,870,759 | 2,060,556 | 189,797 | 9.2 | 2,093,657 |
| Professional fees | 429,594 | 369,426 | (60,168) | (16.3) | 806,213 | 738,852 | (67,361) | (9.1) | 919,897 |
| Supplies | 320,913 | 574,343 | 253,430 | 44.1 | 742,401 | 1,148,686 | 406,285 | 35.4 | 1,032,608 |
| Purchased services | 272,474 | 259,439 | (13,035) | (5.0) | 518,354 | 518,878 | 524 | 0.1 | 401,023 |
| Depreciation | 321,895 | 297,260 | (24,635) | (8.3) | 643,601 | 594,520 | (49,081) | (8.3) | 443,651 |
| Interest | 73,441 | 106,100 | 32,659 | 30.8 | 180,982 | 212,200 | 31,218 | 14.7 | 214,632 |
| Bad debts | 166,556 | 223,377 | 56,821 | 25.4 | 468,425 | 446,754 | (21,671) | (4.9) | 280,503 |
| Other | 248,221 | 218,917 | (29,304) | (13.4) | 537,448 | 437,834 | (99,614) | (22.8) | 486,096 |
| Total expenses | 4,327,046 | 4,743,221 | 416,175 | 8.8 | 8,873,934 | 9,486,442 | 612,508 | 6.5 | 8,834,939 |
| Operating income (loss) | 750,768 | 187,068 | 563,700 | (9.1) | 1,043,749 | 374,136 | 669,613 | 2.5 | 793,006 |
| Other income: | | | | | | | | | |
| District tax receipts | 42,565 | 44,549 | (1,984) | (4.5) | 85,130 | 89,098 | (3,968) | (4.5) | 87,422 |
| Interest | 43,463 | 16,445 | 27,018 | 164.3 | 115,952 | 32,890 | 83,062 | 252.5 | 99,986 |
| Other | 4,225 | 4,956 | (731) | (14.8) | 15,270 | 9,912 | 5,358 | 54.1 | 4,415 |
| Grants and Other Non-Restricted Contributions | (8,358) | 5,382 | (13,740) | (255.3) | 28,901 | 10,764 | 18,137 | 168.5 | 35,193 |
| Partnership Investment Income | - | - | - | N/A | - | - | - | - | - |
| Net Medical Office Activity | (124,497) | (54,390) | (70,107) | (351.5) | (215,277) | (108,780) | (106,497) | (97.9) | (41,622) |
| Total other income, net | (42,602) | 16,942 | (59,544) | (352) | 29,976 | 33,884 | (3,908) | (11.5) | 185,394 |
| Excess (deficiency) of revenues over expenses | 708,166 | 204,010 | 504,156 | 247 | 1,073,725 | 408,020 | 665,705 | 163.2 | 978,400 |
| Contractual Percentage | 37.86% | 41.75% | | | 38.46% | 41.75% | | | 38.60% |

NORTHERN INYO HOSPITAL

Statement of Operations--Statistics

As of August 31, 2010

| | Month | | Month | | Variance | | YTD Actual | | YTD Budget | | Year | |
|---|--------------|--------------|----------|------------|------------|------------|------------|------------|---------------|-----------------|-----------|------|
| | Month Actual | Month Budget | Variance | Percentage | YTD Actual | YTD Budget | Variance | Percentage | Year Variance | Year Percentage | | |
| Operating statistics: | | | | | | | | | | | | |
| Beds | 25 | 25 | N/A | N/A | 25 | 25 | N/A | N/A | 25 | 25 | N/A | N/A |
| Patient days | 237 | 267 | (30) | 0.89 | 445 | 534 | (89) | 0.83 | 445 | 534 | (89) | 0.83 |
| Maximum days per bed capacity | 775 | 775 | N/A | N/A | 1,550 | 1,550 | N/A | N/A | 1,550 | 1,550 | N/A | N/A |
| Percentage of occupancy | 30.58 | 34.45 | (3.87) | 0.89 | 28.71 | 34.45 | (5.74) | 0.83 | 28.71 | 34.45 | (5.74) | 0.83 |
| Average daily census | 7.65 | 8.61 | (0.97) | 0.89 | 7.18 | 8.61 | (1.44) | 0.83 | 7.18 | 8.61 | (1.44) | 0.83 |
| Average length of stay | 3.29 | 3.14 | 0.15 | 1.05 | 3.16 | 3.14 | 0.01 | 1.00 | 3.16 | 3.14 | 0.01 | 1.00 |
| Discharges | 72 | 85 | (13) | 0.85 | 141 | 170 | (29) | 1 | 141 | 170 | (29) | 1 |
| Admissions | 78 | 85 | (7) | 0.92 | 144 | 170 | (26) | 1 | 144 | 170 | (26) | 1 |
| Gross profit-revenue depts. | 5,304,598 | 5,160,618 | 143,980 | 1.03 | 10,122,445 | 10,321,236 | (198,791) | 0.98 | 10,122,445 | 10,321,236 | (198,791) | 0.98 |
| Percent to gross patient service revenue: | | | | | | | | | | | | |
| Deductions from patient service revenue and bad debts | 37.86 | 41.75 | (3.89) | 0.91 | 38.46 | 41.75 | (3.29) | 0.92 | 38.46 | 41.75 | (3.29) | 0.92 |
| Salaries and employee benefits | 32.24 | 34.11 | (1.87) | 0.95 | 33.26 | 34.11 | (0.85) | 0.98 | 33.26 | 34.11 | (0.85) | 0.98 |
| Occupancy expenses | 5.78 | 5.42 | 0.36 | 1.07 | 6.10 | 5.42 | 0.68 | 1.13 | 6.10 | 5.42 | 0.68 | 1.13 |
| General service departments | 5.51 | 5.54 | (0.03) | 0.99 | 5.53 | 5.54 | (0.01) | 1.00 | 5.53 | 5.54 | (0.01) | 1.00 |
| Fiscal services department | 4.74 | 5.11 | (0.37) | 0.93 | 5.11 | 5.11 | - | 1.00 | 5.11 | 5.11 | - | 1.00 |
| Administrative departments | 4.98 | 5.11 | (0.13) | 0.97 | 5.54 | 5.11 | 0.43 | 1.08 | 5.54 | 5.11 | 0.43 | 1.08 |
| Operating income (loss) | 7.33 | 0.85 | 6.48 | 8.62 | 4.94 | 0.85 | 4.09 | 5.81 | 4.94 | 0.85 | 4.09 | 5.81 |
| Excess (deficiency) of revenues over expenses | 9.17 | 2.59 | 6.58 | 3.54 | 7.18 | 2.59 | 4.59 | 2.77 | 7.18 | 2.59 | 4.59 | 2.77 |
| Payroll statistics: | | | | | | | | | | | | |
| Average hourly rate (salaries and benefits) | 43.31 | 47.65 | (4.35) | 0.91 | 43.27 | 47.65 | (4.38) | 0.91 | 43.27 | 47.65 | (4.38) | 0.91 |
| Worked hours | 49,368.46 | 49,350.00 | 18.46 | 1.00 | 98,233.77 | 98,700.00 | (466.23) | 1.00 | 98,233.77 | 98,700.00 | (466.23) | 1.00 |
| Paid hours | 57,475.76 | 56,447.00 | 1,028.76 | 1.02 | 114,954.01 | 112,894.00 | 2,060.01 | 1.02 | 114,954.01 | 112,894.00 | 2,060.01 | 1.02 |
| Full time equivalents (worked) | 280.50 | 278.81 | 1.69 | 1.01 | 279.07 | 278.81 | 0.26 | 1.00 | 279.07 | 278.81 | 0.26 | 1.00 |
| Full time equivalents (paid) | 326.57 | 318.91 | 7.66 | 1.02 | 326.57 | 318.91 | 7.66 | 1.02 | 326.57 | 318.91 | 7.66 | 1.02 |

NORTHERN INYO HOSPITAL

Statements of Changes in Net Assets

As of August 31, 2010

| | <u>Month-to-date</u> | <u>Year-to-date</u> |
|---|------------------------------------|------------------------------------|
| Unrestricted net assets: | | |
| Excess (deficiency) of revenues over expenses | 708,165.87 | 1,073,724.89 |
| Net Assets due/to transferred from unrestricted | - | (4,557.74) |
| Interest posted twice to Bond & Interest | - | - |
| Net assets released from restrictions used for operations | - | - |
| Net assets released from restrictions used for payment of long-term debt | (80,224.16) | (160,448.32) |
| Contributions and interest income | 132.10 | 4,689.84 |
| Increase in unrestricted net assets | <u>628,073.81</u> | <u>913,408.67</u> |
| Temporarily restricted net assets: | | |
| District tax allocation | - | - |
| Net assets released from restrictions | - | - |
| Restricted contributions | 15,274.00 | 15,274.00 |
| Interest income | - | 0.01 |
| Net Assets for Long-Term Debt due from County | 80,224.16 | 160,448.32 |
| Increase (decrease) in temporarily restricted net assets | <u>95,498.16</u> | <u>175,722.33</u> |
| Increase (decrease) in net assets | 723,571.97 | 1,089,131.00 |
| Net assets, beginning of period | 47,259,347.07 | 46,893,788.04 |
| Net assets, end of period | <u><u>47,982,919.04</u></u> | <u><u>47,982,919.04</u></u> |

NORTHERN INYO HOSPITAL

Statements of Cash Flows

As of August 31, 2010

| | <u>Month-to-date</u> | <u>Year-to-date</u> |
|---|--------------------------|--------------------------|
| Cash flows from operating activities: | | |
| Increase (decrease) in net assets | 723,571.97 | 1,089,131.00 |
| Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities: (correcting fund deposit) | | |
| Depreciation | 321,895.47 | 643,600.84 |
| Provision for bad debts | 166,556.01 | 468,425.11 |
| Loss (gain) on disposal of equipment | 765.00 | 765.00 |
| (Increase) decrease in: | | |
| Patient and other receivables | (867,259.48) | (2,064,226.43) |
| Other current assets | 14,960.10 | (108,911.53) |
| Plant Expansion and Replacement Cash | (776,916.56) | 153,863.92 |
| Increase (decrease) in: | | |
| Accounts payable and accrued expenses | 85,630.55 | 713,589.73 |
| Third-party payors | 3,425.24 | 3,425.24 |
| Net cash provided (used) by operating activities | <u>(327,371.70)</u> | <u>899,662.88</u> |
| | | |
| Cash flows from investing activities: | | |
| Purchase of property and equipment | (1,541,266.25) | (2,950,224.18) |
| Purchase of investments | 1,246,563.32 | 2,220,886.51 |
| Proceeds from disposal of equipment | (765.00) | (765.00) |
| Net cash provided (used) in investing activities | <u>(295,467.93)</u> | <u>(730,102.67)</u> |
| | | |
| Cash flows from financing activities: | | |
| Long-term debt | (66,075.87) | (166,925.73) |
| Issuance of revenue bonds | 821,764.37 | 712,677.09 |
| Unamortized bond costs | 4,626.77 | 9,253.54 |
| Increase (decrease) in donor-restricted funds, net | (15,406.10) | (19,963.85) |
| Net cash provided by (used in) financing activities | <u>744,909.17</u> | <u>535,041.05</u> |
| | | |
| Increase (decrease) in cash and cash equivalents | 122,069.54 | 704,601.26 |
| | | |
| Cash and cash equivalents, beginning of period | <u>588,267.64</u> | <u>5,735.92</u> |
| | | |
| Cash and cash equivalents, end of period | <u><u>710,337.18</u></u> | <u><u>710,337.18</u></u> |

Northern Inyo Hospital
Summary of Cash and Investment Balances
Calendar Year 2010

| 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 | 4,462,389 | 6,137,876 | 6,469,248 | 4,131,017 | 27,112,118 | 796,335 | 26,233 | 2,640 | 17,472 | 632,052 | 750,421 | 2,793,443 | |
| February | 4,131,017 | 5,265,638 | 6,258,389 | 3,138,266 | 27,557,615 | 796,335 | 26,233 | 2,640 | 4,472 | 632,076 | 797,897 | 1,941,057 | |
| March | 3,138,266 | 6,113,051 | 6,461,223 | 2,790,095 | 28,079,592 | 796,335 | 26,236 | 2,640 | 4,474 | 718,431 | 806,520 | 1,941,078 | |
| April | 2,790,095 | 7,447,491 | 9,025,365 | 1,212,221 | 29,980,448 | 410,678 | 26,236 | 2,640 | 4,474 | 718,458 | 10,978,230 | 1,941,094 | |
| May | 1,212,221 | 5,617,293 | 7,530,678 | (701,164) | 29,528,268 | 960,093 | 26,236 | 2,640 | 4,574 | 718,486 | 11,025,753 | 1,941,110 | |
| June | (701,164) | 10,880,268 | 10,090,323 | 88,781 | 33,086,873 | 960,184 | 26,490 | 2,640 | 3,824 | 718,518 | 7,897,886 | 1,941,127 | |
| 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 | |
| Prior Year | | | | | | | | | | | | | |
| September | 1,521,059 | 4,571,506 | 4,221,577 | 1,870,988 | 29,609,631 | 574,537 | 26,230 | 2,639 | 17,470 | 631,900 | 930,926 | 8,074,645 | |
| October | 1,870,988 | 6,700,748 | 6,690,198 | 1,881,538 | 29,097,832 | 34,292 | 26,230 | 2,639 | 17,470 | 631,949 | 978,365 | 8,074,772 | |
| November | 1,881,538 | 14,574,637 | 14,781,591 | 1,674,584 | 28,603,006 | 34,292 | 26,230 | 2,639 | 17,470 | 631,999 | 1,045,102 | 6,395,453 | |
| December | 1,674,584 | 9,083,464 | 6,295,659 | 4,462,389 | 26,778,789 | 34,310 | 26,233 | 2,640 | 17,472 | 632,026 | 702,945 | 4,657,307 | |

Notes: Revenue Bond Fund includes 2010 Revenue Bond

Investments as of August 31, 2010

| Institution | Certificate ID | Purchase Dt | Maturity Dt | Principal | YTM | Broker |
|--|--------------------|------------------------|------------------------|--------------------------|----------------|--|
| Financial Northeastern Money Market LAIF (Walker Fund) | GMBXX 20-14-002 | 09-Jul-10 15-Jul-10 | 01-Aug-10 01-Aug-10 | \$1,542,687 \$318,364 | 0.50% 0.51% | Financial Northeastern Corp. Northern Inyo Hospital |
| Union Bank of CA Money Market | 2740028807 | 30-Jul-10 | 01-Aug-10 | \$22,669,610 | 0.16% | Northern Inyo Hospital |
| United States Treasury Note-FNC | 912828J50 | 10-Nov-09 | 30-Nov-10 | \$4,038,750 | 0.33% | Financial Northeastern Corp. |
| Worlds Foremost Bank (FNC CD) | 5X42688 | 18-Dec-08 | 18-Dec-10 | \$100,000 | 4.40% | Financial Northeastern Corp. |
| Santander Financial Issuances LTD | 802813AE5 | 01-Mar-10 | 15-Feb-11 | \$1,049,310 | 1.17% | Multi-Bank Service |
| Atlantic Richfield | 048825AV5 | 11-Jun-10 | 01-Mar-11 | \$105,400 | 1.57% | Multi-Bank Service |
| Total Short Term Investments | | | | \$29,824,122 | | |
| Credit Suisse 1st | 22541LAB9 | 02-Feb-10 | 15-Nov-11 | \$541,865 | 1.36% | Multi-Bank Service |
| HSBC Financial Corp | 40429XWB8 | 15-Sep-09 | 15-Sep-12 | \$250,000 | 3.85% | Financial Northeastern Corp. |
| First Republic Bank-Div of BOFA | 5L28639 | 20-May-10 | 20-May-13 | \$150,000 | 2.40% | Financial Northeastern Corp. |
| First Republic Bank-Div of BOFA | 5L26838 | 20-May-10 | 20-May-15 | \$100,000 | 3.10% | Financial Northeastern Corp. |
| Total Long Term Investments | | | | \$1,041,865 | | |
| Grand Total Investments | | | | \$30,865,987 | | |

Financial Indicators

| | Target | Aug-10 | Jul-10 | Jun-10 | May-10 | Apr-10 | Mar-10 | Feb-10 | Jan-10 | Dec-10 | Nov-09 | Oct-09 | Sep-09 |
|-------------------|-----------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Current Ratio | >1.5-2.0 | 5.17 | 5.00 | 5.88 | 4.84 | 4.95 | 4.34 | 5.42 | 5.65 | 6.01 | 5.99 | 6.10 | 5.81 |
| Quick Ratio | >1.33-1.5 | 4.62 | 4.45 | 5.43 | 4.22 | 4.32 | 3.78 | 4.87 | 5.09 | 5.45 | 5.41 | 5.53 | 5.27 |
| Days Cash on Hand | >75 | 303.29 | 277.51 | 335.40 | 233.51 | 230.21 | 217.46 | 322.93 | 293.20 | 315.81 | 306.58 | 307.60 | 364.93 |

Northern Inyo Hospital
 Monthly Report of Capital Expenditures
 Fiscal Year Ending JUNE 30, 2010
 As of AUGUST 31, 2010

| MONTH APPROVED BY BOARD | DESCRIPTION OF APPROVED CAPITAL EXPENDITURES | AMOUNT |
|-------------------------------|--|------------------------------|
| FY 2008-09 | Coagulation Analyzer | 25,000 |
| FY 2009-10 | Platelet Function Analyzer | 9,000 |
| | Birch Street Probably Cleanup and Improvements | 117,000 |
| | PMA-IT Server Room Wiring Project | 34,625 |
| | MRI Upgrade | 325,318 * |
| | Nexus VOIP Telephone System | 958,776 |
| | AMOUNT APPROVED BY THE BOARD IN PRIOR FISCAL YEARS TO BE EXPENDED IN THE CURRENT FISCAL YEAR | <u>1,469,719</u> |
| FY 2010-11 | Back-Up Battery for CT | 22,950 |
| | AMOUNT APPROVED BY THE BOARD IN THE CURRENT FISCAL YEAR TO BE EXPENDED IN THE CURRENT FISCAL YEAR | <u>22,950</u> |
| | Amount Approved by the Board in Prior Fiscal Years to be Expended in the Current Fiscal Year | 1,144,401 |
| | Amount Approved by the Board in the Current Fiscal Year to be Expended in the Current Fiscal Year | <u>22,950</u> |
| | Year-to-Date Board-Approved Amount to be Expended | 22,950 |
| | Year-to-Date Administrator-Approved Amount Actually Expended in Current Fiscal Year | 65,606 * <u>325,318 *</u> |
| | Year-to-Date Completed Building Project Expenditures | 0 * |
| | TOTAL FUNDS APPROVED TO BE EXPENDED | <u><u>413,874</u></u> |
| | Total-to-Date Spent on Incomplete Board Approved Expenditures | 0 |

Northern Inyo Hospital
Monthly Report of Capital Expenditures
Fiscal Year Ending JUNE 30, 2010
As of AUGUST 31, 2010

| MONTH APPROVED BY BOARD | DESCRIPTION OF APPROVED CAPITAL EXPENDITURES | AMOUNT |
|-------------------------------|---|------------------------------|
| Reconciling Totals: | | |
| | Actually Capitalized in the Current Fiscal Year Total-to-Date | 390,924 |
| | 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>22,950</u> |
| | ACTUAL FUNDS APPROVED IN THE CURRENT FISCAL YEAR TOTAL-TO-DATE | <u><u>413,874</u></u> |
| | Donations by Auxiliary | 0 |
| | Donations by Hospice of the Owens Valley | 0 |
| | +Tobacco Funds Used for Purchase | <u>0</u> |
| | | 0 |

Northern Inyo Hospital
Monthly Report of Capital Expenditures
Fiscal Year Ending JUNE 30, 2010
As of AUGUST 31, 2010

| Administrator-Approved Item(s) | Department | Amount | Month Total | Grand Total |
|---------------------------------------|---------------------|---------------|------------------------|------------------------|
| T2100 TREAMDILL | EKG | 6,781 | | |
| CANON IR ADVANCE C5030 COPIER | PRINTING-BOARD ROOM | 8,107 | | |
| COMMUNICATIONS WIRING | MEDICAL OFFICES | 11,409 | | |
| COMMUNICATIONS WIRING | IT | 22,850 | | |
| MONTH ENDING AUGUST 2010 | | | 49,147 | 65,606 |

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NORTHERN INYO HOSPITAL

SECURITY REPORT

07/27/10 THRU 08/26/10

FACILITY SECURITY

Access Security during this period revealed six instances of open or unsecured doors being located during those hours when doors were to be secured. One interior door was found during this same period.

Main building roof access was found unsecured on one occasion.

Main construction, site gate, was found unlocked once.

Four alarms occurred during this period. All were the result of staff error or malfunction.

Keys were found in Hospital vehicles twice during this period.

HUMAN SECURITY

On July 27th a suspicious vehicle was reported by Environmental Services Staff. This vehicle was located driving about Campus. Contact was made by Security Staff and it was determined to be an elderly couple looking for a safe place to stop and sleep for a while. They were directed to the southwest parking area where they stayed for several hours.

On August 4th a well known mental health visitor came into the Hospital for treatment. During his stay he became belligerent and refused further treatment. Security Staff removed the subject from the Hospital at the request of ED Staff.

On August 9th a multiple casualty Motor Vehicle Collision occurred locally and presented the Hospital with over a dozen victims. Additional Security Staff was called and assisted with management of the incident.

On August 15th, Security Personnel found staff keys in the unlocked, main door to Building #4. The building was secured and keys left with the Nursing Supervisor.

*6 doors
open*

Security Staff provided patient assists on thirty three instances during this period.

Srd

08/27/10

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**NORTHERN INYO HOSPITAL
PROTOCOL**

MEDICATION/DEVICE POLICY FOR RURAL HEALTH CLINIC PHYSICIAN ASSISTANTS

Scope: PHYSICIAN ASSISTANTS

I. POLICY - Will meet all General Policy - Protocol guidelines.

A. Function: use of specific drug or device

B. Circumstances:

1. Patient population: adult patients
2. Setting: Medical Clinic
3. Supervision: Physicians indicated in Delegation of Authority Agreement and the General Protocol

II. PROTOCOL

A. Definition:

Management of drugs and devices for patients of all ages presenting to the Northern Inyo Hospital Rural Health Clinic. The Physician Assistant may initiate, alter, discontinue, and renew medication included on the formulary referenced in Appendix A. The adoption of this written, practice-specific formulary is governed under Business and Professions Code, Title 16, §3502.1.(a)(2) All Schedule I/II medications are excluded.

B. Data Base

1. Subjective data information will include but is not limited to: Relevant health history to warrant the use of the drug or device, no allergic history specific to the drug or device, and no personal and/or family history which is an absolute contraindication to use the drug or device.
2. Objective data information will include but is not limited to: Physical examination appropriate to warrant the use of the drug or device and laboratory tests or procedures to indicate/contraindicate use of drug or device if necessary.
3. Assessment: Subjective and objective information consistent for the use of the drug or device.

C. Treatment

1. Physician assistants may administer or provide medication to a patient, or transmit orally, or in writing on a patient's record or in a drug order, an order to a person who may lawfully furnish the medication or medical device per Business and Professions Code, Title 16, §3502.1.(a)
2. Medications/devices prescribed by the PA may be either over-the-counter or medications/devices requiring a prescription.
3. Medications/devices may be furnished directly to the patient, or the patient's direct care giver, by the PA.

4. Physician assistants may only prescribe medication/devices appropriate for use in the type of practice engaged in by the current supervising physician(s) defined in the Delegation of Services Agreement.(Business and Professions Code, Title 16, §3502.1.(a)(2))
5. Office samples may be dispensed per NIH policy.
6. The drug or device will be appropriate to the condition being treated:
 - a. Dosage will be in the effective range per formulary references
 - b. Not to exceed upper limit dosage per formulary references.
 - c. Indications or uses as specified by the formulary references.
 - d. No absolute contraindications of the use of the drug or device.
7. Medication history has been obtained including other medications being taken, medication allergies, and prior medications used for current condition.
8. All medications/devices furnished shall be documented in the patient's medical record. The effectiveness of the medication/device shall also be documented in the patient's medical record.

D. Patient Education:

Provide the client with information and counseling in regard to the medication/device. Caution the client regarding potential side effects or complications with chosen medication/device. Document the education process in the medical record.

E. Physician consultation is to be obtained under the following circumstances:

1. Emergent conditions requiring prompt medical intervention after the initial stabilizing care has been started.
2. Acute decompensation of patient situation.
3. Problem which is not resolving as anticipated.
4. History, physical, or lab finding inconsistent with the clinical picture.
5. Upon request of patient, nurse, or supervising physician.

APPROVAL: This policy has been approved for use at Northern Inyo Hospital by:

Chairman, Interdisciplinary Practice Committee

Date

Administrator

Date

Chief of Staff

Date

President, Board of Directors

Date

Physician Assistants authorized to perform this policy and date of authorization:

1. _____
2. _____
3. _____
4. _____

Supervising Physician and date of approval:

1. _____
2. _____
3. _____

APPENDIX A:
FORMULARY SPECIFICATIONS for
Furnishing Medications/Devices Policy for the Nurse Practitioner
STANDARDIZED PROCEDURE

Formulary: *AHFS Drug Information*, current as published and updated annually by the American Society of Health-System Pharmacists

Deletions: The following First Tier classes will be **deleted** from the formulary as related to this policy for Physician Assistants

| AHFS Class Number | AHFS Class Description |
|--------------------------|--|
| 34:00 | Dental Agents |
| 36:00 | Diagnostic Agents |
| 38:00 | Disinfectants (for agents used on objects other than skin) |
| 60:00 | Gold compounds |
| 64:00 | Heavy Metal Antagonists |
| 76:00 | Oxytocics |
| 78:00 | Radioactive agents |
| 94:00 | Devices |
| 96:00 | Pharmaceutical Aids |

NORTHERN INYO HOSPITAL
Furnishing Medications/Devices Policy for the Nurse Practitioner
STANDARDIZED PROCEDURE

- I. Policy
 - A. As described in the General Policy Component.
 - B. Covers only those registered nurses as identified in General Policy Component.
- II. Protocol
 - A. Definition: This protocol covers the management of drugs and devices for patients of all ages presenting to the Northern Inyo Hospital Rural Health Clinic. The NP(s) may initiate, alter, discontinue, and renew medication included on, but not limited to the formulary referenced in Appendix A. All Schedule I / II drugs are excluded. NPs will be required to have a current "Furnishing Number" which has been obtained from the Board of Registered Nursing.
 - B. Database – Nursing Practice
 - 1. Subjective data information will include but is not limited to: Relevant health history to warrant the use of the drug or device, no allergic history specific to the drug or device, and no personal and/or family history which is an absolute contraindication to use the drug or device.
 - 2. Objective data information will include but is not limited to: Physical examination appropriate to warrant the use of the drug or device and laboratory tests or procedures to indicate/contraindicate use of drug or device if necessary.
 - 3. Assessment: Subjective and objective information consistent for the use of the drug or device. No absolute contraindications of the use of the drug or device.
- III. Treatment – (Common Nursing Functions)
 - A. Medications/devices furnished by the NP may be either over-the-counter or medications/devices requiring a prescription.
 - B. Medications/devices may be furnished directly to the patient, or the patient's direct care giver, by the NP. (section 2725.1 of the NPA)
 - C. Medications may be furnished by transmittal. The NP may write and sign "transmittal orders" of any prescription personally stated or written by the physician, except for Class I /II controlled substances to a pharmacist. This is in accordance with the Pharmacy Law, Business and Professions Code, Section 34021.
 - D. Office samples may be dispensed per NIH policy.
 - E. The drug or device will be appropriate to the condition being treated:
 - 1. Dosage will be in the effective range per formulary references
 - 2. Not to exceed upper limit dosage per formulary references.
 - F. Medication history has been obtained including other medications being taken, medication allergies, and prior medications used for current condition.
 - G. All Medications/devices furnished shall be documented in the patient's medical record. The effectiveness of the medication/device shall be documented in the patient's medical record.
- IV. Patient Education: Provide the client with information and counseling in regard to the drug or device. Caution the client regarding potential side effects or complications with chosen drug or device. Document education process in the medical record.
- V. Consultation and/or referral: Non-responsiveness to appropriate therapy and/or unusual or unexpected side effects and as indicated in general policy statement.
- VI. Documentation

- A. A current drug list will be maintained in the patient's RHC record. All medications furnished, changes in medications, and renewals will be documented on this list.
- B. The name and furnishing number of the Nurse Practitioner is written on the transmittal order along with that of the supervising Physician.

Approval: This standardized procedure has been approved for use at Northern Inyo Hospital by:

Chairman, Interdisciplinary Practice Committee

Date

Administrator

Date

Chief of Staff

Date

President, Board of Directors

Date

Registered Nurses authorized to perform this standardized procedure and date of authorization:

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____

APPENDIX A:
FORMULARY SPECIFICATIONS for
Furnishing Medications/Devices Policy for the Nurse Practitioner
STANDARDIZED PROCEDURE

Formulary: *AHFS Drug Information*, current as published and updated annually by the American Society of Health-System Pharmacists

Deletions: The following First Tier classes will be **deleted** from the formulary as related to this policy for Nurse Practitioners

| AHFS Class Number | AHFS Class Description |
|--------------------------|--|
| 34:00 | Dental Agents |
| 36:00 | Diagnostic Agents |
| 38:00 | Disinfectants (for agents used on objects other than skin) |
| 60:00 | Gold compounds |
| 64:00 | Heavy Metal Antagonists |
| 76:00 | Oxytocics |
| 78:00 | Radioactive agents |
| 94:00 | Devices |
| 96:00 | Pharmaceutical Aids |





NORTHERN INYO HOSPITAL
Rural Health Clinic

153 Pioneer Lane
Bishop, CA 93514
(760) 873-2849
Fax (760) 873-2836

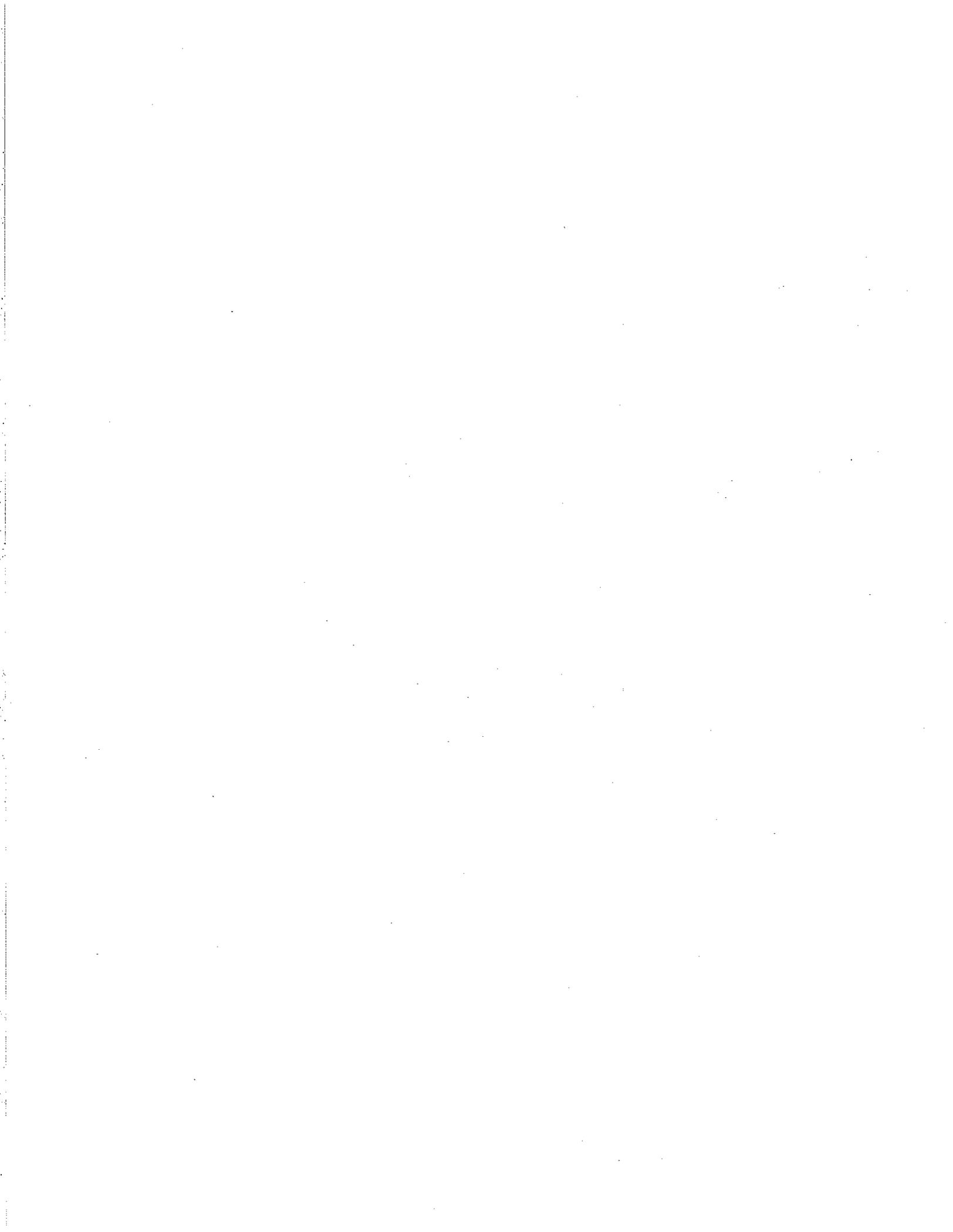
September 26, 2010

To: Interdisciplinary Committee members
From: Stacey Brown, Medical Director
RE: Physician Assistant function before Medication/Device Protocol Policy approval

As of now, committee members should have a copy of the proposed "Medication/Device Protocol for RHC Physician Assistants" for review. The purpose of this letter is to outline the function of the PAs in the clinic before final approval of the protocol by the MEC and the Board of Directors.

During their orientation period at the RHC, the PAs will function under the previously approved clinical protocols in formulating a treatment plan after interviewing/examining the patient and presenting this plan to the supervising physician. The supervising physician (myself or Dr Thomas Boo) will be responsible for reviewing that plan, evaluating the patient again and confirming the treatment options, similar to a teaching program with an attending physician. The supervising physician will then furnish the patient with medications/devices under his own license directly, without delegating that duty to the PA.

Once the PA has passed the initial evaluation period and the protocol is approved, the PA may only then prescribe under that protocol as the supervising physician's designee.



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people you know,
caring for people you love

**NORTHERN
INYO HOSPITAL**
Northern Inyo County Local Hospital District

150 Pioneer Lane
Bishop, California 93514
(760) 873-5811 voice
(760) 872-2768 fax

May 4, 2007

Pat and Ted Gardener
152 Pioneer Lane, Suite E
Bishop, CA 93514

Dear Pat and Ted:

This letter is intended to update the last offer extended to you to acquire your interests in Pioneer Medical Associates (made 2-08-2007) to reflect the appraised values indicated in the appraisal dated 4-16-2007. According to that appraisal the building is appraised at \$2,890,000. The appraisal also affirms the minority discount of 15-30 %. NIH has used 20% in the past and does so here.

Utilizing the ownership distribution as indicated in the appraisal the following table restates NIH's offer to buy:

| | | |
|--------------------|--------|-----------|
| Beck and Casey | 17.78% | \$411,074 |
| Clark | 8.57% | \$198,138 |
| Gardener | 12.82% | \$296,398 |
| Kamei and Hathaway | 29.26% | \$676,491 |
| Kobyashi | 12.60% | \$291,312 |

A leaseback arrangement at prevailing rates is anticipated, but not required.

The Board must reaffirm this offer. This will occur on 5-16-2007.

Sincerely,

John Halfen
Administrator, Northern Inyo Hospital
(760) 873-2838

PURCHASE AND SALE AGREEMENT

THIS AGREEMENT is made this 21st day of October, 2010, at the City of Bishop, County of Inyo, State of California, by and between, Patricia and Ted Gardner (“SELLER”) and Northern Inyo County Local Hospital District (“BUYER”).

Recitals

- A. BUYER is a Local Health Care District duly organized and existing under the laws of the State of California and more specifically under the Local Health Care District Law, Health and Safety Code §§32000, et seq. BUYER owns and operates Northern Inyo Hospital to provide acute care, full service medical services to the community in which it serves.
- B. SELLER is the owner of a 12.82% general partnership interest in a general partnership named Pioneer Medical Associates (the “Partnership”).
- C. The primary asset of the Partnership is a parcel of real property, including improvements located thereon, commonly known as the Pioneer Medical Building, located at 152 Pioneer Lane, Bishop, California 93514. This real property is legally described as Parcel 1 of Parcel Map 209 recorded in Book 3, Pages 25-26 of Parcel Maps in the office of the Inyo County Recorder; APN 11-240-14A (the “Real Property”).
- D. SELLER occupies a medical suite on the Real Property identified as Suite F in the Pioneer Medical Building (the “Leasehold”). With respect to the Leasehold, SELLER is tenant, and the Partnership is landlord.
- E. SELLER desires to sell to BUYER, and BUYER desires to purchase and acquire from SELLER: (1) all of Seller’s right, title, and interest in and to the Partnership, specifically including all of SELLER’s direct and indirect (through SELLER’s Partnership interest) right, title, and interest in and to the Real Property; and (2) the Leasehold. All of the foregoing is hereinafter collectively referred to as the “Property.”

Agreement

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL COVENANTS, CONDITIONS, AND PROMISES CONTAINED HEREIN, THE PARTIES AGREE AS FOLLOWS:

1. Purchase and Sale. BUYER agrees to purchase and SELLER agrees to sell the Property.

2. Purchase Price and Terms. The total purchase price to be paid is Two Hundred Ninety Six Thousand Three Hundred Ninety Eight Dollars (\$298,398.00). The purchase price shall be paid as follows:

2.1. BUYER shall deposit into escrow upon opening the sum of Twenty Thousand Dollars (\$20,000.00), which shall be applied to the purchase price upon the Close of Escrow.

2.2. BUYER shall deposit into escrow by closing the balance of the purchase price in the sum of One Hundred Seventy Eight Thousand Dollars (\$276,398.00). in cash, together with sufficient funds to cover BUYER'S share of closing costs.

2.3. The purchase price shall be allocated and reported by the parties as follows:

| <u>Item</u> | <u>Amount</u> |
|----------------------|------------------|
| Partnership interest | \$ 1 |
| Leasehold | \$296,397 |
| FF&E | \$ 0 |
| Total | <u>\$296,398</u> |

Each of the parties hereto acknowledges and agrees that the foregoing allocation of the purchase price consideration will be used for income tax and/or property tax reporting purposes by both BUYER and SELLER. The parties hereby declare that the allocations stated hereinabove were determined in good faith, through arms length negotiation. Each party agrees to report the transaction for income tax and/or property tax purposes in accordance with the allocations stated hereinabove and not to take a position inconsistent with those allocations, except (1) with the written consent of the other party hereto; or (2) if the Internal Revenue Service, Franchise Tax Board, County tax assessor, or other taxing authority has taken a position with respect to the other party hereto contrary to the allocations recited hereinabove, in which case a party may take a protective position by adopting the taxing agency's contention until the controversy between the taxing agency and the other party is resolved.

3. Bulk Sales Transfer. Consummation of this Agreement and the escrow shall be conducted in accordance with and in full compliance with the requirements of the Bulk Transfers Division of the California Commercial Code.

4. Escrow. Immediately upon execution of this agreement, the parties shall cause an escrow to be opened with Inyo-Mono Title Company, Bishop Branch. The parties shall jointly retain Inyo-Mono Title Company to act as escrowholder herein. The parties shall instruct escrowholder to insert the following material terms in said escrowholder's standard form Real Property and Bulk Sale Escrow Instructions:

4.1. Title. As of the date of this Agreement, it appears that title to the Real Property is vested in the Partnership. With respect to the interest of SELLER in and to the Real Property either directly or indirectly by virtue of SELLER's interest in the Partnership, title to SELLER's interest in the Real Property is to be delivered to BUYER free of leins, encumbrances, easements, restrictions, rights and conditions of record or known to SELLER. SELLER shall furnish to BUYER at SELLER's expense, if available from escrowholder, a standard California Land Title Association (CLTA) policy issued by Inyo-Mono Title Company, insuring the 12.82% interest in the Real Property of BUYER (either directly or indirectly through the 12.82% interest in the Partnership), subject only to the above. Except as otherwise provided for herein, BUYER shall have until December Seventh, 2007 to disapprove any title exceptions disclosed in the current preliminary title report furnished as of this date at the expense of SELLER, by giving written notice of such disapproval to SELLER. If SELLER is unwilling or unable to eliminate any title matter disapproved by BUYER as set forth above, BUYER may elect to terminate this Agreement. BUYER may elect to obtain an American Land Title Association (ALTA) policy, provided that the closing date is not delayed as a result. In such event, BUYER shall pay the premium amount in excess of the premium (including all costs associated therewith such as engineering fees, survey fees) for the CLTA policy referenced above.

4.2. Prorations. Property taxes, assessments of record, and any other related items or expenses shall be prorated as of the close of escrow. Any bond or assessment which is a lien, against the Property shall be paid current by SELLER and the outstanding principal balance shall be assumed by BUYER. As to the Real Property, SELLER's obligation to pay current shall be limited to 12.82% of such obligation. Transfer taxes, if any, shall be paid by SELLER.

4.3. Possession. Possession and occupancy of the Leasehold shall be delivered to BUYER upon close of escrow.

4.4. Vesting. BUYER shall provide escrowholder with vesting prior to closing.

4.5. All escrow fees and costs, other than those expressly set forth herein, shall be borne equally by the parties.

4.6. Escrow shall be deemed opened by the parties after the parties have signed and delivered escrow instructions to escrowholder.

4.7. Escrow shall close on a mutually agreed upon date, (the "Closing Date").

4.8. All claims made by any creditor or claimant shall be handled by escrowholder in accordance with the provisions of the Bulk Transfers Division of the California Commercial Code.

4.9. Except as otherwise expressly set forth herein, all liens, encumbrances, and other liabilities pertaining to or against the FF&E shall be satisfied and extinguished by

SELLER upon the close of escrow. In connection therewith, SELLER, with SELLER paying the cost and expense thereof, shall request by way of a UCC-3 form with the Secretary of State all information concerning any secured creditors or other perfected interest in or against the FF&E. SELLER shall provide the report to BUYER. As to the Real Property, Seller shall pay 12.82% of any amount due under any liens, encumbrances, or other liabilities pertaining to the Real Property, except as otherwise expressly set forth herein.

4.10. All sales and use taxes pertaining to the FF&E and which may be incurred as a result of this transfer shall be paid by BUYER.

4.11 BUYER shall have the absolute right to cancel this Agreement at any time during the escrow period based upon: (1) any dissatisfaction or objection to the physical condition of the Property, (2) any failure of a condition, or (3) any other basis expressly provided for in this Agreement; it being the express intent of the parties that BUYER's decision to accept the condition of the Property or raise an objection shall be within the sole and absolute discretion of BUYER. In the event BUYER elects to cancel this transaction as provided for herein, all deposits of BUYER shall immediately be returned to BUYER and that any instructions to the escrowholder that requires the return of any deposit to BUYER shall cause the refund to be made immediately without any requirement for SELLER's concurrence or acceptance. Escrowholder shall be instructed to return the deposit to BUYER based on an instruction signed by BUYER only. Escrowholder shall hold such instruction from BUYER for a period of ten (10) days from the date of such instruction in order to provide SELLER with the 10-day period to express any objection thereto and claim of default on the part of the BUYER. In the event SELLER timely gives such notice of objection and default, escrowholder to interplead such funds pursuant to the standard form preprinted provisions of escrowholder's escrow instructions, or any order of a court of competent jurisdiction.

5. Partnership and Leasehold. Upon the close of escrow, SELLER shall have: (1) executed all documents necessary to transfer and assign to BUYER a 12.82% general partnership interest in Pioneer Medical Associates, and (2) transferred, conveyed, and assigned to BUYER the Leasehold with the consent and approval of the landlord.

5.1. The Partnership Interest. As a condition precedent to the obligations of BUYER hereunder, the parties shall have obtained the approval and consent of the remaining general partners of the Partnership to admit BUYER as a general partner and BUYER shall in its sole and absolute discretion have approved the form of the governing documents of the Partnership.

5.2. Lease for the Leasehold. As a condition precedent to the obligations of BUYER hereinunder, the partnership as landlord and BUYER as tenant of the Leasehold shall have agreed to the form and material terms and provisions of a lease for the Leasehold to take effect upon the close of escrow.

6. Conditions Precedent to the Obligations of BUYER. Each of the following shall be conditions precedent to the obligations of BUYER:

6.1. Due Diligence. BUYER shall have until ten (10) days after the opening of escrow (the "Due Diligence Date") to complete its due diligence of the Property and approve or disapprove the Property including without limitation the following matters:

(1) the physical condition of the Real Property and the Leasehold, including without limitation soils conditions, the size, dimensions and boundaries of the Real Property, the building foundation, structure, exterior and roof, and all plumbing, electrical, mechanical, heating, ventilation, air conditioning and other systems;

(2) the cost and availability of utilities and other governmental and quasi-governmental services;

(3) the feasibility of any improvements planned by BUYER, including without limitation the cost and availability of building permits and other approvals necessary to construct such improvements and the cost of such improvements;

(4) title matters, including without limitation the Permitted Exceptions;

(5) compliance with applicable laws, including without limitation zoning and use restrictions, building codes and health and safety laws;

(6) the cost and availability of financing;

(7) whether the Real Property is within or affected by any geologic, seismic, flood or other special zone;

(8) environmental matters, including without limitation the potential existence of hazardous materials on, in or near the Real Property and Improvements.

6.1 If BUYER fails to terminate this Agreement on or before the Due Diligence Date, by giving written notice to SELLER, BUYER shall be deemed to have completed its due diligence and approved the Property.

6.2 BUYER shall have satisfied the conditions pertaining to the Partnership and Leasehold set forth in section 5 and this section 6 of the Agreement.

6.3 The performance by SELLER of all of its obligations under this Agreement.

6.4 The title insurer shall be prepared to issue the title policy upon the Close of Escrow, subject only to approved exceptions.

6.5 BUYER and its authorized agents, employees and representatives shall be given the continuing right to inspect the books and records relating to the Partnership and to

make extracts from these books and records, and further including BUYER's review, inspection, and approval copies of (1) books and records, not less than the prior 3 years of tax returns and filings, financial, credit and other information relating to the Partnership, and (2) any and all contracts, licenses, leases, and other such information relating to the Partnership. SELLER shall otherwise cooperate with BUYER through the close of escrow to the end that BUYER and its agents and employees shall be afforded the opportunity to obtain all necessary information and knowledge of the Partnership. BUYER shall assure that its conduct, and that of its employees, agents, and representatives, during such process is at all times unobtrusive and does not interfere with the operation of the Partnership in the ordinary course of business operations. BUYER shall indemnify, defend, and hold SELLER financially free and harmless from any and all claims, demands, liabilities, obligations, and causes of action related to the activities of SELLER or its agent pursuant to this section 6.5. SELLER represents to BUYER hereby that SELLER does not have custody, control, or current access to the foregoing books and records but will use its best efforts to assist BUYER as provided for herein.

7. Closing Obligations of SELLER. SELLER shall deposit into escrow for delivery to BUYER upon closing each of the following:

7.1 A duly executed and acknowledged grant deed or other requisite document of conveyance of SELLER's interest in the Real Property, including without limitation what may be required by escrowholder, in a form satisfactory to BUYER.

7.2 Although SELLER is not in possession of any of the following items, SELLER shall reasonably assist BUYER in obtaining each of the following: keys and security codes to all units, rooms, storage areas, and other facilities of the Leasehold and the Real Property, and excluding keys and security codes for areas under the exclusive control of others.

8. Closing Obligations of BUYER. BUYER shall deposit into escrow for delivery to SELLER upon closing each of the following:

8.1 Any remaining cash requirements.

8.2 Written assumption of obligations under the Partnership.

9. Representations by SELLER.

9.1 To SELLER's knowledge, there exists no pending or threatened litigation involving the Property, which have not been rectified by SELLER and which would materially or adversely affect the value or operation of the Property and to the best of SELLER's knowledge, no governmental authority has commenced or is contemplating any investigation regarding any possible violations.

9.2 All FF&E shall be in working order upon the close of escrow, except as may otherwise be disclosed by SELLER in writing and approved by BUYER prior to the Close of Escrow.

9.3 Other than the parties to this Agreement, there exists no other individuals or entities who claim any right, title, or interest in and to the Property

9.4 SELLER has received no written notice of any violations of any law, rule, or regulation affecting the Property, which have not been rectified by SELLER and which would materially or adversely affect the value or operation of the Property, and to the best of SELLER's knowledge no governmental authority has commenced or is contemplating any investigation regarding any possible violation.

9.5 Except as disclosed to BUYER in writing by SELLER prior to the close of escrow, and except as may be incidental to the conduct of the business presently conducted at the Property, SELLER has no actual knowledge of (i) the presence, now or at any prior time, or any "Hazardous Substances" located on the Property; (ii) spills of any Hazardous Substances on the Property or from any adjacent property onto the Property, (iii) the use of asbestos or other Hazardous Substances in the construction of any improvements located on the Property, or (iv) any notice of any violation or claimed violation of any law, rule, or regulation relating to Hazardous Substances. "Hazardous Substances" as used herein shall mean petroleum base products, pesticides, paints and solvents. Polychlorinated biphenyl, lead, cyanide, DDT, acids, ammonium compounds, PCB's, asbestos, and other chemical products and any substance or material defined or designated as a hazardous or toxic substance, or other similar term, by any federal, state, or local environmental statute, regulation, or ordinance. SELLER expressly agrees to indemnify, defend, and hold BUYER financially free and harmless from any and all claims, demands, liabilities, actions, and causes of action which may be asserted against BUYER and SELLER by any person, entity, or governmental entity relating to any hazardous waste, hazardous material, or any other matter subject to regulation under any local, state, or federal law, acts, ordinances, or regulations, except for any matter proven to have occurred subsequent to the date of Close of Escrow. Any liability of SELLER for the foregoing shall be severally limited to SELLER's 12.82% interest in the partnership.

9.6 All representations and warranties of SELLER set forth above and in this Agreement shall survive the closing of escrow.

10. Brokers, Agents, Finders. Each party hereby represents and warrants to the other that, in connection with this transaction and the consummation hereof, each such party has dealt with no broker, agent, finder, or other person acting in such capacity. In the event of a breach of the representations and warranties herein, the breaching party shall indemnify, defend, and hold the other party financially free and harmless from any claims, demands, commissions, liabilities, and actions, including attorney's fees and costs, which may be incurred by the non-breaching party.

11. Indemnification and Hold Harmless. Except as otherwise provided for in this Agreement, SELLER shall indemnify, defend, and hold BUYER financially free and harmless from any and all claims, demands, liabilities, tax assessments, obligations, and causes of action accruing up to the close of escrow and which may arise out of the ownership, occupancy, or possession of the Property by SELLER, including attorney's fees and costs.

12. Notices. Any notices to be given by either party to the other shall be in writing and shall be transmitted either by (1) personal delivery, (2) mail, registered or certified, postage prepaid with return receipt requested, (3) by an overnight delivery service (e.g., Federal Express), or (4) by facsimile transmission with a confirmation copy by regular mail, first class postage prepaid. Overnight delivery or mailed notices shall be addressed to the parties at the addresses listed below. Facsimile notices shall be transmitted to the telephone numbers listed below. Each party may change that address and facsimile telephone number by giving written notice in accordance with this paragraph. In the event of any mailing, notice shall be deemed given on the 3rd day after deposit. The addresses and facsimile telephone numbers of the parties are as follows:

TO BUYER: Northern Inyo County Local Hospital District
150 Pioneer Lane
Bishop, CA 93514

with a copy to: Douglas Buchanan
363 Academy Street
Bishop, CA 93514

TO SELLER: Patricia and Ted Gardner
152 Pioneer Lane, Suite E
Bishop, CA 93514

13. Attorney's Fees and Costs. If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to reasonable attorney's fees, costs, and necessary disbursements in addition to any other relief to which that party may be entitled.

14. Integration. It is intended by the parties that this Agreement be the final expression of the intentions and agreements of the parties. This Agreement supersedes any and all prior or contemporaneous agreements, either oral or in writing, between the parties hereto and contains all of the covenants and agreements between the parties. No other agreements, representations, inducements, or promises, not contained in this Agreement shall be valid or binding. Any modification of this Agreement shall be effective only if it is in writing and signed by the party to be charged.

15. Effect of Waiver. The failure of either party to insist on strict compliance with any of the terms, covenants, or conditions of this Agreement by the other party shall not be deemed a waiver of that term, covenant, or condition, nor shall any waiver or relinquishment of any right or power, at any one time or times, be deemed a waiver or relinquishment of that right or power for all or any other times.
16. Partial Invalidity. If any provision in this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions shall nevertheless continue in full force without being impaired or invalidated in any way.
17. Governing Law, Venue. This Agreement shall be interpreted under the laws of the State of California. Exclusive venue for any legal action shall be Inyo County, California.
18. Remedies. Enforcement of any provision of this Agreement shall be by proceedings at law or in equity against any persons or entities violating or attempting to violate any promise, covenant, or condition contained herein, either to restrain violation, compel action and/or to recover damages.
19. Remedies Cumulative. Any and all remedies provided by this Agreement, operation of law, or otherwise, shall be deemed to be cumulative, and the choice or implementation of any particular remedy shall not be deemed to be an election of remedies to the mutual exclusion of any other remedy provided for herein, by operation of law, or otherwise.
20. Attorney Representation. BUYER has retained the Law Offices of Douglass Buchanan to advise it in connection with the negotiation and execution of this Agreement.
21. Joint Preparation. This Agreement shall be deemed to be jointly prepared by all parties hereto. In connection therewith, the provisions of Civil Code Section 1654 shall not be deemed applicable in the event of any interpretation of this Agreement.
22. Execution of Documents. Each party shall execute all documents reasonably necessary to carry out the terms and provisions of this Agreement, including any items which might arise or occur subsequent to closing.

23. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument. In addition, this Agreement may contain more than one counterpart of the signature page and may be executed by the affixing of the signatures of each of the parties to any one of such counterpart signature pages; all of such counterpart signature pages shall read as though one and they shall have the same force and effect as though all of the signers had signed a single signature page.

IN WITNESS WHEREOF, the parties hereto have executed this instrument on the day and year first above written.

NORTHERN INYO COUNTY
LOCAL HOSPITAL DISTRICT

By: _____
John Halfen, Administrator

By: _____
Patricia Gardner

By: _____
Ted Gardner

THIS SHEET

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PATHOLOGY AND CLINICAL LABORATORY SERVICE AGREEMENT

THIS AGREEMENT IS MADE AND ENTERED INTO this 15th day of September, 2010, by and between Northern Inyo County Local Hospital District (hereinafter referred to as "District") and Kenneth L. Saeger, M.D. (hereinafter referred to as "Pathologist").

I. RECITALS

1.01. District is a California Healthcare District organized and operating under the authority of *Health & Safety Code section 32000, et seq.* (hereinafter "The Healthcare District Law"), and governed by a Board of Directors (hereinafter "Board").

1.02. District operates Northern Inyo Hospital (hereinafter "Hospital"), an acute care general hospital located at 150 Pioneer Lane, Bishop, Inyo County, California, which includes a Pathology and Clinical Laboratory Service (hereinafter "Lab"). The operation and administration of the Lab is governed, in relevant parts, by the Healthcare District Law and applicable California and federal laboratory licensure statutes and regulations including, but not limited to, *California Business & Professions Code §1200, et seq.*; the Clinical Laboratory Improvement Amendments of 1988, *42 USC §263a, et seq.*; and *Title 42, Code of Federal Regulations, Part 493*.

1.03. Pathologist is a qualified and licensed physician, licensed to practice medicine in the State of California, certified by the American Board of Pathology, and qualified for and practicing the medical specialties of anatomical and clinical pathology.

1.04. The District desires to retain the services of Pathologist as the Hospital's Clinical Laboratory Director, to oversee, operate and administer the Lab in accordance with applicable law. Pathologist desires to provide such services.

WHEREFORE, in consideration of the promises set forth below, the parties covenant and agree as follows:

II. COVENANTS OF THE PARTIES

2.01. Covenants of the District. The District shall:

(a) Space: Furnish, at its expense, space for operation of the Lab, which space shall be designated by the District. No part of the Hospital premises shall be used by the Pathologist as an office for the general practice of medicine.

(b) Equipment: Furnish, at its expense, all equipment, supplies, environmental safety mechanisms, and such other goods and administrative services for the Lab as are being furnished on the date of this Agreement. District shall, at its expense, keep and maintain all equipment in good order and repair, and repair and replace such equipment, or any part of it, as may become obsolete. District shall consult Pathologist prior to, and in connection with, the purchase of any equipment.

(c) Hospital Services: Furnish, at its expense, all hospital services, including but not limited to, ordinary janitor and in-house messenger services, hospital business telephone service, laundry, gas, water, heat, air conditioning, and such electricity for light and power as may be required for the proper operation and conduct of the Lab. District shall also provide the services of such Hospital departments, including but not limited to, nursing, personnel, administrative, accounting, engineering, purchasing, and medical records, as may be required to support the operation of the Lab.

(d) Personnel: Employ, at its expense, all non-physician personnel required for the proper operation of the Lab in accordance with state and federal law. Pathologist shall have no liability for payment of wages, payroll taxes, or other obligations or liabilities arising from District's performance of its obligations or exercise of its rights as an employer. Should the District and its employees become subject to any collective bargaining agreements during the term of this Agreement, this subdivision 2.01(d) shall be subject thereto. Pathologist, as director of the Lab, shall establish clinical qualifications for Lab personnel, and oversee and direct the activities of such personnel, in accordance with state and federal standards, departmental protocols, and District policies and procedures applicable to all employees. District shall be solely and ultimately responsible for all decisions with respect to the engagement, discipline, and termination of Lab personnel, provided, however, that District shall consult with Pathologist prior to taking any action with respect to Lab personnel (A) that relates to the clinical competency or clinical performance of such personnel, or (B) that would materially and adversely affect the levels of clinical staffing of the Lab. The term "clinical" refers to those job positions, activities, and duties that are required by state law or CLIA to be performed by licensed or certified individuals. Pathologist may request discipline or removal of a District employee from assignment to the Lab, subject to approval of the District, its established personnel policies and procedures, and applicable requirements of collective bargaining agreements, if any. At least once a year, in the annual budget process, District and Pathologist shall review and agree upon the appropriate numbers, job positions, and qualifications of personnel required to meet the needs of the Hospital, the Lab, and applicable law.

(e) Supplies: Purchase and provide all necessary supplies for the Lab, including, but not limited to, chemicals, glassware, forms, and similar expendable items, and shall maintain accurate records of the costs of said supplies.

(f) The District shall give the Pathologist reasonable notice and opportunity to comment, or provide written recommendations, before taking action that would materially change or alter the space, equipment, Hospital Services or supplies which the District covenants to provide pursuant to subdivisions (a), (b), (c) and (e) of this Section 2.01.

(g) Exclusive Agreement: District agrees that, so long as Pathologist is not in breach of his obligations under this Agreement, he shall have the exclusive right to perform the services required by this Agreement at the Hospital.

2.02. Covenants of Pathologist. The Pathologist shall:

(a) Staff Membership: During the term of this Agreement, maintain his membership on the Hospital's Active Medical Staff and privileges appropriate for the clinical and anatomical pathology services he is required to provide pursuant to this Agreement, and abide by the Hospital's Medical Staff Bylaws.

(b) Responsibility: Have authority and responsibility for the operation and administration of the Lab with respect to the provision of clinical and anatomical pathology services for the care of Hospital's patients, subject to the District's superior authority and responsibility for the operation and administration of the Lab as set forth in this Agreement and by law.

(c) Operational and Administrative Services: Provide professional services for operation and administration of, and only within the scope of, the clinical and anatomic pathology services provided by the Lab, which operational and administrative services shall include, but not necessarily be limited to, making all reasonable efforts to:

1. Perform those duties set forth in *42 CFR §493.1445*.
2. Assure that tests, examinations, and procedures are properly performed, recorded, and reported.
3. Interact with members of the medical staff regarding issues of Lab operations, quality, and test/procedure availability.
4. Design protocols and establish parameters for performance of clinical testing.
5. Recommend appropriate follow-up diagnostic tests when appropriate.
6. Supervise laboratory personnel in their performance of tests, procedures, recording, and reporting functions.
7. Select, evaluate, and validate test methodologies.
8. Direct, supervise or perform and evaluate quality assurance and control procedures.
9. Evaluate clinical laboratory data and establish, implement, and maintain a process for review of test results prior to issuance of patient reports.
10. Make all reasonable efforts to assure the Lab is operated and administered in compliance with California licensure, federal Medicare, and other applicable law, and applicable accreditation standards including, but not limited to, standards of the Joint Commission on Accreditation of Healthcare Organizations.
11. Assure that physical facilities, including space and the laboratory physical environment, are appropriate and include appropriate environmental safety mechanisms.
12. Assure that the Lab is staffed by an adequate number of personnel who are qualified and competent.

13. Determine and specify in writing which tests and other procedures each Lab staff member is qualified and authorized to perform, and the level of supervision warranted for each test and other procedure.
14. Establish, implement, and maintain quality control and quality improvement programs in the Lab.
15. Assure that appropriate policies and procedures for Lab operations and personnel monitoring, evaluation, and remedial training, if needed, are developed and implemented.
16. Assure that appropriate training and continuing education are provided for Lab personnel within the Board's determination of District resources available for such purpose.

(d) Professional Work: Perform the medical professional work of the Lab, including autopsies, himself or, in the alternative employ licensed pathologists who have been granted appropriate clinical privileges in accordance with the Hospital's Medical Staff By-Laws.

(e) Procedures: Be responsible to see that all procedures designated above, and all other procedures requiring a clinical laboratory license, shall be performed only under the supervision of a licensed and qualified pathologist. Pathologist shall be responsible to see that any necessary procedure which, for any reason, is not performed by the Lab, is promptly referred to another clinical or pathology laboratory.

(f) Insurance: Carry professional liability insurance in such amounts as may be required, from time to time, by the Medical Staff Bylaws. Certificates of such insurance shall be furnished to the Hospital Administrator and shall provide for notification ten (10) days prior to cancellation thereof

(g) Coverage: Assure that, as much as is practical, the pathologist is on call or in actual physical presence to supervise and direct the operations of the Lab required in the Hospital. The District expressly agrees that the work of the Pathologist may be done by such pathologists as Pathologist may employ or otherwise provide so long as each such physician has received proper training, is properly licensed, and has been granted appropriate clinical privileges in accordance with the Hospital's Medical Staff By-Laws. The Pathologist shall provide other Practitioners who exercise privileges at the Hospital with such consultation as required by the Hospital's Medical Staff By-Laws, Rules and Regulations, and Hospital policies and as otherwise reasonably requested by individual practitioners for patients at the Hospital.

(h) Access to Books and Records: Provide access to his books and records that are necessary to certify the nature and extent of Pathologist's costs to the Secretary of the U.S. Department of Health and Human Services ("HHS"), or his duly authorized representatives, until the expiration of four years after the furnishing of services under this Agreement. Access granted by this subdivision 2.02(h) is limited to that required by Section 952 of the Omnibus Reconciliation Act of 1980, Public Law 96-499, Section 1861 (v)(1)(I) of the Social Security Act, and regulations issued thereunder. This access provision shall be of no force and effect if regulations issued by HHS do not require Pathologist to provide such access or if the regulations so issued are found to be legally invalid.

(i) Cooperation: In providing the services required by this Agreement, Pathologist shall cooperate with the District, the Hospital staff, and the members of the Medical Staff to maintain the integrity of the Hospital and to achieve the Hospital's and Lab's mission and operational goals. Pathologist shall advise District management regarding all aspects of Lab operations to assure high quality, cost effective, customer-oriented service.

2.03. Medicare Allocation and Time Records

(a) District and Pathologist agree to maintain a written allocation agreement in accordance with the applicable Medicare regulations in effect specifying reasonable estimates of the time Pathologist 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) Pathologist 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) Pathologist 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 Pathologist the parties shall execute, or cause to be executed, a new allocation agreement that reflects the actual time records.

2.04. **Licensure and Certification.** District shall be responsible, along with Pathologist, for matters relating to licensing of the Lab under State law and its certification under CLIA. Pathologist shall direct the Lab and perform professional pathology services in accordance with District Bylaws, the Medical Staff Bylaws, Rules and Regulations, and the standards established by the Executive Committee of the Medical Staff. In addition, Pathologist and District shall operate the Lab in accordance with the standards established by the California State Department of Health Services, the Joint Commission on Accreditation of Health Care Organizations (JCAHO), the HHS, and all other governmental laws and authorities relating to licensure and practice of pathology and clinical laboratories in hospitals.

III.

BILLING AND COMPENSATION

3.01. Compensation to Pathologist for Administrative, Supervisor, Teaching and Other Services (Excluding Autopsy Services). District shall pay pathologist \$16,000 a month for Pathologist's administrative, supervisory, teaching and other services (excluding autopsy services) reasonably required for the orderly, timely and cost-effective operation of the Lab. Payment of this monthly fee shall be made on or before the fifteenth day of the month following the month in

which the Pathologist's services are rendered. Cost of Living Adjustment (COLA) shall be made to the above fee at the same time and amount as the COLA afforded to Hospital employees.

3.02. Service Charges.

(a) District shall prepare a schedule of District charges for the services of the Lab, which may be modified from time to time.

(b) Pathologist shall prepare a schedule of professional fees for services of the Pathology Laboratory, which shall be in general accord with usual and customary local fees for comparable services, but which also shall be subject to the discounts and other accommodations to which District may agree pursuant to its contracts and other arrangements with third party payors. Said schedule for professional fees is attached as Exhibit A hereto and is incorporated by reference into this Agreement. The schedule for professional fees may be altered by Pathologist upon thirty (30) days' written notice to District, subject to District approval.

3.03. Billing and Compensation for Professional Services

(a) Pathologist shall bill and collect for Pathology services provided to Hospital inpatients and outpatients pursuant to this Agreement in accordance with the fee schedule in Exhibit A, and agrees that such collections shall be Pathologist's sole compensation for such professional services. To assist Pathologist in billing patients District shall do the following:

1. Distribute to each patient receiving Pathology Services materials provided by Pathologist describing the separate billing arrangement;
2. Assist Pathologist in obtaining patient's signature on assignments of insurance benefits and other similar forms, which Pathologist may provide to District;
3. Provide Pathologist with appropriate access to face sheet information, either in hard copy or electronic form; and,
4. Provide pathologist with transcription services necessary for the provision of professional services provided in the Service.

(b) Pathologist shall bill and collect for professional services in compliance with applicable laws, customary professional practices, and the Medicare and MediCal Programs, and other third-party payor programs, whether public or private.

(c) Pathologist shall, at District's request, make periodic accountings to the District of billings and collections, which identify patients, services, and fees. District shall request such information from Pathologist only to the extent necessary to comply with an inquiry concerning services provided by Pathologist to a particular patient or patients.

(d) Should Pathologist place a billing clerk at the Hospital, Pathologist shall compensate District for the costs of copying, computer access and any other such services utilized by billing clerk.

(e) District shall have reasonable access to Pathologist's records in order to assure Pathologist's compliance with this Agreement, subject to compliance with applicable law regarding the confidentiality of medical records and only to the extent reasonably necessary to assure Pathologist's compliance with applicable law regarding the confidentiality of medical

records and only to the extent reasonably necessary to assure Pathologist's compliance with this Agreement.

(f) Pathologist shall promptly correct any billing errors documented by District.

(g) Pathologist shall accept Medi-Cal patients, and assignments with respect to services provided to Medicare beneficiaries.

(h) Hospital shall pay Pathologist a fee for each autopsy conducted by Pathologist at the request of a Hospital Medical Staff member, as set forth in Exhibit A.

IV. GENERAL PROVISIONS

4.01. **Intent and Construction.** Nothing in this Agreement is intended to require, or shall be construed as requiring, the District to do any act or adopt any course of action which the District Board, either directly or through its lawful designee, determines to be not in the best interests of the District or the Hospital.

4.02. **Independent Contractor.** In the performance of the work, duties and obligations devolving upon it under this Agreement, it is mutually understood and agreed that pathologist is at all times acting and performing as an independent contractor practicing his profession of medicine and specializing in pathology. District shall neither have nor exercise any control or direction over the methods by which Pathologist shall perform his work and function; the sole interest and responsibility of District being to assure that the services covered by this Agreement are performed and rendered in a competent, efficient and satisfactory manner. The standards of medical practice and professional duties of pathologist shall be determined by the medical staff of the Hospital. All applicable provisions of law and other rules and regulations of any and all governmental authorities relating to licensure and regulation of physicians and hospitals and to the operation of the Lab shall be fully complied with by all parties hereto.

4.03. **Records.** The originals of all medical records prepared by Pathologist shall be the property of District and shall be retained at the Hospital premises. Pathologist shall have access to and may photocopy relevant documents and records upon reasonable notice. All charts shall be duly posted in a timely manner.

4.04. **Assignment.** Except as expressly provided in subdivisions (d), (e), and (g) of Section 2.02 above, nothing in this Agreement shall be construed to permit assignment by Pathologist of any rights or duties under this Agreement. Such assignment is expressly prohibited without the written consent of the District.

4.05. **Term of Agreement.** Except as set forth in Section 4.06, this Agreement shall remain in full force and effect for a term of six months commencing September 15, 2010 and ending March 15, 2011, and continuing month-to-month thereafter.

4.06. **Termination.**

(a) Either party may terminate this Agreement without cause upon ninety (90) days written notice to the other. District may terminate this Agreement and all rights of Pathologist hereunder, immediately and without notice upon the occurrence of any of the following events:

1. Upon determination by the Board, following a recommendation of the Executive Committee of the Hospital's Medical Staff before which Executive Committee Pathologist shall be given an opportunity to appear and be heard, that Pathologist has not performed in a medically professional manner, or that Pathologist has failed to satisfactorily maintain and operate the Lab in a manner consistent with reasonable legal and medical standards established for the operations of such laboratories, all to such effect that the termination of this Agreement would be in the best interests of the District. Prior to any Board action, Pathologist shall be given the opportunity to meet with the Executive Committee to discuss any alleged defaults or defects. If it is determined by the Executive Committee that the alleged defaults or defects are curable, Pathologist shall be given a reasonable time to cure such defaults or defects. Hearings and determinations occurring pursuant to this subdivision I shall not constitute, and shall not be subject to the requirements of, a procedural rights hearing as provided by the Hospital's Medical Staff Bylaws.

2. The appointment of a receiver of Pathologist's assets, an assignment by Pathologist for the benefit of his creditors, or any adjudication of the Pathologist as a bankrupt or insolvent.

3. Closure of the Hospital.

4.07. **Integration and Modification.** This is the entire Agreement of the parties. Any modification of this Agreement may only be made in a writing signed by both parties.

4.08. **Severability** In the event that any of the provisions, or portions thereof, of this Agreement are held to be unenforceable or invalid by any court of competent jurisdiction, the validity and enforceability of the remaining provisions, or portions thereof, shall not be affected thereby.

4.09. **Binding on Successors.** Subject to the restrictions against transfer or assignment set forth above, this Agreement shall inure to the benefit of, and shall be binding upon, the assigns, successors in interest, personal representatives, estates, heirs, legatees, agents, trustees, conservators, and personal representatives of the parties, and all persons claiming by, through, or under them.

4.10. **Waiver.** The waiver by a party of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition. A party's subsequent acceptance of performance by the other shall not be deemed to be a waiver of any preceding breach of any term, covenant, or condition of this Agreement, regardless of knowledge of such preceding breach at the time of acceptance of such performance.

4.11. **Notice.** Any notice required or permitted to be given hereunder shall be written, and may be delivered personally to the addressee or sent to it by United States mail, first class postage prepaid, and addressed to each of the parties at the following respective addresses (or such other address as may hereafter be designated by a party by written notice thereof to the other party):

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

PATHOLOGIST
Arcadia Pathology Medical Group
4800 Indianola Way
La Canada, California 91011
Attn: Kenneth L. Saeger, M.D.

Notice shall be effective on the third day after mailing.

4.12. **Attorney's Fees.** If any litigation or proceeding is commenced between the parties to this Agreement, concerning this Agreement and/or the rights and duties of either party in relation to this Agreement, the party prevailing in that litigation shall be entitled, in addition to such other relief granted, to a reasonable sum as and for its attorney's fees in the litigation, which shall be determined by the Court in that litigation or in a separate action brought for that purpose.

4.13. **Gender and Number.** In the construction of this Agreement the gender shall include the feminine and neuter, and the singular the plural, and *vice versa*, as the context may indicate.

4.14. **Mutual Preparation.** Preparation of this Agreement shall be deemed to have been by both parties.

IN WITNESS WHEREOF, the parties have executed this Agreement at Bishop, California, on the day, month and year first above stated.

NORTHERN INYO COUNTY
LOCAL HOSPITAL DISTRICT

By

PETER WATERCOTT, President
Board of Directors

Kenneth L. Saeger, M.D.
Arcadia Pathology Medical Group
4800 Indianola Way
La Canada, CA 91011

ANATOMIC PATHOLOGY

Exhibit "A"

| CPT # | SPECIMEN | PHYSICIAN CHARGE |
|-------------------|---|------------------|
| 88300 | LEVEL 1. GROSS ONLY | 27.00 |
| 88302 | LEVEL II | 72.00 |
| 88304 | LEVEL III | 106.00 |
| 88305 | LEVEL IV | 123.00 |
| 88307 | LEVEL V | 166.00 |
| 88309 | LEVEL VI. | 276.00 |
| 88312 | Special Stains Group 1 | 34.00 |
| 88313 | Special Stains Group 11 | 34.00 |
| 88342 | In-House Immunohistochemistry (up to 5) | 303.00 |
| 88329 | Consultation in Surgery with out frozen | 75.00 |
| 88331 | Consultation in Surgery With Frozen Section, single specimen | 112.00 |
| 88332 | Additional Frozen Section each specimen | 55.00 |
| 88311 | Decalcification | 22.00 |
| 88325 | Comprehensive Consultation | 112.00 |
| 88321 | Slide Consultation and report on referred slides prepared elsewhere | 122.00 |
| CYTOPATHOLOGY | | |
| 88305 | Cell Block (any source) | 123.00 |
| 88108 | Cytology, concentration technique, smears and interpretation | 166.00 |
| 88104 | Cytopathology Smears other than GYN stain and interpretation | 67.00 |
| BONE MARROW PANEL | | |
| 85095 | Bone Marrow Aspiration Only | 84.25 |
| 85102 | Bone Marrow Bx; (needle or trocar) | 112.00 |
| 85097 | Smear Interpretation | 167.00 |
| 88305 | Bone Marrow Bx. Interpretation | 123.00 |
| 88313 | Group 11 Special Stains | 34.00 |
| FNA PANEL | | |
| 88172 | Evaluation of FNA | 56.00 |
| 88173 | Interpretation FNA | 112.00 |
| 88305 | Cell Block from material | 123.00 |
| 88108 | Cytology, concentration technique, smears and interpretation | 166.00 |

CONSULTATIONS CLINICAL PATHOLOGY

| | | |
|-------|---|-------|
| 80500 | Clinical pathology consultation; limited | 45.00 |
| 80502 | Comprehensive, for complex diagnostic problem | 58.00 |
| 85060 | Blood smear, peripheral | 20.00 |
| 87207 | Smear for inclusion bodies | 60.00 |
| 89060 | Crystal identification | 40.00 |

AUTOPSY

| | |
|--|----------|
| Adult autopsy with examination of brain (paid in advance by family) | 2,500.00 |
| Adult autopsy without examination of brain (paid in advance by family) | 2,000.00 |
| Adult autopsy with examination of brain requested by a Medical Staff Member in cases of unusual medical interest | 1,250.00 |
| Adult autopsy without examination of brain requested by a Medical Staff Member in cases of unusual medical interest | 1,000.00 |
| Stillborn infants | 500.00 |

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| COR # | Description | Amount |
|--------------|--|---------------|
| 54 | Door Hardware and Access Control | \$381,454.00 |
| 58 | Permit Documents (addendum 5) | \$372,952.00 |
| 63 | Edge of slab coordination | \$36,753.00 |
| 67 | Value Engineering, electrical and fireproofing | -\$344,559.00 |
| 68 | Interior lighting | \$2,901.00 |
| 70 | Central plant domestic hot water return loop | \$128,358.00 |
| 71 | Security system and cameras | \$107,050.00 |
| 72 | Additional conduit for SCE | \$27,433.00 |
| | | |
| | | |
| | | \$712,342.00 |

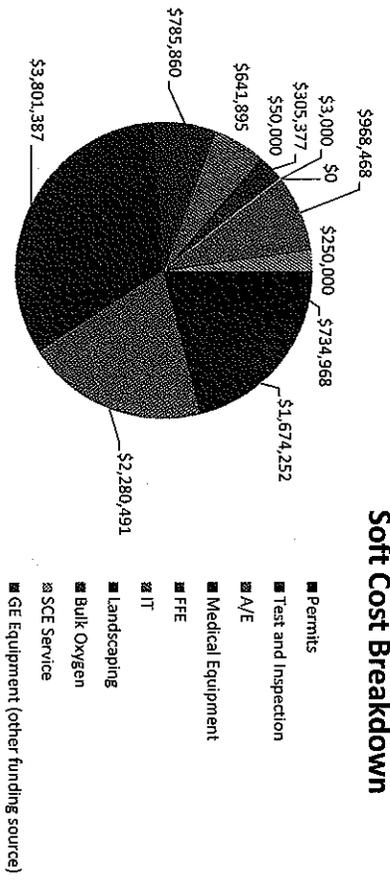
Northern Inyo Hospital - Phase 2

Key Project Metrics

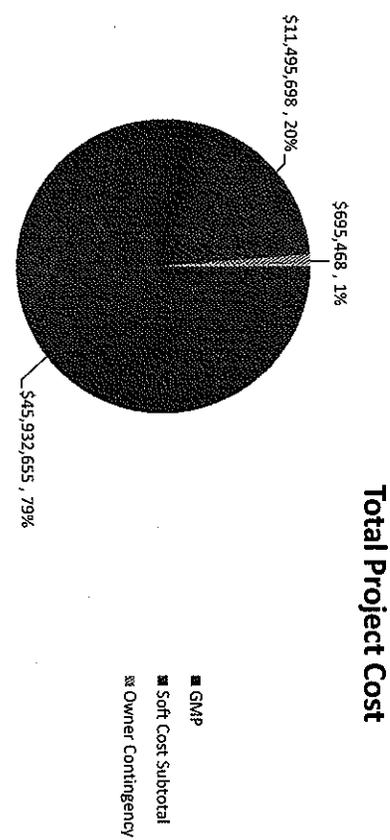
44.3% Complete - September 30, 2010

| Description | Original | Approved Changes | Forecast Changes | Revised Total Project Cost | Total Project Cost (Previous) | Variance | Paid To Date | Forecast Remaining to Pay (Current) | Forecast Remaining to Pay (Previous) |
|-------------------------------------|---------------------|----------------------|--------------------|----------------------------|-------------------------------|-----------------|---------------------|-------------------------------------|--------------------------------------|
| Construction | \$42,638,671 | \$1,300,294 | \$1,993,690 | \$45,932,655 | \$45,908,060 | \$24,595 | \$17,779,090 | \$28,153,565 | \$29,021,984 |
| Soft Cost | \$734,968 | | | \$734,968 | \$734,968 | \$0 | \$235,668 | \$499,300 | \$733,266 |
| Permits | \$1,674,252 | | | \$1,674,252 | \$1,674,252 | \$0 | \$1,076,213 | \$598,039 | \$666,525 |
| Test and Inspection | \$1,618,331 | \$534,406 | \$127,754 | \$2,280,491 | \$2,193,931 | \$86,560 | \$1,707,286 | \$573,205 | \$549,831 |
| A/E | \$5,301,387 | | (\$1,500,000) | \$3,801,387 | \$3,801,387 | \$0 | \$72,899 | \$3,728,488 | \$3,793,262 |
| Medical Equipment | \$785,860 | | | \$785,860 | \$785,860 | \$0 | \$59,600 | \$785,860 | \$785,860 |
| FFE | \$231,800 | \$85,095 | \$325,000 | \$641,895 | \$316,895 | \$325,000 | \$59,600 | \$582,295 | \$260,532 |
| IT | \$50,000 | | | \$50,000 | \$50,000 | \$0 | \$157,678 | \$50,000 | \$50,000 |
| Landscaping | \$305,377 | | | \$305,377 | \$305,377 | \$0 | \$147,699 | \$147,699 | \$147,699 |
| Bulk Oxygen | \$80,000 | (\$77,000) | | \$3,000 | \$3,000 | \$0 | \$3,000 | \$3,000 | \$3,000 |
| SCE Service | \$500,000 | | | \$500,000 | \$500,000 | (\$500,000) | | \$0 | \$500,000 |
| GE Equipment (other funding source) | \$968,468 | | | \$968,468 | \$968,468 | \$0 | \$157,646 | \$968,468 | \$968,468 |
| Voice Grade | \$250,000 | | | \$250,000 | \$250,000 | \$0 | \$92,354 | \$92,354 | \$92,792 |
| Misc NIH Cost | \$12,500,443 | \$542,501 | (\$1,547,246) | \$11,495,698 | \$11,584,138 | (\$88,440) | \$3,466,991 | \$8,028,707 | \$8,551,235 |
| Soft Cost Subtotal | \$2,984,707 | (\$1,842,795) | (\$446,444) | \$695,468 | \$631,623 | \$63,845 | \$0 | \$695,468 | \$631,623 |
| Contingency | | | | | | | | | |
| Owner Contingency | | | | | | | | | |
| TOTAL PROJECT | | | | \$58,123,821 | \$58,123,821 | \$0 | \$21,246,081 | \$36,877,740 | \$38,204,842 |

Soft Cost Breakdown



Total Project Cost



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**NORTHERN INYO HOSPITAL
GENERAL ANESTHESIA CO-MEDICAL DIRECTOR AND
PROFESSIONAL SERVICES AGREEMENT**

This Co-Medical Director and Professional Services Agreement ("Agreement") dated this 1st day of November, 2010, is entered into by and between Northern Inyo County Local Hospital District ("Hospital") and Dan Cowan, M.D. (Physician).

RECITALS

- A. Hospital operates a general acute care hospital, which, among other things, operates inpatient and outpatient major and minor surgery suites, offering a variety of surgical procedures, located at 150 Pioneer Lane, Bishop, California.
- B. Physician are individuals duly licensed to practice medicine in the State of California, specializing in general anesthesia, are Board Certified in anesthesia, and are members of the Northern Inyo Hospital Active Medical Staff with privileges sufficient to practice general anesthesia.
- C. Hospital desires to obtain administrative and professional medical services from Physician for the patients of Hospital, and Physician desire to furnish such services upon the terms and conditions set forth in this Agreement.
- D. Hospital believes that high standards of patient care can be achieved if Physician assumes the responsibilities set out further in this Agreement.

IN WITNESS WHEREOF, ALL PARTIES AGREE AS FOLLOWS:

I.

RESPONSIBILITIES OF THE PHYSICIAN.

1.01. Professional Services. Physician shall provide the following services, consistent with the Hospital's policies and procedures, to the Hospital and Hospital patients, provided that Physician's obligations hereunder are limited to the provision of services within his professional capabilities:

- a) Medical Services. In cooperation with the Hospital, arrange for appropriate coverage for the provision of professional anesthesia services to Hospital patients.

Physician shall cooperate in Hospital's participation in the Medicare and Medi-Cal programs. Physician shall provide services to Medicare and Medi-Cal beneficiaries in a nondiscriminatory manner.

Anesthesiologists will be solely responsible for developing a mechanism for scheduling surgical assignments between and amongst themselves for scheduled cases at the Hospital, which will cover not less than one operating room per day, five days a week, excluding Hospital holidays, for the first room, and not less than 120 days per year for a second

operating room. The protocol for scheduling the second room will be determined and agreed to jointly between the anesthesiologists and memorialized in a written memorandum after acceptance by Administration. Physician shall not be required to provide more than 90 days of second room coverage per year.

- b) On-Call Coverage. Anesthesiologists shall provide on-call anesthesia coverage for the Hospital twenty-four hours per day, seven days per week, and 365 days per year. Anesthesiologists are specifically required to communicate with each other sufficiently to ensure continuous and non-interrupted call coverage. In the event that Physician is unable to provide said coverage he is specifically required to provide an equally qualified locums tenens or the equivalent at his own expense. Physician shall not be required to provide more than 26 weeks per year of call coverage on an annualized basis.
- c) Administrative Services. As Co-Medical Directors, Physician will assist the Hospital in meeting all State and Federal legal and regulatory requirements, including but not limited to those found in Title XXII and Medicare's "Conditions of Participation" as well as those of any accreditation agency the Hospital may be participating with. These functions may include, but will not be limited to, review, creation, and revision of policies and procedures as they relate to anesthesia.

Additionally the Co-Medical Directors will be called upon to help promote the Hospital in regards to procedures offered at the Hospital and will take an active role in insuring that the Hospital is keeping up to date technologically and medically. Co-Medical Directors will provide the services described in Exhibit "A" as well as assist Hospital personnel in providing educational programs to Medical Staff, employees, and others.

1.02. Medical Director and Administrative Services. Physician shall act as Co-Medical Director of the Hospital's anesthesia service.

- a) Time Commitment. Physician shall not be required to devote more than four (4) hours per month to the administrative services described in this Agreement.
- b) Physician Time Reports. Physician shall maintain weekly time reports, which provide accurate accountings of time spent, on a daily basis, providing administrative services to the Hospital. Such reports shall be substantially in the form attached as Exhibit B, or as otherwise required by Hospital, and shall document Physician's actual provision of administrative services. All time reports shall be submitted to Hospital no later than the 10th day of the calendar month following the month in which the services were performed.

1.03. Personal Services. This Agreement is entered into by Hospital in reliance on the professional and administrative skills of Physician. Physician shall continue to be primarily responsible for fulfilling the terms of the Agreement, except as specifically set forth in this Agreement. The physician will be specifically permitted to arrange for any other anesthesiologist to substitute his/her services in the stead of the contracting physician so long as the substituting physician is an active member of the Medical Staff.

1.04. Absences. In the event Physician is unable to perform the obligations under this Agreement due to illness, continuing education responsibilities, leave or other justifiable cause, Hospital shall designate a qualified replacement. The person who provides services on behalf of Physician in Physician's absence shall be bound by all terms of this Agreement. Hospital shall have the right to approve the length of Physician's absence, and any unapproved absence shall

constitute a breach of this Agreement.

- 1.05. Non-Exclusive Arrangement.** Physician shall provide professional services to and for the benefit of the Hospital. All revenues associated with Hospital activities (non professional fee, typically part A) belong to the Hospital. Physician shall bill and retain all billings associated with professional anesthesia services.

This is not an exclusive arrangement with the Hospital. Physician therefore is free to seek supplemental income arrangements elsewhere, however they will give first priority to performing all Hospital activities consistent with the terms of this Agreement. Physician shall not undertake non-Hospital activities to the extent that such undertaking would interfere with his obligations under this Agreement.

- 1.07. Limitation on Use of Space.** No part of the Hospital's premises shall be used at any time by Physician as an office for the private practice of medicine or to see patients other than Hospital patients.

II.

HOSPITAL RESPONSIBILITIES.

2.01. Hospital Services.

- a) Space. Hospital shall make available for Physician reasonably necessary facilities for the successful provision of anesthesia services. This may include a hospital approved Pain Management Service,
- b) Equipment. In consultation with Physician, Hospital shall make all decisions regarding the acquisition of all equipment as may be reasonably necessary for the proper operation and conduct of Hospital. Hospital shall repair, replace or supplement such equipment and maintain it in good working order.

III.

COMPENSATION AND INCOME GUARANTEE.

- 3.01. Compensation.** Hospital shall pay each anesthesiologist \$2000.00 per month for administrative services during the term of this Agreement. In addition, Hospital shall guarantee a surgical case volume such that Physician receives payments from private billings, net of all billing expense, contractual adjustments, discounts and refunds, in the amount of \$631,736.28 annually on a pro-rated basis. Said pro-ration shall be the physicians share of first call taken. This compensation will be adjusted annually by a factor of 1.05 plus the employee COLA.

- 3.02.1 Compensation Methodology.** Within ten working days of the end of each quarter and the receipt of billings report(s) from the Physician billing service, the Hospital will calculate the pro-rated receipts for Physician. In the event that this yields an amount less than the pro-rated share indicated in 3.01 the Hospital will fund the difference to the Physician. In the event this amount is in excess, the Hospital will credit that amount against future payments. At the end of each calendar year the Hospital will fund any credits to the physician.

A full accounting will be provided for each quarter's transactions by the hospital.

Should this agreement terminate under section 4.02 of this agreement, Physician shall be entitled to 100% of the uncollected billings

- 3.03 Second Room Compensation.** In those quarters when the Physician is scheduled for the second room in excess of 8.0 days per quarter, on an annualized basis (30 days per year), he shall be compensated \$400 per day.
- 3.04 Additional Compensation.** Compensation will be adjusted by the same amount as the Cost Of Living Adjustments received by the NIH employees in the same amount at the same time

IV.

TERM AND TERMINATION.

- 4.01. Term.** The term of this Agreement shall be for a period of thirty eight months beginning on the first day of November, 2010 and ending on the 31st day of December, 2013.
- 4.02. Termination.** Notwithstanding the provisions of section 4.01 of this Agreement, this Agreement may be terminated:
- a) By either party at any time, without cause or penalty, upon 90 days' prior written notice to the other party;
 - b) Immediately by Hospital in its sole discretion if Physician fails to maintain the professional standards described in this Agreement;
 - c) Immediately upon closure of the Hospital;
 - d) 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
 - e) By either party in the event of a material breach by the other party, and 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, unless such breach is cured to the satisfaction of the non-breaching party within the thirty (30) days.
 - f) Automatically with ninety (90) days' notice, at such time as the Medical Staff approves privileges for a third qualified, practicing anesthesiologist.
 - g) Immediately upon death or disability such that Physician is physically unable to perform the duties required under this agreement.

- 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.

V.

PROFESSIONAL STANDARDS.

- 5.01. **Medical Staff Standing.** Prior to performing services pursuant to this Agreement, Physician must obtain full Active or Provisional Medical Staff membership privileges on the Medical Staff of Hospital with appropriate clinical privileges, and maintain such membership throughout the term of this Agreement. Such membership shall be subject to all of the privileges and responsibilities of Medical Staff membership.
- 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 and Hospital Medical Staff, 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 Active Medical Staff of the Hospital;
 - d) Maintain professional liability coverage in an amount required for membership on the Active Medical Staff of the Hospital;
 - e) Participate in continuing education as necessary to maintain licensure and the current standard of practice;
 - f) Comply with all applicable laws, rules and regulations of any and all governmental authorities, and applicable standards and recommendations of the Joint Commission on Accreditation of Healthcare Organizations.
 - g) Maintain a professional image to the public, the Medical Staff and the Hospital employees. Said professional image would not include public intoxication, drug abuse of any kind, failure to respond to reasonable requests of the Medical Staff, or failure to perform the duties required by the Medical Staff, the District Board and this Agreement.
 - h) **The physician specifically agrees to abide by the Professional Conduct Prohibition of Disruptive or Discriminatory Behavior Policy attached hereto.**

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 are at all times acting and performing as independent contractors, practicing the profession of medicine.

Hospital shall neither have nor exercise control or direction over the methods by which Physician perform professional services pursuant to this Agreement; provided, however, that Physician agree that all work performed pursuant to this Agreement shall be in strict accordance with currently approved methods and practices in Physician' professional specialty and in accordance with the standards set forth in this Agreement. The sole interest of Hospital is to insure that such services are performed and rendered in a competent and cost effective manner.

- 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, unemployment benefits, sick leave, or any other employee benefits of any kind. In addition, Hospital shall have no obligation to reimburse Physician for any costs or expenses associated with Physician' 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 of 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' past, present or future affiliation with Hospital.

- 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 agree 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' duties under this Agreement at a cost of \$10,000 or more over a twelve-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 their 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 all parties.
- 7.04. **Assignment.** Except as provided in section 1.01 b) above, Physician shall not assign, sell, transfer or delegate any of the Physician's rights or duties, including by hiring or otherwise retaining additional Physician to perform services pursuant to this Agreement, without the prior written consent of Hospital.
- 7.05. **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. As used in this Section 7.05, the term "prevailing party" shall have the meaning assigned by Section 1032(a)(4) of the California Code of Civil Procedure.
- 7.06. **Choice of Law.** This Agreement shall be construed in accordance with, and governed by, the laws of the State of California.
- 7.07. **Exhibits.** All Exhibits attached and referred to herein are fully incorporated by this reference.
- 7.08. **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: _____, M.D.
(Address)
Bishop, CA 93514

- 7.09. **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 Hospital. Physician agrees to maintain medical records according to Hospital 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.
- 7.10. **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. Any modification of this Agreement must be in writing and signed by the parties.
- 7.11. **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.
- 7.12. **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.
- 7.13. **Waiver.** The failure of either party to exercise any right under this Agreement shall not operate as a waiver of that right.
- 7.14. **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.
- 7.15. **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.
- 7.16. **Mutual Construction.** This agreement has been prepared by all the parties thereto, and shall be so construed.

NORTHERN INYO COUNTY
LOCAL HOSPITAL DISTRICT

PHYSICIAN

By: _____

Peter Watcrott, President
Board of Directors

By: _____

Dan Cowan, M.D.
Physician

Attachment A

ADMINISTRATIVE SERVICES TO BE PROVIDED

Physician shall:

- Provide general administration of the day-to-day operations of the Hospital's anesthesia service.
- Implement Hospital's policies and procedures.
- Assure Physician' coverage of Hospital, in cooperation with Hospital.
- Provide medical consultation to the NIH Medical Staff, the Hospital staff, and Hospital administration in the area of the Physician's specialty as needed.
- Coordinate and consult with Hospital and Hospital Medical Staff regarding the efficiency and effectiveness of Hospital, and make recommendations and analyses as needed for Hospital to reduce costs and improve services provided in Hospital.
- Develop, review, and provide training programs to Physician and other medical personnel providing services to Hospital.
- Participate in Hospital, and Hospital Medical Staff committees upon request.
- Participate in the development and presentation of programs related to the marketing of Hospital's services and enhancing Hospital/community relations, provided, however, that Physician shall not be required to participate in any advertising related to Hospital's services.
- Advise and assist in the development of protocols and policies for Hospital.
- Upon request by Hospital, be available at all times to respond/consult in the event of urgent or emergent situations. Cooperate in all litigation matters affecting Physician and/or Hospital.

ATTACHMENT B

**NORTHERN INYO HOSPITAL
POLICY AND PROCEDURE**

| | |
|---|---------------------------|
| Title: Professional Conduct. Prohibition of Disruptive or Discriminatory Behavior | |
| Scope: Hospitalwide | Department: Medical Staff |
| Source: Medical Staff | Effective Date: 12/5/07 |

POLICY

All Medical Staff members shall conduct themselves at all times while on Hospital premises in a courteous, professional, respectful, collegial, and cooperative manner. This applies to interactions and communications with or relating to Medical Staff colleagues, AHPs, nursing and technical personnel, other caregivers, other Hospital personnel, patients, patients' family members and friends, visitors, and others. Such conduct is necessary to promote high quality patient care and to maintain a safe work environment. Disruptive, discriminatory, or harassing behavior, as defined below, are prohibited and will not be tolerated.

Definitions

- A. "Disruptive Behavior" is marked by disrespectful behavior manifested through personal interaction with practitioners, Hospital personnel, patients, family members, or others, which:
1. interferes, or tends to interfere with high quality patient care or the orderly administration of the Hospital or the Medical Staff; or
 2. creates a hostile work environment; or
 3. is directed at a specific person or persons, would reasonably be expected to cause substantial emotional distress, and serves no constructive purpose in advancing the goals of health care.
- B. "Discrimination" is conduct directed against any individual (e.g., against another Medical Staff member, AHP, Hospital employee, or patient) that deprives the individual of full and equal accommodations, advantages, facilities, privileges, or services, based on the individual's race, religion, color, national origin, ancestry, physical disability, mental disability, medical disability, marital status, sex, gender, or

sexual orientation.

- C. "Sexual harassment" is unwelcome verbal or physical conduct of a sexual nature, which may include verbal harassment (such as epithets, derogatory comments or slurs), physical harassment (such as unwelcome touching, assault, or interference with movement or work), and visual harassment (such as the display of derogatory or sexual-themed cartoons, drawings or posters). Sexual harassment includes unwelcome advances, requests for sexual favors, and any other verbal, visual, or physical conduct of a sexual nature when (1) submission to or rejection of this conduct by an individual is used as a factor in decisions affecting hiring, evaluation, retention, promotion, or other aspects of employment; or (2) this conduct substantially interferes with the individual's employment or creates an intimidating, hostile, or offensive work environment. Sexual harassment also includes conduct indicating that employment and/or employment benefits are conditioned upon acquiescence in sexual activities.

Examples of Prohibited Conduct

Examples of prohibited, disruptive conduct may include, but are not limited to, any of the conducts described below if it is found to interfere, or tend to interfere, with patient care or the orderly administration of the Hospital or Medical Staff; or, if it creates a hostile work environment; or, if it is directed at a specific person or persons, causes substantial emotional distress, and has no legitimate purpose:

- A. Any striking, pushing, or inappropriate touching of Hospital Staff or others;
- B. Any conduct that would violate Medical Staff and/or Hospital policies relating to discrimination and/or sexual harassment;
- C. Forcefully throwing, hitting, pushing, or slamming objects in an expression of anger or frustration;
- D. Yelling, screaming, or using an unduly loud voice directed at patients, Hospital employees, other practitioners, or others;
- E. Refusing to respond to a request by any caregiver for orders, instructions, or assistance with the care of a patient, including, but not limited to, repeated failure to respond to calls or pages;
- F. Use of racial, ethnic, epithetic, or derogatory comments, or

profanity, directed at Hospital employees or others;

- G. Criticism which is unreasonable and unprofessional of Hospital or Medical Staff personnel (including other practitioners), policies or equipment, or other negative comments that undermine patient trust in the Hospital or Medical Staff in the presence or hearing of patients, patients' family members, and/or visitors;
- H. Use of medical record entries to criticize Hospital or Medical Staff personnel, policies, or equipment, other practitioners, or others;
- I. Unauthorized use and/or disclosure of confidential or personal information related to any employee, patient, practitioner, or other person;
- J. Use of threatening or offensive gestures;
- K. Intentional filing of false complaints or accusations;
- L. Any form of retaliation against a person who has filed a complaint against a practitioner alleging violation of the above standard of conduct;
- M. Use of physical or verbal threats to Hospital employees, other practitioners, or others, including, without limitation, threats to get an employee fired or disciplined;
- N. Persisting to criticize, or to discuss performance or quality concerns with particular Hospital employees or others after being asked to direct such comments exclusively through other channels;
- O. Persisting in contacting a Hospital employee or other person to discuss personal or performance matters after that person or a supervisory person, the Chief Executive Officer ("CEO"), or designee, or Medical Staff leader, has requested that such contacts be discontinued [NOTE: MEDICAL STAFF MEMBERS ARE ENCOURAGED TO PROVIDE COMMENTS, SUGGESTIONS AND RECOMMENDATIONS RELATING TO HOSPITAL EMPLOYEES, SERVICES OR FACILITIES; WHERE SUCH INFORMATION IS PROVIDED THROUGH APPROPRIATE ADMINISTRATIVE OR SUPERVISORY CHANNELS];
- P. Obstructing the peer review process by intentionally refusing, without justification, to attend meetings or respond to questions about the practitioner's conduct or professional practice when the practitioner is the subject of a focused review or investigation.

PROCEDURE

Hospital Staff Response to Disruptive or Discriminatory Behavior or Sexual Harassment ("Walk Away Rule")

Any Hospital employee ("Caregiver") who believes that he or she is being subjected to disruptive or discriminatory behavior or sexual harassment within the meaning of this Policy by a Medical Staff member is authorized and directed to take the following actions:

- A. Promptly contact the Caregiver's immediate supervisor to report the situation and to arrange for the transition of patient care as necessary in order to permit the Caregiver to avoid conversing or interacting with the Practitioner;
- B. Discontinue all conversation or interaction with the Practitioner except to the extent necessary to transition patient care responsibility safely and promptly from the Caregiver to another qualified person as directed by the Caregiver's supervisor;
- C. Continue work or patient care activity elsewhere as directed; and
- D. Consult with supervisory personnel or with the Director of Human Resources about filing a written report of the alleged incident.

Enforcement

- A. Allegations
 1. All allegations of disruptive behavior, discrimination, or sexual harassment, as defined above, by a Practitioner involving a patient or involving another member of the Medical or AHP staff shall be forwarded, in writing, to Medical Staff Administration. If the Chief of Staff determines that the allegations are supported by reliable evidence, the Chief of Staff shall forward the allegation to the Medical Executive Committee ("MEC") for action consistent with the Medical Staff Bylaws. Pursuant to Section 7.1.2.5.2 of these Bylaws, the Chief of Staff shall also consult with the Administrator.
 2. Allegations of disruptive behavior, discrimination, or sexual harassment, as defined above, by a Practitioner, directed toward hospital employees or persons other than patients and

Medical Staff members, will be immediately forwarded to the Chief of Staff. The Chief of Staff, or designee, shall promptly conduct an initial evaluation. If the Chief of Staff or designee determines that the complaint may be valid, she or he shall inform the Hospital Administrator and shall then proceed as provided herein.

3. If the allegations involve the Chief of Staff, the Vice Chief of Staff shall take over the responsibilities of the Chief of Staff under this section. If the allegations involve a member of the Medical Executive Committee, that member shall not participate or be present during the Medical Executive Committee's consideration of the matter.
4. Initial complaints of disruptive behavior, discrimination, or sexual harassment by a Practitioner shall be documented on an incident reporting form and shall be maintained in the Medical Staff Office. Where possible, reports should include:
 - a. Name(s) of individual(s) involved;
 - b. Date, time and place of incident;
 - c. A factual description and detailing of the incident;
 - d. All witnesses to the incident including any patient or patient's family member or visitor;
 - e. The immediate effects or consequences of the incident; and
 - f. Any action taken by anyone to intervene or remedy the incident.

B. Initial Investigation and Mediation

1. The Chief of Staff shall promptly establish an Ad Hoc Committee to investigate the complaint. If the complaining party is a Hospital employee, the Ad Hoc Committee shall include: the Chief of Staff or designee, the Chair of the practitioner's Clinical Department or designee, the complaining employee's immediate supervisor, and the Hospital Administrator or designee. The Ad Hoc Committee shall take written statements from the complaining party, any witnesses, and the accused. The complaining party shall be informed of the process to investigate and respond to such allegations and shall be informed that retaliation for making such allegations will not be tolerated. The complaining party shall also be informed that if he or she makes a written statement, the statement may be made available to the Practitioner who is the subject of the allegations.
2. All witness statements and investigation documents shall be maintained in the Medical Staff Office as confidential, peer review documents.

3. If the complaint appears to be supported by reliable evidence, the Ad Hoc Committee shall meet with the Practitioner who is the subject of the complaint and advise the Practitioner of his or her obligations under this policy; that a complaint has been made; and that no retaliation against any complaining person, witness or investigator will be tolerated. The Chair of the Ad Hoc Committee shall provide the Practitioner with sufficient information to understand and respond to the allegations made by the complaining party. The Practitioner shall be permitted to respond orally or in writing to the allegations. Any written statement provided by the Practitioner and all documentation of the investigation created by the Chief of Staff or designee, or by the Ad Hoc Committee, shall be maintained as confidential Medical Staff documents. The Ad Hoc Committee meeting with the Practitioner shall not constitute a hearing and the Practitioner shall not be entitled to legal counsel or other representation during the meeting. The Practitioner may, of course, seek legal counsel outside the meeting process.
4. The Chief of Staff or designee shall advise the Hospital Administrator of the complaint and the status of the investigation. Although legal counsel are not permitted to be present during interviews or meetings provided for in these provisions, the Chief of Staff or designee are encouraged to consult with Medical Staff legal counsel and the Practitioner, at his or her own expense, may consult legal counsel outside the investigation and meeting process.
5. The Chief of Staff or designee and Hospital Administrator shall take appropriate steps to assure that employees, witnesses and others are protected from discrimination, harassment, or retaliation pending the resolution of the complaint.
6. The Ad Hoc Committee shall attempt, if feasible and appropriate, to persuade the parties to agree to a resolution of the complaint, which would be produced in written form and signed by both parties.
7. If the Practitioner is determined to be at fault, the Ad Hoc Committee may enter into a voluntary conduct agreement with the Practitioner; may refer the Practitioner to the Medical Staff Assistance Committee; may refer the Practitioner for counseling or evaluation; or may coordinate other steps to reach an effective voluntary resolution of the issue.

C. Formal Action

1. If the Ad Hoc Committee, or its Chair, concludes that the matter cannot be resolved through voluntary actions and agreements, the Chair shall refer the matter to the MEC with a request for formal corrective action in accordance with Article 8 of the Bylaws. In the event of such referral, any member of the Medical Executive Committee who is the subject of the investigation shall not participate or be present during the Medical Executive Committee's consideration of the matter, except as is provided in subparagraph 2 or 3, below.
2. If immediate action must be taken in response to an imminent risk to the health or safety of any person, any person authorized under Section 7.1 to request corrective action may summarily suspend the Practitioner's Medical Staff membership and privileges in accordance with Section 7.2 of the Bylaws. In that event, the Practitioner shall be entitled to request an interview with the MEC to review the suspension within five (5) days of the suspension. The provisions of the Bylaws shall be followed for review of summary suspensions.
3. If the MEC initiates a corrective action investigation of the complaint, it shall, where feasible, assure that the investigation, although not constituting a hearing, shall include the following elements:
 - a. The Practitioner shall be entitled to review, but not retain, copies of statements made by complaining parties and witnesses. The Practitioner shall also be entitled to receive a summary of other adverse information considered relevant to the investigation.
 - b. The Practitioner shall be entitled to respond to the adverse statements and information and to submit oral or written information in response, subject to such conditions and limitations as the MEC may determine.
 - c. If the MEC determines that there is substantial evidence that a violation of this policy has occurred, it may do any one or more of the following:
 - 1) Issue a written or oral reprimand. If a written or oral reprimand is issued, the Practitioner shall be entitled to reply orally or in writing to the MEC. A copy of any written reprimand and any written reply shall be maintained in the Practitioner's credentials file. A written reprimand shall not be considered medical disciplinary action, shall not be reported to the Medical Board of California or the National Practitioner Data Bank, and shall not entitle the Practitioner to a hearing or appeal under Article 8 of the Bylaws.

- 2) Recommend that the Practitioner undertake psychoanalysis, therapy, counseling, or training.
- 3) Recommend other corrective action in accordance with Article 8 of the Bylaws.
- 4) If the MEC recommends action, which would entitle the Practitioner to request a Medical Staff hearing, special notice to the Practitioner shall be given in accordance with Section 8.6.2 of the Bylaws.

D. Action by the District Board or Designee

If the District Board determines that the MEC's action is inadequate, or if the MEC takes no action after the investigation, the District Board, after complying with applicable law, may do or recommend any one or more of the actions listed in Section C.4) above.

- E. If either the MEC or the District Board recommends corrective action, which, if adopted, would require a report to the Medical Board of California or the National Practitioner Data Bank, the Practitioner shall be notified of the proposed action and of his or her right to request a hearing in accordance with the Bylaws.

| Committee | Approved |
|-----------------------------|----------|
| Medical Executive Committee | 12/04/07 |
| Administration | |
| Board of Directors | 12/05/07 |

**NORTHERN INYO HOSPITAL
POLICY AND PROCEDURE**

| | |
|---|---------------------------|
| Title: Professional Conduct. Prohibition of Disruptive or Discriminatory Behavior | |
| Scope: Hospitalwide | Department: Medical Staff |
| Source: Medical Staff | Effective Date: 12/5/07 |

POLICY

All Medical Staff members shall conduct themselves at all times while on Hospital premises in a courteous, professional, respectful, collegial, and cooperative manner. This applies to interactions and communications with or relating to Medical Staff colleagues, AHPs, nursing and technical personnel, other caregivers, other Hospital personnel, patients, patients' family members and friends, visitors, and others. Such conduct is necessary to promote high quality patient care and to maintain a safe work environment. Disruptive, discriminatory, or harassing behavior, as defined below, are prohibited and will not be tolerated.

Definitions

- A. "Disruptive Behavior" is marked by disrespectful behavior manifested through personal interaction with practitioners, Hospital personnel, patients, family members, or others, which:
1. interferes, or tends to interfere with high quality patient care or the orderly administration of the Hospital or the Medical Staff; or
 2. creates a hostile work environment; or
 3. is directed at a specific person or persons, would reasonably be expected to cause substantial emotional distress, and serves no constructive purpose in advancing the goals of health care.
- B. "Discrimination" is conduct directed against any individual (e.g., against another Medical Staff member, AHP, Hospital employee, or patient) that deprives the individual of full and equal accommodations, advantages, facilities, privileges, or services, based on the individual's race, religion, color, national origin, ancestry, physical disability, mental disability, medical disability, marital status, sex, gender, or sexual orientation.
- C. "Sexual harassment" is unwelcome verbal or physical conduct of a sexual nature, which may include verbal harassment (such as epithets, derogatory comments or slurs), physical harassment (such as unwelcome touching, assault, or interference with movement or work), and visual harassment (such as the display of derogatory or sexual-themed cartoons, drawings or posters). Sexual harassment includes unwelcome advances, requests for sexual favors, and any other verbal, visual, or physical conduct of a sexual nature when (1) submission to or rejection of this conduct by an individual is used as a factor in decisions affecting hiring, evaluation, retention, promotion, or other aspects of employment; or (2) this conduct substantially interferes with the individual's employment or creates an intimidating, hostile, or offensive work environment. Sexual harassment also includes conduct indicating that employment and/or employment benefits are conditioned upon acquiescence in sexual activities.

Examples of Prohibited Conduct

Examples of prohibited, disruptive conduct may include, but are not limited to, any of the conducts described below if it is found to interfere, or tend to interfere, with patient care or the orderly administration of the Hospital or Medical Staff; or, if it creates a hostile work environment; or, if it is directed at a specific person or persons, causes substantial emotional distress, and has no legitimate purpose:

- A. Any striking, pushing, or inappropriate touching of Hospital Staff or others;
- B. Any conduct that would violate Medical Staff and/or Hospital policies relating to discrimination and/or sexual harassment;
- C. Forcefully throwing, hitting, pushing, or slamming objects in an expression of anger or frustration;
- D. Yelling, screaming, or using an unduly loud voice directed at patients, Hospital employees, other practitioners, or others;
- E. Refusing to respond to a request by any caregiver for orders, instructions, or assistance with the care of a patient, including, but not limited to, repeated failure to respond to calls or pages;
- F. Use of racial, ethnic, epithetic, or derogatory comments, or profanity, directed at Hospital employees or others;
- G. Criticism which is unreasonable and unprofessional of Hospital or Medical Staff personnel (including other practitioners), policies or equipment, or other negative comments that undermine patient trust in the Hospital or Medical Staff in the presence or hearing of patients, patients' family members, and/or visitors;
- H. Use of medical record entries to criticize Hospital or Medical Staff personnel, policies, or equipment, other practitioners, or others;
- I. Unauthorized use and/or disclosure of confidential or personal information related to any employee, patient, practitioner, or other person;
- J. Use of threatening or offensive gestures;
- K. Intentional filing of false complaints or accusations;
- L. Any form of retaliation against a person who has filed a complaint against a practitioner alleging violation of the above standard of conduct;
- M. Use of physical or verbal threats to Hospital employees, other practitioners, or others, including, without limitation, threats to get an employee fired or disciplined;

- N. Persisting to criticize, or to discuss performance or quality concerns with particular Hospital employees or others after being asked to direct such comments exclusively through other channels;
- O. Persisting in contacting a Hospital employee or other person to discuss personal or performance matters after that person or a supervisory person, the Chief Executive Officer ("CEO"), or designee, or Medical Staff leader, has requested that such contacts be discontinued [NOTE: MEDICAL STAFF MEMBERS ARE ENCOURAGED TO PROVIDE COMMENTS, SUGGESTIONS AND RECOMMENDATIONS RELATING TO HOSPITAL EMPLOYEES, SERVICES OR FACILITIES; WHERE SUCH INFORMATION IS PROVIDED THROUGH APPROPRIATE ADMINISTRATIVE OR SUPERVISORY CHANNELS];
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PROCEDURE

Hospital Staff Response to Disruptive or Discriminatory Behavior or Sexual Harassment ("Walk Away Rule")

Any Hospital employee ("Caregiver") who believes that he or she is being subjected to disruptive or discriminatory behavior or sexual harassment within the meaning of this Policy by a Medical Staff member is authorized and directed to take the following actions:

- A. Promptly contact the Caregiver's immediate supervisor to report the situation and to arrange for the transition of patient care as necessary in order to permit the Caregiver to avoid conversing or interacting with the Practitioner;
- B. Discontinue all conversation or interaction with the Practitioner except to the extent necessary to transition patient care responsibility safely and promptly from the Caregiver to another qualified person as directed by the Caregiver's supervisor;
- C. Continue work or patient care activity elsewhere as directed; and
- D. Consult with supervisory personnel or with the Director of Human Resources about filing a written report of the alleged incident.

Enforcement

- A. Allegations
 1. All allegations of disruptive behavior, discrimination, or sexual harassment, as defined above, by a Practitioner involving a patient or involving another member of the Medical or AHP staff shall be forwarded, in writing, to Medical Staff Administration. If the Chief of Staff determines that the allegations are supported by reliable evidence, the Chief of Staff shall forward the allegation to the Medical Executive Committee ("MEC") for action consistent

with the Medical Staff Bylaws. Pursuant to Section 7.1.2.5.2 of these Bylaws, the Chief of Staff shall also consult with the Administrator.

2. Allegations of disruptive behavior, discrimination, or sexual harassment, as defined above, by a Practitioner, directed toward hospital employees or persons other than patients and Medical Staff members, will be immediately forwarded to the Chief of Staff. The Chief of Staff, or designee, shall promptly conduct an initial evaluation. If the Chief of Staff or designee determines that the complaint may be valid, she or he shall inform the Hospital Administrator and shall then proceed as provided herein.
3. If the allegations involve the Chief of Staff, the Vice Chief of Staff shall take over the responsibilities of the Chief of Staff under this section. If the allegations involve a member of the Medical Executive Committee, that member shall not participate or be present during the Medical Executive Committee's consideration of the matter.
4. Initial complaints of disruptive behavior, discrimination, or sexual harassment by a Practitioner shall be documented on an incident reporting form and shall be maintained in the Medical Staff Office. Where possible, reports should include:
 - a. Name(s) of individual(s) involved;
 - b. Date, time and place of incident;
 - c. A factual description and detailing of the incident;
 - d. All witnesses to the incident including any patient or patient's family member or visitor;
 - e. The immediate effects or consequences of the incident; and
 - f. Any action taken by anyone to intervene or remedy the incident.

B. Initial Investigation and Mediation

1. The Chief of Staff shall promptly establish an Ad Hoc Committee to investigate the complaint. If the complaining party is a Hospital employee, the Ad Hoc Committee shall include: the Chief of Staff or designee, the Chair of the practitioner's Clinical Department or designee, the complaining employee's immediate supervisor, and the Hospital Administrator or designee. The Ad Hoc Committee shall take written statements from the complaining party, any witnesses, and the accused. The complaining party shall be informed of the process to investigate and respond to such allegations and shall be informed that retaliation for making such allegations will not be tolerated. The complaining party shall also be informed that if he or she makes a written statement, the statement may be made available to the Practitioner who is the subject of the allegations.
2. All witness statements and investigation documents shall be maintained in the Medical Staff Office as confidential, peer review documents.
3. If the complaint appears to be supported by reliable evidence, the Ad Hoc Committee shall meet with the Practitioner who is the subject of the complaint and advise the Practitioner of his or her obligations under this policy; that a complaint has been made; and that no retaliation against any complaining person, witness or investigator will be tolerated. The Chair of the Ad Hoc Committee shall provide the Practitioner with sufficient information to understand and respond to the allegations made by the complaining party. The Practitioner shall be permitted to respond orally or in writing to the allegations. Any written statement provided by the

Practitioner and all documentation of the investigation created by the Chief of Staff or designee, or by the Ad Hoc Committee, shall be maintained as confidential Medical Staff documents. The Ad Hoc Committee meeting with the Practitioner shall not constitute a hearing and the Practitioner shall not be entitled to legal counsel or other representation during the meeting. The Practitioner may, of course, seek legal counsel outside the meeting process.

4. The Chief of Staff or designee shall advise the Hospital Administrator of the complaint and the status of the investigation. Although legal counsel are not permitted to be present during interviews or meetings provided for in these provisions, the Chief of Staff or designee are encouraged to consult with Medical Staff legal counsel and the Practitioner, at his or her own expense, may consult legal counsel outside the investigation and meeting process.
5. The Chief of Staff or designee and Hospital Administrator shall take appropriate steps to assure that employees, witnesses and others are protected from discrimination, harassment, or retaliation pending the resolution of the complaint.
6. The Ad Hoc Committee shall attempt, if feasible and appropriate, to persuade the parties to agree to a resolution of the complaint, which would be produced in written form and signed by both parties.
7. If the Practitioner is determined to be at fault, the Ad Hoc Committee may enter into a voluntary conduct agreement with the Practitioner; may refer the Practitioner to the Medical Staff Assistance Committee; may refer the Practitioner for counseling or evaluation; or may coordinate other steps to reach an effective voluntary resolution of the issue.

C. Formal Action

1. If the Ad Hoc Committee, or its Chair, concludes that the matter cannot be resolved through voluntary actions and agreements, the Chair shall refer the matter to the MEC with a request for formal corrective action in accordance with Article 8 of the Bylaws. In the event of such referral, any member of the Medical Executive Committee who is the subject of the investigation shall not participate or be present during the Medical Executive Committee's consideration of the matter, except as is provided in subparagraph 2 or 3, below.
2. If immediate action must be taken in response to an imminent risk to the health or safety of any person, any person authorized under Section 7.1 to request corrective action may summarily suspend the Practitioner's Medical Staff membership and privileges in accordance with Section 7.2 of the Bylaws. In that event, the Practitioner shall be entitled to request an interview with the MEC to review the suspension within five (5) days of the suspension. The provisions of the Bylaws shall be followed for review of summary suspensions.
3. If the MEC initiates a corrective action investigation of the complaint, it shall, where feasible, assure that the investigation, although not constituting a hearing, shall include the following elements:
 - a. The Practitioner shall be entitled to review, but not retain, copies of statements made by complaining parties and witnesses. The Practitioner shall also be entitled to receive a summary of other adverse information considered relevant to the investigation.

- b. The Practitioner shall be entitled to respond to the adverse statements and information and to submit oral or written information in response, subject to such conditions and limitations as the MEC may determine.
- c. If the MEC determines that there is substantial evidence that a violation of this policy has occurred, it may do any one or more of the following:
 - 1) Issue a written or oral reprimand. If a written or oral reprimand is issued, the Practitioner shall be entitled to reply orally or in writing to the MEC. A copy of any written reprimand and any written reply shall be maintained in the Practitioner's credentials file. A written reprimand shall not be considered medical disciplinary action, shall not be reported to the Medical Board of California or the National Practitioner Data Bank, and shall not entitle the Practitioner to a hearing or appeal under Article 8 of the Bylaws.
 - 2) Recommend that the Practitioner undertake psychoanalysis, therapy, counseling, or training.
 - 3) Recommend other corrective action in accordance with Article 8 of the Bylaws.
 - 4) If the MEC recommends action, which would entitle the Practitioner to request a Medical Staff hearing, special notice to the Practitioner shall be given in accordance with Section 8.6.2 of the Bylaws.

D. Action by the District Board or Designee

If the District Board determines that the MEC's action is inadequate, or if the MEC takes no action after the investigation, the District Board, after complying with applicable law, may do or recommend any one or more of the actions listed in Section C.4) above.

- E. If either the MEC or the District Board recommends corrective action, which, if adopted, would require a report to the Medical Board of California or the National Practitioner Data Bank, the Practitioner shall be notified of the proposed action and of his or her right to request a hearing in accordance with the Bylaws.

| | |
|-----------------------------|-----------------|
| Committee | Approved |
| Medical Executive Committee | 12/04/07 |
| Administration | |
| Board of Directors | 12/05/07 |

**NORTHERN INYO HOSPITAL
GENERAL ANESTHESIA CO-MEDICAL DIRECTOR AND
PROFESSIONAL SERVICES AGREEMENT**

This Co-Medical Director and Professional Services Agreement ("Agreement") dated this 1st day of November, 2010, is entered into by and between Northern Inyo County Local Hospital District ("Hospital") and Curt Schweizer, M.D. (Physician).

RECITALS

- A. Hospital operates a general acute care hospital, which, among other things, operates inpatient and outpatient major and minor surgery suites, offering a variety of surgical procedures, located at 150 Pioneer Lane, Bishop, California.
- B. Physician are individuals duly licensed to practice medicine in the State of California, specializing in general anesthesia, are Board Certified in anesthesia, and are members of the Northern Inyo Hospital Active Medical Staff with privileges sufficient to practice general anesthesia.
- C. Hospital desires to obtain administrative and professional medical services from Physician for the patients of Hospital, and Physician desire to furnish such services upon the terms and conditions set forth in this Agreement.
- D. Hospital believes that high standards of patient care can be achieved if Physician assumes the responsibilities set out further in this Agreement.

IN WITNESS WHEREOF, ALL PARTIES AGREE AS FOLLOWS:

I.

RESPONSIBILITIES OF THE PHYSICIAN.

1.01. Professional Services. Physician shall provide the following services, consistent with the Hospital's policies and procedures, to the Hospital and Hospital patients, provided that Physician's obligations hereunder are limited to the provision of services within his professional capabilities:

- a) Medical Services. In cooperation with the Hospital, arrange for appropriate coverage for the provision of professional anesthesia services to Hospital patients.

Physician shall cooperate in Hospital's participation in the Medicare and Medi-Cal programs. Physician shall provide services to Medicare and Medi-Cal beneficiaries in a nondiscriminatory manner.

Anesthesiologists will be solely responsible for developing a mechanism for scheduling surgical assignments between and amongst themselves for scheduled cases at the Hospital, which will cover not less than one operating room per day, five days a week, excluding Hospital holidays, for the first room, and not less than 120 days per year for a second

operating room. The protocol for scheduling the second room will be determined and agreed to jointly between the anesthesiologists and memorialized in a written memorandum after acceptance by Administration. Physician shall not be required to provide more than 90 days of second room coverage per year.

- b) **On-Call Coverage.** Anesthesiologists shall provide on-call anesthesia coverage for the Hospital twenty-four hours per day, seven days per week, and 365 days per year. Anesthesiologists are specifically required to communicate with each other sufficiently to ensure continuous and non-interrupted call coverage. In the event that Physician is unable to provide said coverage he is specifically required to provide an equally qualified locums tenens or the equivalent at his own expense. Physician shall not be required to provide more than 26 weeks per year of call coverage on an annualized basis.
- c) **Administrative Services.** As Co-Medical Directors, Physician will assist the Hospital in meeting all State and Federal legal and regulatory requirements, including but not limited to those found in Title XXII and Medicare's "Conditions of Participation" as well as those of any accreditation agency the Hospital may be participating with. These functions may include, but will not be limited to, review, creation, and revision of policies and procedures as they relate to anesthesia.

Additionally the Co-Medical Directors will be called upon to help promote the Hospital in regards to procedures offered at the Hospital and will take an active role in insuring that the Hospital is keeping up to date technologically and medically. Co-Medical Directors will provide the services described in Exhibit "A" as well as assist Hospital personnel in providing educational programs to Medical Staff, employees, and others.

1.02. Medical Director and Administrative Services. Physician shall act as Co-Medical Director of the Hospital's anesthesia service.

- a) **Time Commitment.** Physician shall not be required to devote more than four (4) hours per month to the administrative services described in this Agreement.
- b) **Physician Time Reports.** Physician shall maintain weekly time reports, which provide accurate accountings of time spent, on a daily basis, providing administrative services to the Hospital. Such reports shall be substantially in the form attached as Exhibit B, or as otherwise required by Hospital, and shall document Physician's actual provision of administrative services. All time reports shall be submitted to Hospital no later than the 10th day of the calendar month following the month in which the services were performed.

1.03. Personal Services. This Agreement is entered into by Hospital in reliance on the professional and administrative skills of Physician. Physician shall continue to be primarily responsible for fulfilling the terms of the Agreement, except as specifically set forth in this Agreement. . The physician will be specifically permitted to arrange for any other anesthesiologist to substitute his/her services in the stead of the contracting physician so long as the substituting physician is an active member of the Medical Staff.

1.04. Absences. In the event Physician is unable to perform the obligations under this Agreement due to illness, continuing education responsibilities, leave or other justifiable cause, Hospital shall designate a qualified replacement. The person who provides services on behalf of Physician in Physician's absence shall be bound by all terms of this Agreement. Hospital shall

have the right to approve the length of Physician's absence, and any unapproved absence shall constitute a breach of this Agreement.

- 1.05. Non-Exclusive Arrangement.** Physician shall provide professional services to and for the benefit of the Hospital. All revenues associated with Hospital activities (non professional fee, typically part A) belong to the Hospital. Physician shall bill and retain all billings associated with professional anesthesia services.

This is not an exclusive arrangement with the Hospital. Physician therefore is free to seek supplemental income arrangements elsewhere, however they will give first priority to performing all Hospital activities consistent with the terms of this Agreement. Physician shall not undertake non-Hospital activities to the extent that such undertaking would interfere with his obligations under this Agreement.

- 1.07. Limitation on Use of Space.** No part of the Hospital's premises shall be used at any time by Physician as an office for the private practice of medicine or to see patients other than Hospital patients.

II.

HOSPITAL RESPONSIBILITIES.

2.01. Hospital Services.

- a) Space. Hospital shall make available for Physician reasonably necessary facilities for the successful provision of anesthesia services. This may include a hospital approved Pain Management Service,
- b) Equipment. In consultation with Physician, Hospital shall make all decisions regarding the acquisition of all equipment as may be reasonably necessary for the proper operation and conduct of Hospital. Hospital shall repair, replace or supplement such equipment and maintain it in good working order.

III.

COMPENSATION AND INCOME GUARANTEE.

- 3.01. Compensation.** Hospital shall pay each anesthesiologist \$2000.00 per month for administrative services during the term of this Agreement. In addition, Hospital shall guarantee a surgical case volume such that Physician receives payments from private billings, net of all billing expense, contractual adjustments, discounts and refunds, in the amount of \$631,736.28 annually on a pro-rated basis. Said pro-ration shall be the physicians share of first call taken. This compensation will be adjusted annually by a factor of 1.05 plus the employee COLA.

- 3.02.1 Compensation Methodology .** Within ten working days of the end of each quarter and the receipt of billings report(s) from the Physician billing service, the Hospital will calculate the pro-rated receipts for Physician. In the event that this yields an amount less than the pro-rated share indicated in 3.01 the Hospital will fund the difference to the Physician. In the event this amount is in excess, the Hospital will credit that amount against future payments. At he the end

of each calendar year the Hospital will fund any credits to the physician.
A full accounting will be provided for each quarter's transactions by the hospital.

Should this agreement terminate under section 4.02 of this agreement, Physician shall be entitled to 100% of the uncollected billings

- 3.03 Second Room Compensation.** In those quarters when the Physician is scheduled for the second room in excess of 8.0 days per quarter, on an annualized basis (30 days per year), he shall be compensated \$400 per day.
- 3.04 Additional Compensation.** Compensation will be adjusted by the same amount as the Cost Of Living Adjustments received by the NIH employees in the same amount at the same time

IV.

TERM AND TERMINATION.

- 4.01. Term.** The term of this Agreement shall be for a period of thirty eight months beginning on the first day of November, 2010 and ending on the 31st day of December, 2013.
- 4.02. Termination.** Notwithstanding the provisions of section 4.01 of this Agreement, this Agreement may be terminated:
- a) By either party at any time, without cause or penalty, upon 90 days' prior written notice to the other party;
 - b) Immediately by Hospital in its sole discretion if Physician fails to maintain the professional standards described in this Agreement;
 - c) Immediately upon closure of the Hospital;
 - d) 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
 - e) By either party in the event of a material breach by the other party, and 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, unless such breach is cured to the satisfaction of the non-breaching party within the thirty (30) days.
 - f) Automatically with ninety (90) days' notice, at such time as the Medical Staff approves privileges for a third qualified, practicing anesthesiologist.
 - g) Immediately upon death or disability such that Physician is physically unable to perform

the duties required under this agreement.

- 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.

V.

PROFESSIONAL STANDARDS.

- 5.01. **Medical Staff Standing.** Prior to performing services pursuant to this Agreement, Physician must obtain full Active or Provisional Medical Staff membership privileges on the Medical Staff of Hospital with appropriate clinical privileges, and maintain such membership throughout the term of this Agreement. Such membership shall be subject to all of the privileges and responsibilities of Medical Staff membership.
- 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 and Hospital Medical Staff, 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 Active Medical Staff of the Hospital;
 - d) Maintain professional liability coverage in an amount required for membership on the Active Medical Staff of the Hospital;
 - e) Participate in continuing education as necessary to maintain licensure and the current standard of practice;
 - f) Comply with all applicable laws, rules and regulations of any and all governmental authorities, and applicable standards and recommendations of the Joint Commission on Accreditation of Healthcare Organizations.
 - g) Maintain a professional image to the public, the Medical Staff and the Hospital employees. Said professional image would not include public intoxication, drug abuse of any kind, failure to respond to reasonable requests of the Medical Staff, or failure to perform the duties required by the Medical Staff, the District Board and this Agreement.
 - h) **The physician specifically agrees to abide by the Professional Conduct Prohibition of Disruptive or Discriminatory Behavior Policy attached hereto.**

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 are at all times acting and performing as independent contractors, practicing the profession of medicine.

Hospital shall neither have nor exercise control or direction over the methods by which Physician perform professional services pursuant to this Agreement; provided, however, that Physician agree that all work performed pursuant to this Agreement shall be in strict accordance with currently approved methods and practices in Physician' professional specialty and in accordance with the standards set forth in this Agreement. The sole interest of Hospital is to insure that such services are performed and rendered in a competent and cost effective manner.

- 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, unemployment benefits, sick leave, or any other employee benefits of any kind. In addition, Hospital shall have no obligation to reimburse Physician for any costs or expenses associated with Physician' 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 of 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' past, present or future affiliation with Hospital.
- 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 agree 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' duties under this Agreement at a cost of \$10,000 or more over a twelve-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 their 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 all parties.
- 7.04. **Assignment.** Except as provided in section 1.01 b) above, Physician shall not assign, sell, transfer or delegate any of the Physician' rights or duties, including by hiring or otherwise retaining additional Physician to perform services pursuant to this Agreement, without the prior written consent of Hospital.
- 7.05. **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. As used in this Section 7.05, the term "prevailing party" shall have the meaning assigned by Section 1032(a)(4) of the California Code of Civil Procedure.
- 7.06. **Choice of Law.** This Agreement shall be construed in accordance with, and governed by, the laws of the State of California.
- 7.07. **Exhibits.** All Exhibits attached and referred to herein are fully incorporated by this reference.
- 7.08. **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: _____, M.D.
(Address)

- 7.09. **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 Hospital. Physician agrees to maintain medical records according to Hospital 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.
- 7.10. **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. Any modification of this Agreement must be in writing and signed by the parties.
- 7.11. **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.
- 7.12. **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.
- 7.13. **Waiver.** The failure of either party to exercise any right under this Agreement shall not operate as a waiver of that right.
- 7.14. **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.
- 7.15. **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.
- 7.16. **Mutual Construction.** This agreement has been prepared by all the parties thereto, and shall be so construed.

NORTHERN INYO COUNTY
LOCAL HOSPITAL DISTRICT

PHYSICIAN

By: _____
Peter Watercott, President
Board of Directors

By: _____
Curt Schweizer, M.D.
Physician

Attachment A

ADMINISTRATIVE SERVICES TO BE PROVIDED

Physician shall:

- Provide general administration of the day-to-day operations of the Hospital's anesthesia service.
- Implement Hospital's policies and procedures.
- Assure Physician' coverage of Hospital, in cooperation with Hospital.
- Provide medical consultation to the NIH Medical Staff, the Hospital staff, and Hospital administration in the area of the Physician's specialty as needed.
- Coordinate and consult with Hospital and Hospital Medical Staff regarding the efficiency and effectiveness of Hospital, and make recommendations and analyses as needed for Hospital to reduce costs and improve services provided in Hospital.
- Develop, review, and provide training programs to Physician and other medical personnel providing services to Hospital.
- Participate in Hospital, and Hospital Medical Staff committees upon request.
- Participate in the development and presentation of programs related to the marketing of Hospital's services and enhancing Hospital/community relations, provided, however, that Physician shall not be required to participate in any advertising related to Hospital's services.
- Advise and assist in the development of protocols and policies for Hospital.
- Upon request by Hospital, be available at all times to respond/consult in the event of urgent or emergent situations. Cooperate in all litigation matters affecting Physician and/or Hospital.

ATTACHMENT B

NORTHERN INYO HOSPITAL POLICY AND PROCEDURE

| | |
|---|---------------------------|
| Title: Professional Conduct. Prohibition of Disruptive or Discriminatory Behavior | |
| Scope: Hospitalwide | Department: Medical Staff |
| Source: Medical Staff | Effective Date: 12/5/07 |

POLICY

All Medical Staff members shall conduct themselves at all times while on Hospital premises in a courteous, professional, respectful, collegial, and cooperative manner. This applies to interactions and communications with or relating to Medical Staff colleagues, AHPs, nursing and technical personnel, other caregivers, other Hospital personnel, patients, patients' family members and friends, visitors, and others. Such conduct is necessary to promote high quality patient care and to maintain a safe work environment. Disruptive, discriminatory, or harassing behavior, as defined below, are prohibited and will not be tolerated.

Definitions

- A. "Disruptive Behavior" is marked by disrespectful behavior manifested through personal interaction with practitioners, Hospital personnel, patients, family members, or others, which:
1. interferes, or tends to interfere with high quality patient care or the orderly administration of the Hospital or the Medical Staff; or
 2. creates a hostile work environment; or
 3. is directed at a specific person or persons, would reasonably be expected to cause substantial emotional distress, and serves no constructive purpose in advancing the goals of health care.
- B. "Discrimination" is conduct directed against any individual (e.g., against another Medical Staff member, AHP, Hospital employee, or patient) that deprives the individual of full and equal accommodations, advantages, facilities, privileges, or services, based on the individual's race, religion, color, national origin, ancestry, physical disability, mental

disability, medical disability, marital status, sex, gender, or sexual orientation.

- C. "Sexual harassment" is unwelcome verbal or physical conduct of a sexual nature, which may include verbal harassment (such as epithets, derogatory comments or slurs), physical harassment (such as unwelcome touching, assault, or interference with movement or work), and visual harassment (such as the display of derogatory or sexual-themed cartoons, drawings or posters). Sexual harassment includes unwelcome advances, requests for sexual favors, and any other verbal, visual, or physical conduct of a sexual nature when (1) submission to or rejection of this conduct by an individual is used as a factor in decisions affecting hiring, evaluation, retention, promotion, or other aspects of employment; or (2) this conduct substantially interferes with the individual's employment or creates an intimidating, hostile, or offensive work environment. Sexual harassment also includes conduct indicating that employment and/or employment benefits are conditioned upon acquiescence in sexual activities.

Examples of Prohibited Conduct

Examples of prohibited, disruptive conduct may include, but are not limited to, any of the conducts described below if it is found to interfere, or tend to interfere, with patient care or the orderly administration of the Hospital or Medical Staff; or, if it creates a hostile work environment; or, if it is directed at a specific person or persons, causes substantial emotional distress, and has no legitimate purpose:

- A. Any striking, pushing, or inappropriate touching of Hospital Staff or others;
- B. Any conduct that would violate Medical Staff and/or Hospital policies relating to discrimination and/or sexual harassment;
- C. Forcefully throwing, hitting, pushing, or slamming objects in an expression of anger or frustration;
- D. Yelling, screaming, or using an unduly loud voice directed at patients, Hospital employees, other practitioners, or others;
- E. Refusing to respond to a request by any caregiver for orders, instructions, or assistance with the care of a patient, including, but not limited to, repeated failure to respond to calls or pages;

- F. Use of racial, ethnic, epithetic, or derogatory comments, or profanity, directed at Hospital employees or others;
- G. Criticism which is unreasonable and unprofessional of Hospital or Medical Staff personnel (including other practitioners), policies or equipment, or other negative comments that undermine patient trust in the Hospital or Medical Staff in the presence or hearing of patients, patients' family members, and/or visitors;
- H. Use of medical record entries to criticize Hospital or Medical Staff personnel, policies, or equipment, other practitioners, or others;
- I. Unauthorized use and/or disclosure of confidential or personal information related to any employee, patient, practitioner, or other person;
- J. Use of threatening or offensive gestures;
- K. Intentional filing of false complaints or accusations;
- L. Any form of retaliation against a person who has filed a complaint against a practitioner alleging violation of the above standard of conduct;
- M. Use of physical or verbal threats to Hospital employees, other practitioners, or others, including, without limitation, threats to get an employee fired or disciplined;
- N. Persisting to criticize, or to discuss performance or quality concerns with particular Hospital employees or others after being asked to direct such comments exclusively through other channels;
- O. Persisting in contacting a Hospital employee or other person to discuss personal or performance matters after that person or a supervisory person, the Chief Executive Officer ("CEO"), or designee, or Medical Staff leader, has requested that such contacts be discontinued [NOTE: MEDICAL STAFF MEMBERS ARE ENCOURAGED TO PROVIDE COMMENTS, SUGGESTIONS AND RECOMMENDATIONS RELATING TO HOSPITAL EMPLOYEES, SERVICES OR FACILITIES; WHERE SUCH INFORMATION IS PROVIDED THROUGH APPROPRIATE ADMINISTRATIVE OR SUPERVISORY CHANNELS];
- P. Obstructing the peer review process by intentionally refusing, without justification, to attend meetings or respond to questions about the practitioner's conduct or professional practice when the practitioner is the subject of a focused review or investigation.

PROCEDURE

Hospital Staff Response to Disruptive or Discriminatory Behavior or Sexual Harassment ("Walk Away Rule")

Any Hospital employee ("Caregiver") who believes that he or she is being subjected to disruptive or discriminatory behavior or sexual harassment within the meaning of this Policy by a Medical Staff member is authorized and directed to take the following actions:

- A. Promptly contact the Caregiver's immediate supervisor to report the situation and to arrange for the transition of patient care as necessary in order to permit the Caregiver to avoid conversing or interacting with the Practitioner;
- B. Discontinue all conversation or interaction with the Practitioner except to the extent necessary to transition patient care responsibility safely and promptly from the Caregiver to another qualified person as directed by the Caregiver's supervisor;
- C. Continue work or patient care activity elsewhere as directed; and
- D. Consult with supervisory personnel or with the Director of Human Resources about filing a written report of the alleged incident.

Enforcement

- A. Allegations
 1. All allegations of disruptive behavior, discrimination, or sexual harassment, as defined above, by a Practitioner involving a patient or involving another member of the Medical or AHP staff shall be forwarded, in writing, to Medical Staff Administration. If the Chief of Staff determines that the allegations are supported by reliable evidence, the Chief of Staff shall forward the allegation to the Medical Executive Committee ("MEC") for action consistent with the Medical Staff Bylaws. Pursuant to Section 7.1.2.5.2 of these Bylaws, the Chief of Staff shall also consult with the Administrator.
 2. Allegations of disruptive behavior, discrimination, or sexual harassment, as defined above, by a Practitioner, directed

toward hospital employees or persons other than patients and Medical Staff members, will be immediately forwarded to the Chief of Staff. The Chief of Staff, or designee, shall promptly conduct an initial evaluation. If the Chief of Staff or designee determines that the complaint may be valid, she or he shall inform the Hospital Administrator and shall then proceed as provided herein.

3. If the allegations involve the Chief of Staff, the Vice Chief of Staff shall take over the responsibilities of the Chief of Staff under this section. If the allegations involve a member of the Medical Executive Committee, that member shall not participate or be present during the Medical Executive Committee's consideration of the matter.
4. Initial complaints of disruptive behavior, discrimination, or sexual harassment by a Practitioner shall be documented on an incident reporting form and shall be maintained in the Medical Staff Office. Where possible, reports should include:
 - a. Name(s) of individual(s) involved;
 - b. Date, time and place of incident;
 - c. A factual description and detailing of the incident;
 - d. All witnesses to the incident including any patient or patient's family member or visitor;
 - e. The immediate effects or consequences of the incident; and
 - f. Any action taken by anyone to intervene or remedy the incident.

B. Initial Investigation and Mediation

1. The Chief of Staff shall promptly establish an Ad Hoc Committee to investigate the complaint. If the complaining party is a Hospital employee, the Ad Hoc Committee shall include: the Chief of Staff or designee, the Chair of the practitioner's Clinical Department or designee, the complaining employee's immediate supervisor, and the Hospital Administrator or designee. The Ad Hoc Committee shall take written statements from the complaining party, any witnesses, and the accused. The complaining party shall be informed of the process to investigate and respond to such allegations and shall be informed that retaliation for making such allegations will not be tolerated. The complaining party shall also be informed that if he or she makes a written statement, the statement may be made available to the Practitioner who is the subject of the allegations.
2. All witness statements and investigation documents shall be maintained in the Medical Staff Office as confidential, peer review documents.

3. If the complaint appears to be supported by reliable evidence, the Ad Hoc Committee shall meet with the Practitioner who is the subject of the complaint and advise the Practitioner of his or her obligations under this policy; that a complaint has been made; and that no retaliation against any complaining person, witness or investigator will be tolerated. The Chair of the Ad Hoc Committee shall provide the Practitioner with sufficient information to understand and respond to the allegations made by the complaining party. The Practitioner shall be permitted to respond orally or in writing to the allegations. Any written statement provided by the Practitioner and all documentation of the investigation created by the Chief of Staff or designee, or by the Ad Hoc Committee, shall be maintained as confidential Medical Staff documents. The Ad Hoc Committee meeting with the Practitioner shall not constitute a hearing and the Practitioner shall not be entitled to legal counsel or other representation during the meeting. The Practitioner may, of course, seek legal counsel outside the meeting process.
4. The Chief of Staff or designee shall advise the Hospital Administrator of the complaint and the status of the investigation. Although legal counsel are not permitted to be present during interviews or meetings provided for in these provisions, the Chief of Staff or designee are encouraged to consult with Medical Staff legal counsel and the Practitioner, at his or her own expense, may consult legal counsel outside the investigation and meeting process.
5. The Chief of Staff or designee and Hospital Administrator shall take appropriate steps to assure that employees, witnesses and others are protected from discrimination, harassment, or retaliation pending the resolution of the complaint.
6. The Ad Hoc Committee shall attempt, if feasible and appropriate, to persuade the parties to agree to a resolution of the complaint, which would be produced in written form and signed by both parties.
7. If the Practitioner is determined to be at fault, the Ad Hoc Committee may enter into a voluntary conduct agreement with the Practitioner; may refer the Practitioner to the Medical Staff Assistance Committee; may refer the Practitioner for counseling or evaluation; or may coordinate other steps to reach an effective voluntary resolution of the issue.

C. Formal Action

1. If the Ad Hoc Committee, or its Chair, concludes that the matter cannot be resolved through voluntary actions and agreements, the Chair shall refer the matter to the MEC with a request for formal corrective action in accordance with Article 8 of the Bylaws. In the event of such referral, any member of the Medical Executive Committee who is the subject of the investigation shall not participate or be present during the Medical Executive Committee's consideration of the matter, except as is provided in subparagraph 2 or 3, below.
2. If immediate action must be taken in response to an imminent risk to the health or safety of any person, any person authorized under Section 7.1 to request corrective action may summarily suspend the Practitioner's Medical Staff membership and privileges in accordance with Section 7.2 of the Bylaws. In that event, the Practitioner shall be entitled to request an interview with the MEC to review the suspension within five (5) days of the suspension. The provisions of the Bylaws shall be followed for review of summary suspensions.
3. If the MEC initiates a corrective action investigation of the complaint, it shall, where feasible, assure that the investigation, although not constituting a hearing, shall include the following elements:
 - a. The Practitioner shall be entitled to review, but not retain, copies of statements made by complaining parties and witnesses. The Practitioner shall also be entitled to receive a summary of other adverse information considered relevant to the investigation.
 - b. The Practitioner shall be entitled to respond to the adverse statements and information and to submit oral or written information in response, subject to such conditions and limitations as the MEC may determine.
 - c. If the MEC determines that there is substantial evidence that a violation of this policy has occurred, it may do any one or more of the following:
 - 1) Issue a written or oral reprimand. If a written or oral reprimand is issued, the Practitioner shall be entitled to reply orally or in writing to the MEC. A copy of any written reprimand and any written reply shall be maintained in the Practitioner's credentials file. A written reprimand shall not be considered medical disciplinary action, shall not be reported to the Medical Board of California or the National Practitioner Data Bank, and shall not entitle the Practitioner to a

hearing or appeal under Article 8 of the Bylaws.

- 2) Recommend that the Practitioner undertake psychoanalysis, therapy, counseling, or training.
- 3) Recommend other corrective action in accordance with Article 8 of the Bylaws.
- 4) If the MEC recommends action, which would entitle the Practitioner to request a Medical Staff hearing, special notice to the Practitioner shall be given in accordance with Section 8.6.2 of the Bylaws.

D. Action by the District Board or Designee

If the District Board determines that the MEC's action is inadequate, or if the MEC takes no action after the investigation, the District Board, after complying with applicable law, may do or recommend any one or more of the actions listed in Section C.4) above.

- E. If either the MEC or the District Board recommends corrective action, which, if adopted, would require a report to the Medical Board of California or the National Practitioner Data Bank, the Practitioner shall be notified of the proposed action and of his or her right to request a hearing in accordance with the Bylaws.

| Committee | Approved |
|-----------------------------|----------|
| Medical Executive Committee | 12/04/07 |
| Administration | |
| Board of Directors | 12/05/07 |

**NORTHERN INYO HOSPITAL
POLICY AND PROCEDURE**

| | |
|---|---------------------------|
| Title: Professional Conduct. Prohibition of Disruptive or Discriminatory Behavior | |
| Scope: Hospitalwide | Department: Medical Staff |
| Source: Medical Staff | Effective Date: 12/5/07 |

POLICY

All Medical Staff members shall conduct themselves at all times while on Hospital premises in a courteous, professional, respectful, collegial, and cooperative manner. This applies to interactions and communications with or relating to Medical Staff colleagues, AHPs, nursing and technical personnel, other caregivers, other Hospital personnel, patients, patients' family members and friends, visitors, and others. Such conduct is necessary to promote high quality patient care and to maintain a safe work environment. Disruptive, discriminatory, or harassing behavior, as defined below, are prohibited and will not be tolerated.

Definitions

- A. "Disruptive Behavior" is marked by disrespectful behavior manifested through personal interaction with practitioners, Hospital personnel, patients, family members, or others, which:
1. interferes, or tends to interfere with high quality patient care or the orderly administration of the Hospital or the Medical Staff; or
 2. creates a hostile work environment; or
 3. is directed at a specific person or persons, would reasonably be expected to cause substantial emotional distress, and serves no constructive purpose in advancing the goals of health care.
- B. "Discrimination" is conduct directed against any individual (e.g., against another Medical Staff member, AHP, Hospital employee, or patient) that deprives the individual of full and equal accommodations, advantages, facilities, privileges, or services, based on the individual's race, religion, color, national origin, ancestry, physical disability, mental disability, medical disability, marital status, sex, gender, or sexual orientation.
- C. "Sexual harassment" is unwelcome verbal or physical conduct of a sexual nature, which may include verbal harassment (such as epithets, derogatory comments or slurs), physical harassment (such as unwelcome touching, assault, or interference with movement or work), and visual harassment (such as the display of derogatory or sexual-themed cartoons, drawings or posters). Sexual harassment includes unwelcome advances, requests for sexual favors, and any other verbal, visual, or physical conduct of a sexual nature when (1) submission to or rejection of this conduct by an individual is used as a factor in decisions affecting hiring, evaluation, retention, promotion, or other aspects of employment; or (2) this conduct substantially interferes with the individual's employment or creates an intimidating, hostile, or offensive work environment. Sexual harassment also includes conduct indicating that employment and/or employment benefits are conditioned upon acquiescence in sexual activities.

Examples of Prohibited Conduct

Examples of prohibited, disruptive conduct may include, but are not limited to, any of the conducts described below if it is found to interfere, or tend to interfere, with patient care or the orderly administration of the Hospital or Medical Staff; or, if it creates a hostile work environment; or, if it is directed at a specific person or persons, causes substantial emotional distress, and has no legitimate purpose:

- A. Any striking, pushing, or inappropriate touching of Hospital Staff or others;
- B. Any conduct that would violate Medical Staff and/or Hospital policies relating to discrimination and/or sexual harassment;
- C. Forcefully throwing, hitting, pushing, or slamming objects in an expression of anger or frustration;
- D. Yelling, screaming, or using an unduly loud voice directed at patients, Hospital employees, other practitioners, or others;
- E. Refusing to respond to a request by any caregiver for orders, instructions, or assistance with the care of a patient, including, but not limited to, repeated failure to respond to calls or pages;
- F. Use of racial, ethnic, epithetic, or derogatory comments, or profanity, directed at Hospital employees or others;
- G. Criticism which is unreasonable and unprofessional of Hospital or Medical Staff personnel (including other practitioners), policies or equipment, or other negative comments that undermine patient trust in the Hospital or Medical Staff in the presence or hearing of patients, patients' family members, and/or visitors;
- H. Use of medical record entries to criticize Hospital or Medical Staff personnel, policies, or equipment, other practitioners, or others;
- I. Unauthorized use and/or disclosure of confidential or personal information related to any employee, patient, practitioner, or other person;
- J. Use of threatening or offensive gestures;
- K. Intentional filing of false complaints or accusations;
- L. Any form of retaliation against a person who has filed a complaint against a practitioner alleging violation of the above standard of conduct;
- M. Use of physical or verbal threats to Hospital employees, other practitioners, or others, including, without limitation, threats to get an employee fired or disciplined;

- N. Persisting to criticize, or to discuss performance or quality concerns with particular Hospital employees or others after being asked to direct such comments exclusively through other channels;
- O. Persisting in contacting a Hospital employee or other person to discuss personal or performance matters after that person or a supervisory person, the Chief Executive Officer ("CEO"), or designee, or Medical Staff leader, has requested that such contacts be discontinued [NOTE: MEDICAL STAFF MEMBERS ARE ENCOURAGED TO PROVIDE COMMENTS, SUGGESTIONS AND RECOMMENDATIONS RELATING TO HOSPITAL EMPLOYEES, SERVICES OR FACILITIES; WHERE SUCH INFORMATION IS PROVIDED THROUGH APPROPRIATE ADMINISTRATIVE OR SUPERVISORY CHANNELS];
- P. Obstructing the peer review process by intentionally refusing, without justification, to attend meetings or respond to questions about the practitioner's conduct or professional practice when the practitioner is the subject of a focused review or investigation.

PROCEDURE

Hospital Staff Response to Disruptive or Discriminatory Behavior or Sexual Harassment ("Walk Away Rule")

Any Hospital employee ("Caregiver") who believes that he or she is being subjected to disruptive or discriminatory behavior or sexual harassment within the meaning of this Policy by a Medical Staff member is authorized and directed to take the following actions:

- A. Promptly contact the Caregiver's immediate supervisor to report the situation and to arrange for the transition of patient care as necessary in order to permit the Caregiver to avoid conversing or interacting with the Practitioner;
- B. Discontinue all conversation or interaction with the Practitioner except to the extent necessary to transition patient care responsibility safely and promptly from the Caregiver to another qualified person as directed by the Caregiver's supervisor;
- C. Continue work or patient care activity elsewhere as directed; and
- D. Consult with supervisory personnel or with the Director of Human Resources about filing a written report of the alleged incident.

Enforcement

- A. Allegations
 1. All allegations of disruptive behavior, discrimination, or sexual harassment, as defined above, by a Practitioner involving a patient or involving another member of the Medical or AHP staff shall be forwarded, in writing, to Medical Staff Administration. If the Chief of Staff determines that the allegations are supported by reliable evidence, the Chief of Staff shall forward the allegation to the Medical Executive Committee ("MEC") for action consistent

with the Medical Staff Bylaws. Pursuant to Section 7.1.2.5.2 of these Bylaws, the Chief of Staff shall also consult with the Administrator.

2. Allegations of disruptive behavior, discrimination, or sexual harassment, as defined above, by a Practitioner, directed toward hospital employees or persons other than patients and Medical Staff members, will be immediately forwarded to the Chief of Staff. The Chief of Staff, or designee, shall promptly conduct an initial evaluation. If the Chief of Staff or designee determines that the complaint may be valid, she or he shall inform the Hospital Administrator and shall then proceed as provided herein.
3. If the allegations involve the Chief of Staff, the Vice Chief of Staff shall take over the responsibilities of the Chief of Staff under this section. If the allegations involve a member of the Medical Executive Committee, that member shall not participate or be present during the Medical Executive Committee's consideration of the matter.
4. Initial complaints of disruptive behavior, discrimination, or sexual harassment by a Practitioner shall be documented on an incident reporting form and shall be maintained in the Medical Staff Office. Where possible, reports should include:
 - a. Name(s) of individual(s) involved;
 - b. Date, time and place of incident;
 - c. A factual description and detailing of the incident;
 - d. All witnesses to the incident including any patient or patient's family member or visitor;
 - e. The immediate effects or consequences of the incident; and
 - f. Any action taken by anyone to intervene or remedy the incident.

B. Initial Investigation and Mediation

1. The Chief of Staff shall promptly establish an Ad Hoc Committee to investigate the complaint. If the complaining party is a Hospital employee, the Ad Hoc Committee shall include: the Chief of Staff or designee, the Chair of the practitioner's Clinical Department or designee, the complaining employee's immediate supervisor, and the Hospital Administrator or designee. The Ad Hoc Committee shall take written statements from the complaining party, any witnesses, and the accused. The complaining party shall be informed of the process to investigate and respond to such allegations and shall be informed that retaliation for making such allegations will not be tolerated. The complaining party shall also be informed that if he or she makes a written statement, the statement may be made available to the Practitioner who is the subject of the allegations.
2. All witness statements and investigation documents shall be maintained in the Medical Staff Office as confidential, peer review documents.
3. If the complaint appears to be supported by reliable evidence, the Ad Hoc Committee shall meet with the Practitioner who is the subject of the complaint and advise the Practitioner of his or her obligations under this policy; that a complaint has been made; and that no retaliation against any complaining person, witness or investigator will be tolerated. The Chair of the Ad Hoc Committee shall provide the Practitioner with sufficient information to understand and respond to the allegations made by the complaining party. The Practitioner shall be permitted to respond orally or in writing to the allegations. Any written statement provided by the

Practitioner and all documentation of the investigation created by the Chief of Staff or designee, or by the Ad Hoc Committee, shall be maintained as confidential Medical Staff documents. The Ad Hoc Committee meeting with the Practitioner shall not constitute a hearing and the Practitioner shall not be entitled to legal counsel or other representation during the meeting. The Practitioner may, of course, seek legal counsel outside the meeting process.

4. The Chief of Staff or designee shall advise the Hospital Administrator of the complaint and the status of the investigation. Although legal counsel are not permitted to be present during interviews or meetings provided for in these provisions, the Chief of Staff or designee are encouraged to consult with Medical Staff legal counsel and the Practitioner, at his or her own expense, may consult legal counsel outside the investigation and meeting process.
5. The Chief of Staff or designee and Hospital Administrator shall take appropriate steps to assure that employees, witnesses and others are protected from discrimination, harassment, or retaliation pending the resolution of the complaint.
6. The Ad Hoc Committee shall attempt, if feasible and appropriate, to persuade the parties to agree to a resolution of the complaint, which would be produced in written form and signed by both parties.
7. If the Practitioner is determined to be at fault, the Ad Hoc Committee may enter into a voluntary conduct agreement with the Practitioner; may refer the Practitioner to the Medical Staff Assistance Committee; may refer the Practitioner for counseling or evaluation; or may coordinate other steps to reach an effective voluntary resolution of the issue.

C. Formal Action

1. If the Ad Hoc Committee, or its Chair, concludes that the matter cannot be resolved through voluntary actions and agreements, the Chair shall refer the matter to the MEC with a request for formal corrective action in accordance with Article 8 of the Bylaws. In the event of such referral, any member of the Medical Executive Committee who is the subject of the investigation shall not participate or be present during the Medical Executive Committee's consideration of the matter, except as is provided in subparagraph 2 or 3, below.
2. If immediate action must be taken in response to an imminent risk to the health or safety of any person, any person authorized under Section 7.1 to request corrective action may summarily suspend the Practitioner's Medical Staff membership and privileges in accordance with Section 7.2 of the Bylaws. In that event, the Practitioner shall be entitled to request an interview with the MEC to review the suspension within five (5) days of the suspension. The provisions of the Bylaws shall be followed for review of summary suspensions.
3. If the MEC initiates a corrective action investigation of the complaint, it shall, where feasible, assure that the investigation, although not constituting a hearing, shall include the following elements:
 - a. The Practitioner shall be entitled to review, but not retain, copies of statements made by complaining parties and witnesses. The Practitioner shall also be entitled to receive a summary of other adverse information considered relevant to the investigation.

- b. The Practitioner shall be entitled to respond to the adverse statements and information and to submit oral or written information in response, subject to such conditions and limitations as the MEC may determine.
- c. If the MEC determines that there is substantial evidence that a violation of this policy has occurred, it may do any one or more of the following:
 - 1) Issue a written or oral reprimand. If a written or oral reprimand is issued, the Practitioner shall be entitled to reply orally or in writing to the MEC. A copy of any written reprimand and any written reply shall be maintained in the Practitioner's credentials file. A written reprimand shall not be considered medical disciplinary action, shall not be reported to the Medical Board of California or the National Practitioner Data Bank, and shall not entitle the Practitioner to a hearing or appeal under Article 8 of the Bylaws.
 - 2) Recommend that the Practitioner undertake psychoanalysis, therapy, counseling, or training.
 - 3) Recommend other corrective action in accordance with Article 8 of the Bylaws.
 - 4) If the MEC recommends action, which would entitle the Practitioner to request a Medical Staff hearing, special notice to the Practitioner shall be given in accordance with Section 8.6.2 of the Bylaws.

D. Action by the District Board or Designee

If the District Board determines that the MEC's action is inadequate, or if the MEC takes no action after the investigation, the District Board, after complying with applicable law, may do or recommend any one or more of the actions listed in Section C.4) above.

E. If either the MEC or the District Board recommends corrective action, which, if adopted, would require a report to the Medical Board of California or the National Practitioner Data Bank, the Practitioner shall be notified of the proposed action and of his or her right to request a hearing in accordance with the Bylaws.

| Committee | Approved |
|-----------------------------|-----------------|
| Medical Executive Committee | 12/04/07 |
| Administration | |
| Board of Directors | 12/05/07 |

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**SECURITY SERVICES AGREEMENT
PER DIEM EMPLOYMENT 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 Kristofer Nelsen, hereinafter referred to as "Officer", agrees as follows:

**PART I
RECITALS**

1. The District is the owner and operator of a Hospital located in Bishop, California. District employees several hundred employees, operates a physical plant of over 90,000 sq. feet and is currently undertaking a significant replacement of it facilities.
2. The District requires that it's employees, patients, visitors, and assets enjoy a reasonably safe and secure environment while they are on the District Campus.
3. Officer is duly qualified and appropriately licensed and or certified and or registered to perform the duties as described herein. Officer has experience is managing public disturbances and in securing business operations.
4. District has concluded that engaging Officer is the most desirable course of action considering both the cost and quality of service, as compared to other arrangements available to District.

**PART II
AGREEMENTS**

1. **Duties of the Officer.** The Officer shall:
 - a. Patrol areas, said areas will be designated from time to time, and will change from time to time. Patrol means to provide a visible, physical presence, to observe the areas for unsafe conditions, and to improve said conditions when practical.
 - b. Escort employees, patients and visitors to their cars as requested.
 - c. Assist District employees and other caregivers in transporting patients as required.
 - d. Provide information to the public as requested.
 - e. Restrict entrance of the public when called for.
 - f. Assist in the management of unruly patients, visitors, and general public.
 - g. Enforce District policy relative to restricted areas.
 - h. Assist patient transportation as requested.
 - i. Report to and adhere to the instructions of the Nursing Supervisor in charge.
 - j. Assist EMT's and ambulance personnel as requested.
 - k. Notify the appropriate agencies should a security problem arise warranting outside assistance.

2. **Working Hours.** The District will designate a "lead" Officer. Said Officer will construct and publish, on a monthly basis, the schedule for the remaining officers. Shifts will be for seven days a week, including holidays, for 10 to 12 hours, typically from 6 pm until 6am. Each Officer will volunteer for shifts each month. Once agreed to and published, the Officer will be responsible, in the event he/she is unable to work a scheduled shift, to secure his/her replacement from the remaining contracted officers or notify the lead Officer or District Administrator of said deficiency. Repeated deficiencies will result in termination.
3. **Uniforms.** Officer will wear the prescribed uniform, which will consist of a District logoed shirt and black pants, provided by the District. The officer will also wear, if appropriately licensed/ permitted, guns, mace, pepper spray, handcuffs, and batons.
4. **Background Checks, Annual Physical Examination.** The Officer will submit to background checks as will be required by the District initially and from time to time, as well as annual physical examinations.
5. **Compensation.** The District will compensate the Officer for every tenth of an hour (6 minute increments) based on the base rate of \$40.00 per hour. No minimal number of shifts will be required by the District, but the number of shifts awarded to the Officer will be solely determined by the Lead Officer, in consultation with the District Administrator when necessary.
6. **Benefits.** There are no benefits of any kind, no provision for absence or sick pay, no pension, etc expressed or implied herein.
7. **Notices and Termination.** Each party agrees to accept notices at the addresses stated below. Either party may terminate this contract with 30 written notice to the other. District may terminate this contract immediately upon the arrest or conviction of the officer of any State, County, or Local Law/Ordinance or upon the Officer's loss of licensure/certification/permit that is required by this contract or the duties described herein.
8. **Payment.** Lead Officer will submit a roster of shifts worked for a given month by the fifth working day of the following month. Officer will clock in, be subject to all wage and hour regulations, and will be paid bi-weekly.
9. **PER DIEM EMPLOYEE.** Officer is at all times a Perdiem employee and subject to all the policies and regulations of all NIH employees.
10. **Liability Insurance.** District agrees to procure and maintain, throughout the term of this Agreement, at its sole expense, a policy of general liability insurance coverage with limits of at least \$1,000,000 for any one occurrence, and \$3,000,000 annual aggregate coverage per Officer. Said insurance will cover each officer within the scope of their duties.

11. Not Exclusive. It is specifically agreed and understood that Officer shall not be required to, nor is it anticipated that Officer will devote full time to District, it being understood that Officer may have additional agreements.

12. Assignment. Officer shall not assign, sell or transfer this Agreement or any interest therein without the consent of the District in writing first had and obtained. Notwithstanding any of the foregoing, it is understood and agreed that, in the event that Officer 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 Officers, with all of the rights and subject to all of the obligations of Officer under the terms of this Agreement. Said substitution shall be effected upon Officer giving written notice to District.

13. Term. The term of this Agreement shall be from November 1 2010 to October 31 2011, and continuing from month to month thereafter.

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

15. 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.

DISTRICT:

NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT

BY _____
John Halfen
Administrator

OFFICER:

Kristofer Nelsen
241 Hunter Avenue
Chalfant Valley, CA 93514

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Sandy B

OCT Board

DOUGLAS BUCHANAN

ATTORNEY AT LAW
A PROFESSIONAL CORPORATION

363 ACADEMY AVENUE
BISHOP, CALIFORNIA 93514

DOUGLAS BUCHANAN

RACHEL WEKSLER
ADMITTED IN WYOMING

September 7, 2010

John Halfen, Administrator
Northern Inyo Hospital
150 Pioneer Lane
Bishop, California 93514

Dear John:

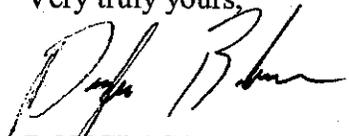
In 1994 the Legislature amended what had been called "The Hospital District Law¹," changing its name to "The Health Care District Law" and providing that any reference to "hospital district" would mean "health care district."

The Legislature did not require that Hospital Districts change their names but many did, including Southern Mono and Southern Inyo. Our District board declined to change its name for a variety of reasons, including the cost of new stationery, but most of all because nothing had really changed. It was a district that operated a hospital and that was all. To change the name at that time would have been deceptive.

Sixteen years later it has become obvious, given the remarkable developments during what I call the "Halfen-Watercott" years, that the nature and operations of Northern Inyo County Local Hospital District have changed in both form and substance, to the point that it would be legitimate to call it a "Health Care District."

I think it appropriate, with the opening of the new hospital slightly more than a year away, to bring this to your attention for you may wish to discuss it with the Board. There is a procedure to change the District name and, if that is what you and the Board want to do, this would be a good time to get it underway.

Very truly yours,



DOUGLAS BUCHANAN
DB:jk

¹ Health & Safety Code § 32000, et seq.

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VENDOR COST COMPARISON

| | | |
|-----------------|------------------------|------------------------|
| | <u>McKesson</u> | <u>Meditech</u> |
| <u>Product:</u> | Paragon | Client/Server 5.6 |
| <u>Date:</u> | September, 2010 | <i>(unchanged)</i> |

I. ONE-TIME (CAPITAL)

| | | | | |
|------------------------------|----|---------------------|-----------|------------------|
| Software | \$ | 783,686 | \$ | 1,356,380 |
| Implementation | \$ | 1,051,460 | \$ | 925,600 |
| Misc. (Conv, Interf, travel) | \$ | 566,006 | \$ | 1,118,280 |
| Hardware | \$ | 286,542 | \$ | 511,935 |
| TOTAL ONE-TIME: | | \$ 2,687,694 | \$ | 3,912,195 |

II. ANNUAL (OPERATING)

| | | | | |
|------------------------------|----|-------------------|-----------|----------------|
| Software | \$ | 175,245 | \$ | 179,232 |
| Misc. (Conv, Interf, travel) | \$ | 18,822 | \$ | 13,884 |
| Hardware | \$ | 83,191 | \$ | 76,790 |
| TOTAL ONGOING | | \$ 277,258 | \$ | 269,906 |

III. CUMULATIVE COSTS

| | | |
|--------------------------|-------------|-------------|
| Implementation 2010-2013 | \$3,383,294 | \$4,332,506 |
| FIVE YEAR | \$4,219,719 | \$5,403,597 |
| SEVEN YEAR | \$4,945,131 | \$6,109,774 |
| TEN YEAR | \$6,175,015 | \$7,307,047 |

Estimated ARRA Cash Flow

2010

October November December

| | |
|---|-------------|
| Paragon/HP/Horizon Performance Manager (1-ACOWFH) | \$783,686 |
| Paragon/HP/HPM and std Part Software | \$1,550,218 |
| Fixed Fee Implementation Services | \$175,245 |
| Annual SW Maintenance | \$286,542 |
| Hardware Equipment | \$49,540 |
| Technology Services | \$21,494 |
| First Databank (FDB) Recurring SW Fee | \$34,980 |
| Relay Health Recurring Annual Fees (Claims/Eligibility) | \$17,708 |
| Relay Health One Time Set Up Fees (Claims/Eligibility) | \$9,639 |
| 3M PPS & GPS w/ APR, DRGs, First Year SW Fees | \$32,000 |
| Technology Services SystemCare Ongoing Fees (Optional) | \$3,900 |
| Technology Services Recurring Fees CareBridge (VPN) | |

Paragon/HP/Horizon Performance Manager

| Payment Terms | October | November | December |
|--|-----------|----------|----------|
| Software | \$195,922 | | |
| Implementation Services | | | |
| Software Maint | | | |
| First Data Bank Annual Fees | \$21,494 | | |
| 3M annual fees for Horizon Performance Manager | | | |
| Hardware | | | |
| Technology Services One Time Service Fees | \$49,540 | | |
| Relay Health One Time Set Up Fees (Claims/Eligibility) | \$17,708 | | |
| Relay Health Recurring Fees (Claims/Eligibility) | | | |
| Carebridge Recurring Fees (VPN) | | | |
| System Care (Optional) | | | |
| Total Costs | \$284,664 | \$0 | \$0 |
| Monthly Estimated Cash Flow | \$284,664 | \$0 | \$0 |
| ESTIMATED HITTECH PAYMENTS | | | |
| Cumulative Cash Flow | \$284,664 | \$0 | \$0 |

* Assumes Signed Agreement by 10/30/10

** Assumes a 12 month installation "

Estimated ARRA Cash Flow

2011

January February March April May June July August Sept. October November December

Paragon/HPF/Horizon Performance Manager (1-NCWFH)
Paragon/HPF/HPM and 3rd Party Software
Fixed Fee Implementation Services
Annual SW Maintenance
Hardware Equipment
Technology Services
First Databank (FDB) Requiring SW/Fee
RelayHealth Requiring Annual Fees (Claims/Eligibility)
Relay Health One Time Set Up Fee (Claims/Eligibility)
3M PPS & GPS/M-APP-DRGs First Year SW Fees
Technology Services System Care Ongoing Fees (Optional)
Technology Services Requiring Fees Carbridge (VPN)

Paragon/HPF/Horizon Performance Manager

| Payment Terms | January | February | March | April | May | June | July | August | Sept. | October | November | December |
|--|-----------|-----------|-------|-------------|-----|-------------|------|-------------|-------------|-------------|-------------|-------------|
| Software | | | | \$195,922 | | | | | | | \$195,921 | |
| Implementation Services | | \$155,022 | | \$232,533 | | \$387,555 | | | | \$43,812 | \$387,555 | |
| Software Maint | | | | | | | | \$9,639 | | \$21,494 | | |
| 3M annual fees for Horizon Performance Manager | | | | | | | | | | | | |
| Hardware | \$286,542 | | | | | | | | | | | |
| Technology Services One Time Service Fees | | | | | | | | | | | | |
| Relay Health One Time Set Up Fees (Claims/Eligibility) | | | | | | | | | | \$2,915 | \$2,915 | \$2,915 |
| Relay Health Requiring Fees (Claims/Eligibility) | | | | | | | | | | | | |
| Carbridge Requiring Fees (VPN) | | \$3,900 | | | | | | | | | | |
| System Care (Optional) | | \$32,000 | | | | | | | | | | |
| Total Costs | \$322,442 | \$155,022 | | \$428,455 | | \$387,555 | | \$9,639 | \$0 | \$68,221 | \$586,391 | \$2,915 |
| Monthly Estimated Cash Flow | \$322,442 | \$155,022 | | \$428,455 | | \$387,555 | | \$9,639 | \$0 | \$68,221 | \$586,391 | \$2,915 |
| ESTIMATED HITECH PAYMENTS | | | | | | | | | | | \$164,000 | |
| Cumulative Cash Flow | \$607,106 | \$762,128 | \$0 | \$1,190,583 | \$0 | \$1,578,138 | \$0 | \$1,587,777 | \$1,587,777 | \$1,655,998 | \$2,078,389 | \$2,081,304 |

* Assumes Signed Agreement by 10/30/10

** Assumes a 12 month installation. "

Estimated ARRA Cash Flow

2012

January | February | March | April | May | June | July | August | September | October | November | December

Paragon/HPF/Horizon Performance Manager (1-NGNPH)
Paragon/HPF/HPM and 3rd Party Software
Fixed Fee Implementation Services
Annual SW Maintenance
Hardware Equipment
Technology Services
First Databank (FDB): Recurring SW Fee
Relay Health Recurring Annual Fees (Claims/Eligibility)
Relay Health One Time Set Up Fee (Claims/Eligibility)
3M PPS & GPS/A-PPR-DRG/First Year SW Fees
Technology Services System Care Ongoing Fees (Optional)
Technology Services Recurring Fees CareBridge (V/P/N)

| Paragon/HPF/Horizon Performance Manager | | | | | | | | | | | | |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|----------|-----------|-----------|
| Payment Terms | | | | | | | | | | | | |
| Software | | | | | | | | | | | | |
| Implementation Services | | | | | | | | | | | | |
| Software Maint | \$175,245 | \$387,553 | | | | \$195,921 | | | | | | |
| First Data Bank Annual Fees | | | | | | | | | | | | |
| 3M annual fees for Horizon Performance Manager | | | | | | | | | | | | |
| Hardware | | | | | | | | | | | | |
| Technology Services One Time Service Fees | | | | | | | | | | | | |
| Relay Health One Time Set Up Fees (Claims/Eligibility) | \$2,915 | \$2,915 | \$2,915 | \$2,915 | \$2,915 | \$2,915 | \$2,915 | \$2,915 | \$2,915 | \$2,915 | \$2,915 | \$2,915 |
| Relay Health Recurring Fees (Claims/Eligibility) | \$3,900 | | | | | | | | | | | |
| Carebridge Recurring Fees (V/P/N) | \$32,000 | | | | | | | | | | | |
| System Care (Optional) | | | | | | | | | | | | |
| Total Costs | \$214,060 | \$390,468 | \$2,915 | \$2,915 | \$2,915 | \$198,836 | \$2,915 | \$2,915 | \$2,915 | \$2,915 | \$24,409 | \$2,915 |
| Monthly Estimated Cash Flow | \$214,060 | \$390,468 | \$2,915 | \$2,915 | \$2,915 | \$198,836 | \$2,915 | \$2,915 | \$2,915 | \$12,554 | \$2,915 | \$24,409 |
| ESTIMATED HIT/ECHEC PAYMENTS | | | | | | | | | | | | |
| Cumulative Cash Flow | \$2,295,364 | \$2,685,832 | \$2,688,747 | \$2,691,662 | \$2,890,498 | \$2,893,413 | \$2,896,328 | \$2,908,882 | \$2,911,797 | | \$524,121 | \$527,036 |

* Assumes Signed Agreement by 10/30/10
** Assumes a 12 month installation "

Estimated ARRA Cash Flow

2013

January February March April May June July August September October November December

Paragon/HPF/Horizon Performance Manager (1-NCWFH)
 Paragon/HPF/HPM and 3rd Party Software
 Fixed Fee Implementation Services
 Annual SW Maintenance
 Hardware Equipment
 Technology Services
 First Databank (FDB) Recurring SW Fee
 RelayHealth Recurring Annual Fees (Claims/Eligibility)
 RelayHealth One Time Set Up Fee (Claims/Eligibility)
 3M/PPS/8/GPSW/ARF/DRGs First Year SW Fees
 Technology Services SystemCare Ongoing Fees (Optional)
 Technology Services Recurring Fees CareBridge (VPN)

Paragon/HPF/Horizon Performance Manager

| Payment Terms | January | February | March | April | May | June | July | August | September | October | November | December |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Software | | | | | | | | | | | | |
| Implementation Services | | | | | | | | | | | | |
| Software Maint | \$175,245 | | | | | | | | | \$21,494 | | |
| First Data Bank Annual Fees | | | | | | | | \$9,639 | | | | |
| 3M annual fees for Horizon Performance Manager | | | | | | | | | | | | |
| Hardware | | | | | | | | | | | | |
| Technology Services One Time Service Fees | | | | | | | | | | | | |
| Relay Health One Time Set Up Fees (Claims/Eligibility) | \$2,915 | \$2,915 | \$2,915 | \$2,915 | \$2,915 | \$2,915 | \$2,915 | \$2,915 | \$2,915 | \$2,915 | \$2,915 | \$2,915 |
| Relay Health Recurring Fees (Claims/Eligibility) | \$3,900 | | | | | | | | | | | |
| Carebridge Recurring Fees (VPN) | | | | | | | | | | | | |
| System Care (Optional) | \$32,000 | | | | | | | | | | | |
| Total Costs | \$214,060 | \$2,915 | \$2,915 | \$2,915 | \$2,915 | \$2,915 | \$2,915 | \$2,915 | \$2,915 | \$24,409 | \$2,915 | \$2,915 |
| Monthly Estimated Cash Flow | \$214,060 | \$2,915 | \$2,915 | \$2,915 | \$2,915 | \$2,915 | \$2,915 | \$12,554 | \$2,915 | \$24,409 | \$2,915 | \$2,915 |
| ESTIMATED HITECH PAYMENTS | | | | | | | | | | | \$250,000 | |
| Cumulative Cash Flow | \$741,096 | \$744,011 | \$746,926 | \$749,841 | \$752,756 | \$755,671 | \$758,586 | \$771,140 | \$774,055 | \$798,464 | \$551,379 | \$554,294 |

* Assumes Signed Agreement by 10/30/10

**Assumes a 12 month installation."

Estimated ARRA Cash Flow

| | 2010 | 2011 | 2012 | 2013 | TOTALS |
|--|------|------|------|------|--------|
|--|------|------|------|------|--------|

| | Annual | Annual | Annual | Annual | TOTALS |
|--|------------|--------------------|---------------------|-------------------|---------------------|
| Paragon/HP/Horizon Performance Manager (1-NGWFH) Paragon/HP/Horizon and 3rd Party Software Fixed Fee Implementation Services Annual SW/Maintenance Hardware Equipment Technology Services First Databank (FDB) Recurring SW Fee Relay Health Recurring Annual Fees (Claims Eligibility) Relay Health One Time Set Up Fee (Claims Eligibility) 3M PPS & GPS w APR-DRGs First Year SW Fees Technology Services System Care Ongoing Fees (Optional) Technology Services Recurring Fees Carebridge (VEN) | | | | | |
| Annual | \$195,922 | \$397,843 | \$195,921 | \$0 | \$789,686 |
| Software | \$0 | \$1,162,665 | \$387,553 | \$0 | \$1,550,218 |
| Implementation Services | \$0 | \$43,812 | \$175,245 | \$175,245 | \$394,302 |
| Software Maint | \$21,494 | \$21,494 | \$21,494 | \$21,494 | \$85,976 |
| First Data Bank Annual Fees | \$0 | \$9,639 | \$9,639 | \$9,639 | \$28,917 |
| 3M annual fees for Horizon Performance Manager | \$0 | \$286,542 | \$0 | \$0 | \$286,542 |
| Hardware | \$49,540 | \$0 | \$0 | \$0 | \$49,540 |
| Technology Services One Time Service Fees | \$17,708 | \$0 | \$0 | \$0 | \$17,708 |
| Relay Health One Time Set Up Fees (Claims/Eligibility) | \$0 | \$8,745 | \$34,980 | \$34,980 | \$78,705 |
| Relay Health Recurring Fees (Claims/Eligibility) | \$0 | \$3,900 | \$3,900 | \$3,900 | \$11,700 |
| Carebridge Recurring Fees (VPN) | \$0 | \$32,000 | \$32,000 | \$32,000 | \$96,000 |
| System Care (Optional) | \$284,664 | \$1,960,640 | \$860,732 | \$277,258 | \$3,383,294 |
| Total Costs | \$284,664 | \$1,960,640 | \$860,732 | \$277,258 | \$3,383,294 |
| Monthly Estimated Cash Flow | \$284,664 | \$1,960,640 | \$860,732 | \$277,258 | \$3,383,294 |
| ESTIMATED HITECH PAYMENTS | \$0 | -\$164,000 | -\$2,415,000 | -\$250,000 | -\$2,829,000 |
| Cumulative Cash Flow | \$0 | \$1,796,640 | \$242,372 | \$269,630 | \$554,294 |

| | Annual | Annual | Annual | Annual | TOTALS |
|---|------------|--------------------|---------------------|-------------------|---------------------|
| Paragon/HP/Horizon Performance Manager Payment Terms | | | | | |
| Annual | \$195,922 | \$397,843 | \$195,921 | \$0 | \$789,686 |
| Software | \$0 | \$1,162,665 | \$387,553 | \$0 | \$1,550,218 |
| Implementation Services | \$0 | \$43,812 | \$175,245 | \$175,245 | \$394,302 |
| Software Maint | \$21,494 | \$21,494 | \$21,494 | \$21,494 | \$85,976 |
| First Data Bank Annual Fees | \$0 | \$9,639 | \$9,639 | \$9,639 | \$28,917 |
| 3M annual fees for Horizon Performance Manager | \$0 | \$286,542 | \$0 | \$0 | \$286,542 |
| Hardware | \$49,540 | \$0 | \$0 | \$0 | \$49,540 |
| Technology Services One Time Service Fees | \$17,708 | \$0 | \$0 | \$0 | \$17,708 |
| Relay Health One Time Set Up Fees (Claims/Eligibility) | \$0 | \$8,745 | \$34,980 | \$34,980 | \$78,705 |
| Relay Health Recurring Fees (Claims/Eligibility) | \$0 | \$3,900 | \$3,900 | \$3,900 | \$11,700 |
| Carebridge Recurring Fees (VPN) | \$0 | \$32,000 | \$32,000 | \$32,000 | \$96,000 |
| System Care (Optional) | \$284,664 | \$1,960,640 | \$860,732 | \$277,258 | \$3,383,294 |
| Total Costs | \$284,664 | \$1,960,640 | \$860,732 | \$277,258 | \$3,383,294 |
| Monthly Estimated Cash Flow | \$284,664 | \$1,960,640 | \$860,732 | \$277,258 | \$3,383,294 |
| ESTIMATED HITECH PAYMENTS | \$0 | -\$164,000 | -\$2,415,000 | -\$250,000 | -\$2,829,000 |
| Cumulative Cash Flow | \$0 | \$1,796,640 | \$242,372 | \$269,630 | \$554,294 |

* Assumes Signed Agreement by 10/30/10
 ** Assumes a 12 month installation.

Hospital Information Evaluation Form for Vendor Choice

1. Which system is most user friendly?

McKesson MediTech

Comments: Fewer menus, key strokes.

2. Which system meets most of your requirements?

McKesson MediTech

Comments: Has a practice management solution

3. Overall use?

McKesson MediTech

Comments: _____

4. Implementation timeline?

McKesson MediTech

Comments: shorter implementation.

5. Customization?

McKesson MediTech

Comments: _____

6. Which system would have the least issues for your Department?

McKesson MediTech

Overall Comments:

Physicians liked the CPOE from
McKesson best.

1. Was the HIS Pros evaluation approach useful? Yes No

2. Was it an accurate measure of how the Dept Head users feel? Yes No

Lisa Harmon
Name

Practice Management
Department

Hospital Information Evaluation Form for Vendor Choice

1. Which system is most user friendly?

McKesson MediTech

Comments: _____

2. Which system meets most of your requirements?

McKesson MediTech

Comments: _____

3. Overall use?

McKesson MediTech

Comments: _____

4. Implementation timeline?

McKesson MediTech

Comments: _____

5. Customization?

McKesson MediTech

Comments: _____

6. Which system would have the least issues for your Department?

McKesson MediTech

Overall Comments:

Simply. It (McKesson) was better

1. Was the HIS Pros evaluation approach useful?

Yes No

2. Was it an accurate measure of how the Dept Head users feel?

Yes No

Neil Lynch
Name

Purchasing
Department

Hospital Information Evaluation Form for Vendor Choice

1. Which system is most user friendly?

McKesson MediTech

Comments: McKesson has less screens & faster information

2. Which system meets most of your requirements?

McKesson MediTech

Comments: _____

3. Overall use?

McKesson MediTech

Comments: _____

4. Implementation timeline?

McKesson MediTech

Comments: much faster and more complete

5. Customization?

McKesson MediTech

Comments: _____

6. Which system would have the least issues for your Department?

McKesson MediTech

Overall Comments:

Overall like McKesson in all areas - much better
for nursing

1. Was the HIS Pros evaluation approach useful?

Yes No

2. Was it an accurate measure of how the Dept Head users feel?

Yes No

Barbara J. Smith
Name

Nursing - Med Surg / Infection control
Department

Hospital Information Evaluation Form for Vendor Choice

1. Which system is most user friendly?

McKesson MediTech

Comments: _____

2. Which system meets most of your requirements?

McKesson MediTech

Comments: _____

3. Overall use?

McKesson MediTech

Comments: _____

4. Implementation timeline?

McKesson MediTech

Comments: _____

5. Customization?

McKesson MediTech

Comments: _____

6. Which system would have the least issues for your Department?

McKesson MediTech

Overall Comments:

I am convinced McKesson is the way to go for nursing - Thank you

1. Was the HIS Pros evaluation approach useful?

Yes No

2. Was it an accurate measure of how the Dept Head users feel?

Yes No

Name

Jan Lewis

Department

Nursing - ICU-OB

Hospital Information Evaluation Form for Vendor Choice

1. Which system is most user friendly?

McKesson MediTech

Comments: _____

2. Which system meets most of your requirements?

McKesson MediTech

Comments: _____

3. Overall use?

McKesson MediTech

Comments: _____

4. Implementation timeline?

McKesson MediTech

Comments: _____

5. Customization?

McKesson MediTech

Comments: _____

6. Which system would have the least issues for your Department?

McKesson MediTech

Overall Comments:

I feel McKesson was a much better fit for
NIH as a whole.

1. Was the HIS Pros evaluation approach useful?

Yes No

2. Was it an accurate measure of how the Dept Head users feel?

Yes No

Linda Goodwin
Name

Admin / IT
Department

Hospital Information Evaluation Form for Vendor Choice

1. Which system is most user friendly?

McKesson MediTech

Comments: _____

2. Which system meets most of your requirements?

McKesson MediTech

Comments: _____

3. Overall use?

McKesson MediTech

Comments: _____

4. Implementation timeline?

McKesson MediTech

Comments: _____

5. Customization?

McKesson MediTech

Comments: _____

6. Which system would have the least issues for your Department?

McKesson MediTech

Overall Comments:

See Attached
Being from QuadraMed Affinity to McKesson Paragon is a lateral move, only increase is AP, electronic Payments, but there is not an Human Resource of anykind. Only meditech demonstrated new features.

1. Was the HIS Pros evaluation approach useful? Yes No
2. Was it an accurate measure of how the Dept Head users feel? Yes No

Came Petersen
Name

Accounting
Department

From a financial system point of view, McKesson does not offer anything new with the exception of electronic payments from Accounts Payable. There is no Human Resource package at all. After doing site visits and hearing the work flow issues other hospital have with McKesson Paragon, we will certainly be able to make the system work for Northern Inyo Hospital, but the conversion process is very labor intensive and time-consuming for no new functionality. We will need to pursue another 3rd party vendor such as ADP or Kronos to get to employee self-service features that seemed to be demonstrated with Medi-Tech. Also, most of the Accounting departments use 3rd party vendors for budgeting and report writing.

Medi-Tech seemed to offer new functionality and a complete HR/Payroll package. The Financials were more complete within the system, but the Medi-Tech hospital that we were sent to for a site visit used a corporate hospital to run financials so other than the demonstration by Medi-Tech, we did not see how it was being used. The time-line for Medi-Tech implementation puts the ARRA stimulus money in jeopardy.

Meaningful use in the Electronic Health Records is not a function of the financial side of the hospital and the patient care areas seem much more impressed with McKesson/Paragon.

Thank you, Carrie Petersen-Controller

Hospital Information Evaluation Form for Vendor Choice

1. Which system is most user friendly?

McKesson MediTech

Comments: _____

2. Which system meets most of your requirements?

McKesson MediTech

Comments: _____

3. Overall use?

McKesson MediTech

Comments: _____

4. Implementation timeline?

McKesson MediTech

Comments: _____

5. Customization?

McKesson MediTech

Comments: _____

6. Which system would have the least issues for your Department?

McKesson MediTech

Overall Comments:

McKesson is flexible and accomodating.

1. Was the HIS Pros evaluation approach useful?

Yes No

2. Was it an accurate measure of how the Dept Head users feel?

Yes No

Name

Adam D. Taylor

10/5/10

Department,

IT

10/06/10

To: Northern Inyo Hospital Board Of Directors
From: Adam Taylor
Re: HIS Selection

I would like to express my support for Northern Inyo Hospital to select McKesson's Paragon as our new Hospital Information System.

From an Information Technology perspective, Paragon presents the most flexible solution of all vendors we evaluated. They are willing to work with our preferred hardware vendors. Though this may lead to some savings resulting from leveraging existing equipment, more importantly, we will not have to reconfigure other systems to accommodate installation of Paragon and we will not have to spend many hours of training and familiarizing ourselves with new hardware systems.

Beyond IT concerns, I have found McKesson to be accommodating and honest.

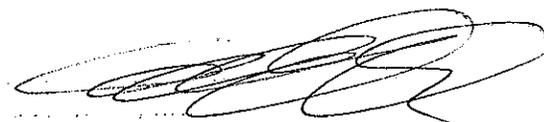
In the early evaluation process, a salesperson mentioned the CPOE module would be ready for release a few months from that time. When McKesson later returned for their CPOE demonstration, it had been released according to the schedule they had promised.

The McKesson sales team was diligent in making sure their quote reflected our actual needs. They repeatedly requested information from us so that they were not undercharging us in their quote.

McKesson was sensitive to our needs in the contract negotiation phase as well. I expressed a desire to have an RN onsite to evaluate our clinical workflows so that McKesson could recommend changes that would best fit their product. The McKesson representative offered to send a nurse free of charge.

McKesson seems willing to make an honest effort to work with Northern Inyo Hospital and I think they will make an excellent partner for NIH in the future.

Sincerely,



Adam D. Taylor

Manager Of Information Technology

Hospital Information Evaluation Form for Vendor Choice

1. Which system is most user friendly?

McKesson MediTech

Comments: The report writer is also much easier with McKesson.
Overall appearance and ease of use is better.

2. Which system meets most of your requirements?

McKesson MediTech

Comments: Works well for medications and with Omnicell.

3. Overall use?

McKesson MediTech

Comments: Ordering components were more flexible.

4. Implementation timeline?

McKesson MediTech

Comments: seems it would be installed quicker than Meditech.
more company people on site to train.

5. Customization?

McKesson MediTech

Comments: Windows based. Software programs aren't
as "old" as Medi Techs. They will use most of our
current hardware. more responsive to customization
requests.

6. Which system would have the least issues for your Department?

McKesson MediTech

Overall Comments:

Concerned that McKesson does not have an HR function. Like not having
to go off site so much for training. Hopefully less expensive.

1. Was the HIS Pros evaluation approach useful? Yes No

2. Was it an accurate measure of how the Dept Head users feel? Yes No

PrIntchee
Name

Nursing adm.
Department

Hospital Information Evaluation Form for Vendor Choice

1. Which system is most user friendly?

McKesson MediTech

Comments: _____

2. Which system meets most of your requirements?

McKesson MediTech

Comments: _____

3. Overall use?

McKesson MediTech

Comments: _____

4. Implementation timeline?

McKesson MediTech

Comments: _____

5. Customization?

McKesson MediTech

Comments: _____

6. Which system would have the least issues for your Department?

McKesson MediTech

Overall Comments:

1. Was the HIS Pros evaluation approach useful? Yes No
2. Was it an accurate measure of how the Dept Head users feel? Yes No

Andrew Stavers
Name

ED/Nursing
Department

Hospital Information Evaluation Form for Vendor Choice

1. Which system is most user friendly?

McKesson MediTech

Comments: _____

2. Which system meets most of your requirements?

McKesson MediTech

Comments: _____

3. Overall use?

McKesson MediTech

Comments: _____

4. Implementation timeline?

McKesson MediTech

Comments: Either

5. Customization?

McKesson MediTech

Comments: _____

6. Which system would have the least issues for your Department?

McKesson MediTech

Overall Comments:

★ THE VOTING METHOD WAS NOT PROPORTIONATELY APPLIED OR VOTE EQUITABLE
(FOUND THIS VERY DISAPPOINTING IN HIS PROS)
THERE SHOULD BE A DEVELOPED WEIGHT RELATIVE TO EACH AREA OF HOSPITAL
VS BASED ON WHO JUST SHOWS UP TO MEETING BEING COUNTED IN VOTE

1. Was the HIS Pros evaluation approach useful? Yes No
2. Was it an accurate measure of how the Dept Head users feel? Yes No ★

M. JILUEMANIS
Name

BUSINESS OFFICE
Department

Hospital Information Evaluation Form for Vendor Choice

1. Which system is most user friendly?

McKesson MediTech

Comments: _____

2. Which system meets most of your requirements?

McKesson MediTech

Comments: *NOT SURE HOW OUR PREVIOUS RECORD WILL COME OVER SINCE NO ONE SHAD SCANNED RECORDS YET.*

3. Overall use?

McKesson MediTech

Comments: _____

4. Implementation timeline?

McKesson MediTech

Comments: _____

5. Customization?

McKesson MediTech

Comments: _____

6. Which system would have the least issues for your Department?

McKesson MediTech

Overall Comments:

If we went with Meditech we would still need to purchase McKesson's document scanning systems

1. Was the HIS Pros evaluation approach useful? Yes No
2. Was it an accurate measure of how the Dept Head users feel? Yes No

Jalaine Beems
Name

Medical Records
Department

Hospital Information Evaluation Form for Vendor Choice

1. Which system is most user friendly?

McKesson MediTech

Comments: Much easier from the Admissions standpoint

2. Which system meets most of your requirements?

McKesson MediTech

Comments: _____

3. Overall use?

McKesson MediTech

Comments: _____

4. Implementation timeline?

McKesson MediTech

Comments: _____

5. Customization?

McKesson MediTech

Comments: _____

6. Which system would have the least issues for your Department?

McKesson MediTech

Overall Comments:

McKesson documentation is much easier
to follow

1. Was the HIS Pros evaluation approach useful?

Yes No

2. Was it an accurate measure of how the Dept Head users feel?

Yes No

Julia M. Shumway
Name

Admissions
Department

Hospital Information Evaluation Form for Vendor Choice

1. Which system is most user friendly?

McKesson MediTech

Comments: _____

2. Which system meets most of your requirements?

McKesson MediTech

Comments: _____

3. Overall use?

McKesson MediTech

Comments: _____

4. Implementation timeline?

McKesson MediTech

Comments: Identified Bar Coding as a safety feature available sooner with McKesson.

5. Customization?

McKesson MediTech

Comments: N/A

6. Which system would have the least issues for your Department?

McKesson MediTech

Overall Comments:

Windows based will be vastly superior looking towards the future, with regards to wireless, remote, home/office order entry etc.

1. Was the HIS Pros evaluation approach useful?

Yes No

2. Was it an accurate measure of how the Dept Head users feel?

Yes No

Jillene Freis
Name

Pharmacy
Department

Jeff Kneip - At board meeting for pharmacy

Hospital Information Evaluation Form for Vendor Choice

1. Which system is most user friendly?

McKesson MediTech

Comments: _____

2. Which system meets most of your requirements?

McKesson MediTech

Comments: _____

3. Overall use?

McKesson MediTech

Comments: _____

4. Implementation timeline?

McKesson MediTech

Comments: _____

5. Customization?

McKesson MediTech

Comments: _____

6. Which system would have the least issues for your Department?

McKesson MediTech

Overall Comments:

1. Was the HIS Pros evaluation approach useful? Yes No
2. Was it an accurate measure of how the Dept Head users feel? Yes No

Dave David
Name DAVID

UR
Department

Hospital Information Evaluation Form for Vendor Choice

1. Which system is most user friendly?

McKesson MediTech

Comments: McKesson is easier to build, Meditech easier for end user.

2. Which system meets most of your requirements?

McKesson MediTech

Comments: Both

3. Overall use?

McKesson MediTech

Comments: _____

4. Implementation timeline?

McKesson MediTech

Comments: _____

5. Customization?

McKesson MediTech

Comments: neither

6. Which system would have the least issues for your Department?

McKesson MediTech

Overall Comments:

Either system will cause regress/progress for Radiology. Will Fully support hospital decision.
HIS Pros useful, but excluded many possible vendors

1. Was the HIS Pros evaluation approach useful? Yes No

2. Was it an accurate measure of how the Dept Head users feel? Yes No

Patty Fisher
Name

Radiology
Department

Hospital Information Evaluation Form for Vendor Choice

1. Which system is most user friendly?

McKesson MediTech

Comments: more user friendly for PACU

has a
perioperative
module

2. Which system meets most of your requirements?

McKesson MediTech

Comments: _____

3. Overall use?

McKesson MediTech

Comments: either one

4. Implementation timeline?

McKesson MediTech

Comments: I really don't care about the timeline
PACU will probably be toward the end of
ETP implementation

5. Customization?

McKesson MediTech

Comments: I don't want
to rush on this
& McKesson

6. Which system would have the least issues for your Department?

McKesson MediTech

as far as I can tell

seems to
push it
through too
fast

Overall Comments:

I really don't care - either one

will be somewhat difficult for the perioperative
area and neither one has a module for OP infusion

1. Was the HIS Pros evaluation approach useful?

Yes

No

?

2. Was it an accurate measure of how the Dept Head users feel?

Yes

No

?

Aun Wagner
Name

OP/PACU
Department

Hospital Information Evaluation Form for Vendor Choice

1. Which system is most user friendly?

McKesson MediTech

Comments: A bit less rigid in what you can modify vs. Meditech
Report writing is better than Meditech

2. Which system meets most of your requirements?

McKesson MediTech

Comments: Both systems offer similar capability, McKesson is a bit more flexible

3. Overall use?

McKesson MediTech

Comments: Flexibility makes McKesson stand out

4. Implementation timeline?

McKesson MediTech

Comments: start w/in 3 months w/ McKesson, 18 months w/ Meditech

5. Customization?

McKesson MediTech

Comments: Allows for more customization

6. Which system would have the least issues for your Department?

McKesson MediTech

Overall Comments:

Both systems would work, but McKesson seems more user friendly than Meditech, McKesson allows for more customization and appears easier to get information/reports out of.

1. Was the HIS Pros evaluation approach useful? Yes No
2. Was it an accurate measure of how the Dept Head users feel? Yes No

Steve Tordoff
Name

Nursing Admin
Department

Hospital Information Evaluation Form for Vendor Choice

1. Which system is most user friendly?

McKesson MediTech

Comments: Has an Perioperative Module that

2. Which system meets most of your requirements?

McKesson MediTech

Comments: _____

3. Overall use?

McKesson MediTech

Comments: Either One

4. Implementation timeline?

McKesson MediTech

Comments: Either System will work - McKesson is
Sooner and might be more difficult to meet for
the Perioperative Unit -

5. Customization?

McKesson MediTech

Comments: Either will work -

6. Which system would have the least issues for your Department?

McKesson MediTech

Overall Comments:

I can make either system work - but will
require several dedicated employees from the perioperative
unit to build the dictionaries for either system

1. Was the HIS Pros evaluation approach useful? Yes No
2. Was it an accurate measure of how the Dept Head users feel? Yes No

Debra Sturman
Name

Surgery / Central Supply
Department

Hospital Information Evaluation Form for Vendor Choice

1. Which system is most user friendly?

McKesson MediTech

Comments: Windows based

2. Which system meets most of your requirements?

McKesson MediTech

Comments: _____

3. Overall use?

McKesson MediTech

Comments: _____

4. Implementation timeline?

McKesson MediTech

Comments: _____

5. Customization?

McKesson MediTech

Comments: _____

6. Which system would have the least issues for your Department?

McKesson MediTech

Note:

* I did not attend the site visits.

Overall Comments:

Medi-Tech is DOS based - not windows. Not real user friendly, we would need to purchase another vendors document scanning system as well as software for transcription.

1. Was the HIS Pros evaluation approach useful? Yes No
2. Was it an accurate measure of how the Dept Head users feel? Yes No

Ann Rusk
Name

Medical Records
Department

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OFFICE LEASE

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OFFICE LEASE

Preamble

This lease is entered into on October 1 2010, by and between NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT, a California Health Care District (hereinafter referred to as "Landlord"), and D. Scott Clark, M.D. (hereinafter referred to as "Tenant").

Subject to the terms and conditions set forth in this Lease, landlords hereby lease to Tenant that certain office space, including fixtures, furnishings and equipment, located in the Pioneer Medical Building ("the Building") at 152 Pioneer Lane, Suite G, Bishop, California, more particularly described as "Suite G", and hereinafter referred to as "the Premises".

Term

1. The term of this lease shall be eighteen (18) months commencing at 12:01 a.m. on October 1, 2010, and ending at 12:01 a.m. on April 1, 2012, unless terminated earlier as provided in this lease. If Tenant holds over and constitutes in possession of the Premises after termination of the term of the lease, Tenant's continued occupancy of the Premises shall be deemed merely a tenancy from month-to-month at a minimum rental of \$1,357 per month subject to all the terms and conditions contained in this lease.

Basic Rent

2. Tenant agrees to pay to Landlord as basic rent for the use and occupancy of the Premises, at a rate of \$1,130.83 per month payable on the first day of each and every month commencing October 1, 2010, and continuing through the term of this lease. All rent shall be paid by tenant at the office of the Landlord, 150 Pioneer Lane, Bishop, California, 93514, or any other place or places that Landlord may from time to time designate by written notice given to Tenant.

Utilities

3. Tenant agrees to pay, and keep current, the cost of all utilities, including but not limited to electricity, propane, water, sewer, and telephone required for the use of the premises allowed in this Lease, to-wit; a medical office.

Use of Premises

4. The Premises shall be used for medical office purposes by Tenant and for no other uses or uses without the prior express written consent of Landlord. Tenant, in this regard, acknowledges that Tenant has received, read, and understood the following recorded documents, which control and restrict the use of the Premises and the Building:

(a) Declaration of Restrictions recorded December 23, 1983 as Instrument 83-6168 in the Official Records of the County Of Inyo, State of California;

(b) First Amendment to Declaration of Restrictions by the Northern Inyo County Local Hospital District recorded February 11, 1991 as Instrument 91-0733 in the Official Records of the County of Inyo, State of California.

Prohibited Uses

5. Tenant shall not commit or permit the commission of any acts on the Leased Space nor use or permit the use of the leased Space in any way that

(a) Increases the existing rates for or causes cancellation of any fire, casualty, liability, or other insurance policy insuring the Building or its contents;

(b) Violates or conflicts with any law, statute, ordinance, or governmental rule or regulation, whether now in force or hereinafter enacted, governing the Leased Space or the Building;

(c) Obstructs or interferes with the rights of other tenants or occupants of the Building or injures or annoys them; or

(d) Constitutes the commission of waste on the Leased Space or the commission or maintenance of a nuisance as defined by the laws of California.

Alterations by Tenant

6. No alteration, addition, or improvement to the Leased Space shall be made by Tenant without the written consent of Landlord. Concurrently with requesting Landlord's consent to the proposed alteration, addition, or improvement, Tenant shall submit to Landlord preliminary plans for the alteration, addition, or improvement. Landlord shall, in its sole discretion, approve or disapprove the proposed alteration, addition, or improvement within thirty (30) days after its receipt of Tenant's written request for approval. If Landlord fails to affirmatively approve or disapprove the proposed alteration, addition, or improvement within the same thirty (30) day period, the proposed alteration, addition, or improvement shall be deemed disapproved. If Landlord gives such written consent to any alteration, addition, or improvement to the leased premises, Landlord and Tenant shall agree in writing at that time to the date when that undertaking shall be completed. Tenant shall obtain all necessary governmental permits required for any alteration, addition, or improvement approved by Landlord and shall comply with all applicable governmental law, regulations, ordinances, and codes. Any alteration, addition, or improvement made by Tenant after consent has been given, and any fixtures installed as part of the construction, shall at Landlord's option become the property of Landlord on the expiration or other earlier termination of this lease; provided, however, that Landlord shall have the right to require Tenant to remove the fixtures at tenants' cost on termination of this lease. If Tenant is required by Landlord to remove the fixtures on termination of this lease, Tenant shall repair and restore any damages to the leased premises caused by such removal.

Mechanics' Liens

7. If Tenant causes any alterations, additions, or improvements to be made to the leased space, tenant agrees to keep same free of liens for both labor and materials. If a lien is placed on the Leased Space in connection with any construction, repair, or replacement work that Tenant may or must cause to be performed under this lease, which results in a final judgment, Landlord may pay the amount of that judgment. Tenant shall reimburse Landlord for the full amount paid within thirty (30) days after that amount is paid by Landlord; otherwise Tenant shall be in default under this lease.

Maintenance & Repairs

8. (a) Subject of the duty of the Landlord under this lease to provide regular cleaning service for the Leased Space and to perform maintenance and repairs for the Leased Space as needed, tenant shall during the term of this lease maintain the Leased Space, in a good, clean, and safe condition, and shall on expiration or earlier termination of this lease surrender the Leased Space to Landlord in as good condition and repair as existed on the date of this lease, reasonable wear and tear and damage by the elements expected. Tenant, at Tenant's own expense, shall repair all deteriorations or injuries to the Leased Space or to the Building occasioned by Tenant's lack of ordinary care.

(b) Except as otherwise provided in this lease, landlord shall perform, at Landlord's sole expense, all repairs and maintenance for the Leased Space. Any repairs by Landlord shall be made promptly with first-class materials, in a good and workmanlike manner, in compliance with all applicable laws of all governmental authorities, and in a style, character, and quality conforming to the existing construction. Except in the case of an emergency, Landlord shall not enter the Leased Space for the purpose of effecting the repairs, alterations, or improvements other than during normal business hours, and shall give Tenant 24-hours' notice of the intention to enter for those purposes.

(c) Except for cases of emergency, Landlord shall make all repairs required hereunder as soon as is practical. In the event Landlord has not made a repair referred to in a written notice from Tenant to Landlord within 30 days after the date of that notice, Tenant shall have the right to have the repair performed and be reimbursed by Landlord. If the full amount of reimbursement is not delivered by Landlord to Tenant within 10 days after Tenant's delivery to Landlord of a written statement or bill evidencing the cost of the repair, Tenant shall have the right to deduct the cost of the repair from the next monthly rent payable to Landlord.

(d) Cleaning maintenance for the Leased Space shall be regularly performed by Landlord on a weekly basis.

Inspection by landlord

9. Tenant shall permit Landlord or Landlord's agents, representatives or employees, to enter the Premises at all reasonable times for the purpose of inspecting the Premises to determine whether

Tenant is complying with the terms of this lease and for the purpose of doing other lawful acts that may be necessary to protect Landlord's interest in the Premises under this lease.

Tenant's Liability Insurance

10. For the mutual benefit of Landlord and Tenant, Tenant shall during the term of this lease caused to be issued and maintained public liability insurance in the sum of at least \$1,000,000.00 for one occurrence causing injury to or death of one person, and \$2,000,000.00 for all occurrences within a 12-month period, injury and/or death occurring in or on the Leased Space or in the common areas. Landlord shall be named as an additional insured and the policy shall contain cross-liability endorsements. Tenant shall maintain all such insurance in full force and effect during the entire term of this lease and shall pay all premiums for the insurance. Evidence of insurance and of the payment of premiums shall be delivered to Landlord.

Insurance for Tenant's Personal Property

11. Tenant agrees at all times during the term of this lease to keep, at Tenant's sole expense, all of Tenant's personal property, including trade fixtures and equipment of Tenant that may be on or in the Premises from time to time, insured against loss or damage by fire and by any peril included within fire and extended coverage insurance for an amount that will insure the ability of Tenant to fully replace the personal property, trade fixtures, and equipment.

Indemnification

12. (a) Landlord shall not be liable to Tenant, and Tenant hereby waives all claims against Landlord, for any injury or damage to any person or property in or about the Premises or any part of the Premises by or from any cause whatsoever, except injury or damage to Tenant resulting from acts or omissions of Landlord or Landlord's authorized agents.

(b) Tenant shall hold Landlord harmless from and defend Landlord against any claims or liability for any injury or damage to any person or property whatsoever occurring in, on, or about the Premises or any part of it, and occurring in, on, or about any common areas of the Building when that injury or damage was caused in part or in whole by the act, neglect, fault of, or omission of any duty by Tenant, its agents, servants, employees, or invitees.

Destruction of Premises

13. If the Premises are damaged or destroyed by any cause not the fault of Tenant, Landlord shall at Landlord's sole cost and expense promptly repair it, and the rent payable under this lease shall be abated for the time and to the extent Tenant is prevented from occupying the Leased Space or Building in its entirety. Notwithstanding the foregoing, if the Premises, or the Building, is/are damaged or destroyed and repair of the damage or destruction cannot be completed within 180 days:

(a) Landlord may, in lieu of making the repairs required by this paragraph, terminate this lease by giving Tenant 30 days' written notice of termination. A notice of termination must be given

by Tenant not later than 30 days after the event causing the destruction or damage, or Tenant may terminate this lease by giving Landlord 60 day's written notice of termination.

Condemnation

14. If all or any part of the Premises is taken by any public or quasi-public agency or entity under the power of eminent domain during the term of this lease: agency or entity under the power of eminent domain during the term of this lease:

(a) Either Landlord or Tenant may terminate this lease by giving the other thirty (30) days' written notice of termination; provided, however, that Tenant cannot terminate this lease unless the portion of the Premises taken by eminent domain is so extensive as to render the remainder of the Premises useless for the uses permitted by this lease.

(b) If only a portion of the Premises is taken by eminent domain and neither Landlord nor Tenant terminates this lease, the rent thereafter payable under this lease shall be reduced by the same percentage that the floor area of the portion taken by eminent domain bears to the floor areas of the entire Premises.

(c) Any and all damages and compensation awarded or paid because of a taking of the Premises shall belong to the Landlord, and Tenant shall have no claim against Landlord or the entity exercising eminent domain power for the value of the unexpired term of this lease or any other right arising from this lease.

Assignment & Subletting

15. Tenant shall not encumber, assign, sublet, or otherwise transfer this lease, any right or interest in this lease, or any right or interest in the Premises without first obtaining the express written consent of Landlord. Furthermore, Tenant shall not sublet the Premises or any part of it or allow any other persons, other than Tenant's employees and agents, to occupy or use the Premises or any part of it without the prior written consent of Landlord. A consent by Landlord to one assignment, subletting, or occupation and use by another person shall not be deemed to be a consent to any subsequent assignment, subletting, or occupation and use by another person. Any encumbrance, assignment, transfer, or subletting without the prior written consent of Landlord, whether voluntary or involuntary, by operation of law or otherwise, is void and shall, at the option of Landlord, terminate this lease. The consent of Landlord to any assignment of Tenant's interest in this lease or the subletting by Tenant of the Leased Space shall not be unreasonably withheld.

Acts Constituting Breach by Tenant

16. The following shall constitute a default under and a breach of this lease by Tenant:

(a) The nonpayment of rent when due, when the nonpayment continues for ten (10) days after written notice to pay rent or surrender possession of the Premises has been given by Landlord to Tenant;

- (b) A failure to perform any provision, covenant, or condition of this lease other than one for the payment of rent, when that failure is not cured within thirty (30) days after written notice of the specific failure is given by Landlord to Tenant;
- (c) The breach of this lease and abandonment of the premises before expiration of the term of this lease;
- (d) A receiver is appointed to take possession of all or substantially all of Tenant's property located at the Premises or of Tenant's interest in this lease, when possession is not restored to Tenant within thirty (30) days;
- (e) Tenant makes a general assignment for the benefit of creditors;
- (f) The execution, attachment, or other judicial seizure of substantially all of Tenant's property located at the Premises or of Tenant's interest in this lease, when the seizure is not discharged within fifteen (15) days; or
- (g) The filing by or against Tenant of a petition to have Tenant adjudged a bankrupt or of a petition for reorganization or arrangement under the federal bankruptcy law unless, in the case of a petition filed against Tenant, it is dismissed within thirty (30) days.
- (h) The loss, by any physician employed on the Premises, whether or not signatory to this Lease, of his or her membership in the Active Medical Staff of Northern Inyo Hospital.

The notices provided for in subsections (a) and (b) of this Paragraph 20 are not intended to replace, but rather are in addition to, any required statutory notices for unlawful detainer proceedings under *Code of Civil Procedure 116, et seq.*

Landlord's Remedies

17. If Tenant breaches or is in default under this lease, Landlord, in addition to any other remedies given Landlord by law, or equity, may:

- (a) Continue this lease in effect by not terminating Tenant's right to possession of the Premises and thereby be entitled to enforce all Landlord's rights and remedies under this lease including the right to recover the rent specified in this lease as it becomes due under this lease; or
- (b) Terminate this lease and all rights of Tenant under the lease and recover from Tenant:
 1. The worth at the time of award of the unpaid rent that had been earned at the time of termination of the lease;
 2. The worth at the time of award of the amount by which the unpaid rent that would have been earned after termination of the lease until the time of award exceeds the amount of rental loss that Tenant proves could have been reasonably avoided;
 3. The worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of rental loss that Tenant proves could be reasonably avoided; and
 4. Any other amount necessary to compensate Landlord for all detriment proximately caused by Tenant's failure to perform Tenant's obligations under this lease; or
- (c) In lieu of, or in addition to, bringing an action for any or all of the recoveries described in subparagraph (b) of this paragraph, bring an action to recover and regain possession of the Premises in the manner provided by California law of unlawful detainer then in effect.

Termination Notice

18. No act of Landlord, including but not limited to Landlord's entry on or into the Premises or efforts to relet the Premises, or the giving by Landlord to Tenant of a notice of default, shall be construed as an election to terminate this lease unless a written notice of the Landlord's election to terminate this lease is given to Tenant.

Waiver of Breach

19. The waiver by landlord of any breach by tenant of any of the provisions of this lease shall not constitute a continuing waiver or a waiver of any subsequent default or breach by Tenant either of the same or a different provision of this lease.

Notices

20. Except as otherwise provided by law, any and all notices or other communications required or permitted by this lease or by law to be served on or given to either party to this lease by the other party shall be in writing, and shall be deemed duly served and given when personally delivered to the party to whom it is directed or any managing employee of that party or, in lieu of personal service, when deposited in the United States mail, first-class postage prepaid, addressed to Landlord at 152-C Pioneer Lane, Bishop, California 93514, or to Tenant at 152 Pioneer Lane, Suite G, Bishop, California 93514. Either party may change its address for purposes of this paragraph by giving written notice of the change to the other party in the manner provided in this paragraph.

Attorney's Fees

21. If any litigation is conducted between the parties to this lease concerning the Premises, this lease, or the rights and duties of either in relation to the Premises or the lease, the party prevailing in that litigation shall be entitled, in addition to any other relief granted, to a reasonable sum as and for its attorney's fees in the litigation which shall be determined by the Court in that litigation or in a separate action brought for that purpose.

Binding on Heirs & Successors

22. This lease shall be binding on and shall inure to the benefit of the heirs, executors, administrators, successors, and assigns of the parties, but nothing in this paragraph shall be construed as consent by landlord to any assignment of this lease or any interest therein by Tenant except as provided in Paragraph 15 of this lease.

Time of Essence

23. Time is expressly declared to be of the essence of this lease.

Sole & Only Agreement

24. This instrument constitutes the sole and only full, final, and complete agreement between landlord and Tenant respecting the Premises or the leasing of the Premises to Tenant, and correctly sets forth the obligation of landlord and Tenant to each other as of its date. Any agreements or representations respecting the Premises or its leasing by Landlord to Tenant not expressly set forth in this Agreement are null and void. All prior negotiations between the parties are substituted into this lease to the extent they have been agreed to, and if not agreed to by the parties such negotiations are not set forth in the terms and conditions of this lease. This lease may not be extended, amended, modified, altered, or changed, except in a writing signed by landlord and Tenant.

EXECUTED at the City of Bishop, County of Inyo, State of California.

LANDLORD:

**Peter Watercott, District Board President
Northern Inyo County Local Hospital District**

TENANT:

D. Scott Clark, M.D.

END