



TAHOE FOREST HOSPITAL DISTRICT

# Regular Meeting of the Board of Directors

Oct 28, 2014 at 4:00PM (Regular Session starts at 6:00 PM)

Eskridge Conference Room

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# Meeting Book - 2014 Oct 28 Regular Meeting of the Board of Directors

## Agenda Packet Contents

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### Agenda

2014 Oct 28 Board Agenda Page 4

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### Items 1 - 10 as reflected on the Agenda

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#### 11. Medical Staff Report

October 2014 Medical Executive Committee (MEC) Report Page 6

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#### 12. Consent Calendar

##### A. Approval of Minutes

7/11/14 Special Board Meeting\_DRAFT Minutes Page 8

7/22/14 Special Board Meeting\_DRAFT Minutes Page 11

7/22/14 Regular Board Meeting\_DRAFT Minutes Page 12

8/12/14 Special Board Meeting\_DRAFT Minutes Page 26

8/21/14 Special Board Meeting\_DRAFT Minutes Page 36

9/23/14 Regular Board Meeting\_DRAFT Minutes Page 39

##### B. Financial Report

September Financials Page 61

##### C. Contracts

1. Surgery Coverage Agreement – Crystine M. Lee, M.D. Page 91

2. On Call Coverage of Specialty Services to the Emergency Department – James Kelly, M.D. Page 99

3. Medical Director Agreement for Tahoe Center for Health and Sports Performance – Nina Winans, M.D. Page 111

4. Medical Director Agreement for Occupational Health – Edward Heneveld, M.D. Page 131

5. Medical Director Agreement for Infection Control – Sierra Multi-Specialty Medical Group Page 153

6. Rural PRIME Site Preceptor Clerkship Director – Oleg Vayner, M.D. Page 168

7. EMS Medical Director Agreement – Casey Jowers, M.D. Page 178

8. Agreement-Education Contract – North Tahoe Radiology Group Page 200

##### D. Policies

1. Children in the Workplace Page 215

2. Professional Expectations Page 217

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#### 13. Items For Board Discussion And/Or Action

##### A. Annual Audit Report Presentation and Approval

Full presentation will take place at special meeting starting at 3PM.

Financial Statement with Auditors' Comments Page 220

|   |          |
|---|----------|
| <b>B. Biennial Bylaws Review</b>  |          |
| TFHD Board Bylaws_MARK-UP version   | Page 264 |
| <hr/>   |          |
| <b>14. Presentations / Staff Reports</b>  |          |
| <b>A. Cancer Center Update</b>  |          |
| Executive Summary   | Page 295 |
| Cancer Medical Director PowerPoint Presentation   | Page 296 |
| <b>B. Ebola Viral Disease Preparedness</b>  |          |
| Verbal update will be provided.   |          |
| <hr/>   |          |
| <b>15. Officer Reports</b>  |          |
| A. Chief Executive Officer  | Page 342 |
| B. Chief Operating Officer  | Page 344 |
| C. Chief Nursing Officer  | Page 346 |
| D. Incline Village Community Hospital Administrator   | Page 348 |
| E. Chief Information Officer  | Page 349 |
| A separate PowerPoint presentation providing a review of the Point of Care Implementation will be presented at the Board meeting. |          |
| <hr/>   |          |
| <b>16. Board Committee Reports / Recommendations</b>  |          |
| <b>A. Personnel-Retirement Committee</b>  |          |
| 10/08/14 Agenda   | Page 351 |
| <b>B. Governance Committee</b>  |          |
| 10/16/14 Agenda   | Page 352 |
| Board Workshop - Karma Bass Summary   | Page 354 |
| Board Orientation And Continuing Education_MARKUP v1  | Page 357 |
| Board Orientation And Continuing Education_CLEAN v1   | Page 361 |
| <b>C. Quality Committee</b>   |          |
| Patient and Advisory Council Charter will be posted no later than Monday for review and approval consideration.                   |          |
| 10/22/14 Agenda   | Page 364 |
| <b>D. Finance Committee</b>   |          |
| 10/27/14 Agenda   | Page 365 |
| <hr/>   |          |
| <b>17. Items for Next Meeting</b>   |          |
| November - Draft Agenda Items   | Page 366 |



**REGULAR MEETING OF THE BOARD OF DIRECTORS  
OF TAHOE FOREST HOSPITAL DISTRICT**

TO BE HELD ON

**TUESDAY OCTOBER 28, 2014 AT 4:00 PM, IN THE ESKRIDGE CONFERENCE ROOM,**

TAHOE FOREST HOSPITAL, 10121 PINE AVENUE, TRUCKEE, CA

**OPEN SESSION WILL BEGIN AT 6:00 PM**

OR SOON THEREAFTER, FOLLOWING CLOSED SESSION

**AGENDA**

1. **Call to Order**
2. **Roll Call**
3. **Clear The Agenda/Items Not On The Posted Agenda**
4. **Input Audience:** *This is an opportunity for members of the public to comment on any closed session item appearing before the Board on this agenda.*
5. **Closed Session:**
  - A. Approval of closed session minutes of 7/11/14; 7/22/14; 8/12/14; 8/21/14; and 9/23/14
  - B. Health & Safety Code Section 32155: Medical Staff Credentials
  - C. Government Code Section 54957: Chief Executive Officer Performance Evaluation, Including Eligible Incentive Compensation
6. **Dinner Break**

**APPROXIMATELY 6:00 P.M.**

7. **Open Session – Call to Order**
8. **Clear The Agenda/Items Not On The Posted Agenda**
9. **Input – Audience:** *This is an opportunity for members of the public to address the Board on items which are not on the agenda. Please state your name for the record. Comments are limited to three minutes. Written comments should be submitted to the Board Clerk 24 hours prior to the meeting to allow for distribution. Under Government Code Section 54954.2 – Brown Act, the Board cannot take action on any item not on the agenda. The Board may choose to acknowledge the comment or, where appropriate, briefly answer a question, refer the matter to staff, or set the item for discussion at a future meeting.*
10. **Input From Employee Associations**
11. **Medical Staff Report and Approval of Consent Agenda** .....Action Item ..... ATTACHMENT
12. **Consent Calendar:** .....Action Item  
*These items are expected to be routine and non-controversial. They will be acted upon by the Board at one time without discussion. Any Board Member, staff member or interested party may request an item to be removed from the Consent Calendar for discussion prior to voting on the Consent Calendar.*
  - A. Minutes of Meetings of: 7/11/14; 7/22/14; 8/12/14; 8/21/14; and 9/23/14..... ATTACHMENT
  - B. Financial Report .....ATTACHMENT
  - C. Contracts:.....ATTACHMENT
    1. Surgery Coverage Agreement – Crystine M. Lee, M.D.
    2. On Call Coverage of Specialty Services to the Emergency Department – James Kelly, M.D.
    3. Medical Director Agreement for Tahoe Center for Health and Sports Performance – Nina Winans, M.D.
    4. Medical Director Agreement for Occupational Health – Edward Heneveld, M.D.
    5. Medical Director Agreement for Infection Control – Sierra Multi-Specialty Medical Group
    6. Rural PRIME Site Preceptor Clerkship Director – Oleg Vayner, M.D.
    7. EMS Medical Director Agreement – Casey Jowers, M.D.
    8. Agreement-Education Contract – North Tahoe Radiology Group
  - D. Policies: ..... ATTACHMENT
    1. Children in the Workplace
    2. Professional Expectations

**13. Items for Board Discussion And/Or Action**

*The following items are presented for Board discussion, feedback and possible action. Board approval and/or direction may be provided.*

- A. Annual Audit Report Presentation & Approval..... ATTACHMENT
- B. Biennial Bylaws Review..... ATTACHMENT
- C. Annual CEO Incentive Compensation Award

**14. Presentations/Staff Reports**

***Information/Discussion/Potential Action Item***

*Members of the Management team will provide updates on their respective initiatives at the request of the board or as identified as part of the Board’s rolling agenda calendar.*

- A. Cancer Center Update..... ATTACHMENT
- B. Ebola Viral Disease Preparedness

**15. Officer Reports**

***Information/Discussion/Potential Action Item***

*Each System Executive will provide a highlight summary for their respective areas of oversight.*

- A. Chief Executive Officer’s Report .....ATTACHMENT
- B. Chief Operating Officer’s Report ..... ATTACHMENT
- C. Chief Nursing Officer’s Report .....ATTACHMENT
- D. Incline Village Community Hospital Administrator’s Report .....ATTACHMENT
- E. Chief Information Officer’s Report .....ATTACHMENT
  - 1. Point of Care Implementation Review .....\*ATTACHMENT

**16. Board Committee Reports/Recommendations**

***Information/Discussion/Potential Action Item***

*Each of the Board Committee Chairs will provide the board with a committee activity report and recommendations by their respective committees for board action.*

- A. Personnel Retirement Committee Meeting – 10/08/14 .....ATTACHMENT
- B. Governance Committee Meeting – 10/16/14 ..... ATTACHMENT
  - a. Board Orientation and Continuing Education Policy .....ATTACHMENT
- C. Quality Committee Meeting –10/22/14 .....ATTACHMENT
  - a. Patient and Advisory Council Charter
- D. Finance Committee Meeting – 10/27/14 ..... ATTACHMENT

**17. Agenda Input For Upcoming Committee Meetings**

**18. Items for Next Meeting .....\*ATTACHMENT**

**19. Board Members’ Reports/Closing Remarks**

**20. Closed Session Continued, If Necessary**

**21. Open Session**

**22. Report of Actions Taken in Closed Session**

**23. Next Meeting Date**

**24. Meeting Effectiveness Assessment**

**25. Adjourn**

*The next regularly scheduled meeting of the Board of Directors of Tahoe Forest Hospital District is November 25, 2014, 10121 Pine Avenue, Truckee, CA. A copy of the Board meeting agenda is posted on the District’s web site ([www.tfhd.com](http://www.tfhd.com)) at least 72 hours prior to the meeting or 24 hours prior to a Special Board Meeting.*

Robert A. Schapper, Chief Executive Officer

RAS:pab

\*Denotes material (or a portion thereof) will be distributed at a later date

\*\*The entire manual/document is available for review via the Chief Executive Officer’s Office.

Note: It is the policy of Tahoe Forest Hospital District to not discriminate in admissions, provisions of services, hiring, training and employment practices on the basis of color, national origin, sex, religion, age or disability including AIDS and related conditions. Tahoe Forest Hospital District is an Equal Opportunity Employer. The meeting location is accessible to people with disabilities. Every reasonable effort will be made to accommodate participation of the disabled in all of the District’s public meetings. If particular accommodations for the disabled are needed (i.e., disability-related aids or other services), please contact the Executive Assistant at 582-3481 at least 24 hours in advance of the meeting.

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DATE: October 15, 2014

PAGE NO. 1

**MEDICAL EXECUTIVE COMMITTEE'S  
RECOMMENDATIONS TO THE BOARD OF DIRECTORS - OPEN MEETING  
OCTOBER 28, 2014**

| CONSENT AGENDA ITEM | REFERRED BY: | RECOMMEND/<br>ACTION |
|---------------------|--------------|----------------------|
|---------------------|--------------|----------------------|

| Discussion Items                              | Medical Executive Committee   |             |
|---|---|-------------|
| 1. Chief of Staff Report                      | Dr. Barta reported on the following: <ul style="list-style-type: none"> <li>• The Medical Staff Holiday Party will be held on 12-11-14 at the Resort at Squaw Creek.</li> </ul>   | Information |
| 2. Strategic Planning – Medical Staff Tactics | Dr. Coll reported on the following: <ul style="list-style-type: none"> <li>• Professionalism Expectation Policy is pending Board of Directors approval.</li> </ul>  | Information |
| 3. Chief Nursing Officer                      | Mr. Newland reported on the following: <ul style="list-style-type: none"> <li>• CPSI Go Live for Point of Care documentation has gone well. The physicians have not felt the impact.</li> <li>• Construction update provided.</li> </ul>  | Information |
| 4. Board Report                               | John Mohun reported on the following: <ul style="list-style-type: none"> <li>• Special Board Workshop was held on 9/18. All of the candidates running for the Board positions attended.</li> <li>• Regular Board meeting was held on 9/23/14.</li> <li>• Board Forum organized by the physicians went very well.</li> </ul>   | Information |
| Consent Approval Items                        |   |             |
| 1. Pharmacy and Therapeutics                  | The P&T Committee recommended approval of the following via email on 9/15/14:: <ul style="list-style-type: none"> <li>➤ Post-Operative Discharge Prescriptions policy (New)</li> </ul> The P&T Committee recommended approval of the following via email on 9/22/14: <ul style="list-style-type: none"> <li>➤ Cataract Surgery Pre-Op &amp; Post-Op Orders (Revised)</li> </ul> | Approval    |
| 2. Department of OB/Peds                      | The Department of OB/Peds at its meeting on 9/24/14 recommended approval of the following:  | Approval    |

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DATE: October 15, 2014

PAGE NO. 2

**MEDICAL EXECUTIVE COMMITTEE'S  
RECOMMENDATIONS TO THE BOARD OF DIRECTORS - OPEN MEETING  
OCTOBER 28, 2014**

| CONSENT AGENDA ITEM      | REFERRED BY:  | RECOMMEND/<br>ACTION |
|--------------------------|---|----------------------|
|                          | <ul style="list-style-type: none"> <li>➤ Neonate - Testing for Suspected Substance Abuse (Revised)</li> <li>➤ WFC - Drug of Abuse Screening (Revised)</li> <li>➤ Labor - Monitoring Twins (Retired)</li> <li>➤ Antepartum - External Cephalic Version</li> <li>➤ Antepartum - Non Stress Test</li> <li>➤ Contraction Stress Test (Approved to adopt these as guidelines)</li> <li>➤ Postpartum-Rhogam Administration (revised)</li> </ul> |                      |
| 3. Department of Surgery | The Department of Surgery recommended approval of the following via email on 9/30/14: <ul style="list-style-type: none"> <li>➤ General Dentistry Privileges (Revised to include privileges at IVCH)</li> </ul>  | Approval             |
| 4. Medical Staff         | <ul style="list-style-type: none"> <li>➤ Medical Staff Professionalism Complaint Process (NEW)</li> <li>➤ Hand Off Communication Policy (NEW)</li> </ul>  | Approval             |



**BOARD OF DIRECTORS -  
SPECIAL BOARD MEETING MINUTES**

| AGENDA ITEM   | DISCUSSIONS/CONCLUSIONS   | ACTIONS/FOLLOW-UP/<br>RESPONSIBLE PARTY |
|---|---|---|
| <b>12PRESENT AT MEETING:</b>                              | <p><b>Board Members:</b> John Mohun, President; Karen Sessler, M.D., Secretary; Dale Chamblin, Treasurer; Roger Kahn, Board Member<br/>                     Larry Long, Vice President (participated via teleconference);<br/> <b>Staff:</b> Bob Schapper, Chief Executive Officer; Virginia Razo, PharmD, Chief Operating Officer; Jayne O'Flanagan, Director of Human Resources; Paige Thomason, Director of Marketing; Patricia Barrett, Executive Assistant<br/> <b>Others:</b> Steve Gross, Legal Counsel; Maia Schneider, Contractor;<br/>                     Gregory Moser, Legal Counsel [<i>participated via teleconference</i>];</p> |   |
| 1. <b>Call to Order</b>                                   | Mr. Mohun called the meeting to order at 12:00 p.m.   |   |
| 2. <b>Roll Call</b>                                       | The Roll Call reflected that all Board members were present. Larry Long participating via teleconference  |   |
| 3. <b>Clear the Agenda/Items Not On the Posted Agenda</b> | The agenda was cleared. There were no changes made to the posted agenda.  |   |
| 4. <b>Input -- Audience Employee Associations</b>         | <p><b><i>Greg Moser joined the meeting via teleconference at 12:03</i></b><br/> <b><i>Bob Schapper, Paige Thomason and Maia Schneider joined the meeting at 12:05</i></b></p> <p>The Director of Human Resources addressed the board and reminded them of the District's policy on the use of the <i>Just Culture Model</i> when discussing and addresses issues. A review of the model and <i>Just Culture</i> philosophy was provided, and a recommendation was made that <i>Just Culture</i> consultant/educator, Paul LeSage, be engaged should the board be interested in <i>Just Culture</i> facilitation and training.</p>               |   |





**BOARD OF DIRECTORS -  
SPECIAL BOARD MEETING MINUTES**

| AGENDA ITEM   | DISCUSSIONS/CONCLUSIONS  | ACTIONS/FOLLOW-UP/<br>RESPONSIBLE PARTY |
|---|--|---|
|   | No employee association staff.   |   |
| 5. <b>Closed Session:</b>   | The meeting proceeded into closed session at 12:09 p.m.<br><br>Staff other than the CEO and Clerk of the Board was excused.  |   |
| A. <b>Government Code Section 54957: Chief Executive Officer Monthly Performance Evaluation</b> | Discussion was held on a privileged matter.  |   |
| 6. <b>Open Session</b>  | Mr. Mohun called the open session to order at 2:13 p.m.<br><b><i>Jayne O'Flanagan, Director of Human Resources departed meeting; Virginia Razo, Director of Pharmacy and Chief Operating Officer joined the meeting; Kara Fox, News Editor with Moonshine Ink joined the meeting</i></b>   |   |
| 7. <b>Report of any Reportable Actions Taken in closed session</b>                              | There were no reportable items from closed session.  |   |
| 8. <b>Investigation of Potential Conflict of Interest</b>                                       | Director Mohun introduced District Counsel to provide background on the agenda topic and how it relates to the July 11 Moonshine Ink article pertaining to the Chief Executive Officer's (CEO) potential conflict of interest.<br><br>Attendees were reminded that Director Long is participating telephonically.<br><br>Counsel shared that the Board has been aware of a potential conflict of interest issues referenced in the Moonshine Ink article and the issues are currently under review. A discussion will be conducted with staff regarding a response to the article. |   |



**BOARD OF DIRECTORS -  
SPECIAL BOARD MEETING MINUTES**

| AGENDA ITEM              | DISCUSSIONS/CONCLUSIONS  | ACTIONS/FOLLOW-UP/<br>RESPONSIBLE PARTY |
|--------------------------|--|---|
|                          | <p>Director Mohun shared that an investigation has been underway for several months related to the conflict of interest issue.</p> <p>The Director of Marketing reported that staff has fully cooperated with all media requests. It was stated that unethical statements were included in the article and had no relationship to the results the hospital has experienced over the years.</p> <p>Kara Fox, news editor at Moonshine Ink inquired about the inaccuracies and unethical statements included on the article.</p> <p>Moonshine would welcome meeting privately with the Board and providing an opportunity to respond in the next issue on August 8<sup>th</sup>. The response deadline for this issue is no later than July 28<sup>th</sup>.</p> |   |
| <p>9. <b>Adjourn</b></p> | <p>The meeting adjourned at 2:27 p.m.</p>  |   |

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**BOARD OF DIRECTORS- SPECIAL  
BOARD MEETING MINUTES**

| AGENDA ITEM   | DISCUSSIONS/CONCLUSIONS   | ACTIONS/ FOLLOW UP/<br>RESPONSIBLE PARTY |
|---|---|--|
| 1. <b>Call to Order</b>   | Mr. Mohuncalled the meeting to order at 2:01p.m.  |  |
| 2. <b>Roll Call/Present at Meeting</b>  | <p><b>Board Members:</b> John Mohun, President; Larry Long, Vice President; Karen Sessler, M.D., Secretary; Dale Chamblin, Treasurer; Roger Kahn, Board Member</p> <p><b>Staff:</b>Bob Schapper, Chief Executive Officer; Virginia Razo, PharmD, Chief Operating Officer;Barb Edwards, EAP, Administrative Assistant</p> <p><b>Others:</b> Steve Gross, Legal Counsel</p> <p>Roll Call reflected that all Board Members were present.</p> |  |
| 3. <b>Clear the Agenda/Items Not On the Posted Agenda</b>                                       | Mr. Mohun cleared the agenda.   |  |
| 4. <b>Input Audience</b>  | Audience input was sought, but none was offered.  |  |
| 5. <b>Closed Session:</b>   | The meeting proceeded into closed session at 2:02 p.m.  |  |
| A. <b>Government Code Section 54957: Chief Executive Officer Monthly Performance Evaluation</b> | Discussion held on privileged matter.   |  |
| 6. <b>Open Session:</b>   | Reconvened at 4:15 p.m.   |  |
| 7. <b>Report of any Reportable Actions Taken in Closed Session:</b>                             | None  |  |
| 8. <b>Adjourned:</b>  | The meeting adjourned at 4:15 p.m.  |  |



**BOARD OF DIRECTORS**  
**BOARD MEETING MINUTES**

| AGENDA ITEM   | DISCUSSIONS/CONCLUSIONS  | ACTIONS/FOLLOW-UP/<br>RESPONSIBLE PARTY |
|---|--|---|
| <b>PRESENT AT MEETING:</b>                                | <p><b>Board Members:</b> John Mohun, President; Larry Long, Vice President; Karen Sessler, M.D., Secretary; Dale Chamblin, Treasurer; Roger Kahn</p> <p><b>Staff:</b> Bob Schapper, Chief Executive Officer; Virginia Razo, PharmD, Chief Operating Officer; Crystal Betts, Chief Financial Officer; Patricia Barrett, Clerk of the Board</p> <p><b>Others:</b> Steve Gross, Legal Counsel; Gina Barta, M.D., Chief of Staff; Shawni Coll, M.D.</p>  |   |
| 1. <b>Call to Order</b>                                   | Mr. Mohun called the meeting to order at 6:14 p.m.   |   |
| 2. <b>Roll Call</b>                                       | The Roll Call reflected that all Board members were present.   |   |
| 3. <b>Clear the Agenda/Items Not On the Posted Agenda</b> | The agenda was cleared. There were no changes made to the posted agenda.   |   |
| 4. <b>Input -- Audience Employee Associations</b>         | <p>Peter Forni submitted a list of questions to the board for response. Mr. Forni read his questions for audience's benefit.</p> <p>Ruth Cross spoke as a large tax payer and long time resident of the community expressing issue with the management of the hospital. Ms. Cross requests that the CEO be put on administrative leave and that the Board allow someone from the state level to come in to conduct an investigation.</p> <p>Jamie Cole read a statement. Ms. Cole is a long time resident and prior employee of TFHD. Ms. Cole's statement acknowledged an exceptional medical and support staff. She expressed concerns related to physicians who contract with</p> |   |



**BOARD OF DIRECTORS**  
**BOARD MEETING MINUTES**

| AGENDA ITEM   | DISCUSSIONS/CONCLUSIONS  | ACTIONS/FOLLOW-UP/<br>RESPONSIBLE PARTY |
|---|--|---|
|   | <p>TFH. She further shared her opinion that the Cancer Center is self indulgent and a waste of money; that the Administrators and Board are out of touch with the community, and that costs are out of control.</p> <p>Board Chair responded generally to the comments made by the audience.</p> <p>No input from employee associations.</p> |   |
| <p>5. <b>Closed Session:</b></p>  | <p>The meeting proceeded into closed session at 4:20 p.m.</p>  |   |
| <p>A. Approval of closed session minutes of 6/17/14; 6/24/14(a); 6/24/14(b)</p>   | <p>A copy of the attachment is in the closed session packet.</p>   |   |
| <p>B. Government Code Section 54957: Chief Executive Officer Performance Evaluation</p>   | <p>Discussion held on a privileged matter.</p>   |   |
| <p>C. Health &amp; Safety Code Section 32106: Trade Secrets – Proposed New Service or Program, Estimated Date of Public Disclosure, 2/28/15 (3 items)</p> | <p>Discussion was held. Tom Hobday and Dr. Shawni Coll joined the meeting for this agenda item.</p>  |   |
| <p>D. Government Code Section 54956.9(d)(2): Exposure to</p>  | <p>Discussion was held. Risk &amp; Patient Safety Manager and Accreditation Coordinator &amp; Corporate Compliance Officer</p>   |   |



**BOARD OF DIRECTORS**  
**BOARD MEETING MINUTES**

| AGENDA ITEM  | DISCUSSIONS/CONCLUSIONS   | ACTIONS/FOLLOW-UP/<br>RESPONSIBLE PARTY |
|--|---|---|
| Litigation (6 cases)   | joined the meeting for this agenda item.  |   |
| E. Government Code Section 54956.9(d)(1): Existing Litigation (2 cases) [Nevada County Superior Court Case #T12-5115C v. TFHD]; [Nevada County Superior Court Case #TCU14-5841. v. TFHD] | Discussion was held. Chief Facilities Development Officer joined the meeting for this agenda item.  |   |
| F. Government Code Section 54956.9(d)(4): Pending Litigation (1 case)  | Discussion held on a privileged matter.   |   |
| G. Health & Safety Code Section 32155: Medical Staff Credentials   | <p>Drs. Barta and Coll joined the meeting for this agenda item.</p> <p>Dr. Coll presented the Medical Staff credentials as recommended for approval by the Medical Staff Executive Committee.</p> |   |



**BOARD OF DIRECTORS**  
**BOARD MEETING MINUTES**

| AGENDA ITEM   | DISCUSSIONS/CONCLUSIONS   | ACTIONS/FOLLOW-UP/<br>RESPONSIBLE PARTY |
|---|---|---|
| 6. <b>Dinner Break</b>                                    | A dinner break was taken at 5:30 p.m.   |   |
| 7. <b>Open Session Call To Order</b>                      | Director Mohun called the open session to order at 6:02 p.m.  |   |
| <b>PRESENT FOR OPEN SESSION:</b>                          | <p><b>Board Members:</b> John Mohun, President; Larry Long, Vice President; Karen Sessler, M.D., Board Secretary; Dale Chamblin, Treasurer;</p> <p><b>Staff:</b> Bob Schapper, Chief Executive Officer; Virginia Razo, PharmD, Chief Operating Officer; Crystal Betts, Chief Financial Officer; Patricia Barrett, Clerk of the Board</p> <p><b>Others Present:</b> Steve Gross, Legal Counsel; Gina Barta, M.D., Chief of Staff</p> |   |
| 8. <b>Clear The Agenda/Items Not on the Posted Agenda</b> | <p>The agenda was cleared. No changes were made to the posted agenda.</p> <p>At Director Mohun's requested Item 15. C was moved up on the agenda.</p>   |   |
| 9. <b>Input Audience</b>                                  | Audience input was asked. None was offered.   |   |
| 10. <b>Input From Employee Associations</b>               | Employee Associations input was asked, but none was offered.  |   |
| 11. <b>Medical Staff Report</b>                           | <p>Dr. Barta gave the Medical Staff Report. Attachment is in the packet.</p> <p>The following was highlighted from the MEC Report to the Board:</p> <ul style="list-style-type: none"> <li>• Medical Staff Family Picnic on 9/7/14;</li> <li>• General Medical Staff meeting on 9/24/14 at Christy</li> </ul>   |   |



**BOARD OF DIRECTORS**  
**BOARD MEETING MINUTES**

| AGENDA ITEM  | DISCUSSIONS/CONCLUSIONS   | ACTIONS/FOLLOW-UP/<br>RESPONSIBLE PARTY  |
|--|---|--|
|  | Hill.   |  |
| <p><b>A. Approval of Medical Staff Consent Agenda</b></p>  | <p>Dr. Barta reported that the Medical Executive Committee discussed and approved the Medical Staff Consent Agenda as presented.</p>  | <p><b><u>It was moved by Director Kahn and seconded by Director Long to approve the Medical Staff Credentials items 1 - 5 on the Medical Staff Executive Committee Agenda and listed in the closed session minutes, as presented and recommended for approval by the Medical Staff Executive Committee. The motion passed by unanimous vote.</u></b></p> |
| <p>15.</p> <p><b>C. Governance Committee Meeting 06/18/14</b></p> <p>i.Truckee/North Tahoe Rehabilitation (TNTR) Exclusive Services Agreement</p> <p>ii.ECC Medical Director: Dr. Paul</p> | <p>Agenda items discussed out of order.</p> <p>Director Sessler presented a recommendation from the Governance Committee for approval of the Truckee/North Tahoe Rehabilitation (TNTR) Exclusive Services Agreement, and the ECC Medical Director: Dr. Paul agreement noting that these contracts are brought to the board for potential discussion.</p> <p>Following discussion, contracts are moved to consent calendar for approval.</p> |  |





**BOARD OF DIRECTORS**  
**BOARD MEETING MINUTES**

| AGENDA ITEM   | DISCUSSIONS/CONCLUSIONS   | ACTIONS/FOLLOW-UP/<br>RESPONSIBLE PARTY  |
|---|---|--|
| <p>12. Consent Calendar:</p> <p>A. Minutes of Meetings of:<br/>6/17/14; 6/24/14(a); and<br/>6/24/14(b)</p> <p>B. Financial Report – June 2014</p> <p>C. Contracts</p> | <p>Minutes of the 6/17/14, 6/24/14(a); and 6/24/(b) meetings of the Board of Directors were provided as part of the agenda packet.</p> <p>The June 2014 Financial Report was provided as part of the agenda packet.</p> <p>Contract reviewed by the Board Governance Committee and presented to the board for approval.</p> <p>a. TF2020 Medical Advisor Services</p> <ul style="list-style-type: none"> <li>i. Dr. Arth</li> <li>ii. Dr. Coll</li> <li>iii. Dr. Jensen</li> <li>iv. Dr. Keats</li> <li>v. Dr. Krause</li> <li>vi. Dr. Lombard</li> <li>vii. Dr. MacQuarrie</li> <li>viii. Dr. Mohr</li> <li>ix. Dr. Specht</li> <li>x. Dr. Taylor</li> <li>xi. Dr. Thompson</li> <li>xii. Dr. Tirdel</li> <li>xiii. Dr. Winter</li> </ul> <p>b. TF2020 Medical Advisor Services for Dr. Barta</p> <p>c. TF2020 Medical Advisor Services for Dr. Standteiner</p> <p>d. Rural PRIME Site Preceptor Agreement</p> | <p><u>It was moved by Director Long and seconded by Director Chamblin to approve Consent Agenda items 12 (A). Minutes for 6/17/14; 6/24/14(a); and 6/24/14(b) as amended. The motion passed by unanimous vote.</u></p> <p><u>It was moved by Director Long and seconded by Director Kahn to approve Consent Agenda items 12 (C)(a),(c), (d), and (f)-(m). The motion passed by unanimous vote.</u></p> <p><u>It was moved by Director Kahn and seconded by Director Long to approve Consent Agenda items 12 (C)(b) and (e). The motion passed by unanimous vote of those voting; Director Sessler abstained.</u></p> |



**BOARD OF DIRECTORS**  
**BOARD MEETING MINUTES**

| AGENDA ITEM | DISCUSSIONS/CONCLUSIONS   | ACTIONS/FOLLOW-UP/<br>RESPONSIBLE PARTY |
|-------------|---|---|
|             | <ul style="list-style-type: none"> <li>i. Dr. Arth</li> <li>ii. Dr. Brown</li> <li>iii. Dr. Ganong</li> <li>iv. Dr. Jensen</li> <li>v. Dr. Krause</li> <li>vi. Dr. Plumb</li> <li>vii. Dr. Winter</li> <li>e. Rural PRIME Site Preceptor Agreement for: Dr. Barta</li> <li>f. Rural PRIME Site Preceptor Agreement for: Dr. Scholnick</li> <li>g. Rural PRIME Site Preceptor Agreement for: Dr. Vayner</li> <li>h. Rural PRIME Site Preceptor Agreement for: Dr. Samelson</li> <li>i. Rural PRIME Site Preceptor Agreement for: Dr. Conyers</li> <li>j. Multispecialty Clinic Professional Services Agreement:                             <ul style="list-style-type: none"> <li>i. Dr. Burkholder</li> <li>ii. Dr. Chase</li> <li>iii. Dr. Cooper</li> <li>iv. North Lake Pediatrics</li> <li>v. Dr. Tirdel</li> <li>vi. Dr. Winans</li> <li>vii. Dr. Lombard</li> </ul> </li> <li>k. ICU &amp; Respiratory Medical Director: Dr. Tirdel</li> </ul> |   |



**BOARD OF DIRECTORS**  
**BOARD MEETING MINUTES**

| AGENDA ITEM | DISCUSSIONS/CONCLUSIONS   | ACTIONS/FOLLOW-UP/<br>RESPONSIBLE PARTY |
|-------------|---|---|
|             | <p>l. Truckee/North Tahoe Rehabilitation (TNTR)<br/>Exclusive Services Agreement</p> <p>m. ECC Medical Director: Dr. Paul</p> <p>Director Sessler abstained from voting on items 12 C (b) and (e) due to the potential of a perceived conflict.</p> |   |

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**BOARD OF DIRECTORS**  
**BOARD MEETING MINUTES**

| AGENDA ITEM   | DISCUSSIONS/CONCLUSIONS  | ACTIONS/FOLLOW-UP/<br>RESPONSIBLE PARTY            |
|---|--|--|
| <p>13. <b>Executive Officer’s Report</b></p> <p><b>A. Chief Operating Officer’s Report</b></p> <p><b>B. Chief Nursing Officer’s Report</b></p> <p><b>C. Incline Village Community Hospital Administrator’s Report</b></p> | <ul style="list-style-type: none"> <li>• CEO – reported that FY preliminary year-end financial reports are favorable with the results of process improvement initiatives specifically mentioned. Medical reimbursements will see further reductions, as will Medicare CAH reimbursements. It was reported that outside resources are being used to address challenging transitions in IT. Preliminary report from Joe DeLuca from IT Optimizers will be presented later in the agenda. An offer has been extended to a Chief Information Officer (CIO) candidate and is in process of being finalized.</li> <li>• COO – information included in the various department reports and CEO information. A response to the HFAP report is being prepared; it was noted that the surveyors shared that they were impressed with Tahoe Forest and left the clinical areas with no deficiencies identified.</li> <li>• CNO – A written report was provided in the agenda packet for review.</li> <li>• IVCH – A written report was provided in the agenda packet for review. CEO shared that the IVCH Foundation will be holding a recognition event/fundraiser the evening of 7/22/14; adding that IVCH Foundation earnings are used to improve the Incline hospital and has strongly supported fundraising in that community.</li> </ul> |  |
| <p>14. <b>Presentations/Staff Reports</b></p>   |  |  |
| <p><b>A. Annual Wellness</b></p>  | <p>A. Caroline Ford introduced and provided background on</p>  | <p><b><u>It was moved by Director Kahn</u></b></p> |



**BOARD OF DIRECTORS**  
**BOARD MEETING MINUTES**

| AGENDA ITEM  | DISCUSSIONS/CONCLUSIONS  | ACTIONS/FOLLOW-UP/<br>RESPONSIBLE PARTY  |
|--|--|--|
| <p><b>Neighborhood / Community Health Division Report</b></p> <p><b>B. Home Health / Hospice Annual Reports</b></p> <p><b>C. Small Rural Hospital Improvement Program (SHIP) Grant</b></p> <p><b>D. Legislative Update</b></p> <p><b>E. Approval of General Obligation (GO) Bond Tax Rate Resolution</b></p> | <p>the Community Wellness plan. Dr. Zipkin was introduced as the medical director for the program; Maia Schneider as the needs assessment consultant; Eileen Knudsen as the Project Director; and Nate Weigel, Healthcare Management student. Major Accomplishments of the program were reviewed and five target areas identified.</p> <p>B. Karen Gancitano provided a review of the home health and hospice annual reports. Discussion took place related to steps being taken to educate on end of life resources available to families. Home Health successfully passed the CDPH survey. Issue identified in the survey related to medication reconciliation and improvements have been made. CPSI upgrade is planned and expected to improve medication reconciliation as it relates to patient transfer from acute care to home health.</p> <p>C. Martha Simon shared that TFH is a recipient of a three year SHIP Grant. As part of the grant process, TFH is required to submit a signed authorization to bind related to ICD 10. Board approval requested.</p> <p>D. Ted Owens provided a summary of the detailed written report included in the Agenda Packet regarding legislative issues impacting the hospital district.</p> <p>E. Crystal Betts provided a review of the general obligation bond and annual review of the rate. Director Chamblin shared that the Finance Committee reviewed the</p> | <p><b><u>and seconded by Director Long to approve SHIP Authorization to Bind. The motion passed by unanimous vote.</u></b></p> <p><b><u>It was moved by Director Kahn and seconded by Director Long to approve and adopt the General Obligation (GO) Bond Tax Rate of \$30.04 reflected in Resolution no. 2014-02.</u></b></p> <p><b><u>A roll call vote was taken:</u></b></p> <p><b><u>Dr. Sessler, Aye,</u></b></p> <p><b><u>Mr. Mohun, Aye,</u></b></p> <p><b><u>Mr. Long, Aye,</u></b></p> <p><b><u>Mr. Chamblin, Aye,</u></b></p> <p><b><u>Mr. Kahn, Aye</u></b></p> <p><b><u>The motion passed by unanimous vote.</u></b></p> |



**BOARD OF DIRECTORS**  
**BOARD MEETING MINUTES**

| AGENDA ITEM | DISCUSSIONS/CONCLUSIONS | ACTIONS/FOLLOW-UP/<br>RESPONSIBLE PARTY |
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|  | recommended GO Bond rate of \$30.04 per \$100,000 at the Finance Committee meeting and supports the recommendation made by staff.  |  |
| <p><b>15. Board Committee Reports/<br/>Recommendations</b></p>   |  |  |
| <p><b>A.</b> Personnel Retirement Committee Meeting – 06/25/14, 07/15/14</p> <p><b>B.</b> Finance Committee Meeting – 7/21/14</p> <p><b>C.</b> Moved to beginning meeting</p> <p><b>D.</b> Quality Committee Meeting 7/17/14</p> | <p><b>A.</b> Committee Chair Long reported that a Request for Proposal (RFP) will be sent out to verify best resource for the retirement plan. The CEO evaluation process has been reviewed and next steps identified.</p> <p><b>B.</b> Committee Chair Chamblin indicated that there was nothing to report outside of the CFO’s finance report provided for the board.</p> <p><b>C.</b> Governance report related to contract approvals took place earlier in the meeting</p> <p><b>D.</b> Committee Chair Mohun provided a summary of the July 17 Quality Committee meeting. COO provided additional information regarding the indicators tracked by CalHEN as discussed at the Quality meeting. The data included in the presentation provided validation of the stellar work done by the staff of this hospital every day. Discussion took place regarding how the quality information can be shared with the public. COO indicated that she is hoping that through the patient advisory council, information can be provided to the public in a meaningful way that will put faces with the data.</p> |  |



**BOARD OF DIRECTORS**  
**BOARD MEETING MINUTES**

| AGENDA ITEM  | DISCUSSIONS/CONCLUSIONS  | ACTIONS/FOLLOW-UP/<br>RESPONSIBLE PARTY |
|--|--|---|
| 16. Items for Board Discussion And/<br>Or Action   |  |   |
| <b>A. Monthly Board<br/>Education/Development –<br/>Strategic Information Systems<br/>Plan</b> | Joe DeLuca with IT Optimizers provided an overview of the initial, provisional information systems and services management plan for Tahoe Forest Hospital District, primarily focused on FY15/FY16 activities. |   |

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**BOARD OF DIRECTORS**  
**BOARD MEETING MINUTES**

| AGENDA ITEM  | DISCUSSIONS/CONCLUSIONS   | ACTIONS/FOLLOW-UP/<br>RESPONSIBLE PARTY |
|--|---|---|
| 17. Agenda Input For Upcoming Committee Meetings             | -   |   |
| 18. Items for Next Meeting                                   | -   |   |
| 19. Board Members Reports/Closing Remarks                    | <p>Discussion took place pertaining to a Governance Committee proposed Board education workshop in mid-September. Board candidates will be invited and welcomed to attend to help establish a board culture that will out last beyond any particular board member.</p> <p><b>Board expressed support for moving forward with a mid-September retreat as recommended.</b></p> <p>Additional work continues on board policies and bylaws revisions.</p> |   |
| 20. Next session   | <p>Directors Mohun and Long will be unavailable for the August regularly scheduled board meeting. A special meeting will need to take place prior to the regularly scheduled date to ensure a quorum. Director Mohun could be available telephonically if needed.</p>   |   |
| 21. Closed Session Continued, If Necessary                   | Adjourned to Closed session at 11:05 p.m.   |   |
| 22. Open Session   |   |   |
| 23. Report of any Reportable Actions Taken in closed session | <p><u>Report Out:</u> During the May 27<sup>th</sup> meeting of the Board of Directors, the board members present unanimously approved a settlement agreement with CPSI that is now becomes effective,</p>  |   |





**BOARD OF DIRECTORS**  
**BOARD MEETING MINUTES**

| AGENDA ITEM        | DISCUSSIONS/CONCLUSIONS  | ACTIONS/FOLLOW-UP/<br>RESPONSIBLE PARTY |
|--------------------|--|---|
|                    | which provides for a continuing relationship between the District and CPSI under modified terms. |   |
| 24. <b>Adjourn</b> | The meeting adjourned at 11:12 p.m.  |   |

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**BOARD OF DIRECTORS -  
SPECIAL BOARD MEETING MINUTES**

| AGENDA ITEM | DISCUSSIONS/CONCLUSIONS | ACTIONS/FOLLOW-UP/<br>RESPONSIBLE PARTY |
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| <b>PRESENT AT MEETING:</b>   | <p><b>Board Members:</b> Larry Long, Vice President; Karen Sessler, M.D., Secretary; Dale Chamblin, Treasurer; Roger Kahn, Board Member</p> <p><b>Staff:</b> Bob Schapper, Chief Executive Officer; Virginia Razo, PharmD, Chief Operating Officer; Crystal Betts, CFO; Patricia Barrett, Executive Assistant/Clerk of the Board</p> <p><b>Others:</b> Steve Gross, Legal Counsel</p> |  |
| 1. <b>Call to Order</b>  | Meeting called to order at 4:01 p.m.  |  |
| 2. <b>Roll Call</b>  | <p>The Roll Call reflected Directors Long, Sessler, Chamblin and Kahn present.</p> <p>Director Mohun absence excused.</p>   |  |
| 3. <b>Clear the Agenda/Items Not On the Posted Agenda</b>                        | The agenda was cleared. There were no changes made to the posted agenda.  |  |
| 4. <b>Input -- Audience Employee Associations</b>                                | Audience input was asked, but none was offered.   |  |
| 5. <b>Closed Session:</b>  | The meeting proceeded into closed session at 4:05 p.m.  |  |
| A. <b>Health &amp; Safety Code Section 32106: Trade Secrets</b>                  | Discussion was held on a privileged matter.   |  |
| B. <b>Government Code Section 54956.9(d)(1): Existing Litigation (1 case)</b>    | Discussion was held on a privileged matter.   |  |
| C. <b>Government Code Section 54956.9(d)(2): Exposure to Litigation (1 case)</b> | Discussion was held on a privileged matter.   |  |



**BOARD OF DIRECTORS -  
SPECIAL BOARD MEETING MINUTES**

| AGENDA ITEM   | DISCUSSIONS/CONCLUSIONS  | ACTIONS/FOLLOW-UP/<br>RESPONSIBLE PARTY |
|---|--|---|
| 6. <b>Open Session</b>                                    | Director Mohun called the open session to order at 5:13 p.m.   |   |
| <b>PRESENT FOR OPEN SESSION:</b>                          | <p><b>Board Members:</b> Larry Long, Vice President; Karen Sessler, M.D., Secretary; Dale Chamblin, Treasurer; Roger Kahn, Board Member</p> <p><b>Staff:</b> Bob Schapper, Chief Executive Officer; Virginia Razo, PharmD, Chief Operating Officer; Patricia Barrett, Executive Assistant/Clerk of the Board</p> <p><b>Others:</b> Steve Gross, Legal Counsel</p>  |   |
| 7. <b>Clear The Agenda/Items Not on the Posted Agenda</b> | The agenda was cleared. No changes were made to the posted agenda.   |   |
| 8. <b>Input Audience</b>                                  | <p>Rob Eskridge, read from a letter presented to the Board at the end of his comments. He thanked the Board for the naming of the Eskridge conference room. Shared comments related to the Board having been drawn into a personal and professional witch hunt, and expressed disappointed in Directors Long and Sessler for not having shared the background of the Board work done prior. Mr. Eskridge further shared his thoughts related to recent feedback he has received pertaining to the Board Chair and his perceived backroom dealings. His comments are not intended as a personal attack on the Board Chair, and Mr. Eskridge stated that he respects Mr. Mohun's efforts when positive and looking forward. Mr. Eskridge recommends creating positive dialogue this election season with open community forums related to healthcare reform, implications to district, and strategies for our community.</p> |   |



**BOARD OF DIRECTORS -  
SPECIAL BOARD MEETING MINUTES**

| AGENDA ITEM                                       | DISCUSSIONS/CONCLUSIONS  | ACTIONS/FOLLOW-UP/<br>RESPONSIBLE PARTY   |
|---|--|---|
|   | <p>Randy Hill speaking as a private citizen requested extended time to read a letter he drafted to the Sierra Sun and Moonshine ink; neither of whom have chosen to publish the letter.</p> <p>Michael O'Malley shared his opinion that TFHD conducting an internal investigation will not gain the community's trust. The Board should have an outside a group conduct the investigation; stating the Board needs to be transparent.</p> <p>Pete Forni thanked the Board for their work and encouraged the Board to look at agendas and determine the purpose of having closed session items. It would behoove the Board and benefit the community to educate the community as to what a closed session is and why it is used. The average person does not understand the process/function of the Board.</p> <p>Jamie Cole expressed the need to bring the Board back to what is important which is the cost of care for the community.</p> |   |
| <p>9. <b>Input From Employee Associations</b></p> | <p>Employee Associations input was asked, but none was offered.</p>  |   |
| <p>10. <b>Consent Calendar:</b></p>               |  |   |
| <p>A. Employment Agreements Policy</p>            | <p>The Personnel Committee has reviewed and recommends adoption of a policy to delineate when and how the CEO may enter into employment agreements with individuals in senior</p>  | <p><b><u>Motion made by Roger Kahn, and seconded by Dale Chamblin to approve adoption</u></b></p> |



**BOARD OF DIRECTORS -  
SPECIAL BOARD MEETING MINUTES**

| AGENDA ITEM   | DISCUSSIONS/CONCLUSIONS   | ACTIONS/FOLLOW-UP/<br>RESPONSIBLE PARTY  |
|---|---|--|
|   | <p>leadership positions.</p> <p>Director Chamblin requested additional discussion regarding the policy prior to a vote.</p>   | <p><b><u>of the Employment Agreements Policy as presented.</u></b><br/> <b><u>The motion was passed unanimously by those board members present.</u></b></p>  |
| <p><b>11. Items for Board Discussion And/ Or Action</b></p> |   |  |
| <p>A. Community Benefit Committee</p>                       | <p>Director Sessler and Maia Schneider provided background on the purpose and focus of a Community Benefit Committee (CBC). At the direction of the Board an ad hoc committee was formed to further investigate the benefit of creating a CBC. After reviewing the CBC charters of other rural hospitals, considering the possible mission and responsibilities of a CBC for Tahoe Forest Health System and receiving input from staff, the ad hoc committee presented the concept of a CBC committee to the full Board for consideration. It is believed that a CBC would provide an opportunity for the Board to more directly participate in prioritizing community benefit initiatives.</p> <p>Focus will be on programs that are sometimes overlooked. Recommendation to better define or define differently what is included in the TFHD Community Benefit Programs.</p> <p>Discussion related to board focus based on best practice. TFHD was ahead of the curve in starting a Quality Committee 10 years ago and would be ahead of the curve in starting this committee</p> | <p><b>Motion made by Karen Sessler, and seconded by Roger Kahn to approve formation of a Board Community Benefit Committee.</b><br/> <b><u>The motion was passed unanimously by those board members present</u></b></p> <p>Draft charter will be developed by the ad hoc committee and bylaw will be updated. Ad hoc committee will remain active until such time the new committee is formalized.</p> |



**BOARD OF DIRECTORS -**  
**SPECIAL BOARD MEETING MINUTES**

| AGENDA ITEM | DISCUSSIONS/CONCLUSIONS | ACTIONS/FOLLOW-UP/<br>RESPONSIBLE PARTY |
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**BOARD OF DIRECTORS -  
SPECIAL BOARD MEETING MINUTES**

| AGENDA ITEM  | DISCUSSIONS/CONCLUSIONS  | ACTIONS/FOLLOW-UP/<br>RESPONSIBLE PARTY   |
|--|--|---|
| <p>B. South Building / Birthing / Dietary Phase II Bid-Awards, Rejections and Negotiations</p> | <p>Background provided by Mike Geney with Geney Gassiot and Rick McConn, Chief of Facilities Development.</p> <p>A proposed Resolution rejecting a bid for certain scopes of work and dispensing with further competitive bidding for certain scopes of work for the Tahoe Forest Hospital District South Building / Birthing / Dietary Phase II project was presented for approval.</p> <p>This is the final project related to Measure C.</p> <p>Official approval from OSHPD has not been received. The south building is within the budget, OSHPD has imposed a phase 5 onto the South Building (remodel of interim OB spaces). This project was not funded as it was not included in the initial improvement requirements. It was reported that the budget will be met for the measure C projects, including the phase 5 add on by OSHPD. Mr. Geney and Mr. McConn were recognized for the well managed project, that is coming in within budget after a 7 year period given inflation etc.</p> | <p><b><u>Motion made by Dr. Sessler, and seconded by Roger Kahn to approve Resolution 2014-03 rejecting a bid for certain scopes of work and dispensing with further competitive bidding for certain scopes of work for the Tahoe Forest Hospital District South Building / Birthing / Dietary Phase II project.</u></b></p> <p><b><u>A roll call vote was taken:</u></b><br/> <b><u>Dr. Sessler, Aye,</u></b><br/> <b><u>Mr. Kahn, Aye,</u></b><br/> <b><u>Mr. Long, Aye,</u></b><br/> <b><u>Mr. Chamblin, Aye</u></b></p> <p><b><u>The motion was passed unanimously by those board members present</u></b></p> |
| <p>C. Contracts</p>  |  |   |
| <p>a. Palmer - Medical Director Radiation Oncology</p>   | <p>COO provided background related to the contract to provide Radiation Oncology Medical Directorship for the Gene Upshaw Cancer Center presented for approval. This is a new contract that replaces the prior agreement. The contract template meets regulatory compliance and was prepared by Hooper, Lundy &amp; Bookman (HLB).</p>   | <p><b><u>Motion made by Roger Kahn, and seconded by Karen Sessler to approve Medical Director Radiation Oncology contract for Dr. Palmer as presented.</u></b></p> <p><b><u>The motion was passed</u></b></p>   |



**BOARD OF DIRECTORS -  
SPECIAL BOARD MEETING MINUTES**

| AGENDA ITEM | DISCUSSIONS/CONCLUSIONS  | ACTIONS/FOLLOW-UP/<br>RESPONSIBLE PARTY                         |
|-------------|--|---|
|             | <p>Discussion related the likelihood or exceeding the \$100k cap identified in the contract. Compliance provided background related to work done by outside consultant review of services and fair market value. There will be multiple levels involved in the review of invoices.</p> <p>Tim Garcia-Jay provide background on the program, educational oversight, supervision of the resident, succession planning, etc.</p> <p>Dr. Palmer is the wife of Larry Heifetz; district counsel asked to confirm whether there is a conflict of interest with the relationship. The District has a professional services agreement with the oncology group. The medical directorship provides additional services. With respect to the conflict of interest laws, they are not employees of the district and represent no conflict. Nor does it fall under the fair political practice. Counsel does not believe there is a conflict of interest.</p> | <p><b><u>unanimously by those board members present</u></b></p> |





**BOARD OF DIRECTORS -  
SPECIAL BOARD MEETING MINUTES**

| AGENDA ITEM  | DISCUSSIONS/CONCLUSIONS  | ACTIONS/FOLLOW-UP/<br>RESPONSIBLE PARTY  |
|--|--|--|
| <p>b. Scholnick - Amendment of the Professional Services Agreement (PSA)</p> | <p>Amendment to the Professional Service Agreement to provide professional medical services at the Multispecialty Clinic in Joshua Scholnick, MD’s areas of specialization (internal medicine and cardiology) presented for approval.</p> <p>This Amendment doesn’t seek to change any terms except to extend the contract through 12/31/14, pending completion of the outside compliance review requested by the Board of Directors.</p> <p>The Multispecialty Clinic contract is currently under compliance review being conducted through the compliance office by retained counsel Hooper, Lundy &amp; Bookman (HLB) and ECG Management Consultants (ECG). Their reviews are currently in process.</p> | <p><b><u>Motion made by Roger Kahn, and seconded by Karen Sessler to approve Amendment of the PSA for Dr. Scholnick as presented.</u></b><br/> <b><u>The motion was passed unanimously by those board members present</u></b></p>                                |
| <p>c. Heneveld - Medical Director Occupational Health Clinic</p>             | <p>Contract to provide Medical Directorship for the Occupational Health Clinic presented for approval. The contract template prepared by Hooper, Lundy &amp; Bookman (HLB) meets fair market value, commercial reasonableness, and regulatory compliance.</p>  | <p><b><u>Motion made by Karen Sessler, and seconded by Roger Kahn to approve Medical Director Occupational Health Clinic contract for Dr. Heneveld as presented.</u></b><br/> <b><u>The motion was passed unanimously by those board members present</u></b></p> |
| <p><b>12. Agenda Input For Upcoming Committee Meetings</b></p>               | <p>Director Sessler provided a review of items that would benefit from a Governance Committee review in the next couple of weeks.</p>  |  |



**BOARD OF DIRECTORS -  
SPECIAL BOARD MEETING MINUTES**

| AGENDA ITEM                              | DISCUSSIONS/CONCLUSIONS  | ACTIONS/FOLLOW-UP/<br>RESPONSIBLE PARTY |
|--|--|---|
|  | <ul style="list-style-type: none"> <li>• Refine and define agenda for Board Workshop with Karma Bass</li> <li>• ACHD excellence in governance certification</li> <li>• ACHD board self evaluation tool</li> <li>• Review board orientation materials</li> </ul> <p>Discussion took place regarding the Board Workshop to be facilitated by Karma Bass. Board members were polled on their interest to participate. A date will be identified and reported at next week.</p> <p>Discussion related to providing feedback to community members on questions presented at board meetings. Existing policies will be reviewed and refined as appropriate. A recommendation was made to have District Counsel read the Board into closed session citing the government code regulation, and to read the Board back into open session to assist with increased transparency.</p> |   |
| <p><b>13. Items for Next Meeting</b></p> | <ol style="list-style-type: none"> <li>1. Facilities Development Plan Update</li> <li>2. Personnel Committee Collects Input for CEO Self Evaluation and self score, Med Staff input, and Board input</li> <li>3. Cancer Center Update</li> <li>4. Quarterly Marketing Report</li> <li>5. Quarterly Foundation Report</li> <li>6. Quarterly TFH Auxiliary Report</li> <li>7. Semi-Annual IVCH Auxiliary Report</li> <li>8. Semi-Annual Pension Plan Report</li> </ol>   |   |



**BOARD OF DIRECTORS -  
SPECIAL BOARD MEETING MINUTES**

| AGENDA ITEM  | DISCUSSIONS/CONCLUSIONS  | ACTIONS/FOLLOW-UP/<br>RESPONSIBLE PARTY |
|--|--|---|
|  | 9. Semi-Annual Schedule BOD/Medical Staff Planning Meeting<br>10. Annual Report to Community<br>11. Annual Mid Year Board Self Evaluation Update<br>12. Quarterly Quality Report [closed]<br>13. Service Excellence Report [closed]  |   |
| 14. Board Members Reports/Closing Remarks                    | None.  |   |
| 15. Report of any Reportable Actions Taken in closed session | <p><b>B. Government Code Section 54956.9(d)(1): Existing Litigation (1 case)</b></p> <p>By unanimous approval the Board members present voted to approve settlement of the lawsuit with Intermountain Electric resulting in a payment for appropriate funds for work done, dismissal of the lawsuit with prejudice, and a release of all claims.</p> <p><b>C. Government Code Section 54956.9(d)(2): Exposure to Litigation (1 case)</b></p> <p>By unanimous approval the Board members present voted to reject a program BETA notice of claim number 14-000719.</p> |   |
| 16. Adjourn  | The meeting adjourned at 5:46 p.m.   |   |

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**BOARD OF DIRECTORS -  
SPECIAL BOARD MEETING MINUTES**

| AGENDA ITEM   | DISCUSSIONS/CONCLUSIONS   | ACTIONS/FOLLOW-UP/<br>RESPONSIBLE PARTY |
|---|---|---|
| <b>PRESENT AT MEETING:</b>                                | <p><b>Board Members:</b> Larry Long, Vice President; Karen Sessler, M.D., Secretary; Dale Chamblin, Treasurer; Roger Kahn, Board Member</p> <p>John Mohun, President attended via teleconference</p> <p><b>Staff:</b> Bob Schapper, Chief Executive Officer; Jayne O’Flanagan, Director Human Resources; Patricia Barrett, Executive Assistant/Clerk of the Board</p> <p><b>Others:</b> Steve Gross, Legal Counsel; Dan Croley, Randy Riddle, and Greg Moser</p>  |   |
| 1. <b>Call to Order</b>                                   | Meeting called to order at 10:01 a.m.   |   |
| 2. <b>Roll Call</b>                                       | <p>The Roll Call reflected Directors Long, Sessler, Chamblin and Kahn present.</p> <p>Director Mohun absence excused.</p>   |   |
| 3. <b>Clear the Agenda/Items Not On the Posted Agenda</b> | The agenda was cleared. There were no changes made to the posted agenda.  |   |
| 4. <b>Input -- Audience Employee Associations</b>         | <p>Jamie Cole shared her understanding and impressions related to pharmacy services and selection of prior Director of Pharmacy. Expressed disappointment in the Board and CEO for cost associated with recruiting the Director of Pharmacy only to transition him out after 8 months.</p> <p>Tom Combs noted that he does not know Bob Schapper and believes the Board is in a bad position on the topic of the conflict of interest. Suggests that the Board would be better off to have an outside agency conduct an investigation of this</p> |   |



**BOARD OF DIRECTORS -  
SPECIAL BOARD MEETING MINUTES**

| AGENDA ITEM                      | DISCUSSIONS/CONCLUSIONS  | ACTIONS/FOLLOW-UP/<br>RESPONSIBLE PARTY |
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|                                  | <p>issue. There will be people displeased regardless of the Board’s decision. Suggested that the District Attorney be contacted to conduct the investigation. It is critical that everything be as transparent as possible.</p> <p>Pete Forni shared comments related to the conflict of interest investigation. He shared concern related to the policy approved at the prior board meeting allowing the CEO to enter into employment contracts; he feels the decision should have been delayed until the conflict of interest issue was resolved. He further questioned the need for employment contracts.</p> <p>Mike Enrique of Tahoe City inquired about the report out process and requested that staff post draft unapproved minutes immediately following each meeting.</p> <p>Peter Rivera shared his thoughts related to the CEO’s perceived benefit from his wife’s employment with the District.</p> <p>Scott Bennett asked attendees and board members to remember the significance of the CEO being identified as CFO of his wife’s company..</p> <p>Meeting adjourned to closed session at 10:21 a.m.</p> |   |
| <p>5. <b>Closed Session:</b></p> | <p>The meeting proceeded into closed session at 10:31 a.m.</p>   |   |



**BOARD OF DIRECTORS -  
SPECIAL BOARD MEETING MINUTES**

| AGENDA ITEM  | DISCUSSIONS/CONCLUSIONS   | ACTIONS/FOLLOW-UP/<br>RESPONSIBLE PARTY |
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| 6. <b>Open Session</b>   | Mr. Long called the open session to order at 4:05 p.m.  |   |
| 7. <b>Report of any Reportable Actions Taken in closed session</b> | <p>Director Sessler thanked the community for their patience over the last several months as the conflict of interest issue has percolated throughout the community and with employees. Director Sessler stated that it was important for the Board to take the time necessary to address and obtain feedback from outside investigators and wait for the final report. The constraints of the Brown Act were noted as also contributing in slowing the process. Director Sessler confirmed that the Board has heard the concerns of the community related to transparency.</p> <p>District Counsel provided report out of motion taken in closed session and provided a summary of the backgrounds of outside counsel providing expert opinion on the matter.</p> <p><u>Report Out:</u> Based on a thorough investigation of the facts by an independent investigator, the Procopia law firm, there is insufficient evidence to determine that the CEO violated government code 1090, and therefore the Board, by a vote of 4 to 1, has determined to take no further action with respect to the alleged conflict of interest.</p> |   |
| 8. <b>Adjourn</b>  | The meeting adjourned at 4:19 p.m.  |   |

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**BOARD OF DIRECTORS**  
**BOARD MEETING MINUTES**

| AGENDA ITEM   | DISCUSSIONS/CONCLUSIONS  | ACTIONS/FOLLOW-UP/<br>RESPONSIBLE PARTY |
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| <b>PRESENT AT MEETING:</b>                                | <p><b>Board Members:</b> John Mohun, Board President; Larry Long, Vice President; Karen Sessler, M.D., Secretary; Dale Chamblin, Treasurer; Roger Kahn, Board Member</p> <p><b>Staff:</b> Bob Schapper, CEO; Virginia Razo, COO; Crystal Betts, CFO; Judy Newland, Chief Nursing Officer; Janet Van Gelder, Director, Quality &amp; Regulations; Gail Betz, Compliance Officer; Carl Blumberg, Risk Manager; Patricia Barrett, Executive Assistant/Clerk of the Board</p> <p><b>Others:</b> Steve Gross, Legal Counsel; Gina Barta, Chief of Staff</p> <p>Roll Call reflected that all Board Members were present.</p> |   |
| 1. <b>Call to Order</b>                                   | <p>Director Mohun provided a review of the board meeting process for benefit of those in the audience.</p> <p><b>Director Mohun called the meeting to order at 4:01 p.m.</b></p>   |   |
| 2. <b>Roll Call</b>                                       | <p>The Roll Call reflected that all Board members were present.</p>  |   |
| 3. <b>Clear the Agenda/Items Not On the Posted Agenda</b> | <p>Director Mohun shared concerns related to agenda item 5G pertaining to the CEO Performance Evaluation and his belief that a discussion pertaining to the reimbursement for attorney fees for the CEO related to the 1090 investigation was intended to be included under this closed session discussion. Director Mohun takes the position that the topic of reimbursement of attorney fees should be agendized separately. Director Mohun further disputed</p>   |   |



**BOARD OF DIRECTORS**  
**BOARD MEETING MINUTES**

| AGENDA ITEM   | DISCUSSIONS/CONCLUSIONS   | ACTIONS/FOLLOW-UP/<br>RESPONSIBLE PARTY  |
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|   | <p>the Government Code section 54957 as being an inappropriate reference for such a topic and that the discussion be held in open session.</p> <p>Director Mohan recommends the topic be removed from the agenda. Further discussion took place regarding the appropriateness of referencing Government Code Section 54957 for the topic pertaining to reimbursement of attorneys fees related to the 1090 investigation. Directors Long and Kahn indicated the intent of the agenda item as referenced is to discuss the CEO's annual performance evaluation. District Counsel indicated it was appropriate to discuss the reimbursement of attorney's fees under the referenced closed session agenda item.</p> |  |
| <p><b>4. Input -- Audience<br/>Employee Associations</b></p>  |   |  |
| <p><b>A. Designate Labor<br/>Negotiator For Potential<br/>Amendment, Extension Or<br/>Renewal Of CEO<br/>Employment Agreement</b></p> | <p>Director Kahn shared that the board appointed him as the negotiator at the January Board meeting. Director Mohun indicated a need to see the minutes from the January meeting reflecting the designation of Director Kahn as labor negotiator.</p> <p>Director Sessler provided background of the January 27, 2014 board meeting during which time Director Kahn was appointed as labor negotiator. It is noted in the CEO's contract that negotiations would begin no less than a year prior to the expiration of the contract; so by contract stipulation the Board was obligated as of June 2014 to</p>   | <p>Motion made by Director Long, and seconded by Director Chamblin, to appoint Director Sessler as labor negotiator and to request the Director of Human Resources to bring to the Board best practice process for CEO negotiations.</p> <p><b>A ROLL CALL VOTE was taken:</b></p> |





**BOARD OF DIRECTORS**  
**BOARD MEETING MINUTES**

| AGENDA ITEM | DISCUSSIONS/CONCLUSIONS | ACTIONS/FOLLOW-UP/<br>RESPONSIBLE PARTY |
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|  | <p>begin the negotiation process.</p> <p>District Counsel shared that he requested that item 4A be added to the agenda as he was not clear that the board had previously taken action on this item and would need to identify the negotiator. The purpose of the closed session topic is to allow the Board to meet to identify parameters for future negotiations.</p> <p>Director Kahn extended an offer to resign as the appointed negotiator to allow the Board to appoint a new negotiator if that was the Board's preference.</p> <p>Discussion took place regarding placement of this topic in Closed Session which allows the Board to provide direction to the negotiator.</p> <p>Discussion took place regarding the number of negotiator(s) that may be identified; the Board can at its discretion chose to have more than one negotiator.</p> <p>District Counsel provided as summary related to the role of the Labor Negotiator. The Negotiator(s) meet with the Board to receive direction related to the term of the contract and parameters for negotiation should the decision be made to pursue contract renewal, etc. A proposed contract would then come to the Board in open session for discussion and approval.</p> | <p><b>Kahn: NO</b><br/><b>Chamblin: NO</b><br/><b>Mohun: NO</b><br/><b>Long : YES</b><br/><b>Sessler: NO.</b></p> <p><b>Item 5F is removed from the agenda.</b></p> |
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**BOARD OF DIRECTORS**  
**BOARD MEETING MINUTES**

| AGENDA ITEM | DISCUSSIONS/CONCLUSIONS | ACTIONS/FOLLOW-UP/<br>RESPONSIBLE PARTY |
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Director Mohun recommends hiring an outside attorney to negotiate the contract given his understanding that the CEO has an engaged an attorney for this purpose. The CEO indicated he has not hired an attorney for the purpose of negotiating a new contract, but has sought guidance from counsel he engaged during the 1090 investigation on certain process issues related to his contract in response to concerns resulting from recent interactions with the Board, and a work environment he feels has become hostile. The CEO elaborated by stating that he historically has not hired an attorney to negotiate his contract and has worked in good faith with this organization.

It was noted that the District is, and has been historically, represented by an attorney during the contracting process while the CEO has not.

Director Mohun re-emphasized his belief that the District needs to retain an attorney that is separate and distinct from the District to negotiate with the CEO.

District Counsel provided background as it related to his qualification to assist the District with negotiating the contract.

Director Kahn shared that he met with the CEO and the



**BOARD OF DIRECTORS**  
**BOARD MEETING MINUTES**

| AGENDA ITEM | DISCUSSIONS/CONCLUSIONS | ACTIONS/FOLLOW-UP/<br>RESPONSIBLE PARTY |
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HR Director and requested that the CEO provide in writing what he would like to see in the contract; with intent to discuss it with the full Board in closed session to request guidance.

Director Long indicated that since Mr. Kahn is willing to step down from the role of negotiator, that Director Sessler would be the likely candidate for the role.

The CEO provided a summary related to his inquiry regarding the Board's interest in extending his contract to allow for the succession plan currently put in place to proceed. The CEO requested a letter from the Board indicating the interest in negotiating a renewal of his contract in response to the way the dialogue with the Board has recently been going. He expanded by stating that the Board has indicated several times that they had an interest in renewing the contract and he proceeded under that presumption. The CEO requested that the Board let him know if they do not wish to renew his contract.

Director Sessler indicated a willingness to act in the role of negotiator. Director Kahn recommends not hiring outside counsel which would result in spending more District funds on legal fees. The Directors Kahn, Long, and Chamblin agree that Director Sessler be appointed negotiator and that District Counsel provide legal support for the process.



**BOARD OF DIRECTORS**  
**BOARD MEETING MINUTES**

| AGENDA ITEM | DISCUSSIONS/CONCLUSIONS | ACTIONS/FOLLOW-UP/<br>RESPONSIBLE PARTY |
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Director Mohun indicated a concern that District Counsel has crossed into an “incestuous situation” and that outside counsel would better represent the District in this matter.

Director Sessler recommends that the District’s HR professional present best practice to the Board related to CEO negotiations. The Negotiator’s roll will be to walk information back and forth between the CEO and the Board. Director Sessler would prefer the District’s money not be spent on attorney fees, rather for health care in our community.

Jayne O’Flanagan, Director of Human Resources, shared the negotiation process as it relates to the employee associations, indicating the process for the CEO’s contract negotiation has been handled in the same manner. Following negotiation, the Director of Human Resources then works with legal counsel to develop the contract.

Motion made by Director Long, and seconded by Director Chamblin, to appoint Director Sessler as labor negotiator and to request the Director of Human Resources to bring to the Board best practice process for CEO negotiations.

The Board Chair allowed for public comment on this matter.

John Falk indicated his appreciation for the dialogue of the



**BOARD OF DIRECTORS**  
**BOARD MEETING MINUTES**

| AGENDA ITEM | DISCUSSIONS/CONCLUSIONS | ACTIONS/FOLLOW-UP/<br>RESPONSIBLE PARTY |
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Board. Mr. Falk stated concern that “Lawyering up creates an adversarial environment.” He renewed his previous meeting request of the Board that they do not prematurely take action on any contracts until the next board is seated. Whoever is elected should be allowed to assist the Board in making the final decision. Unless a contract is due, or there is a compelling reason to initiate the new contract, it should be deferred to the new board.

Mrs. Larson thanked the board for this discussion, specifically Mr. Mohun for leading the conversation.

Jamie Cole expressed upset with some of what has been heard tonight. She referenced disappointment with how the employment of Mr. Forni was handled. Ms. Cole read a statement related to costs of services, and administrative costs. *(A copy of the statement read was not provided to the Board or Board Clerk)* Ms. Cole expects the Board to table all decision regarding contracts, golden parachutes, and severance until the new board is seated.

Michael Enriques commented on the feedback reviewed at the recent Board Workshop. Mr. Enriques stated there is not a business need for the Board to address in closed session any employment contracts.

Greg Jellinek supported Mr. Falk’s request that the Board not encumber the new board with any action related to



**BOARD OF DIRECTORS**  
**BOARD MEETING MINUTES**

| AGENDA ITEM | DISCUSSIONS/CONCLUSIONS | ACTIONS/FOLLOW-UP/<br>RESPONSIBLE PARTY |
|-------------|-------------------------|---|
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contracts prior to their being seated.

Peter Rivera expressed appreciation for the CEO's request for the Board to let him know whether they intend to renew his contract or not. Mr. Rivera stated that if the decision is to move forward with a new CEO, the Board should look to the community for the next CEO. Mr. Rivera further recommended that if the Board is seeking legal counsel, that they look outside of the community.

Dr. Denny Chez urges this Board to respect the CEO's request as to whether they want him to continue as CEO or not.

Mark Spohr would like to reinforce what was stated at the Board workshop last week in that the Board should not make any decisions related to contracts until the new board is in place.

Director Mohun indicated he does not want to elect a negotiator to begin negotiating a contract; adding that from his perspective, he would not want to extend the CEO's contract. Director Mohun further shared his preference that the negotiations remain in open session until a new Board is elected. Director Mohun requests that agenda item 5F be removed from the Closed Session agenda.

Director Kahn called for decision on the pending motion



**BOARD OF DIRECTORS**  
**BOARD MEETING MINUTES**

| AGENDA ITEM   | DISCUSSIONS/CONCLUSIONS   | ACTIONS/FOLLOW-UP/<br>RESPONSIBLE PARTY |
|---|---|---|
|   | <p>related to the appointment of Director Sessler as negotiator. Director Kahn confirmed his resignation as negotiator.</p> <p>Prior to recording her vote Director Sessler shared concerns that it will not serve the stability of the organization nor the community to delay the negotiations process though it appears the board is not yet ready to begin the process.</p> <p><b>OPEN SESSION adjourned at 5:31 p.m.</b></p> |   |
| <p><b>5. Closed Session:</b></p>  | <p><b>The meeting proceeded into closed session at 5:41 p.m.</b></p>  |   |
| <p>B. Approval of closed session minutes of 7/11/14; 7/22/14; 8/12/14; and 8/21/14</p>                                      | <p>Approval of the minutes is deferred to the October meeting.</p>  |   |
| <p>C. Health &amp; Safety Code Section 32155: Medical Staff</p>   | <p>Discussion was held. Dr. Berta joined the meeting for this agenda item.</p>  |   |
| <p>D. Health &amp; Safety Code Section 32106: Trade Secrets – Proposed New Service or Program, Estimated Date of Public</p> | <p>Discussion was held. Representatives from ECG and Corporate Compliance Officer joined the meeting for this agenda item.</p>  |   |



**BOARD OF DIRECTORS**  
**BOARD MEETING MINUTES**

| AGENDA ITEM   | DISCUSSIONS/CONCLUSIONS   | ACTIONS/FOLLOW-UP/<br>RESPONSIBLE PARTY |
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| Disclosure, 4/28/15   |   |   |
| E. Health & Safety Code Section 32155: Quality Report   | Discussion was held. Director, Quality & Regulations and joined the meeting for this agenda item. |   |
| F. California Government Code Section 54956.9(d)(2): Exposure to Litigation (2 items)   | Discussion was held. Risk & Patient Safety Manager joined the meeting for this agenda item.       |   |
| G. Government Code Section 54957.6, Conference with Labor Negotiators regarding Potential Amendment, Extension or Renewal of CEO Employment Agreement | Topic was pulled from the Agenda.   |   |
| H. Government Code Section 54957: Chief Executive Officer Annual Performance Evaluation   | Discussion was held on a privileged matter.   |   |





**BOARD OF DIRECTORS**  
**BOARD MEETING MINUTES**

| AGENDA ITEM   | DISCUSSIONS/CONCLUSIONS   | ACTIONS/FOLLOW-UP/<br>RESPONSIBLE PARTY |
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| 6. <b>Dinner Break</b>                                    | A dinner break was taken at 5:31 p.m.   |   |
| 7. <b>Open Session Call To Order</b>                      | <b>Director Mohun called the open session to order at 6:03 p.m.</b>   |   |
| <b>PRESENT FOR OPEN SESSION:</b>                          | <p><b>Board Members:</b> John Mohun, President; Larry Long, Vice President; Karen Sessler, M.D., Board Secretary; Dale Chamblin, Treasurer;</p> <p><b>Staff:</b> Bob Schapper, Chief Executive Officer; Virginia Razo, PharmD, Chief Operating Officer; Crystal Betts, Chief Financial Officer; Patricia Barrett, Clerk of the Board</p> <p><b>Others Present:</b> Steve Gross, Legal Counsel; Gina Barta, M.D., Chief of Staff</p> |   |
| 8. <b>Clear The Agenda/Items Not on the Posted Agenda</b> | <p>The agenda was cleared. No changes were made to the posted agenda.</p> <p>At Director. Mohun's requested Item 15. C was moved up on the agenda.</p>  |   |
| 9. <b>Input Audience</b>                                  | Pete Forni read a memo to the Board related to draft employment contracts. A copy of the memo was provided to the board clerk and will be included for reference as part of the meeting minutes.  |   |
| 10. <b>Input From Employee Associations</b>               | <p>Employee Associations input was asked, but none was offered.</p> <p><b><i>Opens session recessed at 6:15 p.m.</i></b></p> <p><b><i>Open session reconvened at 7:01 p.m.</i></b></p>  |   |



**BOARD OF DIRECTORS**  
**BOARD MEETING MINUTES**

| AGENDA ITEM   | DISCUSSIONS/CONCLUSIONS   | ACTIONS/FOLLOW-UP/<br>RESPONSIBLE PARTY  |
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| <p><b>11. Medical Staff Report</b></p>  | <p>Dr. Barta gave the Medical Staff Report. Related attachment provided as part of the agenda packet.</p> <p>Dr. Barta shared that a discussion took place at the September MEC meeting related to professionalism expectations and the new policy which will be presented to the Board for approval.</p> |  |
| <p><b>A. Approval of Medical Staff Consent Agenda</b></p>   | <p>Dr. Barta reported that the Medical Executive Committee discussed and approved the Medical Staff Consent Agenda as presented.</p>  | <p><b><u>It was moved by Director Kahn and seconded by Director Long to approve the Medical Staff Credentials as presented and recommended for approval by the Medical Staff Executive Committee. The motion passed by unanimous vote.</u></b></p> |
| <p><b>12. Consent Calendar:</b></p> <p><b>A. Minutes of Meetings of:</b><br/>7/11/14; 7/22/14; 8/12/14; and 8/21/14</p> <p><b>B. Financial Report – June 2014</b></p> | <p>A. Topic removed from the agenda. Approval of the minutes was deferred to the October meeting.</p> <p>B. The August 2014 Financial Report was provided as part of the agenda packet.</p>   | <p><b><u>It was moved by Director Kahn and seconded by Director Sessler to approve Consent Agenda items 12 (B) The motion passed by unanimous vote.</u></b></p>  |
| <p><b>13. Executive Officer’s Report</b></p> <p><b>A. Chief Executive Officer</b></p>   | <p>A. CEO – Written report provided as part of the Agenda Packet.</p>   |  |



**BOARD OF DIRECTORS**  
**BOARD MEETING MINUTES**

| AGENDA ITEM   | DISCUSSIONS/CONCLUSIONS   | ACTIONS/FOLLOW-UP/<br>RESPONSIBLE PARTY |
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| <p><b>B. Chief Operating Officer's Report</b><br/> <b>C. Chief Nursing Officer's Report</b><br/> <b>D. Incline Village Community Hospital Administrator's Report</b><br/> <b>E. Chief Information Officer</b></p> | <p>B. COO – The Board was made aware that since the last meeting TFHD has had a number of successful state surveys including the lab and IVCH. The COO deferred to Mike Ruggiero, Director of Facilities Management, and asked him to provide information related to how TFHD is assisting with the health risk management associated with smoke resulting from area fires. Ted Owens, Director Community Development, provided a review of the community EOC meetings and the school districts plan related to the smoke. The COO shared that TFH and IVH will be recognized by Press Ganey for placing in top 95 percentile on their inpatient survey. IVH was recognized for ER also being in the 95 percentile for the last three years. Tim Garcia Jay was recognized for his work on the recent Cancer Center chamber mixer, and Gail Betz was recognized for her work on contract review related to Fair Market Value assessments.</p> <p>C. CNO – A written report was provided in the agenda packet for review.</p> <p>D. IVCH – A written report was provided in the agenda packet for review.</p> <p>E. CIO – Jake Dorst introduced himself as the new Chief Information Officer and provided background related to his professional experience. The Board welcomed Mr. Dorst to TFHD.</p> |   |



**BOARD OF DIRECTORS**  
**BOARD MEETING MINUTES**

| AGENDA ITEM  | DISCUSSIONS/CONCLUSIONS  | ACTIONS/FOLLOW-UP/<br>RESPONSIBLE PARTY |
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| <p><b>14. Presentations/Staff Reports</b></p> <ul style="list-style-type: none"> <li><b>A. Cancer Center Update</b></li> <li><b>B. Facilities Development Plan Update</b></li> <li><b>C. Facilities Medical Office Building Update</b></li> <li><b>D. Quarterly Foundation Report</b></li> <li><b>E. Quarterly IVH Auxiliary Report</b></li> <li><b>F. Quarterly Marketing Report</b></li> </ul> | <ul style="list-style-type: none"> <li>A. Cancer Center Update presentation pulled from the agenda.</li> <li>B. Rick McConn provided a summary of the June 30 Community Quarterly Report. The project amount not funded by Measure C has been anticipated and when the project fund is fully utilized in 2016, the remaining balance of approximately \$1.9 million will have been accounted for through operations.</li> </ul> <p>Mike Geney provided an overview of the Measure C increases. The increases are attributable to a mandate by OSHPD related to the occupancy of various areas of the project. He and McConn have been successful in negotiating some of the requirements. The South building has been permitted.</p> <ul style="list-style-type: none"> <li>C. Rick McConn provided an overview of the current status of the medical office space. A recommendation was made to approach the medical office space in a similar manner as a facilities space planning process. Process will include the medical and hospital communities, and will be a comprehensive assessment. IVH is not anticipated to be included as part of the assessment.</li> </ul> |   |



**BOARD OF DIRECTORS**  
**BOARD MEETING MINUTES**

| AGENDA ITEM | DISCUSSIONS/CONCLUSIONS   | ACTIONS/FOLLOW-UP/<br>RESPONSIBLE PARTY |
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|             | <p>D. Martha Simon submitted a written report and was available to answer questions. Director Chamblin shared that he and Ms. Simon have been working to gather data related to administrative costs for the foundation. The data has been compiled and findings show that the cost of administration is lower than 29%. The Association of Health Care Philanthropy indicates the average to be 31%. It was noted that the dollars raised by our foundation is exceptional compared to peers. A discussion took place related to using the industry standard reporting for future foundation reports.</p> <p>E. Judy Newland, IVCH Administrator, spoke to the commitment and services provided by the Auxiliary for Incline Village. The fundraising golf tournament held the day of the Board meeting was very successful. Director Sessler will provide a personally written thank you note to the auxiliary volunteers.</p> <p>F. Paige Thomason, Director of Marketing, presented a written report and was available to answer questions. Ms. Thomason shared that the community health needs assessment would require a separate meeting of the Board during which recommendation will be made and next steps identified. Discussion took place regarding how information is gathered and how it will be shared.</p> |   |



**BOARD OF DIRECTORS**  
**BOARD MEETING MINUTES**

| AGENDA ITEM | DISCUSSIONS/CONCLUSIONS | ACTIONS/FOLLOW-UP/<br>RESPONSIBLE PARTY |
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| <p><b>15. Items for Board Discussion And/ Or Action</b></p>   |  |  |
| <p>A. Contracts:</p> <ul style="list-style-type: none"> <li>a. Education Agreements                             <ul style="list-style-type: none"> <li>i. Horthy Springer Education                                     <ul style="list-style-type: none"> <li>1. Dr. Cooper</li> <li>2. Dr. Uglum</li> <li>3. Dr. Skaff</li> <li>4. Dr. Laine</li> </ul> </li> </ul> </li> <li>b. Medical Director Agreement – Sleep Center [Dr. Tirdel]</li> <li>c. Interim Physician Designee for Hospice [Dr. Tirdel]</li> <li>d. Electrocardiograms (“EKG Services”)                             <ul style="list-style-type: none"> <li>i. Dr. Lombard</li> <li>ii. Dr. Ganong</li> </ul> </li> <li>e. Medical Directorship for Radiation Oncology [Dr. Palmer]</li> </ul> | <p>Dr. Coll provided a brief overview of the roll of each of the physicians identified to attend the Horthy Springer Education course, indicating the course is a standard course for Med Staff leaders.</p> | <p><b><u>Motion made by Director Kahn to approve Cooper, Uglum, Skaff &amp; Laine Education Agreement contracts, seconded by Director Long. The motion passed by unanimous vote.</u></b></p> <p><b><u>Motion made by Director Chamblin, second by Director Long to approve Medical Director Agreement – Sleep Center [Dr. Tirdel]. The motion passed by unanimous vote.</u></b></p> <p><b><u>Motion made by Director Kahn, second by Director Sessler to approve Interim Physician Designee for Hospice [Dr. Tirdel] Agreement. The motion passed by unanimous vote.</u></b></p> |



**BOARD OF DIRECTORS**  
**BOARD MEETING MINUTES**

| AGENDA ITEM | DISCUSSIONS/CONCLUSIONS | ACTIONS/FOLLOW-UP/<br>RESPONSIBLE PARTY  |
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|             |                         | <p><b><u>Motion made by Director Sessler, second by Director Long to approve Electrocardiograms (“EKG Services”) [Lombard and Ganong] Agreement. The motion passed by unanimous vote.</u></b></p> <p><b><u>Motion made by Director Chamblin, second by Director Kahn to approve Medical Directorship for Radiation Oncology [Dr. Palmer] Agreement. The motion passed by unanimous vote.</u></b></p> |



**BOARD OF DIRECTORS**  
**BOARD MEETING MINUTES**

| AGENDA ITEM | DISCUSSIONS/CONCLUSIONS | ACTIONS/FOLLOW-UP/<br>RESPONSIBLE PARTY |
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| <p><b>16. Board Committee Reports/ Recommendations</b></p>  |   |  |
| <p><b>A.</b> Personnel Retirement Committee Meeting – 9/17/14</p> <p><b>B.</b> Finance Committee Meeting – 9/22/14</p> <p><b>C.</b> Governance Committee Meeting – 8/22/14</p> <p><b>D.</b> Quality Committee Meeting 9/18/14</p> | <p><b>A. PERSONNEL RETIREMENT COMMITTEE MEETING – 09/17/14</b></p> <p>Committee met with financial advisors to receive a report from Fidelity regarding a request to reduce their fee structure which will result in a savings of approximately \$35k a year. There is at least one fund being recommended for replacement. A Request for Proposal (RFP) is being prepared to identify an investment advisor. The RFP is expected to be published soon.</p> <p>An update related to bargaining unit representation was provided. Approximately 80 employees are not currently represented and options for those employees are being assessed.</p> <p>Policies presented for approval by the Board were reviewed and will appear on the consent agenda of the October meeting.</p> <p>An update on the <i>Best Place To Work And Practice</i> intranet page available to employees was presented to the Committee. An employee survey is under way; a Press Ganey tool is being used for the survey.</p> |  |





**BOARD OF DIRECTORS**  
**BOARD MEETING MINUTES**

| AGENDA ITEM | DISCUSSIONS/CONCLUSIONS  | ACTIONS/FOLLOW-UP/<br>RESPONSIBLE PARTY |
|-------------|--|---|
|             | <p>Retirement and Personnel committee is an advisory committee. Director Mohun inquired about how the two employment contracts were agendized. It was indicated that the CEO was more comfortable with the Board committee being made aware of the contracts he was intending to sign though no formal action was requested of the Committee. It was confirmed that per Board Policy, the CEO had authority to initiate the agreements.</p> <p>B. FINANCE COMMITTEE MEETING – 9/22/14</p> <p>Director Chamblin provided a summary of the financial report. The CFO provided clarification related to the engagement of Jacobus and anticipated duration. Additional information pertaining to how TFH compares to other like hospitals as it relates to the 25 most common services as reported by OSPHD was reviewed. The CEO shared additional information related to volumes.</p> <p>Dr. Coll commented on work being done by the OR staff in looking at the preop process which would incorporate the CPT code with the preapproval to provide upfront costs as prior to the procedure. A pilot program for surgeries will be rolled out in October to all physicians after the first of the year.</p> |   |



**BOARD OF DIRECTORS**  
**BOARD MEETING MINUTES**

| AGENDA ITEM | DISCUSSIONS/CONCLUSIONS   | ACTIONS/FOLLOW-UP/<br>RESPONSIBLE PARTY |
|-------------|---|---|
|             | <p>CPT code transparency is identified as an IT innovation for the new CIO to work on.</p> <p>The CFO provided an update on the audit. No audit adjustments are being brought forward by the auditors. The full audit report will be provided at a special meeting of the Board of Directors on October 28 at 3PM.</p> <p>C. GOVERNANCE COMMITTEE MEETING – 8/22/14</p> <p>Director Sessler provided an overview of the August meeting. Meeting agenda focused on governance specific items. ACHD excellence in Governance Program overview provided. Director of Community Development provided background related to participation being part of the ground level best practice</p> <p>The Governance Institute Board Self Assessment tool has been used by the Board over the last several years. The new ACHD tool has been assessed and recommended by the Committee for use by the Board this year. Discussion took place regarding the value in having the current board complete the self assessment prior to departing and having the new board review and discuss the feedback provided. The new Board will meet in</p> |   |



**BOARD OF DIRECTORS**  
**BOARD MEETING MINUTES**

| AGENDA ITEM | DISCUSSIONS/CONCLUSIONS   | ACTIONS/FOLLOW-UP/<br>RESPONSIBLE PARTY |
|-------------|---|---|
|             | <p>January or February to set goals for the year. Recommendation made to look at an option to including the newly elected board members in a separate survey if possible.</p> <p><b>The Board provided a general consensus to use the new tool.</b></p> <p>It was reported that Board orientation binder materials are being reviewed and filtered to create a quick reference guide.</p> <p>D. BOARD WORKSHOP – 9/18/14</p> <p>The Workshop was well attended. All board candidates attended and participated.</p> |   |



**BOARD OF DIRECTORS**  
**BOARD MEETING MINUTES**

| AGENDA ITEM   | DISCUSSIONS/CONCLUSIONS  | ACTIONS/FOLLOW-UP/<br>RESPONSIBLE PARTY |
|---|--|---|
| 17. <b>Agenda Input For Upcoming Committee Meetings</b>             | Contracts<br>Bi-annual bylaws review<br>Policies<br>Karma Bass materials<br>Bylaws   |   |
| 18. <b>Items for Next Meeting</b>                                   | -  |   |
| 19. <b>Board Members Reports/Closing Remarks</b>                    |  |   |
| 20. <b>Next session</b>   |  |   |
| 21. <b>Closed Session Continued, If Necessary</b>                   | <b><i>Open Session recessed to Closed Session at 8:57 p.m.</i></b>   |   |
| 22. <b>Open Session</b>   | <b><i>Open Session Reconvened 10:12 p.m.</i></b>   |   |
| 23. <b>Report of any Reportable Actions Taken in closed session</b> | <u><i>Report out:</i></u><br><i>By unanimous approval the Board members present voted to reject a program BETA notice of claim number 14-000742.</i> |   |
| 24. <b>Adjourn</b>  | The meeting adjourned at 10:16 p.m.  |   |

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**TAHOE FOREST HOSPITAL DISTRICT  
SEPTEMBER 2014 FINANCIAL REPORT  
INDEX**

| <b>PAGE</b> | <b>DESCRIPTION</b>   |
|-------------|--|
| 2 - 3       | FINANCIAL NARRATIVE  |
| 4           | STATEMENT OF NET POSITION  |
| 5           | NOTES TO STATEMENT OF NET POSITION   |
| 6           | CASH INVESTMENT REPORT   |
| 7           | THREE MONTHS ENDING SEPTEMBER 2014 STATEMENT OF NET POSITION KEY FINANCIAL INDICATORS                                    |
| 8           | TFHD STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  |
| 9 - 10      | TFHD NOTES TO STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION   |
| 11          | THREE MONTHS ENDING SEPTEMBER 2014 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION KEY FINANCIAL INDICATORS |
| 12          | IVCH STATEMENT OF REVENUE AND EXPENSE  |
| 13 - 14     | IVCH NOTES TO STATEMENT OF REVENUE AND EXPENSE   |
| 15          | STATEMENT OF CASH FLOWS  |
| 16 - 30     | TFH AND IVCH VOLUMES INCLUDING GRAPHS  |

**Board of Directors**  
*Of Tahoe Forest Hospital District*

**SEPTEMBER 2014 FINANCIAL NARRATIVE**

The following is a financial narrative analyzing financial and statistical trends for the three months ended September 30, 2014.

**Activity Statistics**

- ❑ TFH acute patient days were 347 for the current month compared to budget of 380. This equates to an average daily census of 11.6 compared to budget of 12.7.
- ❑ TFH Outpatient volumes were above budget in the following departments by at least 5%: Laboratory, Oncology Lab, Medical and Radiation Oncology, PET CT, Pharmacy units, Physical Therapy, and Occupational Therapy.
- ❑ TFH Outpatient volumes were below budget in the following departments by at least 5%: Home Health visits, Surgical cases, Endoscopy procedures, Diagnostic Imaging, Mammography, Nuclear Medicine, Ultrasounds, Oncology Pharmacy units, Respiratory Therapy, and Speech Therapy.

**Financial Indicators**

- ❑ Net Patient Revenue as a percentage of Gross Patient Revenue was 53.5% in the current month compared to budget of 54.9% and to last month's 60.7%. Current year's Net Patient Revenue as a percentage of Gross Patient Revenue is 56.2%, compared to budget of 55.0% and prior year's 57.5%.
- ❑ EBIDA was \$(392,311) (-2.4%) for the current month compared to budget of \$(224,429) (-1.4%), or \$(167,882) (-1.0%) over budget. Year-to-date EBIDA was \$3,469,187 (6.2%) compared to budget of \$600,526 (1.2%) or \$2,868,661 (5.1%) above budget.
- ❑ Cash Collections for the current month were \$10,441,520 which is 97% of targeted Net Patient Revenue.
- ❑ Gross Days in Accounts Receivable were 63.1, compared to the prior month of 68.4. Gross Accounts Receivables are \$35,116,022 compared to the prior month of \$38,712,981. The percent of Gross Accounts Receivable over 120 days old is 30.4%, compared to the prior month of 28.5%.

**Balance Sheet**

- ❑ Working Capital Days Cash on Hand is 38.0 days. S&P Days Cash on Hand is 161.7. Working Capital cash increased \$4,202,000. Despite Cash Collections falling short of target by 3% collections were \$1,200,000 higher than August. Accounts Payable increased \$2,411,000 and Accrued Payroll & Related Costs also increased \$358,000.
- ❑ Net Patients Accounts Receivable decreased approximately \$2,804,000. Cash collections were at 97% of target and days in accounts receivable were 63.1 days, a 5.30 days decrease.
- ❑ GO Bond Project Fund decreased \$445,690 after reimbursing the District for funds advanced on Measure C projects.
- ❑ Accounts Payable increased \$2,411,000 due to the timing of the final check run in the month.

**Operating Revenue**

- ❑ Current month’s Total Gross Revenue was \$16,565,711, compared to budget of \$15,970,616 or \$595,094 above budget.
- ❑ Current month’s Gross Inpatient Revenue was \$6,035,752, compared to budget of \$5,346,278 or \$689,474 above budget.
- ❑ Current month’s Gross Outpatient Revenue was \$10,529,958, compared to budget of \$10,624,338 or \$94,380 below budget. Volumes were up in some departments and down in others. See TFH Outpatient Activity Statistics above.
- ❑ Current month’s Gross Revenue Mix was 39.3% Medicare, 18.4% Medi-Cal, .0% County, 3.8% Other, and 38.5% Insurance compared to budget of 34.5% Medicare, 13.5% Medi-Cal, 1.6% County, 6.5% Other, and 43.9% Insurance. Last month’s mix was 35.9% Medicare, 16.9% Medi-Cal, .0% County, 3.6% Other, and 43.6% Insurance.
- ❑ Current month’s Deductions from Revenue were \$7,696,552 compared to budget of \$7,204,913 or \$491,639 over budget. Variance is attributed to the following reasons: 1) Payor mix varied from budget with a 4.78% increase in Medicare, a 4.92% increase to Medi-Cal, a 1.66% decrease in County, a 2.71% decrease in Other, and Commercial was under budget 5.33%, and 2) revenues exceeded budget by 3.7%.

**Operating Expenses**

| DESCRIPTION                     | September 2014 Actual | September 2014 Budget | Variance  | BRIEF COMMENTS   |
|---------------------------------|-----------------------|-----------------------|-----------|--|
| Salaries & Wages                | 3,270,460             | 3,372,674             | 102,214   |  |
| Employee Benefits               | 1,103,573             | 1,085,626             | (17,947)  |  |
| Benefits – Workers Compensation | 35,861                | 51,566                | 15,706    |  |
| Benefits – Medical Insurance    | 591,454               | 717,510               | 126,056   |  |
| Professional Fees               | 1,859,391             | 1,835,012             | (24,379)  | Outpatient Therapy revenues exceeded budget by 32.4%, retention of the Interim CIO for an additional month, consulting services provided to Patient Accounting, Admitting, and the Innovation Fund created a negative variance in Professional fees. |
| Supplies                        | 1,558,247             | 1,156,792             | (401,455) | Inpatient Pharmacy and Oncology Drugs Sold to Patients revenues exceeded budget by 5.7% and Surgical Services and Medical Supplies Sold to Patients revenues also exceeded budget by 15.2%, creating a negative variance in supply costs.            |
| Purchased Services              | 927,374               | 855,139               | (72,235)  | Services provided for the Wellness Neighborhood and Community Health, Locums coverage in IP Pharmacy, Reference Lab testing, and maintenance service in the Diagnostic Imaging departments created a negative variance in Purchased Services.        |
| Other Expenses                  | 591,719               | 568,993               | (22,725)  | Lodging and travel for Jacobus Consulting and relocation expenses for the new CIO created a negative variance in Other Expenses.   |
| Total Expenses                  | 9,938,079             | 9,643,313             | (294,766) |  |

TAHOE FOREST HOSPITAL DISTRICT  
STATEMENT OF NET POSITION  
SEPTEMBER 2014

|  | Sep-14                | Aug-14                | Sep-13               |   |
|--|-----------------------|-----------------------|----------------------|---|
| <b>ASSETS</b>  |                       |                       |                      |   |
| <b>CURRENT ASSETS</b>                                    |                       |                       |                      |   |
| * CASH   | \$ 12,492,008         | \$ 8,289,521          | \$ 9,784,525         | 1 |
| PATIENT ACCOUNTS RECEIVABLE - NET                        | 16,278,735            | 19,082,442            | 22,597,977           | 2 |
| OTHER RECEIVABLES  | 4,238,555             | 3,895,021             | 3,497,737            |   |
| GO BOND RECEIVABLES                                      | 1,191,058             | 798,005               | 1,414,160            |   |
| ASSETS LIMITED OR RESTRICTED                             | 5,795,033             | 5,666,962             | 5,792,639            |   |
| INVENTORIES  | 2,514,001             | 2,510,313             | 2,265,851            |   |
| PREPAID EXPENSES & DEPOSITS                              | 1,916,178             | 2,050,760             | 1,456,408            |   |
| ESTIMATED SETTLEMENTS, M-CAL & M-CARE                    | 3,412,998             | 3,265,292             | 3,938,472            |   |
| OTHER CURRENT ASSETS                                     | -                     | -                     | -                    |   |
| <b>TOTAL CURRENT ASSETS</b>                              | <b>47,838,565</b>     | <b>45,558,316</b>     | <b>50,747,769</b>    |   |
| <b>NON CURRENT ASSETS</b>                                |                       |                       |                      |   |
| ASSETS LIMITED OR RESTRICTED:                            |                       |                       |                      |   |
| * CASH RESERVE FUND                                      | 40,655,350            | 40,655,350            | 33,570,719           | 1 |
| BANC OF AMERICA MUNICIPAL LEASE                          | 2,291,388             | 2,291,388             | 3,033,190            |   |
| TOTAL BOND TRUSTEE 2002                                  | 2                     | 2                     | 2                    |   |
| TOTAL BOND TRUSTEE 2006                                  | 2,778,447             | 2,459,893             | 2,570,271            |   |
| TOTAL BOND TRUSTEE GO BOND                               | -                     | -                     | -                    |   |
| GO BOND PROJECT FUND                                     | 18,815,319            | 19,261,009            | 26,404,386           | 3 |
| GO BOND TAX REVENUE FUND                                 | 44,944                | 44,944                | 373,022              |   |
| BOARD DESIGNATED FUND                                    | 2,297                 | 2,297                 | 2,297                |   |
| DIAGNOSTIC IMAGING FUND                                  | 2,963                 | 2,963                 | 3,136                |   |
| DONOR RESTRICTED FUND                                    | 832,677               | 805,658               | 684,113              |   |
| WORKERS COMPENSATION FUND                                | 17,876                | 18,660                | 15,793               |   |
| TOTAL  | 65,441,263            | 65,542,163            | 66,656,929           |   |
| LESS CURRENT PORTION                                     | (5,795,033)           | (5,666,962)           | (5,792,639)          |   |
| TOTAL ASSETS LIMITED OR RESTRICTED - NET                 | 59,646,230            | 59,875,201            | 60,864,290           |   |
| NONCURRENT ASSETS AND INVESTMENTS:                       |                       |                       |                      |   |
| INVESTMENT IN TSC, LLC                                   | 496,395               | 496,395               | 714,274              |   |
| PROPERTY HELD FOR FUTURE EXPANSION                       | 836,353               | 836,353               | 836,353              |   |
| PROPERTY & EQUIPMENT NET                                 | 131,565,421           | 115,915,487           | 119,073,035          |   |
| GO BOND CIP, PROPERTY & EQUIPMENT NET                    | 13,381,638            | 28,145,561            | 21,515,751           |   |
| <b>TOTAL ASSETS</b>                                      | <b>253,764,602</b>    | <b>250,827,313</b>    | <b>253,751,472</b>   |   |
| DEFERRED OUTFLOW OF RESOURCES:                           |                       |                       |                      |   |
| DEFERRED LOSS ON DEFEASANCE                              | 610,919               | 614,151               | 649,707              |   |
| ACCUMULATED DECREASE IN FAIR VALUE OF HEDGING DERIVATIVE | 1,608,135             | 1,710,011             | 1,522,861            |   |
| <b>TOTAL DEFERRED OUTFLOW OF RESOURCES</b>               | <b>\$ 2,219,053</b>   | <b>\$ 2,324,162</b>   | <b>\$ 2,172,568</b>  |   |
| <b>LIABILITIES</b>                                       |                       |                       |                      |   |
| <b>CURRENT LIABILITIES</b>                               |                       |                       |                      |   |
| ACCOUNTS PAYABLE   | \$ 6,556,210          | \$ 4,145,292          | \$ 5,267,360         | 4 |
| ACCRUED PAYROLL & RELATED COSTS                          | 8,028,209             | 7,669,758             | 7,276,138            |   |
| INTEREST PAYABLE   | 393,001               | 269,898               | 401,062              |   |
| INTEREST PAYABLE GO BOND                                 | 779,473               | 389,737               | 779,779              |   |
| ESTIMATED SETTLEMENTS, M-CAL & M-CARE                    | 926,480               | 1,112,494             | 653,749              |   |
| HEALTH INSURANCE PLAN                                    | 997,635               | 997,635               | 860,027              |   |
| WORKERS COMPENSATION PLAN                                | 1,006,475             | 1,006,475             | 1,392,606            |   |
| COMPREHENSIVE LIABILITY INSURANCE PLAN                   | 890,902               | 890,902               | 887,362              |   |
| CURRENT MATURITIES OF GO BOND DEBT                       | 315,000               | 315,000               | 50,000               |   |
| CURRENT MATURITIES OF OTHER LONG TERM DEBT               | 2,300,830             | 2,300,830             | 2,624,173            |   |
| <b>TOTAL CURRENT LIABILITIES</b>                         | <b>22,194,215</b>     | <b>19,098,021</b>     | <b>20,192,256</b>    |   |
| <b>NONCURRENT LIABILITIES</b>                            |                       |                       |                      |   |
| OTHER LONG TERM DEBT NET OF CURRENT MATURITIES           | 33,985,148            | 34,085,186            | 36,234,352           |   |
| GO BOND DEBT NET OF CURRENT MATURITIES                   | 98,130,000            | 98,130,000            | 98,450,220           |   |
| DERIVATIVE INSTRUMENT LIABILITY                          | 1,608,135             | 1,710,011             | 1,522,861            |   |
| <b>TOTAL LIABILITIES</b>                                 | <b>155,917,498</b>    | <b>153,023,218</b>    | <b>156,399,689</b>   |   |
| <b>NET ASSETS</b>  |                       |                       |                      |   |
| NET INVESTMENT IN CAPITAL ASSETS                         | 99,233,481            | 99,322,599            | 98,840,238           |   |
| RESTRICTED   | 832,677               | 805,658               | 684,113              |   |
| <b>TOTAL NET POSITION</b>                                | <b>\$ 100,066,158</b> | <b>\$ 100,128,257</b> | <b>\$ 99,524,351</b> |   |

\* Amounts included for Days Cash on Hand calculation



TAHOE FOREST HOSPITAL DISTRICT  
NOTES TO STATEMENT OF NET POSITION  
SEPTEMBER 2014

1. Working Capital is at 38.0 days (policy is 30 days). Days Cash on Hand (S&P calculation) is 161.7 days. Working Capital cash increased \$4,202,000. Cash collections fell short of target by 3%, however, cash collections in September were \$1,200,000 higher than August. Accounts Payable (see Note 4) increased \$2,411,000 and Accrued Payroll & Related Costs increased \$358,000.
2. Net Patient Accounts Receivable decreased approximately \$2,804,000. Cash collections were 97% of target. Days in Accounts Receivable are at 63.1 days compared to prior months 68.4 days, a 5.3 days decrease.
3. GO Bond Project Fund decreased \$445,690 after reimbursing the District for funds advanced on Measure C projects.
4. Accounts Payable increased \$2,411,000 due to the timing of the final check run in the month.

**Tahoe Forest Hospital District  
Cash Investment  
September 30, 2014**

**WORKING CAPITAL**

|                              |               |        |               |
|------------------------------|---------------|--------|---------------|
| US Bank                      | \$ 11,934,715 |        |               |
| Tri Counties/US Bank         | 159,503       |        |               |
| Tri Counties/US Bank         | 397,790       |        |               |
| Wells Fargo Bank             | -             |        |               |
| Local Agency Investment Fund | -             | 0.246% |               |
| Total                        |               |        | \$ 12,492,008 |

**BOARD DESIGNATED FUNDS**

|                        |          |       |          |
|------------------------|----------|-------|----------|
| US Bank Savings        | \$ 2,297 | 0.03% |          |
| Capital Equipment Fund | -        |       |          |
| Total                  |          |       | \$ 2,297 |

|                              |            |        |               |
|------------------------------|------------|--------|---------------|
| Building Fund                | \$ -       |        |               |
| Cash Reserve Fund            | 40,655,350 | 0.246% |               |
| Local Agency Investment Fund |            |        | \$ 40,655,350 |

|                            |  |  |               |
|----------------------------|--|--|---------------|
| Banc of America Muni Lease |  |  | \$ 2,291,388  |
| Bonds Cash 1999            |  |  | \$ 2          |
| Bonds Cash 2002            |  |  | \$ -          |
| Bonds Cash 2006            |  |  | \$ 2,778,447  |
| Bonds Cash 2008            |  |  | \$ 18,860,263 |

|                            |          |        |  |
|----------------------------|----------|--------|--|
| DX Imaging Education       | \$ 2,963 | 0.246% |  |
| Workers Comp Fund - B of A | 17,876   |        |  |

|  |   |        |           |
|--|---|--------|-----------|
| Insurance                              |   |        |           |
| Health Insurance LAIF                  | - | 0.246% |           |
| Comprehensive Liability Insurance LAIF | - | 0.246% |           |
| Total                                  |   |        | \$ 20,840 |

|                    |  |  |                      |
|--------------------|--|--|----------------------|
| <b>TOTAL FUNDS</b> |  |  | <b>\$ 77,100,593</b> |
|--------------------|--|--|----------------------|

**RESTRICTED FUNDS**

|                                 |            |        |                   |
|---------------------------------|------------|--------|-------------------|
| Gift Fund                       |            |        |                   |
| US Bank Money Market            | \$ 8,367   | 0.03%  |                   |
| Foundation Restricted Donations | \$ 121,174 |        |                   |
| Local Agency Investment Fund    | 703,136    | 0.246% |                   |
| <b>TOTAL RESTRICTED FUNDS</b>   |            |        | <b>\$ 832,677</b> |

|                        |  |  |                      |
|------------------------|--|--|----------------------|
| <b>TOTAL ALL FUNDS</b> |  |  | <b>\$ 77,933,271</b> |
|------------------------|--|--|----------------------|

**TAHOE FOREST HOSPITAL DISTRICT  
STATEMENT OF NET POSITION  
KEY FINANCIAL INDICATORS  
SEPTEMBER 2014**

|   | Current Status | Desired Position | Target  | Bond Covenants                  | FY 2015<br>Jul 14 to<br>Sept 14 | FY 2014<br>Jul 13 to<br>June 14 | FY 2013<br>Jul 12 to<br>June 13 | FY 2012<br>Jul 11 to<br>June 12 | FY 2011<br>Jul 10 to<br>June 11 | FY 2010<br>Jul 09 to<br>June 10 | FY 2009<br>Jul 08 to<br>June 09 |
|---|----------------|------------------|---|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| <b>Return On Equity:</b><br><u>Increase (Decrease) in Net Position</u><br>Net Position  |                | ↑                | -2.7% (1)   |                                 | 2.8%                            | .001%                           | -4.0%                           | 8.7%                            | 6.3%                            | 12.4%                           | 9.8%                            |
| <b>Days in Accounts Receivable (excludes MSC)</b><br><u>Gross Accounts Receivable</u><br>90 Days  |                | ↓                | FYE<br>63 Days  |                                 | 63                              | 75                              | 97                              | 64                              | 59                              | 60                              | 58                              |
| <u>Gross Accounts Receivable</u><br>365 Days  |                |                  |   |                                 | 73                              | 75                              | 93                              | 64                              | 59                              | 59                              | 66                              |
| <b>Days Cash on Hand Excludes Restricted:</b><br><u>Cash + Short-Term Investments</u><br>(Total Expenses - Depreciation Expense)/ by 365    |                | ↑                | Budget FYE<br>150 Days<br><br>Budget 1st Qtr<br>139 Days<br><br>Projected 1st Qtr<br>149 Days         | 60 Days<br><br>BBB-<br>119 Days | 162                             | 164                             | 148                             | 203                             | 209                             | 219                             | 163                             |
| <b>Accounts Receivable over 120 days (excludes payment plan, legal and charitable balances)</b>   |                | ↓                | 13%   |                                 | 25%                             | 22%                             | 29%                             | 15%                             | 11%                             | 13%                             | 13%                             |
| <b>Accounts Receivable over 120 days (includes payment plan, legal and charitable balances)</b>   |                | ↓                | 18%   |                                 | 30%                             | 25%                             | 34%                             | 19%                             | 16%                             | 18%                             | 20%                             |
| <b>Cash Receipts Per Day (based on 90 day lag on Patient Net Revenue) excludes managed care reserve</b>                                     | <br>           | ↑                | FYE Budget<br>\$296,255<br><br>End 1st Qtr Budget<br>\$281,229<br><br>End 1st Qtr Actual<br>\$301,212 |                                 | \$301,212                       | \$286,394                       | \$255,901                       | \$254,806                       | \$240,383                       | \$256,059                       | \$258,654                       |
| <b>Debt Service Coverage:</b><br><u>Excess Revenue over Exp + Interest Exp + Depreciation</u><br>Debt Principal Payments + Interest Expense |                | ↑                | Without GO Bond<br>1.83<br>With GO Bond<br>1.07   | 1.95                            | 2.56<br><br>1.32                | 2.18<br><br>1.29                | .66<br><br>.89                  | 4.83<br><br>2.70                | 4.35<br><br>2.45                | 3.48<br><br>3.00                | 3.23<br><br>2.71                |

Footnotes:

(1) Target Return on Equity was established during the FY15 budgeting process. Fiscal year 2014 ended with a higher net income than projected. Based upon the actual fiscal year end net asset number, our Target Return on Equity was .001%.

TAHOE FOREST HOSPITAL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
SEPTEMBER 2014

| CURRENT MONTH                                  |               |              |         | Note | YEAR TO DATE  |               |              |          | PRIOR YTD<br>SEPT 2013 |               |
|--|---------------|--------------|---------|------|---------------|---------------|--------------|----------|------------------------|---------------|
| ACTUAL   | BUDGET        | VAR\$        | VAR%    |      | ACTUAL        | BUDGET        | VAR\$        | VAR%     |                        |               |
| <b>OPERATING REVENUE</b>                       |               |              |         |      |               |               |              |          |                        |               |
| \$ 16,565,711                                  | \$ 15,970,616 | \$ 595,094   | 3.7%    |      | \$ 55,530,135 | \$ 51,390,452 | \$ 4,139,683 | 8.1%     | 1                      | \$ 48,648,377 |
| Total Gross Revenue                            |               |              |         |      |               |               |              |          |                        |               |
| Gross Revenues - Inpatient                     |               |              |         |      |               |               |              |          |                        |               |
| \$ 1,677,498                                   | \$ 1,543,790  | \$ 133,708   | 8.7%    |      | \$ 5,625,119  | \$ 4,852,295  | \$ 772,824   | 15.9%    |                        | \$ 4,792,547  |
| 4,358,254                                      | 3,802,488     | 555,766      | 14.6%   |      | 13,051,637    | 11,826,622    | 1,225,015    | 10.4%    |                        | 10,560,891    |
| 6,035,752                                      | 5,346,278     | 689,474      | 12.9%   |      | 18,676,756    | 16,678,917    | 1,997,839    | 12.0%    | 1                      | 15,353,438    |
| Total Gross Revenue - Inpatient                |               |              |         |      |               |               |              |          |                        |               |
| 10,529,958                                     | 10,624,338    | (94,380)     | -0.9%   |      | 36,853,378    | 34,711,535    | 2,141,844    | 6.2%     |                        | 33,294,939    |
| 10,529,958                                     | 10,624,338    | (94,380)     | -0.9%   |      | 36,853,378    | 34,711,535    | 2,141,844    | 6.2%     | 1                      | 33,294,939    |
| Total Gross Revenue - Outpatient               |               |              |         |      |               |               |              |          |                        |               |
| Deductions from Revenue:                       |               |              |         |      |               |               |              |          |                        |               |
| 6,601,719                                      | 6,023,088     | (578,631)    | -9.6%   |      | 21,665,916    | 19,322,262    | (2,343,654)  | -12.1%   | 2                      | 19,294,722    |
| 492,250  | 543,000       | 50,750       | 9.3%    |      | 1,786,441     | 1,747,274     | (39,167)     | -2.2%    | 2                      | 1,553,087     |
| -  | -             | -            | 0.0%    |      | -             | -             | -            | 0.0%     | 2                      | -             |
| 602,583  | 638,825       | 36,242       | 5.7%    |      | 860,737       | 2,055,619     | 1,194,882    | 58.1%    | 2                      | (156,969)     |
| -  | -             | -            | 0.0%    |      | -             | -             | -            | 0.0%     | 2                      | -             |
| 7,696,552                                      | 7,204,913     | (491,639)    | -6.8%   |      | 24,313,094    | 23,125,155    | (1,187,939)  | -5.1%    |                        | 20,690,840    |
| Total Deductions from Revenue                  |               |              |         |      |               |               |              |          |                        |               |
| 109,312  | 82,913        | 26,399       | 31.8%   |      | 263,715       | 250,746       | 12,969       | 5.2%     |                        | 102,426       |
| 567,298  | 570,267       | (2,970)      | -0.5%   |      | 1,809,654     | 1,708,683     | 100,971      | 5.9%     | 3                      | 1,648,663     |
| Property Tax Revenue- Wellness Neighborhood    |               |              |         |      |               |               |              |          |                        |               |
| Other Operating Revenue                        |               |              |         |      |               |               |              |          |                        |               |
| 9,545,768                                      | 9,418,884     | 126,884      | 1.3%    |      | 33,290,410    | 30,224,725    | 3,065,684    | 10.1%    |                        | 29,708,626    |
| TOTAL OPERATING REVENUE                        |               |              |         |      |               |               |              |          |                        |               |
| <b>OPERATING EXPENSES</b>                      |               |              |         |      |               |               |              |          |                        |               |
| 3,270,460                                      | 3,372,674     | 102,214      | 3.0%    |      | 10,132,572    | 10,403,759    | 271,188      | 2.6%     | 4                      | 9,821,692     |
| 1,103,573                                      | 1,085,626     | (17,947)     | -1.7%   |      | 3,602,603     | 3,447,864     | (154,739)    | -4.5%    | 4                      | 3,397,011     |
| 35,861   | 51,566        | 15,706       | 30.5%   |      | 160,211       | 154,699       | (5,512)      | -3.6%    | 4                      | 155,148       |
| 591,454  | 717,510       | 126,056      | 17.6%   |      | 2,063,662     | 2,152,529     | 88,867       | 4.1%     | 4                      | 1,778,962     |
| 1,859,391                                      | 1,835,012     | (24,379)     | -1.3%   |      | 5,167,788     | 5,505,810     | 338,022      | 6.1%     | 5                      | 4,514,935     |
| 1,558,247                                      | 1,156,792     | (401,455)    | -34.7%  |      | 4,403,040     | 3,650,271     | (752,768)    | -20.6%   | 6                      | 4,008,486     |
| 927,374  | 855,139       | (72,235)     | -8.4%   |      | 2,739,392     | 2,579,241     | (160,151)    | -6.2%    | 7                      | 2,164,021     |
| 591,719  | 568,993       | (22,725)     | -4.0%   |      | 1,551,955     | 1,730,025     | 178,070      | 10.3%    | 8                      | 1,441,536     |
| 9,938,079                                      | 9,643,313     | (294,766)    | -3.1%   |      | 29,821,223    | 29,624,199    | (197,023)    | -0.7%    |                        | 27,281,791    |
| (392,311)                                      | (224,429)     | (167,882)    | 74.8%   |      | 3,469,187     | 600,526       | 2,868,661    | 477.7%   |                        | 2,426,835     |
| <b>NET OPERATING REVENUE (EXPENSE) EBIDA</b>   |               |              |         |      |               |               |              |          |                        |               |
| <b>NON-OPERATING REVENUE/(EXPENSE)</b>         |               |              |         |      |               |               |              |          |                        |               |
| 338,696  | 365,095       | (26,398)     | -7.2%   |      | 1,080,309     | 1,093,278     | (12,969)     | -1.2%    | 9                      | 1,176,192     |
| 393,903  | 393,903       | -            | 0.0%    |      | 1,181,710     | 1,181,710     | -            | 0.0%     |                        | 1,187,294     |
| 21,903   | 21,168        | 736          | 3.5%    |      | 68,626        | 64,839        | 3,787        | 5.8%     | 10                     | 56,479        |
| 3,262  | 2,370         | 892          | 37.7%   |      | 10,178        | 8,173         | 2,005        | 24.5%    |                        | 18,093        |
| (6,670)  | 60,951        | (67,621)     | -110.9% |      | 59,767        | 182,853       | (123,086)    | -67.3%   | 11                     | 104,366       |
| -  | (56,250)      | 56,250       | 0.0%    |      | -             | (56,250)      | 56,250       | 0.0%     | 12                     | -             |
| -  | -             | -            | 0.0%    |      | -             | -             | -            | 0.0%     | 12                     | -             |
| -  | -             | -            | 0.0%    |      | -             | -             | -            | 0.0%     | 13                     | -             |
| -  | -             | -            | 0.0%    |      | -             | -             | -            | 0.0%     | 14                     | -             |
| (644,826)                                      | (809,066)     | 164,241      | 20.3%   |      | (2,262,958)   | (2,427,199)   | 164,241      | 6.8%     | 15                     | (2,094,888)   |
| (140,198)                                      | (139,685)     | (513)        | -0.4%   |      | (422,671)     | (421,508)     | (1,162)      | -0.3%    | 16                     | (435,373)     |
| 364,141  | 1,100,786     | (736,645)    | 66.9%   |      | (415,485)     | 321,174       | (736,659)    | 229.4%   |                        | (261,682)     |
| 330,212  | 939,271       | (609,059)    | 64.8%   |      | (700,524)     | (52,931)      | (647,593)    | -1223.5% |                        | (249,519)     |
| TOTAL NON-OPERATING REVENUE/(EXPENSE)          |               |              |         |      |               |               |              |          |                        |               |
| (62,099)                                       | \$ 714,842    | \$ (776,941) | 108.7%  |      | \$ 2,768,663  | \$ 547,595    | \$ 2,221,068 | -405.6%  |                        | \$ 2,177,316  |
| <b>INCREASE (DECREASE) IN NET POSITION</b>     |               |              |         |      |               |               |              |          |                        |               |
| <b>NET POSITION - BEGINNING OF YEAR</b>        |               |              |         |      |               |               |              |          |                        |               |
| <b>NET POSITION - AS OF SEPTEMBER 30, 2014</b> |               |              |         |      |               |               |              |          |                        |               |
| <b>RETURN ON GROSS REVENUE EBIDA</b>           |               |              |         |      |               |               |              |          |                        |               |
| -2.4%  | -1.4%         | -1.0%        |         |      | 6.2%          | 1.2%          | 5.1%         |          |                        | 5.0%          |

**TAHOE FOREST HOSPITAL DISTRICT**  
**NOTES TO STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION**  
**SEPTEMBER 2014**

|   |                                  | <b>Variance from Budget</b> |                 |
|---|----------------------------------|-----------------------------|-----------------|
|   |                                  | <b>Fav / &lt;Unfav&gt;</b>  |                 |
|   |                                  | <b>SEPT 2014</b>            | <b>YTD 2015</b> |
| <b>1) Gross Revenues</b>  |                                  |                             |                 |
| Acute Patient Days were below budget 8.7% or 33 day. Swing bed days were under budget 55.0% or 11 days. Daily Hospital and Ancillary Service revenues exceeded budget by 12.9%. Higher acuity levels in our patients, especially our Medicare population, attributed to Inpatient Ancillary revenues exceeding budget by 14.6%.                           | Gross Revenue -- Inpatient       | \$ 689,474                  | \$ 1,997,839    |
|   | Gross Revenue -- Outpatient      | (94,360)                    | 2,141,844       |
|   | Gross Revenue -- Total           | \$ 595,094                  | \$ 4,139,683    |
| Outpatient volumes were below budget in the following departments: Emergency Department visits, Surgical cases, Diagnostic Imaging, Mammography, Nuclear Medicine, Ultrasounds, Oncology Drugs, Respiratory Therapy, Speech Therapy and Home Health.  |                                  |                             |                 |
| <b>2) Total Deductions from Revenue</b>   |                                  |                             |                 |
| The payor mix for September shows a 4.78% increase to Medicare, a 4.92% increase to Medi-Cal, 2.71% decrease to Other, a 1.66% decrease to County, and a 5.33% decrease to Commercial when compared to budget. Contractual Allowances exceeded budget due to revenues coming in above budget and a shift from Commercial to Medicare and Medi-Cal payors. | Contractual Allowances           | \$ (578,631)                | \$ (2,343,654)  |
|   | Managed Care Reserve             | -                           | -               |
|   | Charity Care                     | 50,750                      | (39,167)        |
|   | Charity Care - Catastrophic      | -                           | -               |
|   | Bad Debt                         | 36,242                      | 1,194,882       |
|   | Prior Period Settlement          | -                           | -               |
|   | Total                            | \$ (491,639)                | \$ (1,187,939)  |
| <b>3) Other Operating Revenue</b>   |                                  |                             |                 |
| Retail Pharmacy revenues exceeded budget by 7.46%.  | Retail Pharmacy                  | \$ 14,834                   | \$ 73,457       |
|   | Hospice Thrift Stores            | (722)                       | (3,126)         |
|   | The Center (non-therapy)         | 5,460                       | (7,057)         |
|   | IVCH ER Physician Guarantee      | (5,125)                     | 77,605          |
|   | Children's Center                | (862)                       | (1,267)         |
|   | Miscellaneous                    | (9,571)                     | (17,692)        |
|   | Oncology Drug Replacement        | -                           | -               |
|   | Grants                           | (6,983)                     | (20,948)        |
|   | Total                            | \$ (2,970)                  | \$ 100,971      |
| <b>4) Salaries and Wages</b>  |                                  |                             |                 |
|   | Total                            | \$ 102,214                  | \$ 271,188      |
| <b>Employee Benefits</b>  |                                  |                             |                 |
|   | PL/SL                            | \$ (10,236)                 | \$ (40,671)     |
|   | Nonproductive                    | (25,480)                    | (59,364)        |
|   | Pension/Deferred Comp            | (1,034)                     | (244)           |
|   | Standby                          | (2,038)                     | (27,002)        |
|   | Other                            | 20,840                      | (27,458)        |
|   | Total                            | \$ (17,947)                 | \$ (154,739)    |
| <b>Employee Benefits - Workers Compensation</b>   |                                  |                             |                 |
|   | Total                            | \$ 15,706                   | \$ (5,512)      |
| <b>Employee Benefits - Medical Insurance</b>  |                                  |                             |                 |
|   | Total                            | \$ 126,056                  | \$ 88,867       |
| <b>5) Professional Fees</b>   |                                  |                             |                 |
| Outpatient Therapy revenues exceeded budget by 32.42%, creating a negative variance in The Center (includes OP Therapy).  | The Center (includes OP Therapy) | \$ (24,677)                 | \$ (51,192)     |
|   | Oncology                         | 222                         | (17,547)        |
|   | TFH/IVCH Therapy Services        | 3                           | (17,467)        |
|   | Information Technology           | (26,092)                    | (7,891)         |
|   | Business Performance             | -                           | -               |
|   | Home Health/Hospice              | 150                         | 1,700           |
|   | Marketing                        | 1,000                       | 2,875           |
|   | Financial Administration         | 15,933                      | 4,400           |
|   | Multi-Specialty Clinics Admin    | 2,700                       | 8,371           |
|   | Human Resources                  | 2,849                       | 16,085          |
|   | Managed Care                     | 3,592                       | 18,889          |
|   | Patient Accounting/Admitting     | (20,520)                    | 23,510          |
|   | Sleep Clinic                     | 3,189                       | 23,976          |
|   | Medical Staff Services           | 5,556                       | 26,252          |
|   | Administration                   | 11,526                      | 32,455          |
|   | Respiratory Therapy              | 19,226                      | 38,750          |
|   | Miscellaneous                    | (36,802)                    | 45,600          |
|   | Multi-Specialty Clinics          | 12,533                      | 51,764          |
|   | IVCH ER Physicians               | (5,023)                     | 61,349          |
|   | TFH Locums                       | 10,254                      | 76,145          |
|   | Total                            | \$ (24,379)                 | \$ 338,022      |
| Negative variance in Information Technology related to retaining the interim CIO an additional month.   |                                  |                             |                 |
| Positive variance in Financial Administration arising from the timing of cost report billing activity.  |                                  |                             |                 |
| Patient Accounting/Admitting consulting services exceeded budget creating a negative variance in this category.   |                                  |                             |                 |
| Positive variance in Administration associated with timing of receipt of legal counsel and professional fee invoices. These will be accrued in October.   |                                  |                             |                 |
| Positive variance in Respiratory Therapy related to a reduction in the contract.  |                                  |                             |                 |
| Negative variance in Miscellaneous associated with consulting services provided to the Innovation Fund.   |                                  |                             |                 |

**6) Supplies**

IP Pharmacy and Oncology Drugs Sold to Patients revenues exceeded budget by 5.73% and purchases for annual influenza vaccines created a negative variance in Pharmacy Supplies.

Medical Supplies Sold to Patients and Surgery revenues exceeded budget by 15.16% creating a negative variance in Patient & Other Medical Supplies.

Small Equipment purchases in Surgery, Sterile Processing, The Gift Tree, and the Children's Center created a negative variance in Minor Equipment.

**7) Purchased Services**

Negative variance in Miscellaneous related to services provided to the Wellness Neighborhood and Community Health.

Locums coverage created a negative variance in Pharmacy IP.

Reference Lab testing created a negative variance in Laboratory.

Diagnostic Imaging Services - All had a negative variance related to maintenance services performed in multiple Diagnostic Imaging departments.

**8) Other Expenses**

Negative variance in Outside Training & Travel associated with Jacobus Consultants lodging and travel.

Relocation expenses for the new CIO created a negative variance in Human Resources.

Measure C Labor and Other Expenses budgeted for TIRHR came in below budget creating a negative variance in Miscellaneous. In this instance the negative variance is a benefit to the District.

**9) District and County Taxes**

**10) Interest Income**

**11) Donations**

**12) Gain/(Loss) on Joint Investment**

**12) Gain/(Loss) on Impairment of Asset**

**13) Gain/(Loss) on Sale**

**14) Impairment Loss**

**15) Depreciation Expense**

The District trued up it's monthly depreciation write-off at the close of the quarter, creating a positive variance in Depreciation Expense.

**16) Interest Expense**

|                                  |           |                  |           |                  |
|----------------------------------|-----------|------------------|-----------|------------------|
| Pharmacy Supplies                | \$        | (204,596)        | \$        | (425,134)        |
| Patient & Other Medical Supplies |           | (160,949)        |           | (333,316)        |
| Minor Equipment                  |           | (21,448)         |           | (19,504)         |
| Food                             |           | (5,274)          |           | 1,309            |
| Office Supplies                  |           | (6,804)          |           | 2,306            |
| Imaging Film                     |           | 1,045            |           | 3,489            |
| Other Non-Medical Supplies       |           | (3,430)          |           | 18,082           |
| <b>Total</b>                     | <b>\$</b> | <b>(401,455)</b> | <b>\$</b> | <b>(752,768)</b> |

|                                   |           |                 |           |                  |
|-----------------------------------|-----------|-----------------|-----------|------------------|
| Miscellaneous                     | \$        | (29,746)        | \$        | (214,506)        |
| Pharmacy IP                       |           | (31,526)        |           | (91,687)         |
| Laboratory                        |           | (13,408)        |           | (17,624)         |
| Community Development             |           | (4)             |           | (3,262)          |
| Hospice                           |           | (84)            |           | (1,682)          |
| Medical Records                   |           | 2,216           |           | 935              |
| Department Repairs                |           | 1,781           |           | 1,867            |
| Multi-Specialty Clinics           |           | 8,714           |           | 6,003            |
| The Center                        |           | (1,032)         |           | 16,637           |
| Diagnostic Imaging Services - All |           | (13,369)        |           | 21,421           |
| Human Resources                   |           | 2,109           |           | 24,101           |
| Patient Accounting                |           | 5,050           |           | 29,154           |
| Information Technology            |           | (2,936)         |           | 68,490           |
| <b>Total</b>                      | <b>\$</b> | <b>(72,235)</b> | <b>\$</b> | <b>(160,151)</b> |

|                                    |           |                 |           |                |
|------------------------------------|-----------|-----------------|-----------|----------------|
| Outside Training & Travel          | \$        | (23,765)        | \$        | 2,663          |
| Physician Services                 |           | (91)            |           | (91)           |
| Innovation Fund                    |           | -               |           | -              |
| Multi-Specialty Clinics Equip Rent |           | -               |           | 341            |
| Multi-Specialty Clinics Bldg Rent  |           | 4,226           |           | 7,348          |
| Human Resources Recruitment        |           | (10,117)        |           | (3,952)        |
| Dues and Subscriptions             |           | 2,239           |           | 12,658         |
| Other Building Rent                |           | 6,127           |           | 13,159         |
| Insurance                          |           | 4,781           |           | 14,342         |
| Utilities                          |           | 9,404           |           | 15,068         |
| Miscellaneous                      |           | (25,619)        |           | 23,751         |
| Equipment Rent                     |           | 8,458           |           | 35,136         |
| Marketing                          |           | 1,631           |           | 57,446         |
| <b>Total</b>                       | <b>\$</b> | <b>(22,725)</b> | <b>\$</b> | <b>178,070</b> |

|              |           |          |           |          |
|--------------|-----------|----------|-----------|----------|
| <b>Total</b> | <b>\$</b> | <b>-</b> | <b>\$</b> | <b>-</b> |
|--------------|-----------|----------|-----------|----------|

|              |           |            |           |              |
|--------------|-----------|------------|-----------|--------------|
| <b>Total</b> | <b>\$</b> | <b>736</b> | <b>\$</b> | <b>3,787</b> |
|--------------|-----------|------------|-----------|--------------|

|                  |    |                 |    |                  |
|------------------|----|-----------------|----|------------------|
| IVCH             | \$ | (4,200)         | \$ | (12,600)         |
| Operational      |    | (63,421)        |    | (110,486)        |
| Capital Campaign |    | -               |    | -                |
| <b>Total</b>     |    | <b>(67,621)</b> |    | <b>(123,086)</b> |

|              |           |               |           |               |
|--------------|-----------|---------------|-----------|---------------|
| <b>Total</b> | <b>\$</b> | <b>56,250</b> | <b>\$</b> | <b>56,250</b> |
|--------------|-----------|---------------|-----------|---------------|

|              |           |          |           |          |
|--------------|-----------|----------|-----------|----------|
| <b>Total</b> | <b>\$</b> | <b>-</b> | <b>\$</b> | <b>-</b> |
|--------------|-----------|----------|-----------|----------|







|              |           |          |           |          |
|--------------|-----------|----------|-----------|----------|
| <b>Total</b> | <b>\$</b> | <b>-</b> | <b>\$</b> | <b>-</b> |
|--------------|-----------|----------|-----------|----------|

|              |           |          |           |          |
|--------------|-----------|----------|-----------|----------|
| <b>Total</b> | <b>\$</b> | <b>-</b> | <b>\$</b> | <b>-</b> |
|--------------|-----------|----------|-----------|----------|

|              |           |                |           |                |
|--------------|-----------|----------------|-----------|----------------|
| <b>Total</b> | <b>\$</b> | <b>164,241</b> | <b>\$</b> | <b>164,241</b> |
|--------------|-----------|----------------|-----------|----------------|

|              |           |              |           |                |
|--------------|-----------|--------------|-----------|----------------|
| <b>Total</b> | <b>\$</b> | <b>(513)</b> | <b>\$</b> | <b>(1,162)</b> |
|--------------|-----------|--------------|-----------|----------------|

**TAHOE FOREST HOSPITAL DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**KEY FINANCIAL INDICATORS**  
**SEPTEMBER 2014**

|  | <b>Current Status</b>   | <b>Desired Position</b> | <b>Target</b>                       | <b>FY 2015<br/>Jul 14 to<br/>Sept 14</b> | <b>FY 2014<br/>Jul 13 to<br/>June 14</b> | <b>FY 2013<br/>Jul 12 to<br/>June 13</b> | <b>FY 2012<br/>Jul 11 to<br/>June 12</b> | <b>FY 2011<br/>Jul 10 to<br/>June 11</b> | <b>FY 2010<br/>Jul 09 to<br/>June 10</b> | <b>FY 2009<br/>Jul 08 to<br/>June 09</b> |
|--|---|-------------------------|-------------------------------------|--|--|--|--|--|--|--|
| <b>Total Margin:</b><br><u>Increase (Decrease) In Net Position</u><br>Total Gross Revenue  |    | ↑                       | FYE<br>-1.3%<br><br>1st Qtr<br>1.1% | 5.0%                                     | .0%                                      | -2.2%                                    | 5.3%                                     | 3.6%                                     | 5.8%                                     | 4.6%                                     |
| <b>Charity Care:</b><br><u>Charity Care Expense</u><br>Gross Patient Revenue   |    | ↓                       | FYE<br>3.4%<br><br>1st Qtr<br>3.4%  | 3.2%                                     | 3.2%                                     | 3.2%                                     | 2.6%                                     | 3.0%                                     | 3.1%                                     | 2.5%                                     |
| <b>Bad Debt Expense:</b><br><u>Bad Debt Expense</u><br>Gross Patient Revenue   |    | ↓                       | FYE<br>4.0%<br><br>1st Qtr<br>4.0%  | 1.6%                                     | 1.6%                                     | 4.6%                                     | 4.3%                                     | 3.8%                                     | 4.1%                                     | 4.6%                                     |
| <sup>11</sup><br><b>Incline Village Community<br/>Hospital:</b><br>EBIDA: Earnings before interest,<br>Depreciation, amortization<br><br><u>Net Operating Revenue &lt;Expense&gt;</u><br>Gross Revenue |    | ↑                       | FYE<br>4.0%<br><br>1st Qtr<br>6.3%  | 13.1%                                    | 4.9%                                     | 11.5%                                    | 10.8%                                    | 12.3%                                    | 6.7%                                     | 5.0%                                     |
| <b>Operating Expense Variance to<br/>Budget (Under&lt;Over&gt;)</b>  |  | ↑                       | -0-                                 | \$(197,023)                              | \$2,129,279                              | \$(1,498,683)                            | \$790,439                                | \$15,188                                 | \$2,662,695                              | <\$1,292,399>                            |
| <b>EBIDA:</b><br>Earnings before interest,<br>Depreciation, amortization<br><br><u>Net Operating Revenue &lt;Expense&gt;</u><br>Gross Revenue  |  | ↑                       | FYE<br>1.0%<br><br>1st Qtr<br>1.2%  | 6.2%                                     | 2.0%                                     | .9%                                      | 5.6%                                     | 5.1%                                     | 6.6%                                     | 4.4%                                     |

INCLINE VILLAGE COMMUNITY HOSPITAL  
STATEMENT OF REVENUE AND EXPENSE  
SEPTEMBER 2014

| CURRENT MONTH                          |              |             |          | Note                                     | YEAR TO DATE |              |            |         | PRIOR YTD<br>SEPT 2013 |              |
|--|--------------|-------------|----------|--|--------------|--------------|------------|---------|------------------------|--------------|
| ACTUAL                                 | BUDGET       | VAR\$       | VAR%     |  | ACTUAL       | BUDGET       | VAR\$      | VAR%    |                        |              |
| <b>OPERATING REVENUE</b>               |              |             |          |  |              |              |            |         |                        |              |
| \$ 1,112,443                           | \$ 1,133,220 | \$ (20,777) | -1.8%    | Total Gross Revenue                      | \$ 4,096,123 | \$ 3,952,403 | \$ 143,720 | 3.6%    | 1                      | \$ 3,986,305 |
| <b>Gross Revenues - Inpatient</b>      |              |             |          |  |              |              |            |         |                        |              |
| \$ -                                   | \$ -         | \$ -        | 0.0%     | Daily Hospital Service                   | \$ 15,190    | \$ 6,988     | \$ 8,202   | 117.4%  |                        | \$ 13,972    |
| -                                      | 3,787        | (3,787)     | -100.0%  | Ancillary Service - Inpatient            | 13,083       | 16,357       | (3,273)    | -20.0%  |                        | 12,770       |
| -                                      | 3,787        | (3,787)     | -100.0%  | Total Gross Revenue - Inpatient          | 28,273       | 23,345       | 4,929      | 21.1%   | 1                      | 26,742       |
| 1,112,443                              | 1,129,433    | (16,990)    | -1.5%    | Gross Revenue - Outpatient               | 4,067,849    | 3,929,058    | 138,791    | 3.5%    |                        | 3,959,563    |
| 1,112,443                              | 1,129,433    | (16,990)    | -1.5%    | Total Gross Revenue - Outpatient         | 4,067,849    | 3,929,058    | 138,791    | 3.5%    | 1                      | 3,959,563    |
| <b>Deductions from Revenue:</b>        |              |             |          |  |              |              |            |         |                        |              |
| 359,719                                | 344,860      | (14,859)    | -4.3%    | Contractual Allowances                   | 1,166,174    | 1,191,014    | 24,840     | 2.1%    | 2                      | 1,352,998    |
| 34,112                                 | 38,529       | 4,417       | 11.5%    | Charity Care                             | 135,557      | 134,381      | (1,176)    | -0.9%   | 2                      | 127,831      |
| -                                      | -            | -           | 0.0%     | Charity Care - Catastrophic Events       | -            | -            | -          | 0.0%    | 2                      | -            |
| 110,655                                | 45,329       | (65,326)    | -144.1%  | Bad Debt                                 | 232,833      | 158,097      | (74,736)   | -47.3%  | 2                      | 120,119      |
| -                                      | -            | -           | 0.0%     | Prior Period Settlements                 | -            | -            | -          | 0.0%    | 2                      | -            |
| 504,486                                | 428,718      | (75,768)    | -17.7%   | Total Deductions from Revenue            | 1,534,564    | 1,483,492    | (51,072)   | -3.4%   | 2                      | 1,600,948    |
| 68,824                                 | 74,645       | (5,821)     | -7.8%    | Other Operating Revenue                  | 236,073      | 158,717      | 77,356     | 48.7%   | 3                      | 196,254      |
| 676,781                                | 779,147      | (102,366)   | -13.1%   | <b>TOTAL OPERATING REVENUE</b>           | 2,797,632    | 2,627,628    | 170,004    | 6.5%    |                        | 2,581,611    |
| <b>OPERATING EXPENSES</b>              |              |             |          |  |              |              |            |         |                        |              |
| 230,628                                | 246,607      | 15,979      | 6.5%     | Salaries and Wages                       | 751,290      | 779,318      | 28,027     | 3.6%    | 4                      | 718,591      |
| 81,265                                 | 86,557       | 5,292       | 6.1%     | Benefits                                 | 300,935      | 275,961      | (24,975)   | -9.1%   | 4                      | 264,917      |
| 3,075                                  | 2,717        | (359)       | -13.2%   | Benefits Workers Compensation            | 10,689       | 8,150        | (2,540)    | -31.2%  | 4                      | 7,790        |
| 39,904                                 | 48,049       | 8,146       | 17.0%    | Benefits Medical Insurance               | 139,232      | 144,148      | 4,916      | 3.4%    | 4                      | 113,830      |
| 194,331                                | 210,428      | 16,096      | 7.6%     | Professional Fees                        | 595,311      | 745,076      | 149,765    | 20.1%   | 5                      | 665,997      |
| 59,082                                 | 45,065       | (14,017)    | -31.1%   | Supplies                                 | 163,891      | 154,979      | (8,912)    | -5.8%   | 6                      | 169,160      |
| 45,564                                 | 35,800       | (9,764)     | -27.3%   | Purchased Services                       | 148,484      | 115,964      | (32,520)   | -28.0%  | 7                      | 113,458      |
| 45,195                                 | 51,844       | 6,649       | 12.8%    | Other                                    | 152,376      | 154,501      | 2,124      | 1.4%    | 8                      | 139,429      |
| 699,044                                | 727,065      | 28,021      | 3.9%     | <b>TOTAL OPERATING EXPENSE</b>           | 2,262,210    | 2,378,096    | 115,886    | 4.9%    |                        | 2,193,172    |
| (22,263)                               | 52,082       | (74,345)    | -142.7%  | <b>NET OPERATING REV(EXP) EBIDA</b>      | 535,423      | 249,532      | 285,890    | 114.6%  |                        | 388,439      |
| <b>NON-OPERATING REVENUE/(EXPENSE)</b> |              |             |          |  |              |              |            |         |                        |              |
| -                                      | 4,200        | (4,200)     | -100.0%  | Donations-IVCH                           | -            | 12,600       | (12,600)   | -100.0% | 9                      | 83,042       |
| -                                      | -            | -           | 0.0%     | Gain/ (Loss) on Sale                     | -            | -            | -          | 0.0%    | 10                     | -            |
| (51,917)                               | (53,601)     | 1,684       | -3.1%    | Depreciation                             | (159,119)    | (160,804)    | 1,685      | -1.0%   | 11                     | (115,238)    |
| (51,917)                               | (49,401)     | (2,516)     | -5.1%    | <b>TOTAL NON-OPERATING REVENUE/(EXP)</b> | (159,119)    | (148,204)    | (10,915)   | -7.4%   |                        | (32,196)     |
| 72 of 366<br>\$ (74,180)               | \$ 2,681     | \$ (76,861) | -2867.0% | <b>EXCESS REVENUE(EXPENSE)</b>           | \$ 376,304   | \$ 101,328   | \$ 274,975 | 271.4%  |                        | \$ 356,243   |
| 2.0%                                   | 4.6%         | -6.6%       |          | <b>RETURN ON GROSS REVENUE EBIDA</b>     | 13.1%        | 6.3%         | 6.8%       |         |                        | 9.7%         |



**INCLINE VILLAGE COMMUNITY HOSPITAL  
NOTES TO STATEMENT OF REVENUE AND EXPENSE  
SEPTEMBER 2014**

|  |                                  | <u>Variance from Budget</u> |                    |
|--|----------------------------------|-----------------------------|--------------------|
|  |                                  | <u>Fav&lt;Unfav&gt;</u>     |                    |
|  |                                  | <u>SEPT 2014</u>            | <u>YTD 2015</u>    |
| <b>1) <u>Gross Revenues</u></b>  |                                  |                             |                    |
| Acute Patient Days were at budget at 0 and Observation Days were under budget by 2 at 0.   | Gross Revenue -- Inpatient       | \$ (3,787)                  | \$ 4,929           |
|  | Gross Revenue -- Outpatient      | (16,990)                    | 138,791            |
|  |                                  | <u>\$ (20,777)</u>          | <u>\$ 143,720</u>  |
| Outpatient volumes were below budget in Surgical cases, Cat Scans, Pharmacy units, and Physical Therapy.   |                                  |                             |                    |
| <b>2) <u>Total Deductions from Revenue</u></b>   |                                  |                             |                    |
| We saw a shift in our payor mix with a 8.10% decrease in Commercial, Insurance, a 3.07% increase in Medicare, a 6.20% increase in Medicaid, a .79% decrease in Other, and a .38% decrease in County. Contractual Allowances were over budget due to the shift in Payor Mix from Commercial to Medicare and Medicaid. | Contractual Allowances           | \$ (14,859)                 | \$ 24,840          |
|  | Charity Care                     | 4,417                       | (1,176)            |
|  | Charity Care-Catastrophic Event  | -                           | -                  |
|  | Bad Debt                         | (65,326)                    | (74,736)           |
|  | Prior Period Settlement          | -                           | -                  |
|  | Total                            | <u>\$ (75,768)</u>          | <u>\$ (51,072)</u> |
| <b>3) <u>Other Operating Revenue</u></b>   |                                  |                             |                    |
|  | IVCH ER Physician Guarantee      | \$ (5,125)                  | \$ 77,605          |
|  | Miscellaneous                    | (696)                       | (249)              |
|  | Total                            | <u>\$ (5,821)</u>           | <u>\$ 77,356</u>   |
| <b>4) <u>Salaries and Wages</u></b>  |                                  |                             |                    |
|  | Total                            | <u>\$ 15,979</u>            | <u>\$ 28,027</u>   |
| <b><u>Employee Benefits</u></b>  |                                  |                             |                    |
|  | PL/SL                            | \$ 2,124                    | \$ (17,444)        |
|  | Standby                          | 1,182                       | (4,510)            |
|  | Other                            | 1,771                       | (3,426)            |
|  | Nonproductive                    | (100)                       | (701)              |
|  | Pension/Deferred Comp            | 316                         | 1,107              |
|  | Total                            | <u>\$ 5,292</u>             | <u>\$ (24,975)</u> |
| <b><u>Employee Benefits - Workers Compensation</u></b>   |                                  |                             |                    |
|  | Total                            | <u>\$ (359)</u>             | <u>\$ (2,540)</u>  |
| <b><u>Employee Benefits - Medical Insurance</u></b>  |                                  |                             |                    |
|  | Total                            | <u>\$ 8,146</u>             | <u>\$ 4,916</u>    |
| <b>5) <u>Professional Fees</u></b>   |                                  |                             |                    |
| Sleep Clinic fees are tied to collections which fell short of budget in September.   | Foundation                       | \$ (885)                    | \$ (6,569)         |
|  | Administration                   | 150                         | 450                |
|  | Miscellaneous                    | 1,083                       | 1,589              |
|  | Sleep Clinic                     | 3,189                       | 23,976             |
| Physical Therapy revenues fell short of budget by 16.55% creating a positive variance in Therapy Services.   | Multi-Specialty Clinics          | 9,026                       | 30,185             |
|  | Therapy Services                 | 8,554                       | 38,786             |
| Emergency Services contract came in over budget due to overlap coverage arising from patient transfers.  | IVCH ER Physicians               | (5,023)                     | 61,349             |
|  | Total                            | <u>\$ 16,096</u>            | <u>\$ 149,765</u>  |
| <b>6) <u>Supplies</u></b>  |                                  |                             |                    |
| Early purchasing of influenza vaccine created a negative variance in Pharmacy Supplies.  | Patient & Other Medical Supplies | \$ 2,815                    | \$ (7,505)         |
|  | Pharmacy Supplies                | (15,852)                    | (4,950)            |
|  | Food                             | (282)                       | (151)              |
|  | Non-Medical Supplies             | 23                          | 363                |
|  | Minor Equipment                  | (981)                       | 951                |
|  | Imaging Film                     | 307                         | 1,147              |
|  | Office Supplies                  | (47)                        | 1,232              |
|  | Total                            | <u>\$ (14,017)</u>          | <u>\$ (8,912)</u>  |

**INCLINE VILLAGE COMMUNITY HOSPITAL  
NOTES TO STATEMENT OF REVENUE AND EXPENSE  
SEPTEMBER 2014**

|   |                                    | <b>Variance from Budget</b> |                    |
|---|------------------------------------|-----------------------------|--------------------|
|   |                                    | <b>Fav&lt;Unfav&gt;</b>     |                    |
|   |                                    | <b>SEPT 2014</b>            | <b>YTD 2015</b>    |
| <b>7) <u>Purchased Services</u></b>   |                                    |                             |                    |
| Negative variance in EVS/Laundry related to floor waxing throughout the hospital.                                       | Miscellaneous                      | \$ (1,620)                  | \$ (19,221)        |
|   | Engineering/Plant/Communications   | (333)                       | (13,802)           |
|   | EVS/Laundry                        | (2,974)                     | (5,577)            |
|   | Department Repairs                 | (2,740)                     | (3,395)            |
| Diagnostic Imaging repairs and routine maintenance in the hospital created a negative variance in Department Repairs.   | Pharmacy                           | (207)                       | (1,264)            |
|   | Laboratory                         | (1,315)                     | 3,433              |
|   | Surgical Services                  | -                           | -                  |
|   | Multi-Specialty Clinics            | 675                         | 709                |
|   | Diagnostic Imaging Services - All  | (1,583)                     | 2,905              |
|   | Foundation                         | 333                         | 3,691              |
|   | <b>Total</b>                       | <b>\$ (9,764)</b>           | <b>\$ (32,520)</b> |
| <b>8) <u>Other Expenses</u></b>   |                                    |                             |                    |
| Controllable expenses are being monitored closely, creating positive variances in most of the Other Expense categories. | Outside Training & Travel          | \$ (20)                     | \$ (13,286)        |
|   | Dues and Subscriptions             | (277)                       | (121)              |
|   | Other Building Rent                | -                           | -                  |
|   | Multi-Specialty Clinics Equip Rent | -                           | -                  |
|   | Physician Services                 | -                           | -                  |
|   | Multi-Specialty Clinics Bldg Rent  | -                           | -                  |
|   | Insurance                          | 213                         | 640                |
|   | Miscellaneous                      | (511)                       | 1,186              |
|   | Equipment Rent                     | 1,390                       | 1,682              |
|   | Utilities                          | 2,676                       | 5,382              |
|   | Marketing                          | 3,178                       | 6,641              |
|   | <b>Total</b>                       | <b>\$ 6,649</b>             | <b>\$ 2,124</b>    |
| <b>9) <u>Donations</u></b>  | <b>Total</b>                       | <b>\$ (4,200)</b>           | <b>\$ (12,600)</b> |
| <b>10) <u>Gain/(Loss) on Sale</u></b>   | <b>Total</b>                       | <b>\$ -</b>                 | <b>\$ -</b>        |
| <b>11) <u>Depreciation Expense</u></b>  | <b>Total</b>                       | <b>\$ 1,684</b>             | <b>\$ 1,685</b>    |

TAHOE FOREST HOSPITAL DISTRICT  
STATEMENT OF CASH FLOWS

|                                    | AUDITED      | BUDGET       | PROJECTED      | ACTUAL       | BUDGET       |              | ACTUAL       | PROJECTED   | PROJECTED    | PROJECTED    |
|------------------------------------|--------------|--------------|----------------|--------------|--------------|--------------|--------------|-------------|--------------|--------------|
|                                    | FYE 2014     | FYE 2015     | FYE 2015       | SEPT 2014    | SEPT 2014    | DIFFERENCE   | 1ST QTR      | 2ND QTR     | 3RD QTR      | 4TH QTR      |
| Net Operating Rev/(Exp) - EBIDA    | \$ 3,742,843 | \$ 2,008,740 | \$ 4,943,553   | \$ (392,311) | \$ (224,429) | \$ (167,882) | \$ 3,469,494 | \$ 137,147  | \$ 1,794,461 | \$ (457,549) |
| Interest Income                    | 90,129       | 96,542       | 96,392         | -            | -            | -            | 19,503       | 25,816      | 25,794       | 25,279       |
| Property Tax Revenue               | 5,285,587    | 5,376,000    | 5,198,157      | -            | -            | -            | 237,157      | 70,000      | 2,790,000    | 2,101,000    |
| Donations                          | 1,132,315    | 600,300      | 580,265        | 131,094      | -            | 131,094      | 221,165      | 26,100      | 256,000      | 77,000       |
| Debt Service Payments              | (4,308,075)  | (3,926,699)  | (3,738,838)    | (263,644)    | (271,825)    | 8,181        | (1,123,831)  | (815,474)   | (984,061)    | (815,474)    |
| Bank of America - 2012 Muni Lease  | (1,243,647)  | (1,243,644)  | (1,243,528)    | (103,637)    | (103,637)    | -            | (310,795)    | (310,911)   | (310,911)    | (310,911)    |
| Bank of America - 2007 Muni Lease  | (421,721)    | -            | -              | -            | -            | -            | -            | -           | -            | -            |
| Copier                             | (100,214)    | (105,000)    | (81,143)       | (730)        | (8,750)      | 8,020        | (2,393)      | (26,250)    | (26,250)     | (26,250)     |
| 2002 Revenue Bond                  | (633,393)    | (664,805)    | (501,398)      | -            | -            | -            | (332,811)    | -           | (168,587)    | -            |
| 2006 Revenue Bond                  | (1,909,100)  | (1,913,250)  | (1,912,769)    | (159,277)    | (159,438)    | 161          | (477,831)    | (478,313)   | (478,313)    | (478,313)    |
| Physician Recruitment              | (129,886)    | (150,000)    | (139,746)      | (5,440)      | (12,500)     | 7,060        | (27,246)     | (37,500)    | (37,500)     | (37,500)     |
| Investment in Capital              |              |              |                |              |              |              |              |             |              |              |
| Equipment                          | (2,157,004)  | (1,748,150)  | (1,748,150)    | (87,535)     | (166,365)    | 78,830       | (270,964)    | (826,686)   | (526,351)    | (124,149)    |
| Municipal Lease Reimbursement      | 748,489      | 1,250,000    | 1,250,000      | -            | -            | -            | -            | -           | 1,202,850    | 47,150       |
| GO Bond Project Personal Property  | (703,327)    | (747,761)    | (747,761)      | (1,994)      | (4,760)      | 2,766        | (24,369)     | (104,906)   | (309,243)    | (309,243)    |
| IT                                 | (339,004)    | (2,804,763)  | (2,804,763)    | 1,355        | (64,218)     | 65,573       | (113,054)    | (1,502,491) | (1,044,051)  | (145,167)    |
| Building Projects                  | (1,339,652)  | (3,557,916)  | (3,557,915)    | (270,626)    | (300,299)    | 29,673       | (617,090)    | (1,284,369) | (828,228)    | (828,228)    |
| Health Information/Business System | (349,125)    | (1,105,000)  | (1,105,000)    | -            | (60,000)     | 60,000       | (30,303)     | (734,697)   | (340,000)    | -            |
| Change in Accounts Receivable      | 3,825,683    | 1,989,042    | N1 2,028,678   | 2,803,707    | 731,681      | 2,072,026    | 1,214,891    | 438,379     | (756,290)    | 1,131,698    |
| Change in Settlement Accounts      | 1,070,839    | (900,000)    | N2 (910,047)   | (333,719)    | (400,000)    | 66,281       | (310,047)    | (700,000)   | 100,000      | -            |
| Change in Other Assets             | 527,205      | (548,326)    | N3 (1,396,091) | (270,873)    | 128,381      | (399,254)    | (997,401)    | (530,799)   | (538,676)    | 670,785      |
| Change in Other Liabilities        | (40,000)     | 805,000      | N4 952,692     | 2,892,472    | 500,000      | 2,392,472    | 547,692      | (350,000)   | 65,000       | 690,000      |
| Change in Cash Balance             | 7,057,017    | (3,362,991)  | (1,098,575)    | 4,202,486    | (144,334)    | 4,346,819    | 2,195,597    | (6,189,480) | 869,706      | 2,025,603    |
| Beginning Unrestricted Cash        | 43,894,743   | 50,951,760   | N5 50,951,760  | 48,944,871   | 48,944,871   | -            | 50,951,760   | 53,147,357  | 46,957,878   | 47,827,583   |
| Ending Unrestricted Cash           | 50,951,760   | 47,588,769   | 49,853,186     | 53,147,357   | 48,800,538   | 4,346,819    | 53,147,357   | 46,957,878  | 47,827,583   | 49,853,186   |
| Expense Per Day                    | 311,010      | 316,480      | 316,877        | 328,735      | 327,160      | 1,575        | 328,735      | 320,641     | 319,252      | 316,877      |
| Days Cash On Hand                  | 164          | 150          | 157            | 162          | 149          | 13           | 162          | 146         | 150          | 157          |

Footnotes:

- N1 - Change in Accounts Receivable reflects the 60 day delay in collections. For example, in July 2014 we are collecting May 2014.
- N2 - Change in Settlement Accounts reflect cash flows in and out related to prior year and current year Medicare and Medi-Cal settlement accounts.
- N3 - Change in Other Assets reflect fluctuations in asset accounts on the Balance Sheet that effect cash. For example, an increase in prepaid expense immediately effects cash but not EBIDA.
- N4 - Change in Other Liabilities reflect fluctuations in liability accounts on the Balance Sheet that effect cash. For example, an increase in accounts payable effects EBIDA but not cash.
- N5 - Change in Beginning Unrestricted Cash is different than as presented in budget package due to final adjustments for fiscal year end 2014.

Tahoe Forest Hospital  
 Operating Indicators  
 Inpatient Volumes  
 Month & YTD June 2015  
 September 30, 2014

|   | Sep-13<br>Actual | Sep-13<br>YTD Actual | Jul-14<br>Actual | Aug-14<br>Actual | Sep-14<br>Actual | Sep-14<br>Budget | Sep-14<br>Variance | Sep-14<br>% Variance | Sep-14<br>YTD<br>Actual | Sep-14<br>YTD<br>Budget | YTD<br>Variance | YTD<br>% Variance |
|---|------------------|----------------------|------------------|------------------|------------------|------------------|--------------------|----------------------|-------------------------|-------------------------|-----------------|-------------------|
| <b>Acute</b>                              |                  |                      |                  |                  |                  |                  |                    |                      |                         |                         |                 |                   |
| Admissions - (Excludes Swing)             | 149              | 437                  | 167              | 148              | 132              | 137              | (5.00)             | -3.65%               | 447                     | 434                     | 13              | 3.00%             |
| Swing Admits                              | 1                | 9                    | 2                | 5                | 1                | 3                | (2.00)             | -66.67%              | 8                       | 11                      | (3)             | -27.27%           |
| Total Admissions                          | 150              | 446                  | 169              | 153              | 133              | 140              | (7.00)             | -5.00%               | 455                     | 445                     | 10              | 2.25%             |
| Length of Stay - Acute                    | 2.47             | 2.68                 | 2.50             | 2.72             | 2.84             | 2.77             | 0.07               | 2.53%                | 2.67                    | 2.79                    | (0.12)          | -4.30%            |
| Length of Stay - Swing                    | 9.00             | 9.28                 | 16.00            | 5.50             | 4.50             | 6.67             | (2.17)             | -32.53%              | 6.71                    | 7.55                    | (0.84)          | -11.13%           |
| Length of Stay - Acute & Swing            | 2.56             | 2.81                 | 2.58             | 2.79             | 2.87             | 2.86             | 0.01               | 0.35%                | 2.74                    | 2.91                    | (0.17)          | -5.84%            |
| LOS - Acute & Swing - Medicare            | 3.04             | 3.24                 | 2.51             | 2.95             | 2.72             | N/A              | N/A                | N/A                  | 2.71                    | N/A                     | N/A             | N/A               |
| LOS - Acute & Swing - MediCal             | 2.50             | 2.90                 | 2.55             | 3.12             | 3.00             | N/A              | N/A                | N/A                  | 2.90                    | N/A                     | N/A             | N/A               |
| LOS - Acute & Swing - Self Pay            | 2.11             | 2.47                 | 1.17             | 1.50             | 3.67             | N/A              | N/A                | N/A                  | 1.80                    | N/A                     | N/A             | N/A               |
| LOS - Acute & Swing - Commercial          | 2.64             | 2.49                 | 3.33             | 2.27             | 2.25             | N/A              | N/A                | N/A                  | 2.63                    | N/A                     | N/A             | N/A               |
| LOS - Acute & Swing - Contract            | 2.15             | 2.55                 | 2.68             | 2.67             | 3.13             | N/A              | N/A                | N/A                  | 2.79                    | N/A                     | N/A             | N/A               |
| Average Daily Census - Acute              | 12.3             | 12.8                 | 13.4             | 13.3             | 11.6             | 12.5             | (0.90)             | -7.20%               | 12.8                    | 13.0                    | (0.2)           | -1.54%            |
| Average Daily Census - Swing              | 0.6              | 0.9                  | 0.5              | 0.7              | 0.3              | 0.7              | (0.40)             | -57.14%              | 0.5                     | 0.1                     | 0.4             | 400.00%           |
| Avg Daily Census - Acute & Swing          | 12.9             | 13.7                 | 13.9             | 14.0             | 11.9             | 13.2             | (1.30)             | -9.85%               | 13.3                    | 13.1                    | 0.2             | 1.53%             |
| Occupancy Percentage - Acute              | 48.5%            | 51.7%                | 53.5%            | 53.4%            | 46.3%            | 49.0%            | (0.03)             | -5.51%               | 51.1%                   | 52.6%                   | -1.5%           | -2.85%            |
| Occupancy Percentage - Swing              | 2.3%             | 3.6%                 | 2.1%             | 2.8%             | 1.2%             | 2.8%             | (0.01)             | -53.85%              | 2.0%                    | 3.6%                    | -1.6%           | -44.44%           |
| Occupancy % - Acute & Swing               | 50.8%            | 55.3%                | 55.6%            | 56.3%            | 47.5%            | 51.6%            | (0.04)             | -7.95%               | 53.2%                   | 56.2%                   | -3.0%           | -5.34%            |
| Patient Days (excludes swings)            | 376              | 1,190                | 415              | 414              | 347              | 380              | (33.00)            | -8.68%               | 1,176                   | 1,210                   | (34)            | -2.81%            |
| Swing Days (inc swings)                   | 18               | 83                   | 16               | 22               | 9                | 20               | (11.00)            | -55.00%              | 47                      | 83                      | (36)            | -43.37%           |
| Total Patient Days                        | 394              | 1,273                | 431              | 436              | 356              | 400              | (44.00)            | -11.00%              | 1,223                   | 1,293                   | (70)            | -5.41%            |
| ICU I/P Days                              | 27               | 87                   | 34               | 19               | 22               | 19               | 3.00               | 15.79%               | 75                      | 70                      | 5               | 7.14%             |
| ICU Stepdown Days                         | 11               | 86                   | 30               | 29               | 34               | 30               | 4.00               | 13.33%               | 93                      | 93                      | 0               | 0.00%             |
| ICU Med/Surg Days                         | 33               | 78                   | 33               | 29               | 35               | 30               | 5.00               | 16.67%               | 97                      | 82                      | 15              | 18.29%            |
| Medical/Surgical Days                     | 225              | 692                  | 227              | 253              | 185              | 219              | (34.00)            | -15.53%              | 665                     | 702                     | (37)            | -5.27%            |
| Medical/Surgical In OB Days               | 0                | 0                    | 0                | 0                | 0                | 1                | (1.00)             | -100.00%             | 0                       | 2                       | (2)             | -100.00%          |
| Obstetrics Days                           | 80               | 247                  | 91               | 84               | 71               | 79               | (8.00)             | -10.13%              | 246                     | 250                     | (4)             | -1.60%            |
| Nursery Re-Admits                         | 0                | 0                    | 0                | 0                | 0                | 0                | 0.00               | 0.00%                | 0                       | 2                       | (2)             | -100.00%          |
| Total Acute Patient Days (excludes swing) | 376              | 1,190                | 415              | 414              | 347              | 378              | (31.00)            | -8.20%               | 1,176                   | 1,201                   | (25)            | -2.08%            |
| M/S Swing Days                            | 18               | 83                   | 16               | 22               | 9                | 20               | (11.00)            | -55.00%              | 47                      | 83                      | (36)            | -43.37%           |
| Total Patient Days (includes swings)      | 394              | 1,273                | 431              | 436              | 356              | 398              | (42.00)            | -10.55%              | 1,223                   | 1,284                   | (61)            | -4.75%            |
| Nursery Days                              | 74               | 214                  | 90               | 74               | 57               | 60               | (3.00)             | -5.00%               | 221                     | 251                     | (30)            | -11.95%           |
| Deliveries                                | 31               | 96                   | 33               | 38               | 25               | 31               | (6.00)             | -19.35%              | 96                      | 105                     | (9)             | -8.57%            |
| ICU (Med/Surg) Days                       | 33               | 78                   | 33               | 29               | 35               | 30               | 5.00               | 16.67%               | 97                      | 82                      | 15              | 18.29%            |
| I/P Medical / Surgical Days               | 225              | 692                  | 227              | 253              | 185              | 219              | (34.00)            | -15.53%              | 665                     | 702                     | (37)            | -5.27%            |
| Medical / Surgical Days in OB             | 0                | 0                    | 0                | 0                | 0                | 1                | (1.00)             | -100.00%             | 0                       | 2                       | (2)             | -100.00%          |
| Total Medical / Surgical Days             | 258              | 770                  | 260              | 282              | 220              | 250              | (30.00)            | -12.00%              | 762                     | 786                     | (24)            | -3.05%            |
| Medical / Surgical Swings Days            | 18               | 83                   | 16               | 22               | 9                | 20               | (11.00)            | -55.00%              | 47                      | 83                      | (36)            | -43.37%           |
| Total Med/Surg Days (Inc Swings)          | 276              | 853                  | 276              | 304              | 229              | 270              | (41.00)            | -15.19%              | 809                     | 869                     | (60)            | -6.90%            |
| <b>Average Daily Census</b>               |                  |                      |                  |                  |                  |                  |                    |                      |                         |                         |                 |                   |
| ICU I/P Days                              | 0.9              | 0.9                  | 1.1              | 0.6              | 0.7              | 0.6              | 0.10               | 16.67%               | 0.8                     | 0.8                     | 0.0             | 0.00%             |
| ICU Stepdown Days                         | 0.4              | 0.9                  | 1.0              | 0.9              | 1.1              | 1.0              | 0.10               | 10.00%               | 1.0                     | 1.0                     | 0.0             | 0.00%             |
| ICU Boarder Days                          | 1.1              | 0.8                  | 1.1              | 0.9              | 1.2              | 1.0              | 0.20               | 20.00%               | 1.1                     | 0.9                     | 0.2             | 22.22%            |
| I/P Medical / Surgical Days               | 7.3              | 7.5                  | 7.3              | 8.2              | 6.2              | 7.3              | (1.10)             | -15.07%              | 7.2                     | 7.6                     | (0.4)           | -5.26%            |
| Medical / Surgical Days in OB             | 0.0              | 0.0                  | 0.0              | 0.0              | 0.0              | 0.0              | 0.00               | 0.00%                | 0.0                     | 0.0                     | 0.0             | 0.00%             |
| Obstetrics Days                           | 2.6              | 2.7                  | 2.9              | 2.7              | 2.4              | 2.6              | (0.20)             | -7.69%               | 2.7                     | 2.7                     | 0.0             | 0.00%             |
| Newborn Re-Admits                         | 0.0              | 0.0                  | 0.0              | 0.0              | 0.0              | 0.0              | 0.00               | 0.00%                | 0.0                     | 0.0                     | 0.0             | 0.00%             |
| Acute Patient Average Daily Census        | 12.3             | 12.8                 | 13.4             | 13.3             | 11.6             | 12.5             | (0.90)             | -7.20%               | 12.8                    | 13.0                    | (0.2)           | -1.54%            |
| Medical / Surgical - Swing                | 0.6              | 0.9                  | 0.5              | 0.7              | 0.3              | 0.7              | (0.40)             | -57.14%              | 0.5                     | 0.1                     | 0.4             | 400.00%           |
| Patient Avg Daily Census (Inc swing)      | 12.9             | 13.7                 | 13.9             | 14.0             | 11.9             | 13.2             | (1.30)             | -9.85%               | 13.3                    | 13.1                    | 0.2             | 1.53%             |
| <b>Skilled Nursing Unit</b>               |                  |                      |                  |                  |                  |                  |                    |                      |                         |                         |                 |                   |
| Patient Days                              | 1,032            | 3,047                | 1,056            | 1,090            | 1,030            | 1,020            | 10.00              | 0.98%                | 3,176                   | 3,128                   | 48              | 1.53%             |
| Average Daily Census                      | 34               | 33                   | 34               | 35               | 34               | 34               | 0.00               | 0.00%                | 35                      | 34                      | 1               | 2.94%             |
| Occupancy Percentage                      | 95.1%            | 94.6%                | 97.3%            | 100.5%           | 98.1%            | 97.1%            | 0.01               | 1.03%                | 98.6%                   | 97.1%                   | 1.5%            | 1.54%             |
| <b>Operating Room</b>                     |                  |                      |                  |                  |                  |                  |                    |                      |                         |                         |                 |                   |
| Cases                                     | 74               | 227                  | 79               | 74               | 66               | 62               | 4.00               | 6.45%                | 215                     | 203                     | 12              | 5.91%             |
| Minutes                                   | 6,217            | 22,856               | 7,965            | 6,946            | 7,908            | 6,862            | 1,046.00           | 15.24%               | 22,519                  | 22,294                  | 225             | 1.01%             |

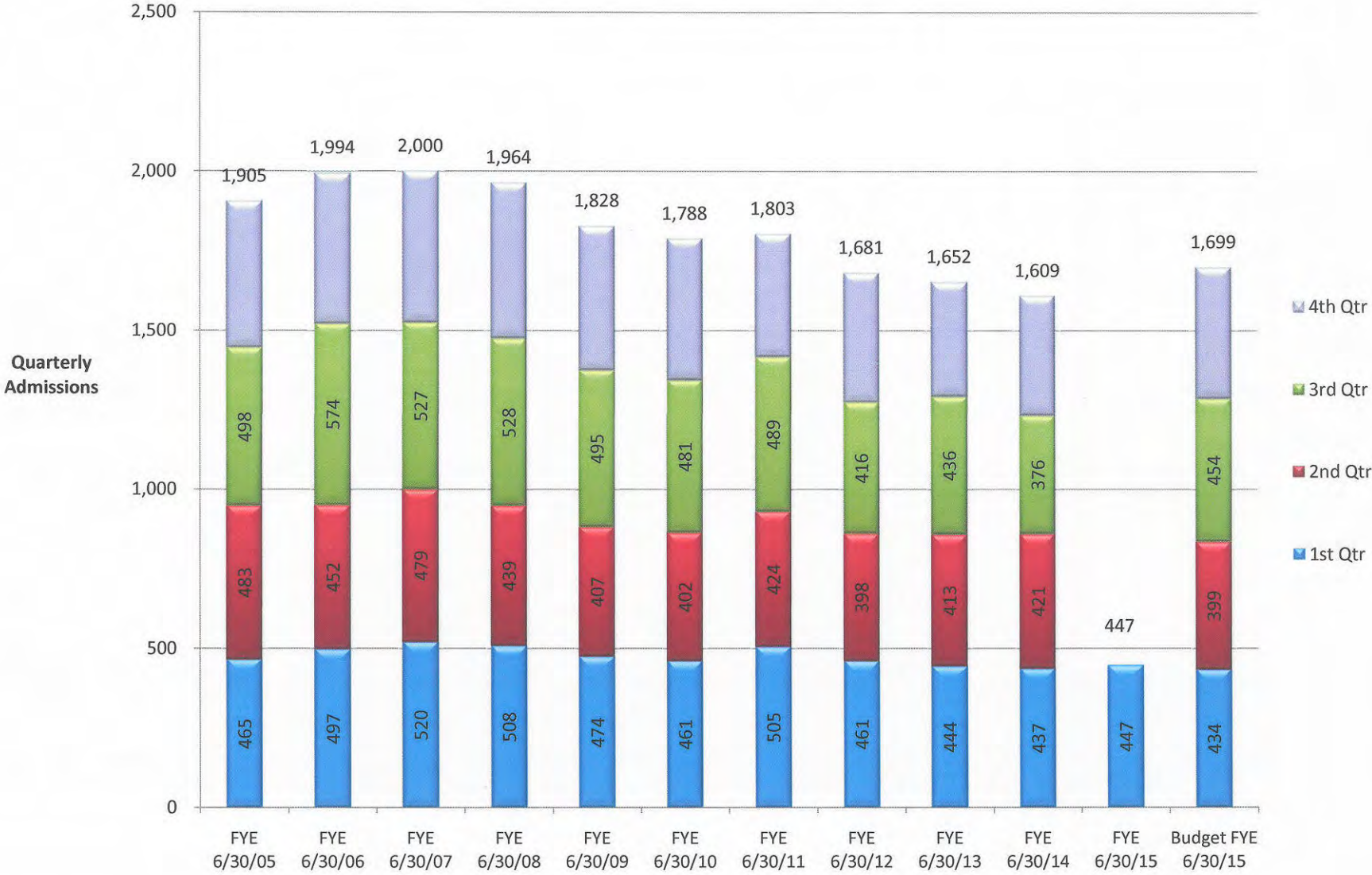
Tahoe Forest Hospital  
 Operating Indicators  
 Outpatient Volumes  
 Month & YTD June 2015

|                                    | Sep-13<br>Actual | Sep-13<br>YTD Actual | Jul-14<br>Actual | Aug-14<br>Actual | Sep-14<br>Actual | Sep-14<br>Budget | Sep-14<br>Variance | Sep-14<br>% Variance | YTD<br>Actual | YTD<br>Budget | YTD<br>Variance | YTD<br>% Variance |
|------------------------------------|------------------|----------------------|------------------|------------------|------------------|------------------|--------------------|----------------------|---------------|---------------|-----------------|-------------------|
| <b>Outpatient</b>                  |                  |                      |                  |                  |                  |                  |                    |                      |               |               |                 |                   |
| E/R Visits                         | 965              | 3,743                | 1,059            | 1,375            | 878              | 918              | (40.00)            | -4.36%               | 3,312         | 3,512         | (200)           | -5.69%            |
| TF Laboratory Tests                | 6,345            | 20,161               | 9,215            | 8,924            | 8,358            | 6,362            | 1,996.00           | 31.37%               | 26,497        | 19,782        | 6,715           | 33.95%            |
| TC Laboratory Tests                | 819              | 2,411                | 1,102            | 1,120            | 933              | 806              | 127.00             | 15.76%               | 3,155         | 2,503         | 652             | 26.05%            |
| IVCH Laboratory Tests              | 452              | 1,299                | 451              | 372              | 398              | 418              | (20.00)            | -4.78%               | 1,221         | 1,324         | (103)           | -7.78%            |
| MOB Tests                          | 370              | 1,160                | 493              | 339              | 464              | 396              | 68.00              | 17.17%               | 1,296         | 1,223         | 73              | 5.97%             |
| Clinic Accounts Tests              | 478              | 1,169                | 367              | 406              | 606              | 597              | 9.00               | 1.51%                | 1,379         | 1,537         | (158)           | -10.28%           |
| Send Outs O/P Tests                | 1,003            | 3,339                | 1,324            | 1,278            | 1,410            | 2,306            | (896.00)           | -38.86%              | 4,012         | 7,375         | (3,363)         | -45.60%           |
| <b>Total O/P Tests</b>             | <b>9,467</b>     | <b>29,539</b>        | <b>12,952</b>    | <b>12,439</b>    | <b>12,169</b>    | <b>10,885</b>    | <b>1,284.00</b>    | <b>11.80%</b>        | <b>37,560</b> | <b>33,744</b> | <b>3,816</b>    | <b>11.31%</b>     |
| Home Health Visits                 | 321              | 1,012                | 266              | 277              | 260              | 331              | (71.00)            | -21.45%              | 803           | 1,035         | (232)           | -22.42%           |
| Radiology Exams                    | 608              | 2,067                | 902              | 828              | 521              | 553              | (32.00)            | -5.79%               | 2,251         | 2,095         | 156             | 7.45%             |
| Ultrasound Exams (excludes Breast) | 211              | 663                  | 294              | 292              | 199              | 220              | (21.00)            | -9.55%               | 785           | 712           | 73              | 10.25%            |
| Cat Scan Exams                     | 214              | 814                  | 345              | 302              | 221              | 222              | (1.00)             | -0.45%               | 868           | 850           | 18              | 2.12%             |
| MRI Scan Exams                     | 166              | 487                  | 171              | 153              | 136              | 133              | 3.00               | 2.26%                | 460           | 510           | (50)            | -9.80%            |
| <b>Operating Room</b>              |                  |                      |                  |                  |                  |                  |                    |                      |               |               |                 |                   |
| Cases                              | 87               | 251                  | 110              | 93               | 72               | 88               | (16.00)            | -18.18%              | 275           | 258           | 17              | 6.59%             |
| Minutes                            | 6,118            | 17,247               | 7,205            | 6,725            | 4,740            | 6,059            | (1,319.00)         | -21.77%              | 18,670        | 17,735        | 935             | 5.27%             |

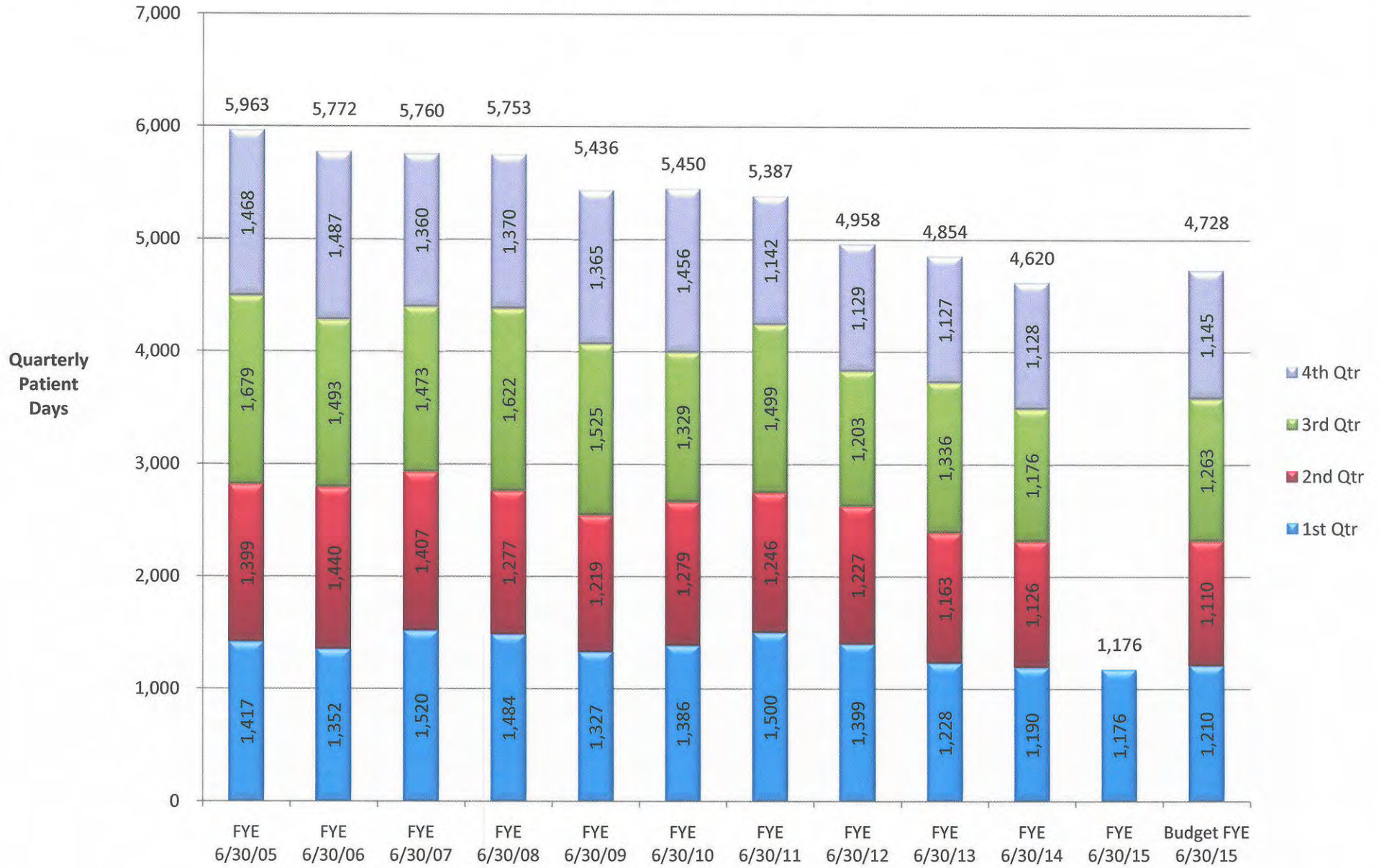
Operating Indicators  
 Month & YTD June 2015  
 September 30, 2014

|                                       | Sep-13<br>Actual | Sep-13<br>YTD Actual | Jul-14<br>Actual | Aug-14<br>Actual | Sep-14<br>Actual | Sep-14<br>Budget | Sep-14<br>Variance | Sep-14<br>% Variance | YTD<br>Actual | YTD<br>Budget | YTD<br>Variance | YTD<br>% Variance |
|---------------------------------------|------------------|----------------------|------------------|------------------|------------------|------------------|--------------------|----------------------|---------------|---------------|-----------------|-------------------|
| Admissions                            | 1                | 2                    | 4                | 0                | 0                | 1                | (1.00)             | -100.00%             | 4             | 2             | 2               | 100.00%           |
| Registrations                         | 784              | 2,901                | 989              | 885              | 795              | 813              | (18.00)            | -2.21%               | 2,669         | 2,827         | (158)           | -5.59%            |
| I/P Days                              | 3                | 4                    | 5                | 0                | 0                | 0                | 0.00               | 0.00%                | 5             | 2             | 3               | 150.00%           |
| Observation Days                      | 3                | 12                   | 2                | 1                | 0                | 2                | (2.00)             | -100.00%             | 3             | 9             | (6)             | -66.67%           |
| <b>Total Days</b>                     | <b>6</b>         | <b>16</b>            | <b>7</b>         | <b>1</b>         | <b>0</b>         | <b>2</b>         | <b>(2.00)</b>      | <b>-100.00%</b>      | <b>8</b>      | <b>11</b>     | <b>(3)</b>      | <b>-27.27%</b>    |
| Emergency Visits                      | 266              | 1,121                | 306              | 380              | 313              | 274              | 39.00              | 14.23%               | 999           | 1,095         | (96)            | -8.77%            |
| <b>Surgical Services:</b>             |                  |                      |                  |                  |                  |                  |                    |                      |               |               |                 |                   |
| Cases - Inpatient                     | 0                | 0                    | 0                | 0                | 0                | 0                | 0.00               | 0.00%                | 0             | 0             | 0               | 0.00%             |
| Cases - Outpatient                    | 9                | 24                   | 9                | 10               | 5                | 9                | (4.00)             | -44.44%              | 24            | 23            | 1               | 4.35%             |
| <b>Total Cases</b>                    | <b>9</b>         | <b>24</b>            | <b>9</b>         | <b>10</b>        | <b>5</b>         | <b>9</b>         | <b>(4.00)</b>      | <b>-44.44%</b>       | <b>24</b>     | <b>23</b>     | <b>1</b>        | <b>4.35%</b>      |
| Minutes                               | 2,685            | 7,808                | 2,668            | 3,087            | 1,400            | 2,650            | (1,250.00)         | -47.17%              | 7,155         | 6,999         | 156             | 2.23%             |
| Laboratory Tests (inc EKG's)          | 2,269            | 7,136                | 3,090            | 2,624            | 2,644            | 2,091            | 553.00             | 26.45%               | 8,358         | 6,981         | 1,377           | 19.72%            |
| Radiology - I/P Exams                 | 1                | 1                    | 0                | 0                | 0                | 0                | 0.00               | 0.00%                | 0             | 1             | (1)             | -100.00%          |
| Radiology - O/P Exams                 | 72               | 253                  | 82               | 71               | 57               | 70               | (13.00)            | -18.57%              | 210           | 232           | (22)            | -9.48%            |
| Radiology - ER Exams                  | 107              | 434                  | 181              | 172              | 128              | 106              | 22.00              | 20.75%               | 481           | 425           | 56              | 13.18%            |
| <b>Radiology (inc mammos) Totals</b>  | <b>180</b>       | <b>688</b>           | <b>263</b>       | <b>243</b>       | <b>185</b>       | <b>176</b>       | <b>9.00</b>        | <b>5.11%</b>         | <b>691</b>    | <b>658</b>    | <b>33</b>       | <b>5.02%</b>      |
| CT - I/P Exams                        | 0                | 1                    | 0                | 0                | 0                | 0                | 0.00               | 0.00%                | 0             | 0             | 0               | 0.00%             |
| CT - O/P Exams (Inc. U/S)             | 10               | 38                   | 23               | 12               | 16               | 13               | 3.00               | 23.08%               | 51            | 42            | 9               | 21.43%            |
| CT - ER Exams                         | 42               | 168                  | 46               | 47               | 33               | 38               | (5.00)             | -13.16%              | 126           | 151           | (25)            | -16.56%           |
| <b>Total Cat Scan Exams</b>           | <b>52</b>        | <b>207</b>           | <b>69</b>        | <b>59</b>        | <b>49</b>        | <b>51</b>        | <b>(2.00)</b>      | <b>-3.92%</b>        | <b>177</b>    | <b>193</b>    | <b>(16)</b>     | <b>-8.29%</b>     |
| Pharmacy - I/P units                  | 53               | 60                   | 87               | 0                | 0                | 0                | 0.00               | 0.00%                | 87            | 48            | 39              | 81.25%            |
| Pharmacy - O/P units                  | 685              | 2,472                | 1,043            | 840              | 564              | 602              | (38.00)            | -6.31%               | 2,447         | 2,404         | 43              | 1.79%             |
| <b>Pharmacy Totals</b>                | <b>738</b>       | <b>2,532</b>         | <b>1,130</b>     | <b>840</b>       | <b>564</b>       | <b>602</b>       | <b>(38.00)</b>     | <b>-6.31%</b>        | <b>2,534</b>  | <b>2,452</b>  | <b>82</b>       | <b>3.34%</b>      |
| IV's - Inpatient                      | 9                | 14                   | 2                | 0                | 0                | 0                | 0.00               | 0.00%                | 2             | 7             | (5)             | -71.43%           |
| IV's - Outpatient                     | 77               | 355                  | 12               | 3                | 12               | 90               | (78.00)            | -86.67%              | 27            | 358           | (331)           | -92.46%           |
| <b>Total IV's</b>                     | <b>86</b>        | <b>369</b>           | <b>14</b>        | <b>3</b>         | <b>12</b>        | <b>90</b>        | <b>(78.00)</b>     | <b>-86.67%</b>       | <b>29</b>     | <b>365</b>    | <b>(336)</b>    | <b>-92.05%</b>    |
| RT - I/P Procedures                   | 11               | 11                   | 17               | 0                | 0                | 0                | 0.00               | 0.00%                | 17            | 0             | 17              | 0.00%             |
| RT - O/P Procedures                   | 139              | 434                  | 159              | 150              | 91               | 0                | 91.00              | 0.00%                | 400           | 0             | 400             | 0.00%             |
| <b>R/T Totals</b>                     | <b>150</b>       | <b>445</b>           | <b>176</b>       | <b>150</b>       | <b>91</b>        | <b>0</b>         | <b>91.00</b>       | <b>0.00%</b>         | <b>417</b>    | <b>0</b>      | <b>417</b>      | <b>0.00%</b>      |
| Sleep Clinic Visits                   | 18               | 51                   | 9                | 13               | 18               | 18               | 0.00               | 0.00%                | 40            | 55            | (15)            | -27.27%           |
| <b>Perioperative Services Minutes</b> |                  |                      |                  |                  |                  |                  |                    |                      |               |               |                 |                   |
| OR - Inpatients                       | 0                | 0                    | 0                | 0                | 0                | 0                | 0.00               | 0.00%                | 0             | 0             | 0               | 0.00%             |
| OR - Outpatients                      | 552              | 1,882                | 804              | 868              | 332              | 669              | (337.00)           | -50.37%              | 2,004         | 1,767         | 237             | 13.41%            |
| <b>OR - Total</b>                     | <b>552</b>       | <b>1,882</b>         | <b>804</b>       | <b>868</b>       | <b>332</b>       | <b>669</b>       | <b>(337.00)</b>    | <b>-50.37%</b>       | <b>2,004</b>  | <b>1,767</b>  | <b>237</b>      | <b>13.41%</b>     |
| <b>Total ASD</b>                      | <b>1,971</b>     | <b>5,171</b>         | <b>1,584</b>     | <b>1,878</b>     | <b>897</b>       | <b>1,740</b>     | <b>(843.00)</b>    | <b>-48.45%</b>       | <b>4,359</b>  | <b>4,595</b>  | <b>(236)</b>    | <b>-5.14%</b>     |
| I/P Recovery                          | 0                | 0                    | 0                | 0                | 0                | 0                | 0.00               | 0.00%                | 0             | 0             | 0               | 0.00%             |
| O/P Recovery                          | 162              | 755                  | 280              | 286              | 171              | 241              | (70.00)            | -29.05%              | 737           | 637           | 100             | 15.70%            |
| <b>Total Recovery</b>                 | <b>162</b>       | <b>755</b>           | <b>280</b>       | <b>286</b>       | <b>171</b>       | <b>241</b>       | <b>(70.00)</b>     | <b>-29.05%</b>       | <b>737</b>    | <b>637</b>    | <b>100</b>      | <b>15.70%</b>     |
| Pain Clinic                           | 0                | 0                    | 0                | 0                | 0                | 0                | 0.00               | 0.00%                | 0             | 0             | 0               | 0.00%             |
| Procedure Room                        | 0                | 0                    | 0                | 55               | 0                | 0                | 0.00               | 0.00%                | 55            | 0             | 55              | 0.00%             |
| <b>Total Surgicenter Minutes</b>      | <b>2,685</b>     | <b>7,808</b>         | <b>2,668</b>     | <b>3,087</b>     | <b>1,400</b>     | <b>2,650</b>     | <b>(1,250.00)</b>  | <b>-47.17%</b>       | <b>7,155</b>  | <b>6,999</b>  | <b>156</b>      | <b>2.23%</b>      |
| <b>Anesthesia - Minutes</b>           |                  |                      |                  |                  |                  |                  |                    |                      |               |               |                 |                   |
| Inpatient                             | 0                | 0                    | 0                | 0                | 0                | 0                | 0.00               | 0.00%                | 0             | 0             | 0               | 0.00%             |
| Out Patient                           | 587              | 1,928                | 848              | 926              | 357              | 696              | (339.00)           | -48.71%              | 2,131         | 1,838         | 293             | 15.94%            |
| Elsewhere                             | 0                | 0                    | 0                | 0                | 0                | 0                | 0.00               | 0.00%                | 0             | 0             | 0               | 0.00%             |
| <b>Total Anesthesia - Minutes</b>     | <b>587</b>       | <b>1,928</b>         | <b>848</b>       | <b>926</b>       | <b>357</b>       | <b>696</b>       | <b>(339.00)</b>    | <b>-48.71%</b>       | <b>2,131</b>  | <b>1,838</b>  | <b>293</b>      | <b>15.94%</b>     |
| <b>Dietary</b>                        |                  |                      |                  |                  |                  |                  |                    |                      |               |               |                 |                   |
| Patient Meals                         | 94               | 245                  | 96               | 75               | 61               | 96               | (37.00)            | -37.76%              | 232           | 300           | (68)            | -22.67%           |
| Pantries                              | 253              | 613                  | 228              | 201              | 230              | 74               | 156.00             | 210.81%              | 659           | 221           | 438             | 198.19%           |
| Non-patient Meals                     | 0                | 0                    | 0                | 0                | 0                | 0                | 0.00               | 0.00%                | 0             | 0             | 0               | 0.00%             |
| <b>Total Meals</b>                    | <b>347</b>       | <b>858</b>           | <b>324</b>       | <b>276</b>       | <b>291</b>       | <b>172</b>       | <b>119.00</b>      | <b>69.19%</b>        | <b>891</b>    | <b>521</b>    | <b>370</b>      | <b>71.02%</b>     |
| Flu Shots                             | 78               | 78                   | 0                | 0                | 74               | 48               | 26.00              | 54.17%               | 74            | 48            | 26              | 54.17%            |
| P/T - 42 076                          | 2,717            | 8,723                | 2,463            | 2,292            | 2,211            | 2,780            | (569.00)           | -20.47%              | 6,966         | 8,889         | (1,923)         | -21.63%           |
| OT - 42 080                           | 110              | 388                  | 108              | 153              | 175              | 94               | 81.00              | 86.17%               | 436           | 337           | 99              | 29.38%            |
| Diamond Peak - Patients Seen          | 0                | 0                    | 0                | 0                | 0                | 0                | 0.00               | 0.00%                | 0             | 0             | 0               | 0.00%             |
| Incline Village Health Clinic         | 40               | 174                  | 85               | 115              | 109              | 47               | 62.00              | 131.91%              | 309           | 141           | 168             | 119.15%           |

# TOTAL TFH ADMISSIONS

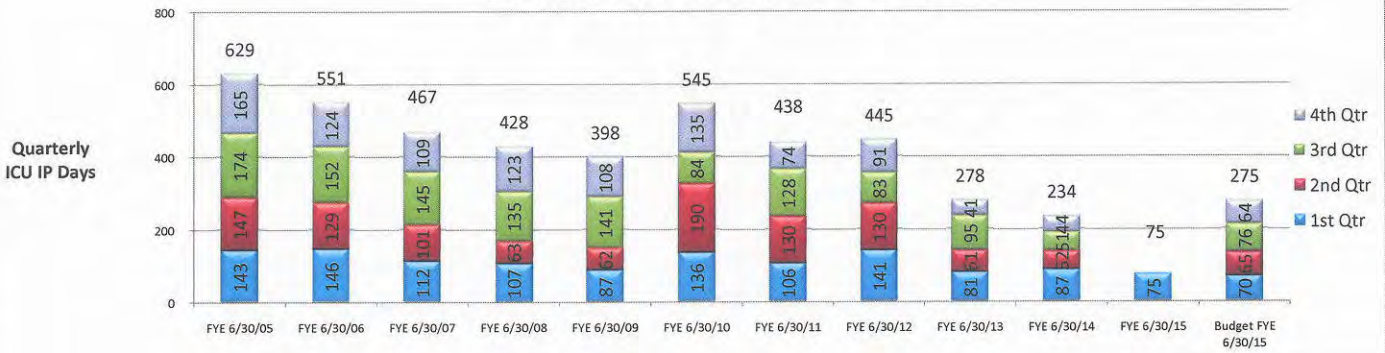


### TOTAL TFH PATIENT DAYS

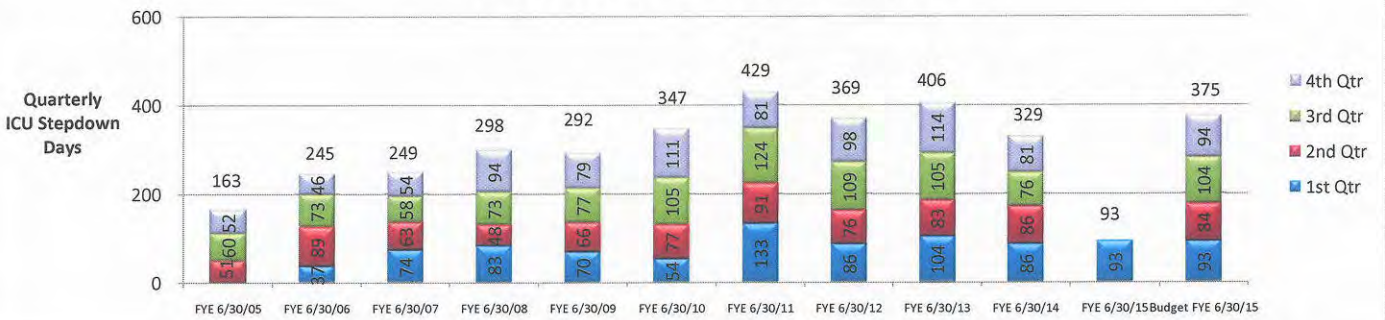




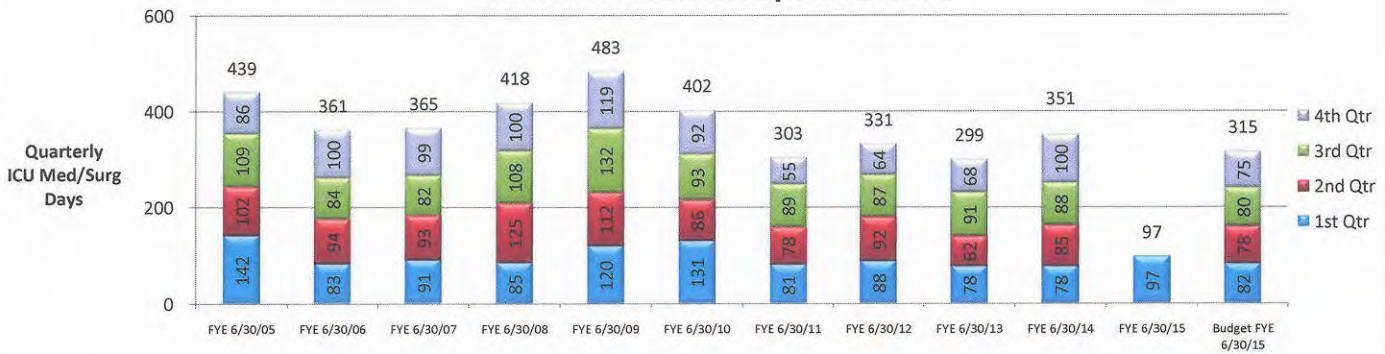
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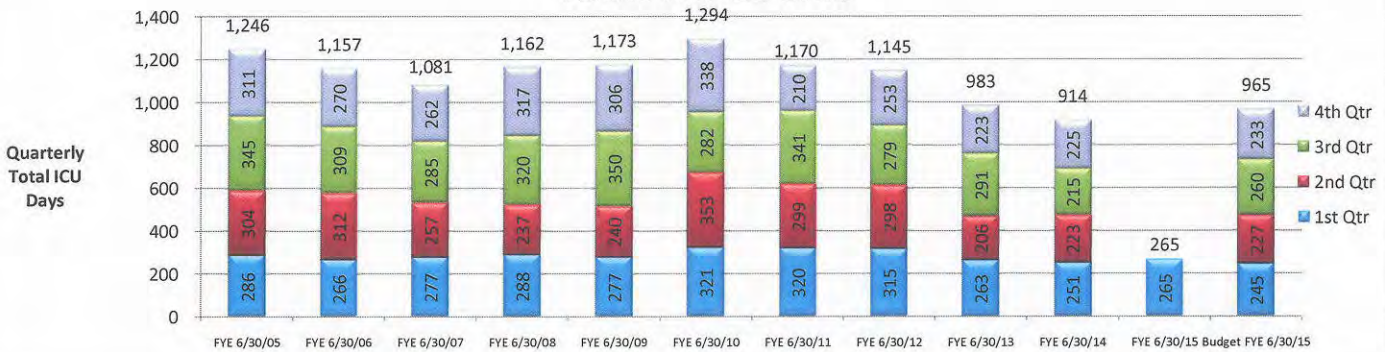
### TOTAL TFH ICU STEPDOWN DAYS



### TOTAL TFH ICU MED/SURG DAYS

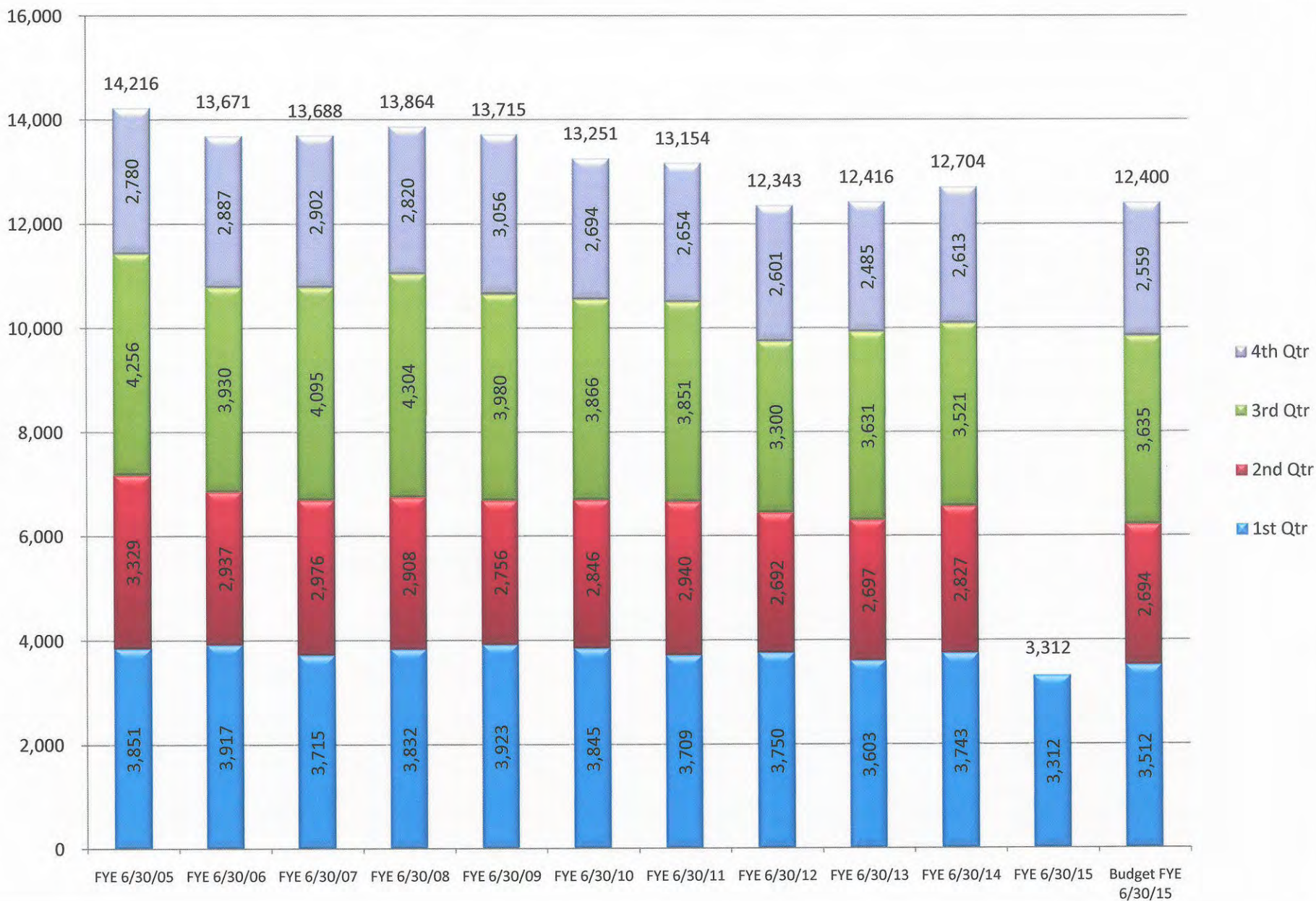


### TOTAL TFH ICU DAYS

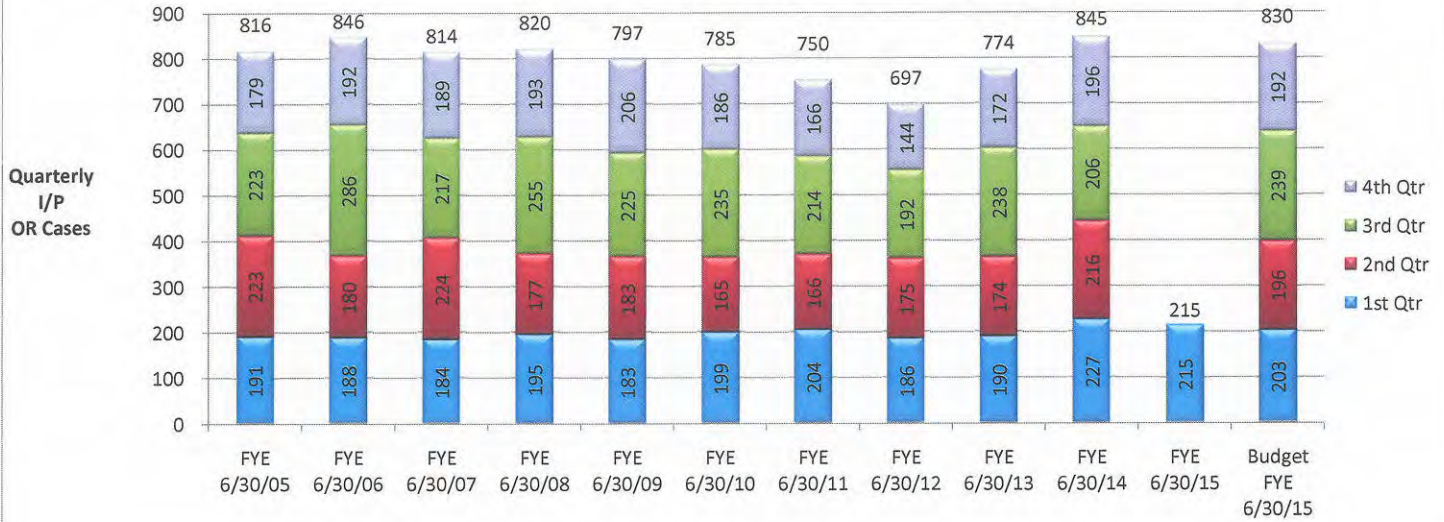


# TOTAL TFH ER VISITS

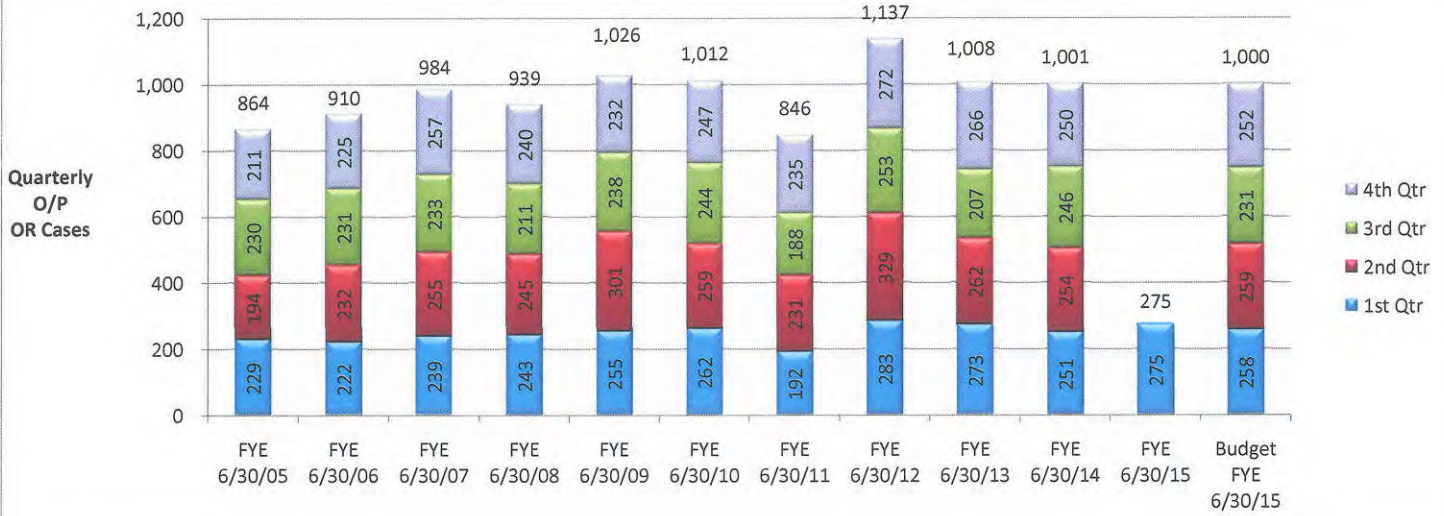
Quarterly ER Visits



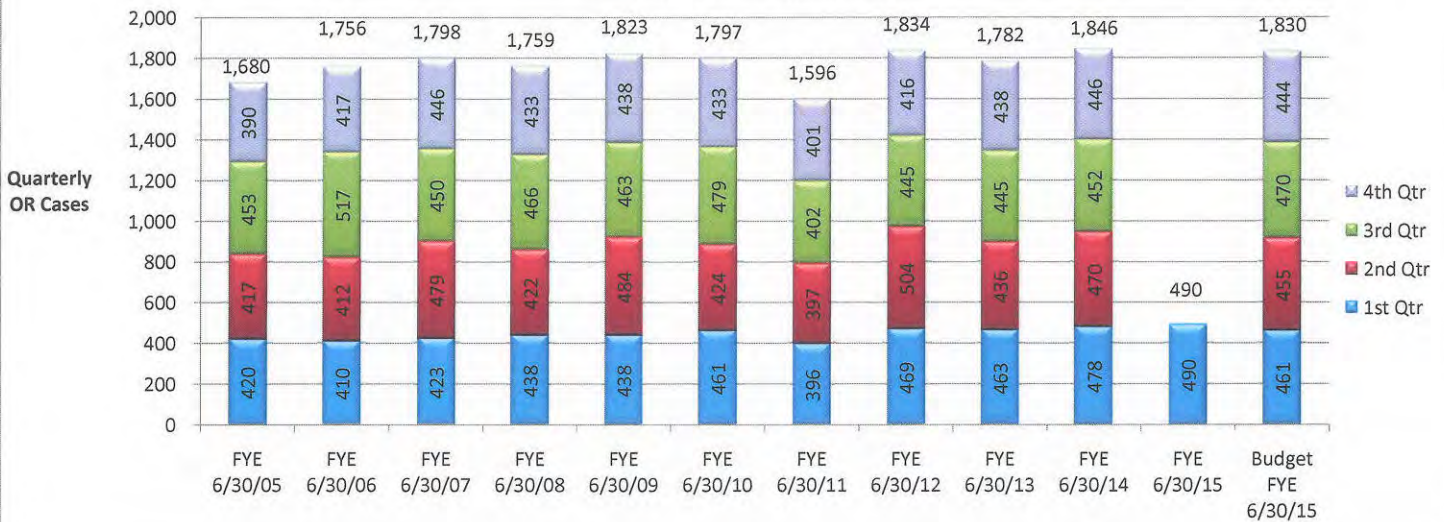
### TOTAL TFH INPATIENT OR CASES



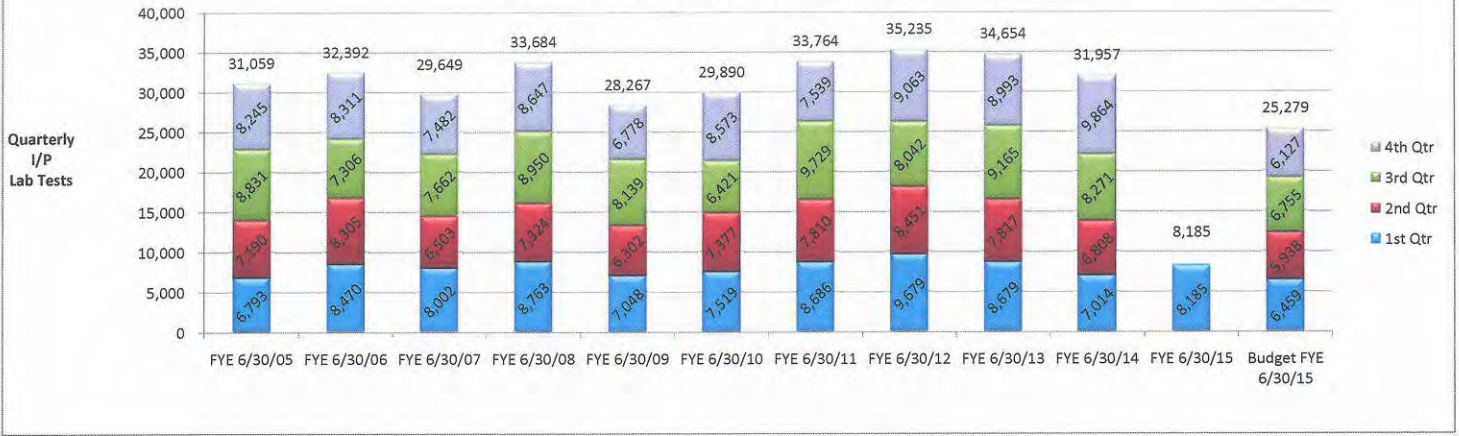
### TOTAL TFH OUTPATIENT OR CASES



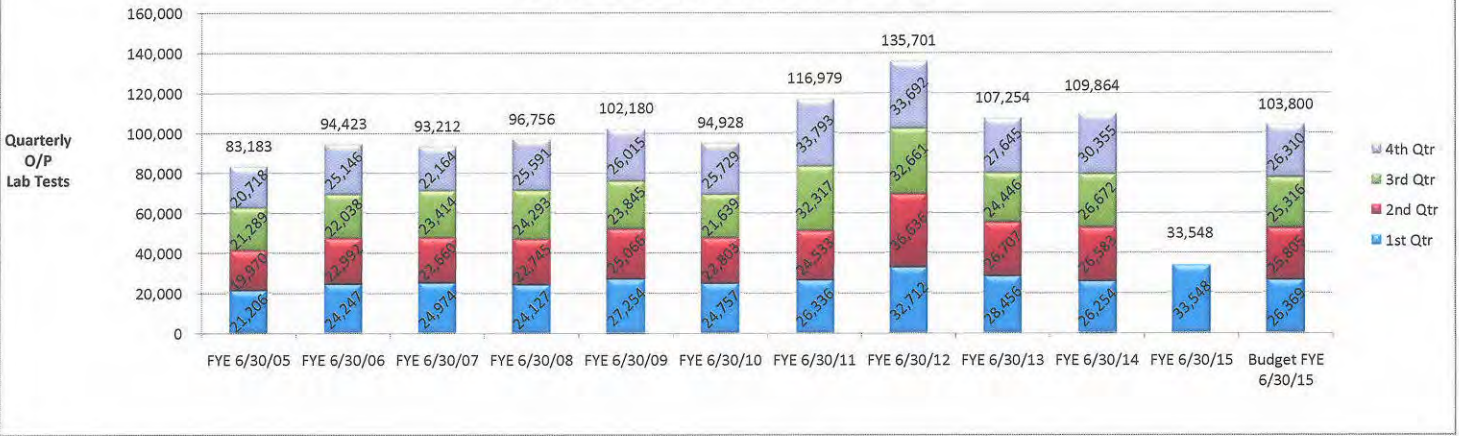
### TOTAL TFH OR CASES



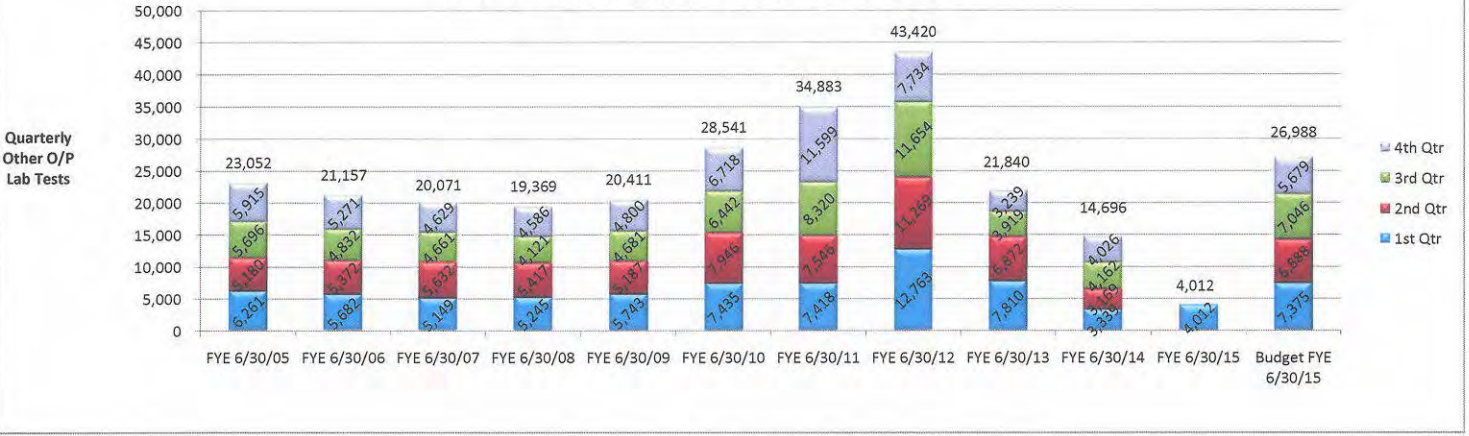
### TOTAL TFH INPATIENT LAB TESTS



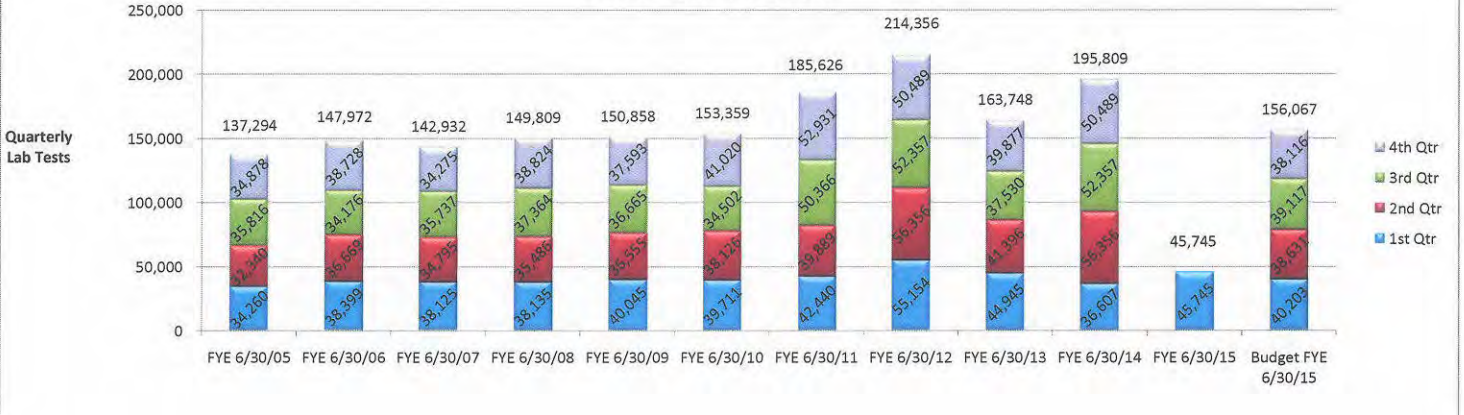
### TOTAL TFH OUTPATIENT LAB TESTS



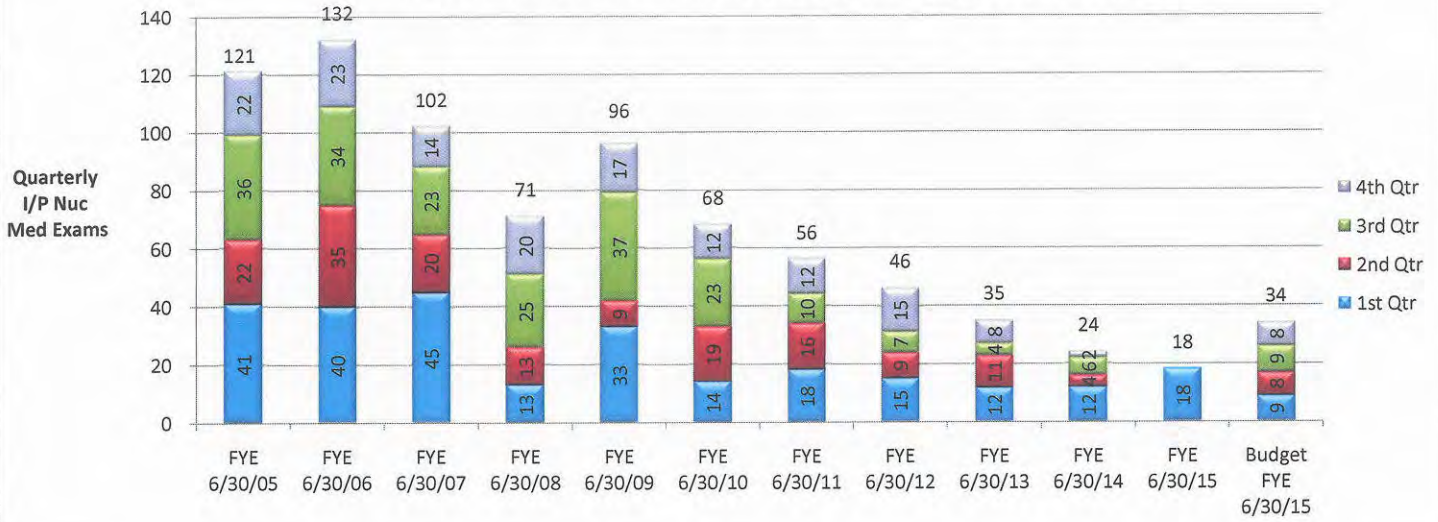
### TOTAL TFH OTHER OUTPATIENT LAB TESTS



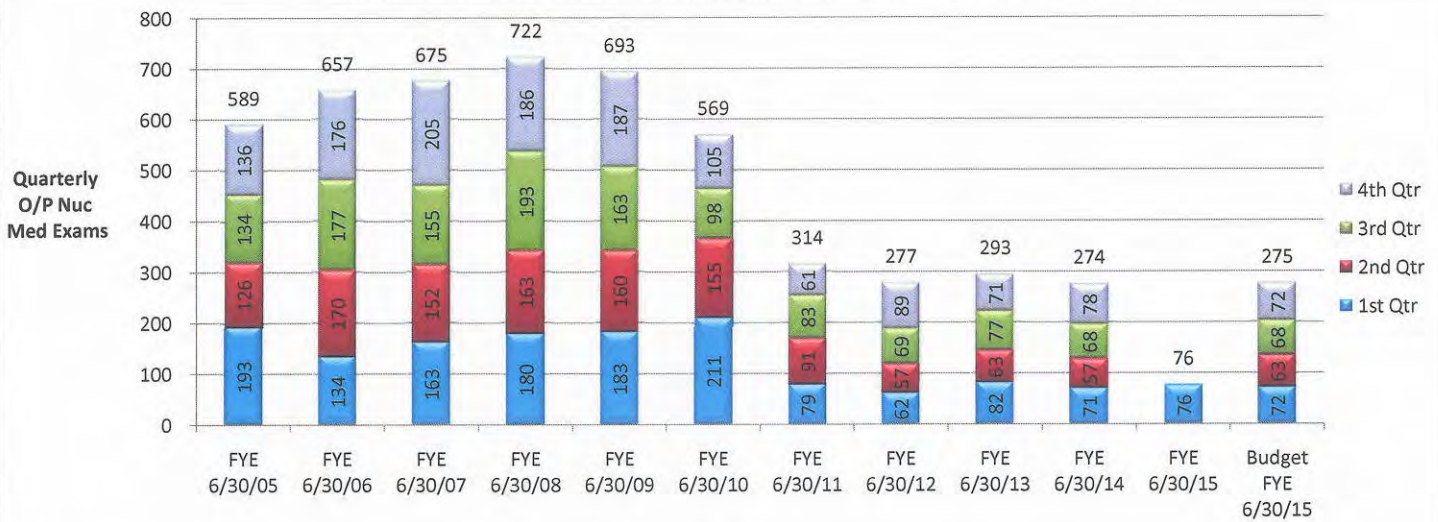
### TOTAL TFH LAB TESTS



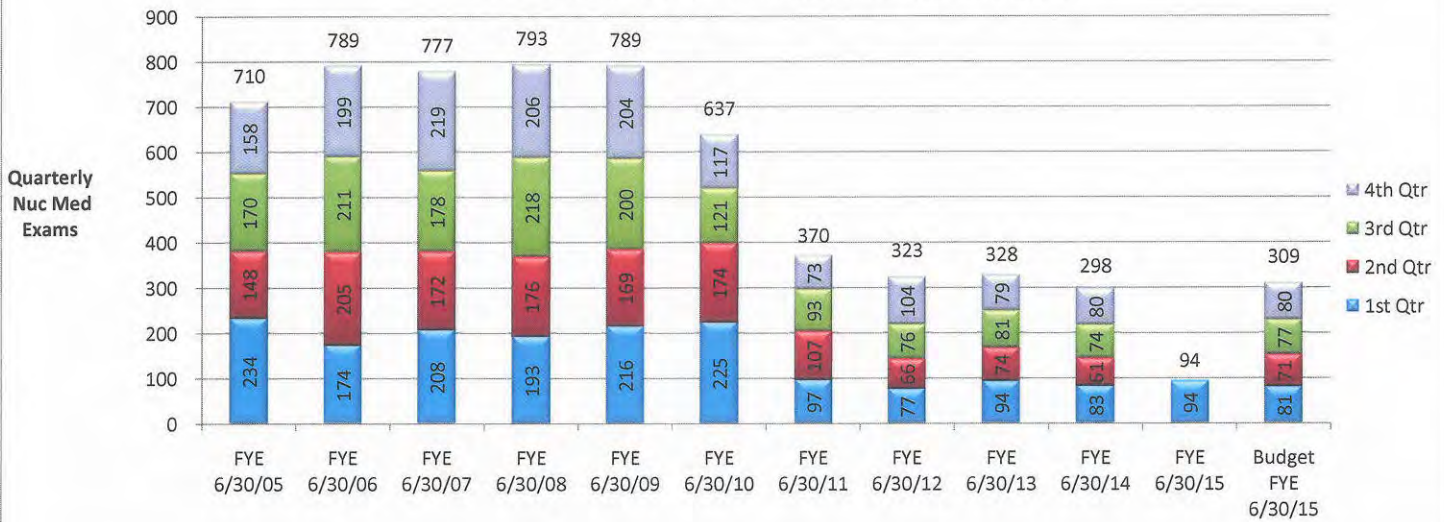
### TOTAL TFH NUCLEAR MEDICINE INPATIENT EXAMS



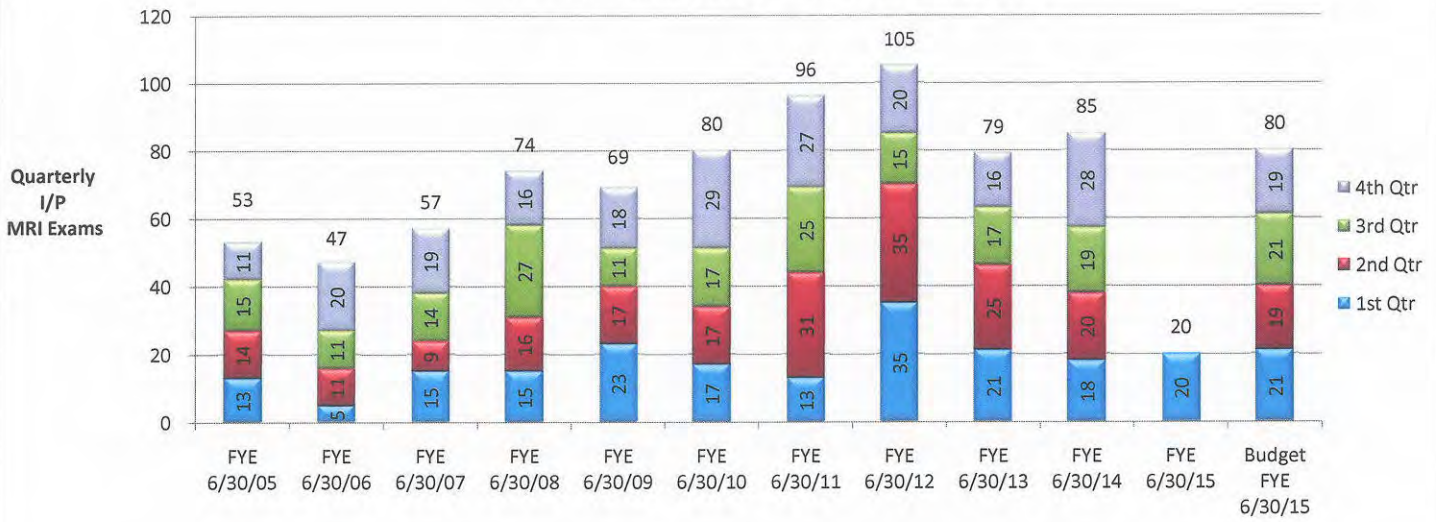
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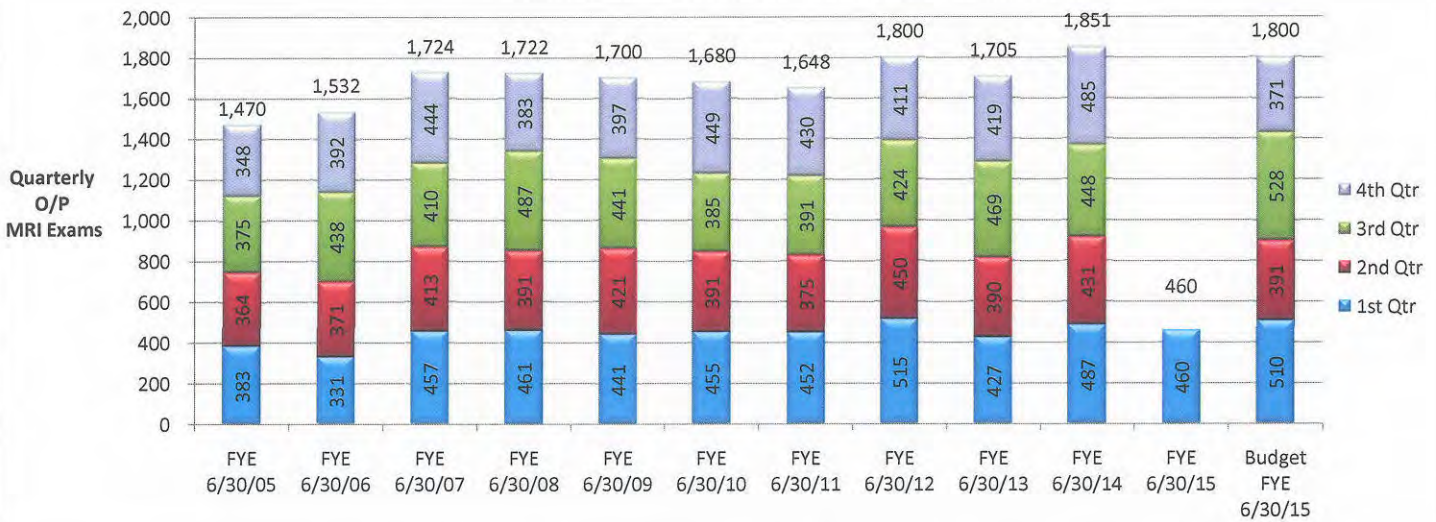
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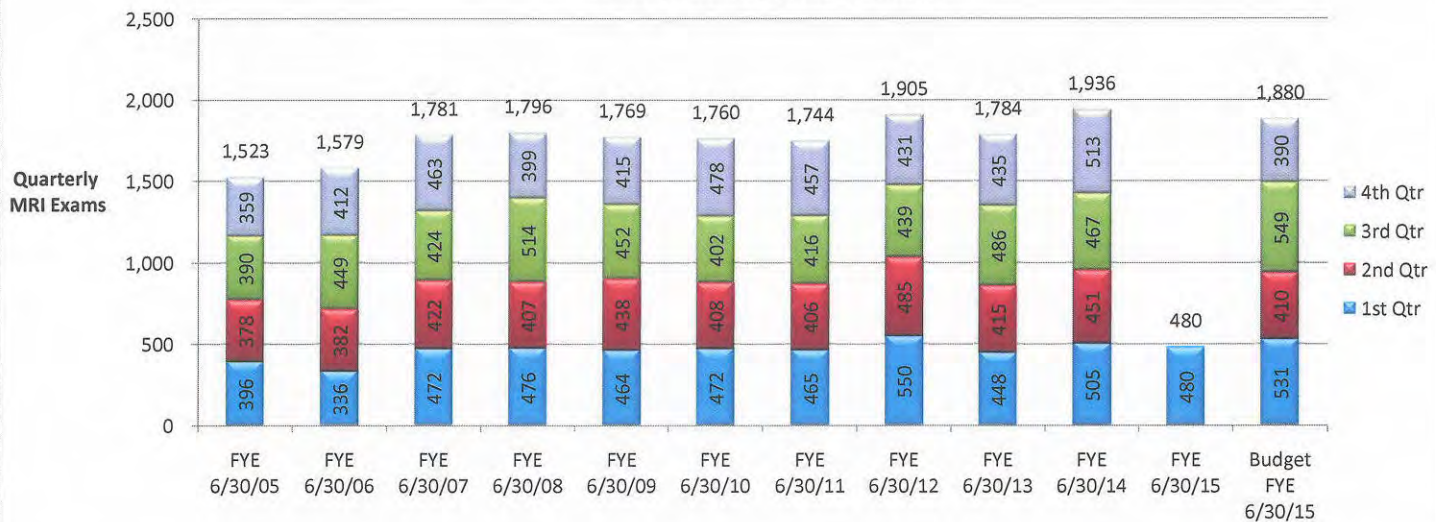
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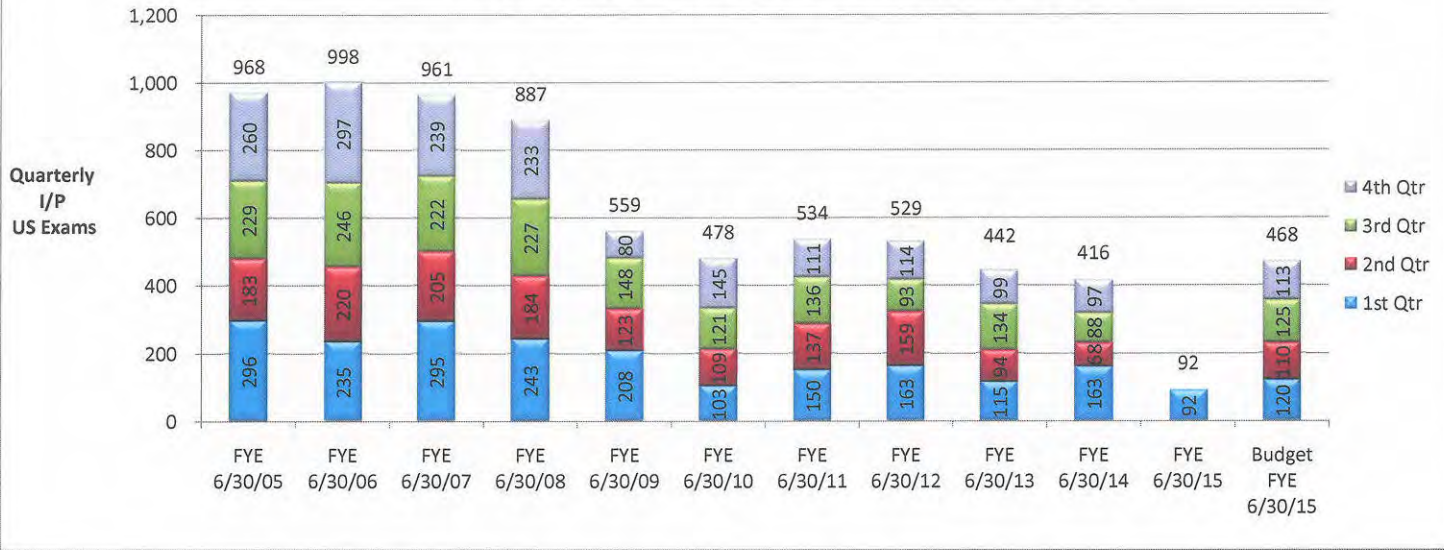
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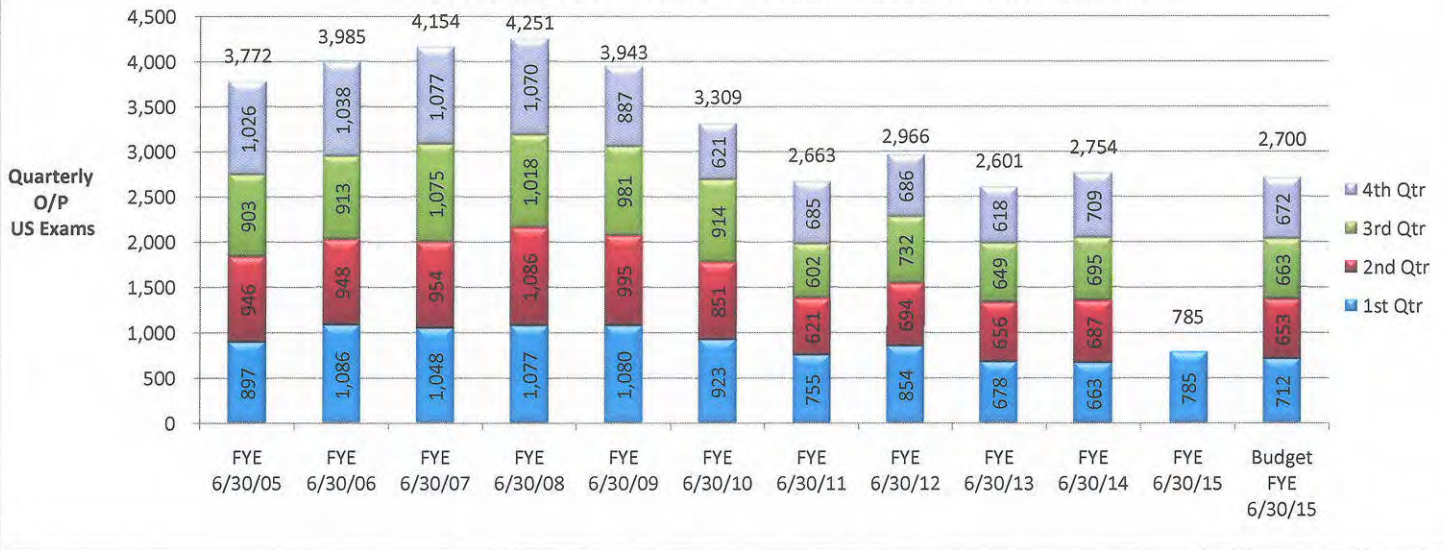
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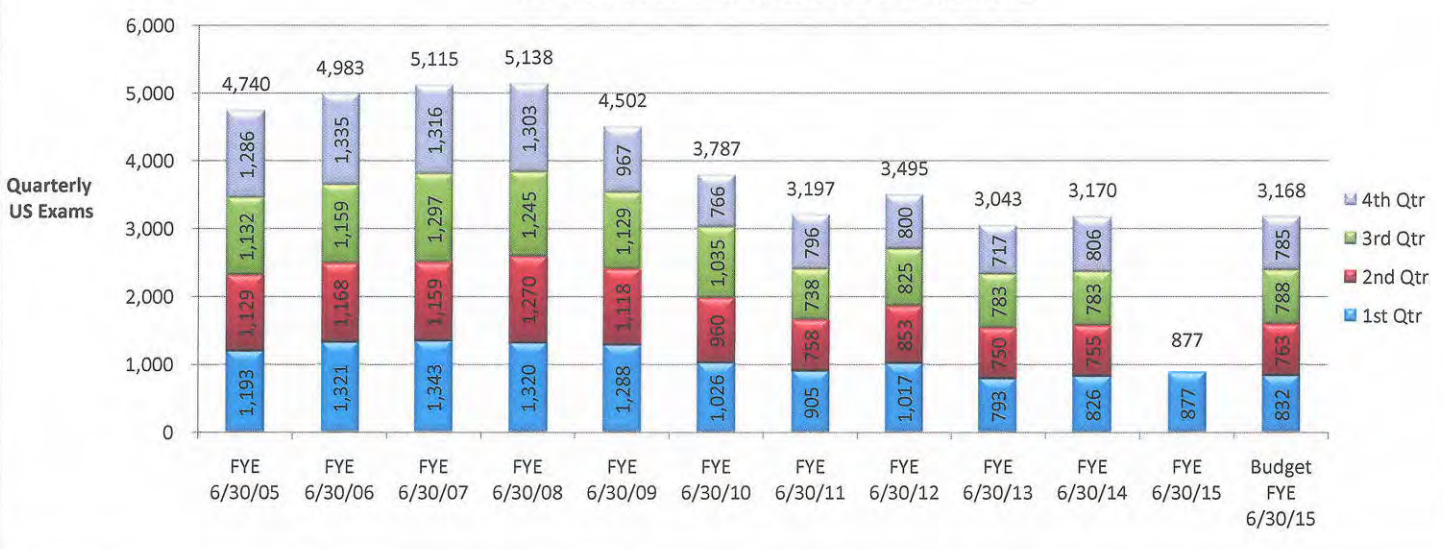
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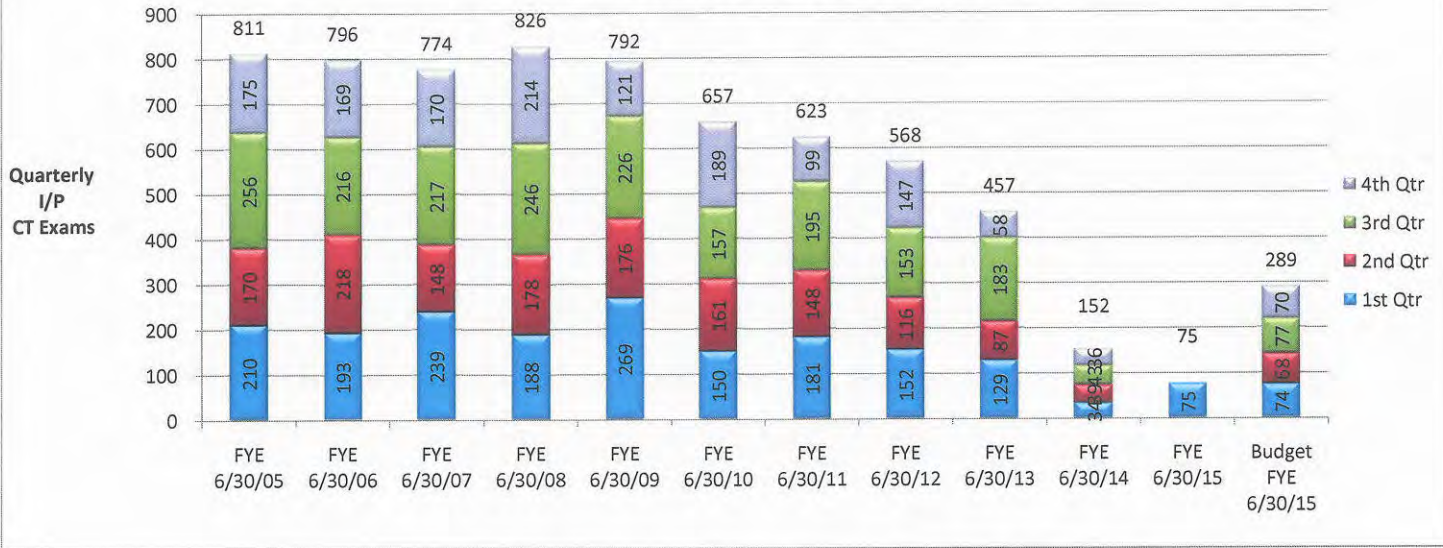
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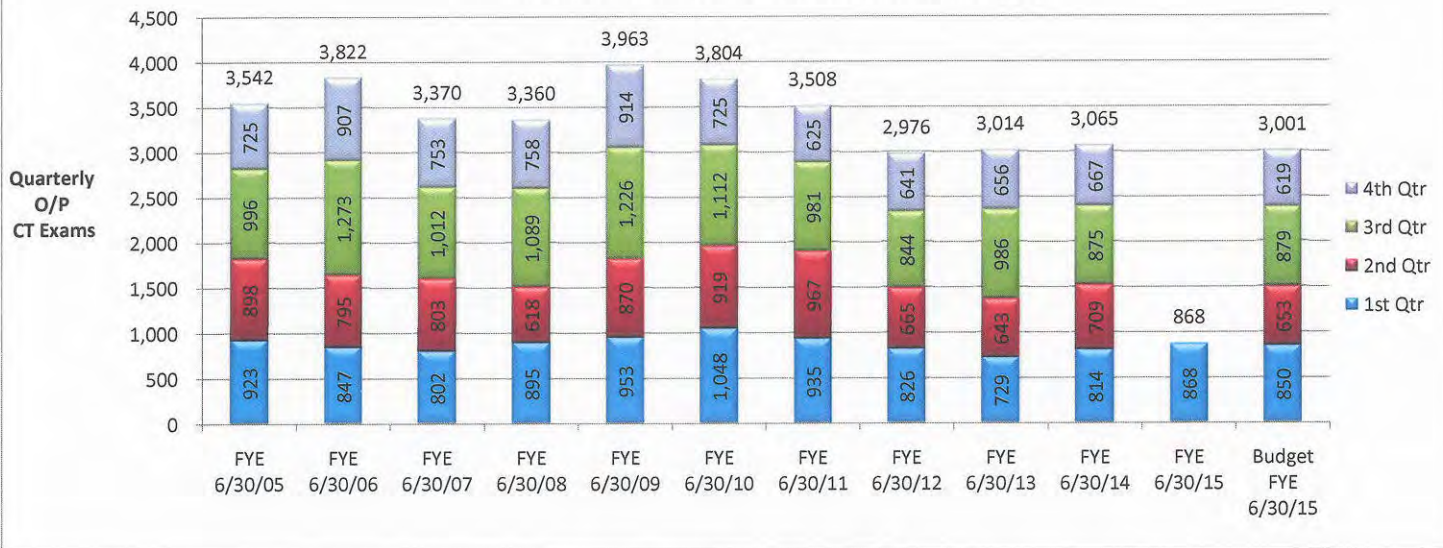
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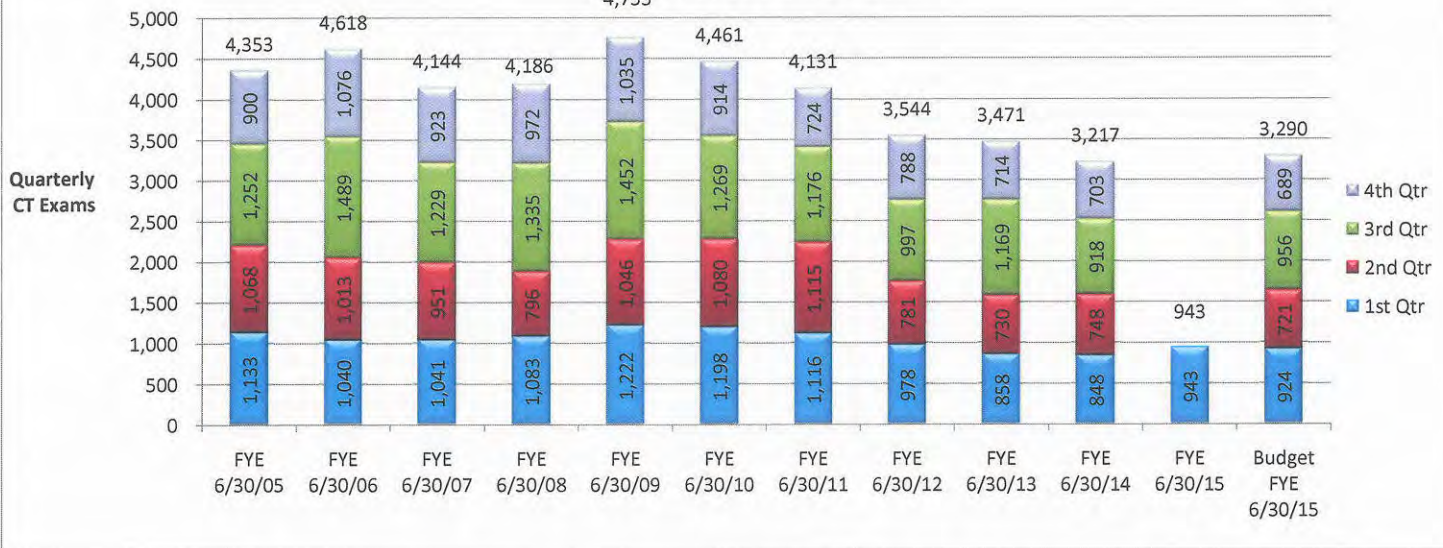
### TOTAL TFH CT INPATIENT EXAMS



### TOTAL TFH CT OUTPATIENT EXAMS

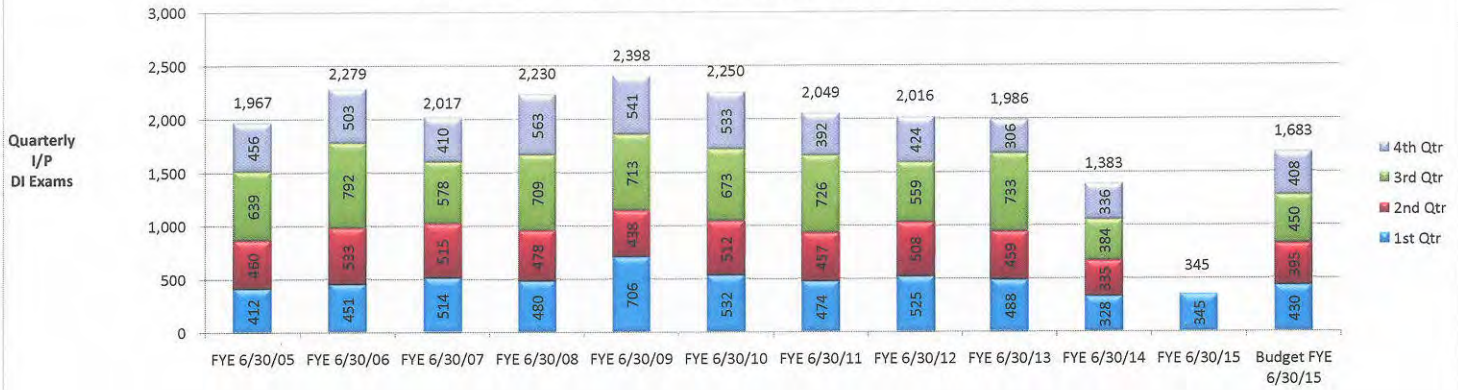


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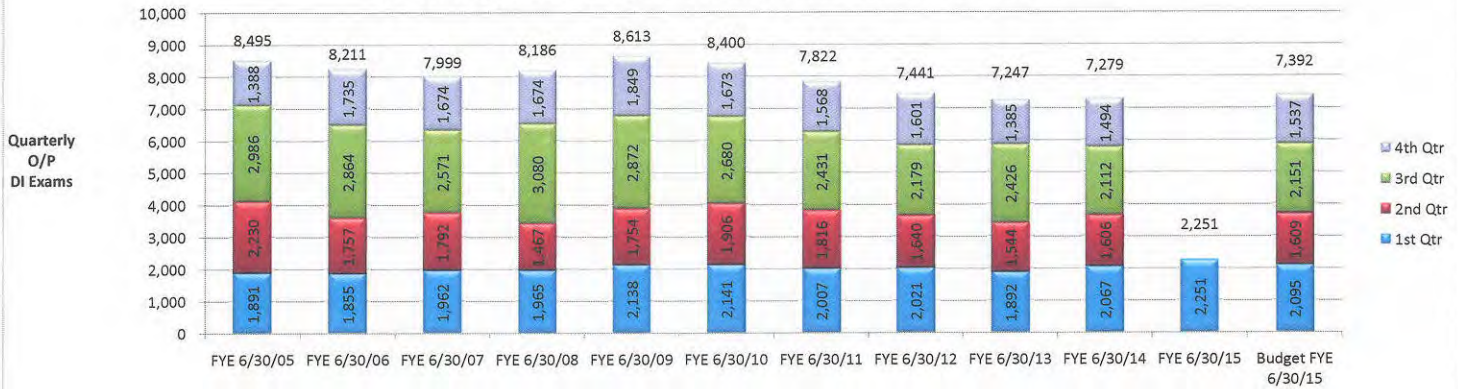




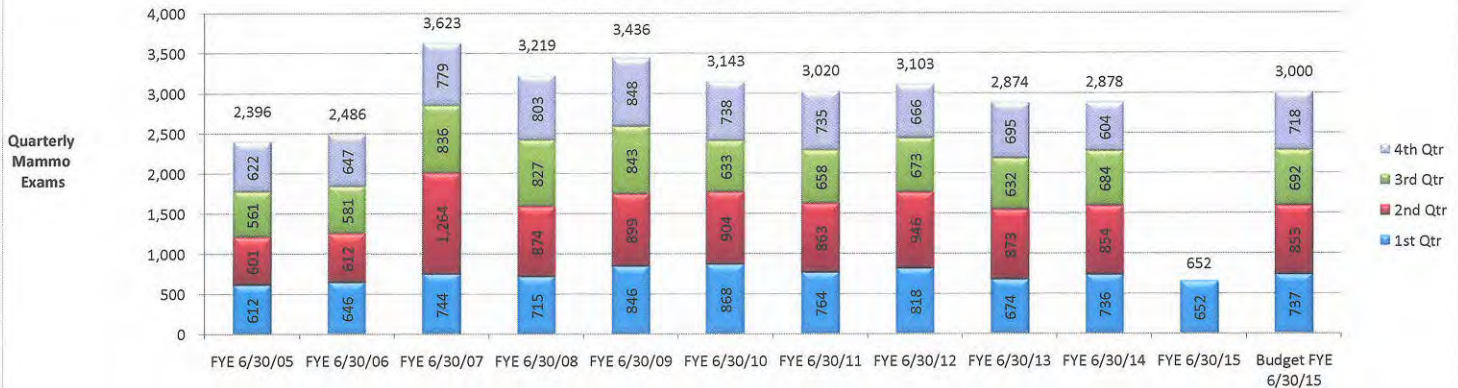
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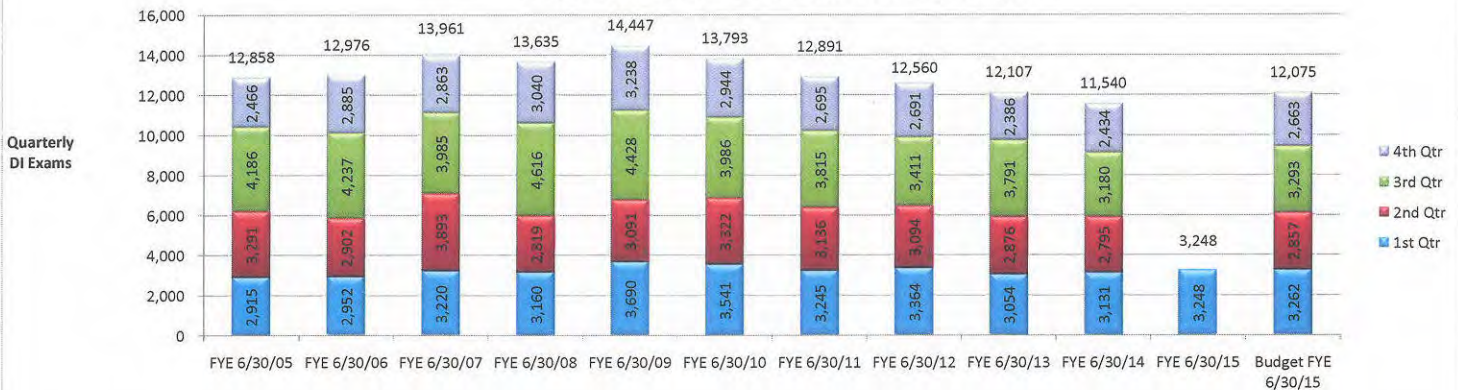
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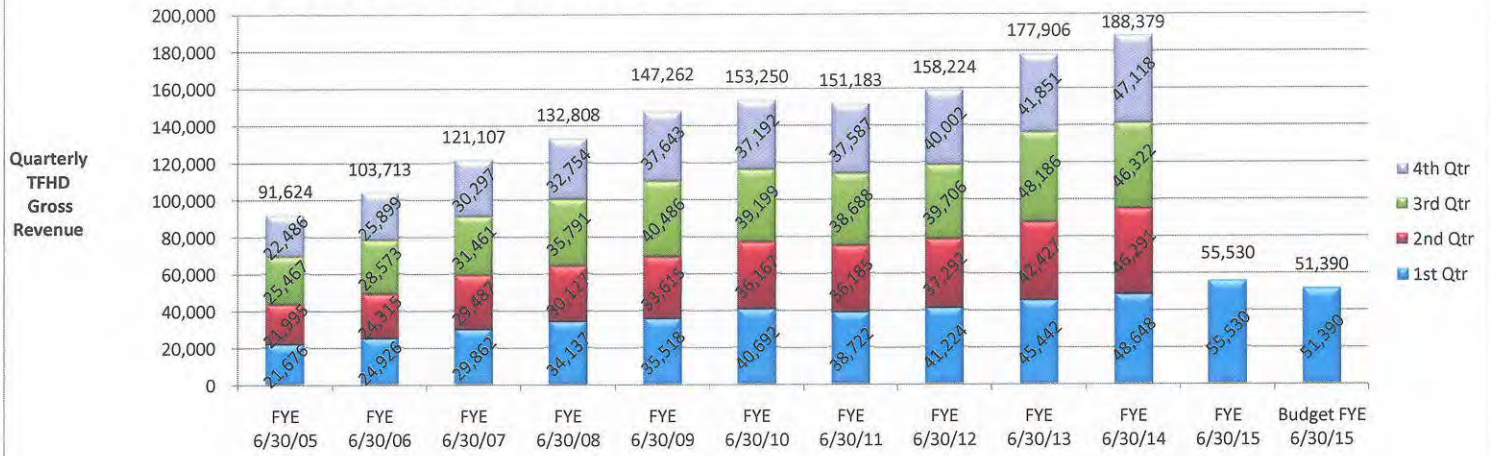
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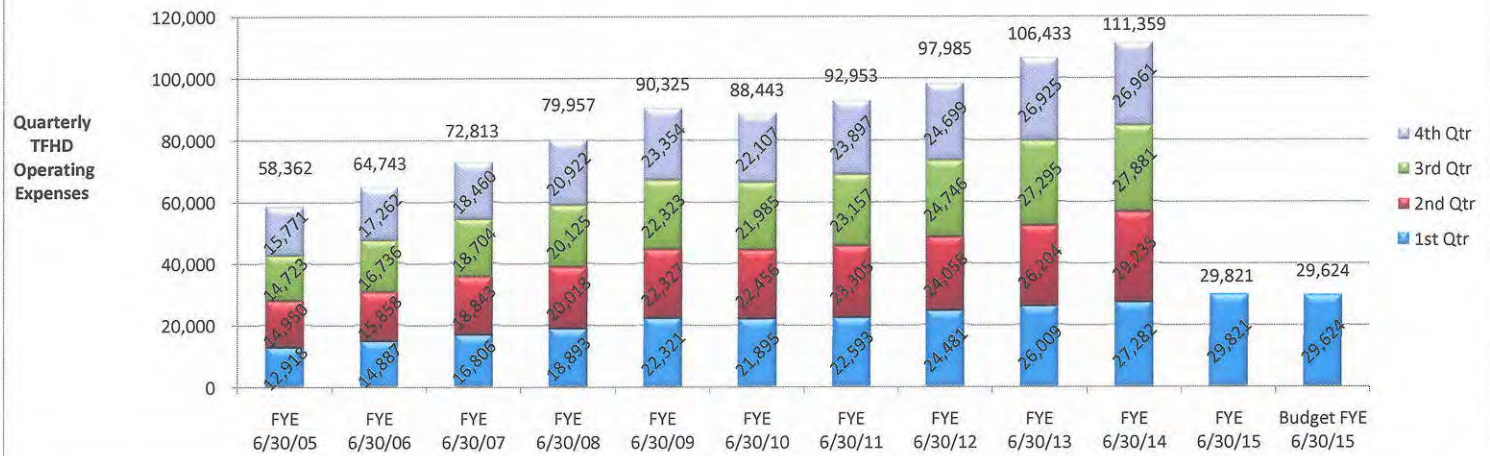
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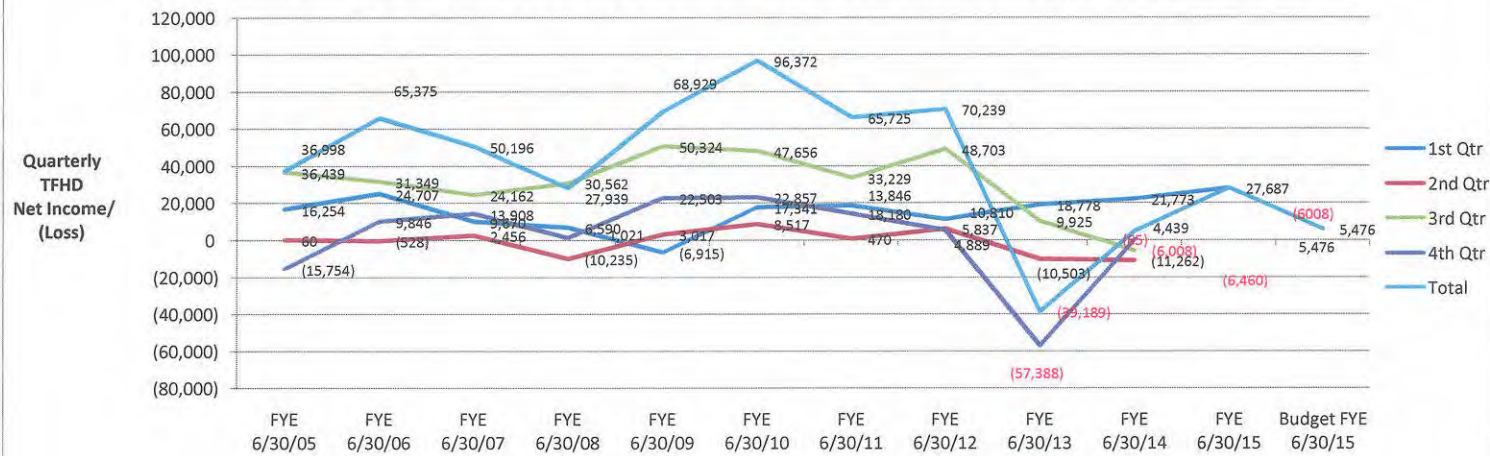
### TAHOE FOREST HOSPITAL DISTRICT TOTAL GROSS REVENUE (In Thousands)



### TAHOE FOREST HOSPITAL DISTRICT TOTAL OPERATING EXPENSES (In Thousands)



### TAHOE FOREST HOSPITAL DISTRICT TOTAL NET INCOME/(LOSS) (In Hundreds)



**CONTRACT ROUTING FORM**

Email Completed Form to Executive Assistant ([pbarrett@tfhd.com](mailto:pbarrett@tfhd.com)) for Processing and Compliance Review

|  |  |                           |
|--|--|---------------------------|
| <b>NEW CONTRACT</b> <input type="checkbox"/> <b>AMENDMENT</b> <input type="checkbox"/> <b>RENEWAL</b> <input checked="" type="checkbox"/> <b>EXTENSION</b> <input type="checkbox"/> <b>BAA</b> <input type="checkbox"/>  |  |                           |
| <b>ORIGINATING DEPARTMENT:</b><br>Medical Staff Services   | <b>CONTACT PERSON:</b> Terri Schnieder<br><b>PHONE:</b> 582-6640   |                           |
| <b>RESPONSIBLE ADMINISTRATIVE COUNCIL (AC):</b> CEO <input checked="" type="checkbox"/> CFO <input type="checkbox"/> COO <input checked="" type="checkbox"/> CNO <input type="checkbox"/> CIO <input type="checkbox"/> IVCH <input type="checkbox"/>   | <b>REQUIRES BOARD GOVERNANCE COMMITTEE REVIEW?</b> NO <input type="checkbox"/> YES <input checked="" type="checkbox"/> <b>MEETING DATE:</b> 10/16/14 <b>COMMITTEE RECOMMENDS:</b> Approval |                           |
| <b>TYPE OF CONTRACT:</b>   |  |                           |
| Physician Professional Service Agreement (P-PSA) <input checked="" type="checkbox"/>   | Type: ED on Call General Surgery   |                           |
| Physician Medical Director Agreement (MDA) <input type="checkbox"/>  | Type: _____  |                           |
| Vendor Professional Service Agreement (V-PSA) <input type="checkbox"/>   | Type: _____  |                           |
| Other _____ <input type="checkbox"/>   | Type: _____  |                           |
| <b>❖ Business Associated Agreement Required?</b> YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>   |  |                           |
| <b>CONTRACTOR/VENDOR DETAILS:</b> <i>If needed, additional instructions and information may be provided on Page 2</i>  |  |                           |
| <b>LEGAL NAME OF CONTRACTOR/ VENDOR:</b> Crystine M. Lee, M.D.   |  |                           |
| <b>Purpose of the Contract/Alternatives:</b><br>ED ON Call for General Surgery. There are only 3 other providers for general surgery coverage to the ED and Dr. Lee only helps with call when needed, others are not available. Alternative is to not have coverage and transfer all general surgery patients out of the area.   |  |                           |
| <b>Scope of the Contract:</b><br>Provide on call coverage for general surgery to the Emergency Department and make herself available for such specific coverage shifts designated in advance on the ED's monthly specialty on call calendar.   |  |                           |
| <b>DATES OF CONTRACT:</b>  | <b>EFFECTIVE DATE:</b> 10/19/14  | <b>END DATE:</b> 10/18/15 |
| <b>Version History:</b>  | Original Effective date: 10/19/12<br>Renewal Dates: 10/19/13<br>Amendment Dates:   |                           |
| <b>PHYSICIAN CONTRACTS: FOR STARK LAW COMPLIANCE, THE TERMS OF THIS CONTRACT CANNOT CHANGE FOR 1 YEAR</b>  |  |                           |
| <b>Compensation Structure:</b> <i>Include "other comp" (i.e. education, phone stipend, etc.)</i><br>Physician is paid base stipend of \$1,700 for each 24 hour period during which services are provided, and \$2,500 on 9 holidays. She is also paid a \$300.00 per diem to cover reasonable expenses incurred for travel to the Hospital or housing. Physician authorizes and assigns Hospital the exclusive right to bill and collect for all Specialty Services provided by the Physician. |  |                           |
| <b>Contract Term:</b> <i>(anything other than Net 30 requires AC approval)</i><br>Net 30   |  |                           |
| <b>Total Cost of Contract:</b>   | Varies depending on number of shifts she works each year   |                           |
| <b>Compensation Audit Process:</b>   | See Policies AGOV-10 and ABD-21  |                           |
| <b>Is Cost of Contract Budgeted?</b>   | YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>  |                           |
| <b>If NOT budgeted or exceeds budgeted amount, identify the offset:</b>  |  |                           |
| <b>TFHS Primary Responsible Party:</b>   | Terri Schnieder, Director of Medical Staff Services  |                           |
| <b>TFHS Secondary Responsible Party:</b>   | Robert Schapper, Chief Executive Officer   |                           |

|  |   |
|--|---|
| <b>ORIGINATING DEPARTMENT:</b><br>Medical Staff Services | <b>CONTACT PERSON:</b> Terri Schnieder<br>Phone: 582-6640 |
|--|---|

|  |
|--|
| <b>LEGAL NAME OF CONTRACTOR/ VENDOR:</b> Crystine M. Lee, M.D. |
|--|

| REQUIRED COMPLIANCE INFORMATION  |   |
|--|---|
| <b>Commercially Reasonable Verified</b> Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/><br><b>Fair Market Value Verified</b> Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/> | <b>Compliance Officer Signature:</b><br> |

| CONTRACTOR INFORMATION                     |  |
|--|--|
| <b>Contractor Representative Name:</b>     | Crystine Lee, M.D.                             |
| <b>Mailing Address:</b>                    | 5 Bon Air Road, Suite #101, Larkspur, CA 94939 |
| <b>Telephone and Fax Number:</b>           | <b>Phone:</b> 530-214-8044 <b>Fax:</b>         |
| <b>Email Address of Contact:</b>           | clee@tfhd.com                                  |
| <b>Accounts Receivable Representative:</b> | unknown  |

| REQUIRED FINANCIAL INFORMATION   |  |
|--|--|
| <b>W-9 and Certificates of Insurance Must Be Submitted with any Contract</b> |  |

| ADDITIONAL INFORMATION   |  |
|--|--|
| <p>Fair Market Value (FMV) &amp; Commercial Reasonableness (CR): At the rate of \$2000 (consisting of \$1700 for 24 hour call coverage plus \$300 housing/travel) this contract is below the median FMV benchmark range for services to be performed by a general surgeon. The contract meets CR based on information from the Dept Director that the duties to be performed are reasonable and necessary to provide on-call coverage.</p> <p>Original contract automatically renews on each successive anniversary for up to four (4) additional one year terms (through October 18, 2017).</p> |  |

**Reference:**

- Policy ABD – 21 Physician and Professional Service Agreements
- Policy AGOV – 10 Contract Review Policy
- Policy AFIN – 03 Accounts Payable Policy

*W-9s are required for any contract on which we are making payments.  
 Certificates of Insurance are required for any contract in which any service is being provided.*

| THIS SECTION FOR CONTRACTS COORDINATOR USE ONLY:        |  |   |  |
|---|--|---|--|
| <b>W-9 Received?</b>                                    | Yes: <input type="checkbox"/> No: <input type="checkbox"/> | <b>Certificate of Insurance Received?</b>   | Yes: <input type="checkbox"/> No: <input type="checkbox"/> |
| <b>New Vendor information Sent to Accounts Payable?</b> | Yes: <input type="checkbox"/> No: <input type="checkbox"/> | Email a copy of Section D (page 2) of the completed Routing Form to A/P. This is <b>required</b> for A/P to process their payments. |  |

|   |  |   |
|---|--|---|
| <b>Contracts Review:</b><br>_____<br>Date                      Initials | <b>BOARD ACTION:</b> _____<br>Out for TFHD Signature:                      Date: _____<br>Out for Vendor Signature:                      Date: _____<br>Uploaded to Contracts System:                      Date: _____ | <b>MEETING DATE:</b><br>Receive Date: _____<br>Receive Date: _____<br>Trigger dates set: YES <input type="checkbox"/> NO <input type="checkbox"/> |
|   | <b>CFO Review:</b><br>_____<br>Date                      Initials  | <b>CONTRACT #:</b> _____<br>(i.e. 10001)  |

## **SURGERY COVERAGE AGREEMENT**

This agreement ("Agreement") is made and entered into effective this 19 day of October, 2012, by and between TAHOE FOREST HOSPITAL DISTRICT ("District"), and CRYSTINE M. LEE, M.D. ("Physician"), with respect to the following:

### **RECITALS**

District currently operates a 25 bed Critical Access Hospital with a 37 bed Skilled Nursing Facility located in Truckee, California, providing, among other services, General Surgery Services and a 24-hour basic emergency department ("Emergency Department").

District has determined that there is a need in the District for the availability of qualified physicians specializing in General Surgery Services to be available on an on-call basis to provide surgery services for Hospital patients in need of emergency care.

Physician is licensed to practice medicine in the State of California and is qualified to provide professional general surgery services ("Specialty Services" or "Specialty");

Physician desires to provide such Specialty Services to District patients under the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the covenants and conditions contained herein, and other valuable consideration, the parties agree as follows:

### **AGREEMENT**

#### **1. Physician Services.**

1.1 Physician shall provide Specialty Services to District and to patients of the District. These Services shall be performed in accordance with the terms of this Agreement and in accordance with the Bylaws and Rules and Regulations of District's Medical Staff. The professional activities of the physicians performing such Specialty Services shall be subject to such reviews as may be required hereunder or in accordance with the Medical Staff Bylaws, Rules and Regulations or District policy. Physician shall assure such services are provided consistent with the state of California and/or Nevada and federal law, and the standards of the District.

#### **1.2 Physician shall:**

1.2.1 Provide on call coverage of Specialty Services to the Emergency Department and make himself/herself available for such specific coverage shifts designated in advance on the Emergency Department's monthly specialty on call calendar.

1.2.2 Be continuously reachable by telephone and available for on-call services during each 24-hour period in which he/she is designated to provide Specialty Services coverage to the Emergency Department (actual start and end times may vary).

1.2.3 The on call response time is delineated in the Medical Staff Rules and Regulations.

2. **Physician's Representations and Warranties and Qualifications.**

2.1 Physician represents and warrants that he/she has never been, and shall at no time during the term of this Agreement become, excluded from the Medicare or Medi-Cal programs. Physician covenants that he/she shall, throughout the term of this Agreement:

2.1.1 Maintain at all times hereunder, without any limitation or restriction whatsoever: (i) a valid license to practice medicine in the state of California; (ii) a valid DEA number; and (iii) Medical Staff membership and appropriate clinical privileges as a member of the active staff at Hospital;

2.1.2 ;

2.1.3 Unless otherwise agreed by Hospital in advance, Physician shall perform all Specialty Services personally, and not subcontract or delegate any of his/her obligations hereunder.

2.1.4 Abide by all applicable rules and regulations of Hospital and its Medical Staff, and comply with all rules, regulations, ordinances, laws and statutes of any governmental body having jurisdiction over Hospital or Physician.

2.1.5 Maintain certification or eligibility for certification by the appropriate specialty board of examiners for Specialty Services.

3. **Nondiscrimination and Compliance with Law.** In providing services under this Agreement, Physician shall comply with all applicable nondiscrimination laws and all laws applicable to the provision of emergency services, including without limitation (a) California Health & Safety Code Section 1317.3, which requires that physicians not refuse to provide emergency care and services to patients on the basis of race, ethnicity, religion, national origin, citizenship, age, sex, preexisting medical condition, physical or mental handicap, insurance status, economic status, or ability to pay for medical services, except to the extent that a circumstance such as age, sex, preexisting medical condition, or physical or mental handicap is medically significant to the provision of appropriate medical care to the patient, and (b) the federal Emergency Medical Treatment and Active Labor Act ("EMTALA").

4. **Independent Contractor.** In the mutual performance of Physician's duties and obligations under this Agreement, it is understood and agreed that Physician is at all times acting and performing professional services as an independent contractor of Hospital, and nothing in this Agreement is intended nor shall be construed to create any employer/employee, partnership, joint venture or landlord/tenant relationship between the parties. Hospital shall neither have nor exercise any control or direction over the methods by which physicians shall perform professional services. The sole interest and responsibility of Hospital is to assure that the services covered by this Agreement shall be performed and rendered in a competent, efficient and satisfactory manner. The standards of medical practice and professional duties of Physician shall be determined by the Hospital Medical Staff, and 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 shall be fully complied with by the parties. Physician shall have no claim under this Agreement or otherwise against Hospital for Workers' Compensation, unemployment compensation, vacation pay, sick leave, retirement

benefits, Social Security benefits, disability insurance benefits, unemployment insurance benefits, or any other benefits. Hospital shall not withhold on behalf of Physician any sums for income tax, unemployment insurance, Social Security or any other purposes, and all such withholdings or obligations shall be the sole responsibility of Physician

5. **Billing and Compensation.**

5.1 Physician authorizes and assigns Hospital the exclusive right to bill and collect for all Specialty Services provided by Physician hereunder. Hospital shall bill and collect in Physician's name and on behalf of Physician. Subject to Physician's right to compensation under Section 5.2, below, Hospital shall retain all monies collected from the provision of Specialty Services.

5.2 In consideration of Physician's availability and provision of Specialty Services, and Hospital's billing and collection services on behalf of Physician under Section 5.1, of this Agreement, Hospital shall compensate Physician One Thousand Seven Hundred Dollars (\$1,700) for his provision of Specialty Services during each twenty-four (24) hour time period during which Physician performs Specialty Services at Hospital after Hospital's request for the provision of Specialty Services. Compensation to Physician under this Section 5.2 shall constitute full and final payment for all services provided by Physician under this Agreement.

5.3 Physician shall be paid base stipend of \$1,700.00 plus one half of that value (\$850.00) or 1 ½ their regular stipend; which is (\$1,700.00 + \$850.00 = \$2,500.00 per 24 hours worked on the following holidays: New Year's Day, President's Day, Memorial Day, July 4<sup>th</sup>, Labor Day, Thanksgiving Day, Christmas Eve Day, Christmas Day, and New Years Eve Day

5.4 Physician shall also be paid \$300.00 per diem to cover for reasonable expenses incurred by Physician for transportation to Tahoe Forest Hospital or housing.

6. **Term and Termination.**

6.1 This Agreement shall be effective on October 19, 2012, and shall remain in full force and effect for an initial term of one (1) year, and will automatically renew on each successive anniversary for up to four (4) additional one-year terms unless either party gives the other written notice of intent not to renew at least thirty (30) days prior to the anniversary date or as otherwise provided in this agreement.

6.2 Notwithstanding any other provision of the Agreement, this Agreement may be terminated on the first to occur of the following:

6.2.1 Revocation or suspension of the license of Physician to practice medicine in the State of California;

6.2.2 Conviction of Physician of any felony involving a crime of moral turpitude;

6.2.3 The conviction of Physician of a criminal offense related to healthcare (unless such person or entity has implemented a corporate compliance program as part of a settlement with the federal or a state government);

6.2.4 The listing of Physician by a federal agency as debarred, excluded or otherwise ineligible for federal program participation;

6.2.5 Revocation or curtailment of the staff privileges of Physician at District substantially affecting the ability of Physician to perform the conditions of this Agreement;

6.2.6 Death or disability of Physician rendering him/her incompetent to substantially perform the duties of this Agreement for more than sixty (60) days as determined by two (2) persons selected by the District's Medical Staff who are licensed as physicians in the State of California, at least one (1) of whom shall not be affiliated with the District. This Agreement shall continue in effect during pendency of any dispute about disability;

6.2.7 If the Physician fails to comply, or diligently pursue compliance, with any terms and conditions of this Agreement within a cure period of sixty (60) days after the District's notice to Physician of occurrence of such event.

6.2.8 Hospital may terminate this Agreement immediately upon notice to Physician, in the event of Physician's failure to comply with any of the terms or conditions of this Agreement a failure to perform any obligation hereunder.

6.2.9 Either party may terminate this agreement with or without cause upon giving the other party at least thirty (30) days advance written notice.

6.2.10 On at least fourteen (14) days written notice to the other party if the party to whom such notice is given is in material breach of this Agreement. The party claiming the right to terminate hereunder shall set forth in the notice of intended termination the facts underlying its claim that the other party is in breach of this Agreement. Remedy of such breach within ten (10) days of the receipt of such notice shall revive the Agreement in effect for the remaining term.

7. **Professional Liability Coverage.** Hospital agrees to provide required coverage at Hospital's expense through Program BETA.

8. **Notice.**

8.1 Written notice required under this Agreement shall be delivered personally or sent by United States mail, postage prepaid, and addressed or delivered to the parties at the following addresses (or such other address as may hereafter be designated by a party by written notice thereof to the other party)

Physician: Crystine M. Lee, M.D.  
Marin Surgical Associates, Inc.  
5 Bon Air Road, Suite 101  
Larkspur, CA 94939

Hospital: Tahoe Forest Hospital District  
10121 Pine Avenue  
Truckee, CA 96161  
Attention: Robert A. Schapper

8.2 If personally delivered, such notice shall be effective upon delivery, and if mailed as provided for above, such notice shall be effective two days after it is placed in the mail.



9. **Required Disclosures.**

9.1 Physician shall notify Hospital in writing immediately upon the occurrence of any of the following events:

9.1.1 Physician fails to continue to meet any of the qualifications set forth in Section 2.1.1 above;

9.1.2 Physician is required to pay damages in any malpractice action by way of judgment or settlement;

9.1.3 Physician becomes the subject of an investigatory, disciplinary, or other proceeding before any governmental, professional, licensing board, medical staff, or peer review body;

9.1.4 Any event occurs that substantially affects Physician's ability to perform any of his/her obligations hereunder; or

9.1.5 Physician becomes excluded from participation in any governmental health care program, or Physician is convicted of a criminal offense related to health care or is listed by a federal agency as being debarred, excluded or otherwise ineligible for governmental program participation.

10. **Compliance/Jeopardy.**

10.1 Nothing in this Agreement is intended or shall require either party to violate the California or federal prohibitions on payments for referrals, and this Agreement shall not be interpreted to:

10.1.1 Require Physician to make referrals to Hospital, be in a position to make or influence referrals to Hospital, or otherwise generate business for Hospital.

10.1.2 Restrict Physician from establishing staff privileges at, referring any service to, or otherwise generating any business for any other entity of his choosing.

10.2 In the event the performance by either party hereto of any term, covenant, condition or provision of this Agreement should jeopardize (i) the licensure of Hospital or of Physician, or the participation by Hospital or Physician in Medicare, Medi-Cal or other reimbursement or payment programs, (ii) the full accreditation of Hospital by the Joint Commission on Accreditation of Healthcare Organizations (or other applicable accreditation organization), or (iii) if for any other reason said performance should be in violation of any statute, ordinance, or be otherwise deemed illegal by any recognized body, agency, or association in the medical or hospital fields (collectively, "Jeopardy Event"), then the parties shall use their best efforts to meet forthwith and attempt to negotiate an amendment to this Agreement to remove or negate the effect of the Jeopardy Event. In the event the parties are unable to negotiate such an amendment, or remove or negate the effect of the Jeopardy Event within five (5) days following written notice by any party of the Jeopardy Event, then either party may terminate this Agreement immediately upon written notice

11. **Entire Agreement.** This Agreement contains the entire agreement between the parties and supersedes any and all prior offers, representations and agreements, oral and in writing, between the parties regarding the subject matter hereof. Any modification of this Agreement will be effective only if it is in writing and signed by both parties to this Agreement.

12. **Assignment.** Neither party may assign its rights or delegate its duties hereunder without the prior written consent of the other.

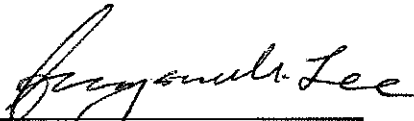
13. **Captions.** The captions and headings of this Agreement are for convenience only and do not establish or determine the meaning or interpretation of the terms and conditions hereof.

IN WITNESS WHEREOF, the parties hereto execute this Agreement as set forth below.

**TAHOE FOREST HOSPITAL DISTRICT**

**PHYSICIAN**

By:   
Robert Schapper

By:   
Crystine M. Lee, M.D.  
Marin Surgical Associates, Inc.  
TIN/EIN: 26-3412200

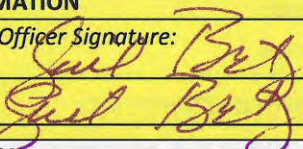
Date: 11/1/12

Date: 10/19/12

**CONTRACT ROUTING FORM**

Email Completed Form to Executive Assistant ([pbarrett@tfhd.com](mailto:pbarrett@tfhd.com)) for Processing and Compliance Review

|  |  |                           |
|--|--|---------------------------|
| <b>NEW CONTRACT</b> <input type="checkbox"/> <b>AMENDMENT</b> <input type="checkbox"/> <b>RENEWAL</b> <input checked="" type="checkbox"/> <b>EXTENSION</b> <input type="checkbox"/> <b>BAA</b> <input type="checkbox"/>  |  |                           |
| <b>ORIGINATING DEPARTMENT:</b><br>Medical Staff Services   | <b>CONTACT PERSON:</b> Terri Schnieder<br><b>PHONE:</b> 582-6640   |                           |
| <b>RESPONSIBLE ADMINISTRATIVE COUNCIL (AC):</b> CEO <input checked="" type="checkbox"/> CFO <input type="checkbox"/> COO <input type="checkbox"/> CNO <input type="checkbox"/> CIO <input type="checkbox"/> IVCH <input type="checkbox"/>  | <b>REQUIRES BOARD GOVERNANCE COMMITTEE REVIEW?</b> NO <input type="checkbox"/> YES <input checked="" type="checkbox"/> <b>MEETING DATE:</b> 10/16/2014 <b>COMMITTEE RECOMMENDS:</b> Approval |                           |
| <b>TYPE OF CONTRACT:</b>   |  |                           |
| Physician Professional Service Agreement (P-PSA) <input checked="" type="checkbox"/> Type: ED On Call<br>Physician Medical Director Agreement (MDA) <input type="checkbox"/> Type: _____<br>Vendor Professional Service Agreement (V-PSA) <input type="checkbox"/> Type: _____<br>Other _____ <input type="checkbox"/> Type: _____       | <b>❖ Business Associated Agreement Required?</b> YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>   |                           |
| <b>CONTRACTOR/VENDOR DETAILS:</b> <i>If needed, additional instructions and information may be provided on Page 2</i>  |  |                           |
| <b>LEGAL NAME OF CONTRACTOR/ VENDOR:</b> James Kelly, M.D.   |  |                           |
| <b>Purpose of the Contract/Alternatives:</b><br>ED On Call for Orthopedic Surgery. There are only 3 other providers for orthopedic surgery coverage to the ED and Dr. Kelly only helps with call when needed and others not available. Alternative is to not have coverage and transfer all orthopedic surgery patients out of the area. |  |                           |
| <b>Scope of the Contract:</b><br>Provide on call coverage for orthopedic surgery to the Emergency Department and make himself available for such specialty coverage shifts designated in advance on the ED's monthly specialty on call calendar.   |  |                           |
| <b>DATES OF CONTRACT:</b>  | <b>EFFECTIVE DATE:</b> 11/1/2014   | <b>END DATE:</b> 10/31/15 |
| <b>Version History:</b>  | Original Effective date: 11-11-2011<br>Renewal Dates: 11/1/12; 11/1/13<br>Amendment Dates:   |                           |
| <b>PHYSICIAN CONTRACTS: FOR STARK LAW COMPLIANCE, THE TERMS OF THIS CONTRACT CANNOT CHANGE FOR 1 YEAR</b>  |  |                           |
| <b>Compensation Structure:</b> <i>Include "other comp" ( i.e. education, phone stipend, etc.)</i><br>\$750 for each 24 hour call. Other comp: Hospital shall guarantee that Physician shall receive payment for each procedure provided to a patient who is uninsured or underinsured.   |  |                           |
| <b>Contract Term:</b> <i>(anything other than Net 30 requires AC approval)</i><br>Net 30   |  |                           |
| <b>Total Cost of Contract:</b>   | Varies depending on call coverage  |                           |
| <b>Compensation Audit Process:</b>   | See Policies AGOV-10 and ABD-21  |                           |
| <b>Is Cost of Contract Budgeted?</b>   | YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>  |                           |
| <b>If <u>NOT</u> budgeted or exceeds budgeted amount, identify the offset:</b>   |  |                           |
| <b>TFHS Primary Responsible Party:</b>   | Terri Schnieder, Director of Medical Staff Services  |                           |
| <b>TFHS Secondary Responsible Party:</b>   | Robert Schapper, Chief Executive Officer   |                           |

|  |  |
|--|--|
| ORIGINATING DEPARTMENT:<br>Medical Staff Services  | CONTACT PERSON: Terri Schnieder<br>Phone: 582-6640   |
| LEGAL NAME OF CONTRACTOR/ VENDOR: James Kelly, M.D.  |  |
| <b>REQUIRED COMPLIANCE INFORMATION</b>   |  |
| Commercially Reasonable Verified Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>   | Compliance Officer Signature:  |
| Fair Market Value Verified Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>   |  |
| <b>CONTRACTOR INFORMATION</b>  |  |
| Contractor Representative Name:  | James Kelly, M.D.  |
| Mailing Address:   | 2531 Clay Street, Suite 510, San Francisco, CA 94115   |
| Telephone and Fax Number:  | Phone: 415-596-9926 Fax:   |
| Email Address of Contact:  | jimkelly@sfshoulder.com  |
| Accounts Receivable Representative:  | unknown  |
| <b>REQUIRED FINANCIAL INFORMATION</b>  |  |
| <b>W-9 and Certificates of Insurance Must Be Submitted with any Contract</b>   |  |
| <b>ADDITIONAL INFORMATION</b>  |  |
| <p>Fair Market Value (FMV) &amp; Commercial Reasonableness (CR): At the rate of \$750 for assuming 24 hour on-call obligation and compensating per established WRVU values when providing orthopedic care for uninsured patients, this contract is below the median FMV benchmark range for services to be performed by an orthopedist. The contract meets CR based on information from the Dept Director that the duties to be performed are reasonable and necessary to provide on-call coverage.</p> <p>Original contract automatically renews on each successive anniversary for up to four (4) additional one year terms, leaving one more auto renew available on this contract.</p> |  |

**Reference:**

Policy ABD – 21 Physician and Professional Service Agreements  
 Policy AGOV – 10 Contract Review Policy  
 Policy AFIN – 03 Accounts Payable Policy

*W-9s are required for any contract on which we are making payments.  
 Certificates of Insurance are required for any contract in which any service is being provided.*

|   |  |   |  |
|---|--|---|--|
| <b>THIS SECTION FOR CONTRACTS COORDINATOR USE ONLY:</b> |  |   |  |
| W-9 Received?   | Yes: <input type="checkbox"/> No: <input type="checkbox"/> | Certificate of Insurance Received?  | Yes: <input type="checkbox"/> No: <input type="checkbox"/> |
| New Vendor information Sent to Accounts Payable?        | Yes: <input type="checkbox"/> No: <input type="checkbox"/> | Email a copy of Section D (page 2) of the completed Routing Form to A/P. This is <b>required</b> for A/P to process their payments. |  |

|   |                                     |  |   |
|---|-------------------------------------|--|---|
| <b>Contracts Review:</b><br>_____<br>Date                      Initials | <b>BOARD ACTION:</b> _____          |  | <b>MEETING DATE:</b>  |
|   | Out for TFHD Signature: _____       | Date: _____  | Receive Date: _____   |
| <b>CFO Review:</b><br>_____<br>Date                      Initials       | Out for Vendor Signature: _____     | Date: _____  | Receive Date: _____   |
|   | Uploaded to Contracts System: _____ | Date: _____  | Trigger dates set: YES <input type="checkbox"/> NO <input type="checkbox"/> |
| <b>CONTRACT #:</b> _____<br>(i.e. 10001)                                |                                     | <b>Document Reference:</b> _____<br>(i.e. #####.C) |   |

## **AGREEMENT TO PROVIDE COVERAGE OF EMERGENCY DEPARTMENT PROFESSIONAL SERVICES**

This Agreement ("Agreement") is made and entered into effective this 1st day of November, 2011, by and between TAHOE FOREST HOSPITAL DISTRICT, a California local hospital district ("Hospital"), and JAMES KELLY, MD ("Physician") with respect to the following:

### **RECITALS**

Hospital operates a licensed critical access hospital located in Truckee, California, providing, among other services, a basic emergency department ("Emergency Department").

Hospital has determined that there is a need to secure the availability of qualified physicians specializing in orthopedic services to be available on an on-call basis to provide medical services for Hospital patients in need of emergency care.

Physician is licensed to practice medicine in the State of California and is qualified to provide professional orthopedic services ("Specialty Services" or "Specialty");

Physician desires to provide such Specialty Services to Hospital patients in or admitted through its Emergency Department under the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the covenants and conditions contained herein, and other valuable consideration, the parties agree as follows:

### **AGREEMENT**

#### **1. Physician Services.**

1.1 Physician shall provide Specialty Services to Hospital patients in or admitted through the Emergency Department. These Specialty Services shall be performed in accordance with applicable law; the terms of this Agreement; applicable Hospital policies and procedures; and in accordance with the Bylaws, Rules and Regulations of Hospital's Medical Staff ("the Medical Staff Bylaws"). The professional activities of the physicians performing such Specialty Services shall be subject to such reviews as may be required hereunder or in accordance with the Medical Staff Bylaws or Hospital policy.

1.2 Physician shall:

1.2.1 Provide on call coverage of Specialty Services to the Emergency Department and make himself/herself available for such specific coverage shifts designated in advance on the Emergency Department's monthly specialty on call calendar.

- 1.2.2 Be continuously reachable by telephone and available for on-call services during each 24-hour period in which he/she is designated to provide Specialty Services coverage to the Emergency Department (actual start and end times may vary).
- 1.2.3 The on call response time is delineated in the Medical Staff Rules and Regulations.

2. **Physician's Representations and Warranties and Qualifications**

- 2.1 Physician represents and warrants that he/she has never been, and shall at no time during the term of this Agreement become, excluded from the Medicare or Medi-Cal programs. Physician covenants that he/she shall, throughout the term of this Agreement:
  - 2.1.1 Maintain at all times hereunder, without any limitation or restriction whatsoever: (i) a valid license to practice medicine in the state of California; (ii) a valid DEA number; and (iii) Medical Staff membership and appropriate clinical privileges as a member of the active staff at Hospital;
  - 2.1.2 Maintain professional liability insurance coverage in accordance with the requirements governing Hospital's medical staff members, and including the commitment of his/her insurer to provide Hospital with at least thirty (30) days prior written notice before any modification or termination of such coverage occurs;
  - 2.1.3 Unless otherwise agreed by Hospital in advance, Physician shall perform all Specialty Services personally, and not subcontract or delegate any of his/her obligations hereunder.
  - 2.1.4 Abide by all applicable rules and regulations of Hospital and its Medical Staff, and comply with all rules, regulations, ordinances, laws and statutes of any governmental body having jurisdiction over Hospital or Physician.
  - 2.1.5 Maintain certification or eligibility for certification by the appropriate specialty board of examiners for Specialty Services.

3. **Nondiscrimination and Compliance with Law**. In providing services under this Agreement, Physician shall comply with all applicable nondiscrimination laws and all laws applicable to the provision of emergency services, including without limitation (a) California Health & Safety Code Section 1317.3, which requires that physicians not refuse to provide emergency care and services to patients on the basis of race, ethnicity, religion, national origin, citizenship, age, sex, preexisting medical condition, physical or mental handicap, insurance status, economic status, or ability to pay for medical services, except to the extent that a circumstance such as age, sex, preexisting medical condition, or physical or mental handicap is medically significant to the provision of appropriate medical care to the patient, and (b) the federal Emergency Medical Treatment and Active Labor Act ("EMTALA").

4. **Independent Contractor.** In the mutual performance of Physician's duties and obligations under this Agreement, it is understood and agreed that Physician is at all times acting and performing professional services as an independent contractor of Hospital, and nothing in this Agreement is intended nor shall be construed to create any employer/employee, partnership, joint venture or landlord/tenant relationship between the parties. Hospital shall neither have nor exercise any control or direction over the methods by which physicians shall perform professional services. The sole interest and responsibility of Hospital is to assure that the services covered by this Agreement shall be performed and rendered in a competent, efficient and satisfactory manner. The standards of medical practice and professional duties of Physician shall be determined by the Hospital Medical Staff, and 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 shall be fully complied with by the parties. Physician shall have no claim under this Agreement or otherwise against Hospital for Workers' Compensation, unemployment compensation, vacation pay, sick leave, retirement benefits, Social Security benefits, disability insurance benefits, unemployment insurance benefits, or any other benefits. Hospital shall not withhold on behalf of Physician any sums for income tax, unemployment insurance, Social Security or any other purposes, and all such withholdings or obligations shall be the sole responsibility of Physician.

5. **Compensation.**

- 5.1 In return for Physician's agreement to provide on-call Specialty Services and all other services and obligations under this Agreement: (i) Hospital shall pay Physician Seven Hundred Fifty Dollars (\$750.00) per each 24-hour call period; (ii) Hospital shall guarantee that Physician shall receive payment for each procedure (as defined by the applicable CPT code) provided to a patient who is uninsured or underinsured (as defined below) according to the methodology set forth in Exhibit "A" hereto. Hospital may adjust the payment methodology as necessary to insure that it does not exceed fair market value upon providing notice of any such adjustment to Physician.
- 5.2 "Uninsured or underinsured patients" includes any patient who does not have third party coverage from a public or private third party payor for the Specialty Services provided, or who does not otherwise have the right to be indemnified for the expense of such Specialty Services, whether by contract (such as a guarantee) or by operation of law (including, without limitation, by a tortfeasor), and who does not have the ability to pay his or her bill. In the event Physician does not participate in the Medi-Cal program, a Medi-Cal patient shall not be included as an uninsured patient for purposes of this Section 5. Hospital, at its discretion, may withhold payment for up to sixty (60) days in order to determine if patient is eligible for Medi-Cal or any other third party payment program which covers the Specialty Services.

- 5.3 Physician shall provide Hospital with a statement of services provided to an uninsured patient on a completed Form CMS-1500, together with any other information or documentation required by Hospital to document the services provided, establish appropriate payment, and confirm that the patient is uninsured. Physician shall use commercially reasonable efforts to bill and collect his or her fee and establish whether the patient is uninsured or underinsured, before submitting a claim to Hospital for compensation hereunder.
- 5.4 Physician hereby assigns to Hospital the right to bill and collect for all Specialty Services provided to uninsured patients for which compensation is claimed by Physician under this Section 5, and Physician agrees not to bill any payor or patient for any such Specialty Services. Physician shall fully cooperate with Hospital in obtaining documentation from the patient, and such other information concerning the Specialty Services provided to the patient, to reasonably allow the Hospital to bill and collect for any such services. The provision of appropriate documentation pursuant to this Section 5 by Physician to Hospital is an express condition precedent to the obligation of Hospital to compensate Physician for any Specialty Services Physician provides to uninsured patients.

6. **Term and Termination.**

- 6.1 This Agreement shall be effective on the date hereof for a term of one (1) year, and will automatically renew on each successive anniversary for up to four (4) additional one-year terms unless either party gives the other written notice of intent not to renew at least thirty (30) days prior to the anniversary date.
- 6.2 Notwithstanding any other provision in this Agreement, this Agreement may be terminated on the first to occur of the following:
  - 6.2.1 Either party, at any time during the term of this Agreement, may terminate this Agreement with or without cause upon giving the other party at least ninety (90) days advance written notice.
  - 6.2.2 Either party may terminate this Agreement by giving at least fourteen (14) days written notice to the other party if the party to whom such notice is given is in material breach of this Agreement. The party claiming the right to terminate hereunder shall set forth in the notice of intended termination the facts underlying its claim that the other party is in breach of this Agreement. Remedy of such breach within ten (10) days of the receipt of such notice shall revive the Agreement in effect for the remaining term.
  - 6.2.3 Hospital may terminate this Agreement at any time by providing written notice to Physician in the event Physician no longer meets the qualifications described in Section 2.1.1, or if Physician is excluded from the Medicare or Medi-Cal program.



7. **Professional Liability Coverage.**

- 7.1 Physician shall, at Physician's sole cost and expense, maintain professional liability coverage covering all services performed by Physician under this Agreement in a form acceptable to Hospital with liability limits of not less than One Million Dollars (\$1,000,000) per occurrence and Three Million Dollars (\$3,000,000) aggregate per year, which insures Physician against any act, error or omission for which Physician may be liable as a result of the practice of medicine. Physician shall provide Hospital with certificates evidencing the coverage required under this Section and providing for not less than twenty (20) days notice to Hospital of the cancellation of such coverage. Physician shall promptly notify Hospital of any cancellation, reduction, or other material change in the amount or scope of any coverage(s) required under this section.
- 7.2 If the professional liability coverage procured pursuant to this Section is on a "claims made" rather than "occurrence" basis, Physician shall obtain extended reporting malpractice coverage ("tail" coverage) upon the occurrence of any of the following:
- 7.2.1 Termination or expiration of this Agreement if such event will result in a gap in coverage;
- 7.2.3 Any change of coverage by Physician if such change will result in a gap in coverage; or
- 7.2.4 Amendment, reduction or other material change in the then existing professional liability coverage of Physician if such amendment, reduction or other material change will result in a gap in coverage.

8. **Access to Books and Records.**

- 8.1 Until the expiration of four (4) years after the furnishing of the Services, Physician shall, upon written request, make available to the Secretary of the Department of Health and Human Services (the "Secretary"), the Secretary's duly-authorized representative, the Comptroller General, or the Comptroller General's duly-authorized representative, such books, documents and records as may be necessary to certify the nature and extent of the cost of such services; and
- 8.2 If any such services are performed by way of subcontract and the value or cost of such subcontracted services is Ten Thousand Dollars (\$10,000) or more over a twelve-month period, such subcontract shall contain a clause to the same effect as subparagraph (a) above.
- 8.3 The provisions of Section 8 shall survive the termination or expiration of this Agreement.

9. **Required Disclosures.**

- 9.1 Physician shall notify Hospital in writing immediately upon the occurrence of any of the following events:

- 9.1.1 Physician fails to continue to meet any of the qualifications set forth in Section 2.1.1 above;
- 9.1.2 Physician is required to pay damages in any malpractice action by way of judgment or settlement;
- 9.1.3 Physician becomes the subject of an investigatory, disciplinary, or other proceeding before any governmental, professional, licensing board, medical staff, or peer review body;
- 9.1.4 Any event occurs that substantially affects Physician's ability to perform any of his/her obligations hereunder; or
- 9.1.5 Physician becomes excluded from participation in any governmental health care program, or Physician is convicted of a criminal offense related to health care or is listed by a federal agency as being debarred, excluded or otherwise ineligible for governmental program participation.

**10. Compliance/Jeopardy.**

- 10.1 Nothing in this Agreement is intended or shall require either party to violate the California or federal prohibitions on payments for referrals, and this Agreement shall not be interpreted to:
  - 10.1.1 Require Physician to make referrals to Hospital, be in a position to make or influence referrals to Hospital, or otherwise generate business for Hospital.
  - 10.1.2 Restrict any Physician from establishing staff privileges at, referring any service to, or otherwise generating any business for any other entity of his choosing.
- 10.2 In the event the performance by either party hereto of any term, covenant, condition or provision of this Agreement should jeopardize (i) the licensure of Hospital or of Physician, or the participation by Hospital or Physician in Medicare, Medi-Cal or other reimbursement or payment programs, (ii) the full accreditation of Hospital by the Joint Commission on Accreditation of Healthcare Organizations (or other applicable accreditation organization), or (iii) if for any other reason said performance should be in violation of any statute, ordinance, or be otherwise deemed illegal by any recognized body, agency, or association in the medical or hospital fields (collectively, "Jeopardy Event"), then the parties shall use their best efforts to meet forthwith and attempt to negotiate an amendment to this Agreement to remove or negate the effect of the Jeopardy Event. In the event the parties are unable to negotiate such an amendment, or remove or negate the effect of the Jeopardy Event within five (5) days following written notice by any party of the Jeopardy Event, then either party may terminate this Agreement immediately upon written notice.

11. **DISPUTE RESOLUTION.**

- 11.1 **Commencement of Arbitration.** If the parties hereto are unable to resolve any and all disputes arising out of, relating to or in connection with this Agreement including, without limitation, in respect to the formation of this Agreement, or the construction or interpretation of this Agreement, any party may commence arbitration by sending a written demand for arbitration to the other party or parties, as provided for in the Notice provisions of this Agreement. Such demand shall set forth the nature of the matter to be resolved by arbitration.
- 11.2 **Selection of Arbitrator.** There shall be one arbitrator. If the parties shall fail to select a mutually acceptable arbitrator within ten (10) days after the demand for arbitration is mailed, the parties hereby stipulate to arbitration before a retired judge sitting on the panel of JAMS/Endispute in Sacramento, California.
- 11.3 **Arbitration Fees.** The prevailing party shall be entitled to reimbursement by the other party of such party's attorneys' fees and costs incurred in connection with the arbitration hereunder.
- 11.4 **Law to be Applied.** The substantive law of the State of California shall be applied by the arbitrator to the resolution of the dispute. The parties shall have the rights of discovery as provided for in Part 4 of the California Code of Civil Procedure and as provided for in Section 1283.05 of said Code. The California Code of Evidence shall apply to all testimony and documents submitted to the arbitrator.
- 11.5 **Place and Timing of Arbitration.** Arbitration shall take place in Truckee, California, unless the parties otherwise agree. As soon as reasonably practicable, a hearing with respect to the dispute or matter to be resolved shall be conducted by the arbitrator. As soon as reasonably practicable, but not later than thirty (30) days after the hearing is completed, the arbitrator shall arrive at a final decision, which shall be reduced to writing, signed by the arbitrator and mailed to each of the parties and their legal counsel.
- 11.6 **Arbitration to be Binding.** All decisions of the arbitrator shall be final, binding and conclusive on both parties, and shall constitute the only method of resolving disputes or matters subject to arbitration pursuant to this Agreement. The arbitrator or a court of appropriate jurisdiction may issue a writ of execution to enforce the arbitrator's judgment. Judgment may be entered upon such decision in accordance with applicable law in any court having jurisdiction thereof.
- 11.7 **Exclusions.** Neither party shall be required to arbitrate malpractice or other third party claims.

12. **Indemnity.**

12.1 **Physician's Indemnity.** Physician shall indemnify, defend and hold harmless Hospital and its directors, officers, employees, agents and contractors, from and against any and all claims, damages, liabilities, judgments and reasonable costs and expenses, including without limitation reasonable attorney's fees, caused, directly or indirectly by, resulting from, or arising out of: (i) any act, error or omission by Physician hereunder, (ii) any breach by Physician of a representation and warranty contained herein, or (iii) any claim that Physician is an employee of Hospital.

12.2 **Hospital's Indemnity.** Hospital shall indemnify, defend and hold harmless Physician from and against any and all claims, damages, liabilities, judgments and reasonable costs and expenses, including without limitation reasonable attorney's fees, caused, directly or indirectly by, resulting from, or arising out of, any act, error or omission by Hospital hereunder.

13. **Facilitation.** Each party agrees promptly to perform any further acts and to execute, acknowledge and deliver any documents which may be reasonably necessary to carry out the provisions of this Agreement or affect its purposes.

14. **Notice.**

14.1 Written notice required under this Agreement shall be delivered personally or sent by United States mail, postage prepaid, and addressed or delivered to the parties at the following addresses (or such other address as may hereafter be designated by a party by written notice thereof to the other party)

Physician: JAMES KELLY, MD  
2351 Clay Street, Suite 510  
San Francisco, CA 94115

Hospital: Tahoe Forest Hospital District  
P.O. Box 759  
Truckee, CA 96160  
Attention: Robert A. Schapper

14.2 If personally delivered, such notice shall be effective upon delivery, and if mailed as provided for above, such notice shall be presumed to have been delivered and effective three (3) days after it is placed in the mail.

15. **Entire Agreement.** This Agreement contains the entire agreement between the parties and supersedes any and all prior offers, representations and agreements, oral and in writing, between the parties regarding the subject matter hereof. Any modification of this Agreement will be effective only if it is in writing and signed by both parties to this Agreement.

16. **Assignment.** Neither party may assign its rights or delegate its duties hereunder without the prior written consent of the other.


17. **Counterparts.** This Agreement may be executed in counterparts, each of which shall constitute an original document, but which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto execute this Agreement as set forth below.

**HOSPITAL**

**PHYSICIAN**

By:   
Robert A. Schapper  
Chief Executive Officer

  
JAMES KELLY, M.D.

Date: 12/7, 2011

Date: 12/7, 2011

**EXHIBIT A**  
**ORTHOPEDIC COMPENSATION**

**(Section 5)**

For the services described in Section 5.1 of the Agreement to Provide Coverage of Emergency Department Professional Services between TAHOE FOREST HOSPITAL DISTRICT, a California Hospital District, organized and operating under the California Health Care District Law and doing business as Tahoe Forest Hospital ("Hospital") and JAMES KELLY, M.D. ("Physician"), Hospital will compensate Physician for procedures provided to a patient who is uninsured (as defined in Section 5.2) according to the following formulae:

Compensation shall be \$61.66 per work relative value unit (WRVU) with actual WRVUs calculated based upon 2006 WRVU values.

The compensation per WRVU is based on benchmarks for Orthopedic Medicine taken from the MGMA Physician Compensation and Production Surveys. Compensation is calculated using a 3-year average of western region median values from the 2007 – 2009 surveys reporting 2006 – 2008 data, adjusted by 3% for inflation.

The compensation methodology maybe adjusted annually to assure fair market value for such services.

**CONTRACT ROUTING FORM**

Email Completed Form to Executive Assistant ([pbarrett@tfhd.com](mailto:pbarrett@tfhd.com)) for Processing and Compliance Review

|  |  |                           |
|--|--|---------------------------|
| <b>NEW CONTRACT</b> <input type="checkbox"/> <b>AMENDMENT</b> <input type="checkbox"/> <b>RENEWAL</b> <input checked="" type="checkbox"/> <b>EXTENSION</b> <input type="checkbox"/> <b>BAA</b> <input type="checkbox"/>  |  |                           |
| <b>ORIGINATING DEPARTMENT:</b><br>MSC: TCHSP   | <b>CONTACT PERSON:</b> Timothy Garcia-Jay<br><b>PHONE:</b> 6474  |                           |
| <b>RESPONSIBLE ADMINISTRATIVE COUNCIL (AC):</b> CEO <input type="checkbox"/> CFO <input type="checkbox"/> COO <input checked="" type="checkbox"/> CNO <input type="checkbox"/> CIO <input type="checkbox"/> IVCH <input type="checkbox"/>  | <b>REQUIRES BOARD GOVERNANCE COMMITTEE REVIEW?</b> NO <input type="checkbox"/> YES <input checked="" type="checkbox"/> <b>MEETING DATE:</b> 10/16/2014 <b>COMMITTEE RECOMMENDS:</b> Approval |                           |
| <b>TYPE OF CONTRACT:</b>   |  |                           |
| Physician Professional Service Agreement (P-PSA) <input type="checkbox"/> Type: _____<br>Physician Medical Director Agreement (MDA) <input checked="" type="checkbox"/> Type: Medical Directorship for Tahoe Center for Health and Sports Perf<br>Vendor Professional Service Agreement (V-PSA) <input type="checkbox"/> Type: _____<br>Other _____ <input type="checkbox"/> Type: _____ |  |                           |
| <b>❖ Business Associated Agreement Required?</b> YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>   |  |                           |
| <b>CONTRACTOR/VENDOR DETAILS:</b> <i>If needed, additional instructions and information may be provided on Page 2</i>  |  |                           |
| <b>LEGAL NAME OF CONTRACTOR/ VENDOR:</b> Nina Winans, M.D.   |  |                           |
| <b>Purpose of the Contract/Alternatives:</b><br>Advance physician accountability in role as medical director for Tahoe Center for Health and Sports Performance.<br>Alternative: Do w/o a medical director or hire a different physician to be the medical director.   |  |                           |
| <b>Scope of the Contract:</b><br>To provide oversight of clinical quality and competence of sports performance/medically managed fitness programming and staff. Duties per contract Exhibit A.   |  |                           |
| <b>DATES OF CONTRACT:</b>  | <b>EFFECTIVE DATE:</b> 11/1/14   | <b>END DATE:</b> 10/31/15 |
| <b>Version History:</b>  | Original Effective date: 11/1/2009<br>Renewal Dates: 11/1/10; 11/1/11; 11/1/12; 11/1/13<br>Amendment Dates: 6/7/13   |                           |
| <b>PHYSICIAN CONTRACTS: FOR STARK LAW COMPLIANCE, THE TERMS OF THIS CONTRACT CANNOT CHANGE FOR 1 YEAR</b>  |  |                           |
| <b>Compensation Structure:</b> <i>Include "other comp"( i.e. education, phone stipend, etc.)</i><br>\$100/hour not to exceed an average of 32 hours per month. Does not include attendance at any CME's.<br><br>6/7/13 (amendment increased hours from 12 to 32/month).  |  |                           |
| <b>Contract Term:</b> <i>(anything other than Net 30 requires AC approval)</i><br>one year w/auto renew (evergreen)  |  |                           |
| <b>Total Cost of Contract:</b>   | approximately \$38,400   |                           |
| <b>Compensation Audit Process:</b>   | See Policies AGOV-10 and ABD-21  |                           |
| <b>Is Cost of Contract Budgeted?</b>   | YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>  |                           |
| <b>If <u>NOT</u> budgeted or exceeds budgeted amount, identify the offset:</b>   |  |                           |
| <b>TFHS Primary Responsible Party:</b>   | Tim Garcia-Jay   |                           |
| <b>TFHS Secondary Responsible Party:</b>   | John Marshall  |                           |

|                                       |   |
|---------------------------------------|---|
| ORIGINATING DEPARTMENT:<br>MSC: TCHSP | CONTACT PERSON: <u>Timothy Garcia-Jay</u><br>Phone: <u>6474</u> |
|---------------------------------------|---|

|  |
|--|
| LEGAL NAME OF CONTRACTOR/ VENDOR: <u>Nina Winans, M.D.</u> |
|--|

| REQUIRED COMPLIANCE INFORMATION  |   |
|--|---|
| Commercially Reasonable Verified Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/> | Compliance Officer Signature:  |
| Fair Market Value Verified Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>       |   |

| CONTRACTOR INFORMATION              |  |
|-------------------------------------|--|
| Contractor Representative Name:     | <u>Nina Winans, MD</u>                     |
| Mailing Address:                    | <u>14824 Alder Creek Rd, Truckee 96161</u> |
| Telephone and Fax Number:           | Phone: <u>ext. 3488</u> Fax: _____         |
| Email Address of Contact:           | <u>nwinans@tfhd.com</u>                    |
| Accounts Receivable Representative: | _____                                      |

| REQUIRED FINANCIAL INFORMATION   |
|--|
| <b>W-9 and Certificates of Insurance Must Be Submitted with any Contract</b> |

| ADDITIONAL INFORMATION  |
|---|
| <p>Agreement shall automatically renew on each anniversary date for a term of one (1) year.</p> <p>See attached exhibit A from amended contract dated 6/7/13.</p> <p>Fair Market Value (FMV) &amp; Commercial Reasonableness (CR): At the rate of \$100/hour this contract is below the median FMV benchmark range for services to be performed by this physician. The contract meets CR based on information from the Dept Director that the number of hours (max 32 per month) and duties to be performed are reasonable and necessary.</p> |

**Reference:**  
 Policy ABD – 21 Physician and Professional Service Agreements  
 Policy AGOV – 10 Contract Review Policy  
 Policy AFIN – 03 Accounts Payable Policy

*W-9s are required for any contract on which we are making payments.  
 Certificates of Insurance are required for any contract in which any service is being provided.*

| THIS SECTION FOR CONTRACTS COORDINATOR USE ONLY:  |  |
|---|--|
| W-9 Received? Yes: <input type="checkbox"/> No: <input type="checkbox"/>                                    | Certificate of Insurance Received? Yes: <input type="checkbox"/> No: <input type="checkbox"/>                                |
| New Vendor information Sent to Accounts Payable? Yes: <input type="checkbox"/> No: <input type="checkbox"/> | Email a copy of Section D (page 2) of the completed Routing Form to A/P. This is required for A/P to process their payments. |

|                   |          |       |
|-------------------|----------|-------|
| Contracts Review: | _____    | _____ |
| Date              | Initials |       |
| CFO Review:       | _____    | _____ |
| Date              | Initials |       |

|   |   |
|---|---|
| <b>BOARD ACTION:</b> _____                      | <b>MEETING DATE:</b> _____  |
| Out for TFHD Signature: _____ Date: _____       | Receive Date: _____   |
| Out for Vendor Signature: _____ Date: _____     | Receive Date: _____   |
| Uploaded to Contracts System: _____ Date: _____ | Trigger dates set: YES <input type="checkbox"/> NO <input type="checkbox"/> |
| <b>CONTRACT #:</b> _____<br>(i.e. 10001)        | <b>Document Reference:</b> _____<br>(i.e. #####.C)                          |



**TAHOE FOREST HOSPITAL DISTRICT  
TAHOE CENTER FOR HEALTH AND SPORTS PERFORMANCE  
MEDICAL DIRECTOR AGREEMENT**

This Agreement is made and entered into on this 1st day of November, 2009 by and between Tahoe Forest Hospital District, a public entity Hospital District duly organized and existing under the California Local Health Care District Law with its principal place of business in Truckee, California (hereinafter referred to as "DISTRICT"), and Nina Winans, M.D. (hereinafter referred to as "PHYSICIAN").

**RECITALS**

WHEREAS, DISTRICT operates the Tahoe Forest Hospital (hereinafter referred to as "HOSPITAL"), a multi-specialty facility serving the North Lake Tahoe region with inpatient, outpatient and in-home care services; and

WHEREAS, DISTRICT's hospital operation includes the operation of a wellness center called the Center for Health and Sports Performance (hereinafter referred to as "CENTER") to serve the communities of Truckee, North Lake Tahoe, Incline Village, and areas to the north in Sierra and Plumas counties, and the DISTRICT desires to enter into an Agreement with PHYSICIAN to provide overall medical direction to such CENTER; and

WHEREAS, the PHYSICIAN is licensed to practice medicine in the State of California; and

WHEREAS, DISTRICT and PHYSICIAN desire to provide a full statement of their respective rights, obligations and duties in connection with the operation of the CENTER,

Now, therefore, the parties agree as follows:

**I. PHYSICIAN'S QUALIFICATIONS.**

PHYSICIAN at all times while performing hereunder shall maintain an unlimited license to practice medicine in the State of California; will maintain Active Staff privileges on the DISTRICT's Medical Staff; and will be granted and maintain the clinical privileges deemed necessary by the Medical Staff to perform his/her duties in the CENTER. PHYSICIAN shall perform duties in a timely manner and in accordance with the DISTRICT's policies and Medical Staff Bylaws and Rules and Regulations. In addition, PHYSICIAN shall comply with the laws of the State of California, the standards of the Joint Commission on Accreditation of Healthcare Organizations, the ethics of the American Medical Association, and all other applicable provisions of law.

## II. PHYSICIAN'S RESPONSIBILITIES.

During the term of the Agreement, the PHYSICIAN shall serve as the Medical Director of the CENTER and shall assist DISTRICT to ensure the quality and utilization of services in accordance with its quality management program. PHYSICIAN shall perform the duties and obligations set forth in **Exhibit A**, attached hereto and hereby incorporated by reference.

## III. DISTRICT'S OBLIGATIONS.

A. Operations. DISTRICT shall provide and maintain all customary and necessary equipment, supplies, maintenance, utilities and personnel in this CENTER. The selection, deletion and purchasing of additional replacement equipment, and the selection, removal and retention of personnel shall be the exclusive function of DISTRICT after consultation with the PHYSICIAN when reasonably possible. DISTRICT shall provide services to clients according to the CENTER policies. DISTRICT retains professional and administrative responsibility for the services rendered.

B. Orientation and Materials. The CENTER Director will provide PHYSICIAN with an orientation to the wellness program. Additional materials will be provided, as needed, throughout the term of the agreement. The CENTER Director will be accessible to the PHYSICIAN and will facilitate coordination and continuity of services to clients. DISTRICT will provide PHYSICIAN with a copy of the rules, regulations and standards that apply to the CENTER. DISTRICT will also provide PHYSICIAN with any changes to these rules, regulations and standards and allow the PHYSICIAN at least thirty (30) days to meet these changes

## IV. COMPENSATION.

DISTRICT shall pay PHYSICIAN in accordance with **Exhibit B**.

## V. TERM AND TERMINATION.

A. Term. This Agreement shall be effective as of the date first written above, and shall continue for a period of one (1) year. The Agreement shall automatically renew on each anniversary date for an additional term of one (1) year, unless either party gives thirty (30) days prior written notice of its intent not to renew. The Agreement may be terminated with or without cause by either party upon provision of thirty (30) days written notice to the other party.

B. Termination. This Agreement may be terminated:

1. immediately by DISTRICT in its sole discretion if PHYSICIAN fails to maintain the professional standards described in Article I of this Agreement;
2. as provided in Article VIII.C;
3. immediately by DISTRICT upon any failure by PHYSICIAN to perform the PHYSICIAN's duties hereunder for a period greater than five (5) consecutive days, or thirty (30) days in the aggregate, during the term hereof; provided however, that periods when PHYSICIAN is not available shall not be counted towards the above so long as a designee, approved by DISTRICT, is in place and available to provide substitute services or if PHYSICIAN's absence is approved by DISTRICT;
4. immediately by DISTRICT at any time following the commencement of an investigation of PHYSICIAN or the billings or billing practices of PHYSICIAN by any governmental agency or authority, or agent thereof, which DISTRICT in good faith believes may reasonably be expected to result in adverse criminal or civil action and which may harm the reputation and/or public image of DISTRICT. (PHYSICIAN shall cooperate fully with representatives of DISTRICT as required to allow DISTRICT access to information necessary to make its good faith determination hereunder);
5. immediately by DISTRICT, upon revocation, limitation or suspension of PHYSICIAN's license to practice medicine, or the placing of PHYSICIAN on probation for any reason, by the Medical Board of California or any other agency having jurisdiction over the licensing of physicians and surgeons;
6. immediately by DISTRICT if PHYSICIAN engages in conduct which discredits the DISTRICT, including but not limited to, insubordination, abuse of intoxicating substances or illegal drugs, unprofessional actions or willful, deliberate and repeated failure to comply with the DISTRICT's policies and procedures or with written work direction provided by the DISTRICT; or
7. immediately by DISTRICT upon discovery that PHYSICIAN has failed to provide DISTRICT with a written warning as required under the Paragraph immediately below.

C. Physician's Duty to Provide Notice. PHYSICIAN shall provide DISTRICT with immediate written notice of any event which results in, or which may with the passage of time, result in a condition or occurrence described in the Paragraph immediately above with respect to PHYSICIAN.

D. 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 under Articles VI, VIII. A, H, I, O, P and Q; any rights and obligations of indemnity or terms which otherwise indicate they shall survive termination.

**VI. INSURANCE.**

A. DISTRICT represents that PHYSICIAN shall be covered under DISTRICT's comprehensive general liability insurance while performing supervisory, evaluation, instructional or other medico-administration duties as Director of CENTER; provided, that such coverage shall not include any direct patient care activities. PHYSICIAN shall maintain at all times and at his sole cost and expense professional liability insurance with a company or companies qualified to conduct insurance business in the State of California and approved by DISTRICT, in the minimum amounts of \$1,000,000 per occurrence, \$3,000,000 in the aggregate. Said insurance shall provide that the DISTRICT shall receive not less than thirty (30) days written notice of cancellation or reduction in coverage. PHYSICIAN shall provide to DISTRICT appropriate Certificates of Insurance or other satisfactory evidence of required coverage. If PHYSICIAN obtains insurance written on an "occurrence" basis, then following the termination of this Agreement PHYSICIAN shall maintain such coverage for ten (10) years or purchase "tail" coverage.

B. In the event that PHYSICIAN fails to obtain or maintain insurance required hereunder, DISTRICT may, at its option, procure and/or renew such insurance at the expense of PHYSICIAN. If DISTRICT does so procure and/or renew such insurance, PHYSICIAN shall reimburse DISTRICT for the cost thereof within thirty (30) days after written notice of such action is given by DISTRICT to PHYSICIAN. DISTRICT may withhold such costs from any amounts due PHYSICIAN hereunder.

**VII. NOTICE.**

Any notice required or permitted under this Agreement shall be in writing and shall be deemed given at the time it is deposited in the United States Mail, postage pre-paid, certified or registered mail, return receipt requested, addressed to the party at its address as follows (or at such other address as may be set forth in a notice given pursuant to this paragraph):

If to DISTRICT:

Tahoe Forest Hospital District  
Attn: Chief Executive Officer  
P.O. Box 759  
Truckee, California 96160

If to PHYSICIAN:

Nina Winans, M.D.  
14824 Alder Creek Road  
Truckee, CA 96161

## VIII. GENERAL PROVISIONS.

### A. Independent Contractor.

1. Status. All services of PHYSICIAN under this Agreement are provided as those of an independent contractor engaged in the practice of medicine, and not as agent or employee of the DISTRICT. Similarly, the DISTRICT is neither an agent nor an employee of PHYSICIAN for any purpose. The sole interest and responsibility of DISTRICT is that of the result and not the manner in which the services are provided. All services provided by PHYSICIAN under this Agreement shall be performed in a competent, efficient, and satisfactory manner.

2. No Benefits. PHYSICIAN shall have no claim against DISTRICT under this Agreement or otherwise against DISTRICT for social security benefits, workers' compensation benefits, disability benefits, unemployment benefits, vacation pay, sick leave, or any other employee benefit of any kind.

3. Income Tax and Other Withholding and Reporting. PHYSICIAN shall ensure that proper withholdings are made from the compensation of PHYSICIAN for federal income taxes, Social Security, Medicare taxes and other withholdings which may be required by law. PHYSICIAN shall indemnify DISTRICT and hold it harmless from PHYSICIAN's failure to ensure such compliance.

B. Compliance with Law, Amendment, Termination. This Agreement has been drafted to comply with all applicable law and regulation, including but not limited to the federal "Stark" laws; specifically to conform to the "fair market value compensation exception."

C. Amendments to Assure Continued Compliance. Should either party become aware by reason of action or pronouncement of any governmental authorities, or the interpretation or reinterpretation of any law, rules, regulation or other authority, or the decision of any court or agency of government, or otherwise, that this Agreement may not comply with any applicable law; then such party shall immediately notify the other. Upon such notice, DISTRICT shall retain legal counsel to determine whether this Agreement complies with law. If counsel determines that the Agreement does not comply with law, then counsel shall advise the parties of any

amendments required to comply with law, if possible. The parties agree to take any and all reasonable actions to amend the Agreement as indicated by counsel. If counsel advises that no amendment is possible to reasonably ensure compliance or avoid jeopardy, or if PHYSICIAN does not promptly agree to the amendment proposed, then the obligations of the parties hereunder shall be suspended, or this Agreement shall be terminated, as directed by said counsel.

D. Immigration Reform and Control Act of 1986. The PHYSICIAN shall be responsible for establishing both the identity of any employee hired by the PHYSICIAN to provide services hereunder and said employee's authorization to work, and further, the PHYSICIAN shall maintain a written record of the Employment Eligibility Verification pursuant to provisions of the Immigration Reform and Control Act of 1986. The PHYSICIAN hereby acknowledges that compliance with the said Act is his sole responsibility, and shall defend, indemnify and hold the District harmless from and against any claims, demands, fines or penalties imposed by governmental agencies as a result of the PHYSICIAN's failure to comply with the provisions of the Immigration Reform and Control Act of 1986.

E. No Medicare Actions.

1. PHYSICIAN warrants and represents that to the best of his knowledge, information and belief, there are no past or pending investigations, legal actions, or matters subject to arbitration involving PHYSICIAN or any key management, executive staff, or any major shareholders (5% or more) of PHYSICIAN on matters relating to payments from governmental entities, both federal and state, for healthcare and/or prescription drug services.

2. PHYSICIAN warrants and represents that PHYSICIAN has not been criminally convicted nor has a civil judgment been entered against it for fraudulent activities nor is it sanctioned under any Federal program involving the provision of health care or prescription drug services.

3. PHYSICIAN warrants and represents that neither PHYSICIAN nor any key management, executive staff, or any major shareholders (5% or more) of PHYSICIAN appear in the List of Excluded Individuals/Entities as published by the Department of Health and Human Services Office of the Inspector General, nor in the List of Debarred Contractors as published by the General Services Administration. (The List of Excluded Individuals/Entities published by the Department of Health and Human Services Office of the Inspector General can be found at the following website: <http://oig.hhs.gov/fraud/exclusions/database.html>. The List of

Debarred Contractors published by the General Services Administration can be found at <http://epls.arnet.gov/>.)

4. PHYSICIAN is obligated to notify DISTRICT immediately if any change in circumstances occurring after the Effective Date of this Agreement which would require the PHYSICIAN or its key management, executive staff, or any major shareholders (5% or more) to then respond affirmatively to any of the questions posed in subsections 1 through 3 above.

G. Coordination With Medical Staff Membership. Termination of this Agreement will cause the PHYSICIAN to lose the right to provide the Services delineated under this Agreement without the need for any further action, but will not affect the PHYSICIAN's Medical Staff membership and privileges.

H. Confidentiality. PHYSICIAN acknowledges that, as a result of PHYSICIAN's engagement pursuant to this Agreement, PHYSICIAN will receive proprietary data and confidential information regarding the practices of DISTRICT related to the services contemplated in this Agreement that is not generally known and is of considerable importance to DISTRICT. Such data and information includes, without limitation, costs, profits, patient names, and any other confidential data or information whether or not of a similar nature (the "Information"). PHYSICIAN acknowledges that his/her relationship to the DISTRICT with respect to the Information is fiduciary in nature, and PHYSICIAN shall not make use of the Information except in the course of his/her engagement hereunder. PHYSICIAN shall maintain the Information in confidence and shall not disclose to any person not employed by the DISTRICT any of the Information at any time either during or after PHYSICIAN's engagement under this Agreement, or use the Information except in connection with PHYSICIAN's engagement.

I. Access to Records. PHYSICIAN agrees in connection with Medicare reimbursement for services rendered pursuant to this Agreement to allow the Secretary of the United States Department of Health and Human Services, the Comptroller General of the United States or the authorized representative of either, at all reasonable times and for a period of four (4) years after receipt of payments pursuant to this Agreement, access to the PHYSICIAN's books, documents, and records relating to payments made pursuant to the terms of this Agreement. Such provisions for access to records shall also be included with respect to the PHYSICIAN's subcontracts, if any, to the extent required by applicable law or regulation.

J. Non-Discrimination. PHYSICIAN shall accept all patients without discrimination on the basis of medical condition, race, creed, color, national origin, age or sex and without regard to ability to pay. As a recipient of

federal financial assistance, DISTRICT (TFH and IVHC) do not exclude/deny benefits to or otherwise discriminate against any person on the grounds of race, color, national origin, sex, sexual orientation or religion, or on the basis of disability or age in admission to, participation in or receipt of the services and benefits of any of its programs and activities or in the employment therein, whether carried out by DISTRICT directly or through a contractor or any other entity with whom DISTRICT arranges to carry out its programs and activities.

This statement is in accordance with the provision of the Title VI of the Civil Rights Act of 1965, Section 504 of the Rehabilitation Act of 1973, the Age Discrimination Act of 1975, American with Disabilities Act (ADA) of 1990, the regulations of the United States Department of Health and Human Services issued pursuant to the Acts, Title 45 Code Of Federal Regulation, Part 80, 84 and 91, and the California Fair Employment and Housing Act. Other federal and state laws and regulations provide similar protection against discrimination on grounds of sex and creed.

K. No Patient Referral Requirement. Nothing in this Agreement shall require PHYSICIAN to refer any patient to DISTRICT.

L. Amendments. This Agreement contains the entire understanding between the parties hereto and supersedes any and all prior agreement, undertakings and arrangements between the parties relating to the subject matter hereof. No amendment, change, modification or alteration of the terms and conditions hereof shall be binding unless evidenced by a written agreement signed by all parties hereto.

M. Captions. The captions or paragraphs and subparagraphs of this Agreement are for reference only and not be construed in any way as part of this Agreement.

N. Assignment. PHYSICIAN shall not assign or otherwise transfer this Agreement, or any interest therein, without the prior written consent of the DISTRICT.

O. Attorney's Fees: In the event of any legal proceeding, including but not limited to mediation and arbitration, by either party to enforce or defend its rights under this Agreement, the prevailing party, in addition to all other relief awarded by the mediator, arbitrator or the court, shall be entitled to reasonable attorney's fees.

P. Disputes: Should any dispute arise between PHYSICIAN and DISTRICT concerning the terms of this Agreement, PHYSICIAN and DISTRICT shall meet and attempt to amicably resolve the dispute ("Informal Resolution"). Such meeting shall be held no later than ten (10) days after one party receives written notice from the other stating the existence of the



dispute, describing the nature of the same, and presenting proposed resolution to the dispute. This Agreement shall remain in effect during the pendency of the resolution of any dispute, unless it expires or is terminated pursuant to Paragraph VI (Term and Termination). If attempts at Informal Resolution are unsuccessful, a dispute shall be handled as follows:

1. **Professional Component of Medical Care.** A dispute related to the quality of the professional component of medical care shall be handled in accordance with the Medical Staff Bylaws or as the parties may otherwise mutually agree.
2. **Other Disputes.** In the event of disagreement or dispute between the parties arising out of or connected with this Agreement which cannot be adjusted by and between the parties involved, the disputed matter shall be resolved as follows:
  - i. ***Mediation.*** The parties waive their rights under the laws of the State of California and the Constitution of the United States to file a court action in connection with any dispute or claim arising out of this contract or any resulting transaction. The parties further agree to mediate any dispute or claim arising between them out of this contract or any resulting transaction before resorting to arbitration. Mediation fees, if any, shall be divided equally among the parties involved. If any party commences an arbitration or court action based on a dispute or claim to which this paragraph applies without first attempting to resolve the matter through mediation, then that party shall not be entitled to recover attorney's fees, even if they would otherwise be available to that party in any such arbitration or court action.
  - ii. ***Arbitration.*** The Parties agree that any dispute or claim in law or equity arising between them out of this Agreement or any resulting transaction, which is not settled through mediation, shall be decided by neutral, binding arbitration and not by court action. The arbitration shall be conducted by a retired judge or justice, unless the parties mutually agree to a different arbitrator, who shall render an award in accordance with substantive California law. In all other respects, the arbitration shall be conducted in accordance with Part III, Title 9 of the California Code of Civil Procedure. Judgment upon the award rendered by the arbitrator(s) may be entered in any court having

jurisdiction. The parties shall have the right to discovery in accordance with Code of Civil Procedure §1283.05.

The parties agree and acknowledge that while the legality, timeliness, correctness or appropriateness of a notice of termination of this Agreement may be the subject of an arbitration, no notice of termination delivered hereunder may be stayed or voided by either the commencement of an arbitration or an order of the arbitrators. Rather, the parties intend that any such notice shall be unhindered and effective, and that the sole remedy of the aggrieved party in arbitration or a court proceeding shall be an action for damages.

***Notice: By initialing in the space below you are agreeing to have any dispute arising out of the "Dispute" provision decided by neutral arbitration as provided by California law and you are giving up any rights you might possess to have the dispute litigated in a court or jury trial. By initialing in the space below you are giving up your judicial rights to discovery and appeal, unless such rights are specifically included in the "Dispute" provision. If you refuse to submit to arbitration after agreeing to this provision, you may be compelled to arbitrate under the authority of the California Code of Civil Procedure. Your agreement to this arbitration provision is voluntary.***

***By initialing below, the DISTRICT and PHYSICIAN indicate that they have read and understood the foregoing and hereby agree to submit disputes arising out of the matters included in the "Dispute" provision to neutral arbitration, with a single arbitrator.***

Initialed by the DISTRICT:

RS

Initialed by the PHYSICIAN:

NSD

Q. Indemnification: PHYSICIAN hereby indemnifies and holds DISTRICT, its officers, agents, and employees harmless from and against any and all liability, losses, damages, claims, causes of action, costs or other expenses (including reasonable attorney's fees), which directly or indirectly arise out of the performance of duties hereunder by PHYSICIAN; except which arise as a result of the sole negligence of the DISTRICT or the Agency.

DISTRICT hereby indemnifies and holds PHYSICIAN harmless from and against any and all liability, losses, damages, claims, causes of action, costs or expenses (including reasonable attorney's fees) which directly or indirectly arise out of the performance hereunder by the DISTRICT and its employees; except which arise as a result of the sole negligence of the PHYSICIAN.

R. Governing Laws. This Agreement shall be construed under the laws of the State of California with venue in the County of Nevada.

S. Interpretation. No provision of this Agreement shall be interpreted for or against any party because that party or that party's legal representative drafted the provision.

T. Waiver. The failure of DISTRICT to exercise or enforce any right conferred upon it hereunder shall not be deemed to be a waiver of any such right nor operate to bar the exercise or performance thereof at any time or times thereafter; nor shall a waiver of any rights hereunder at any given time be deemed an ongoing waiver or a waiver thereof for any other time.

U. Illegality. If any provision of 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 and effect without being impaired or invalidated in any way.

V. Force Majeure. No party to this Agreement shall be liable for failure to perform any duty or obligation that said party may have under this Agreement when such failure has been occasioned by an act of God, fire, strike, inevitable accident, war or any cause outside the reasonable control of the party who had the duty to perform.

W. Contract Binds Successors. This Agreement shall be binding upon successors or assigns of the DISTRICT, and upon the successors or assigns of PHYSICIAN which have been approved in writing by the DISTRICT.

X. Entire Agreement. This Agreement contains the entire Agreement of the parties hereto and supersedes all prior agreements, representations and understandings, whether written or otherwise, between the parties relating to the subject matter hereof. This Agreement shall not be amended except in writing and by mutual consent of DISTRICT and PHYSICIAN.

Y. HIPAA Privacy Rule Compliance.

1. PHYSICIAN and DISTRICT each agree to comply with the applicable provisions of the Administrative Simplification section of the Health Insurance Portability and Accountability Act of 1996, as codified at 42 U.S.C. § 1320d through d-8 ("HIPAA"), and the requirements of any regulations promulgated thereunder, including, without limitation, the federal privacy regulations as contained in 45 CFR Parts 160 and 164 (the "Federal Privacy Regulations") and the federal security standards as contained in 45 CFR Part 164 (the "Federal Security Regulations"). PHYSICIAN and DISTRICT each agree not to use or further disclose any protected health information,

as defined in 42 U.S.C. § 1320d and 45 CFR § 164.501 (collectively, the "Protected Health Information"), concerning a patient other than as permitted or required by this Agreement or otherwise authorized under HIPAA.

2. As permitted under HIPAA, the parties hereby agree, that by virtue of this Agreement, they are an "organized health care arrangement" for purposes of meeting the Federal Privacy Regulations and the authorized use and disclosure of Protected Health Information thereunder. Further, DISTRICT will include PHYSICIAN, either specifically or by general reference, in its required notice of privacy practices for the purpose of allowing both parties to meet the notice requirements under the Federal Privacy Regulations and PHYSICIAN agrees to follow the privacy practices adopted by the DISTRICT as detailed in its notice of privacy practices.

3. The parties agree that if there is a determination by any responsible authority that PHYSICIAN is to be considered a "business associate" of DISTRICT, or guidance published or a statement made by the OCR to that effect, PHYSICIAN will execute a business associate agreement in form and content sufficient to satisfy the requirements of the Federal Privacy and Security Regulations.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered as of the date first above written.

**DISTRICT:**

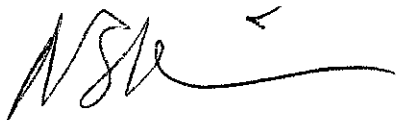
Tahoe Forest Hospital,  
a Public entity



By: Robert Schapper  
Chief Executive Officer

**PHYSICIAN:**

Nina Winans, M.D.



Nina Winans, M.D.

## EXHIBIT A

### **MEDICAL DIRECTOR – TAHOE CENTER FOR HEALTH AND SPORTS PERFORMANCE TAHOE FOREST HEALTH SYSTEM**

#### *Scope of Responsibilities*

1. Liaison with Tahoe Forest Health System medical staff regarding Center programming to increase physician engagement with TCHSP and increase revenue.
2. Work with TCHSP Director on evaluating potential sports medicine programming offered by the Center.
3. Work with Community Health Division's staff on design and implementation of wellness initiatives to ensure that wellness initiatives are in line with evidence based practice.
4. Participate in community outreach programs regarding sports medicine, injury prevention programs, "Exercise is Medicine" initiative and medically managed fitness as well as other TFHS hosted community health events.
5. Co-Chair quarterly Center Medical Advisory Committee with Center Director. Develop agenda with Center Director.
6. Serve as medical advisor for Center and conduct biannual systematic review of core competencies for Exercise Physiologists and Personal Trainers and monitoring medically managed fitness programming .
7. Participate in Nutrition Coalition and give input and direction on overall programming.
8. Offer one pre-designated day per week to "Walk the Floor" of Fitness Center (30-45 min) to be available to speak to gym clients to advise and direct regarding sports medicine or fitness goals.
9. Work with Center Director on implementing first stages of Exercise as Medicine initiative with physician staff by end of fiscal year 2010
10. The Medical Director is not involved in the day-to-day operations of the department. Operational concerns are directed to the Center Director.
11. Serve as advisory physician for all screenings conducted in conjunction with TFHS hosted community health events.
12. Submits a monthly invoice detailing services rendered under this agreement, e.g. attendance at meetings, chart review, etc.

**EXHIBIT B**

**MEDICAL DIRECTOR – TAHOE CENTER  
FOR HEALTH AND SPORTS PERFORMANCE  
TAHOE FOREST HEALTH SYSTEM**

*Scope of Responsibilities*

The Schedule of Fees set forth below shall represent DIRECTOR'S complete compensation for professional services rendered under this Agreement. Any changes to said schedule shall be agreed upon in writing by both parties and shall be in substantial accordance with fees for comparable services in the general service area of the facility. Director will submit a monthly invoice detailing services rendered under this Agreement.

Professional Fee Schedule

Chart review to ensure appropriate standards of practice.

Included in stipend

Monthly stipend for meeting attendance, gym floor availability,

\$100/hr not to exceed 12 hours per month.

Amended  
**TAHOE FOREST HOSPITAL DISTRICT**  
**CONTRACT SUMMARY SHEET**

Name of Contract: **Clinical Medical Director – Center for Health and Sports Performance**

Date Contract Expires: \_\_\_\_\_ or Date of Origin: November 1, 2009

New Contract       Contract Renewal

Type of Contract: Medical Director

Purpose of Contract: Advance physician accountability in role as medical director

Contractual Scope of Services: oversight of clinical quality and competence of sports performance/medically managed fitness programming and staff.

Contractual Compensation Structure: \$100/hr not to exceed 6 1/2-hours per month

CoContractual Performance Criteria: 10% increase in VO2 testing performed by Center staff, 3 5% increase in gym membership specific to Dr. Winans referral, 3 5% gym retention specific to Dr. Winans, community physician referrals to Center increase by 510%.

Staff Who Have Reviewed This Contract: Kelli Twomey, Chris Spencer, Dr. Nnaan Winans

AC Member Reviewed This Contract (REQUIRED):  No  Yes; Date: Oct. 12 \_\_\_\_\_

Name: Bob Schapper

CFO Reviewed This Contract:  No       Yes; Date: \_\_\_\_\_

Findings of This Contractual Review:

Options to This Contract: continue current structure which is absent performance criteria.

Staff Recommendation: move forward

Reviewed by Personnel Committee:  No       Yes; Date: \_\_\_\_\_

Personnel Committee Recommendation:

Revised 12-09 – Use SummaryShe

TAHOE FOREST HOSPITAL DISTRICT  
~~TAHOE CENTER FOR HEALTH AND SPORTS PERFORMANCE~~  
AMENDMENT TO MEDICAL DIRECTOR AGREEMENT

This amendment is made and executed at Truckee, California, effective on the 1st day of July 2013, by and between Tahoe Forest Hospital District and Nina Winans, M.D., and shall amend and become a part of a certain agreement made between the parties dated November 1, 2009 (hereinafter "BASIC AGREEMENT").

NOW, THEREFORE, the parties agree as follows:

Exhibit A, Scope of Responsibilities and Exhibit B, Fee Schedule, have both been revised. Exhibit A and Exhibit B attached to the BASIC AGREEMENT will be replaced with the Exhibit A and Exhibit B attached to this Amendment.

Except as specifically amended by this Amendment and any and all subsequent Amendments, the BASIC AGREEMENT shall continue in full force and effect pursuant to the terms thereof.

TAHOE FOREST HOSPITAL DISTRICT

BY:   
Robert A. Schapper  
Chief Executive Officer

Date: 6/26/13

PHYSICIAN:

BY:   
Nina Winans, M.D.

Date: 6/7/13



## **EXHIBIT A**

### **MEDICAL DIRECTOR**

#### **TAHOE CENTER FOR HEALTH & SPORTS PERFORMANCE**

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#### **TAHOE FOREST HEALTH SYSTEM**

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##### **Scope of Responsibilities**

1. Liaison with Tahoe Forest Health System medical staff regarding Center programming.
2. Serve as the Orthopedic Advisory Committee liaison.
3. Serve as Center physician representative for community outreach and development of collaborative community health projects regarding sports medicine, injury prevention programs, medically managed fitness and Nutrition Coalition.
4. Provides presentations to Health System Medical Staff and at community forums as mutually agreed upon.
5. Serve as medical advisor to Center Director on design and implementation of initiatives that reflect evidence-based practice for medically managed fitness programs.
6. Oversee competencies for athletic trainers, exercise physiologists and personal trainers.
7. Develop review process and goal setting for programs including results of community needs assessment, collaborative program development and re-assessment.
8. Work closely with Director to prioritize program goal alignment with Health System strategic goals.
9. Work with Director on budget development.
10. Submits a monthly invoice detailing hours of service rendered under this agreement.

**EXHIBIT B**

**MEDICAL DIRECTOR**

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**~~TAHOE CENTER FOR HEALTH & SPORTS PERFORMANCE~~**

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**PROFESSIONAL FEE SCHEDULE**

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**Professional Fee Schedule**

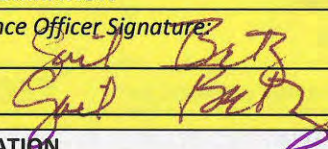
To meet Scope of Responsibilities outlined in Exhibit A paid at \$100/hr not to exceed an average of 32 hours per month. Invoice will be submitted the first of each month to be paid by auto deposit the 15<sup>th</sup> of each month.

This does not include attendance at CME training.

**CONTRACT ROUTING FORM**

Email Completed Form to Executive Assistant ([pbarrett@tfhd.com](mailto:pbarrett@tfhd.com)) for Processing and Compliance Review

|   |   |
|---|---|
| <b>NEW CONTRACT</b> <input checked="" type="checkbox"/> <b>AMENDMENT</b> <input type="checkbox"/> <b>RENEWAL</b> <input type="checkbox"/> <b>EXTENSION</b> <input type="checkbox"/> <b>BAA</b> <input type="checkbox"/>   |   |
| <b>ORIGINATING DEPARTMENT:</b><br>Occupational Health   | <b>CONTACT PERSON:</b> Chris Spencer<br><b>PHONE:</b> 530-582-8233  |
| <b>RESPONSIBLE ADMINISTRATIVE COUNCIL (AC):</b> CEO <input type="checkbox"/> CFO <input type="checkbox"/> COO <input checked="" type="checkbox"/> CNO <input type="checkbox"/> CIO <input type="checkbox"/> IVCH <input type="checkbox"/>   |   |
| <b>REQUIRES BOARD GOVERNANCE COMMITTEE REVIEW?</b> NO <input type="checkbox"/> YES <input checked="" type="checkbox"/> <b>MEETING DATE:</b> October 16, 2014                    COMMITTEE RECOMMENDS: Approval  |   |
| <b>TYPE OF CONTRACT:</b>  |   |
| Physician Professional Service Agreement (P-PSA) <input type="checkbox"/> Type: _____<br>Physician Medical Director Agreement (MDA) <input checked="" type="checkbox"/> Type: Occupational Health<br>Vendor Professional Service Agreement (V-PSA) <input type="checkbox"/> Type: _____<br>Other _____ <input type="checkbox"/> Type: _____ |   |
| ❖ <b>Business Associated Agreement Required?</b> YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>  |   |
| <b>CONTRACTOR/VENDOR DETAILS:</b> <i>If needed, additional instructions and information may be provided on Page 2</i>   |   |
| <b>LEGAL NAME OF CONTRACTOR/ VENDOR:</b> Ed Heneveld, MD  |   |
| <b>Purpose of the Contract/Alternatives:</b><br>New contract to reflect updated template format.<br>medical directorship of occupational health clinic. Alternative is to out source to independent agency.<br>serves as Medical Review Officer for drug free workplace for TFHS and contracted employers                                   |   |
| <b>Scope of the Contract:</b><br>oversight of employer occupational medicine program.<br>oversight of TFHS employee health services<br>Medical Review Officer   |   |
| <b>DATES OF CONTRACT:</b>   | <b>EFFECTIVE DATE:</b> November 1, 2014 <b>END DATE:</b> October 31, 2015                                       |
| <b>Version History:</b>   | Original Effective date: July 1996-June 2008, July 2011 to present<br>Renewal Dates: annual<br>Amendment Dates: |
| <b>PHYSICIAN CONTRACTS: FOR STARK LAW COMPLIANCE, THE TERMS OF THIS CONTRACT CANNOT CHANGE FOR 1 YEAR</b>   |   |
| <b>Compensation Structure:</b> <i>Include "other comp"( i.e. education, phone stipend, etc.)</i><br>\$100/hr, not to exceed 16 hrs/month; does not include education<br>\$10/drug screen reviewed<br>Hospital shall maintain, at Hospital's sole expense, general and professional liability insurance                                      |   |
| <b>Contract Term:</b> <i>(anything other than Net 30 requires AC approval)</i>  |   |
| <b>Total Cost of Contract:</b>  | not to exceed \$19,000  |
| <b>Compensation Audit Process:</b>  | See Policies AGOV-10 and ABD-21   |
| <b>Is Cost of Contract Budgeted?</b>  | YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>   |
| <b>If NOT budgeted or exceeds budgeted amount, identify the offset:</b>   |   |
| <b>TFHS Primary Responsible Party:</b>  | Ginny Razo  |
| <b>TFHS Secondary Responsible Party:</b>  | Chris Spencer   |

|   |  |  |      |
|---|--|--|------|
| ORIGINATING DEPARTMENT:<br>Occupational Health  |  | CONTACT PERSON: Chris Spencer<br>Phone: 530-582-8233   |      |
| LEGAL NAME OF CONTRACTOR/ VENDOR: Ed Heneveld, MD   |  |  |      |
| <b>REQUIRED COMPLIANCE INFORMATION</b>  |  |  |      |
| Commercially Reasonable Verified Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>  |  | Compliance Officer Signature:  |      |
| Fair Market Value Verified Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>  |  |  |      |
| <b>CONTRACTOR INFORMATION</b>   |  |  |      |
| Contractor Representative Name:   |  | Edward Heneveld, MD  |      |
| Mailing Address:  |  | 10121 Pine Ave, PO Box 759, Truckee, CA 96160  |      |
| Telephone and Fax Number:   |  | Phone: 530.587.6011  | Fax: |
| Email Address of Contact:   |  | eheneveld@tfhd.com   |      |
| Accounts Receivable Representative:   |  |  |      |
| <b>REQUIRED FINANCIAL INFORMATION</b>   |  |  |      |
| <b>W-9 and Certificates of Insurance Must Be Submitted with any Contract</b>  |  |  |      |
| <b>ADDITIONAL INFORMATION</b>   |  |  |      |
| Fair Market Value (FMV) & Commercial Reasonableness (CR): At the rate of \$100/hour this contract is below the median FMV benchmark range for services to be performed by this physician. The contract meets CR based on information from the Dept. Director that the number of hours (max 16 per month) and duties to be performed are reasonable and necessary. |  |  |      |
| The parties may renew this Agreement upon written terms and conditions mutually approved by the parties.  |  |  |      |

**Reference:**

Policy ABD – 21 Physician and Professional Service Agreements

Policy AGOV – 10 Contract Review Policy

Policy AFIN – 03 Accounts Payable Policy

*W-9s are required for any contract on which we are making payments.**Certificates of Insurance are required for any contract in which any service is being provided.*

|   |  |   |  |
|---|--|---|--|
| <b>THIS SECTION FOR CONTRACTS COORDINATOR USE ONLY:</b> |  |   |  |
| W-9 Received?   | Yes: <input type="checkbox"/> No: <input type="checkbox"/> | Certificate of Insurance Received?  | Yes: <input type="checkbox"/> No: <input type="checkbox"/> |
| New Vendor information Sent to Accounts Payable?        | Yes: <input type="checkbox"/> No: <input type="checkbox"/> | Email a copy of Section D (page 2) of the completed Routing Form to A/P. This is <b>required</b> for A/P to process their payments. |  |

|   |   |   |
|---|---|---|
| Contracts Review:<br>_____<br>Date Initials | <b>BOARD ACTION:</b> _____                      | <b>MEETING DATE:</b> _____  |
|   | Out for TFHD Signature: _____ Date: _____       | Receive Date: _____   |
| CFO Review:<br>_____<br>Date Initials       | Out for Vendor Signature: _____ Date: _____     | Receive Date: _____   |
|   | Uploaded to Contracts System: _____ Date: _____ | Trigger dates set: YES <input type="checkbox"/> NO <input type="checkbox"/> |
|   | <b>CONTRACT #:</b> _____<br>(i.e. 10001)        | <b>Document Reference:</b> _____<br>(i.e. #####.C)                          |

**TAHOE FOREST HOSPITAL DISTRICT**  
**MEDICAL DIRECTOR AGREEMENT**  
**OCCUPATIONAL HEALTH CLINIC**

This MEDICAL DIRECTOR AGREEMENT (“**Agreement**”) is made and entered into, and shall be effective, as of NOVEMBER 1, 2014 (“**Effective Date**”), by and between Tahoe Forest Hospital District, a California local healthcare district, doing business as Tahoe Forest Hospital (“**Hospital**”), and ED HENEVELD, MD, an individual (“**Physician**”).

**RECITALS**

A. Hospital owns and operates an acute care hospital located at 10121 Pine Avenue, Truckee, California (“**Facility**”), and currently operates an Occupational Health Clinic (“**OHC**”). The Facility provides occupational health services to its patients. The Hospital desires to enter into an agreement with Physician to serve as the OHC’s Physician and provide all clinical physician responsibilities and monitor the quality and appropriateness of the OHC program, as well as the care provided to patients of the OHC.

B. Physician is duly licensed and qualified to practice medicine in the State of California, is board certified for the practice of medicine in the specialty of Emergency Medicine, and is proficient in all aspects of such specialty.

C. Hospital desires to retain Physician to serve as the Medical Director of the OHC (“**Medical Director**”) and Physician desires to provide the services as further set forth herein in accordance with the terms and conditions of this Agreement.

**NOW, THEREFORE**, in consideration of the above recitals, the covenants, conditions and other terms contained herein below, the parties mutually agree as follows:

**ARTICLE I**  
**ENGAGEMENT**

Hospital hereby engages Physician to serve as the Medical Director of the OHC, and Physician hereby accepts such engagement on the terms and conditions set forth in this Agreement.

**ARTICLE II**  
**MEDICAL ADMINISTRATIVE SERVICES**

**2.1 Medical Director.** During the term of this Agreement, Physician shall serve and be designated as the Medical Director of the OHC in accordance with the terms and provisions of this Agreement. Physician shall perform, for and on behalf of the Hospital, and in a competent, proactive, efficient and satisfactory manner, those medical administrative services as Medical Director of the OHC (“**Director Duties**”) set forth in the Medical Director - Occupational Health Clinic Scope of Responsibilities, attached as **Exhibit A** and incorporated herein.

**2.2 Dedication of Time.** Physician shall devote such time as is necessary to perform the Director Duties and responsibilities set forth in this Agreement. Such Director Duties and time shall not include the provision of professional medical services to patients. The parties agree that Physician will provide OHC Director Duties and receive compensation as set forth in the Medical Director – Occupational Health Professional Fees Schedule, attached as **Exhibit B** and incorporated herein.

**2.3 Ultimate Authority.** Physician hereby acknowledges and agrees that, notwithstanding any other provision contained in this Agreement, Hospital and, as its agent, Hospital’s Chief Executive Officer shall retain final and ultimate decision making authority over the business affairs of Facility, including without limitation the development and operation of the Facility.

**2.4 Qualifications.** Physician shall maintain on an unrestricted basis:

- (a) California licensure as a physician;
  - (b) Membership in good standing on Hospital’s medical staff and appropriate clinical privileges at Hospital in the Physician’s practice specialty;
  - (c) Federal Drug Enforcement Administration (“DEA”) registration;
  - (d) Professional liability insurance as set forth in Section 6.1;
  - (e) Participation in good standing in the Medicare and Medi-Cal programs;
- and
- (f) Board certification in Physician’s practice specialty, as determined by the Hospital.

### **ARTICLE III COMPENSATION**

**3.1 Compensation for Director Duties.** Subject to the completion of the Service Time Log, as described in Section 3.2 and within fifteen (15) days after the receipt of the Service Time Log, for each calendar month of the term of this Agreement (each, a “**Service Month**”), Hospital shall pay to Physician monthly compensation (“**Compensation**”) for all Director Duties provided hereunder. Such Compensation shall be paid on an hourly basis for each hour (to be prorated for partial hours) actually spent by Physician in providing Director Duties during such Service Month. **The hourly rate for the provision of OHC Duties shall be One Hundred Dollars (\$100) for each hour of service, not to exceed sixteen (16) hours per month; plus, Ten Dollars (\$10) for review of results on each drug test.** Notwithstanding the foregoing, Hospital’s obligation to pay any Compensation to Physician shall be expressly conditioned upon Physician’s timely submission of the required Service Time Log applicable to such payment, and the approval of such Service Time Log by Hospital.

**3.2 Service Time Log.** Each month during the term of this Agreement, Physician shall submit a written time log reflecting the actual time spent by Physician and the actual duties

performed as Director Duties during the prior month on the form attached as **Exhibit C** (the “**Service Time Log**”), or in the form as requested by Hospital. Physician shall submit such Service Time Log to Hospital within ten (10) days following the end of each Service Month. No compensation shall be paid to Physician for a Service Month unless a Service Time Log for that Service Month has been submitted to and approved by Hospital. Since the parties agree that Physician shall be telephonically available during OHC hours of operation to provide advice to OHC healthcare practitioners regarding patient assessment, diagnosis and treatment plan, the parties further agree that Physician shall be able to include two (2) hours, of the maximum sixteen (16) hours of Director Duties per month, on his Service log to compensate for being telephonically available each month.

**3.3 Commercial Reasonableness.** The parties have mutually agreed, through arm’s length negotiations, that Physician’s Compensation hereunder is commercially reasonable and reflects the fair market value of the Director Duties to be provided by Physician pursuant to this Agreement. Moreover, the parties further acknowledge and agree that such Compensation has not been and shall not be determined in a manner that takes into account the volume or value of any patient referrals or business otherwise generated between the parties or any third parties, including without limitation any referrals or business for which payment may be made, in whole or in part, under any federal or state funded health care program.

**3.4 No Billing by Physician.** Physician and Hospital hereby acknowledge and agree that the Compensation shall reflect full and complete payment by Hospital for all Director Duties provided hereunder by Physician as the Medical Director pursuant to Article II above. The parties further agree that the Compensation shall not constitute any payments for the professional practice of medicine, and Physician shall not bill or assert any claim for payment against any patient, third party payor, or any other party other than Hospital for Director Duties performed by Physician under this Agreement.

**3.5 Independent Contractor.** In the performance of this Agreement, Physician is acting as independent contractor, and shall not be considered an employee of the Hospital or District. In no event shall this Agreement be construed as establishing a partnership or joint venture or similar relationship between the parties, and nothing contained herein shall be construed to authorize either party to act as agent for the other. Physician shall be liable for its own debts, obligations, acts and omissions, including the payment of all withholding, social security and other taxes and benefits. As an independent contractor, Physician is responsible for filing such tax returns and for all such employment taxes with respect to Physician as may be required by law or regulations. Physician shall not be subject to any Hospital policies solely applicable to the Hospital’s employees, and shall not be eligible for any employee benefit plan offered by Hospital. In the event that this independent contractor relationship is determined by tax authorities to constitute an employment relationship: (a) Physician hereby waives, for the period prior to the date such determination becomes final, any and all claims to coverage under any Hospital pension, profit sharing, health, dental, welfare or similar type plans which are generally limited to Hospital employees, unless otherwise agreed by Hospital in writing; and (b) Physician shall reimburse Hospital for any and all sums expended by Hospital related to taxes, employee benefits or other employment-related matters (including reasonable attorneys’ fees) with ten (10) days of remittance to Physician for reimbursement.

## **ARTICLE IV SUPPORT SERVICES**

**4.1 Space and Equipment.** Hospital shall furnish the physical space and equipment reasonably required for Physician to carry out his Director Duties hereunder. Physician shall use and occupy any premises of Hospital pursuant to this Agreement solely for the purpose of performing such Director Duties. Nothing contained in this Agreement shall be construed by the parties to constitute a lease of any such premises to Physician, and no part of said premises shall be used at any time by Physician hereunder as an office for the general or private practice of medicine or for any other private business concern.

**4.2 In-Service and Supplies.** Hospital shall furnish such ordinary janitor, photocopying, telecommunication, computer system, internet access, secretarial, and administrative support, electricity for light and power, and other in-services and supplies, all as reasonably required for Physician to carry out his Director Duties hereunder.

## **ARTICLE V TERM AND TERMINATION**

**5.1 Term.** The term of this Agreement shall commence on the Effective Date set forth herein above and continue for a period of one (1) year thereafter, unless terminated earlier pursuant to the terms of this Agreement. The parties may renew this Agreement upon written terms and conditions mutually approved by the parties; provided, however, that neither party is obligated hereunder to renew this Agreement.

**5.2 Termination Without Cause.** Hospital and Physician shall each have the right to terminate this Agreement, without cause, upon giving not less than thirty (30) days' prior written notice to the other party.

**5.3 Termination with Cause.** Hospital shall have the right to terminate this Agreement upon failure of Physician to cure a breach of any term hereof which Hospital, at its sole discretion, has given Physician an opportunity to cure, within thirty (30) calendar days after written notice of said breach and opportunity to cure.

**5.4 Immediate Termination by Hospital.** Notwithstanding Sections 5.2 and 5.3, Hospital shall have the right, but not the obligation, to terminate this Agreement immediately upon notice to Physician in the event of the occurrence of any of the following events:

(a) Physician is excluded, suspended, terminated or otherwise determined to be ineligible from participation in any state or federally funded healthcare program (each, a **"Government Program Exclusion"**);

(b) Any restriction, suspension or revocation of Physician's license to practice medicine in any state, without regard to whether such adverse action has been fully adjudicated;

(c) Any restriction, suspension or revocation of Physician's medical staff privileges at any health care facility, without regard to whether such adverse action had been fully adjudicated;



(d) Any restriction, suspension or revocation of Physician's federal DEA number, without regard to whether such adverse action had been fully adjudicated;

(e) Physician engages in conduct which is reasonably determined by the Hospital to be contrary to the Hospital's or Facility's bylaws, rules, regulations, code of conduct or policies or procedures, all as may be amended from time-to-time by Hospital (collectively, "Rules");

(f) Physician engages in conduct which is reasonably determined by Hospital to be prejudicial or adverse to the best interest, reputation or welfare of Hospital or its patients;

(g) Physician is investigated or convicted of a criminal offense relating to health care, or is investigated or convicted of any felony or any other crime involving moral turpitude or immoral conduct;

(h) The death of Physician or the inability of Physician to attend to the Director Duties for a period in excess of thirty (30) days, whether consecutive or not, during the term hereof, for any reason other than absence approved by Hospital in advance;

(i) Hospital enters into an agreement for the sale, assignment, lease or other transfer of the Hospital or all or substantially all of Hospital's assets to another person or entity;

(j) Hospital suffers an appointment of a receiver, custodian, examiner or a trustee for any of its property or assets;

(k) Failure of Physician to comply with the insurance requirements of Section 6.1 of this Agreement.

**5.5 Legal Requirements.** If either party's legal counsel advises such party that this Agreement, or any practices which could be, or are, employed by either party in exercising rights or discharging obligations under this Agreement, pose a material risk of violating any of the legal requirements imposed on or otherwise governing the performance of this Agreement, including without limitation any federal or state anti-kickback or physician self-referral laws, regulations, or guidelines, such party shall promptly notify the other party of such advice. The parties in good faith shall undertake to revise this Agreement to comply with such legal requirements. In the event that the parties are unable to agree upon the revised terms within thirty (30) days after such notice of advice is received by the other party, then either party may terminate this Agreement immediately upon giving written notice to the other party.

#### **5.6 Effect of Termination.**

(a) Upon the expiration or termination of this Agreement, neither party shall have any further obligation hereunder except for: (i) obligations due and owing which arose prior to the date of expiration or termination; and (ii) obligations, promises or covenants contained in this Agreement which expressly extend beyond the term hereof.

(b) Upon the expiration or termination of this Agreement, Physician shall promptly deliver and return to Hospital all of Hospital's property, including without limitation all

of Hospital's supplies, patient records, and all materials, records and writings of any type (including all copies thereof) in his possession that constitute confidential, proprietary or trade secret information and/or property owned by Hospital.

(c) Notwithstanding anything in this Agreement to the contrary, in the event of any termination of this Agreement effective during the initial twelve (12) months of its term, the parties shall not enter into the same or substantially the same arrangement during such initial twelve (12) month period; provided, however, the parties shall not be prohibited from renegotiating this Agreement if, with the advice of legal counsel, the parties mutually agree that such renegotiation is not prohibited by applicable federal or state statutes and regulations, including without limitation the federal anti-kickback statute set forth at 42 U.S.C. Section 1320a-7b, the federal physician self-referral prohibition set forth at 42 U.S.C. Section 1395nn, or similar state laws.

## **ARTICLE VI INSURANCE AND INDEMNIFICATION**

**6.1 Insurance.** During the term of this Agreement, Hospital agrees that it shall maintain, at Hospital's sole expense, general (occurrence) and professional liability (claims made and reported) insurance in the minimum amounts of One Million Dollars (\$1,000,000) per occurrence and Three Million Dollars (\$3,000,000) annual aggregate from a reputable insurance company. Hospital agrees to provide proof of such coverage upon the reasonable request of Physician. Hospital shall notify Physician at least thirty (30) days prior to any change to or cancellation of such insurance coverage. For the insurance that is on a claims-made basis, Hospital agrees that not less than thirty (30) days prior to the effective date of termination by Hospital of said insurance provided by Hospital for Physician, that Hospital shall: (1) purchase tail or retroactive coverage in the above-stated amounts for all claims arising out of incidents occurring prior to termination of coverage; and (2) provide Physician with a certificate of such coverage.

### **6.2 Indemnification.**

(a) Physician shall defend, indemnify, and hold harmless Hospital, its officers, employees, agents and affiliated entities from and against all losses, expenses, including attorneys' fees, damages, and liabilities of any kind incurred by Hospital (collectively, the "**Claims**") resulting from or arising out of Physician's performance hereunder, which are caused or claimed to be caused by the negligent or willful acts or omissions of Physician, its officers, employees, agents, subcontractors, or anyone directly or indirectly employed by them, or any other person or persons under Physician's direction and control; provided however, that Physician shall not have responsibility to indemnify, protect and hold Hospital harmless from and against any Claim occurring through the negligence of Hospital or any of Hospital's employees or agents.

(b) Hospital shall defend, indemnify and hold harmless Physician, its officers, employees, agents and affiliated entities from and against all Claims resulting from or arising out of Hospital's performance hereunder, which are caused or claimed to be caused by the negligent or willful acts or omissions of Hospital, its officers, employees, agents, subcontractors, or anyone directly or indirectly employed by them, or any other person or persons under Hospital's direction and control; provided however, that Hospital shall have no responsibility to indemnify, protect and hold Physician harmless from and against any Claim occurring through the negligence of Physician or any of Physician's employees or agents.

## **ARTICLE VII HOSPITAL AND FACILITY NAMES AND MARKS**

Physician shall not use the name, logos, symbols, service marks or trademarks of Hospital and/or any facility owned Hospital (collectively, the "**Names and Marks**") without the prior written consent of Hospital. In this regard, the parties mutually acknowledge and agree that all right, title and interest in and to any such Names and Marks shall be the exclusive property of Hospital. Notwithstanding anything in this Agreement to the contrary, Physician shall have no claim whatsoever regarding the use or ownership of any such Names and Marks.

## **ARTICLE VIII EXCLUSIVITY; RESTRICTIONS**

**8.1 Intent.** The parties acknowledge and agree that, in furtherance of Hospital's principal business goals and initiatives, Hospital must assure appropriate and continuous medical administrative leadership in Facility with regard to the development and operation of the Facility; and, in so doing, Hospital must be assured that Physician will maintain an active commitment to achieving Hospital's business goals in the performance of this Agreement. Therefore, during the term of this Agreement, Physician shall be bound by and shall fully comply with the following restrictions as set forth in Section 8.2 below.

### **8.2 Restrictions.**

(a) Except as otherwise provided herein, during the term of this Agreement, Physician shall not, without the prior written consent of Hospital, provide similar medical administrative or consulting services for or on behalf of any hospital which is or will be in competition with Hospital. Each party specifically acknowledges and agrees that the foregoing restrictions are a condition precedent to Hospital's entering into this Agreement, that such restrictions are reasonable and necessary to protect the legitimate business interests of Hospital, and that such parties would not have entered into this Agreement in the absence of such restrictions. The parties further acknowledge that any violation of this Section 8.2 would result in irreparable injury to Hospital and that the remedy at law for monetary compensation resulting from any breach of this Section 8.2 would be inadequate. Accordingly, in the event of any such breach by Physician, and in addition to any other relief available to it, Hospital shall be entitled to temporary injunctive relief against Physician, as applicable, before arbitration or trial from any court of competent jurisdiction as a matter of course, upon the posting of not more than a nominal bond, and to permanent injunctive relief without the necessity of proving actual damages. In the event that the provisions contained in this Section 8.2 shall ever be deemed to

exceed the time or geographic limits or any other limitation permitted by applicable law, then such provisions shall be deemed reformed to the maximum extent permitted by applicable law.

(b) Nothing contained in the foregoing provisions of this Section 8.2 shall be construed to control, prohibit or restrict the methods by which Physician shall perform Director Duties in accordance with or otherwise contemplated under this Agreement.

(c) Nothing contained in the foregoing provisions of this Section 8.2 shall be construed to prohibit or otherwise restrict Physician from referring, admitting or treating patients to or at any hospital inpatient or outpatient facility, or otherwise engaging in the private practice of medicine.

## **ARTICLE IX CONFIDENTIALITY**

**9.1 Proprietary Information.** The parties recognize that, due to the nature of this Agreement, Physician will have access to and knowledge of information of a confidential and proprietary nature owned by Hospital, including without limitation any and all form documents, any and all information relating to payor contracts and accounts, billing practices and procedures, any and all computer programs devised by or licensed to Hospital, any and all copyrights, inventions and other intellectual property, any and all operating manuals, any and all clinical studies and other research, customer and patient lists, and other materials or records that constitute or describe the systems, policies and procedures, methods of doing business, administrative, advertising or marketing techniques or work product, financial affairs and other similar information or property utilized in connection with the operation of Hospital's business (collectively, "**Proprietary Information**"). Consequently, Physician acknowledges and agrees that Hospital has a proprietary interest in all such Proprietary Information and that all such Proprietary Information constitutes confidential and proprietary information and the trade secret property of Hospital. Physician hereby expressly and knowingly waives any and all right, title and interest in and to such trade secrets and proprietary and confidential information included in Hospital's Proprietary Information.

**9.2 Nondisclosure.** During the term of this Agreement, Physician shall not use or otherwise disclose to anyone, other than authorized persons or entities engaged or employed by Hospital with an appropriate need to know, any Proprietary Information obtained from or otherwise owned by Hospital, without Hospital's prior written consent, except as otherwise required by law. After the expiration or other termination of this Agreement, Physician shall not use or otherwise disclose to anyone any Proprietary Information obtained from or otherwise owned by Hospital, without Hospital's prior written consent, except as otherwise required by law. The parties acknowledge and agree that the foregoing covenant is perpetual and shall survive the expiration or other termination of this Agreement. For purposes of this Article IX, Proprietary Information shall not include information which is now, or becomes, generally available to the public other than by any disclosure made in violation of this Article IX.

**9.3 Confidentiality of Agreement.** The terms of this Agreement are confidential and shall not be disclosed, except as necessary to the performance of this Agreement or as required by law. Notwithstanding the foregoing, a party may disclose this Agreement to its lawyers,

accountants and other professional advisors. The foregoing obligations and requirements concerning confidentiality of this Agreement shall survive the expiration or other termination of this Agreement.

**9.4 Patient Records.** Notwithstanding and in addition to the requirements set forth in Article IX above, Physician shall maintain and safeguard the confidentiality of all patient records, charts and other related patient information, generated in connection with the operation of the Hospital or ICU, in accordance with all applicable federal and state statutes and related governmental regulations and with all other legal or contractual requirements imposed on Hospital or Facility, or Physician in connection therewith. In this regard, without limiting the generality or scope of the foregoing, Physician shall comply with the applicable provisions of the Health Insurance Portability and Accountability Act of 1996 (“**HIPAA**”), the Health Information Technology for Economic and Clinical Health Act, Public Law 111-005 (“**HITECH Act**”), and regulations promulgated there under by the U.S. Department of Health and Human Services (“**HIPAA Regulations**”), the California Confidentiality of Medical Information Act, and other applicable laws, including without limitation state patient privacy laws, as such laws may be amended from time to time. Physician covenants that Physician will not copy any portion of these records manually, electronically or otherwise, except in the case of medical necessity, or with Hospital’s prior written approval. The foregoing obligations and requirements concerning patient confidentiality shall survive the expiration or other termination of this Agreement.

**9.5 Injunctive Relief.** Physician specifically acknowledges and agrees that the restrictions set forth in this Article IX are reasonable and necessary to protect Hospital’s legitimate business interests. The parties acknowledge that any violation of this Article IX would result in irreparable injury to Hospital, and that the remedy at law for monetary compensation resulting from any breach of this Article IX would be inadequate. Accordingly, in the event of any such breach by Physician, and in addition to any other relief available to it, Hospital shall be entitled to temporary injunctive relief before arbitration or trial from any court of competent jurisdiction as a matter of course, upon the posting of not more than a nominal bond, and to permanent injunctive relief without the necessity of proving actual damages. Physician also acknowledges and agrees that Hospital shall be entitled to an equitable accounting of all earnings, profits and other benefits arising from such breach and further agrees to pay the reasonable fees and expenses, including without limitation attorneys’ fees incurred by Hospital in enforcing the restrictions contained in this Article IX. In the event that the provisions contained in this Article IX shall ever be deemed to exceed any limitation permitted by applicable law, then such provisions shall be deemed reformed to the maximum extent permitted by applicable law.

## **ARTICLE X ACCESS TO BOOKS AND RECORDS**

**10.1 Cooperation.** Physician shall, in connection with the subject matter of this Agreement, cooperate fully with Hospital, by maintaining and making available all necessary books, documents and records, in order to assure that Hospital will be able to meet all requirements for participation in and payment associated with public or private third-party payment programs (e.g., the Medicare Program), including without limitation matters covered by Section 1861(v) (1) (I) of the Social Security Act, as amended.

**10.2 Compliance.** For the purpose of implementing Section 1861(v) (l) (I) of the Social Security Act, and any written regulations promulgated there under, Physician shall comply with the following statutory requirements governing the maintenance of documentation to verify the cost of services rendered under this Agreement:

(a) Until the expiration of ten (10) years after the furnishing of services pursuant to this Agreement, Physician shall make available to the Secretary of Health and Human Services or the Comptroller General of the United States, or their duly authorized representatives, upon written request of any of them, this Agreement, and all books, documents and records that are necessary to certify the nature and extent of the cost of such services, and

(b) If Physician carries out any of the duties of this Agreement through a subcontract with a value or cost of Ten Thousand Dollars (\$10,000) or more over a twelve (12) month period, with a related organization, such subcontract shall contain a clause to the effect that until the expiration of ten (10) years after the furnishing of such services pursuant to such subcontract, the related organization shall make available, upon written request, to the Secretary or the Comptroller General, or any of their duly authorized representatives, the subcontract, and books, documents and records of such organization that are necessary to verify the nature and extent of such costs.

**10.3 Notification.** If Physician is requested to disclose books, documents or records pursuant to this Article X, Physician shall, unless otherwise constrained by law or applicable regulation of any governmental authority, notify Hospital of the nature and scope of such request and shall make available, upon the written request of Hospital, all such books, documents or records during the regular business hours of Physician.

## **ARTICLE XI ANTI-REFERRAL LAWS**

**11.1 No Consideration for Referrals.** Hospital and Physician hereby acknowledge and agree that: (a) nothing in this Agreement or in any other written or oral agreement between Hospital and Physician, nor any consideration offered or paid in connection with such agreements, contemplates or requires the admission or referral of any patient to the Hospital; (b) any such agreements are not intended to influence Physician's judgment in choosing the medical facility appropriate for the proper care and treatment of Physician's patients; and (c) the overall value of the services and other consideration exchanged by and between Hospital and Physician pursuant to this Agreement are substantially equivalent.

**11.2 Specific Laws.** Each party acknowledges, and is hereby bound by, the obligation of such party to comply with applicable federal and state laws governing referral of patients, as may be in effect or amended from time-to-time, including without limitation:

(a) Payments for referral or to induce the referral of patients (California Business and Professions Code Section 650; California Labor Code Section 3215; and the Medicare/Medicaid Fraud and Abuse Law, Section 1128B of the Social Security Act and the regulations promulgated there under); and

(b) The referral of patients by a physician for certain designated health services to any entity with which the physician (or his/her immediate family) has a financial relationship (California Labor Code Sections 139.3 and 139.31, applicable to referrals for workers' compensation services; California Business and Professions Code Sections 650.01 and 650.02, applicable to all other patient referrals within the State of California; and Section 1877 of the Social Security Act, applicable to referrals of Medicare patients, and the regulations promulgated there under).

## **ARTICLE XII ADDITIONAL REPRESENTATIONS**

**12.1 Representations and Obligations of Physician.** Physician represents, warrants, and covenants to Hospital that upon execution and throughout the term of this Agreement:

(a) Physician shall comply with all applicable federal, state and local laws, related governmental regulations and accrediting standards governing or otherwise concerning any and all of Physician's business operations as well as the business operations of Hospital, including without limitation all licensure, reimbursement, anti-kickback and self-referral statutes, regulations and standards.

(b) Physician has not been excluded from any federal and/or state health care payment program by action of the Office of Inspector General of the Department of Health and Human Services or by any equivalent or coordinating federal or state governmental agencies.

(c) Physician shall fully comply with all applicable Rules and otherwise fully cooperate with Hospital in the performance of this Agreement during the term hereof, including without limitation preparing and executing all documents and attending all meetings, as may be reasonably requested by Hospital or otherwise required by applicable law, in connection with the provision of medical administrative Director Duties or for the conduct of the operations of Hospital.

(d) Physician is currently, and for the duration of the term hereof shall remain at all times, duly licensed and/or authorized to practice medicine in the State of California, duly qualified to render specialized professional medical services in the specialty of emergency medicine and in good standing with the Medical Board of California.

(e) Physician is currently a member in good standing with Facility's medical staff.

(f) Physician has a Federal DEA license without restriction.

(g) Physician's license to practice medicine in the State of California or in any other jurisdiction has never been denied, suspended, revoked, terminated, voluntarily relinquished under threat of disciplinary action or restricted in any way.

(h) Physician's medical staff privileges at any health care facility have never been denied, suspended, revoked, terminated, voluntarily relinquished under threat of disciplinary action, or made subject to terms of probation or any other restriction.

(i) Physician is not the subject of an investigatory, disciplinary or other proceeding or action before any governmental, professional, medical staff or peer review body.

(j) Physician is board certified in the specialty of emergency medicine.

(k) Physician is not in any manner whatsoever breaching any other agreement, covenant or obligation, or otherwise violating any statute, regulation or ordinance, by entering into this Agreement or otherwise acting as a party or performing hereunder, and that the consent of any third party is not required in any manner whatsoever for Physician to enter into this Agreement and/or act as a party or perform hereunder.

**12.2 Notification to Hospital or Facility.** Upon the occurrence of any event which causes any of the above representations set forth in this Article XII to no longer be true, Physician shall provide written notification to Hospital or Facility within forty-eight (48) hours of such event.

### **ARTICLE XIII MISCELLANEOUS**

**13.1 Assignment and Delegation.** Neither this Agreement nor any right or duty hereunder may be assigned or delegated by Physician without the prior written consent of Hospital in its sole discretion. Any attempted or purported assignment by Physician in violation of this provision shall be void and without force or effect. Hospital, in the exercise of its sole and absolute discretion, shall have the right at any time, without the consent of Physician, to assign, delegate or in any manner transfer all or any portion of its interests, obligations or duties under this Agreement to any person, group or entity affiliated with Hospital or to any successor-in-interest which acquires the Hospital or which acquires substantially all of Hospital's assets.

**13.2 Binding on Successor-in-Interest.** The provisions of this Agreement and the obligations and interests arising hereunder shall extend to and be binding upon and inure to the benefit of the lawful assigns and successors of the respective parties.

**13.3 Third Party Beneficiary.** None of the provisions contained in this Agreement is intended by the parties, nor shall any be deemed, to confer any benefit on any person or entity not a party.

**13.4 Notices.** Written notice required under this Agreement shall be given personally or sent by United States certified mail, return receipt requested, or by private overnight mail service, postage prepaid, and addressed to the parties at addresses shown below (or such other address as may hereafter be designated by a party by written notice thereof to the other party). Such notice shall be effective upon delivery, if given personally, or if mailed as provided for above such notice shall be effective upon the date shown on the delivery receipt.

|           |   |
|-----------|---|
| HOSPITAL: | Tahoe Forest Hospital<br>10121 Pine Avenue<br>P.O. Box 759<br>Truckee, CA 96160<br>Attention: Chief Executive Officer |
|-----------|---|



PHYSICIAN: Ed Heneveld, M.D.  
PO Box 759  
Truckee, California 96160

Either party may change its address indicated above by notifying all other parties in writing of such change of address in the manner specified in this Section 13.4.

**13.5 Gender and Pronouns.** Whenever appropriate from the context of this Agreement, the use of any gender shall include any and all other genders, and the single number shall include the plural, and the plural number shall include the singular.

**13.6 Severability.** If any term or provision of this Agreement is held to be invalid, void or illegal by a court of competent jurisdiction, the validity and enforceability of the remaining terms and provisions of this Agreement shall not be affected thereby, and such remaining terms and provisions shall continue to be in full force and effect.

**13.7 Governing Law.** The existence, validity, interpretation and performance of this Agreement shall be governed by and construed in accordance with the laws of the State of California, without reference to its principles of conflict of laws.

**13.8 Entire Agreement; Amendment.** The making, execution and delivery of this Agreement by the parties have not been induced by any representations, statements, warranties or agreements other than those expressed in this Agreement. This Agreement, together with any attachments or exhibits, embodies the entire understanding of the parties regarding the subject matter of this Agreement, and there are no further or other agreements or understandings, written or oral, in effect between the parties relating to such subject matter. This Agreement shall supersede and terminate any previous oral or written agreements between the parties with respect to the subject matter hereof, and any such prior agreements are null and void. This Agreement may be amended or modified only by an instrument in writing signed by all of the parties.

**13.9 Waiver of Provisions.** The failure of a party to insist upon strict adherence to or performance of any provision of this Agreement on any occasion shall not be considered a waiver nor shall it deprive that party of the right thereafter to enforce performance of or adherence to that provision or any other provision of this Agreement. Any waiver of any terms and conditions hereof must be in writing, and signed by the parties.

**13.10 Captions and Headings.** Any captions to or headings of the articles, sections, subsections, paragraphs or subparagraphs of this Agreement are solely for the convenience of the parties, are not a part of this Agreement, and shall not be used for the interpretation or determination of validity of this Agreement or any provision hereof.

### **13.11 Dispute Resolution.**

(a) Informal Resolution Processes. Any questions or disagreements arising under this Agreement regarding the quality of care provided to Hospital patients shall be submitted to the Medical Executive Committee. Any other questions or disagreements (other than those regarding quality of care) arising under this Agreement, including any questions concerning the interpretation of this Agreement, shall be submitted to Hospital's Chief Executive Officer. If the dispute cannot be resolved by the Chief Executive Officer within ninety (90) days of submission, either party may submit the resolution to arbitration pursuant to Section 6.5(b).

(b) Arbitration. With the exception of disputes regarding the quality of care, which shall be resolved according to the provisions of Section 6.5(a), all disputes relating to, arising out of or in connection with the validity, interpretation or performance of this Agreement, including tort claims, shall be resolved by arbitration. The arbitration will proceed in accordance with the commercial rules of arbitration of the American Arbitration Association, as supplemented or modified by this Agreement. Written notice of a claim and demand for arbitration must be given to the other party (the "Respondent") not more than one hundred and twenty (120) days after the date of (i) the events giving rise to the claim occur or (ii) the date the claim is discovered. Response to the demand for arbitration shall be due not later than twenty (20) days after receipt of notice. The claim will be deemed denied if Respondent does not answer the demand within that time period. Not more than twenty (20) days after Respondent answers the demand (or if there is no answer, after the time for answer has elapsed) (the "Answer Date"), the parties shall select a single neutral arbitrator. If the parties cannot agree upon such arbitrator within twenty (20) days of the Answer Date, then each party shall choose an arbitrator and the two arbitrators together shall select a third arbitrator (the "Arbitrators") and the matter shall be arbitrated by the panel of three Arbitrators. If the two Arbitrators are unable to agree upon a third Arbitrator prior to the thirtieth (30th) day after the Answer Date, then either party may request the American Arbitration Association to select the third Arbitrator. Any Arbitrator selected under this Section shall be a person with business, financial or legal experience in the health care industry of at least five (5) years, who is generally familiar with the issues in dispute. The arbitration shall take place in Truckee, California, or another location mutually agreed upon by the parties. The Arbitrator(s) may construe or interpret but shall not ignore the terms of this Agreement and shall be bound by California substantive law. The arbitration decision shall include written findings of fact and conclusions of law. The arbitration decision may include equitable relief, but may not include punitive or exemplary damages. The Arbitrator(s) shall not have the power to commit errors of law or legal reasoning and the Arbitrator's(s') decision may be vacated or corrected pursuant to California Code of Civil Procedure Sections 1286.2 or 1286.6 for any such error. The prevailing party, as determined by the Arbitrator(s), shall be entitled to reasonable attorneys' fees and costs. In cases submitted to arbitration, the parties agree to share equally in the administrative fee, if any, unless otherwise assessed against the non-prevailing party by the Arbitrator(s). The parties agree that the decision of the Arbitrator(s) shall be final and binding as to each of them, and that the arbitration award may be enforced in any court having jurisdiction thereof, by the filing of a petition to enforce said award.

(c) Equitable Relief. The foregoing provisions of this Article XXIII shall not be interpreted in any manner whatsoever to restrict the right of either party to this Agreement to pursue equitable relief from a court of competent jurisdiction at any time or to terminate this Agreement in accordance with the terms hereof. In the event that either party wishes to obtain injunctive relief or a temporary restraining order from a court of competent jurisdiction, the decision of such court with respect to the requested injunctive relief or temporary restraining order shall be subject to appeal only as allowed under California law. Such court shall not, however, have the authority to review or grant any request or demand for damages.

**13.12 Venue.** The parties agree that Nevada County, California shall be the only proper venue for disputes related to this Agreement.

**13.13 Attorneys' Fees.** Notwithstanding and in addition to the provisions in Article XXIII above, if legal action is required by either party to enforce the terms of this Agreement, the prevailing party in such action shall be entitled to reimbursement for reasonable costs and attorneys' fees incurred in connection therewith.

**13.14 Survival of Provisions.** The provisions of sections 3.5; 6.1; 6.2; 9.1; 9.2; 9.3; 9.4; 9.5; 10.1; 10.2; 10.3; 12.1; 13.7, 13.11, 13.12, 13.14, and Article VII hereof shall survive any expiration or termination of this Agreement.

**13.15 Force Majeure.** Neither party shall be liable nor deemed to be in default for any delay, interruption or failure in performance under this Agreement that results, directly or indirectly, from Acts of God, acts of civil or military authority, war, terrorism, accidents, fires, explosions, earthquakes, floods, failure of transportation, machinery or supplies, vandalism, riots, civil disturbances, strike or other work interruptions by such party's employees or any similar or dissimilar cause beyond the reasonable control of such party. However, the parties shall make good faith efforts to perform under this Agreement in the event of any such circumstances.

**13.16 Disclosure of Conflicts of Interest.** Physician agrees to adhere to Hospital's conflicts of interest policy, as from time to time in effect, and to disclose to Hospital any matter or transaction in which Physician is involved that conflicts with the interest of Hospital in Physician's satisfactory performance of Specialty services under this Agreement.

**13.17 Tax-Exempt Financing.** In the event Hospital intends to seek tax-exempt financing, Hospital and Physician shall negotiate in good faith to amend this Agreement to the extent deemed necessary by bond counsel involved in that financing. If Hospital and Physician do not agree to the terms of such an amendment, Hospital may terminate this Agreement pursuant to Section 5.2.

**13.18 Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument.

**IN WITNESS WHEREOF**, the parties, for themselves or by their authorized officers, as applicable, have caused this Agreement to be executed effective as of the Effective Date set forth hereinabove.

**“Hospital”**  
**Tahoe Forest Hospital District,**  
**a California Hospital District**

By: \_\_\_\_\_  
**Robert A. Schapper, CEO**

**“Physician”**  
**Ed Heneveld, M.D., an individual**

By: \_\_\_\_\_  
**Ed Heneveld, M.D.**

**EXHIBIT A**  
**TAHOE FOREST HOSPITAL DISTRICT**  
**MEDICAL DIRECTOR – OCCUPATIONAL HEALTH CLINIC**  
**SCOPE OF RESPONSIBILITIES**

1. Participate in the development of standardized procedures for use by the mid-level practitioners in the Occupational Health Department and support approval through IDPC Committee.
2. Participate in the design and monitoring of the Quality Improvement Program for the Department.
3. Review patient records as outlined in the Quality Improvement Plan to assess appropriateness of care provided by mid-level practitioners.
4. Take appropriate action based on findings to promote quality patient care.
5. Be available by phone, and provide direction or other medical support for consultative services to the registered nurse or mid-level practitioner during hours of operation.
6. Is available on a regular basis to assess patients beyond the registered nurse or mid-level practitioner's scope of practice or who show a failure to progress.
7. The Physician works closely with the Department Director to maintain standards of care and strategize on program growth and development.
8. Assist area employers to understand and meet state and federal regulations regarding medical compliance.
9. Actively participate in continuing education regarding Occupational Health.
10. The Physician shall meet with the registered nurse and mid-level practitioners on a scheduled monthly basis, or more frequently if necessary, for chart review following an established agenda.
11. Function as the Medical Review Officer for the Drug Free Workplace Program for Tahoe Forest Hospital District and contracted employers.
12. Maintain Certification as Medical Review Officer.
13. Complete all required documentation for drug testing results.
14. Provide recommendations to Hospital administration regarding the Department's operating budget, equipment, planning and marketing.

15. Submit a monthly invoice detailing services rendered under this Agreement, e.g., attendance at meetings, chart review, etc.
16. Patient consultation as outlined by policy.

**EXHIBIT B**  
**TAHOE FOREST HOSPITAL DISTRICT**  
**MEDICAL DIRECTOR – OCCUPATIONAL HEALTH CLINIC**  
**PROFESSIONAL FEES SCHEDULE**

The Schedule of Fees set forth below shall represent Physician’s complete compensation for professional services rendered under this Agreement. Any changes to said schedule shall be agreed upon in writing by both parties and shall be in substantial accordance with fees for comparable services in the general service area of the facility.

Professional Fee Schedule

\$100 per hour, not to exceed 16 hours per month

\$10.00 per drug test reviewed

Does not include attendance at CME training

Medical Review Officer (MRO), per established guidelines





### CONTRACT ROUTING FORM

Email Completed Form to Executive Assistant ([pbarrett@tfhd.com](mailto:pbarrett@tfhd.com)) for Processing and Compliance Review

|   |  |
|---|--|
| <b>NEW CONTRACT</b> <input type="checkbox"/> <b>AMENDMENT</b> <input type="checkbox"/> <b>RENEWAL</b> <input checked="" type="checkbox"/> <b>EXTENSION</b> <input type="checkbox"/> <b>BAA</b> <input type="checkbox"/>   |  |
| <b>ORIGINATING DEPARTMENT:</b><br>Infection Control   | <b>CONTACT PERSON:</b> Chris Spencer<br><b>PHONE:</b> 530-582-8233   |
| <b>RESPONSIBLE ADMINISTRATIVE COUNCIL (AC):</b> CEO <input type="checkbox"/> CFO <input type="checkbox"/> COO <input checked="" type="checkbox"/> CNO <input type="checkbox"/> CIO <input type="checkbox"/> IVCH <input type="checkbox"/>   |  |
| <b>REQUIRES BOARD GOVERNANCE COMMITTEE REVIEW?</b> NO <input type="checkbox"/> YES <input checked="" type="checkbox"/> <b>MEETING DATE:</b> October 16, 2014                    COMMITTEE RECOMMENDS: Approval  |  |
| <b>TYPE OF CONTRACT:</b>  |  |
| Physician Professional Service Agreement (P-PSA) <input type="checkbox"/> Type: _____<br>Physician Medical Director Agreement (MDA) <input checked="" type="checkbox"/> Type: Infection control medical director<br>Vendor Professional Service Agreement (V-PSA) <input type="checkbox"/> Type: _____<br>Other _____ <input type="checkbox"/> Type: _____  |  |
| ❖ <b>Business Associated Agreement Required?</b> YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>  |  |
| <b>CONTRACTOR/VENDOR DETAILS:</b> <i>If needed, additional instructions and information may be provided on Page 2</i>   |  |
| <b>LEGAL NAME OF CONTRACTOR/ VENDOR:</b> Sierra Multi Specialty Medical Group   |  |
| <b>Purpose of the Contract/Alternatives:</b><br>Medical Directorship of the Infection Control Department as required by Title 22 and HFAP   |  |
| <b>Scope of the Contract:</b><br>Dr. Timothy Lombard shall serve on behalf of SMSMG as the Health System's Infection Control Medical Director and shall assist the Health System to ensure the quality and utilization of services in accordance with its quality management program. Attends regular education specific to this duty. works closely with health system infection preventionists to ensure system wide engagement and deployment. Represents infection control function to medical staff and community. |  |
| <b>DATES OF CONTRACT:</b>   | <b>EFFECTIVE DATE:</b> November 1, 2014 <b>END DATE:</b> October 31, 2015                                      |
| <b>Version History:</b>   | Original Effective date: November 1, 2010<br>Renewal Dates: 11/1/11; 11/1/12; 11/1/13<br>Amendment Dates: none |
| <b>PHYSICIAN CONTRACTS: FOR STARK LAW COMPLIANCE, THE TERMS OF THIS CONTRACT CANNOT CHANGE FOR 1 YEAR</b>   |  |
| <b>Compensation Structure:</b> <i>Include "other comp" (i.e. education, phone stipend, etc.)</i><br>\$100/ hr not to exceed 6 hours per month in aggregate per year. reimbursement for annual training within California as required by law for to serve as the Infection Control Medical Director. Tuition not to exceed \$750. Health System will also reimburse for travel and lodging.  |  |
| <b>Contract Term:</b> <i>(anything other than Net 30 requires AC approval)</i>  |  |
| <b>Total Cost of Contract:</b>  | \$7200   |
| <b>Compensation Audit Process:</b>  | See Policies AGOV-10 and ABD-21  |
| <b>Is Cost of Contract Budgeted?</b>  | YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>  |
| <b>If NOT budgeted or exceeds budgeted amount, identify the offset:</b>   |  |
| <b>TFHS Primary Responsible Party:</b>  | Chris Spencer, Director Infection Control  |
| <b>TFHS Secondary Responsible Party:</b>  | Judy Newland CNO   |

|   |   |
|---|---|
| <b>ORIGINATING DEPARTMENT:</b><br>Infection Control | <b>CONTACT PERSON:</b> Chris Spencer<br>Phone: 530-582-8233 |
|---|---|

|   |
|---|
| <b>LEGAL NAME OF CONTRACTOR/ VENDOR:</b> Sierra Multi Specialty Medical Group |
|---|

| REQUIRED COMPLIANCE INFORMATION   |  |
|---|--|
| <b>Commercially Reasonable Verified</b> Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/> | <i>Compliance Officer Signature:</i><br> |
| <b>Fair Market Value Verified</b> Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>       |  |

| CONTRACTOR INFORMATION                     |  |
|--|--|
| <b>Contractor Representative Name:</b>     | Timothy Lombard M.D.                   |
| <b>Mailing Address:</b>                    | 10978 Donner Pass Rd                   |
| <b>Telephone and Fax Number:</b>           | <b>Phone:</b> 530-587-1212 <b>Fax:</b> |
| <b>Email Address of Contact:</b>           | tlombard@tfhd.com                      |
| <b>Accounts Receivable Representative:</b> |  |

| REQUIRED FINANCIAL INFORMATION   |
|--|
| <b>W-9 and Certificates of Insurance Must Be Submitted with any Contract</b> |

| ADDITIONAL INFORMATION   |
|--|
| <p>Fair Market Value (FMV) &amp; Commercial Reasonableness (CR): At the rate of \$100/hour this contract is below the median FMV benchmark range for services to be performed by this physician. The contract meets CR based on information from the Dept. Director that the number of hours (max 6 per month) and duties to be performed are reasonable and necessary.</p> <p>The original agreement shall automatically renew on each anniversary date for an additional term of one (1) year, unless either party gives thirty (30) days prior written notice of its intent not to renew.</p> |

**Reference:**  
 Policy ABD – 21 Physician and Professional Service Agreements  
 Policy AGOV – 10 Contract Review Policy  
 Policy AFIN – 03 Accounts Payable Policy

*W-9s are required for any contract on which we are making payments.  
 Certificates of Insurance are required for any contract in which any service is being provided.*

| THIS SECTION FOR CONTRACTS COORDINATOR USE ONLY:        |  |   |  |
|---|--|---|--|
| <b>W-9 Received?</b>                                    | Yes: <input type="checkbox"/> No: <input type="checkbox"/> | <b>Certificate of Insurance Received?</b>   | Yes: <input type="checkbox"/> No: <input type="checkbox"/> |
| <b>New Vendor information Sent to Accounts Payable?</b> | Yes: <input type="checkbox"/> No: <input type="checkbox"/> | <i>Email a copy of Section D (page 2) of the completed Routing Form to A/P. This is required for A/P to process their payments.</i> |  |

|   |  |   |
|---|--|---|
| <b>Contracts Review:</b><br>_____<br>Date                      Initials | <b>BOARD ACTION:</b><br>Out for TFHD Signature:                      Date: _____<br>Out for Vendor Signature:                      Date: _____<br>Uploaded to Contracts System:                      Date: _____ | <b>MEETING DATE:</b><br>Receive Date: _____<br>Receive Date: _____<br>Trigger dates set: YES <input type="checkbox"/> NO <input type="checkbox"/> |
|   |  |   |

**TAHOE FOREST HEALTH SYSTEM  
INFECTION CONTROL MEDICAL DIRECTOR**

This Agreement is made and entered into on this **1st day of November, 2014** by and between Tahoe Forest Health System, a public entity Hospital District duly organized and existing under the California Local Health Care District Law with its principal place of business in Truckee, California (hereinafter referred to as "DISTRICT"), and **Sierra Multi-Specialty Medical Group, Inc. (hereinafter referred to as "SMSMG")**.

**RECITALS**

WHEREAS, DISTRICT operates the Tahoe Forest Hospital (hereinafter referred to as "HOSPITAL"), a multi-specialty facility serving the North Lake Tahoe region with inpatient, outpatient and in-home care services ("Health System"); and

WHEREAS, SMSMG is a corporation of which Timothy Lombard, MD is a member who is licensed to practice medicine in California, and SMSMG designates him as its representative for performing the duties under this Agreement; and

WHEREAS, DISTRICT and SMSMG desire to provide a full statement of their respective rights, obligations and duties in connection with infection prevention and control at the Health System,

Now, therefore, the parties agree as follows:

**I. SMSMG'S QUALIFICATIONS.**

SMSMG and its physician members including Dr. Timothy Lombard shall at all times while performing hereunder maintain an unlimited license to practice medicine in the State of California; maintain Active Staff privileges on the HOSPITAL's Medical Staff; and be granted and maintain the clinical privileges deemed necessary by the Medical Staff to perform his/her duties in the Health System. SMSMG shall perform duties in a timely manner and in accordance with the DISTRICT's policies and the Hospital's Medical Staff Bylaws, Rules and Regulations. In addition, physician members of SMSMG shall comply with the laws of the State of California, the standards of the Healthcare Facilities Accreditation Program (HFAP), the ethics of the American Medical Association, and all other applicable provisions of law.

**II. SMSMG'S RESPONSIBILITIES.**

During the term of the Agreement, the parties agree that Dr. Timothy Lombard shall serve on behalf of SMSMG as the Health System's Infection Control Medical Director and shall assist the Health System to ensure the quality and utilization of services in accordance with its quality management program. SMSMG shall perform the duties and obligations set forth in **Exhibit A**, attached hereto and hereby incorporated by reference.

### III. DISTRICT'S OBLIGATIONS.

A. Operations. DISTRICT shall provide and maintain all customary and necessary equipment, supplies, maintenance, utilities and personnel. The selection, deletion and purchasing of additional replacement equipment, and the selection, removal and retention of personnel shall be the exclusive function of DISTRICT after consultation with SMSMG when reasonably possible. DISTRICT shall provide services to clients according to the Health System policies. DISTRICT retains professional and administrative responsibility for the services rendered.

B. Orientation and Materials. The Health System's Infection Control Practitioner will provide SMSMG with an orientation to the infection control and prevention program. Additional materials will be provided, as needed, throughout the term of this Agreement. The Infection Control Practitioner will be accessible to SMSMG and will facilitate coordination and continuity of services to clients. DISTRICT will provide SMSMG with a copy of the rules, regulations and standards that apply to the Health System. DISTRICT will also provide SMSMG with any changes to these rules, regulations and standards and allow the SMSMG at least thirty (30) days to meet these changes

### IV. COMPENSATION.

DISTRICT shall pay SMSMG in accordance with **Exhibit B**.

### V. TERM AND TERMINATION.

A. Term. This Agreement shall be effective as of the date first written above, and shall continue for a period of one (1) year. **The Agreement shall automatically renew** on each anniversary date for an additional term of one (1) year, unless either party gives thirty (30) days prior written notice of its intent not to renew. The Agreement may be terminated with or without cause by either party upon provision of thirty (30) days written notice to the other party.

B. Termination. This Agreement may be terminated:

1. immediately by DISTRICT in its sole discretion if SMSMG fails to maintain the professional standards described in this Agreement and Exhibit A;
2. immediately by DISTRICT upon any failure by SMSMG to perform the duties listed in Exhibit A and in this Agreement for a period greater than five (5) consecutive days, or thirty (30) days in the aggregate, during the term hereof; provided however, that periods when SMSMG is not available shall not be counted towards the above so long as a designee, approved by DISTRICT, is in place and available to provide substitute services or if SMSMG's absence is approved by DISTRICT;

4. immediately by DISTRICT at any time following the commencement of an investigation of SMSMG or the billings or billing practices of SMSMG by any governmental agency or authority, or agent thereof, which DISTRICT in good faith believes may reasonably be expected to result in adverse criminal or civil action and which may harm the reputation and/or public image of DISTRICT. SMSMG shall cooperate fully with representatives of DISTRICT as required to allow DISTRICT access to information necessary to make its good faith determination hereunder;
5. immediately by DISTRICT, upon revocation, limitation or suspension of SMSMG's license to practice medicine, or the placing of SMSMG on probation for any reason, by the Medical Board of California or any other agency having jurisdiction over the licensing of the physician and surgeon members of SMSMG;
6. immediately by DISTRICT if SMSMG engages in conduct which discredits the DISTRICT, including but not limited to, insubordination, abuse of intoxicating substances or illegal drugs, unprofessional actions or willful, deliberate and repeated failure to comply with the DISTRICT's policies and procedures or with written work direction provided by the DISTRICT; or
7. immediately by DISTRICT upon discovery that SMSMG has failed to provide DISTRICT with a written notice as required under in this Agreement.

C. SMSMG's Duty to Provide Notice. SMSMG shall provide DISTRICT with immediate written notice of any event which results in, or which may with the passage of time, result in a condition or occurrence described in Article V, Section B with respect to SMSMG

## VI. INSURANCE.

A. DISTRICT represents that Dr. Timothy Lombard, as the designated representative of SMSMG for the performance of obligations under this Agreement, shall be covered under DISTRICT's comprehensive general liability insurance while performing supervisory, evaluation, instructional or other medico-administration duties as Infection Control Medical Director; provided, that such coverage shall not include any direct patient care activities. SMSMG shall maintain at all times and at its sole cost and expense professional liability insurance with a company or companies qualified to conduct insurance business in the State of California and approved by DISTRICT, in the minimum amounts of \$1,000,000 per occurrence, \$3,000,000 in the aggregate. Said insurance shall provide that the DISTRICT shall receive not less than thirty (30) days written notice of cancellation or reduction in coverage. SMSMG shall provide to DISTRICT appropriate Certificates of Insurance or other satisfactory evidence of required coverage. If SMSMG obtains insurance written on an "occurrence"

basis, then following the termination of this Agreement SMSMG shall maintain such coverage for ten (10) years or purchase "tail" coverage.

B. If SMSMG fails to obtain or maintain insurance required hereunder, DISTRICT may, at its option, procure and/or renew such insurance at the expense of SMSMG. If DISTRICT does so procure and/or renew such insurance, SMSMG shall reimburse DISTRICT for the cost thereof within thirty (30) days after written notice of such action is given by DISTRICT to SMSMG. DISTRICT may withhold such costs from any amounts due SMSMG hereunder.

## VII. NOTICE.

Any notice required or permitted under this Agreement shall be in writing and shall be deemed given at the time it is deposited in the United States Mail, postage pre-paid, certified or registered mail, return receipt requested, addressed to the party at its address as follows:

If to DISTRICT:

Tahoe Forest Hospital District  
Attn: Chief Executive Officer  
P.O. Box 759  
Truckee, California 96160

If to SMSMG:

Dr. Timothy Lombard  
10978 Donner Pass Road  
Truckee, CA 96161

## VIII. GENERAL PROVISIONS.

### A. Independent Contractor.

1. Status. All services of SMSMG (and of SMSMG's agent Dr. Timothy Lombard) under this Agreement are provided as those of an independent contractor engaged in the practice of medicine, and not as agent or employee of the DISTRICT. Similarly, the DISTRICT is neither an agent nor an employee of SMSMG for any purpose. The sole interest and responsibility of DISTRICT is that of the result and not the manner in which the services are provided. All services provided by SMSMG under this Agreement shall be performed in a competent, efficient, and satisfactory manner.

2. No Benefits. SMSMG shall have no claim against DISTRICT under this Agreement or otherwise against DISTRICT for social security benefits, workers' compensation benefits, disability benefits, unemployment benefits, vacation pay, sick leave, or any other employee benefit of any kind.

3. Income Tax and Other Withholding and Reporting. SMSMG shall ensure that proper withholdings are made from the compensation of SMSMG for federal income taxes, Social Security, Medicare taxes and other withholdings which may be required by law. SMSMG shall indemnify DISTRICT and hold it harmless from SMSMG's failure to ensure such compliance.

B. Compliance with Laws, Amendment, Termination. This Agreement has been drafted to comply with all applicable law and regulation, including but not limited to the federal "Stark" laws and regulations. Should either party become aware by reason of action or pronouncement of any governmental authorities, or the interpretation or reinterpretation of any law, rules, regulation or other authority, or the decision of any court or agency of government, or otherwise, that this Agreement may not comply with any applicable law; then such party shall immediately notify the other. Upon such notice, DISTRICT shall retain legal counsel to determine whether this Agreement complies with law. If counsel determines that the Agreement does not comply with law, then counsel shall advise the parties of any amendments required to comply with law, if possible. The parties agree to take any and all reasonable actions to amend the Agreement as indicated by counsel. If counsel advises that no amendment is possible to reasonably ensure compliance or avoid jeopardy, or if SMSMG does not promptly agree to the amendment proposed, then the obligations of the parties hereunder shall be suspended, or this Agreement shall be terminated, as directed by said counsel.

C. Immigration Reform and Control Act of 1986. SMSMG shall be responsible for establishing both the identity of any employee hired by SMSMG to provide services hereunder and said employee's authorization to work, and further, SMSMG shall maintain a written record of the Employment Eligibility Verification pursuant to provisions of the Immigration Reform and Control Act of 1986. SMSMG hereby acknowledges that compliance with the said Act is his sole responsibility, and shall defend, indemnify and hold the District harmless from and against any claims, demands, fines or penalties imposed by governmental agencies as a result of SMSMG's failure to comply with the provisions of the Immigration Reform and Control Act of 1986.

D. No Medicare Actions.

1. SMSMG warrants and represents that to the best of his knowledge, information and belief, there are no past or pending investigations, legal actions, or matters subject to arbitration involving SMSMG or any key management, executive staff, or any major shareholders (5% or more) of SMSMG on matters relating to payments from governmental entities, both federal and state, for healthcare and/or prescription drug services.

2. SMSMG warrants and represents that SMSMG has not been criminally convicted nor has a civil judgment been entered against it for fraudulent activities nor is it sanctioned under any Federal

program involving the provision of health care or prescription drug services.

3. SMSMG warrants and represents that SMSMG has not been excluded from any federal and/or state health care payment program by action of the Office of Inspector General of the Department of Health and Human Services or by any equivalent or coordinating federal or state governmental agencies.

4. SMSMG is obligated to notify DISTRICT immediately if any change in circumstances occurring after the Effective Date of this Agreement which would require SMSMG or its key management, executive staff, or any major shareholders (5% or more) to then respond affirmatively to any of the questions posed in subsections 1 through 3 above.

E. Prohibition Of Private Practice. The DISTRICT's premises shall not be used by SMSMG to conduct the practice of medicine for private patients.

F. Coordination With Medical Staff Membership. Termination of this Agreement will cause SMSMG to lose the right to provide the Services delineated under this Agreement without the need for any further action, but will not affect SMSMG's Medical Staff membership and privileges.

G. Confidentiality. SMSMG acknowledges that, as a result of SMSMG's engagement pursuant to this Agreement, SMSMG will receive proprietary data and confidential information regarding the practices of DISTRICT related to the services contemplated in this Agreement that is not generally known and is of considerable importance to DISTRICT. Such data and information includes, without limitation, costs, profits, patient names, and any other confidential data or information whether or not of a similar nature (the "Information"). SMSMG acknowledges that his/her relationship to the DISTRICT with respect to the Information is fiduciary in nature, and SMSMG shall not make use of the Information except in the course of his/her engagement hereunder. SMSMG shall maintain the Information in confidence and shall not disclose to any person not employed by the DISTRICT any of the Information at any time either during or after SMSMG's engagement under this Agreement, or use the Information except in connection with SMSMG's engagement.

H. Access to Records. SMSMG agrees in connection with Medicare reimbursement for services rendered pursuant to this Agreement to allow the Secretary of the United States Department of Health and Human Services, the Comptroller General of the United States or the authorized representative of either, at all reasonable times and for a period of four (4) years after receipt of payments pursuant to this Agreement, access to SMSMG's books, documents, and records relating to payments made pursuant to the terms of this Agreement. Such provisions for access to records shall also be included with respect to SMSMG's subcontracts, if any, to the extent required by applicable law or regulation.



I. Non-Discrimination. SMSMG shall accept all patients without discrimination on the basis of medical condition, race, creed, color, national origin, age or sex and without regard to ability to pay. As a recipient of federal financial assistance, DISTRICT (TFH and IVCH) does not exclude/deny benefits to or otherwise discriminate against any person on the grounds of race, color, national origin, sex, sexual orientation or religion, or on the basis of disability or age in admission to, participation in or receipt of the services and benefits of any of its programs and activities or in the employment therein, whether carried out by DISTRICT directly or through a contractor or any other entity with whom DISTRICT arranges to carry out its programs and activities. This statement is in accordance with the provision of the Title VI of the Civil Rights Act of 1965, Section 504 of the Rehabilitation Act of 1973, the Age Discrimination Act of 1975, American with Disabilities Act (ADA) of 1990, the regulations of the United States Department of Health and Human Services issued pursuant to the Acts, Title 45 Code Of Federal Regulation, Part 80, 84 and 91, and the California Fair Employment and Housing Act. Other federal and state laws and regulations provide similar protection against discrimination on grounds of sex and creed.

J. No Patient Referral Requirement. Nothing in this Agreement shall require SMSMG or its agent Dr. Timothy Lombard to refer any patient to DISTRICT, Hospital or Health System.

K. Amendments. This Agreement contains the entire understanding between the parties hereto and supersedes any and all prior agreement, undertakings and arrangements between the parties relating to the subject matter hereof. No amendment, change, modification or alteration of the terms and conditions hereof shall be binding unless evidenced by a written agreement signed by all parties hereto.

L. Captions. The captions or paragraphs and subparagraphs of this Agreement are for reference only and not be construed in any way as part of this Agreement.

M. Assignment. SMSMG shall not assign or otherwise transfer this Agreement, or any interest therein, without the prior written consent of the DISTRICT.

N. Attorney's Fees: In the event of any legal proceeding, including but not limited to mediation and arbitration, by either party to enforce or defend its rights under this Agreement, the prevailing party, in addition to all other relief awarded by the mediator, arbitrator or the court, shall be entitled to reasonable attorney's fees.

O. Disputes: Should any dispute arise between SMSMG and DISTRICT concerning the terms of this Agreement, SMSMG and DISTRICT shall meet and attempt to amicably resolve the dispute ("Informal Resolution"). Such meeting shall be held no later than ten (10) days after one party receives written notice from the other stating the existence of the dispute, describing the nature of the same, and presenting proposed resolution to the dispute. This Agreement shall

remain in effect during the pendency of the resolution of any dispute, unless it expires or is terminated pursuant to Paragraph VI (Term and Termination). If attempts at Informal Resolution are unsuccessful, a dispute shall be handled as follows:

1. Professional Component of Medical Care. A dispute related to the quality of the professional component of medical care shall be handled in accordance with the Medical Staff Bylaws and Medical Staff policies and procedures or as the parties may otherwise mutually agree.
2. Other Disputes. In the event of disagreement or dispute between the parties arising out of or connected with this Agreement which cannot be adjusted by and between the parties involved, the disputed matter shall be resolved as follows:
  - i. *Mediation.* The parties waive their rights under the laws of the State of California and the Constitution of the United States to file a court action in connection with any dispute or claim arising out of this contract or any resulting transaction. The parties further agree to mediate any dispute or claim arising between them out of this contract or any resulting transaction before resorting to arbitration. Mediation fees, if any, shall be divided equally among the parties involved. If any party commences an arbitration or court action based on a dispute or claim to which this paragraph applies without first attempting to resolve the matter through mediation, then that party shall not be entitled to recover attorney's fees, event if they would otherwise be available to that party in any such arbitration or court action.
  - ii. *Arbitration.* The Parties agree that any dispute or claim in law or equity arising between them out of this Agreement or any resulting transaction, which is not settled through mediation, shall be decided by neutral, binding arbitration and not by court action. The arbitration shall be conducted by a retired judge or justice, unless the parties mutually agree to a different arbitrator, who shall render an award in accordance with substantive California law. In all other respects, the arbitration shall be conducted in accordance with Part III, Title 9 of the California Code of Civil Procedure. Judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction. The parties shall have the right to

discovery in accordance with Code of Civil Procedure §1283.05.

The parties agree and acknowledge that while the legality, timeliness, correctness or appropriateness of a notice of termination of this Agreement may be the subject of an arbitration, no notice of termination delivered hereunder may be stayed or voided by either the commencement of an arbitration or an order of the arbitrators. Rather, the parties intend that any such notice shall be unhindered and effective, and that the sole remedy of the aggrieved party in arbitration or a court proceeding shall be an action for damages.

***Notice: By initialing in the space below you are agreeing to have any dispute arising out of the "Dispute" provision decided by neutral arbitration as provided by California law and you are giving up any rights you might possess to have the dispute litigated in a court or jury trial. By initialing in the space below you are giving up your judicial rights to discovery and appeal, unless such rights are specifically included in the "Dispute" provision. If you refuse to submit to arbitration after agreeing to this provision, you may be compelled to arbitrate under the authority of the California Code of Civil Procedure. Your agreement to this arbitration provision is voluntary.***

***By initialing below, the DISTRICT and SMSMG indicate that they have read and understood the foregoing and hereby agree to submit disputes arising out of the matters included in the "Dispute" provision to neutral arbitration, with a single arbitrator.***

Initialed by the DISTRICT: \_\_\_\_\_ Initialed by SMSMG: \_\_\_\_\_

P. Indemnification:

1. SMSMG hereby indemnifies and holds DISTRICT, its officers, agents, and employees harmless from and against any and all liability, losses, damages, claims, causes of action, costs or other expenses (including reasonable attorney's fees), which directly or indirectly arise out of the performance of duties hereunder by SMSMG; except which arise as a result of the sole negligence of the DISTRICT or the Agency.
2. DISTRICT hereby indemnifies and holds SMSMG harmless from and against any and all liability, losses, damages, claims, causes of action, costs or expenses (including reasonable attorney's fees) which directly or indirectly arise out of the performance hereunder by the DISTRICT and its employees; except which arise as a result of the sole negligence of SMSMG.

Q. Governing Laws. This Agreement shall be construed under the laws of the State of California with venue in the County of Nevada.

R. Interpretation. No provision of this Agreement shall be interpreted for or against any party because that party or that party's legal representative drafted the provision.

S. Waiver. The failure of DISTRICT to exercise or enforce any right conferred upon it hereunder shall not be deemed to be a waiver of any such right nor operate to bar the exercise or performance thereof at any time or times thereafter; nor shall a waiver of any rights hereunder at any given time be deemed an ongoing waiver or a waiver thereof for any other time.

T. Illegality. If any provision of 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 and effect without being impaired or invalidated in any way.

U. Force Majeure. No party to this Agreement shall be liable for failure to perform any duty or obligation that said party may have under this Agreement when such failure has been occasioned by an act of God, fire, strike, inevitable accident, war or any cause outside the reasonable control of the party who had the duty to perform.

V. Contract Binds Successors. This Agreement shall be binding upon successors or assigns of the DISTRICT, and upon the successors or assigns of SMSMG which have been approved in writing by the DISTRICT.

W. Entire Agreement/ Facsimiles/ Electronic Signatures. This Agreement contains the entire Agreement of the parties hereto and supersedes all prior agreements, representations and understandings, whether written or otherwise, between the parties relating to the subject matter hereof. This Agreement shall not be amended except in writing and by mutual consent of DISTRICT and SMSMG. Signatures submitted via facsimile or electronic means shall be deemed original signatures of the parties and are valid and binding upon the parties. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument.

X. HIPAA Privacy Rule Compliance.

1. SMSMG and DISTRICT each agree to comply with the applicable provisions of the Administrative Simplification section of the Health Insurance Portability and Accountability Act of 1996, as codified at 42 U.S.C. § 1320d through d-8 ("HIPAA"), and the requirements of any regulations promulgated thereunder, including, without limitation, the federal privacy regulations as contained in 45 CFR Parts 160 and 164 (the "Federal Privacy Regulations") and the federal security standards as contained in 45 CFR Part 164 (the

“Federal Security Regulations”). SMSMG and DISTRICT each agree not to use or further disclose any protected health information, as defined in 42 U.S.C. § 1320d and 45 CFR § 164.501 (collectively, the “Protected Health Information”), concerning a patient other than as permitted or required by this Agreement or otherwise authorized under HIPAA.

2. As permitted under HIPAA, the parties hereby agree, that by virtue of this Agreement, they are an “organized health care arrangement” for purposes of meeting the Federal Privacy Regulations and the authorized use and disclosure of Protected Health Information thereunder. Further, DISTRICT will include SMSMG, either specifically or by general reference, in its required notice of privacy practices for the purpose of allowing both parties to meet the notice requirements under the Federal Privacy Regulations and SMSMG agrees to follow the privacy practices adopted by the DISTRICT as detailed in its notice of privacy practices.

3. The parties agree that if there is a determination by any responsible authority that SMSMG is to be considered a “business associate” of DISTRICT, or guidance published or a statement made by the OCR to that effect, SMSMG will execute a business associate agreement in form and content sufficient to satisfy the requirements of the Federal Privacy and Security Regulations.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered as of the date first above written.

**DISTRICT:**

Tahoe Forest Hospital,  
a Public entity

**SMSMG:**

Timothy Lombard, M.D.

\_\_\_\_\_  
By: Robert Schapper  
Chief Executive Officer

\_\_\_\_\_  
Timothy Lombard, M.D.

\_\_\_\_\_  
Date Signed

\_\_\_\_\_  
Date Signed

## EXHIBIT A

### TAHOE FOREST HEALTH SYSTEM INFECTION CONTROL MEDICAL DIRECTOR

#### Scope of Responsibilities

1. Comply with Section 1288.95(a) of Ca. Health and Safety Code (Senate Bill 158) requirement by completing an approved course covering infection surveillance, prevention and control for SMSMGs designated as hospital epidemiologist or infection surveillance, prevention and control committee chairperson.
2. Serve as an advisor to the Infection Control Practitioners in the development of ongoing continuing education to ensure competency with current practice standards.
3. Serve as the Infection Control Committee Chairperson.
4. Collaborate with the Infection Control Practitioners in the development and implementation of evidence based practice into system wide policy.
5. Liaison with Medical Staff to ensure compliance with evidence based best practice for infection prevention.
6. Support Infection Control Practitioners in their role to ensure system wide compliance with local, state and federal regulations and evidence based practice.
7. Supports the Employee Health Practitioner as it related to infection prevention.
8. Provides presentations to Health System Medical Staff and at community forums as mutually agreed upon.
9. Submits a monthly invoice in a format acceptable to DISTRICT, detailing services rendered under this Agreement.

## EXHIBIT B

### TAHOE FOREST HEALTH SYSTEM INFECTION CONTROL MEDICAL DIRECTOR COMPENSATION

DISTRICT shall pay SMSMG the sum of One Hundred Dollars (\$100.00) per hour not to exceed six (6) hours per month for attendance at Infection Control Committee meetings, policy development and review with the Infection Control Practitioner, electronic communication with the Medical Staff, presentations at Medical Staff meetings and for performance of other duties as outlined on Exhibit A of the Agreement to which this Exhibit is incorporated by reference. This does not include attendance at CME training.

DISTRICT shall also provide tuition for an annual continuing medical education (CME) conference in California, tuition not to exceed \$750. District agrees to reimburse SMSMG for reasonable travel, meals and lodging associated with such continuing medical education.

**CONTRACT ROUTING FORM**

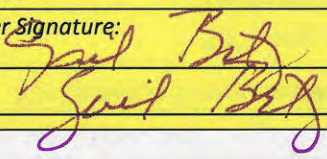
Email Completed Form to Executive Assistant ([pbarrett@tfhd.com](mailto:pbarrett@tfhd.com)) for Processing and Compliance Review

|  |   |
|--|---|
| <b>NEW CONTRACT</b> <input checked="" type="checkbox"/> <b>AMENDMENT</b> <input type="checkbox"/> <b>RENEWAL</b> <input type="checkbox"/> <b>EXTENSION</b> <input type="checkbox"/> <b>BAA</b> <input type="checkbox"/>  |   |
| <b>ORIGINATING DEPARTMENT:</b><br>Medical Staff Services   | <b>CONTACT PERSON:</b> Terri Schnieder<br><b>PHONE:</b> 582-6640  |
| <b>RESPONSIBLE ADMINISTRATIVE COUNCIL (AC):</b> CEO <input checked="" type="checkbox"/> CFO <input type="checkbox"/> COO <input type="checkbox"/> CNO <input type="checkbox"/> CIO <input type="checkbox"/> IVCH <input type="checkbox"/>  |   |
| <b>REQUIRES BOARD GOVERNANCE COMMITTEE REVIEW?</b> NO <input type="checkbox"/> YES <input checked="" type="checkbox"/> <b>MEETING DATE:</b> October 16, 2014                    COMMITTEE RECOMMENDS: Approval   |   |
| <b>TYPE OF CONTRACT:</b>   |   |
| Physician Professional Service Agreement (P-PSA) <input type="checkbox"/>  | Type: _____   |
| Physician Medical Director Agreement (MDA) <input checked="" type="checkbox"/>   | Type: UC Davis Rural PRIME Pediatric Clerkship Director   |
| Vendor Professional Service Agreement (V-PSA) <input type="checkbox"/>   | Type: _____   |
| Other _____ <input type="checkbox"/>   | Type: _____   |
| ❖ <b>Business Associated Agreement Required?</b> YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>   |   |
| <b>CONTRACTOR/VENDOR DETAILS:</b> <i>If needed, additional instructions and information may be provided on Page 2</i>  |   |
| <b>LEGAL NAME OF CONTRACTOR/ VENDOR:</b> Oleg Vayner, M.D.   |   |
| <b>Purpose of the Contract/Alternatives:</b>   |   |
| In 2009, the District entered into a "Rural PRIME affiliation agreement" with the Regents of the University of California, Davis Medical Center and School of Medicine under which District's facilities shall operate as one of several sites for the training of medical students in a rural clerkship program. Among the requirements for designation as a Rural PRIME Site, District is required to provide a Clerkship Director to perform certain responsibilities in connection with its designation as a Rural PRIME Site. |   |
| <b>Scope of the Contract:</b>  |   |
| New Contractor/Vendor for existing service. Since inception, Dr. Deborah Brown previously fulfilled this role.   |   |
| Pediatric Clerkship Director shall be responsible for all of the following at the District's PRIME Site:   |   |
| 1. Day-to-day operation of the Rural-PRIME Pediatric Program, in a manner that complies with the requirements of the Affiliation Agreement; policies and procedures of UCD relating to the Program or the PRIME Site; and applicable policies and procedures of District.  |   |
| 2. Under the overall direction of the TFHD Medical Education Committee and Rural-PRIME Medical Director, coordinating the activities and programs of individual students in the Program with the UCD educational administrator for the Rural-PRIME Program, or such other person designated by UCD with responsibility for overall administration and coordination at each PRIME Site location.  |   |
| (Additional duties are listed on page 2-3 of the contract.)  |   |
| <b>DATES OF CONTRACT:</b>  | <b>EFFECTIVE DATE:</b> 11/1/14 <b>END DATE:</b> 10/31/15  |
| <b>Version History:</b>  | Original Effective date: 11/1/14<br>Renewal Dates: it will auto-renew for not more than 2 successive one-year periods, ending 10/31/17.<br>Amendment Dates: |
| <b>PHYSICIAN CONTRACTS: FOR STARK LAW COMPLIANCE, THE TERMS OF THIS CONTRACT CANNOT CHANGE FOR 1 YEAR</b>  |   |
| <b>Compensation Structure:</b> <i>Include "other comp" (i.e. education, phone stipend, etc.)</i>   |   |
| \$100.00 per hour with maximum compensation of 6 hours per month   |   |
| <b>Contract Term:</b> <i>(anything other than Net 30 requires AC approval)</i>   |   |
| <b>Total Cost of Contract:</b>   | maximum \$7,200 per year  |
| <b>Compensation Audit Process:</b>   | See Policies AGOV-10 and ABD-21   |
| <b>Is Cost of Contract Budgeted?</b>   | YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>   |
| <b>If NOT budgeted or exceeds budgeted amount, identify the offset:</b>  |   |
| <b>TFHS Primary Responsible Party:</b>   | Terri Schnieder, CPMSM, Director of Medical Staff Services  |
| <b>TFHS Secondary Responsible Party:</b>   | Robin Ward, CME Coordinator   |



|  |   |
|--|---|
| <b>ORIGINATING DEPARTMENT:</b><br>Medical Staff Services | <b>CONTACT PERSON:</b> Terri Schnieder<br>Phone: 582-6640 |
|--|---|

|  |
|--|
| <b>LEGAL NAME OF CONTRACTOR/ VENDOR:</b> Oleg Vayner, M.D. |
|--|

| REQUIRED COMPLIANCE INFORMATION   |  |
|---|--|
| <b>Commercially Reasonable Verified</b> Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/> | <i>Compliance Officer Signature:</i><br> |
| <b>Fair Market Value Verified</b> Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>       |  |

| CONTRACTOR INFORMATION                     |   |
|--|---|
| <b>Contractor Representative Name:</b>     | Oleg Vayner, M.D.                                   |
| <b>Mailing Address:</b>                    | 10956 Donner Pass Road                              |
| <b>Telephone and Fax Number:</b>           | <b>Phone:</b> 530-587-3523 <b>Fax:</b> 530-582-6192 |
| <b>Email Address of Contact:</b>           | ovayner@tfhd.com                                    |
| <b>Accounts Receivable Representative:</b> | none  |

| REQUIRED FINANCIAL INFORMATION   |
|--|
| <b>W-9 and Certificates of Insurance Must Be Submitted with any Contract</b> |

**ADDITIONAL INFORMATION**

Compliance Officer notes:

1. Dr. Vayner works under contract with the North Tahoe Pediatric Medical Group through which he is paid to provide services at the Multi-Specialty Clinics. This contract will continue.
2. Dr. Vayner has a contract as a Rural Prime Site Preceptor for which he is paid \$75/hour not to exceed 2 hours per day. This role is expected to continue. Per Terri Schneider, the duties for that contract and this one do not overlap. A W-9 and COI should already be on file for this physician; Dr Vayner may need to update his COI to cover these additional duties.
3. Fair Market Value (FMV) & Commercial Reasonableness (CR): At the rate of \$100/hour this contract is below the median FMV benchmark range for services to be performed by this pediatrician. The contract meets CR based on information from the Director of Medical Staff Services that the number of hours (max 6 per month) and duties to be performed are reasonable and necessary.

**Reference:**  
 Policy ABD – 21 Physician and Professional Service Agreements  
 Policy AGOV – 10 Contract Review Policy  
 Policy AFIN – 03 Accounts Payable Policy

*W-9s are required for any contract on which we are making payments.  
 Certificates of Insurance are required for any contract in which any service is being provided.*

| THIS SECTION FOR CONTRACTS COORDINATOR USE ONLY:   |   |
|--|---|
| <b>W-9 Received?</b> Yes: <input type="checkbox"/> No: <input type="checkbox"/>                                    | <b>Certificate of Insurance Received?</b> Yes: <input type="checkbox"/> No: <input type="checkbox"/>                                |
| <b>New Vendor information Sent to Accounts Payable?</b> Yes: <input type="checkbox"/> No: <input type="checkbox"/> | <i>Email a copy of Section D (page 2) of the completed Routing Form to A/P. This is required for A/P to process their payments.</i> |

|                          |          |       |
|--------------------------|----------|-------|
| <b>Contracts Review:</b> | _____    | _____ |
| Date                     | Initials |       |
| <b>CFO Review:</b>       | _____    | _____ |
| Date                     | Initials |       |

|                                     |   |
|-------------------------------------|---|
| <b>BOARD ACTION:</b> _____          | <b>MEETING DATE:</b> _____  |
| Out for TFHD Signature: _____       | Date: _____   |
| Out for Vendor Signature: _____     | Date: _____   |
| Uploaded to Contracts System: _____ | Date: _____   |
| <b>CONTRACT #:</b> _____            | <b>Document Reference:</b> _____  |
| (i.e. 10001)                        | (i.e. #####.C)  |
|                                     | Trigger dates set: YES <input type="checkbox"/> NO <input type="checkbox"/> |

## AGREEMENT FOR RURAL PRIME SITE PEDIATRIC PHYSICIAN

This Agreement for Rural PRIME Site Pediatric Physician (“Agreement”) is entered into effective the **1st day of November, 2014**, between Tahoe Forest District District, a California local health care district (“**District**”) and **Oleg Vayner, M.D.** (“**Physician**”) under the terms and conditions set forth below.

### I BACKGROUND

District has entered into that certain “Rural PRIME affiliation agreement” (“Affiliation Agreement”) with the Regents of the University of California, Davis Medical Center and School of Medicine (“UCD”) under which District’s facilities shall operate as one of several sites for the training of medical students in a rural clerkship program (“Rural-PRIME Program”). The rural facilities at which the program is provided are each known as a “UC Davis PRIME Site” (“PRIME Site”), and the facilities of District are designated as a PRIME Site pursuant to the Affiliation Agreement. Among the requirements for designation as a PRIME Site, District is required to provide a Physician to perform certain responsibilities in connection with its designation as a PRIME Site. In order to fulfill such requirements, Physician and District hereby agree as follows:

II PHYSICIAN QUALIFICATIONS. Physician shall be subject to the initial and ongoing approval of District, and shall have and maintain at all times during the term of this Agreement:

1. An unrestricted license to practice medicine in the State of California.
2. Unrestricted privileges as a member of the active medical staff of Tahoe Forest District.
3. Certification, or eligibility for certification, by the American Board in Physician’s field of practice.
4. Status as a participating provider in, and not subject to any suspension or exclusion from, Medicare and Medi-Cal.
5. Status as a member of the adjunct volunteer clinical faculty of UCD, with currency in all applicable requirements, including, without limitation, the provision of not less than 50 hours of teaching per annum.
6. Demonstrated experience, training, and aptitude acceptable to District in the following areas:
  - (a) Clinical and academic experience, along with skills, willingness and time, sufficient to ensure the effective implementation of the clerkship program requirements;

(b) A commitment and dedication to the education of medical students who have an interest in becoming rural medical practitioners, with the ability to mentor young people and communicate effectively;

(b) Prior experience in teaching undergraduate and/or graduate medical students or nurses;

(c) Personal professional practice as a clinician that reflects the broad scope of patients by age and disability common to rural medical practice;

(d) Community leadership.

III PHYSICIAN RESPONSIBILITIES. As the Rural-PRIME Site Pediatric Clerkship Director, Physician shall be responsible for all of the following at the District's PRIME Site:

1. Day-to-day operation of the Rural-PRIME Pediatrics Program ("Program") in a manner that complies with the requirements of the Affiliation Agreement; policies and procedures of UCD relating to the Program or the PRIME Site; and applicable policies and procedures of District.

2. Under the overall direction of the TFHD Rural-PRIME Medical Director, coordinating the activities and programs of individual students in the Program with the UCD educational administrator for the Rural-PRIME Program, or such other person designated by UCD with responsibility for overall administration and coordination at each PRIME Site location.

3. Consistent with the policies, procedures, and reporting relationships of UCD, responding to and handling complaints regarding abuse, harassment, discrimination, or mistreatment of students participating in the Program.

4. Identify and counsel struggling students and liaise with UCD instructors of record, as appropriate, regarding remediation.

5. Track student involvement in patient cases and achievement of related competencies in core educational areas according to the clerkship logbook.

6. Gather clerkship logbook pages, review them, and send them to the UCD clerkship coordinator.

7. Conduct periodic student feedback sessions and meet with students regularly to review progress.

8. Provide orientation of the Program to other onsite physician preceptors and instructors.

9. Provide orientation of the PRIME Site clinic and District to students.

10. Introduce students to opportunities for community projects and community participation.
11. Provide administrative oversight and coordination with UCD, including:
  - (a) Oversee the completion of Rural-PRIME Program forms by preceptors and ensure the opportunity for student feedback.
  - (b) Develop and implement a process for feedback to UCD incorporating recommendations from the UCD School of Medicine to accomplish consistency among PRIME Sites.
  - (c) Notify UCD Instructor of Record (“IOR”) and Rural PRIME Program director as soon as possible of any significant problem or issue concerning any student.
  - (d) Conduct a conference call not less frequently than monthly with the IOR and Rural-PRIME Program director regarding the overall status of clerkships, including (but not limited to) such matters as grades, problems, and potential Site improvements.
12. Use reasonable best efforts to participate in all of the following:
  - (a) Telemedicine training;
  - (b) UCD training sessions on faculty development; student mistreatment; and Liaison Committee on Medical Education (“LCME”) competencies for the clerkships;
  - (c) Occasional seminars via electronic communication or in person with other rural site Physicians, and training sessions required by UCD to maintain competencies related to participation in the clerkship program. It is understood that travel expenses will not be covered by UCD except as specifically indicated.

### III COMPENSATION

For (his/her/its) services provided herein, **Physician shall be compensated at the rate of One Hundred Dollars (\$100.00) per hour not to exceed six (6) hours per month.** Physician shall maintain accurate and complete time logs recording the number of hours spent on a daily basis in fulfilling (his/her/its) responsibilities under this Agreement and prepare such log in a format acceptable to District. Payment to Physician is specifically conditioned upon Physician’s completion and submission to District of such records. District will specify the form and reasonable timeline for submitting the required records. Physician shall permit District access to (his/her/its) time logs at any time during regular business hours of District for the purpose of auditing the maintenance and accuracy of such contemporaneous records. District shall remit payment due to Physician within ten (10) business days of receiving monthly time logs. In the event of any dispute by District regarding the accuracy of any time recorded, District may withhold payment for any amounts in dispute. District shall notify Physician as soon as possible, but not later than within ten (10) working days of receiving any time logs, of any dispute or

question regarding the accuracy of any time submitted, and District and Clerkship shall meet and confer within ten (10) days thereafter to resolve any dispute or question in good faith.

#### IV TERM AND TERMINATION

This Agreement shall be for a term of one year, commencing November 1, 2014, and ending on October 31, 2015. This Agreement shall automatically renew for not more than two (2) successive one-year periods unless written notice is given to the other party at least sixty (60) days prior to the expiration of the then current term, after which this Agreement shall terminate upon the expiration of such current term. Additionally, this Agreement may be terminated at any time: (a) by either party upon sixty (60) days prior written notice to the other party for any reason or no reason; or (b) by District, in the event Physician fails to meet the requirements stated herein, or in any way jeopardizes the safety of patients. In the event this Agreement is terminated before the end of the initial year, the parties shall not enter into a similar agreement on different financial terms for a period of one year.

#### V INSURANCE AND INDEMNIFICATION

1. **INSURANCE.** Physician shall, at his sole cost and expense, insure his/her/its activities in connection with this Agreement and shall obtain, keep in force and maintain professional liability insurance on a claims made or occurrence basis in a minimum amount of One Million Dollars (\$1,000,000.00) per occurrence and Three Million Dollars (\$3,000,000.00) aggregate. In the event Physician ceases to maintain continuous coverage through the lapse of a “claims made” policy in the above-Stated amounts covering the period of this Agreement, Physician shall purchase appropriate extended reporting “tail” coverage for at least five (5) years following the termination or expiration of this Agreement to fulfill his/her/its insurance obligation hereunder. The requirements of this paragraph shall survive the termination or expiration of this Agreement.

2. **INDEMNIFICATION BY PHYSICIAN.** Physician shall defend, indemnify, and hold harmless District and its officers, employees, agents and affiliated entities from and against all losses, expenses, including attorneys’ fees, damages, and liabilities of any kind incurred by District (collectively, the “**Claims**”) resulting from or arising out of Physician’s performance hereunder, which are caused or claimed to be caused by the negligent or willful acts or omissions of Physician, its officers, employees, agents, subcontractors, or anyone directly or indirectly employed by them, or any other person or persons under Physician’s direction and control; provided however, that Physician shall not have responsibility to indemnify, protect and hold District harmless from and District t any Claim occurring through the negligence of District or Facility or any of District’s employees or agents.

3. **INDEMNIFICATION BY DISTRICT.** District shall defend, indemnify and hold harmless Physician, its officers, employees, agents and affiliated entities from and against all Claims resulting from or arising out of District’s performance hereunder, which are caused or claimed to be caused by the negligent or willful acts or omissions of District, its officers, employees, agents, subcontractors, or anyone directly or indirectly employed by them, or any other person or persons under District’s direction and control; provided however, that District

shall have no responsibility to indemnify, protect and hold Physician harmless from and against any Claim occurring through the negligence of Physician or any of Physician's employees or agents.

## VI INDEPENDENT CONTRACTOR

Physician is an independent contractor with respect to District. Nothing in this Agreement is intended nor shall be construed to create an employer/employee relationship, a joint venture relationship, or a lease or landlord/tenant relationship. District shall not withhold, nor be liable for amounts related to income tax, payroll tax or any other tax of any kind. It is understood that:

1. Physician will not be treated as an employee of District or any of its affiliates for any purpose;
2. District will not withhold or pay on behalf of Physician any sums for income tax, unemployment insurance, social security or any other withholdings pursuant to any law or requirement of any governmental body, and all such payments are solely the responsibility of Physician;
3. In the event the Internal Revenue Service, State of California Franchise Tax board, or any other governmental agency should question or challenge Physician's independent status, the parties hereto mutually agree that District shall have the right to participate in any discussion or negotiation occurring with such agencies, irrespective of whom or by whom such discussions or negotiations are initiated;
4. District has the right to notify patients in any manner deemed appropriate of your Physician's independent contractor status and to disclaim liability for Physician's negligent acts or omissions, to the extent any such are alleged or occur.

## VII CONFIDENTIALITY AND PATIENT RECORDS

1. Confidentiality of Agreement. The terms of this Agreement are confidential and shall not be disclosed, except as necessary to the performance of this Agreement or as required by law. Notwithstanding the foregoing, a party may disclose this Agreement to its lawyers, accountants and other professional advisors. The foregoing obligations and requirements concerning confidentiality of this Agreement shall survive the expiration or other termination of this Agreement.

2. Patient Records. Physician shall maintain and safeguard the confidentiality of all patient records, charts and other related patient information, generated in connection with the duties performed under this Agreement in accordance with all applicable federal and state statutes and related governmental regulations and with all other legal or contractual requirements imposed on District or Physician. Physician shall comply with the applicable provisions of the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), the Health Information Technology for Economic and Clinical Health Act, Public Law 111-005 ("HITECH Act"), and applicable regulations by the U.S. Department of Health and Human Services ("HIPAA

Regulations”), the California Confidentiality of Medical Information Act, and other applicable laws, including without limitation state patient privacy laws, as such laws may be amended from time to time. Physician agrees that Physician will not copy any portion of these records manually, electronically or otherwise, except in the case of medical necessity, or with District’s prior written approval. The foregoing obligations and requirements concerning patient confidentiality shall survive the expiration or other termination of this Agreement.

VIII MISCELLANEOUS

1. Assignment. Neither party shall assign their rights, duties, or obligations under this Agreement, either in whole or in part, without the prior written consent of the other party.

2. Notices. Any notice required or permitted under this Agreement shall be sufficient if in writing and personally delivered, sent by certified or registered mail, return receipt requested, postage prepaid and properly addressed at the respective addresses listed below, or electronically delivered to such other party or to such other place as may be designated in written notice by either party to the other from time to time. Notice given by mail shall be deemed delivered three business days after the date of deposit in the mail, or by electronically generated written verification of transmission evidencing the date and time of such delivery.

To Physician: Oleg Vayner, M.D.  
10956 Donner Pass Road, #130  
Truckee, CA 96161  
Facsimile No.: 530-587-1004

To District: Tahoe Forest Hospital District  
P.O. Box 759  
Truckee, California 96160  
Attention: Chief Executive Officer  
Facsimile No.: 530-582-3567

3. Recordkeeping. If and to the extent required by Section 1861(v)(1)(l) of the Social Security Act, until the expiration of four (4) years after the termination of this Agreement, each party shall make available, upon written request by the Secretary of the department of Health and Human Services, or upon request by the Comptroller General of the United States General Accounting Office, or any of their duly authorized representatives, a copy of this Agreement and such books, documents and records as are necessary to certify the nature and extent of the costs of the services provided by such party under this Agreement. The parties further agree that in the event either party carries out any of its duties under this Agreement through a subcontract with a related organization with a value or cost of Ten Thousand Dollars (\$10,000.00) or more over a twelve (12) month period, such subcontract shall contain a provision requiring the related organization to make available until the expiration of four (4) years after the furnishing of such services pursuant to such subcontract upon written request to the Secretary of the United States Health and Human Services, or upon request to the Comptroller General of the United States General Accounting Office, or any of their duly authorized representatives, a copy of such subcontract and such books, documents and records of such organization as are necessary to verify the nature and extent of such costs.

4. District Name and Marks. Physician shall not use the name, logos, symbols, service marks or trademarks of District or its associated facilities and services (“Names and Marks”) without the prior written consent of District. The parties agree that all right, title and interest in and to any such Names and Marks shall be the exclusive property of District. Physician shall have no claim whatsoever regarding the use or ownership of any such Names and Marks.

5. Severability. If any provision of this Agreement is held to be illegal, invalid, or unenforceable under present or future laws effective during the term hereof, such provision shall be fully severable. This Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable provisions shall remain in full force and effect unaffected by such severance, provided that the severed provision(s) are not material to the overall purpose an operation of this Agreement.

6. Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the parties, and there are no warranties, representations or other agreements between the parties in connection with the subject matter hereof, except as specifically set forth herein. Should this Agreement be extended beyond its initial term, the parties will annually review this Agreement and make mutually agreeable revisions. Except as otherwise provided by this Agreement, no supplement, modification, waiver or termination of this Agreement shall be binding unless executed in writing by the parties to be bound thereby. No waiver of any of the provisions of this Agreement shall be deemed to be or shall constitute a waiver of any other provision hereof, whether or not similar, nor shall such waiver constitute a continuing waiver unless otherwise expressly provided.

7. Duplicate Originals/Electronic Signatures. This Agreement may be executed in any number of counterpart copies, all of which shall constitute one and the same Agreement and each of which shall constitute an original, and shall become effective when each party, or its duly authorized representative, has signed at least two such counterparts and caused the counterpart so executed to be delivered to the other party. Signatures submitted via facsimile or other electronic means shall be deemed original signatures of the parties and are valid and binding upon the parties.

8. Ambiguities. Ambiguities, if any, in this Agreement or ambiguities shall be reasonably construed in accordance with all relevant circumstances including, without limitation, prevailing practices in the industry of the parties in the place where the contract is to be performed, giving due deference, where appropriate, to a resolution which is consistent with the requirements of the TJC, LCME or other applicable accreditation agencies. Ambiguities, if any, shall not be construed against either party, irrespective of which party may be deemed to have authored this Agreement generally or the ambiguous provision specifically.

9. Governing Law. This Agreement shall be governed in all respects by the laws of the State of California, without regard to principles of conflicts of laws.



10. No Third-Party Beneficiaries. This Agreement is intended by the parties to benefit themselves only and is not intended or designed to or entered for the purpose of creating any benefit or right for any person or entity of any kind that is not a party to this Agreement.

AGREED TO AND ACCEPTED:

TAHOE FOREST HOSPITAL DISTRICT

BY: \_\_\_\_\_  
Robert Schapper  
Chief Executive Officer

DATE: \_\_\_\_\_

PHYSICIAN

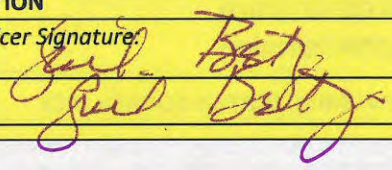
BY: \_\_\_\_\_  
Oleg Vayner, M.D.

DATE: \_\_\_\_\_

### CONTRACT ROUTING FORM

Email Completed Form to Executive Assistant ([pbarrett@tfhd.com](mailto:pbarrett@tfhd.com)) for Processing and Compliance Review

|  |  |  |   |  |   |  |  |  |   |                             |  |  |  |  |   |  |  |                               |  |  |   |  |  |                              |  |  |                               |  |  |
|--|--|--|---|--|---|--|--|--|---|-----------------------------|--|--|--|--|---|--|--|-------------------------------|--|--|---|--|--|------------------------------|--|--|-------------------------------|--|--|
| <b>NEW CONTRACT</b> <input checked="" type="checkbox"/>  |  |  | <b>AMENDMENT</b> <input type="checkbox"/> |  |   | <b>RENEWAL</b> <input type="checkbox"/>                              |  |  | <b>EXTENSION</b> <input type="checkbox"/> |                             |  | <b>BAA</b> <input type="checkbox"/>    |  |  |   |  |  |                               |  |  |   |  |  |                              |  |  |                               |  |  |
| <b>ORIGINATING DEPARTMENT:</b><br>Nursing Administration   |  |  |   |  |   | <b>CONTACT PERSON:</b> Judy Newland                                  |  |  |   |                             |  |  |  |  |   |  |  |                               |  |  |   |  |  |                              |  |  |                               |  |  |
|  |  |  |   |  |   | <b>PHONE:</b> 6268   |  |  |   |                             |  |  |  |  |   |  |  |                               |  |  |   |  |  |                              |  |  |                               |  |  |
| <b>RESPONSIBLE ADMINISTRATIVE COUNCIL (AC):</b>  |  |  |   |  |   |  |  |  |   |                             |  | CEO <input type="checkbox"/>           |  |  | CFO <input type="checkbox"/>            |  |  | COO <input type="checkbox"/>  |  |  | CNO <input checked="" type="checkbox"/> |  |  | CIO <input type="checkbox"/> |  |  | IVCH <input type="checkbox"/> |  |  |
| <b>REQUIRES BOARD GOVERNANCE COMMITTEE REVIEW?</b>   |  |  |   |  |   |  |  |  |   |                             |  | NO <input type="checkbox"/>            |  |  | YES <input checked="" type="checkbox"/> |  |  | <b>MEETING DATE:</b> 10/15/14 |  |  | <b>COMMITTEE RECOMMENDS:</b> Approval   |  |  |                              |  |  |                               |  |  |
| <b>TYPE OF CONTRACT:</b>   |  |  |   |  |   |  |  |  |   |                             |  |  |  |  |   |  |  |                               |  |  |   |  |  |                              |  |  |                               |  |  |
| Physician Professional Service Agreement (P-PSA)   |  |  |   |  |   | <input type="checkbox"/> Type: _____                                 |  |  |   |                             |  |  |  |  |   |  |  |                               |  |  |   |  |  |                              |  |  |                               |  |  |
| Physician Medical Director Agreement (MDA)   |  |  |   |  |   | <input checked="" type="checkbox"/> Type: Modified Base Hospital EMS |  |  |   |                             |  |  |  |  |   |  |  |                               |  |  |   |  |  |                              |  |  |                               |  |  |
| Vendor Professional Service Agreement (V-PSA)  |  |  |   |  |   | <input type="checkbox"/> Type: _____                                 |  |  |   |                             |  |  |  |  |   |  |  |                               |  |  |   |  |  |                              |  |  |                               |  |  |
| Other _____  |  |  |   |  |   | <input type="checkbox"/> Type: _____                                 |  |  |   |                             |  |  |  |  |   |  |  |                               |  |  |   |  |  |                              |  |  |                               |  |  |
| ❖ <b>Business Associated Agreement Required?</b>   |  |  |   |  |   | YES <input type="checkbox"/>   |  |  |   |                             |  | NO <input checked="" type="checkbox"/> |  |  |   |  |  |                               |  |  |   |  |  |                              |  |  |                               |  |  |
| <b>CONTRACTOR/VENDOR DETAILS:</b> <i>If needed, additional instructions and information may be provided on Page 2</i>  |  |  |   |  |   |  |  |  |   |                             |  |  |  |  |   |  |  |                               |  |  |   |  |  |                              |  |  |                               |  |  |
| <b>LEGAL NAME OF CONTRACTOR/ VENDOR:</b> Casey Jowers, M.D.  |  |  |   |  |   |  |  |  |   |                             |  |  |  |  |   |  |  |                               |  |  |   |  |  |                              |  |  |                               |  |  |
| <b>Purpose of the Contract/Alternatives:</b><br>New Contractor/Vendor for existing service. The EMS Medical Director for TFHD is responsible for providing medical direction and supervision for pre-hospital care as agreed to in the Modified Base Hospital Agreement between Sierra Sacramento Valley Emergency Medical Services and Tahoe Forest Hospital District. This physician is assuming the role held by another staff physician. |  |  |   |  |   |  |  |  |   |                             |  |  |  |  |   |  |  |                               |  |  |   |  |  |                              |  |  |                               |  |  |
| <b>Scope of the Contract:</b><br>The Modified Base Hospital EMS Medical Director shall be responsible for providing medical direction and supervision for pre-hospital care  |  |  |   |  |   |  |  |  |   |                             |  |  |  |  |   |  |  |                               |  |  |   |  |  |                              |  |  |                               |  |  |
| <b>DATES OF CONTRACT:</b>  |  |  |   |  | <b>EFFECTIVE DATE:</b> 11/01/14         |  |  |  |   | <b>END DATE:</b> 10/31/15   |  |  |  |  |   |  |  |                               |  |  |   |  |  |                              |  |  |                               |  |  |
| <b>Version History:</b>  |  |  |   |  | Original Effective date:                |  |  |  |   |                             |  |  |  |  |   |  |  |                               |  |  |   |  |  |                              |  |  |                               |  |  |
|  |  |  |   |  | Renewal Dates:                          |  |  |  |   |                             |  |  |  |  |   |  |  |                               |  |  |   |  |  |                              |  |  |                               |  |  |
|  |  |  |   |  | Amendment Dates:                        |  |  |  |   |                             |  |  |  |  |   |  |  |                               |  |  |   |  |  |                              |  |  |                               |  |  |
| <b>PHYSICIAN CONTRACTS: FOR STARK LAW COMPLIANCE, THE TERMS OF THIS CONTRACT CANNOT CHANGE FOR 1 YEAR</b>  |  |  |   |  |   |  |  |  |   |                             |  |  |  |  |   |  |  |                               |  |  |   |  |  |                              |  |  |                               |  |  |
| <b>Compensation Structure:</b> <i>Include "other comp" (i.e. education, phone stipend, etc.)</i>   |  |  |   |  |   |  |  |  |   |                             |  |  |  |  |   |  |  |                               |  |  |   |  |  |                              |  |  |                               |  |  |
| The hourly rate for the provision of services shall be \$125.00 for each hour of service, not to exceed six (6) hours per month. This is the same rate as the agreement with the prior physician.  |  |  |   |  |   |  |  |  |   |                             |  |  |  |  |   |  |  |                               |  |  |   |  |  |                              |  |  |                               |  |  |
| <b>Contract Term:</b> <i>(anything other than Net 30 requires AC approval)</i>   |  |  |   |  |   |  |  |  |   |                             |  |  |  |  |   |  |  |                               |  |  |   |  |  |                              |  |  |                               |  |  |
| <b>Total Cost of Contract:</b>   |  |  |   |  | \$9000.00                               |  |  |  |   |                             |  |  |  |  |   |  |  |                               |  |  |   |  |  |                              |  |  |                               |  |  |
| <b>Compensation Audit Process:</b>   |  |  |   |  | See Policies AGOV-10 and ABD-21         |  |  |  |   |                             |  |  |  |  |   |  |  |                               |  |  |   |  |  |                              |  |  |                               |  |  |
| <b>Is Cost of Contract Budgeted?</b>   |  |  |   |  | YES <input checked="" type="checkbox"/> |  |  |  |   | NO <input type="checkbox"/> |  |  |  |  |   |  |  |                               |  |  |   |  |  |                              |  |  |                               |  |  |
| <b>If NOT budgeted or exceeds budgeted amount, identify the offset:</b>  |  |  |   |  |   |  |  |  |   |                             |  |  |  |  |   |  |  |                               |  |  |   |  |  |                              |  |  |                               |  |  |
| <b>TFHS Primary Responsible Party:</b>   |  |  |   |  | Judy Newland                            |  |  |  |   |                             |  |  |  |  |   |  |  |                               |  |  |   |  |  |                              |  |  |                               |  |  |
| <b>TFHS Secondary Responsible Party:</b>   |  |  |   |  | John Rust                               |  |  |  |   |                             |  |  |  |  |   |  |  |                               |  |  |   |  |  |                              |  |  |                               |  |  |

|   |  |  |      |
|---|--|--|------|
| ORIGINATING DEPARTMENT:<br>Nursing Administration   |  | CONTACT PERSON: <u>Judy Newland</u><br>Phone: <u>6268</u>  |      |
| LEGAL NAME OF CONTRACTOR/ VENDOR: <u>Casey Jowers, M.D.</u>   |  |  |      |
| <b>REQUIRED COMPLIANCE INFORMATION</b>  |  |  |      |
| Commercially Reasonable Verified Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>  |  | Compliance Officer Signature:  |      |
| Fair Market Value Verified Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>  |  |  |      |
| <b>CONTRACTOR INFORMATION</b>   |  |  |      |
| Contractor Representative Name:   |  | <u>Casey Jowers, M.D.</u>  |      |
| Mailing Address:  |  | <u>P.O. Box 2251, Olympic Valley, Ca. 96146</u>  |      |
| Telephone and Fax Number:   |  | Phone: <u>530-3868777</u>  | Fax: |
| Email Address of Contact:   |  | <u>cjowers@tfhd.com</u>  |      |
| Accounts Receivable Representative:   |  |  |      |
| <b>REQUIRED FINANCIAL INFORMATION</b>   |  |  |      |
| <b>W-9 and Certificates of Insurance Must Be Submitted with any Contract</b>  |  |  |      |
| <b>ADDITIONAL INFORMATION</b>   |  |  |      |
| Fair Market Value (FMV) & Commercial Reasonableness (CR): At the rate of \$125/hour this contract is below the median FMV benchmark range for services to be performed by an Emergency Medicine physician. The contract meets CR based on information from the TFHS Primary Responsible Party that the duties to be performed (maximum 6 hours per month) are reasonable and necessary. |  |  |      |

**Reference:**

Policy ABD – 21 Physician and Professional Service Agreements

Policy AGOV – 10 Contract Review Policy

Policy AFIN – 03 Accounts Payable Policy

*W-9s are required for any contract on which we are making payments.**Certificates of Insurance are required for any contract in which any service is being provided.*

|   |  |   |  |
|---|--|---|--|
| <b>THIS SECTION FOR CONTRACTS COORDINATOR USE ONLY:</b> |  |   |  |
| W-9 Received?   | Yes: <input type="checkbox"/> No: <input type="checkbox"/> | Certificate of Insurance Received?  | Yes: <input type="checkbox"/> No: <input type="checkbox"/> |
| New Vendor information Sent to Accounts Payable?        | Yes: <input type="checkbox"/> No: <input type="checkbox"/> | Email a copy of Section D (page 2) of the completed Routing Form to A/P. This is <b>required</b> for A/P to process their payments. |  |

|   |   |   |
|---|---|---|
| Contracts Review:<br>_____<br>Date Initials | <b>BOARD ACTION:</b> _____                      | <b>MEETING DATE:</b> _____  |
|   | Out for TFHD Signature: _____ Date: _____       | Receive Date: _____   |
| CFO Review:<br>_____<br>Date Initials       | Out for Vendor Signature: _____ Date: _____     | Receive Date: _____   |
|   | Uploaded to Contracts System: _____ Date: _____ | Trigger dates set: YES <input type="checkbox"/> NO <input type="checkbox"/> |
|   | <b>CONTRACT #:</b> _____<br>(i.e. 10001)        | <b>Document Reference:</b> _____<br>(i.e. #####.C)                          |

**TAHOE FOREST HOSPITAL DISTRICT - PROFESSIONAL SERVICES  
AGREEMENT – MODIFIED BASE HOSPITAL EMS MEDICAL DIRECTOR**

This EMS MEDICAL DIRECTOR AGREEMENT (“**Agreement**”) is made and entered into, and shall be effective, as of \_\_\_\_\_, 2014 (“**Effective Date**”), by and between Tahoe Forest Hospital District, a California local healthcare district, doing business as Tahoe Forest Hospital (“**Hospital**”), and **CASEY JOWERS, M.D.**, an individual (“**Physician**”).

**RECITALS**

A. Hospital owns and operates an acute care hospital located at I0121 Pine Avenue, Truckee, California and operates a 25 bed Critical Access Hospital with a 37 bed Skilled Nursing Facility, and Facility offers 24-hour emergency services in Truckee, California and also owns and operates a 4 bed hospital offering 24 hour emergency services in Incline Village, Nevada (“**Facilities**”).

B. Physician is duly licensed and qualified to practice medicine in the States of California and Nevada, is board certified in the practice of medicine in the specialty of Emergency Medicine, and is proficient in all aspects of such specialty.

C. The Hospital desires to enter into an agreement with Physician to serve as the Modified Base Hospital EMS Medical Director to facilitate medical direction and supervision of pre-hospital case (“**EMS Medical Director**”) and Physician desires to provide the services as set forth in this Agreement.

**NOW, THEREFORE**, in consideration of the above recitals and the terms and conditions in this Agreement, the parties mutually agree as follows:

**ARTICLE I  
ENGAGEMENT**

Hospital hereby engages Physician to serve as the EMS Medical Director and Physician hereby accepts such engagement on the terms and conditions set forth in this Agreement.

**ARTICLE II  
MEDICAL ADMINISTRATIVE SERVICES**

**2.1 EMS Medical Director.** During the term of this Agreement, Physician shall serve and be designated as the EMS Medical Director in accordance with the terms and provisions of this Agreement. Physician shall perform, for and on behalf of the Hospital, and in a competent, proactive, efficient and satisfactory manner, those medical administrative services as EMS Medical Director (“**Director Duties**”) set forth in the EMS Medical Director - Scope of Responsibilities, attached as **Exhibit A** and incorporated herein.

**2.2 Dedication of Time.** Physician shall devote such time as is necessary to perform the Director Duties and responsibilities set forth in this Agreement. Such Director Duties and time shall not include the provision of professional medical services to patients. The parties

agree that Physician will provide EMS Medical Director Duties and receive compensation as set forth in Article III of this Agreement.

**2.3 Ultimate Authority.** Physician hereby acknowledges and agrees that, notwithstanding any other provision contained in this Agreement, Hospital and, as its agent, Hospital's Chief Executive Officer shall retain final and ultimate decision making authority over the business affairs of Facility, including without limitation the development and operation of the Facility.

**2.4 Qualifications.** Physician shall maintain on an unrestricted basis:

- (a) California licensure as a physician;
  - (b) Membership in good standing on Hospital's medical staff and appropriate clinical privileges at Hospital in the Physician's practice specialty;
  - (c) Federal Drug Enforcement Administration ("DEA") registration;
  - (d) Professional liability insurance as set forth in Section 6;
  - (e) Participation in good standing in the Medicare and Medi-Cal programs;
- and
- (f) Board certification in Physician's practice specialty, as determined by the Hospital.

### **ARTICLE III COMPENSATION**

**3.1 Compensation for EMS Medical Director Duties.** Subject to the completion of the Service Time Log, as described in Section 3.2 and within fifteen (15) days after the receipt of the Service Time Log, for each calendar month of the term of this Agreement (each, a "**Service Month**"), Hospital shall pay to Physician monthly compensation ("**Compensation**") for all EMS Medical Director Duties provided hereunder. Such Compensation shall be paid on an hourly basis for each hour (to be prorated for partial hours) actually spent by Physician in providing EMS Medical Director Duties during such Service Month. **The hourly rate for the provision of services shall be One Hundred Dollars (\$125.00) for each hour of service, not to exceed six (6) hours per month.** Notwithstanding the foregoing, Hospital's obligation to pay any Compensation to Physician shall be expressly conditioned upon Physician's timely submission of the required Service Time Log applicable to such payment, and the approval of such Service Time Log by Hospital. Hospital will also reimburse Physician for reasonable out-of-pocket expenses incurred by Physician when performing EMS Medical Director Duties and will pay for training and education related to the performance of those duties, as these expenses are approved in writing by District's CEO or designee.

**3.2 Service Time Log.** Each month during the term of this Agreement, Physician shall submit a written time log reflecting the actual time spent by Physician and the actual duties performed as Director Duties during the prior month on the form attached as **Exhibit C** (the

“Service Time Log”), or in the form as requested by Hospital. Physician shall submit such Service Time Log to Hospital within ten (10) days following the end of each Service Month. No compensation shall be paid to Physician for a Service Month unless a Service Time Log for that Service Month has been submitted to and approved by Hospital.

**3.3 Commercial Reasonableness.** The parties have mutually agreed, through arm’s length negotiations, that Physician’s Compensation hereunder is commercially reasonable and reflects the fair market value of the Director Duties to be provided by Physician pursuant to this Agreement. Moreover, the parties further acknowledge and agree that such Compensation has not been and shall not be determined in a manner that takes into account the volume or value of any patient referrals or business otherwise generated between the parties or any third parties, including without limitation any referrals or business for which payment may be made, in whole or in part, under any federal or state funded health care program.

**3.4 No Billing by Physician.** Physician and Hospital hereby acknowledge and agree that the Compensation shall reflect full and complete payment by Hospital for all Director Duties provided hereunder by Physician as the EMS Medical Director pursuant to Article II above. The parties further agree that the Compensation shall not constitute any payments for the professional practice of medicine, and Physician shall not bill or assert any claim for payment against any patient, third party payor, or any other party other than Hospital for Director Duties performed by Physician under this Agreement.

**3.5 Independent Contractor.** In the performance of this Agreement, Physician is acting as independent contractor, and shall not be considered an employee of the Hospital or District. In no event shall this Agreement be construed as establishing a partnership or joint venture or similar relationship between the parties, and nothing contained herein shall be construed to authorize either party to act as agent for the other. Physician shall be liable for its own debts, obligations, acts and omissions, including the payment of all withholding, social security and other taxes and benefits. As an independent contractor, Physician is responsible for filing such tax returns and for all such employment taxes with respect to Physician as may be required by law or regulations. Physician shall not be subject to any Hospital policies solely applicable to the Hospital’s employees, and shall not be eligible for any employee benefit plan offered by Hospital. In the event that this independent contractor relationship is determined by tax authorities to constitute an employment relationship: (a) Physician hereby waives, for the period prior to the date such determination becomes final, any and all claims to coverage under any Hospital pension, profit sharing, health, dental, welfare or similar type plans which are generally limited to Hospital employees, unless otherwise agreed by Hospital in writing; and (b) Physician shall reimburse Hospital for any and all sums expended by Hospital related to taxes, employee benefits or other employment-related matters (including reasonable attorneys’ fees) with ten (10) days of remittance to Physician for reimbursement.

#### **ARTICLE IV SUPPORT SERVICES**

**4.1 Space and Equipment.** Hospital shall furnish the physical space and equipment reasonably required for Physician to carry out his EMS Medical Director Duties hereunder. Physician shall use and occupy any premises of Hospital pursuant to this Agreement solely for