



TAHOE FOREST HOSPITAL DISTRICT

2016-04-28 Regular Meeting of the Board of Directors

Thursday, April 28, 2016 at 4:00pm

Tahoe Truckee Unified School District (TTUSD)

11603 Donner Pass Road, Truckee, CA 96161

Meeting Book - 2016-04-28 Regular Meeting of the Board of Directors

04/28/16 Regular Meeting

AGENDA

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13. MEDICAL STAFF REPORT

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14. CONSENT CALENDAR

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17. BOARD COMMITTEE REPORTS/RECOMMENDATIONS FOR DISCUSSION AND/OR ACTION

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26. ADJOURN



REGULAR MEETING OF THE BOARD OF DIRECTORS

AGENDA

Thursday, April 28, 2016 at 4:00 p.m.
Tahoe Truckee Unified School District (TTUSD) Office
11603 Donner Pass Rd, Truckee, CA

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. Please state your name for the record. Comments are limited to three minutes. Written comments should be submitted to the Clerk of the Board 24 hours prior to the meeting to allow for distribution.

5. **CLOSED SESSION:**

5.1. Conference with Real Property Negotiator (Gov. Code § 54956.8)

Property Addresses: 10956 Donner Pass Road # 130, Truckee, CA; 11015 Donner Pass Road, Truckee, CA; 10051 Lake Avenue, Truckee, CA

Agency Negotiator: Rick McConn for all properties

Negotiating Parties: Deborah Brown & Christopher Arth; Heather Crosse; Mountain Medical LLC

Under Negotiation: Price & Terms of Payment for all properties

5.2. Hearing (Health & Safety Code § 32155) ♦

Subject Matter: Annual Quality Assurance Report

Number of items: One (1)

5.3. Liability Claims (Gov. Code § 54956.95) ♦

Claimant: Kim Boganes

Claim Against: Tahoe Forest Hospital District

5.4. TIMED ITEM – 5:10 PM – Hearing (Health & Safety Code § 32155) ♦

Subject Matter: Medical Staff Credentials

5.5. Approval of Closed Session Minutes ♦

03/24/2016, 04/14/2016

6. **DINNER BREAK**

APPROXIMATELY 6:00 P.M.

7. **OPEN SESSION – CALL TO ORDER**

8. **REPORT OF ACTIONS TAKEN IN CLOSED SESSION**

9. CLEAR THE AGENDA/ITEMS NOT ON THE POSTED AGENDA

10. 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.

11. INPUT FROM EMPLOYEE ASSOCIATIONS

This is an opportunity for members of the Employee Associations 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.

12. ACKNOWLEDGMENTS

- 12.1. National Nurses Week is May 6-12
- 12.2. National Hospital Week is May 8-14

13. MEDICAL STAFF REPORT ♦

- 13.1. Medical Staff Report..... ATTACHMENT

14. CONSENT CALENDAR ♦

These items are expected to be routine and non-controversial. They will be acted upon by the Board 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.

14.1. Approval of Minutes of Meetings ♦

- 03/24/2016, 03/29/2016, 04/14/2016..... ATTACHMENT

14.2. Financial Report ♦

- Financial Report- March 2016..... ATTACHMENT

14.3. Contracts ♦

- 14.3.1. Peter Bretan – Physician Service Agreement..... ATTACHMENT
- 14.3.2. John Hortareas – Hospitalist Services Agreement ATTACHMENT
- 14.3.3. Steve Segerstrom – Call Coverage Agreement..... ATTACHMENT

14.4. Board Retreat Follow-Up ♦

- 14.4.1. Board Order and Decorum ATTACHMENT

15. ITEMS FOR BOARD DISCUSSION AND/OR ACTION

15.1. Orthopedic Group Contracts ♦ ATTACHMENT

Board will ratify contracts related to the acquisition of an orthopedic group.

- 15.1.1. North Tahoe Orthopedic Professional Services Agreement ATTACHMENT
- 15.1.2. North Tahoe Orthopedic Employee Lease ATTACHMENT
- 15.1.3. TFHD-North Tahoe Orthopedic Asset Purchase Agreement ATTACHMENT
- 15.1.4. North Tahoe Orthopedic Services Agreement..... ATTACHMENT

15.2. Board Policy Discussion ATTACHMENT

Board will review and discuss potential revisions to policy ABD-21 Physician and Professional Service Agreements.

15.3. BlueLife Presentation

Board will receive a presentation on the BlueLife program by CIO Jake Dorst.

16. DISCUSSION OF CONSENT CALENDAR ITEMS PULLED, IF NECESSARY

17. BOARD COMMITTEE REPORTS/RECOMMENDATIONS FOR DISCUSSION AND/OR ACTION

- 17.1. Governance Committee Meeting – 04/20/2016..... ATTACHMENT
- 17.2. Finance Committee Meeting – 04/25/2016..... ATTACHMENT
- 17.3. Quality Committee Meeting – 04/05/2016..... ATTACHMENT
 - 17.3.1. Daily Rounding Form Sample ATTACHMENT
- 17.4. Personnel-Retirement Subcommittee Meeting – No meeting held in March.
- 17.5. Community Benefit Committee Meeting – No meeting held in March.

18. INFORMATIONAL REPORTS

These reports are provided for information only and not intended for discussion. Any Board Member may request discussion on an item, additional information from staff related to items included in a report, or request a topic be placed on a future agenda for further discussion.

- 18.1. CEO Strategic Updates ATTACHMENT
CEO will provide updates related to his key strategic initiatives.
- 18.2. Staff Report(s)
 - 18.2.1. CNO/COO Board Report ATTACHMENT
 - 18.2.2. CIO Board Report..... ATTACHMENT

19. AGENDA INPUT FOR UPCOMING COMMITTEE MEETINGS

20. ITEMS FOR NEXT MEETING

21. BOARD MEMBERS REPORTS/CLOSING REMARKS

22. CLOSED SESSION CONTINUED, IF NECESSARY

23. OPEN SESSION

24. REPORT OF ACTIONS TAKEN IN CLOSED SESSION, IF NECESSARY

25. MEETING EFFECTIVENESS ASSESSMENT..... ATTACHMENT

The Board will identify and discuss any occurrences during the meeting that impacted the effectiveness and value of the meeting.

26. ADJOURN

Regular Meeting of the Board of Directors of Tahoe Forest Hospital District
April 28, 2016 AGENDA– Continued

The next regularly scheduled meeting of the Board of Directors of Tahoe Forest Hospital District is May 26, 2016, 11603 Donner Pass Rd., Truckee, CA. A copy of the Board meeting agenda is posted on the District's web site (www.tfhd.com) at least 72 hours prior to the meeting or 24 hours prior to a Special Board Meeting.

*Denotes material (or a portion thereof) may be distributed later.

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.

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.

Do you know a Staff Nurse who.....



Personifies:

Quality-Holds themselves to the highest standards and has personal integrity in all that they do..... and Personifies:

Understanding- Is aware of the concerns of others, cares for and respects others as they interact..... and Personifies:

Excellence- Does things right the first time, on time, every time, and is accountable and responsible....and Personifies:

Service-Gives service with a smile, appreciates differences, and anticipates needs...and Personifies:

Teamwork- Looks out for those they work with, finds ways to support each other in the jobs that we do....

*If you do, nominate them for
Nurse of the Year!*

*National Nurses week is May 6 to 12, 2016
Celebration will be held on May 11 in the Eskridge
Lobby and Conference Room from 4:30-5:30pm*

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**MEDICAL EXECUTIVE COMMITTEE
RECOMMENDATIONS TO THE BOARD OF DIRECTORS – OPEN MEETING
 April 28, 2016**

REFERRED BY:	AGENDA ITEMS:	RECOMMEND
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MEDICAL STAFF	A motion was made, seconded, and carried to recommend approval of the following to the Board of Directors:	
1. Well Being Committee	The Well Being Committee recommended approval of the following revised policy: <ul style="list-style-type: none"> ➤ Well Being Committee Policy 	Recommend approval
2. Department of Anesthesia	The Anesthesia Department recommended approval of the following revised policies: <ul style="list-style-type: none"> ➤ Structure Standards for Peri-Anesthesia/Ambulatory ➤ Moderate and Deep Sedation ➤ NPO Guidelines for Elective or Scheduled Procedures <p>The Anesthesia Department recommended approval of the following revised privilege form:</p> <ul style="list-style-type: none"> ➤ Anesthesia Privilege Form 	Recommend approval
3. Quality Assessment Committee	The Quality Assessment Committee recommended approval of the following revised policies: <ul style="list-style-type: none"> ➤ Hospice Quality Plan 2016 ➤ Photography Policy ➤ Peer Review Policy ➤ Care for the Caregiver involved in Sentinel Events Policy ➤ Policy & Procedure Structure & Approval 	Recommend approval
4. Pharmacy & Therapeutics Committee (P&T)	The P&T Committee recommended approval of the following Annual Policy & Procedures review: Pre-printed orders: <ul style="list-style-type: none"> ➤ Insulin – Basal, Prandial, Correctional – update to current guidelines ➤ OB-Labor Orders 	Recommend approval

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**MEDICAL EXECUTIVE COMMITTEE
RECOMMENDATIONS TO THE BOARD OF DIRECTORS – OPEN MEETING
 April 28, 2016**

REFERRED BY:	AGENDA ITEMS:	RECOMMEND
	<ul style="list-style-type: none"> ➤ Eyelid Eyebrow Pterygium Pre and Post Op Orders ➤ Continuous Subcutaneous Insulin Pump Orders Formulary Additions: <ul style="list-style-type: none"> ➤ Trabectedin (Yondelis) ➤ Apixaban (Eliquis) ➤ Definity – contrast for echo’s ➤ Elotuzumab (Empliciti) ➤ Levocarnitine IV (Carnitine) Antimicrobial Stewardship Program: <ul style="list-style-type: none"> ➤ Policy approval of Vancomycin Pharmacy Protocol ➤ Antibiotic Formulary Restriction List (NEW) – Medications the infectious disease physician must approve ➤ Antimicrobial Stewardship Program Policy – Revised metrics for standard of practice 	
5. Department of Surgery	The Surgery Department recommended approval of the following revised privilege form: <ul style="list-style-type: none"> ➤ Urology (TFH/IVCH) 	Recommend approval
6. Infection Control Committee	The Infection Control Committee recommended approval of the following via email: <ul style="list-style-type: none"> ➤ Annual review/approval of policies and procedures ➤ TB Prevention and Control In Long Term Care Policy – Revised procedure for TB screening when patient is admitted to LTC. 	Recommend approval
7. Interdisciplinary Practice Co	The Interdisciplinary Practice Committee recommended approval for the annual review of the following: <ul style="list-style-type: none"> ➤ Functional Overview, Standardized Procedures and Protocols for Occ. Health, Cancer Center, and Multi-Specialty Clinics (for NPs and PAs) 	Recommend approval



REGULAR MEETING OF THE BOARD OF DIRECTORS

DRAFT MINUTES

Thursday, March 24, 2016 at 4:00 p.m.
Tahoe Truckee Unified School District (TTUSD) Office
11603 Donner Pass Rd, Truckee, CA

1. CALL TO ORDER

Meeting was called to order at 4:00 p.m.

2. ROLL CALL

Board: Charles Zipkin, Board President; Gregory Jellinek, Vice President; Dale Chamblin, Treasurer; John Mohun, Secretary; Karen Sessler, Board Member

Staff: Harry Weis, CEO; Crystal Betts, CFO; Jake Dorst, CIO; Stephanie Hanson, Compliance Analyst; Martina Rochefort, Clerk of the Board

Other: David Ruderman, Assistant General Counsel; Jim Hook, The Fox Group

3. CLEAR THE AGENDA/ITEMS NOT ON THE POSTED AGENDA

No changes were made to the agenda.

4. INPUT AUDIENCE:

No public comment was received.

Open Session recessed at 4:06 p.m.

5. CLOSED SESSION

Discussion was held on privileged matters.

6. DINNER BREAK

APPROXIMATELY 6:00 P.M.

7. OPEN SESSION – CALL TO ORDER

Open Session reconvened at 6:01 p.m.

8. REPORT OF ACTIONS TAKEN IN CLOSED SESSION

Counsel advised no reportable actions were taken in Closed Session.

9. CLEAR THE AGENDA/ITEMS NOT ON THE POSTED AGENDA

No changes were made to the agenda.

10. INPUT – AUDIENCE

No public comment was received.

11. INPUT FROM EMPLOYEE ASSOCIATIONS

None.

12. ACKNOWLEDGMENTS

12.1. National Doctor’s Day

Director Zipkin read Resolution 2016-03 into the record.

13. MEDICAL STAFF REPORT

13.1. Medical Staff Report

ACTION: Motion made by Director Sessler, seconded by Director Jellinek, to accept the Medical Staff Report as presented.

AYES: Directors Sessler, Mohun, Chamblin, Jellinek and Zipkin

NAYS: None

Abstention: None

14. CONSENT CALENDAR

14.1. Approval of Minutes of Meetings

02/24/2016, 02/25/2016

14.2. Financial Report

Financial Report- February 2016

14.3. Contracts

14.3.1. Cahill – TFHD Call Coverage Agreement

14.3.2. Fountain – Physician Recruitment Agreement

14.4. Resolutions

14.4.1. 2016-03 National Doctor’s Day Recognition

No public comment was received.

ACTION: Motion made by Director Mohun, seconded by Director Jellinek, to accept the Consent Calendar as presented.

AYES: Directors Sessler, Mohun, Chamblin, Jellinek and Zipkin

NAYS: None

Abstention: None

15. ITEMS FOR BOARD DISCUSSION AND/OR ACTION

15.1. TIMED ITEM – 6:20 PM – Quarterly Facilities Development Update

Discussion was held on the Quarterly Facilities Development Update.

15.2. Tahoe Forest Hospital District Values

Human Resources presented revised Values for the District.

ACTION: Motion made by Director Mohun, seconded by Director Chamblin, to accept the addition of “Volunteers” to the Foundations of Excellence.

Discussion was held.

No public comment was received.

AYES: Directors Sessler, Mohun, Chamblin, Jellinek and Zipkin

NAYS: None
Abstention: None

15.3. Renaming of the Women and Family Department

Jim Sturtevant, Director of Acute Services, presented the proposed name renaming of the Women and Family Department upon opening of the new unit.

No public comment was received.

ACTION: Motion made by Director Jellinek, seconded by Director Zipkin, to rename the Women and Family Department to *Joseph Family Obstetrics and Newborn Care*.
AYES: Directors Sessler, Mohun, Chamblin, Jellinek and Zipkin
NAYS: None
Abstention: None

15.4. ABD-12 Policy Revision

Discussion was held on revisions to ABD-12 Conduct for the Business by TFHD Board of Directors policy.

No public comment was received.

ACTION: Motion made by Director Sessler, seconded by Director Chamblin, to accept ABD-12 policy with the revisions as presented. Roll call vote was taken.
Sessler - AYE
Mohun - AYE
Chamblin - AYE
Jellinek - AYE
Zipkin - AYE

15.5. Approval of Revised Engagement Agreement

Discussion was held on a revised engagement with Walter Kopp, Medical Management Services.

Public comment was received from Dr. Joshua Scholnick, Dr. Jeffrey Dodd, and Dr. Larry Heifetz.

Discussion was held.

ACTION: Motion made by Director Jellinek, seconded by Director Zipkin, to approve the expanded agreement with Walter Kopp of Medical Management Services. Roll call vote was taken.
Sessler - AYE
Mohun - AYE
Chamblin - AYE
Jellinek - AYE
Zipkin - AYE

16. DISCUSSION OF CONSENT CALENDAR ITEMS PULLED, IF NECESSARY

None.

17. BOARD COMMITTEE REPORTS/RECOMMENDATIONS FOR DISCUSSION AND/OR ACTION

17.1. Governance Committee Meeting– 03/17/2016

Director Mohun provided an update from the last Governance Committee meeting.

17.2. Finance Committee Meeting – 03/22/2016

Director Chamblin provided an update from the last Finance Committee meeting.

17.3. Community Benefit Committee Meeting – 03/07/2016

Director Sessler provided an update from the last Community Benefit Committee meeting.

17.4. Personnel-Retirement Subcommittee Meeting – No meeting held in March.

17.5. Quality Committee Meeting – No meeting held in March.

18. INFORMATIONAL REPORTS

These reports are provided for information only and not intended for discussion. Any Board Member may request discussion on an item, additional information from staff related to items included in a report, or request a topic be placed on a future agenda for further discussion.

18.1. CEO Strategic Updates

CEO provided updates related to his key strategic initiatives.

18.2. Staff Report(s)

18.2.1. CIO Board Report

18.2.2. Director of Governance and Community Development Staff Report

Ted Owens provided a legislative update to the Board.

19. AGENDA INPUT FOR UPCOMING COMMITTEE MEETINGS

None.

20. ITEMS FOR NEXT MEETING

None.

21. BOARD MEMBERS REPORTS/CLOSING REMARKS

Finance Committee made a request of Risk Manager to provide a Risk Management report.

Open Session recessed at 7:13 p.m.

22. CLOSED SESSION CONTINUED, IF NECESSARY

Discussion was held on a privileged matter.

23. OPEN SESSION

Open Session reconvened at 9:05 p.m.

24. REPORT OF ACTIONS TAKEN IN CLOSED SESSION, IF NECESSARY

General Counsel indicated there was no reportable action was taken on item 22.1.

25. ITEMS FOR BOARD DISCUSSION AND/OR ACTION

25.1. Approval of Board Resolution 2016-04

Discussion was held.

ACTION: Motion made by Director Sessler, seconded by Director Zipkin, to approve the amended Board Resolution 2016-04. Roll call vote was taken.

Sessler - AYE

Mohun - AYE

Chamblin - AYE

Jellinek - AYE

Zipkin - AYE

26. MEETING EFFECTIVENESS ASSESSMENT

No discussion was held.

27. ADJOURN

Open Session adjourned at 9:07 p.m.

DRAFT



SPECIAL MEETING OF THE BOARD OF DIRECTORS

DRAFT MINUTES

Tuesday, March 29, 2016 at 5:00 p.m.
Eskridge Conference Room – Tahoe Forest Hospital
10121 Pine Avenue, Truckee, CA

*Teleconference location was also available at:
Fairfield Inn - Lobby, 1910 Taylor Road, Roseville, CA 95661*

1. CALL TO ORDER

Meeting was called to order at 5:02 p.m.

2. ROLL CALL

Board: Charles Zipkin, Board President; Gregory Jellinek, Vice President; Dale Chamblin, Treasurer; Karen Sessler, Board Member (*via teleconference*)

Staff: Harry Weis, CEO; Crystal Betts, CFO; Martina Rochefort, Clerk of the Board

Other: Gary Hicks, G.H. Advisors

Absent: John Mohun, Secretary

3. CLEAR THE AGENDA/ITEMS NOT ON THE POSTED AGENDA

No changes were made to the agenda.

4. INPUT AUDIENCE:

No public comment was received. Additionally, no public comment was received from teleconference location.

5. ITEMS FOR BOARD DISCUSSION AND/OR ACTION

5.1. General Obligation Bond Refinancing

Board reviewed and considered for approval documents related to the GO Bond Refunding.

5.1.1. Preliminary Official Statement

Discussion was held.

ACTION: Motion made by Director Zipkin, seconded by Director Chamblin, to accept the Preliminary Official Statement as presented. Roll call vote taken.

Sessler – AYE

Chamblin – AYE

Jellinek – AYE

Zipkin – AYE

5.1.2. Resolution 2016-05

Discussion was held.

ACTION: Motion made by Director Jellinek, seconded by Director Chamblin, to approve Resolution 2016-05 as presented. Roll call vote taken.

Sessler – AYE

Chamblin – AYE

Jellinek – AYE

Zipkin – AYE

CFO reminded the Board of Directors they cannot purchase these bonds.

6. MEETING EFFECTIVENESS ASSESSMENT

No discussion was held.

7. ADJOURN

Meeting adjourned at 5:19 p.m.

DRAFT



SPECIAL MEETING OF THE BOARD OF DIRECTORS

DRAFT MINUTES

Thursday, April 14, 2016 at 7:00 a.m.

Eskridge Conference Room – Tahoe Forest Hospital
10121 Pine Avenue, Truckee, CA

Teleconference location was also made available at:
Fairfield Inn - Lobby, 1910 Taylor Road, Roseville, CA 95661

1. CALL TO ORDER

Meeting was called to order at 7:01 a.m.

2. ROLL CALL

Board: Charles Zipkin, Board President; Gregory Jellinek, Vice President; Dale Chamblin, Treasurer; John Mohun, Secretary; Karen Sessler, Board Member (*via teleconference location*)

Staff: Harry Weis, CEO; Judy Newland, CNO/COO; Crystal Betts, CFO; Jake Dorst, CIO; Jayne O'Flanagan, CHRO; Karen Gancitano, Executive Director of Post Acute Services; Martina Rochefort, Clerk of the Board

Other: David Ruderman, Assistant General Counsel (*via phone*)

3. CLEAR THE AGENDA/ITEMS NOT ON THE POSTED AGENDA

No changes were made.

4. INPUT AUDIENCE:

No public comment was received.

4.1. INPUT AUDIENCE FROM TELECONFERENCE LOCATION

No public comment was received.

5. ITEMS FOR BOARD DISCUSSION AND/OR ACTION

5.1. Contracts

5.1.1. Agility Health

Discussion was held.

Public comment was received from Denise Bowness and Cindy Simmons.

Discussion was held.

Public comment was received from Larry Larson.

Director Sessler departed the meeting at 8:20 a.m.

Meeting recessed at 8:20 a.m. and adjourned to the Tahoe Conference Room.

Meeting reconvened at 8:28 a.m.

Discussion was held.

ACTION: Motion made by Director Zipkin, seconded by Director Jellinek, to continue this agenda item to 6:00 p.m. tonight.

AYES: Directors Mohun, Chamblin, Jellinek and Zipkin

NAYS: None

Abstention: None

5.1.2. KaufmanHall

Discussion was held.

ACTION: Motion made by Director Jellinek, seconded by Director Mohun to accept the KaufmanHall proposal as presented.

Discussion was held.

AYES: Directors Sessler, Mohun, Chamblin, Jellinek and Zipkin

NAYS: None

Abstention: None

5.2. Appoint Real Property Negotiator

No discussion was held.

ACTION: Motion made by Director Zipkin, seconded by Director Jellinek, to appoint Rick McConn as Real Property Negotiator.

AYES: Directors Mohun, Chamblin, Jellinek and Zipkin

NAYS: None

Abstention: None

Open Session recessed at 8:45 a.m.

6. CLOSED SESSION

Discussion was held on privileged matters.

Open Session reconvened at 9:20 a.m.

7. REPORT OUT FROM CLOSED SESSION

No reportable action was taken in Closed Session.

8. MEETING EFFECTIVENESS ASSESSMENT

No discussion was held.

9. ADJOURN

Meeting adjourned at 9:23 a.m. until 6:00 p.m. on April 14, 2016 in the Tahoe Conference Room.

Meeting reconvened at 6:00 p.m.

ROLL CALL

Board: Charles Zipkin, Board President; Gregory Jellinek, Vice President; Dale Chamblin, Treasurer; John Mohun, Secretary; Karen Sessler, Board Member (*via teleconference location*)

Staff: Harry Weis, CEO; Crystal Betts, CFO; Judy Newland, CNO/COO; Jake Dorst, CIO; Jayne O’Flanagan, Karen Gancitano, Executive Director of Post Acute Services ; Martina Rochefort, Clerk of the Board

Other: David Ruderman, Assistant General Counsel (*via phone*)

5.1.1. Agility Health

Discussion was held.

No public comment was received.

Discussion was held.

ACTION: Motion made by Director Zipkin, seconded by Director Chamblin, to accept the Agility Health contract as presented.

Discussion was held.

An amended motion made by Director Zipkin, seconded by Director Chamblin, to approve the Agility Health contract as presented. Roll call vote taken.

Sessler – AYE

Mohun –NAY

Chamblin – AYE

Jellinek – NAY

Zipkin – AYE

Meeting adjourned at 6:32 p.m.

**TAHOE FOREST HOSPITAL DISTRICT
MARCH 2016 FINANCIAL REPORT
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12	IVCH STATEMENT OF REVENUE AND EXPENSE
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MARCH 2016 FINANCIAL NARRATIVE

The following is a financial narrative analyzing financial and statistical trends for the nine months ended March 31, 2016.

Activity Statistics

- ❑ TFH acute patient days were 363 for the current month compared to budget of 408. This equates to an average daily census of 11.71 compared to budget of 13.17.
- ❑ TFH Outpatient volumes were above budget in the following departments by at least 5%: Emergency Department visits, Home Health visits, Endoscopy procedures, Diagnostic Imaging, Mammography, Oncology procedures, Radiation Oncology procedures, MRI exams, Cat Scans, PET CT, Pharmacy units, Oncology Pharmacy units, Physical Therapy, Speech Therapy, and Occupational Therapy.
- ❑ TFH Outpatient volumes were below budget in the following departments by at least 5%: Surgery cases, Oncology Lab, Nuclear Medicine, and Respiratory Therapy.

Financial Indicators

- ❑ Net Patient Revenue as a percentage of Gross Patient Revenue was 59.4% in the current month compared to budget of 53.3% and to last month's 56.1%. Current year's Net Patient Revenue as a percentage of Gross Patient Revenue is 58.3%, compared to budget of 53.3% and prior year's 55.7%.
- ❑ EBIDA was \$3,656,783 (17.3%) for the current month compared to budget of \$174,995 (1.0%), or \$3,481,788 (16.3%) above budget. Year-to-date EBIDA was \$15,332,283 (9.1%) compared to budget of \$3,011,825 (1.9%) or \$12,320,458 (7.3%) above budget.
- ❑ Cash Collections for the current month were \$11,450,744 which is 110% of targeted Net Patient Revenue.
- ❑ Gross Days in Accounts Receivable were 54.7, compared to the prior month of 56.1. Gross Accounts Receivables are \$33,074,937 compared to the prior month of \$33,202,394. The percent of Gross Accounts Receivable over 120 days old is 18.0%, compared to the prior month of 19.9%.

Balance Sheet

- ❑ Working Capital Days Cash on Hand is 37.1 days. S&P Days Cash on Hand is 191.8. Working Capital cash decreased \$1,091,000. Cash collections exceeded target by 10%, the District received reimbursement of \$996,698 for funds advanced on February Measure C projects, and Accounts Payable increased \$502,000. The net decrease in cash was a result of moving \$5,000,000 into the District's Cash Reserve fund held at LAIF.
- ❑ Net Patients Accounts Receivable increased approximately \$130,000. Cash collections were at 110% of target and days in accounts receivable were 54.7 days, a 1.40 days decrease.
- ❑ GO Bond Project Fund decreased \$996,698 after reimbursing the District for funds advanced on the February Measure C Projects.
- ❑ An adjustment was made to the asset and offsetting liability to reflect the fair value of the Piper Jaffray swap transaction at the close of March.
- ❑ Accounts Payable increased \$502,000 due to the timing of the final check run in March.
- ❑ The Medi-Cal field audit for the FY2014 cost report was finalized resulting in a decrease of monies due to the State.

Operating Revenue

- ❑ Current month’s Total Gross Revenue was \$21,114,915, compared to budget of \$17,531,879 or \$3,583,036 above budget.
- ❑ Current month’s Gross Inpatient Revenue was \$6,133,905, compared to budget of \$6,089,775 or \$44,130 over budget.
- ❑ Current month’s Gross Outpatient Revenue was \$14,981,009 compared to budget of \$11,442,104 or \$3,538,906 above budget. Volumes were up in some departments and down in others. See TFH Outpatient Activity Statistics above.
- ❑ Current month’s Gross Revenue Mix was 32.3% Medicare, 16.5% Medi-Cal, .0% County, 3.7% Other, and 47.5% Insurance compared to budget of 36.4% Medicare, 18.7% Medi-Cal, .0% County, 5.0% Other, and 39.9% Insurance. Last month’s mix was 29.3% Medicare, 18.6% Medi-Cal, .0% County, 2.6% Other, and 49.5% Insurance.
- ❑ Current month’s Deductions from Revenue were \$8,579,986 compared to budget of \$8,190,396 or \$389,590 over budget. Variance is attributed to the following reasons: 1) Payor mix varied from budget with a 4.13% decrease in Medicare, a 2.23% decrease to Medi-Cal, a .07% decrease in County, a 1.27% decrease in Other, and Commercial was above budget 7.70%, 2) Revenues exceeded budget by 20.4%, and 3) an adjustment was made to Prior Period Settlements to true-up the amount due to the State based on the finalized FY2014 cost report audit.

Operating Expenses

DESCRIPTION	March 2016 Actual	March 2016 Budget	Variance	BRIEF COMMENTS
Salaries & Wages	3,471,294	3,771,127	299,832	
Employee Benefits	1,102,434	1,180,313	77,879	
Benefits – Workers Compensation	49,796	60,541	10,745	
Benefits – Medical Insurance	504,045	750,099	246,054	
Professional Fees	1,711,760	1,429,647	(282,113)	Accrual of MSC Physician RVU bonuses, locum coverage for Radiation Oncology, legal and consulting services provided to Administration and TIRHR, TFH and IVCH Physical, Speech and Occupational Therapy revenues exceeding budget, MSC Physician recruitment fees, consulting services provided for our managed care contract negotiations, and financial and strategic planning created a negative variance in Professional Fees.
Supplies	1,418,915	1,266,911	(152,004)	Drugs Sold to Patients and Oncology Drugs Sold to Patients revenues exceeded budget by 58.38%, creating an over budget variance in Supplies.
Purchased Services	807,410	875,383	67,974	A decrease in services provided to the Wellness Neighborhood, Community Health, Quality Management, snow removal, and GUGC expense advances along with a decrease in collection agency fees in Patient Financial Services created a positive variance in Purchased Services.
Other Expenses	488,465	461,288	(27,177)	Negative variance in Other Expenses related to IVCH surgical equipment and in-home sleep study rentals, final travel expenses for the Interim Director of Revenue Cycle and Business Office Manager, training courses for Home Health, Engineering, Personnel, Occupational Health, and Community Health, and annual fees paid to agencies to decrease our communication costs.
Total Expenses	9,554,119	9,795,309	241,191	

TAHOE FOREST HOSPITAL DISTRICT
STATEMENT OF NET POSITION
MARCH 2016

	Mar-16	Feb-16	Mar-15	
ASSETS				
CURRENT ASSETS				
* CASH	\$ 12,203,372	\$ 13,294,590	\$ 9,610,865	1
PATIENT ACCOUNTS RECEIVABLE - NET	17,471,594	17,341,902	15,481,600	2
OTHER RECEIVABLES	4,811,471	4,276,155	4,306,707	
GO BOND RECEIVABLES	269,244	(123,869)	653,771	
ASSETS LIMITED OR RESTRICTED	4,984,503	5,088,088	5,622,680	
INVENTORIES	2,317,862	2,332,842	2,484,421	
PREPAID EXPENSES & DEPOSITS	1,325,918	1,462,716	1,424,987	
ESTIMATED SETTLEMENTS, M-CAL & M-CARE	3,398,822	3,397,500	3,389,901	
TOTAL CURRENT ASSETS	46,782,786	47,069,925	42,974,931	
NON CURRENT ASSETS				
ASSETS LIMITED OR RESTRICTED:				
* CASH RESERVE FUND	50,834,718	45,834,718	40,705,163	1
BANC OF AMERICA MUNICIPAL LEASE	979,155	979,155	2,294,253	
TOTAL BOND TRUSTEE 2002	2	2	2	
TOTAL BOND TRUSTEE 2006	893,144	750,032	3,027,589	
TOTAL BOND TRUSTEE GO BOND	-	-	-	
GO BOND PROJECT FUND	3,899,862	4,896,560	14,389,630	3
GO BOND TAX REVENUE FUND	1,361,348	1,361,348	549,282	
BOARD DESIGNATED FUND	-	-	2,297	
DIAGNOSTIC IMAGING FUND	2,976	2,976	2,967	
DONOR RESTRICTED FUND	1,271,595	1,141,630	1,115,873	
WORKERS COMPENSATION FUND	2,690	5,870	21,983	
TOTAL	59,245,489	54,972,290	62,109,038	
LESS CURRENT PORTION	(4,984,503)	(5,088,088)	(5,622,680)	
TOTAL ASSETS LIMITED OR RESTRICTED - NET	54,260,986	49,884,202	56,486,358	
NONCURRENT ASSETS AND INVESTMENTS:				
INVESTMENT IN TSC, LLC	202,785	202,785	393,277	
PROPERTY HELD FOR FUTURE EXPANSION	836,353	836,353	836,353	
PROPERTY & EQUIPMENT NET	126,974,128	127,581,136	129,395,597	
GO BOND CIP, PROPERTY & EQUIPMENT NET	29,223,350	28,434,198	18,798,045	
TOTAL ASSETS	258,280,390	254,008,599	248,884,561	
DEFERRED OUTFLOW OF RESOURCES:				
DEFERRED LOSS ON DEFEASANCE	552,736	555,968	591,524	
ACCUMULATED DECREASE IN FAIR VALUE OF HEDGING DERIVATIVE	2,071,949	1,880,317	2,013,085	4
DEFERRED OUTFLOW OF RESOURCES ON REFUNDING	1,947,582	1,955,220	-	
GO BOND DEFERRED FINANCING COSTS	301,991	303,176	-	
DEFERRED FINANCING COSTS	215,337	216,378	-	
TOTAL DEFERRED OUTFLOW OF RESOURCES	\$ 5,089,596	\$ 4,911,058	\$ 2,604,609	
LIABILITIES				
CURRENT LIABILITIES				
ACCOUNTS PAYABLE	\$ 5,593,616	\$ 5,091,997	\$ 5,944,311	5
ACCRUED PAYROLL & RELATED COSTS	7,725,702	7,434,064	7,754,534	
INTEREST PAYABLE	290,600	189,147	393,427	
INTEREST PAYABLE GO BOND	709,886	348,861	779,557	
ESTIMATED SETTLEMENTS, M-CAL & M-CARE	300,682	463,361	512,695	6
HEALTH INSURANCE PLAN	1,307,731	1,307,731	997,635	
WORKERS COMPENSATION PLAN	404,807	404,807	1,006,475	
COMPREHENSIVE LIABILITY INSURANCE PLAN	824,203	824,203	890,902	
CURRENT MATURITIES OF GO BOND DEBT	530,000	530,000	315,000	
CURRENT MATURITIES OF OTHER LONG TERM DEBT	2,323,994	2,323,994	2,300,830	
TOTAL CURRENT LIABILITIES	20,011,221	18,918,165	20,895,366	
NONCURRENT LIABILITIES				
OTHER LONG TERM DEBT NET OF CURRENT MATURITIES	29,908,944	30,012,849	33,382,286	
GO BOND DEBT NET OF CURRENT MATURITIES	100,005,320	100,009,263	98,130,000	
DERIVATIVE INSTRUMENT LIABILITY	2,071,949	1,880,317	2,013,085	4
TOTAL LIABILITIES	151,997,434	150,820,593	154,420,737	
NET ASSETS				
NET INVESTMENT IN CAPITAL ASSETS	110,100,956	106,957,434	95,952,561	
RESTRICTED	1,271,595	1,141,630	1,115,873	
TOTAL NET POSITION	\$ 111,372,552	\$ 108,099,064	\$ 97,068,433	

* Amounts included for Days Cash on Hand calculation

TAHOE FOREST HOSPITAL DISTRICT
NOTES TO STATEMENT OF NET POSITION
MARCH 2016

1. Working Capital is at 37.1 days (policy is 30 days). Days Cash on Hand (S&P calculation) is 191.8 days. Working Capital cash decreased \$1,091,000. Cash collections exceeded target by 10%, the District received reimbursement of \$996,698 for funds advanced on February Measure C projects (See Note 3), and Accounts Payable increased \$502,000 (See Note 5). The net decrease in cash was a result of moving \$5,000,000 to the Cash Reserve Fund held at LAIF.
2. Net Patient Accounts Receivable increased approximately \$130,000. Cash collections were 110% of target. Days in Accounts Receivable are at 54.7 days compared to prior months 56.1 days, a 1.40 days decrease.
3. GO Bond Project Fund decreased \$996,698 after reimbursing the District for funds advanced on the February Measure C projects.
4. To comply with GASB No. 63, the District has booked an adjustment to the asset and offsetting liability to reflect the fair value of the Piper Jaffray swap transaction at the close of March.
5. Accounts Payable increased \$502,000 due to the timing of the final check run in March.
6. The Medi-Cal field audit for the FY2014 cost report was finalized resulting in a decrease of monies due to the State for this fiscal year.

**Tahoe Forest Hospital District
Cash Investment
March 2016**

WORKING CAPITAL			
US Bank	\$ 12,069,041		
US Bank/Kings Beach Thrift Store	41,079		
US Bank/Truckee Thrift Store	93,253		
Wells Fargo Bank			
Local Agency Investment Fund	<u> -</u>	0.47%	
Total			\$ 12,203,372
 BOARD DESIGNATED FUNDS			
US Bank Savings	\$ -	0.03%	
Capital Equipment Fund	<u> -</u>		
Total			\$ -
Building Fund	\$ -		
Cash Reserve Fund	<u>50,834,718</u>	0.47%	
Local Agency Investment Fund			\$ 50,834,718
Banc of America Muni Lease			\$ 979,155
Bonds Cash 2002			\$ 2
Bonds Cash 2006			\$ 893,144
Bonds Cash 2008			\$ 5,261,210
DX Imaging Education	\$ 2,976	0.47%	
Workers Comp Fund - B of A	2,690		
Insurance			
Health Insurance LAIF	-	0.47%	
Comprehensive Liability Insurance LAIF	<u> -</u>	0.47%	
Total			\$ <u>5,666</u>
TOTAL FUNDS			\$ 70,177,266
 RESTRICTED FUNDS			
Gift Fund			
US Bank Money Market	\$ 8,368	0.03%	
Foundation Restricted Donations	\$ 230,693		
Local Agency Investment Fund	<u>1,032,535</u>	0.47%	
TOTAL RESTRICTED FUNDS			\$ <u>1,271,595</u>
TOTAL ALL FUNDS			\$ <u><u>71,448,861</u></u>

**TAHOE FOREST HOSPITAL DISTRICT
STATEMENT OF NET POSITION
KEY FINANCIAL INDICATORS
MARCH 2016**

	Current Status	Desired Position	Target	<u>Bond Covenants</u>	<u>FY 2016</u> Jul 15 to Mar 16	<u>FY 2015</u> Jul 14 to June 15	<u>FY 2014</u> Jul 13 to June 14	<u>FY 2013</u> Jul 12 to June 13	<u>FY 2012</u> Jul 11 to June 12	<u>FY 2011</u> Jul 10 to June 11	<u>FY 2010</u> Jul 09 to June 10
Return On Equity: <u>Increase (Decrease) in Net Position</u> Net Position		↑	-3.1% (1)		10.8%	2.19%	.001%	-4.0%	8.7%	6.3%	12.4%
Days in Accounts Receivable (excludes SNF & MSC) <u>Gross Accounts Receivable</u> 90 Days		↓	FYE 63 Days		55	60	75	97	64	59	60
<u>Gross Accounts Receivable</u> 365 Days					61	62	75	93	64	59	59
Days Cash on Hand Excludes Restricted: <u>Cash + Short-Term Investments</u> (Total Expenses - Depreciation Expense)/ by 365	 	↑	Budget FYE 158 Days Budget 3rd Qtr 155 Days Projected 3rd Qtr 184 Days	60 Days BBB- 147 Days	192	156	164	148	203	209	219
Accounts Receivable over 120 days (excludes payment plan, legal and charitable balances)		↓	13%		14%	18%	22%	29%	15%	11%	13%
Accounts Receivable over 120 days (includes payment plan, legal and charitable balances)		↓	18%		18%	23%	25%	34%	19%	16%	18%
Cash Receipts Per Day (based on 30 day lag on Patient Net Revenue) excludes managed care reserve	 	↑	FYE Budget \$303,615 End 3rd Qtr Budget \$308,254 End 3rd Qtr Actual \$350,288		\$311,371	\$290,776	\$286,394	\$255,901	\$254,806	\$240,383	\$256,059
Debt Service Coverage: Excess Revenue over Exp + <u>Interest Exp + Depreciation</u> Debt Principal Payments + Interest Expense		↑	Without GO Bond 2.00 With GO Bond 1.18	1.95	5.49 2.43	3.28 1.59	2.18 1.29	.66 .89	4.83 2.70	4.35 2.45	3.48 3.00

Footnotes:

- (1) Target Return on Equity was established during the FY16 budgeting process. Fiscal year 2015 ended with a higher net income than projected. Based upon the actual fiscal year end net asset number, our Target Return on Equity was 2.15%.

TAHOE FOREST HOSPITAL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
MARCH 2016

CURRENT MONTH				Note	YEAR TO DATE				PRIOR YTD	
ACTUAL	BUDGET	VAR\$	VAR%		ACTUAL	BUDGET	VAR\$	VAR%	MAR 2015	
OPERATING REVENUE										
\$ 21,114,915	\$ 17,531,879	\$ 3,583,036	20.4%		\$ 167,651,481	\$ 159,029,393	\$ 8,622,088	5.4%	1	\$ 155,639,520
Total Gross Revenue										
Gross Revenues - Inpatient										
\$ 1,708,310	\$ 1,892,171	\$ (183,861)	-9.7%		\$ 15,565,438	\$ 16,299,584	\$ (734,146)	-4.5%		\$ 15,435,069
4,425,595	4,197,605	227,991	5.4%		33,520,223	35,890,663	(2,370,440)	-6.6%		36,306,354
6,133,905	6,089,775	44,130	0.7%		49,085,661	52,190,246	(3,104,585)	-5.9%	1	51,741,423
Total Gross Revenue - Inpatient										
14,981,009	11,442,104	3,538,906	30.9%		118,565,820	106,839,146	11,726,674	11.0%		103,898,097
14,981,009	11,442,104	3,538,906	30.9%		118,565,820	106,839,146	11,726,674	11.0%	1	103,898,097
Total Gross Revenue - Outpatient										
Deductions from Revenue:										
8,309,667	7,196,551	(1,113,116)	-15.5%		66,605,931	65,239,994	(1,365,937)	-2.1%	2	61,157,976
678,972	572,617	(106,356)	-18.6%		5,044,229	5,194,958	150,729	2.9%	2	4,782,903
165,038	-	(165,038)	0.0%		560,357	-	(560,357)	0.0%	2	-
(411,012)	421,229	832,241	197.6%		(973,772)	3,824,697	4,798,469	125.5%	2	2,693,857
(162,679)	-	162,679	0.0%		(1,295,903)	-	1,295,903	0.0%	2	261,055
8,579,986	8,190,396	(389,590)	-4.8%		69,940,841	74,259,649	4,318,808	5.8%		68,895,792
Total Deductions from Revenue										
56,629	59,785	(3,156)	-5.3%		548,260	544,184	4,076	0.7%		609,475
619,344	569,037	50,308	8.8%		6,381,170	5,000,626	1,380,544	27.6%	3	5,719,851
Property Tax Revenue- Wellness Neighborhood										
Other Operating Revenue										
13,210,902	9,970,304	3,240,598	32.5%		104,640,070	90,314,554	14,325,516	15.9%		93,073,054
TOTAL OPERATING REVENUE										
OPERATING EXPENSES										
3,471,294	3,771,127	299,832	8.0%		32,111,101	32,778,087	666,986	2.0%	4	30,714,639
1,102,434	1,180,313	77,879	6.6%		11,070,347	10,526,608	(543,739)	-5.2%	4	10,364,275
49,796	60,541	10,745	17.7%		469,958	544,868	74,909	13.7%	4	453,577
504,045	750,099	246,054	32.8%		5,652,235	6,750,889	1,098,654	16.3%	4	6,724,075
1,711,760	1,429,647	(282,113)	-19.7%		13,842,951	12,625,270	(1,217,681)	-9.6%	5	15,875,966
1,418,915	1,266,911	(152,004)	-12.0%		13,601,883	11,642,515	(1,959,368)	-16.8%	6	12,410,916
807,410	875,383	67,974	7.8%		8,053,037	7,897,222	(155,814)	-2.0%	7	8,103,939
488,465	461,288	(27,177)	-5.9%		4,506,275	4,537,269	30,994	0.7%	8	5,051,068
9,554,119	9,795,309	241,191	2.5%		89,307,787	87,302,729	(2,005,058)	-2.3%		89,698,456
TOTAL OPERATING EXPENSE										
3,656,783	174,995	3,481,788	1989.7%		15,332,283	3,011,825	12,320,458	409.1%		3,374,598
NET OPERATING REVENUE (EXPENSE) EBIDA										
NON-OPERATING REVENUE/(EXPENSE)										
395,578	392,422	3,156	0.8%		3,548,953	3,525,676	23,277	0.7%	9	3,431,241
392,691	392,691	-	0.0%		3,536,614	3,534,222	2,392	0.1%		3,545,130
District and County Taxes										
District and County Taxes - GO Bond										
35,539	15,675	19,865	126.7%		260,542	172,394	88,148	51.1%	10	209,877
450	785	(334)	-42.6%		16,599	11,866	4,733	39.9%		27,536
Interest Income										
Interest Income-GO Bond										
80,277	34,671	45,606	131.5%		354,891	312,040	42,851	13.7%	11	363,015
-	(37,500)	37,500	0.0%		(121,610)	(112,500)	(9,110)	0.0%	12	(67,418)
Donations										
Gain/ (Loss) on Joint Investment										
-	-	-	0.0%		-	-	-	0.0%	12	-
-	-	-	0.0%		-	-	-	0.0%	12	-
-	-	-	0.0%		7,500	-	7,500	0.0%	13	-
-	-	-	0.0%		-	-	-	0.0%	14	-
(856,217)	(855,178)	(1,039)	-0.1%		(7,674,560)	(7,696,603)	22,043	0.3%	15	(7,184,416)
(114,940)	(115,198)	257	0.2%		(1,072,896)	(1,038,524)	(34,372)	-3.3%	16	(1,260,405)
(316,674)	(315,841)	(832)	-0.3%		(2,212,027)	(2,127,894)	(84,133)	-4.0%		(2,634,193)
(383,295)	(487,474)	104,179	21.4%		(3,355,996)	(3,419,324)	63,328	1.9%		(3,569,633)
Interest Expense										
Interest Expense-GO Bond										
TOTAL NON-OPERATING REVENUE/(EXPENSE)										
\$ 3,273,488	\$ (312,479)	\$ 3,585,967	1147.6%		\$ 11,976,287	\$ (407,499)	\$ 12,383,786	3039.0%		\$ (195,035)
INCREASE (DECREASE) IN NET POSITION										
NET POSITION - BEGINNING OF YEAR					99,396,265					
NET POSITION - AS OF MARCH 31, 2016					\$ 111,372,552					
17.3%	1.0%	16.3%			9.1%	1.9%	7.3%			2.2%
RETURN ON GROSS REVENUE EBIDA										

TAHOE FOREST HOSPITAL DISTRICT
NOTES TO STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
MARCH 2016

		Variance from Budget	
		Fav / <Unfav>	
		MAR 2016	YTD 2016
1) Gross Revenues			
Acute Patient Days were under budget 11.03% or 45 days. Swing Bed days were above budget 93.75% or 15 days. Ancillary revenues exceeded budget by 5.4% due to the higher acuity levels in our Swing patients.	Gross Revenue -- Inpatient	\$ 47,022	\$ (3,101,693)
	Gross Revenue -- Outpatient	3,536,014	11,723,782
	Gross Revenue -- Total	<u>\$ 3,583,036</u>	<u>\$ 8,622,088</u>
Outpatient volumes were above budget in the following departments: Emergency Department visits, Home Health visits, Endoscopy procedures, Laboratory tests, Diagnostic Imaging, Mammography, Oncology procedures, Radiation Oncology procedures, MRI exams, Ultrasounds, Cat Scans, PET CT, Pharmacy units, Oncology Pharmacy units, Physical Therapy, Speech Therapy, and Occupational Therapy.			
2) Total Deductions from Revenue			
The payor mix for March shows a 4.13% decrease to Medicare, a 2.23% decrease to Medi-Cal, 1.27% decrease to Other, a .07% decrease to County, and an 7.70% increase to Commercial when compared to budget. Contractual Allowances were over budget due to revenues exceeding budget by 20.4%	Contractual Allowances	\$ (1,113,116)	\$ (1,365,937)
	Charity Care	(106,356)	150,729
	Charity Care - Catastrophic	(165,038)	(560,357)
	Bad Debt	832,241	4,798,469
	Prior Period Settlements	162,679	1,295,903
	Total	<u>\$ (389,590)</u>	<u>\$ 4,318,808</u>
Positive variance in Prior Period Settlements related to the true-up of monies due to the State for our FY2014 Medi-Cal cost report after the final desk audit was issued.			
3) Other Operating Revenue			
IVCH ER Physician Guarantee is tied to collections which exceeded budget in March.	Retail Pharmacy	\$ (3,403)	\$ 127,443
	Hospice Thrift Stores	(14,522)	19,297
	The Center (non-therapy)	4,783	4,488
	IVCH ER Physician Guarantee	27,015	171,428
	Children's Center	10,182	109,440
	Miscellaneous	27,502	912,146
	Oncology Drug Replacement	-	-
	Grants	(1,250)	36,300
	Total	<u>\$ 50,308</u>	<u>\$ 1,380,544</u>
Children's Center revenue exceeded budget by 15.2%			
Positive variance in Miscellaneous related to Dietary sales exceeding budget, Patient Accounting interest, and Rebates & Refunds.			
4) Salaries and Wages			
	Total	<u>\$ 299,832</u>	<u>\$ 666,986</u>
Employee Benefits			
	PL/SL	\$ 15,956	\$ (143,599)
	Nonproductive	(3,202)	(174,072)
	Pension/Deferred Comp	(0)	(7,114)
	Standby	6,465	(70,887)
	Other	58,660	(148,067)
	Total	<u>\$ 77,879</u>	<u>\$ (543,739)</u>
Employee Benefits - Workers Compensation	Total	<u>\$ 10,745</u>	<u>\$ 74,909</u>
Employee Benefits - Medical Insurance	Total	<u>\$ 246,054</u>	<u>\$ 1,098,654</u>
5) Professional Fees			
Negative variance in Multi-Specialty Clinics related to booking accrued MSC physician RVU bonuses and Locum coverage for Radiation Oncology.	Multi-Specialty Clinics	\$ (90,925)	\$ (392,565)
	Administration	(97,975)	(339,047)
	The Center (includes OP Therapy)	(48,325)	(286,535)
	Miscellaneous	(29,988)	(270,867)
	TFH/IVCH Therapy Services	(40,704)	(254,166)
	Multi-Specialty Clinics Admin	(27,143)	(47,184)
	Managed Care	(13,973)	(29,139)
	Financial Administration	(38,433)	(28,799)
	Home Health/Hospice	1,100	(7,108)
	IVCH ER Physicians	1,935	(1,704)
	Patient Accounting/Admitting	-	-
	Business Performance	-	-
	Respiratory Therapy	200	1,100
	Information Technology	8,883	11,310
	TFH Locums	17,704	14,809
	Sleep Clinic	415	17,750
	Marketing	2,375	21,375
	Oncology	(8,096)	39,859
	Medical Staff Services	21,286	57,283
	Corporate Compliance	27,448	126,167
	Human Resources	32,103	149,781
	Total	<u>\$ (282,113)</u>	<u>\$ (1,217,681)</u>
Legal services, Therapy Service line analysis, and Physician Alignment services created a negative variance in Administration.			
Outpatient Therapy Services revenues exceeded budget by 38.2%, creating a negative variance in The Center (includes OP Therapy).			
Services provided to TIRHR created a negative variance in Miscellaneous.			
TFH/IVCH Therapy Services revenues exceeded budget by 25.85%, creating a negative variance in this category.			
Physician recruitment services created a negative variance in Multi-Specialty Clinics Administration.			
Consulting services provided for our managed care contract negotiations created a negative variance in Managed Care.			
Financial and Strategic Planning services provided to Financial Administration created a negative variance in this category.			

6) Supplies

Drugs Sold to Patients and Oncology Drugs Sold to Patients revenues exceeded budget by 58.38%, creating a negative variance in Pharmacy Supplies. The District received a backlog of 340B drug rebates in excess of \$100,000 which further reduced the negative variance in Pharmacy Supplies.

Surgery and Medical Supplies Sold to Patients revenues exceeded budget by 16.61%, however, revenues were increased in PAAS and Anesthesia requiring fewer supply costs.

Increase in Cafeteria sales and Swing bed days created a negative variance in Food.

Pharmacy Supplies	\$	(156,627)	\$	(1,710,541)
Patient & Other Medical Supplies		19,471		(112,347)
Food		(7,285)		(68,913)
Office Supplies		(6,546)		(58,350)
Minor Equipment		(1,614)		(43,374)
Imaging Film		(1,445)		(2,005)
Other Non-Medical Supplies		2,043		36,162
Total	\$	(152,004)	\$	(1,959,368)

7) Purchased Services

Positive variance in Miscellaneous resulted from fewer services used in the Wellness Neighborhood, Community Health, snow removal, Quality Management, and expense advances for the GUGC tournament.

District wide building maintenance projects created a negative variance in Department repairs.

Negative variance in Laboratory primarily related to maintenance agreements on Lab equipment.

EMR and Practice Management fees created a negative variance in Multi-Specialty Clinics.

Positive variance in Patient Accounting related to collection agency fees falling short of budget.

Miscellaneous	\$	76,820	\$	(296,210)
Department Repairs		(32,578)		(66,079)
The Center		(3,802)		(58,475)
Laboratory		(6,036)		(44,119)
Diagnostic Imaging Services - All		1,915		(42,607)
Medical Records		947		(15,099)
Pharmacy IP		(1,647)		(7,667)
Community Development		368		3,502
Human Resources		16,549		10,195
Hospice		1,273		15,197
Multi-Specialty Clinics		(6,935)		32,027
Patient Accounting		16,308		121,439
Information Technology		4,790		192,084
Total	\$	67,974	\$	(155,814)

8) Other Expenses

Negative variance in Equipment rent related to surgical equipment rentals at IVCH and rental equipment provided for in-home sleep studies.

Travel expenses for the Interim Director of Revenue Cycle, Interim Manager in the Business Office, tuition reimbursements, outside training courses for Home Health, Engineering, Personnel, Occupational Health, and Community Health created a negative variance in Outside Training & Travel.

Relocation expenses for the new Director of Revenue Cycle created a negative variance in Human Resources.

Annual fees paid to agencies providing the District with reduced communication costs created a negative variance in Utilities.

Equipment Rent	\$	(9,367)	\$	(57,197)
Outside Training & Travel		(22,074)		(56,826)
Dues and Subscriptions		(2,291)		(43,642)
Human Resources Recruitment		(5,507)		(23,515)
Multi-Specialty Clinics Bldg Rent		(1,401)		(13,557)
Other Building Rent		(198)		(12,957)
Multi-Specialty Clinics Equip Rent		27		(874)
Innovation Fund		-		-
Physician Services		188		1,161
Miscellaneous		7,912		30,649
Insurance		3,744		39,611
Utilities		(22,890)		65,144
Marketing		24,677		102,995
Total	\$	(27,177)	\$	30,994

9) District and County Taxes

Total	\$	3,156	\$	23,277
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10) Interest Income

Total	\$	19,865	\$	88,148
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11) Donations

IVCH	\$	(4,333)	\$	(3,344)
Operational		49,939		46,195
Capital Campaign		-		-
Total		45,606		42,851

12) Gain/(Loss) on Joint Investment

Total	\$	37,500	\$	(9,110)
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13) Gain/(Loss) on Sale

Total	\$	-	\$	7,500
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15) Depreciation Expense

Total	\$	(1,039)	\$	22,043
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16) Interest Expense

Total	\$	257	\$	(34,372)
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TAHOE FOREST HOSPITAL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
KEY FINANCIAL INDICATORS
MARCH 2016

	Current Status	Desired Position	Target	FY 2016 Jul 15 to Mar 16	FY 2015 Jul 14 to June 15	FY 2014 Jul 13 to June 14	FY 2013 Jul 12 to June 13	FY 2012 Jul 11 to June 12	FY 2011 Jul 10 to June 11	FY 2010 Jul 09 to June 10
Total Margin: <u>Increase (Decrease) In Net Position</u> Total Gross Revenue		↑	FYE -1.4% 3rd Qtr .0%	7.2%	1.0%	.01%	-2.2%	5.3%	3.6%	5.8%
Charity Care: <u>Charity Care Expense</u> Gross Patient Revenue		↓	FYE 3.3% 3rd Qtr 3.3%	3.4%	3.1%	3.2%	3.2%	2.6%	3.0%	3.1%
Bad Debt Expense: <u>Bad Debt Expense</u> Gross Patient Revenue		↓	FYE 2.4% 3rd Qtr 2.4%	.0%	1.6%	1.6%	4.6%	4.3%	3.8%	4.1%
Incline Village Community Hospital: EBIDA: Earnings before interest, Depreciation, amortization <u>Net Operating Revenue <Expense></u> Gross Revenue		↑	FYE 5.3% 3rd Qtr 7.1%	15.0%	9.1%	4.9%	11.5%	10.8%	12.3%	6.7%
Operating Expense Variance to Budget (Under<Over>)		↑	-0-	\$(2,005,058)	\$(6,371,653)	\$2,129,279	\$(1,498,683)	\$790,439	\$15,188	\$2,662,695
EBIDA: Earnings before interest, Depreciation, amortization <u>Net Operating Revenue <Expense></u> Gross Revenue		↑	FYE 1.0% 3rd Qtr 1.9%	9.1%	3.5%	2.0%	.9%	5.6%	5.1%	6.6%

INCLINE VILLAGE COMMUNITY HOSPITAL
STATEMENT OF REVENUE AND EXPENSE
MARCH 2016

CURRENT MONTH				Note	YEAR TO DATE				PRIOR YTD	
ACTUAL	BUDGET	VAR\$	VAR%		ACTUAL	BUDGET	VAR\$	VAR%	MAR 2015	
OPERATING REVENUE										
\$ 1,561,447	\$ 1,261,243	\$ 300,204	23.8%	Total Gross Revenue	\$ 13,269,666	\$ 11,601,322	\$ 1,668,344	14.4%	1	\$ 11,229,691
Gross Revenues - Inpatient										
\$ 3,171	\$ 3,513	\$ (342)	-9.7%	Daily Hospital Service	\$ 22,598	\$ 28,106	\$ (5,508)	-19.6%		\$ 26,139
384	5,701	(5,317)	-93.3%	Ancillary Service - Inpatient	25,049	43,335	(18,286)	-42.2%		54,553
3,555	9,215	(5,660)	-61.4%	Total Gross Revenue - Inpatient	47,647	71,442	(23,794)	-33.3%	1	80,692
1,557,892	1,252,028	305,864	24.4%	Gross Revenue - Outpatient	13,222,019	11,529,880	1,692,138	14.7%		11,148,999
1,557,892	1,252,028	305,864	24.4%	Total Gross Revenue - Outpatient	13,222,019	11,529,880	1,692,138	14.7%	1	11,148,999
Deductions from Revenue:										
540,019	344,645	(195,374)	-56.7%	Contractual Allowances	4,214,316	3,181,355	(1,032,962)	-32.5%	2	3,183,804
51,943	43,821	(8,122)	-18.5%	Charity Care	442,657	403,546	(39,111)	-9.7%	2	362,905
33,941	-	(33,941)	0.0%	Charity Care - Catastrophic Events	42,482	-	(42,482)	0.0%	2	-
(45,782)	87,642	133,424	152.2%	Bad Debt	487,371	807,092	319,721	39.6%	2	884,202
-	-	-	0.0%	Prior Period Settlements	(150,715)	-	150,715	0.0%	2	5,409
580,121	476,108	(104,013)	-21.8%	Total Deductions from Revenue	5,036,111	4,391,992	(644,118)	-14.7%	2	4,436,319
89,554	62,985	26,569	42.2%	Other Operating Revenue	765,597	573,315	192,283	33.5%	3	648,681
1,070,880	848,120	222,760	26.3%	TOTAL OPERATING REVENUE	8,999,152	7,782,644	1,216,508	15.6%		7,442,052
OPERATING EXPENSES										
246,887	260,564	13,677	5.2%	Salaries and Wages	2,266,690	2,366,964	100,274	4.2%	4	2,212,878
75,524	83,490	7,966	9.5%	Benefits	686,758	732,628	45,869	6.3%	4	804,115
2,496	2,490	(6)	-0.2%	Benefits Workers Compensation	21,183	22,412	1,229	5.5%	4	27,841
32,207	47,919	15,712	32.8%	Benefits Medical Insurance	363,412	431,270	67,858	15.7%	4	443,655
237,420	233,306	(4,114)	-1.8%	Professional Fees	2,091,518	2,086,068	(5,450)	-0.3%	5	1,882,096
96,536	52,806	(43,730)	-82.8%	Supplies	683,836	474,773	(209,063)	-44.0%	6	459,260
36,283	42,955	6,672	15.5%	Purchased Services	367,639	374,729	7,090	1.9%	7	361,955
54,606	52,466	(2,140)	-4.1%	Other	532,502	467,316	(65,185)	-13.9%	8	446,885
781,959	775,995	(5,964)	-0.8%	TOTAL OPERATING EXPENSE	7,013,539	6,956,161	(57,378)	-0.8%		6,638,685
288,921	72,125	216,796	300.6%	NET OPERATING REV(EXP) EBIDA	1,985,613	826,483	1,159,130	140.2%		803,367
NON-OPERATING REVENUE/(EXPENSE)										
-	4,333	(4,333)	-100.0%	Donations-IVCH	35,656	39,000	(3,344)	-8.6%	9	22,091
-	-	-	0.0%	Gain/ (Loss) on Sale	-	-	-	0.0%	10	-
(58,359)	(58,359)	0	0.0%	Depreciation	(499,303)	(525,234)	25,932	-4.9%	11	(481,067)
(58,359)	(54,026)	(4,333)	-8.0%	TOTAL NON-OPERATING REVENUE/(EXP)	(463,647)	(486,235)	22,588	4.6%		(458,977)
\$ 230,562	\$ 18,099	\$ 212,463	1173.9%	EXCESS REVENUE(EXPENSE)	\$ 1,521,966	\$ 340,248	\$ 1,181,718	347.3%		\$ 344,391
18.5%	5.7%	12.8%		RETURN ON GROSS REVENUE EBIDA	15.0%	7.1%	7.8%			7.2%

**INCLINE VILLAGE COMMUNITY HOSPITAL
NOTES TO STATEMENT OF REVENUE AND EXPENSE
MARCH 2016**

		<u>Variance from Budget</u>	
		<u>Fav<Unfav></u>	
		<u>MAR 2016</u>	<u>YTD 2016</u>
1) <u>Gross Revenues</u>			
Acute Patient Days were below budget by 1 at 0 and Observation Days were over budget by 2 at 4.	Gross Revenue -- Inpatient	\$ (5,660)	\$ (23,794)
	Gross Revenue -- Outpatient	305,864	1,692,138
		<u>\$ 300,204</u>	<u>\$ 1,668,344</u>
Outpatient volumes were above budget in Emergency Department visits, Surgical cases, Laboratory tests, Radiology exams, Pharmacy units, Physical Therapy, and Occupational Therapy.			
2) <u>Total Deductions from Revenue</u>			
We saw a shift in our payor mix with an 1.83% increase in Commercial Insurance, a .99% increase in Medicare, a .07% increase in Medicaid, a 2.88% decrease in Other, and a .01% decrease in County. Negative variance in Contractual Allowances is a result of revenues exceeding budget by 23.8%.	Contractual Allowances	\$ (195,374)	\$ (1,032,962)
	Charity Care	(8,122)	(39,111)
	Charity Care-Catastrophic Event	(33,941)	(42,482)
	Bad Debt	133,424	319,721
	Prior Period Settlement	-	150,715
	Total	<u>\$ (104,013)</u>	<u>\$ (644,118)</u>
3) <u>Other Operating Revenue</u>			
IVCH ER Physician Guarantee is tied to collections which exceeded budget in March.	IVCH ER Physician Guarantee	\$ 27,015	\$ 171,428
	Miscellaneous	(446)	20,854
	Total	<u>\$ 26,569</u>	<u>\$ 192,283</u>
4) <u>Salaries and Wages</u>			
	Total	<u>\$ 13,677</u>	<u>\$ 100,274</u>
<u>Employee Benefits</u>			
	PL/SL	\$ 1,226	\$ 54,708
	Standby	3,170	15,114
	Other	3,670	(16,748)
	Nonproductive	(100)	(9,611)
	Pension/Deferred Comp	(1)	2,406
	Total	<u>\$ 7,966</u>	<u>\$ 45,869</u>
<u>Employee Benefits - Workers Compensation</u>			
	Total	<u>\$ (6)</u>	<u>\$ 1,229</u>
<u>Employee Benefits - Medical Insurance</u>			
	Total	<u>\$ 15,712</u>	<u>\$ 67,858</u>
5) <u>Professional Fees</u>			
IVCH Physical and Occupational Therapy revenues exceeded budget by 8.97%, creating a negative variance in Therapy Services professional fees.	Therapy Services	\$ (8,773)	\$ (19,589)
	Multi-Specialty Clinics	57	(11,071)
	Administration	(3,570)	(10,515)
	IVCH ER Physicians	1,935	(1,704)
	Miscellaneous	39	2,236
Services provided for project management oversight created a negative variance in Administration.	Foundation	5,782	17,443
	Sleep Clinic	415	17,750
Foundation oversight was converted to an FTE, creating a positive variance in Foundation.	Total	<u>\$ (4,114)</u>	<u>\$ (5,450)</u>
6) <u>Supplies</u>			
Surgery and Medical Supplies Sold to Patients revenues exceeded budget by 149.19%, creating a negative variance in Patient & Other Medical Supplies.	Patient & Other Medical Supplies	\$ (9,148)	\$ (91,966)
	Pharmacy Supplies	(30,239)	(86,744)
	Minor Equipment	(2,335)	(17,224)
	Food	(1,322)	(9,744)
	Office Supplies	(407)	(1,926)
Drugs Sold to Patients revenue exceeded budget by 83.20%, creating a negative variance in Pharmacy Supplies.	Non-Medical Supplies	(438)	(1,297)
	Imaging Film	157	(162)
Negative variance in Minor Equipment for Surgical Services equipment purchases.	Total	<u>\$ (43,730)</u>	<u>\$ (209,063)</u>

**INCLINE VILLAGE COMMUNITY HOSPITAL
NOTES TO STATEMENT OF REVENUE AND EXPENSE
MARCH 2016**

		Variance from Budget	
		Fav<Unfav>	
		MAR 2016	YTD 2016
7) <u>Purchased Services</u>			
Negative variance in Department Repairs related to maintenance agreements on Surgical equipment.	Laboratory	\$ 643	\$ (18,245)
	EVS/Laundry	316	(4,009)
	Department Repairs	(2,230)	(1,860)
	Foundation	431	(251)
	Pharmacy	-	-
	Surgical Services	-	-
	Miscellaneous	937	4,157
	Multi-Specialty Clinics	111	4,198
	Diagnostic Imaging Services - All	643	6,840
	Engineering/Plant/Communications	5,821	16,259
	Total	\$ 6,672	\$ 7,090
8) <u>Other Expenses</u>			
Negative variance in Equipment Rent related to rentals for in-home sleep studies and rental equipment needed for scheduled surgeries.	Equipment Rent	\$ (10,215)	\$ (78,717)
	Utilities	290	(3,263)
	Dues and Subscriptions	(241)	(2,574)
	Outside Training & Travel	2,173	(91)
Controllable costs continue to be monitored, creating positive variances in the remainder of the Other Expense categories.	Physician Services	-	-
	Multi-Specialty Clinics Equip Rent	-	-
	Multi-Specialty Clinics Bldg Rent	-	-
	Other Building Rent	871	1,741
	Insurance	223	2,005
	Miscellaneous	2,141	5,507
	Marketing	2,618	10,207
	Total	\$ (2,140)	\$ (65,185)
9) <u>Donations</u>	Total	\$ (4,333)	\$ (3,344)
10) <u>Gain/(Loss) on Sale</u>	Total	\$ -	\$ -
11) <u>Depreciation Expense</u>	Total	\$ -	\$ 25,932

TAHOE FOREST HOSPITAL DISTRICT
STATEMENT OF CASH FLOWS

	AUDITED		BUDGET	PROJECTED	ACTUAL	BUDGET		ACTUAL	ACTUAL	ACTUAL	PROJECTED
	FYE 2015		FYE 2016	FYE 2016	MAR 2016	MAR 2016	DIFFERENCE	1ST QTR	2ND QTR	3RD QTR	4TH QTR
Net Operating Rev/(Exp) - EBIDA	\$ 7,190,440		\$ 2,054,135	\$ 14,324,062	\$ 3,656,783	\$ 174,995	\$ 3,481,788	\$ 4,890,732	\$ 2,113,378	\$ 8,328,650	\$ (1,008,698)
Interest Income	97,528		107,488	133,849	-	-	-	29,198	33,631	44,193	26,827
Property Tax Revenue	5,352,075		5,420,000	5,420,119	-	-	-	309,907	78,742	3,316,470	1,715,000
Donations	757,929		923,000	534,308	29,263	10,000	19,263	76,191	164,788	188,329	105,000
Debt Service Payments	(3,505,561)		(3,565,581)	(3,441,270)	(247,479)	(235,450)	(12,029)	(1,069,568)	(742,436)	(886,831)	(742,434)
Bank of America - 2012 Muni Lease	(1,243,531)		(1,243,644)	(1,243,648)	(103,637)	(103,637)	(0)	(310,912)	(310,912)	(310,912)	(310,911)
Copier	(8,962)		(8,760)	(8,759)	(730)	(730)	0	(2,190)	(2,190)	(2,190)	(2,190)
2002 Revenue Bond	(660,296)		(668,008)	(483,555)	-	-	-	(327,132)	-	(156,423)	-
2006 Revenue Bond	(1,592,771)		-	-	-	-	-	-	-	-	-
2015 Revenue Bond	-		(1,645,169)	(1,705,308)	(143,111)	(131,083)	(12,028)	(429,334)	(429,334)	(417,306)	(429,333)
Physician Recruitment	(155,902)		(311,000)	(264,669)	-	(6,000)	6,000	(216,785)	(5,884)	-	(42,000)
Investment in Capital											
Equipment	(2,491,260)		(1,418,900)	(1,418,900)	(70,230)	(199,956)	129,726	(302,633)	(286,725)	(221,705)	(607,837)
Municipal Lease Reimbursement	-		2,295,723	2,295,723	-	-	-	1,319,139	-	-	976,584
GO Bond Project Personal Property	(186,062)		(500,180)	(500,180)	-	(69,230)	69,230	(8,587)	(8,029)	(14,334)	(469,230)
IT	(1,394,200)		(559,300)	(591,192)	(46,077)	(4,702)	(41,375)	(318,453)	(193,238)	(79,501)	-
Building Projects	(2,218,063)		(4,487,480)	(2,419,012)	(113,955)	(732,444)	618,489	(337,663)	(674,563)	(506,786)	(900,000)
Health Information/Business System	(230,852)		(500,000)	(500,000)	1,288	(20,805)	22,093	(1,623)	(18,375)	(37,104)	(442,898)
Capital Investments											
Properties	(600,000)		-	(2,500,000)	-	-	-	-	-	-	(2,500,000)
Measure C Scope Modifications	-		(749,287)	(749,287)	(95,970)	(95,970)	(0)	-	(232,174)	(229,205)	(287,908)
Change in Accounts Receivable	2,648,682		282,832	N1 (531,659)	(129,692)	860,355	(990,047)	522,392	(891,685)	(2,247,607)	2,085,241
Change in Settlement Accounts	(2,438,657)		500,000	N2 331,939	-	-	-	623,667	(1,173,529)	1,631,801	(750,000)
Change in Other Assets	(1,717,188)		(768,000)	N3 (2,342,315)	30,141	(325,000)	355,141	(1,531,558)	(1,330,040)	664,283	(145,000)
Change in Other Liabilities	(30,538)		(71,000)	N4 (339,596)	894,710	500,000	394,710	247,630	(648,182)	425,956	(365,000)
Change in Cash Balance	1,078,371		(1,347,550)	7,457,840	3,908,782	(144,207)	4,052,989	4,247,906	(3,814,322)	10,376,609	(3,352,353)
Beginning Unrestricted Cash	50,951,760		52,227,897	52,227,897	59,129,308	59,129,308	-	52,227,897	56,475,803	52,661,481	63,038,090
Ending Unrestricted Cash	52,227,897		50,880,347	59,685,737	63,038,090	58,985,101	4,052,989	56,475,803	52,661,481	63,038,090	59,685,737
Expense Per Day	333,932		321,141	329,359	328,657	321,209	7,448	317,753	322,438	328,657	329,359
Days Cash On Hand	156		158	181	192	184	8	178	163	192	181

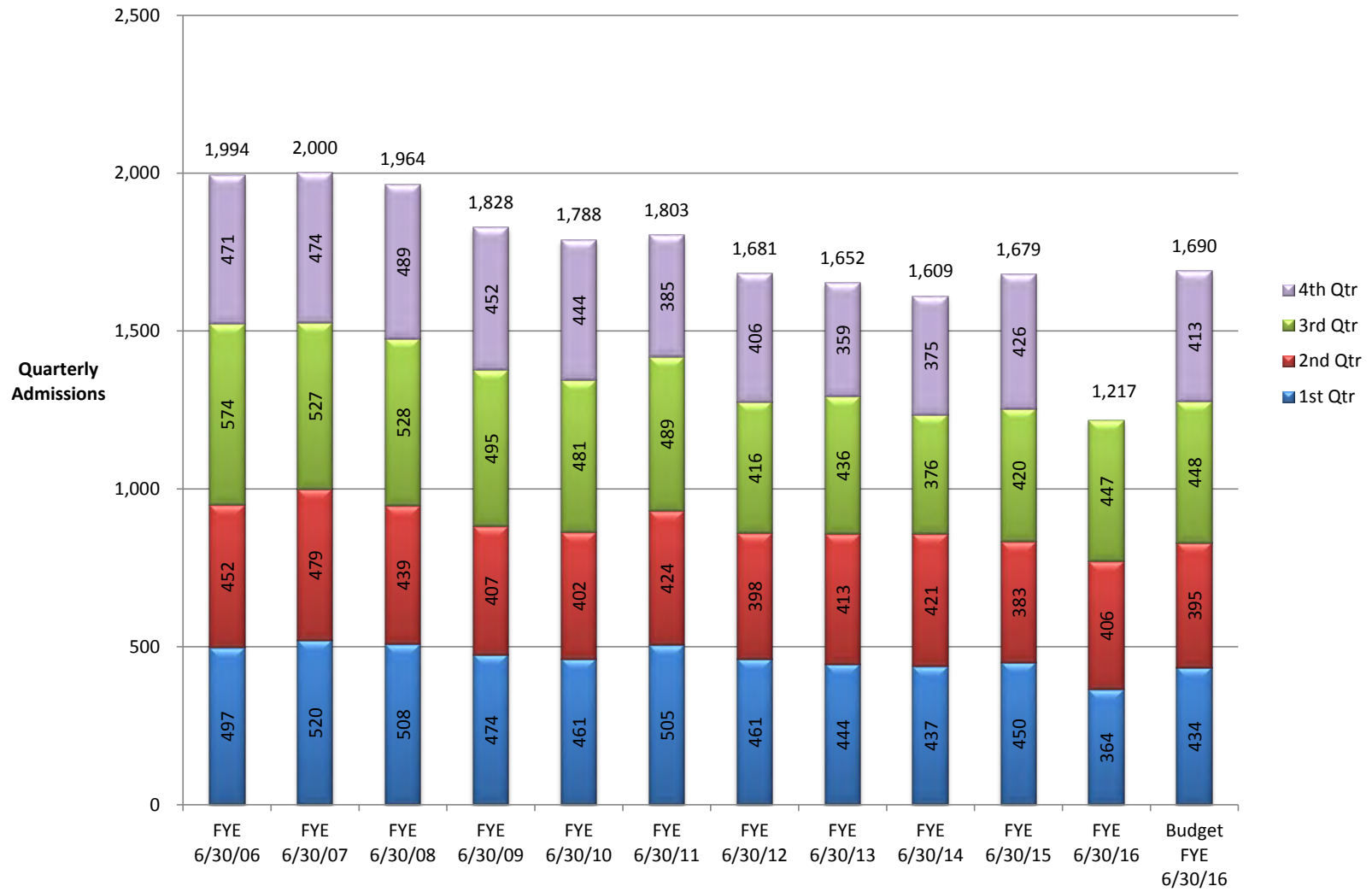
Footnotes:

- N1 - Change in Accounts Receivable reflects the 30 day delay in collections. For example, in July 2015 we are collecting June 2015.
- 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.

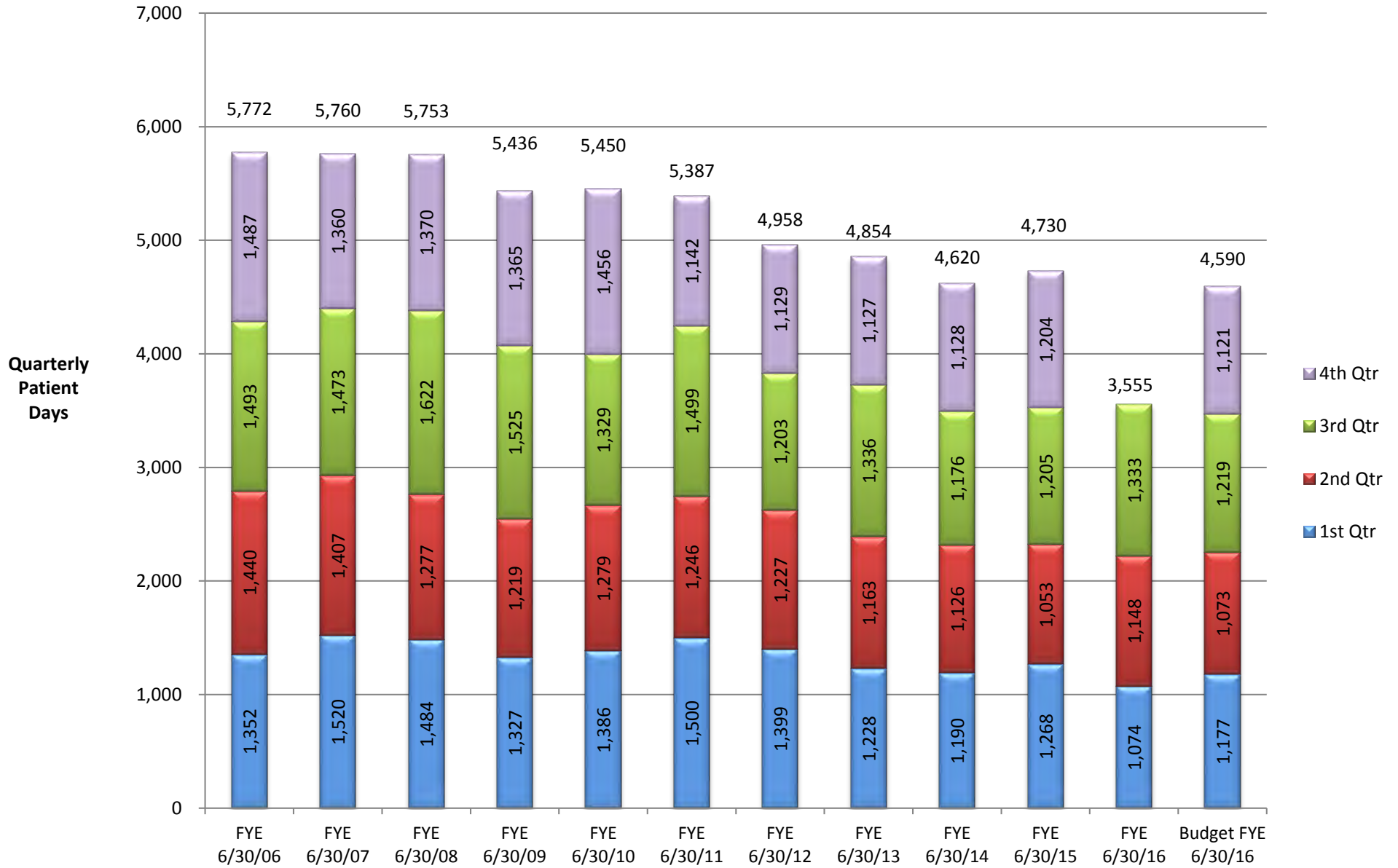
**Incline Village Community Hospital
Operating Indicators
Month & YTD June 2016
March 31, 2016**

	YTD Actual	YTD Budget	YTD Variance	YTD % Variance
Admissions	4	8	-4	-50.00%
Registrations	7,185	7,461	(276)	-3.70%
I/P Days	8	8	0	0.00%
Observation Days	20	20	0	0.00%
Total Days	28	28	0	0.00%
Emergency Visits	3,093	2,929	164	5.60%
<u>Surgical Services:</u>				
Cases - Inpatient	0	0	0	0.00%
Cases - Outpatient	83	72	11	15.28%
Total Cases	83	72	11	15.28%
Minutes	26,113	21,258	4,855	22.84%
Laboratory Tests (inc EKG's)	19,624	19,422	202	1.04%
Radiology - I / P Exams	3	3	0	0.00%
Radiology - O / P Exams	577	627	(50)	-7.97%
Radiology - ER Exams	1,462	1,189	273	22.96%
Radiology (inc mammos) Totals	2,042	1,819	223	12.26%
CT - I / P Exams	0	1	(1)	-100.00%
CT - O / P Exams (Inc. U/S)	104	117	(13)	-11.11%
CT - ER Exams	529	381	148	38.85%
Total Cat Scan Exams	633	499	134	26.85%
Pharmacy - I/P units	108	166	(58)	-34.94%
Pharmacy - O/P units	7,248	6,443	805	12.49%
Pharmacy Totals	7,356	6,609	747	11.30%
IV's - Inpatient	3	13	(10)	-76.92%
IV's - Outpatient	141	410	(269)	-65.61%
Total IV's	144	423	(279)	-65.96%
RT - I/P Procedures	62	0	62	0.00%
RT - O/P Procedures	1,391	0	1,391	0.00%
R/T Totals	1,453	0	1,453	0.00%
Sleep Clinic Visits	122	118	4	3.39%
<u>Perioperative Services Minutes</u>				
OR - Inpatients	0	0	0	0.00%
OR - Outpatients	7,444	5,717	1,727	30.21%
OR - Total	7,444	5,717	1,727	30.21%
Total ASD	16,561	13,533	3,028	22.37%
I/P Recovery	0	0	0	0.00%
O/P Recovery	2,108	2,008	100	4.98%
Total Recovery	2,108	2,008	100	4.98%
Pain Clinic	0	0	0	0.00%
Procedure Room	0	0	0	0.00%
Total Surgicenter Minutes	26,113	21,258	4,855	22.84%
<u>Anesthesia - Minutes</u>				
Inpatient	0	0	0	0.00%
Out Patient	7,717	5,971	1,746	29.24%
Elsewhere	0	0	0	0.00%
Total Anesthesia - Minutes	7,717	5,971	1,746	29.24%
<u>Dietary</u>				
Patient Meals	610	653	(43)	-6.58%
Pantries	4,266	1,684	2,582	153.33%
Non-patient Meals	0	0	0	0.00%
Total Meals	4,876	2,337	2,539	108.64%
Flu Shots	200	400	(200)	-50.00%
P/T - 42 076	22,418	22,218	200	0.90%
OT - 42 080	874	883	-9	-1.02%
Diamond Peak - Patients Seen	432	316	116	36.71%
Incline Village Health Clinic	1,300	765	535	69.93%

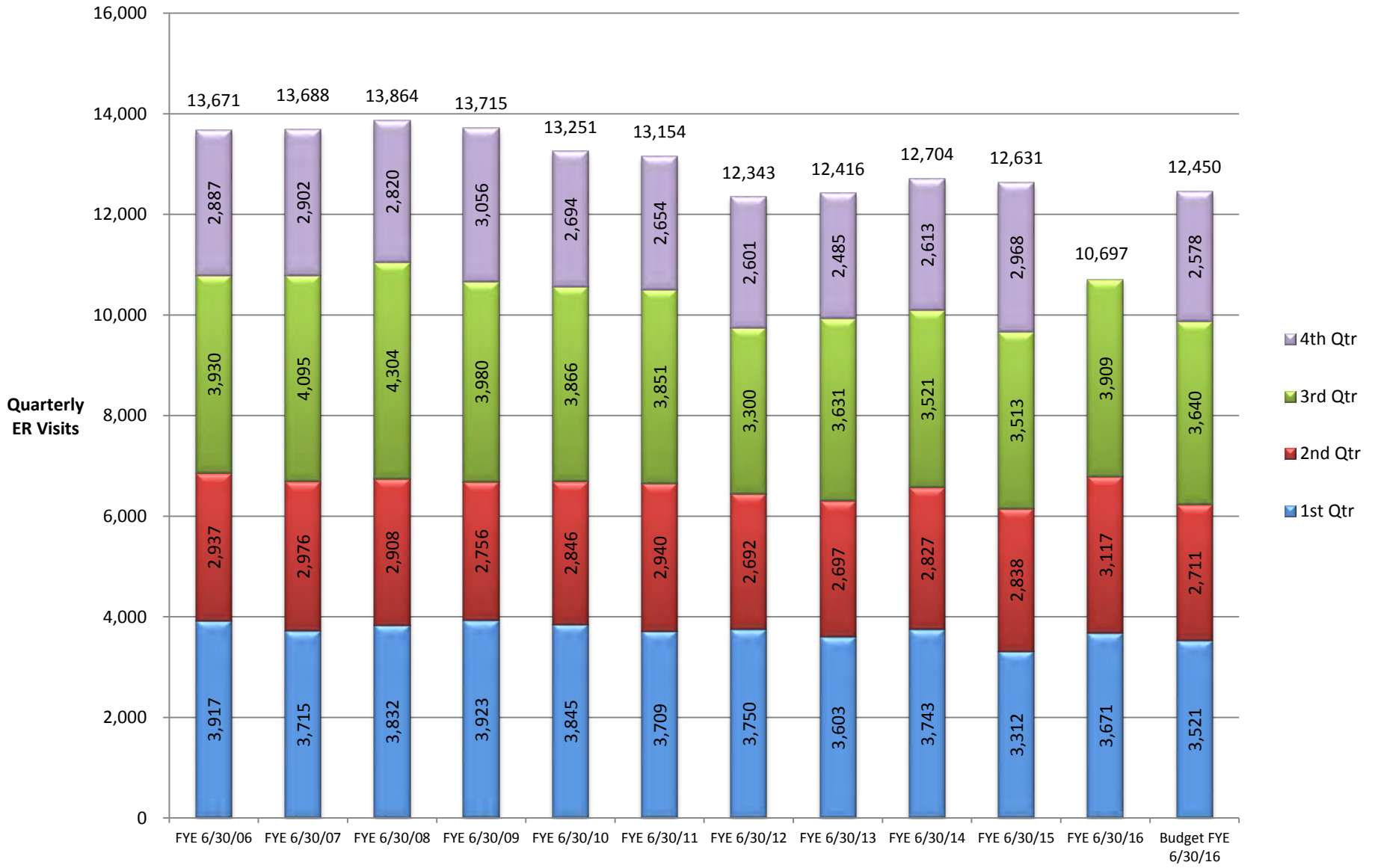
TOTAL TFH ADMISSIONS



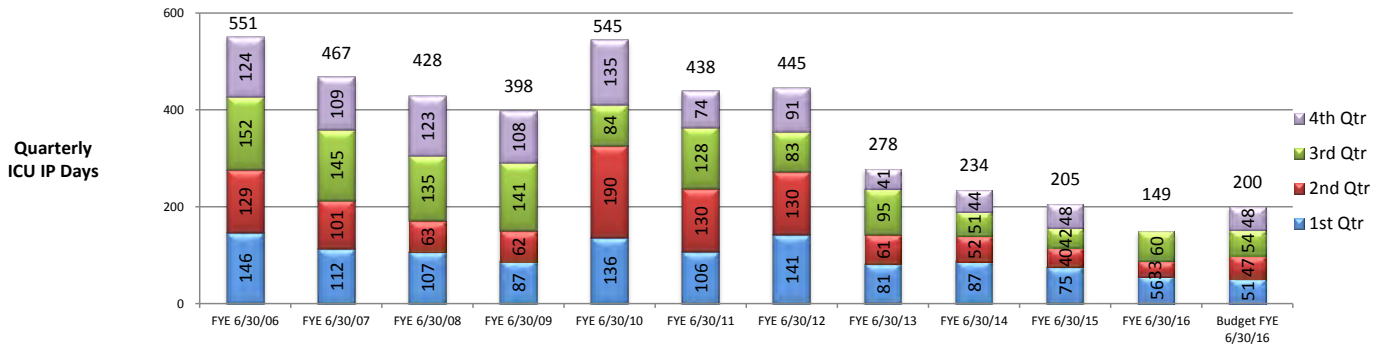
TOTAL TFH PATIENT DAYS



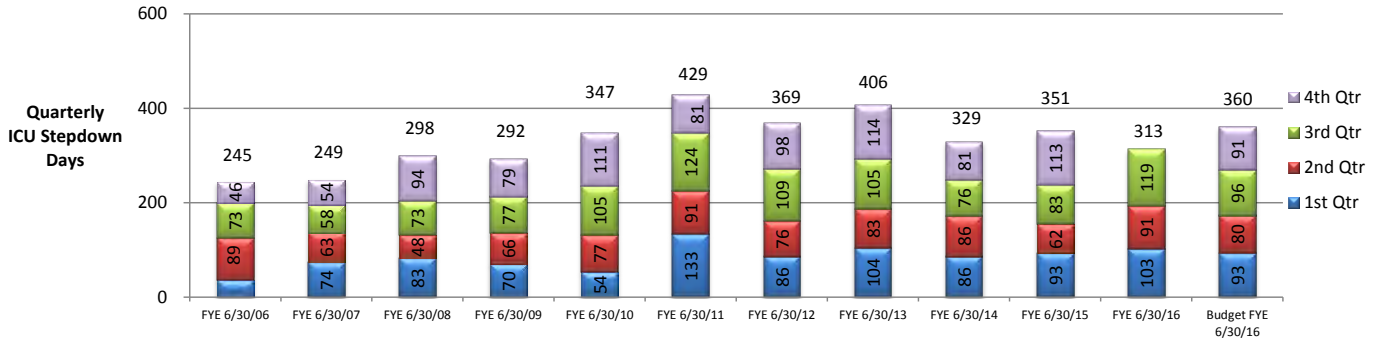
TOTAL TFH ER VISITS



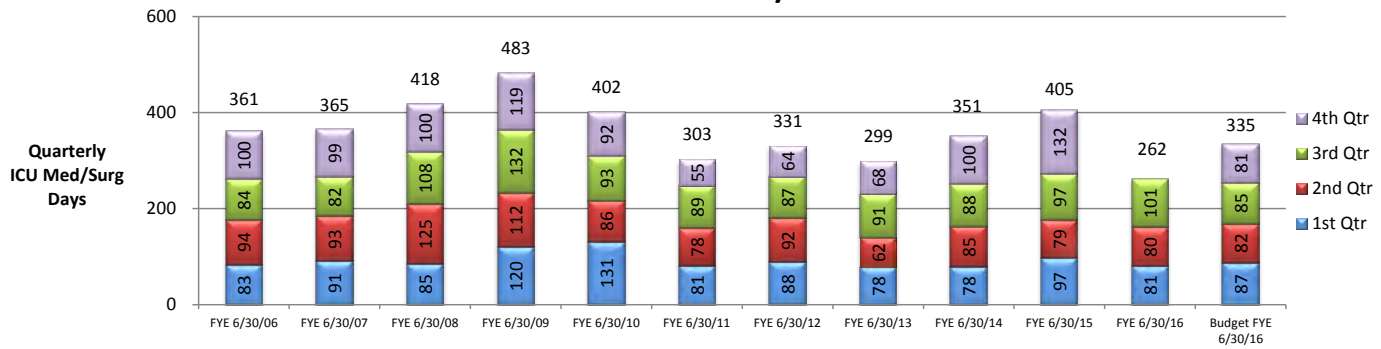
TOTAL TFH ICU INPATIENT DAYS



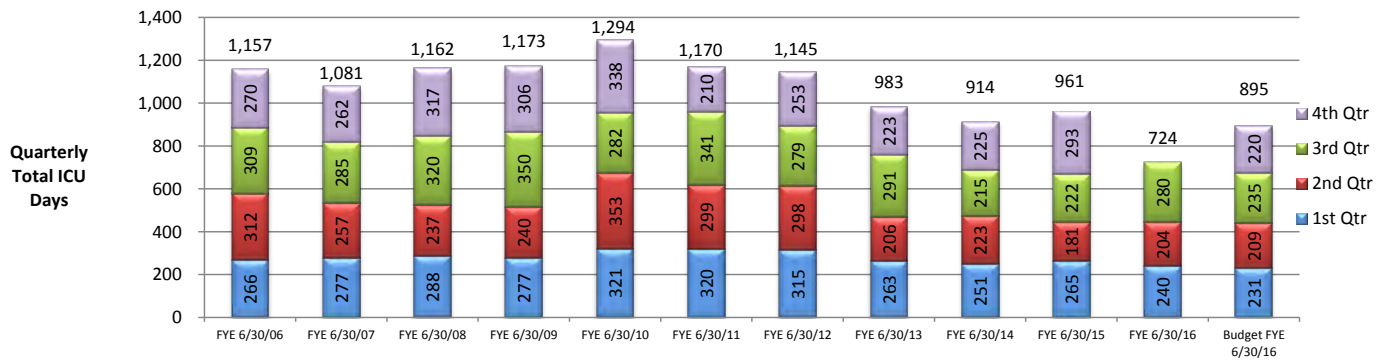
TOTAL TFH ICU STEPDOWN DAYS



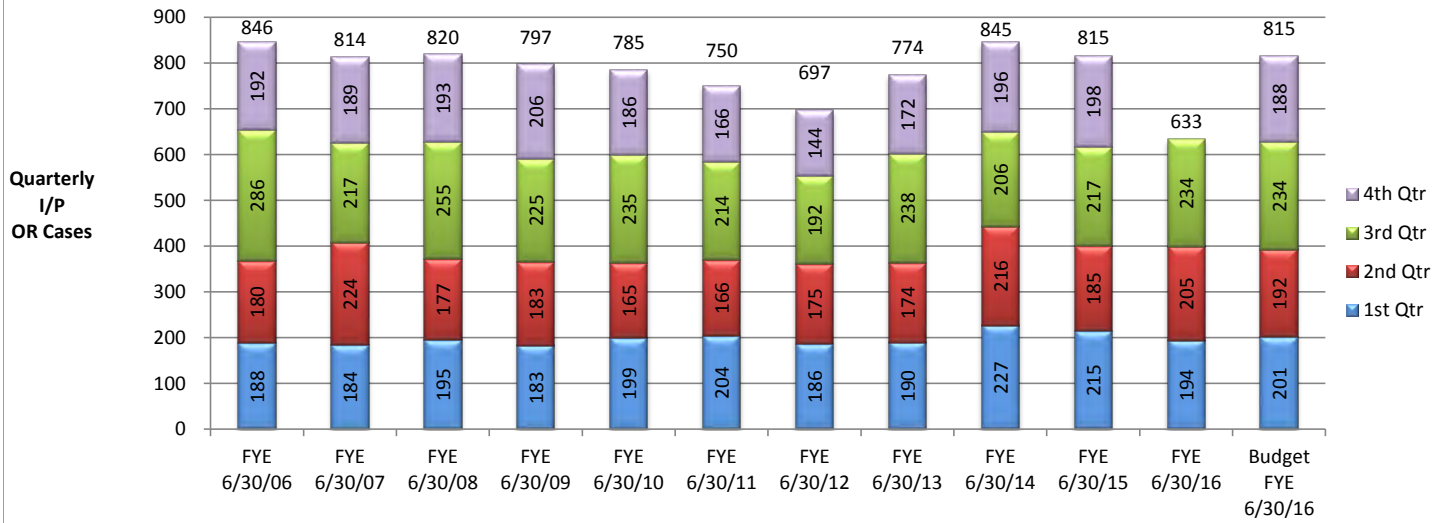
TOTAL TFH ICU MED/SURG DAYS



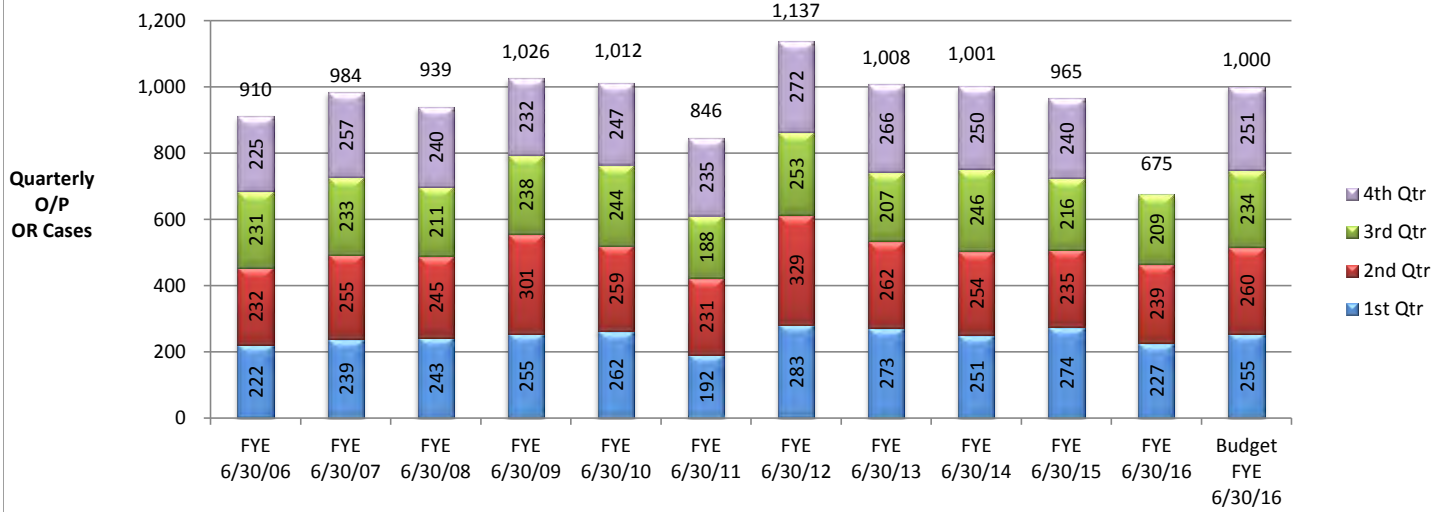
TOTAL TFH ICU DAYS



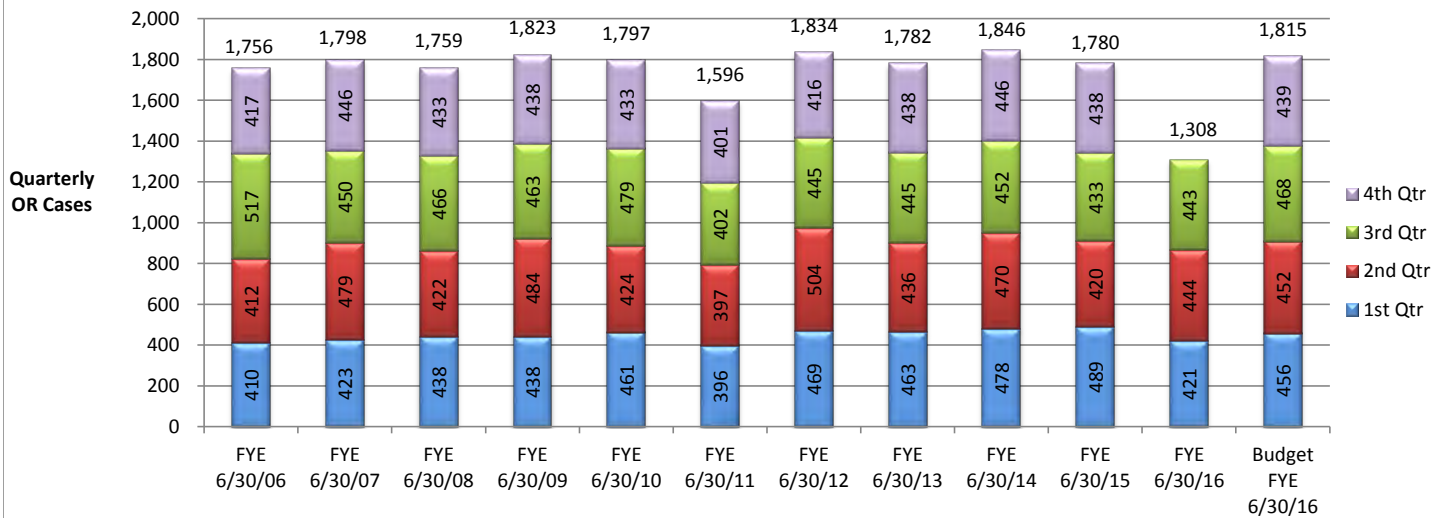
TOTAL TFH INPATIENT OR CASES



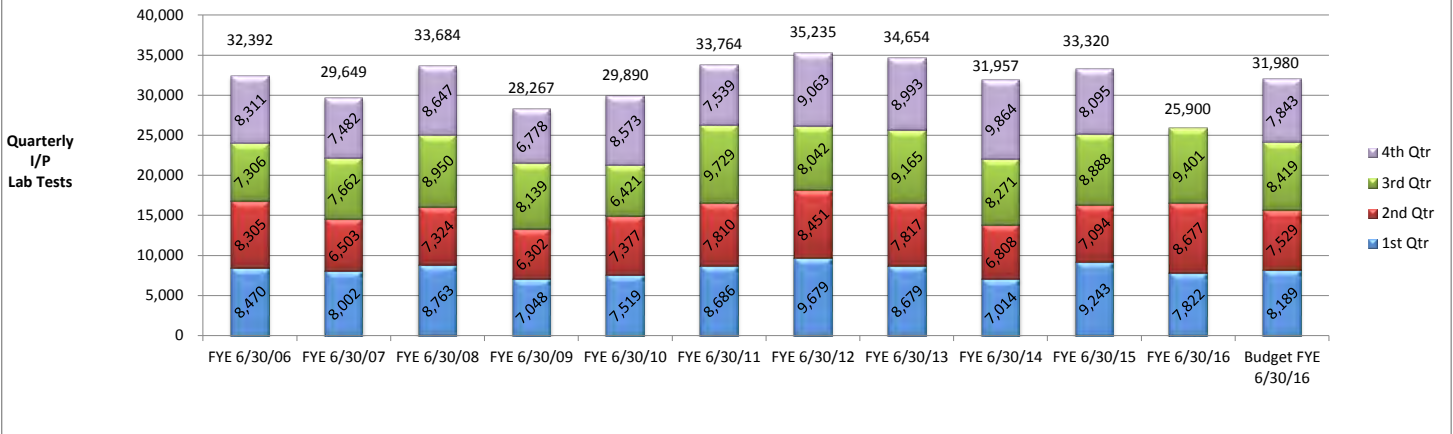
TOTAL TFH OUTPATIENT OR CASES



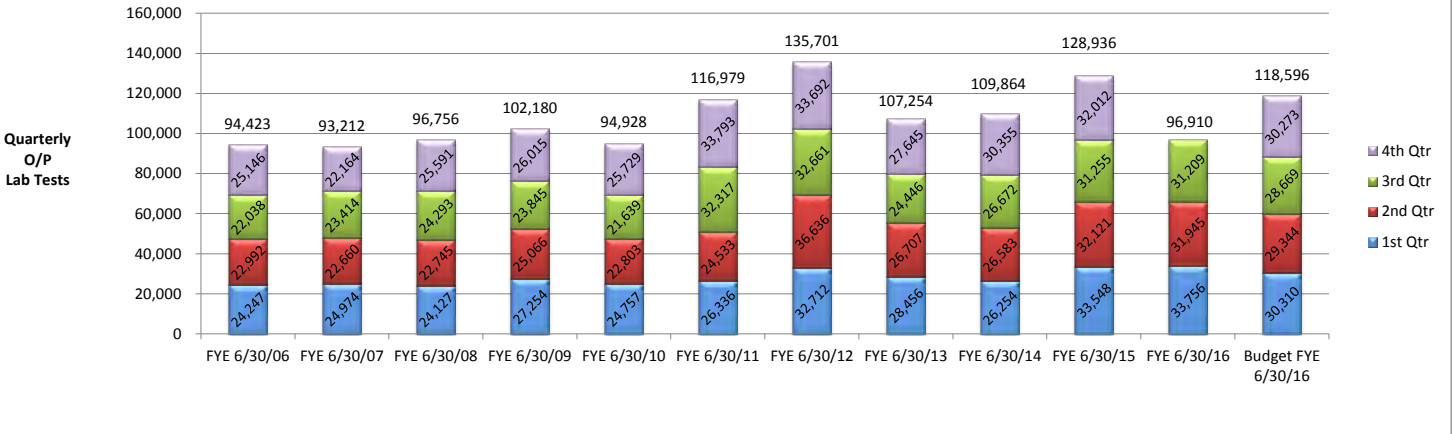
TOTAL TFH OR CASES



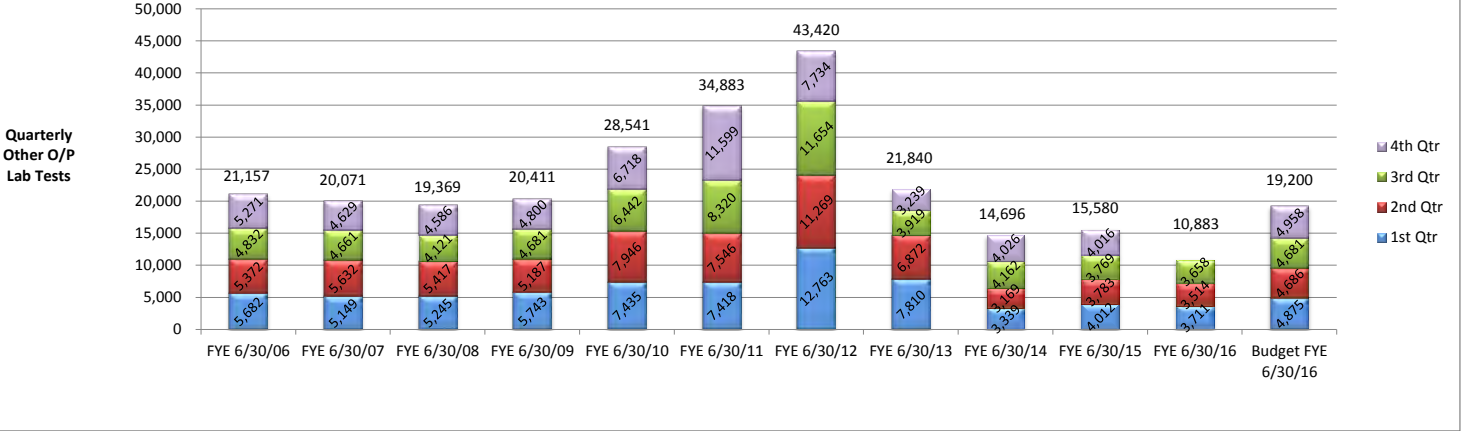
TOTAL TFH INPATIENT LAB TESTS



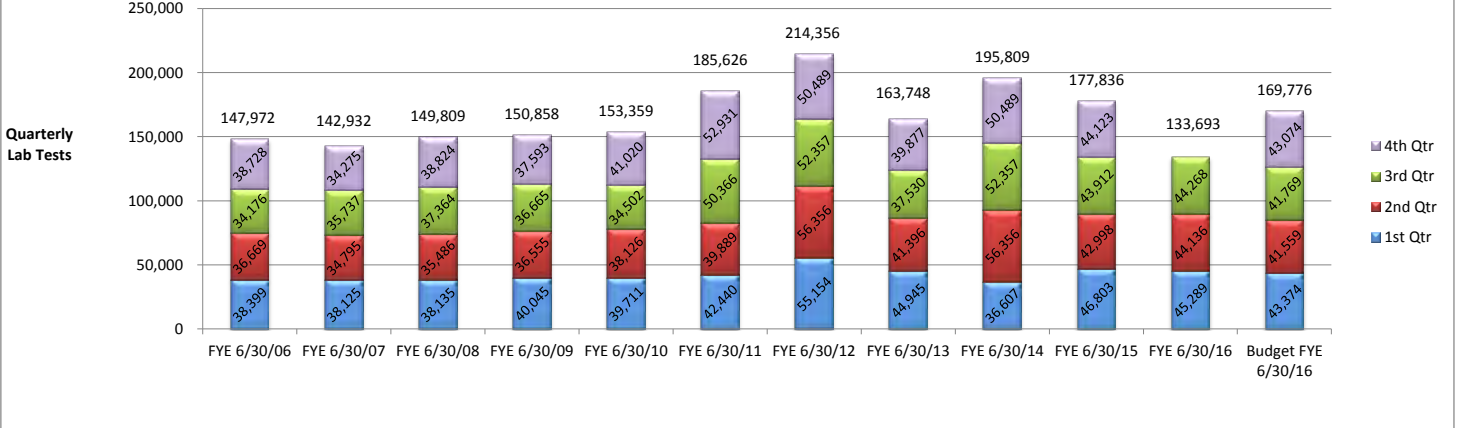
TOTAL TFH OUTPATIENT LAB TESTS



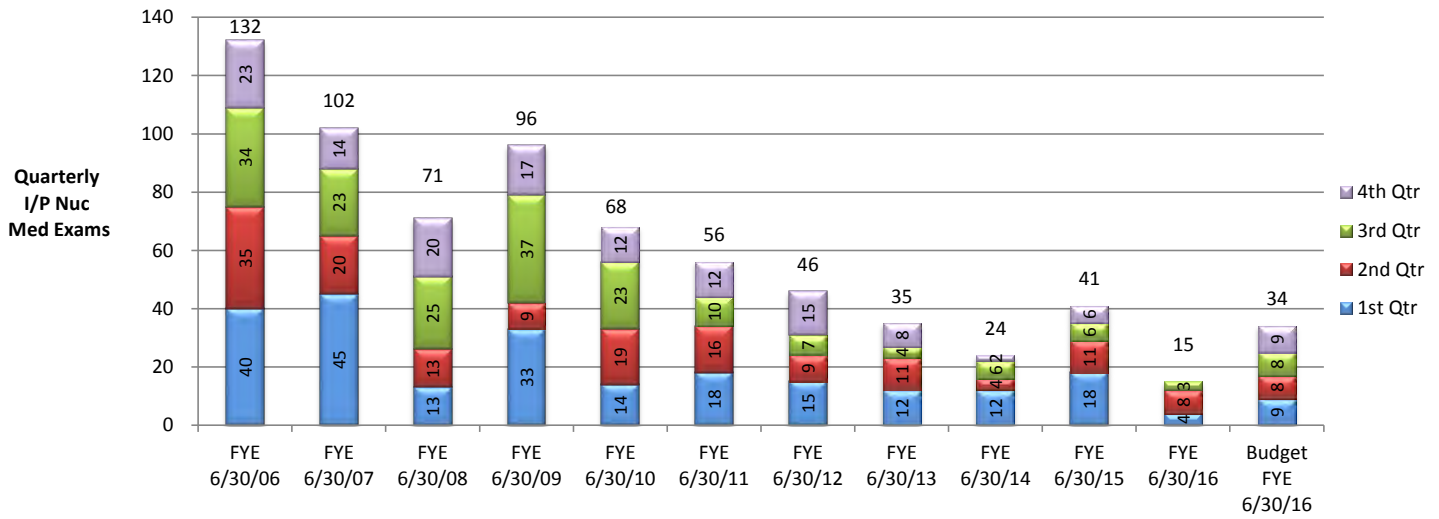
TOTAL TFH OTHER OUTPATIENT LAB TESTS



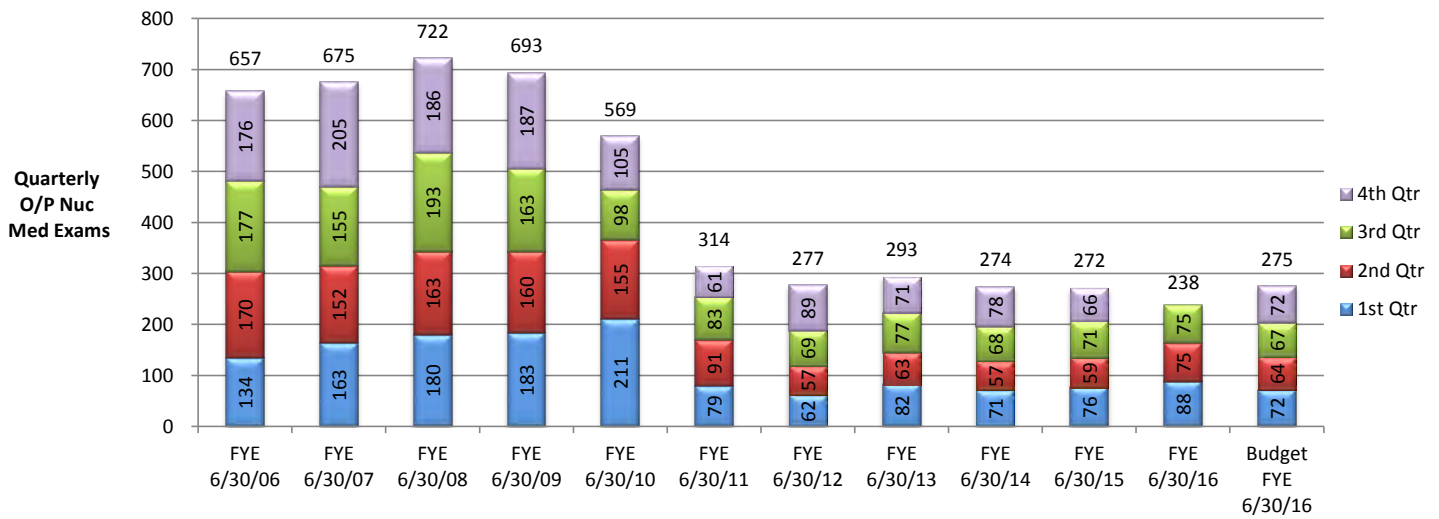
TOTAL TFH LAB TESTS



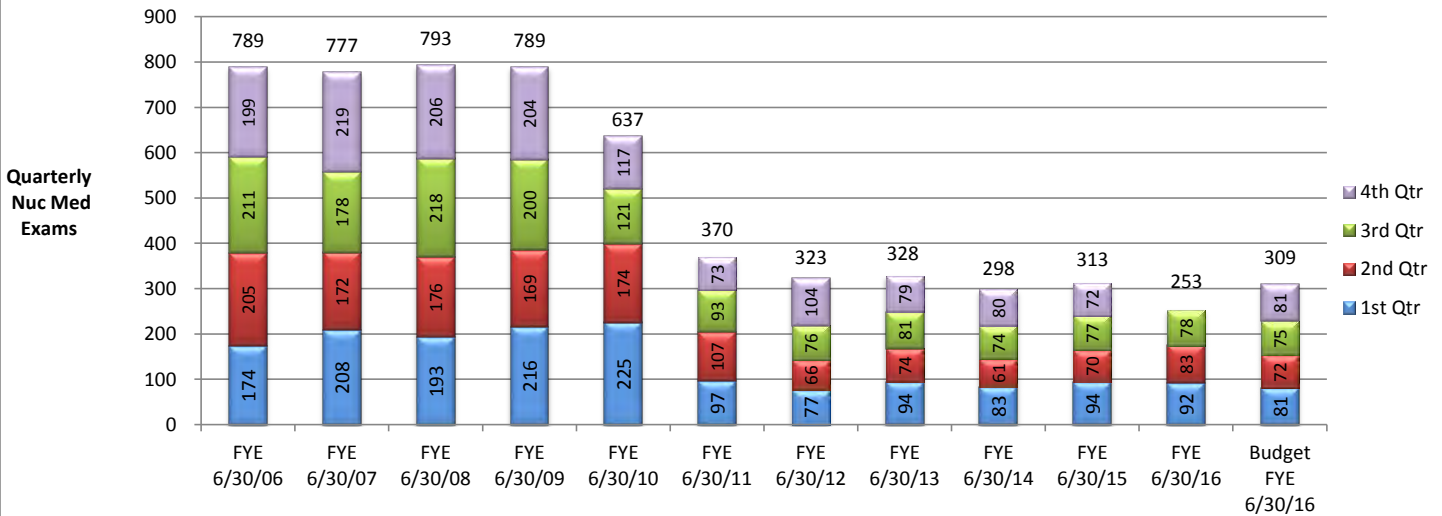
TOTAL TFH NUCLEAR MEDICINE INPATIENT EXAMS



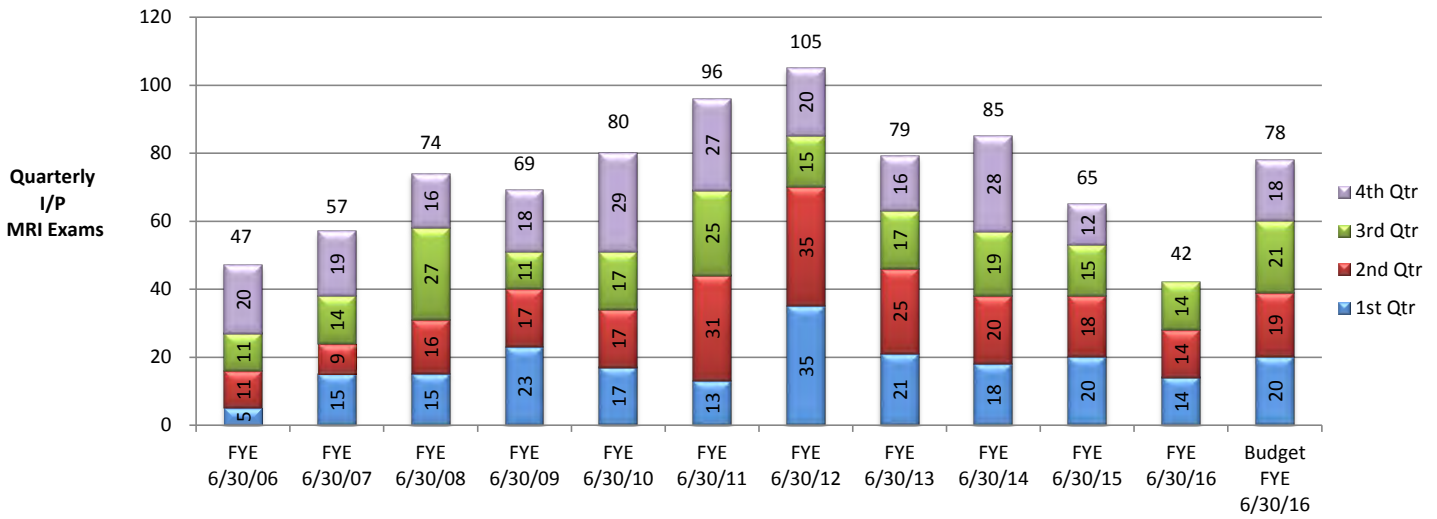
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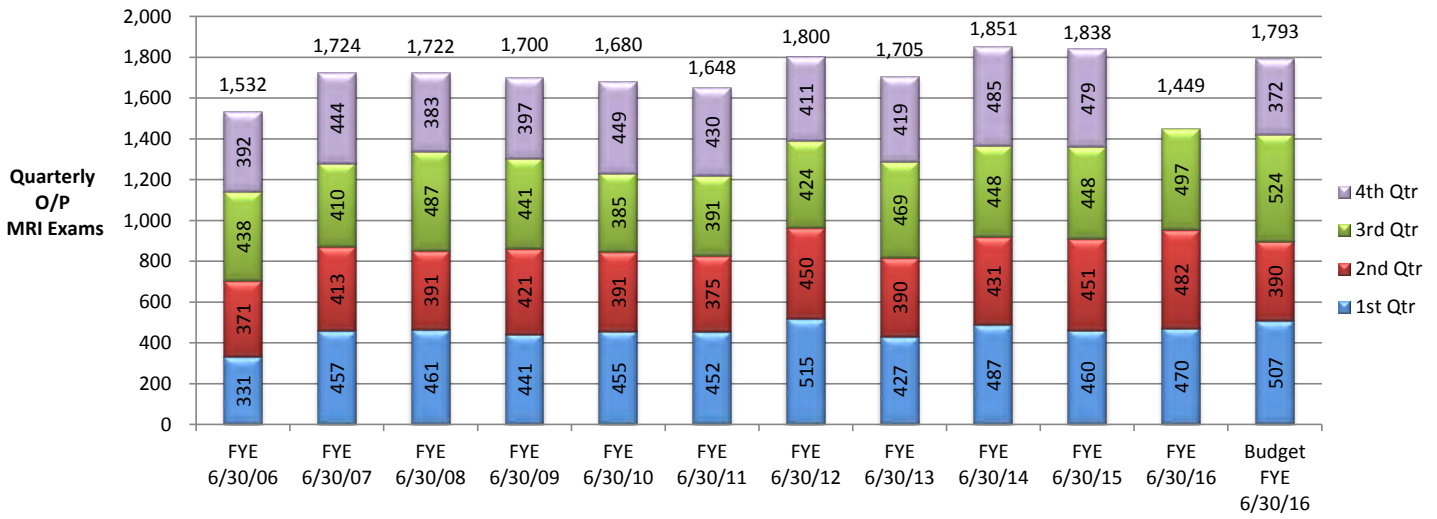
TOTAL TFH NUCLEAR MEDICINE EXAMS



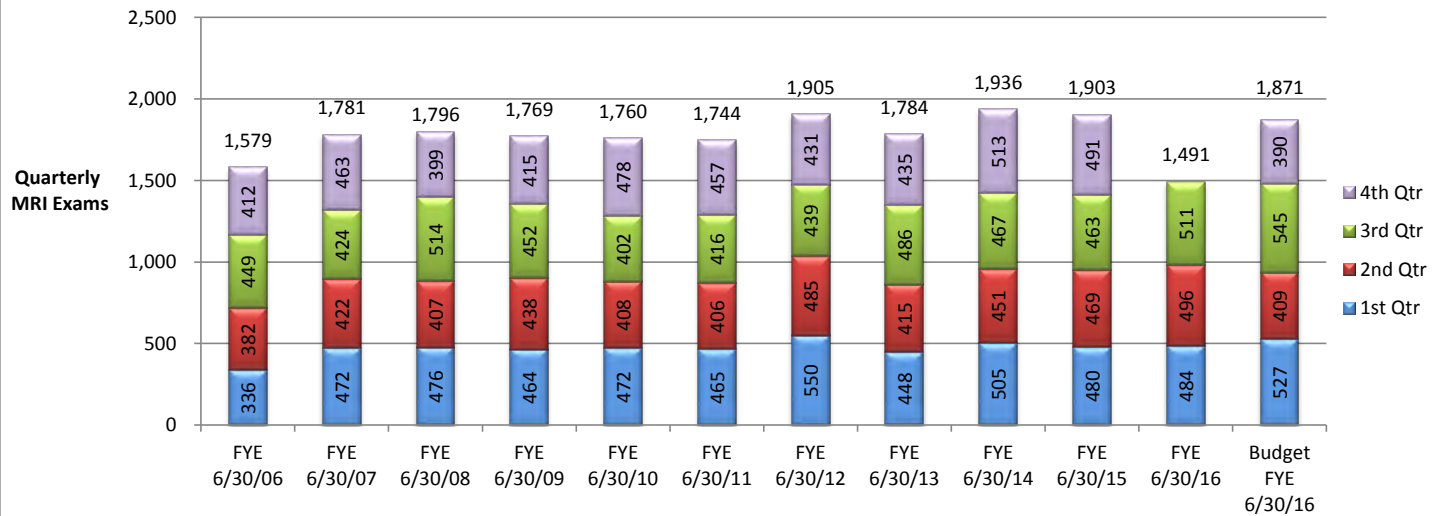
TOTAL TFH MRI INPATIENT EXAMS



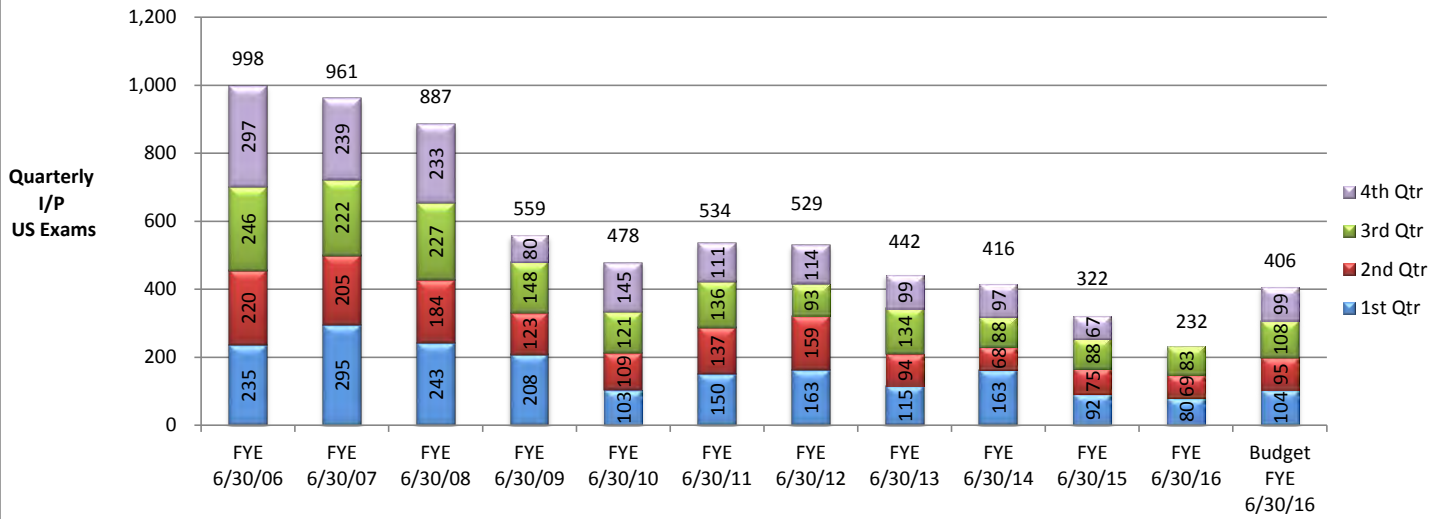
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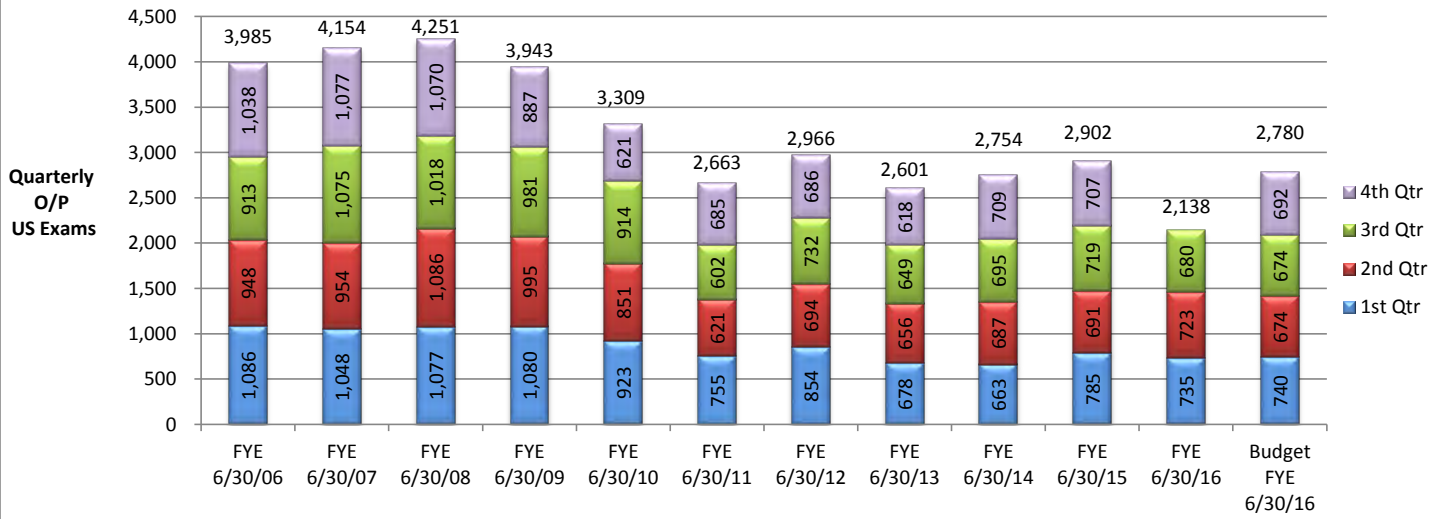
TOTAL TFH MRI EXAMS



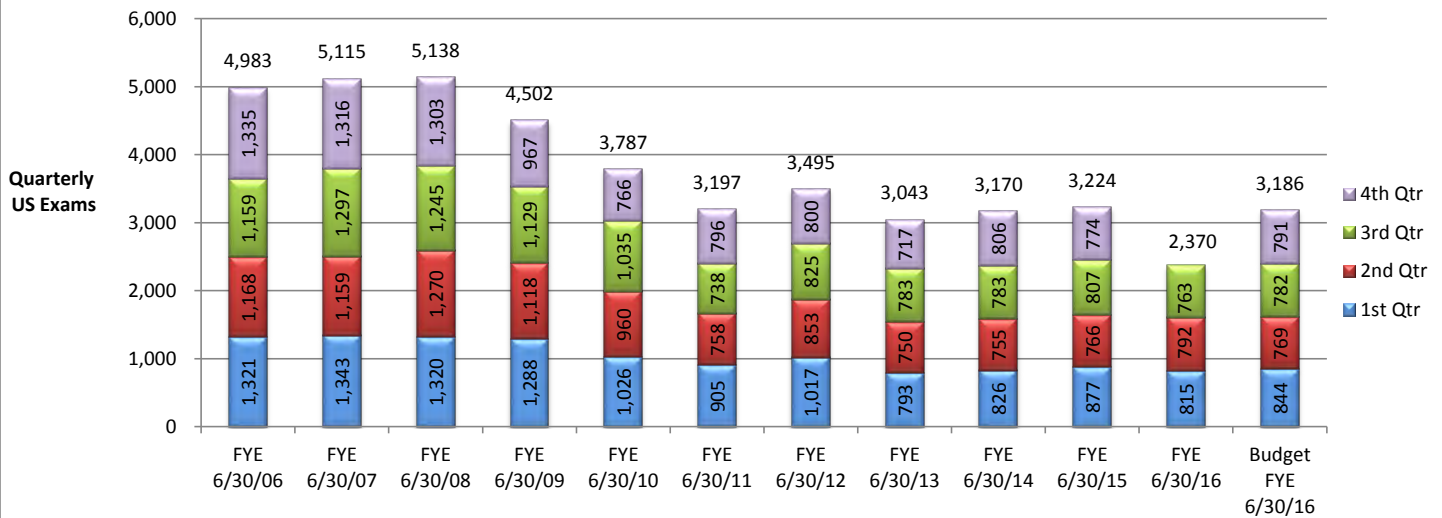
TOTAL TFH ULTRASOUND INPATIENT EXAMS



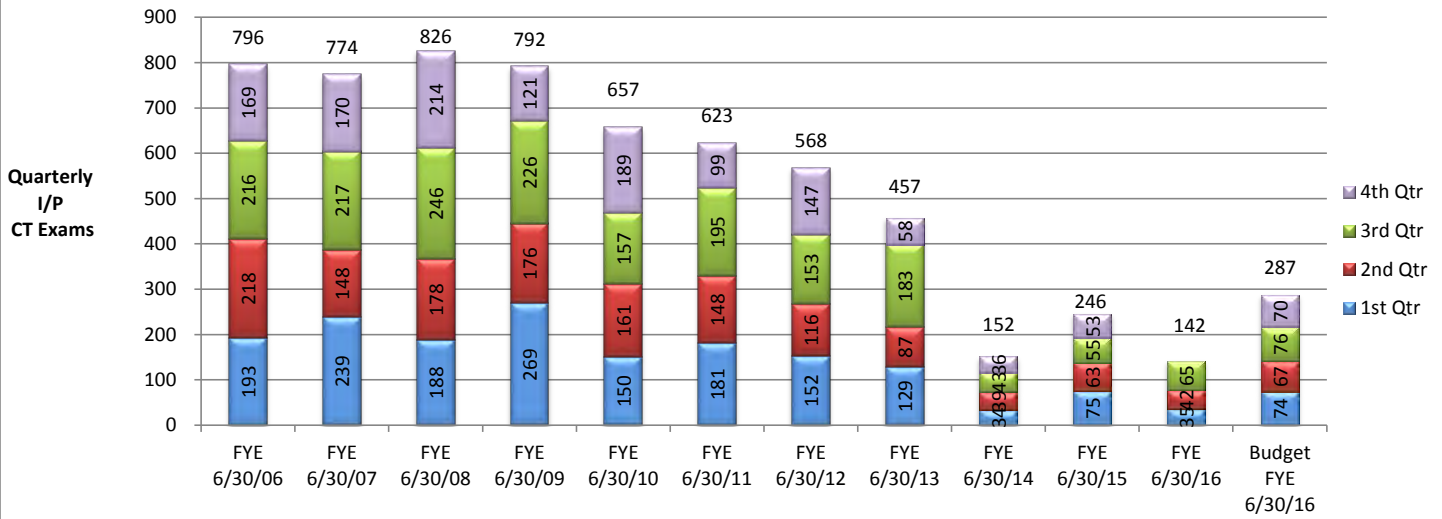
TOTAL TFH ULTRASOUND OUTPATIENT EXAMS



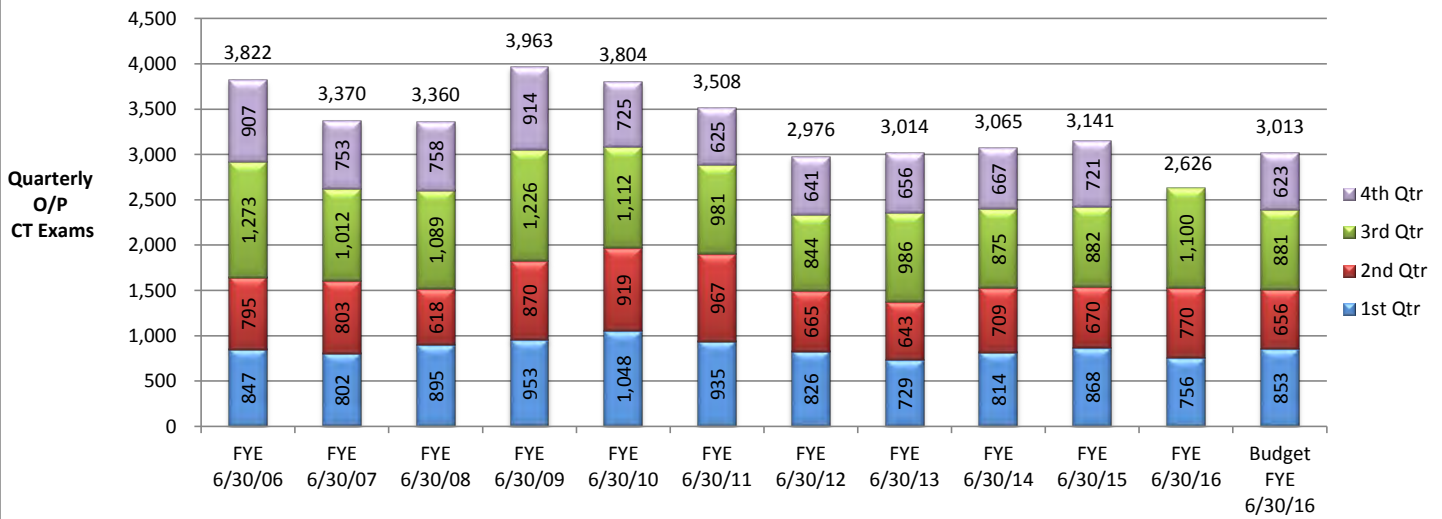
TOTAL TFH ULTRASOUND EXAMS



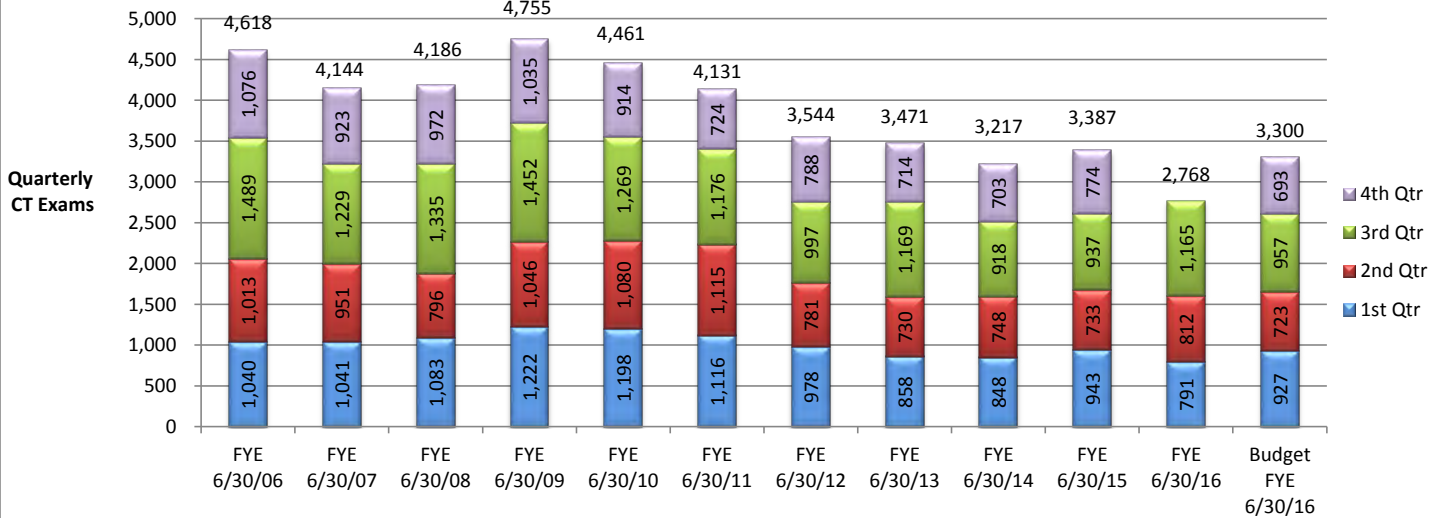
TOTAL TFH CT INPATIENT EXAMS



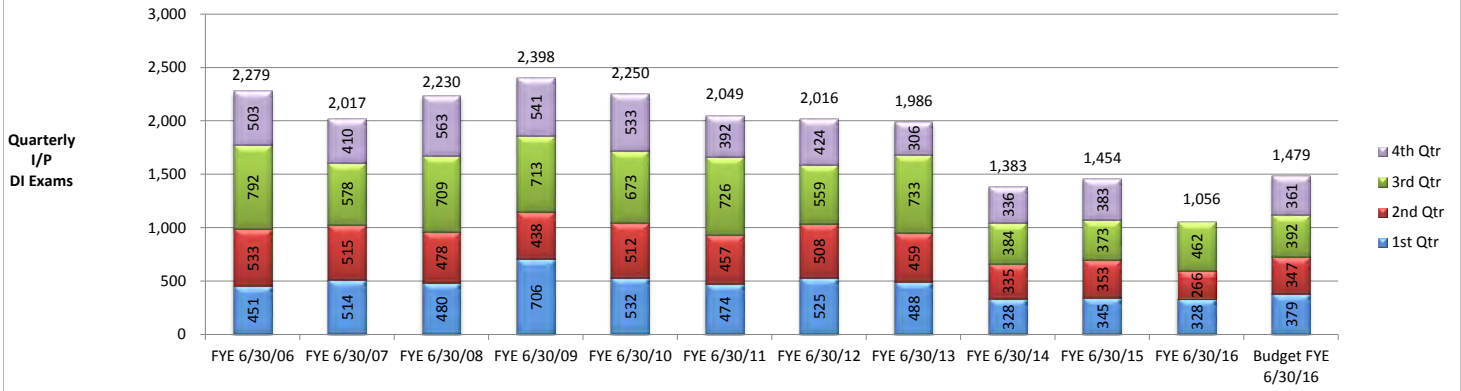
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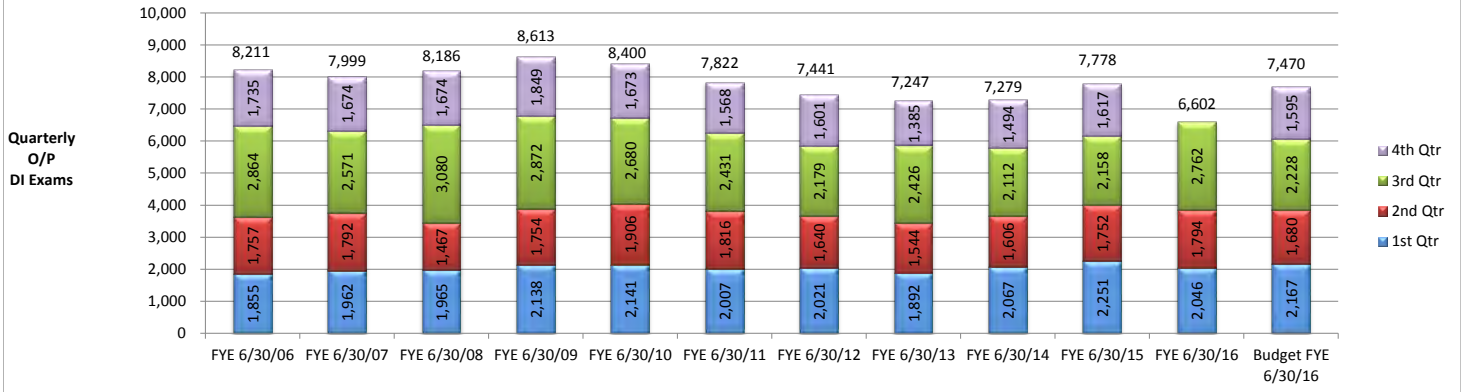
TOTAL TFH CT EXAMS



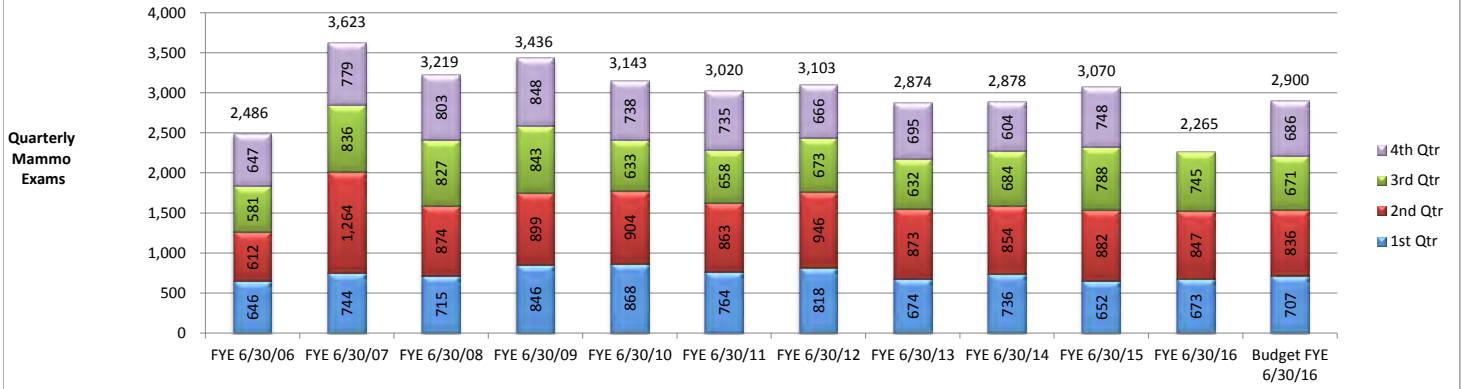
TOTAL TFH INPATIENT DIAGNOSTIC IMAGING EXAMS



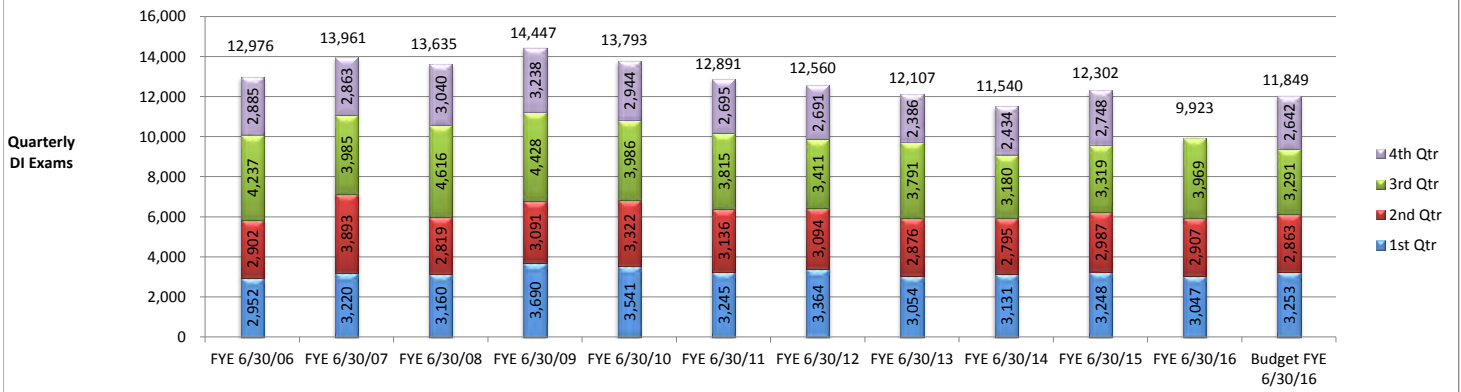
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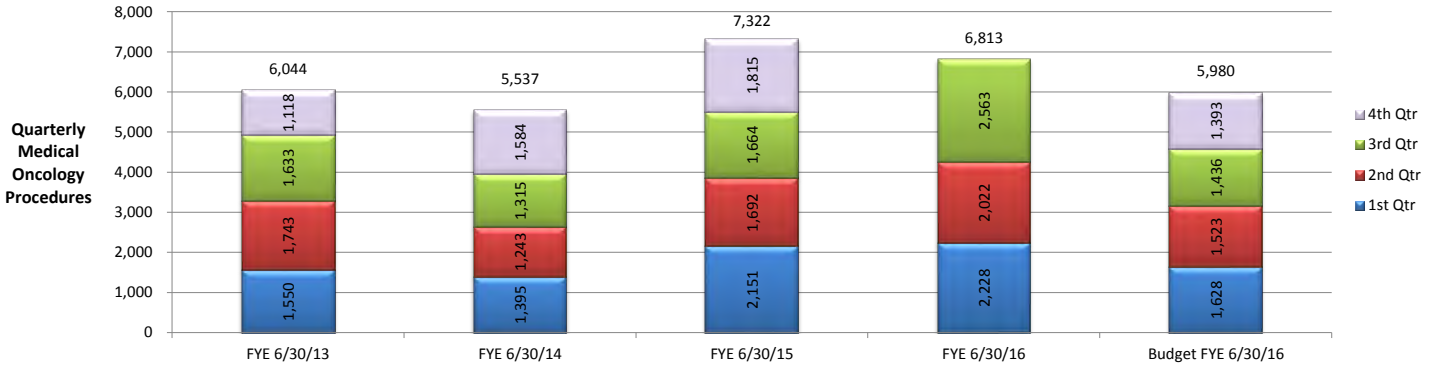
TOTAL TFH MAMMOGRAPHY EXAMS



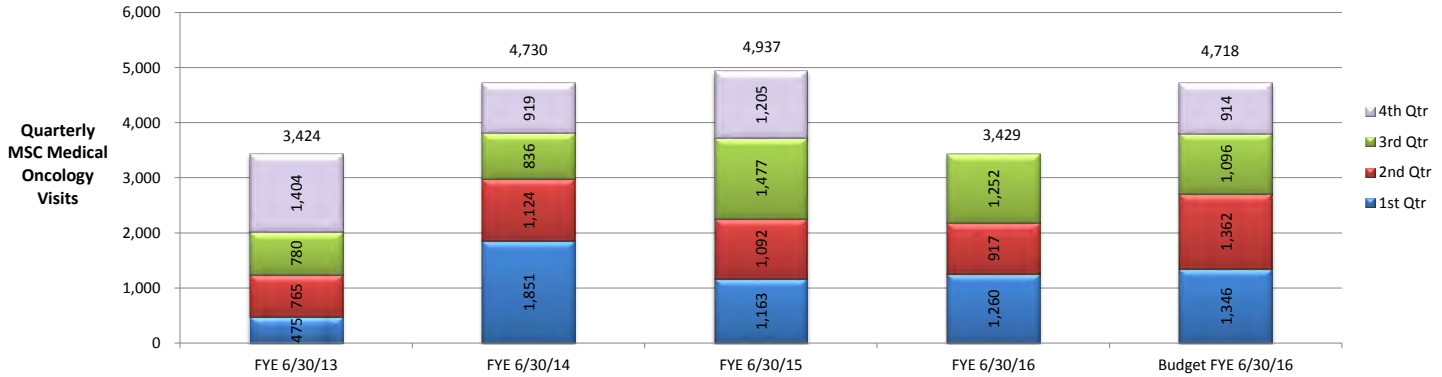
TOTAL TFH DIAGNOSTIC IMAGING EXAMS



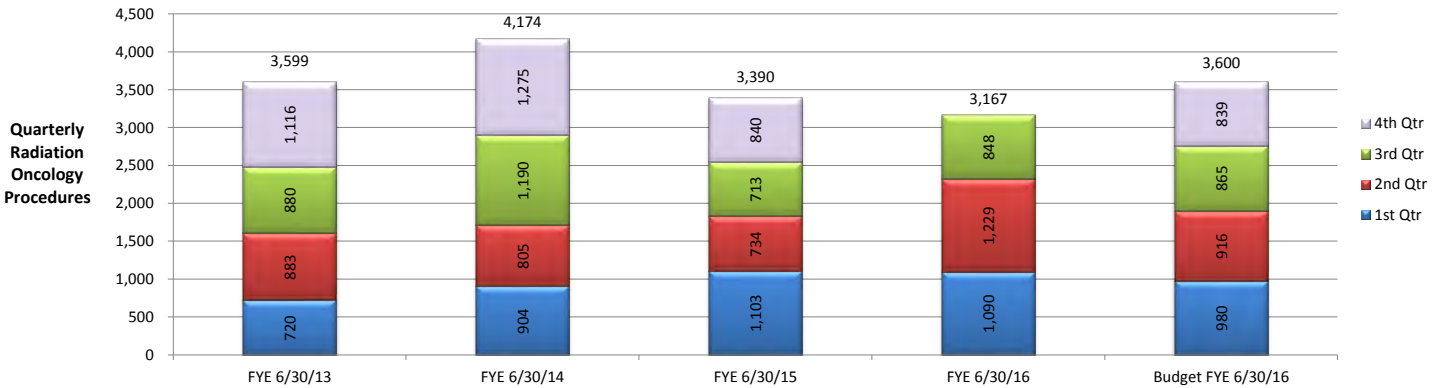
TOTAL TFH MEDICAL ONCOLOGY PROCEDURES



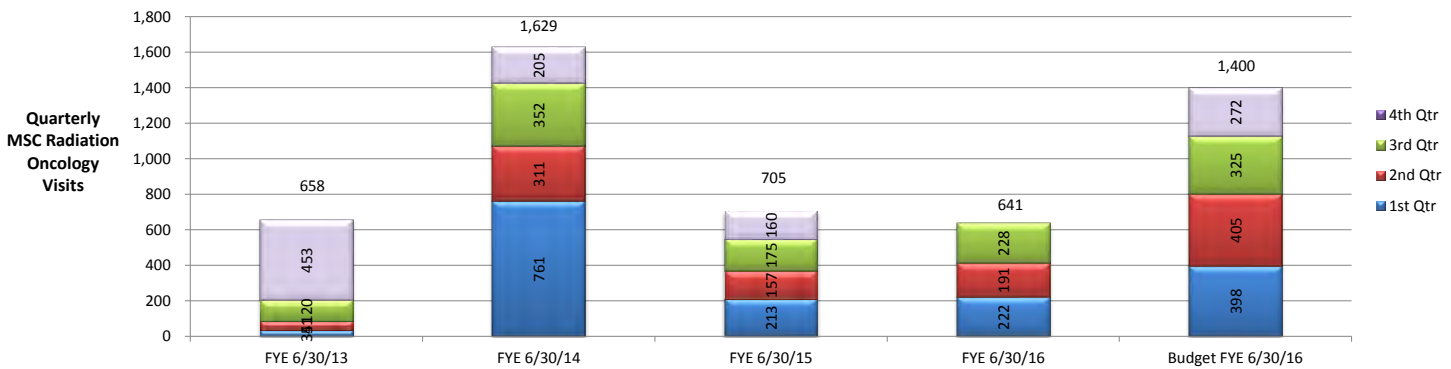
TOTAL TFH MSC MEDICAL ONCOLOGY VISITS



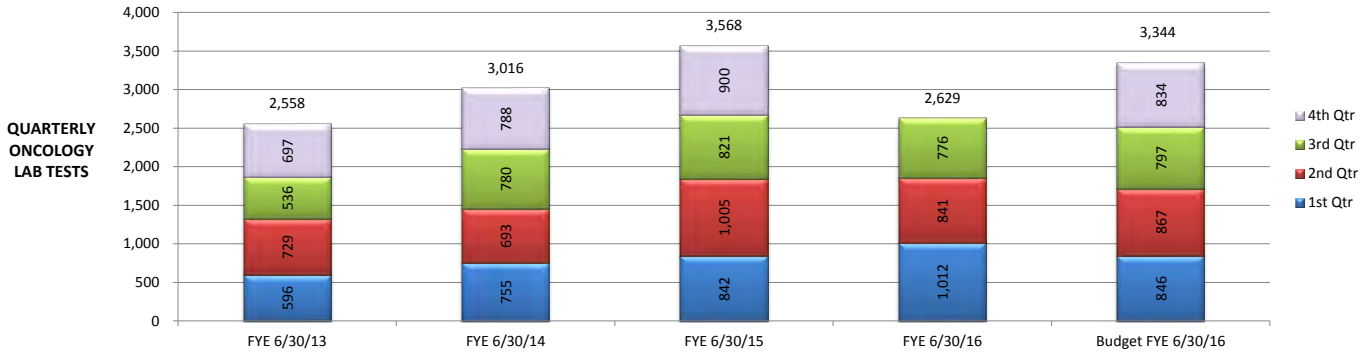
TOTAL TFH RADIATION ONCOLOGY PROCEDURES



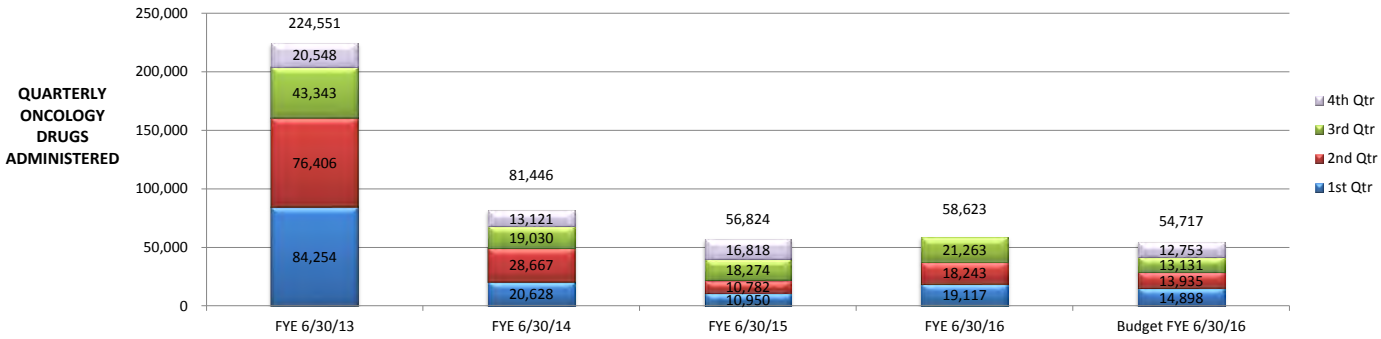
TOTAL TFH MSC RADIATION ONCOLOGY VISITS



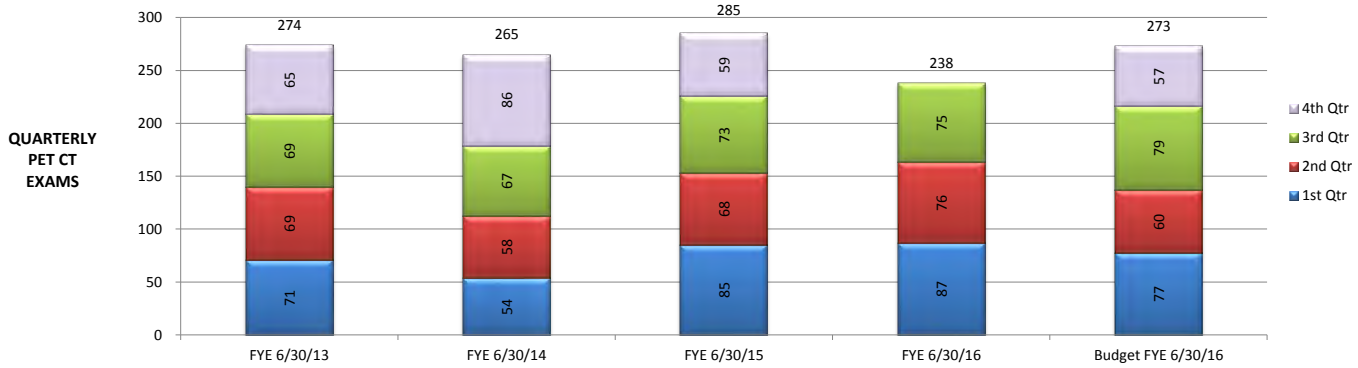
TOTAL TFH ONCOLOGY LABORATORY TESTS



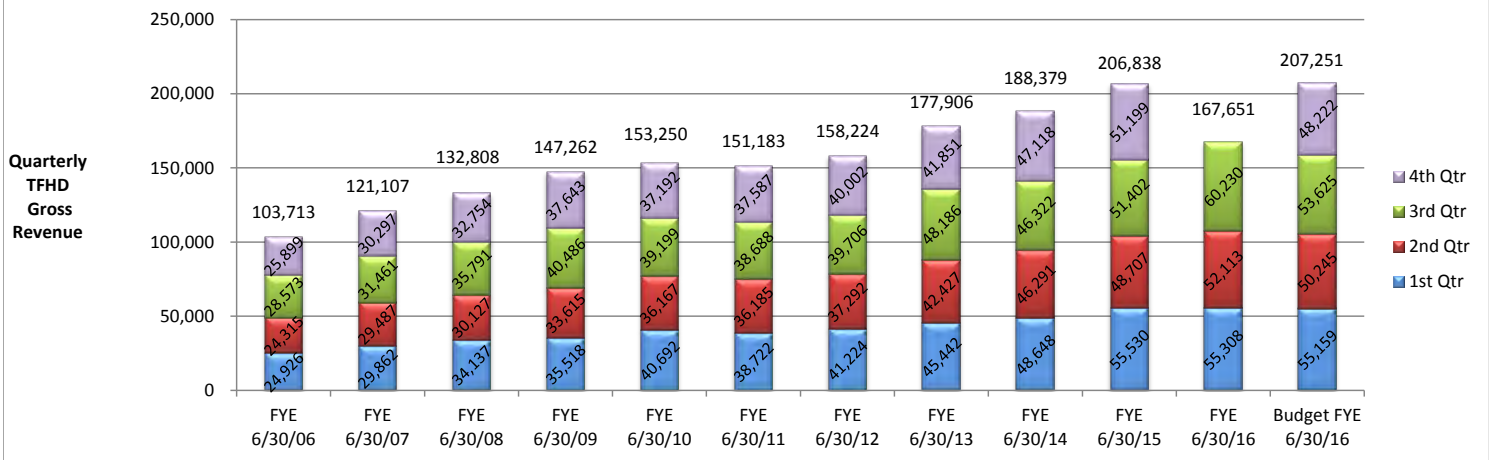
TOTAL TFH ONCOLOGY DRUGS SOLD TO PATIENTS



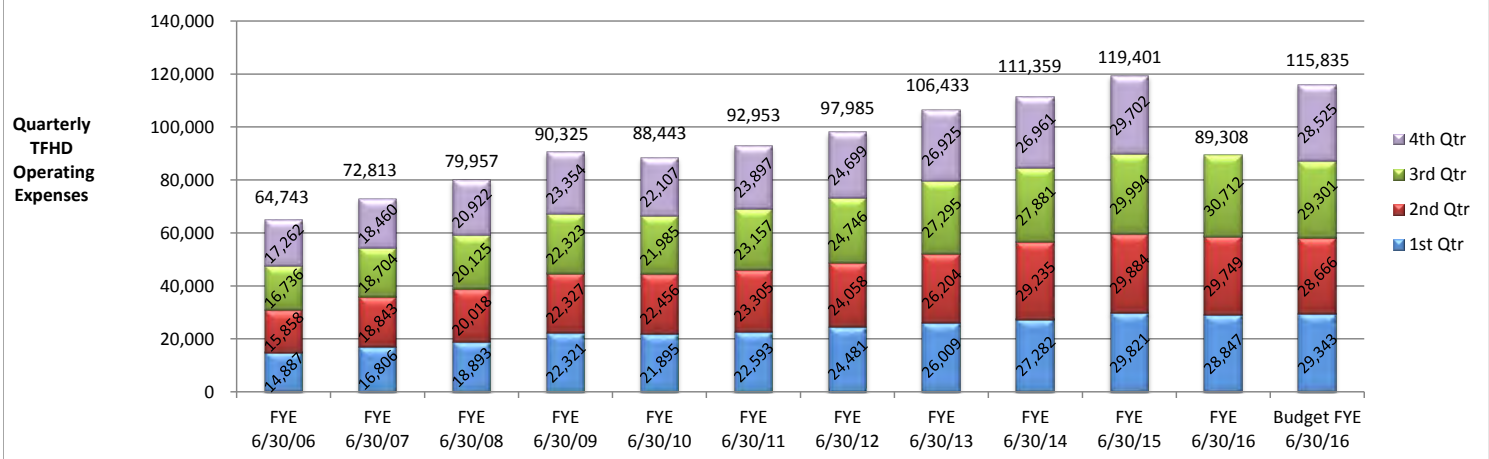
TOTAL TFH PET CT EXAMS



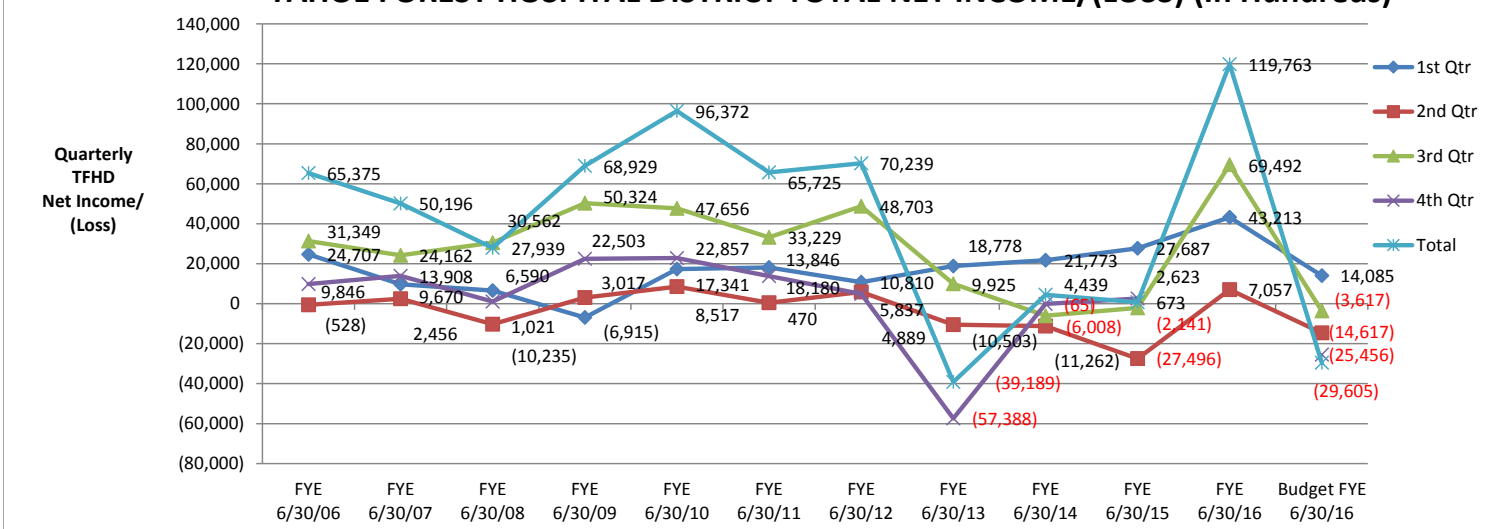
TAHOE FOREST HOSPITAL DISTRICT TOTAL GROSS REVENUE (In Thousands)



TAHOE FOREST HOSPITAL DISTRICT TOTAL OPERATING EXPENSES (In Thousands)



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



14.3. Contracts

Contracts redacted.

Available for public viewing via a Public Records request.



Board Executive Summary

By: Ted Owens
Executive Dir. Governance

DATE: April 28, 2016

ISSUE:

Order & Decorum of Board Business for 2016

BACKGROUND:

The Order & Decorum statement was reviewed by the Board of Directors at its retreat on February 2, 2016. Attached for your review is the Order & Decorum for 2016.

Order & Decorum will be reviewed each year at the board's annual retreat.

ACTION REQUESTED:

Approval of the attached Order & Decorum of Board Business is requested.

ORDER & DECORUM OF BOARD BUSINESS FOR 2016

1. PUBLIC PARTICIPATION IN BOARD MEETINGS

The public's participation in the affairs the health system's governance assists in understanding the public's input through the governing process and has value. Consideration will be given to this value while the board president reserves the privilege to recognize members of the public. Board members assistance in calling attention to public members they desire to be recognized is encouraged.

2. PROMPTNESS AT MEETING TIME

Board members are requested to observe timely appearance at Board functions in respect to the public, staff and Board. With assistance of the Board Clerk, staff and other presenters will be scheduled in order to support the timely work of the Board. Board members are requested to notify the Clerk of the Board relative to their absence or anticipated late arrival as soon as such situation is known.

3. AGENDA ITEMS

No issues shall be placed on the agenda that are beyond the jurisdiction and authority of a California Health System Special District or that are non-essential to hospital district governance.

4. LAST MINUTE SUPPORTING DOCUMENTS

Last minute supporting documents by staff put Board members at a disadvantage by diluting the opportunity to study the documents. All late submission of supporting documents must be justified in writing stating the reasons for the late submission. The Clerk will notify the Board of late submissions and their justification when appropriate. Bona fide emergency items involving public health and safety requiring Board action will be excluded.

5. CONSENT CALENDAR PROCEDURE

Board members are encouraged to seek from staff answers to questions regarding the consent calendar prior to the board meeting. Board members are encouraged to notify the board president and CEO prior to a meeting if there is intent to pull an item and/or provide questions and concerns. There are to be no surprises.

The public may request a board member pull an item from the consent calendar.

Department Heads, or their designated representative, will be present during the consent calendar to answer any questions.

If the Department Head is unable to attend, the Chief Executive Officer will respond to questions and/or the item may be postponed until later in the meeting or a following meeting if necessary.

6. REQUESTS FOR INPUT OR DIALOGUE

Requests by Board members during a meeting for the opportunity to speak, for public input, or for additional staff input, should be made through the president.

7. MOTIONS

Once a motion is made, seconded, and under discussion, no other motion shall be made on the subject matter until a vote on the main motion has occurred. No more than one motion can be considered at a time.

8. AMENDMENT OF A MOTION

Once a motion has been made and seconded, it may only be amended by the motion maker with the concurrence of the second.

9. VOTE

Three votes of the Board, unless a greater number is required by law, are required to constitute a Board action. A tie vote on a motion affecting the merits of any matter shall be deemed to be a denial of the matter.

10. VOICE VOTE

The Board shall act by voice vote on all matters before it with the exception of resolutions which require a roll call vote. A Board member may ask for a roll call vote on any voting matter. Any Director present who does not vote or abstain audibly shall be recorded as voting “yes”.

11. DISQUALIFICATION/ABSTENTION

Any Director may abstain from voting on any matter. A disqualification/abstention from voting on the merit of any matter shall be announced by the Director audibly. The Director may state the reason for the disqualification/abstention. However, any Director disqualifying due to a conflict of interest shall state the reason and the Director shall completely abstain from participating in discussion on the matter.

Abstention shall not count as a vote for or against a matter for which a vote is taken.

12. MOTION FOR RECONSIDERATION

When additional information has surfaced at a meeting after a motion has duly passed or failed, a motion for reconsideration may be accepted only if advanced or seconded by a Board member on the original motion.

The President may reschedule an item if the participating public was present when originally considered and departed before reconsideration.

Questions from the board will occur prior to public comment. Items will not be debated by the board until after public comment has been “closed”.

13. INDIVIDUAL BOARD MEMBER AGENDA REQUESTS

All individual Board items should be discussed with the President and CEO before agenda review. All items will be reviewed for completeness. Sufficient supporting documents must be provided in a timely manner so that appropriate staff may become involved. Items must meet scheduling requirements. No more than two items per board member will be considered at a board meeting.

14. CLOSED SESSION

Documentation for closed sessions will be provided on the Board portal for two days prior to the session. Once the session has been completed, all documentation will be removed from the portal. Hard copy documentation will be available during the actual closed session, but will be returned by all board members at the completion of the closed session.

In addition, closed session will be managed and conducted by Counsel, not the Board President.

15. WORKSHOPS

Study sessions in the form of workshops will be held as needed. The goal will be to gain in-depth information, edification of the public and to allow the board a clear understanding of the complex issues of healthcare and district government.

16. PRESIDENT AND VICE PRESIDENT YEARLY SELECTION PROCEDURE

Selection of the President and Vice President will be by majority vote of the Board. The President will not serve a consecutive term unless by majority vote of the Board, not to exceed two (2) terms.

17. ROLE OF THE PRESIDENT

- Run meetings and associated duties within meetings
- Preside over ceremonial situations
- Committee appointments
- Approve agendas for completeness
- Speaks for the board to the media.

CULTURE

18. EXPECTATIONS REGARDING ORGANIZATIONAL CULTURE

EXPECTATIONS OF BOARD MEMBERS

- A. Always focus on what is best for Tahoe Forest Hospital District, represent the Hospital.
- B. Maintain good board relationships and visibly demonstrate respect for, and fairly represent each other.
- C. Be sensitive to your public image and conduct at all times.
- D. Be respectful, open, candid, honest and fair:
 - 1. Explain your perspective, rationale and reasoning.
 - 2. Remember that respect for debate, differing opinions and reasoning mitigates polarization.
 - 3. Demonstrate that it is fine to disagree but not be disagreeable.
 - 4. Don't be inhibiting or limiting.
 - 5. Value the staff as individuals and demonstrate mutual respect.
 - 6. Let staff know of questions you have on an agenda item or staff's recommendation with grace.
- E. Do your homework, be prepared when bringing an item to the Board, be as concise as possible, and don't repeat comments made by another Director.
- F. Recognizing that the Board is the staff's first priority:
 - 1. Provide clear direction to the staff.
 - 2. Prioritize the level of importance of issues and feel free to go directly to the CEO or the Executive Team.
 - 3. Go to the CEO's office and/or Executive Team and not to a front line employee on any issue, especially as it relates to committee meeting business
 - 4. Recognize that discussions with staff are welcome but do not constitute policy direction, which only comes from the full Board.
 - 5. Recognize the sensitivity of personnel matters, direct all personnel concerns or complaints to the CEO's office and do not publicly discuss them.
- G. **No Surprises.** Keep each other informed with each other or staff.

EXPECTATIONS OF STAFF

- A. Provide good services and show respect to the public.
- B. Present good staff reports: pros and cons
 - 1. Give pros and cons, alternatives, and a recommendation.
 - 2. Present accurate and quality visuals.

- 3. Don't raise more questions than you can answer in a staff report.
 - 4. Stay well organized and manage the time.
- C. Apprise the Board in advance of:
- 1. Meetings and special projects within the District.
 - 2. Any controversial issues or conversations; don't surprise the Board, especially on any "hot button" issues.
 - 3. Any "bad news."
 - 4. Deadlines that are slipping and why.
 - 5. Problems facing the staff.
- D. Set realistic deadlines, be proactive with regard to issues that need resolving, and produce timely documents.
- E. Work cooperatively, demonstrate cooperation among staff, support each other, and be sensitive to each other's workloads.
- F. Be loyal to the Hospital and be sensitive to your public image and conduct at all times.
- G. Feel comfortable communicating with Board members.
- H. Do not participate in political activity while on duty or on TFHD campus.

Approved: _____

Charles Zipkin, Board President

Gregory Jellinek, Vice President

Dale Chamblin, Treasurer

John Mohun, Secretary

Karen Sessler, Board Member



Board Informational

Board Informational Report

By: Crystal Betts
Chief Financial Officer

DATE: April 25, 2016

Acquisition of Orthopedic Practice - North Tahoe Orthopedics Contracts

On March 24, 2016, the Board of Directors passed unanimously Resolution No. 2016-04, which delegated authority to the Chief Executive Officer (CEO) to enter into contracts as necessary to acquire the orthopedic practice of North Tahoe Orthopedics (NTO), including but not limited to negotiating and executing leases of real property, acquisition of tangible assets, engaging employees of the orthopedic practice, and entering into professional service agreements consistent with the advice of counsel related to applicable fair market value requirements and commercial reasonableness. In addition, the Resolution granted authority to the CEO to form one or more nonprofit corporations and establish Health and Safety Code section 1206(b) and (g) clinics to facilitate the provision of orthopedic services for the benefit of the District in consultation with legal counsel. The Resolution required that all contracts, writing and actions the CEO takes are to be presented to the Board of Directors for ratification at the next regular meeting following final execution and completion.

The District has established a 1206(b) clinic in connection to the acquisition of the orthopedic practice. In addition, six contracts were drafted by District legal counsel, four of the contracts were executed by the parties with an effective date of April 18, 2016, two of the contracts are still under negotiation, all for the acquisition of NTO. They are as follows: Professional Services Agreement, Employee Lease Agreement, Services Agreement, Contract of Sale, Commercial Lease Agreement, and Exclusive Dealing Agreement. Below is a brief summary of the terms for each of the contracts stated above:

- 1. Professional Services Agreement:** This agreement provides for medical and professional services for our patients in the Hospital, the 1206(b) clinic and at Truckee Surgery Center. The Medical Group will be compensated at a rate of \$69.92 per WRVU which is representative of fair market value. Initial Compensation Budgets are as follows: For Dr. Jeffrey Dodd, the three year average of WRVU's is 10,874/year. This equates to a projected annual compensation of \$760,310.08. Monthly compensation will be paid at

Acquisition of Orthopedic Practice - North Tahoe Orthopedics Contracts (continued)

90% of 1/12th of the annual compensation amount or \$57,023.26. For Dr. Andrew Ringnes, the annualized WRVU's is 9,178/year. This equates to a projected annual compensation of \$641,722.96. Monthly compensation will be paid at 90% of 1/12th of the annual compensation amount or \$48,129.22.

Quarterly, budget compensation will be reconciled to actual WRVU's. In the event actual productivity is in excess of budget WRVU's for the quarter, the physician will receive additional payment of the excess WRVU's times the rate per WRVU. In the event the actual productivity is less than budget WRVU's, the following quarter's budget compensation will be reduced for the shortfall in actual WRVU's times the rate per WRVU.

Compensation for Locum Tenens Physicians will be reimbursed by the District to the Medical Group at the same amount that is paid by the Medical Group to the Locum Tenens staffing company.

This agreement is for a one year term. This agreement has a Without Cause Termination provision with not less than a 90 days written notice, and also has Termination with Cause provisions.

Board Action: This contract is fully executed and requires ratification by the Board of Directors.

- 2. Employee Lease Agreement:** Staffing for the District's 1206(b) clinic will be provided by NTO through an employee lease arrangement for a transition period while the District develops infrastructure to support the employment of the NTO employees. All positions provided by NTO have been reviewed for job duty specifications and evaluated against salary survey data as it relates to fair market value, with salary ranges established. Services provided by NTO employees will be in accordance with the on-going needs of the District's 1206(b) clinic. NTO will invoice the District for each pay period for the "Reimbursable Amount" as defined in the contract. Reimbursable Amounts include costs for items such as salaries and wages, employer taxes, premiums and contributions for health, welfare or pension plans, workers compensation, and vacation/holiday/sick pay benefits.

This agreement is for a six month term. Agreement can be terminated earlier if mutually agreed by the parties if the District employs the NTO employees. Agreement can also be terminated due to the termination of the Professional Services Agreement, or by events such as bankruptcy or insolvency.

Board Action: This contract is fully executed and requires ratification by the Board of Directors.

- 3. Contract of Sale:** This contract is for the purchase and sale of assets of NTO, which is inclusive of personal property and supplies. A physical inventory of personal property

Acquisition of Orthopedic Practice - North Tahoe Orthopedics Contracts (continued)

assets was conducted by an independent third party company, Certified Equipment Appraisal Associates, Inc., who also assigned the fair market value for each item. The physical inventory of assets totaled \$51,300.00. A physical inventory of all supplies was conducted by Matt Rouse, TFHD's Manager of Materials Management, who assigned the fair market value for each item. The physical inventory of the supplies totaled \$10,591.94. All assets were transferred to the District free of all liens and encumbrances. Assets did not include any computer software or licenses for computer software.

Board Action: This contract is fully executed and requires ratification by the Board of Directors.

4. **Services Agreement:** Administrative Services related to the District's 1206(b) clinic are being provided by NTO under this agreement. Administrative Services are comprised of clinic expenses necessary and appropriate to support the clinic operations. These expenses include items such as supplies, minor equipment, maintenance of software systems, communication expenses, outside purchased services/professional/consulting services, utilities, laundry, linen, and other expenses that TFHD determines are necessary. Near the beginning of each calendar month, NTO will prepare a written budget identifying all Clinic expenses and the actual costs in detail in collaboration with the District. This monthly budget will be submitted to the District's CFO. Invoices will be submitted by NTO monthly for payment by the District.

This agreement has a 30 day initial term with automatic monthly terms thereafter until terminated. Agreement includes a 30 day termination clause without cause.

Board Action: This contract is fully executed and requires ratification by the Board of Directors.

5. **Commercial Lease Agreement:** This agreement is still under negotiation with Mountain Medical Center LLC (MMC).
6. **Exclusive Dealing Agreement:** This agreement is still under negotiation with Mountain Medical Center LLC (MMC).

15.1.1. North Tahoe Orthopedic Professional Service Agreement

Contract redacted.

Available for public viewing via a Public Records request.

EMPLOYEE LEASE AGREEMENT

This EMPLOYEE LEASE AGREEMENT ("Agreement") is entered into on April 18, 2016 (the "Effective Date") by and between North Tahoe Orthopedics, a California Professional Partnership ("NTO"), and the Tahoe Forest Hospital District ("District"), a hospital district organized and existing under the California Local Health Care District Law. Collectively, NTO and District are referred to herein as the "Parties".

RECITALS

WHEREAS, NTO is an established orthopedic medical practice, and District is a public entity providing a wide spectrum of health care services in the Truckee-North Tahoe region in the states of California and Nevada; and

WHEREAS, as of the Effective Date, NTO and District are negotiating various agreements pursuant to which NTO will transition its administration of orthopedic care to a District owned and operated clinic; and

WHEREAS, District requires a transition period to develop human resources and payroll infrastructure to support the employment of those NTO employees that it will consider hiring as employees of District following the consummation of the clinic arrangements; and

WHEREAS, during the transition period, District desires to lease Employees (as defined below) from NTO, and NTO is agreeable to leasing such Employees to District.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual promises and covenants contained herein, the Parties agree as follows:

1. LEASE OF NTO EMPLOYEES.

1.1 **Employees.** As of the Effective Date and during the term of and subject to the provisions of this Agreement, NTO shall furnish to District the services of NTO's employees to fill each of the positions listed on Exhibit A attached hereto ("Employees") (except that no NTO physician, whether employee or partner, shall be included within the definition of Employees and that contracts for services with NTO physicians shall be governed by one or more separate professional service agreements). NTO will ensure that the services provided by the Employees are provided in accordance with the on-going needs of District's business, including the number of hours per week, month or other period required of each position, and at the wage or salary for each Employee, all as set forth on Exhibit A, all of which may be revised from time to time upon agreement between the Parties to reflect changes that may occur in the composition, work schedules and

compensation of Employees, in which case Exhibit A shall be modified to reflect such revisions. NTO will also ensure that Employees perform all training and other requirements as District may direct pursuant to any institutional, compliance or similar program that District may require from time to time, including but not limited to Health Insurance Portability and Accountability Act (HIPAA) compliance, sexual harassment prevention, or applicable safety training.

1.2 Payment and Employment Policies.

1.2.1. During the term of this Agreement, NTO shall have responsibility for (i) subsequent adjustments to the Employees' wages, salaries and other forms of compensation with the prior approval of District of such adjustments; (ii) the timely payment of all wages, salaries and other forms of compensation for the Employees as specified in Exhibit A; (iii) the timely payment of all payroll, social security, worker's compensation, and unemployment taxes related to the Employees; (iv) the timely submission of all federal and state reporting forms related to the payment of compensation; (v) maintenance of all established NTO employee benefit programs and personnel policies; and (vi) the determination of work schedules for the Employees as necessary to meet the needs of District.

1.2.2. NTO retains control over Employees in all regards, including, but not limited to, discipline, employee evaluations, job duties, and management of safety, risk, and hazard control affecting Employees including performing safety inspections of District premises where NTO employees are working, and developing and administering employment and safety policies not inconsistent with existing District policies or practices.

1.2.3. NTO shall use reasonable efforts to ensure that the Employees perform their services solely in the best interests of District.

1.3 Employment of Leased Employees. NTO shall advise and discuss with District any decision to terminate an Employee, but NTO shall have the final responsibility and authority for all decisions regarding the hiring, retention, or termination of all Employees. In the event that District determines that the performance of an Employee is unsatisfactory, or if District otherwise notifies NTO that the services of a particular Employee are no longer needed, then NTO shall remove that Employee from providing services to District. In the event that an Employee's employment with NTO ends at NTO's election or for any other reason, such as layoff, reduction-in-force, resignation, death or retirement, NTO shall be responsible for taking any legally required action with respect to such Employee's employment separation. Employees who are terminated during the term of this Agreement for any of the reasons described in this Section 1.3 are referred to hereinafter as "Former Employees."

2. PAYMENT FOR LEASE OF EMPLOYEES.

2.1 Payment Terms. On a mutually agreeable schedule, but no less often than each of NTO's payroll periods, NTO shall issue an invoice to District specifying the "Reimbursable Amount," as defined in Section 2.2 below, for the then-concluding payroll period. To the extent that any Employee is paid on an hourly basis, the invoice also shall set forth the number of hours or partial hours that each such Employee worked for District and the amount due for such Employee's time for the invoiced period. District shall pay the Reimbursable Amount specified in each invoice within 72 hours of invoice receipt.

2.2 Reimbursable Amount. The term "Reimbursable Amount" for any period is an amount equal to the following costs paid or expenses accrued by NTO during such period for the employment by NTO of the Employees while leased to District: (i) the salaries and wages described for each Employee on the attached Exhibit A, as may be adjusted in writing from time to time pursuant to the terms of this Agreement and incorporated into Exhibit A; (ii) NTO's share of social security taxes, Medicare taxes, and all other required California and federal payroll taxes; (iii) premiums, contributions and other amounts paid by NTO on behalf of Employees for coverage by any existing health, welfare or pension plans; (iv) premiums for worker's compensation insurance; (v) any vacation, holiday, or sick pay, severance pay, unemployment insurance benefits or other benefits paid, accrued or otherwise provided by NTO; (vi) premiums for professional errors and omissions insurance for those Employees covered by such insurance; and (vii) any other costs incurred by NTO for the maintenance of the retirement accounts of Employees. During the term of and subject to the provisions of this Agreement, District shall not have any liability to an Employee with respect to compensation or benefits provided by NTO; the sole liability of District shall be to reimburse NTO the Reimbursable Amount for the period that an Employee provides services to District pursuant to this Agreement, except as otherwise provided in Section 2.3 below.

2.3 Responsibility for Compensation/Reimbursement. During the term of and subject to the provisions of this Agreement, NTO shall be solely responsible for administering and paying each Employee's compensation and benefits. District shall have no responsibility therefor. District's sole responsibility shall be to reimburse NTO the Reimbursable Amount for the period that the Employees provide services to District. In the event that an Employee ceases to perform services for District for any reason, or in the event of the expiration or termination of this Agreement, with respect to such Employee, District shall be responsible only for reimbursing NTO the Reimbursable Amount accrued through the date that the Employee provided services to District or, if earlier, the expiration or termination of this Agreement, except as provided below.

2.3.1. In the event that (a) NTO on its own accord terminates the employment of any Employee; or (b) the termination of services by an Employee occurs for any other reason such as resignation, death or retirement, with respect to said

Employee, District shall be responsible only for reimbursing NTO the Reimbursable Amount accrued in respect of the items listed in Section 2.2 above through the date that said Employee is employed by NTO and is providing services on behalf of District.

2.3.2. In the event that District requests that an Employee no longer provide services to District, District shall be responsible for reimbursing NTO the Reimbursable Amount accrued for the items listed in Section 2.2 above through the date that said Employee ceases providing services for District and, if NTO terminates the employment of such Employee, any reasonable separation costs or obligations imposed, by contract or by NTO's employment separation policy in effect as of the Effective Date. District shall not be responsible for payment of costs paid or expenses accrued with respect to items listed in Section 2.2 above to the extent that such costs are the result of NTO's failure to remove the Employee from providing services for District within 48 hours from NTO's receipt of a written request from District that such Employee no longer provide services to District.

2.4 Timekeeping. Employees shall report time worked for District consistent with their employment status with NTO (e.g., exempt or non-exempt). To the extent that any Employee's time is compensated on an hourly basis, NTO shall ensure that each such Employee tracks all hours spent providing services for District. NTO shall maintain such records as required under applicable laws. District shall be entitled to keep its own record of such Employee's time. To the extent that there is any discrepancy between the time submitted by an Employee whose services are billed on an hourly basis and the time calculated by District, the Parties shall review their respective records and determine the actual time spent by the Employee in providing services to District. In the event the Parties do not agree about the actual time spent by the Employee in providing services to District, to the extent District declines to reimburse NTO for the time NTO's records reflect as time worked by such Employee, District shall indemnify and hold NTO harmless for all damages, interest, penalties and attorneys' fees and costs arising from any and all compensation-related claims or charges brought by such Employee or any government agency on the Employee's behalf against NTO related to the amount of time for which the District declines to reimburse NTO. Other than the indemnification set forth in the previous sentence, District shall not be responsible for, and shall not indemnify NTO against any claims or charges brought by any Employee, or any government agency on an Employee's behalf related to or arising from such Employee's employment by NTO, whether such claims or charges relate to NTO's employment of Employee prior to or during the term of this Agreement.

3. MAINTENANCE OF RECORDS.

3.1 Maintenance of Records. NTO and District shall each have the following rights with respect to (i) the maintenance of records and (ii) the inspection of the records maintained by the other:

3.1.1. The Parties shall each maintain accurate records of all hours worked by each Employee in such form as determined by each Party in its sole discretion, and the Parties shall furnish such records to each other at such times as the other Party shall reasonably request.

3.1.2. All business records and information relating to the business activities of either NTO or District shall be the property of the Party keeping such records.

3.1.3. NTO and District shall each safeguard the records maintained by it pursuant to this Agreement for a minimum of three years.

3.1.4. NTO will give District and its counsel, auditors and other authorized representatives reasonable access to NTO's books and records relating to Employees and Former Employees, including, without limitation, correspondence, accounting records, personnel files, and legal complaints, upon reasonable notice and during normal business hours, and subject to and consistent with any legal restrictions relating to the privacy of Employees or Former Employees, as District may, in its reasonable discretion, determine is necessary for the performance of District's duties hereunder or to confirm the performance by NTO of its duties hereunder, including, without limitation, to confirm the validity of the Reimbursable Amount.

3.1.5. NTO shall maintain title to all personnel files and records relating to the Employees until the end of the term of this Agreement, and for a minimum of three years after the term of this Agreement. Should District directly hire Employees following the term of this Agreement, NTO shall promptly deliver to District copies all such personnel files and records. During the term of this Agreement, NTO and District shall comply with all legal requirements relating to privacy and confidentiality or personnel files and records and health care records.

4. TERM AND TERMINATION.

4.1 Term/Termination. The term of this Agreement shall be for six (6) months from the Effective Date, provided, however, that this Agreement may be earlier terminated at any time as follows:

4.1.1. On the date mutually agreeable to the Parties in which NTO terminates the Employees and District employs the Employees; or

4.1.2. Effective immediately, in the event the other Party shall become the subject (voluntarily or involuntarily) of any proceeding relating to bankruptcy or insolvency, or makes an assignment or other arrangement for the benefit of its creditors, or is dissolved or liquidated (except as a consequence of a merger, consolidation or other corporate reorganization not involving the insolvency of such dissolved or liquidated party).

4.2 Confidential and Proprietary Information/Obligations Upon Termination.

4.2.1. NTO and District each agree to keep all confidential and proprietary information disclosed to it by the other Party confidential and shall not use such information for any purpose other than the purposes contemplated in this Agreement or as required by law. Upon termination of this Agreement, each Party agrees to deliver to the other Party all documents or other materials reflecting such confidential or proprietary information then in possession or under the control of the Party to whom such information was disclosed.

4.2.2. District agrees that upon termination of this Agreement, should District hire Employees, Employees shall have their length of service eligibility determined by their original NTO hire date, if that date occurred before the Effective Date, for any requests to District related to protected family medical, pregnancy disability, or military service-related leave under California or federal law, or any other paid leave benefit under District's personnel policies, if any exists.

4.3 Termination by District. Upon termination of that certain Professional Services Agreement, dated as of the date hereof, between NTO and District, District shall have the right, in District' sole and absolute discretion, to immediately terminate this Agreement.

5. COMPLIANCE WITH LAWS.

5.1 NTO Warranty and Covenant of Compliance with Employment Laws. As an inducement to District to enter into this Agreement, NTO represents, warrants and covenants that NTO has, to the best of its knowledge, information and belief, complied with, and will continue to comply in all material respects with all applicable federal, California and local laws, rules, and regulations applicable to the Employees, their employment by NTO, and their performance of services for District, including without limitation, those relating to wages, hours, withholding and other taxes, workers' compensation insurance, labor and employment relations, whistleblowing activities, and employment discrimination, harassment, and retaliation.

5.2 District Covenant of Compliance with Employment Laws. As an inducement to NTO to enter into this Agreement, District covenants that District will comply in all material respects with all applicable federal, California and local laws, rules, regulations and ordinances applicable to the Employees, their employment by NTO, and their performance of services for District, including without limitation, any applicable obligations or duties relating to hours, labor and employment relations, whistleblowing activities, and employment discrimination, harassment, and retaliation.

6. INDEMNIFICATION.

6.1 Specific Indemnity of NTO. NTO shall indemnify, defend and hold harmless District, its directors, officers, employees, affiliates, agents, representatives, and permitted successors and assigns, from and against all liabilities, losses, damages, penalties, judgments, suits, claims, costs and expenses of any kind or nature (including, without limitation, reasonable fees and disbursements of legal counsel) arising out of or resulting from: (i) the inaccuracy or breach of any representation or warranty of NTO contained in this Agreement; (ii) the breach of any covenant of NTO contained in this Agreement; or (iii) any claim of whatever description by an Employee or Former Employee (except to the extent due to the negligence or misconduct of District, or other act of District with respect to a matter in which District substantially controls or controlled, or substantially supervises or supervised, the Employee(s) or Former Employee(s) making the claim during the period covered by that claim).

6.2 Specific Indemnity of District. District shall indemnify, defend and hold harmless NTO, its directors, officers, employees, affiliates, agents, representatives, and permitted successors and assigns from and against all liabilities, losses, damages, penalties, judgments, suits, claims, costs and expenses of any kind or nature (including, without limitation, reasonable fees and disbursements of legal counsel) arising out of or resulting from: (i) the inaccuracy or breach of any representation or warranty of District contained in this Agreement; (ii) the breach of any covenant of District contained in this Agreement; or (iii) any claim by an Employee or Former Employee with respect to a matter in which District substantially controls or controlled, or substantially supervises or supervised, the Employee(s) or Former Employee(s) making the claim during the period covered by the claim.

7. MISCELLANEOUS PROVISIONS.

7.1 Resolution of Disputes. Any dispute, controversy or claim arising out of or relating to this Agreement or the performance by the Parties of its or their terms shall, before the Parties may pursue any other legal remedies, first submitted to mandatory mediation in Truckee, California, before a mediator that has been mutually selected by the Parties, or, if the Parties cannot agree on a mediator, by a mediator appointed by the American Arbitration Association. Each Party shall pay one-half (1/2) of the mediator's fee. Each Party shall pay for its own costs of mediation.

7.2 Relationship of the Parties. In the performance of the Agreement, the Parties mutually understand and agree that during the term of this Agreement, the Employees shall be employees of NTO and not of District. In entering into the Agreement, neither Party is in any way assuming any liabilities, debts, or obligations of the other Party, whether now existing or hereafter created.

7.3 Severability. If any provision of this Agreement shall be deemed illegal or unenforceable, such illegality or unenforceability shall not affect the validity and enforceability of any legal and enforceable provisions hereof, unless such illegality or unenforceability shall destroy the underlying business purpose of this Agreement.

7.4 Applicable Law. This agreement shall be construed under and governed by the internal laws of the state of California without regard to choice of law rules.

7.5 Assignment. Neither Party may assign any of its rights or obligations under this Agreement without the prior written consent of the other Party. Except as specifically provided in this Agreement, any attempted assignment or delegation of a Party's rights, claims, privileges, duties or obligations hereunder shall be null and void.

7.6 Amendments. The Agreement may be amended at any time by mutual agreement of the Parties without additional consideration, provided that, before any amendment shall become effective, it shall be reduced to writing and signed by each of the Parties.

7.7 Waiver. Any waiver by either NTO or District of a breach of any term or condition of this Agreement shall not constitute a waiver of any subsequent breach of the same or any other term or condition of this Agreement.

7.8 Entire Agreement. This Agreement including its exhibits (all of which are incorporated herein by this reference) represents the entire understanding of the Parties with respect to the subject matter hereof, and shall not be amended, altered or changed except by a written agreement signed by the Parties hereto.

7.9 Notices. Whenever under the terms of this Agreement written notice is required or permitted to be given by any Party to any other Party, such notice shall be in writing and shall be deemed to have been sufficiently given if personally delivered, delivered by a regional or national overnight courier service (such as Federal Express or OnTrac), transmitted by facsimile or deposited in the United States Mail, in a postage-paid envelope, certified or registered mail, return-receipt-requested, addressed to the Party to whom it is to be given, at the address set forth immediately below such Party's signature hereto (or such other address as a Party may have designated in writing). Any Party hereto may change its address by written notice in accordance with this Section.

7.10 Captions. Captions in this Agreement are included for reference only, shall not be construed as part of this Agreement, and shall not be used to define, limit, extend or interpret the terms hereof.


7.11 Third Party Beneficiaries. This Agreement is solely for the benefit of NTO and District and no provision of this Agreement shall be deemed to confer upon third Parties, including any and all Employees or Former Employees, any remedy, claim, liability, reimbursement, claim of action or other right in excess of those existing without reference to this Agreement.


7.12 Additional Documents. Each of NTO and District shall, at any time after the execution of this Agreement, sign, execute and deliver all such documents and instruments and do or cause to be done all such other acts or things as may be necessary to carry out the intent and provisions of this Agreement.

7.13 Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one (1) and the same document.

Tahoe Forest Hospital District

North Tahoe Orthopedics

By: 
Name: Henry White
Title: CEO

By: 
Name: JEFFREY DODD
Title: GENERAL PARTNER

Tahoe Forest Hospital District
Attn: CEO
10121 Pine Avenue
PO Box 759
Truckee, CA 96160

North Tahoe Orthopedics
Attn: JEFF DODD
10051 Lake Ave
Truckee, CA 96161

EXHIBIT A

Position	Proposed pay range
Financial Manager	\$25.95/\$29.87/\$33.74
Medical Billing 1	\$17.92/\$20.62/\$23.30
Medical Billing 2	\$17.92/\$20.62/\$23.30
Office Manager	\$22.38/\$25.75/\$29.10
Ortho Tech	\$16.24/\$18.68/\$21.11
Ortho Tech	\$16.24/\$18.68/\$21.11
Patient Intake 1	\$15.84/\$18.23/\$20.59
Patient Intake 2	\$15.84/\$18.23/\$20.59
Receptionist 1	\$14.35/\$16.51/\$18.65
Receptionist 2	\$14.35/\$16.51/\$18.65
Registered Nurse	\$36.67/\$42.20/\$47.68
Surgery Scheduling	\$16.64/\$19.15/\$21.63
X-Ray Tech	\$34.91/\$40.17/\$45.38

Source of data:
2015 CAPG Health care employee compensation and benefit survey

CONTRACT OF SALE

This Contract of Sale ("Contract") is entered into as of April 18, 2016 ("Effective Date"), by and between Tahoe Forest Hospital District, a California health care district ("Buyer") and North Tahoe Orthopedics, a California Professional Partnership ("Seller"). The parties agree as follows:

ARTICLE 1 PURCHASE AND SALE OF ASSETS

1.1 Assets Being Purchased. Seller shall sell to Buyer and Buyer shall purchase from Seller, on the terms specified in this Contract, all the personal property of Seller shown on the attached schedule marked "Exhibit A" (the "Assets").

1.2 Excluded Assets. Other than the Assets purchased pursuant to paragraph 1.1, all of Seller's right, title and interest of every kind and nature in and to all of the assets and properties owned or leased by Seller as of the date hereof that are used in, beneficial to, incidental to, resulting from, related to or otherwise associated with Seller's business, whether tangible, intangible, personal or real and wherever located and by whomever possessed, shall remain Seller's property. Specifically, and without limitation, Buyer is not purchasing the goodwill, business, and trade names of Seller, or any other intangible property of Seller. In addition, Buyer is not purchasing Seller's patient medical records.

1.3 Purchase Price. Buyer shall pay to Seller on April 18, 2016 (the "Closing Date"), the sum of \$61,891.94 (the "Purchase Price") in cash in lawful money of the United States in full payment of the purchase price of all of the Assets described in Section 1.1 of this Contract.

1.4 Conditions of Sale.

(a) The purchase and sale described in and covered by this Contract shall be conducted and consummated in full compliance with all the requirements of the Uniform Commercial Code—Bulk Sales Division and the General Corporation Law of the State of California.

(b) The Assets shall be transferred free of all liens and encumbrances. As of the Effective Date, Bank of the West has a blanket security interest on all of the Assets, as evidenced by a UCC Financing Statement showing Bank of the West as the Secured Party and Seller as the Debtor filed with the California Secretary of State on December 14, 2015, filing Number 15-7499267282. Seller shall cause Bank of the West to file a termination statement on or before the Closing Date terminating Bank of the West's security interest in the Assets.

1.5 Transfer of Assets. On the Closing Date, Buyer shall deliver to Seller good funds in the amount of the Purchase Price, and Seller shall deliver to Buyer a bill of sale substantially in the form attached hereto as Exhibit "B". The parties acknowledge that the Assets are being sold "as is and where is" and that concurrently with the sale of the Assets, Seller is subleasing the premises where Seller's business is conducted (the "Clinic") to Buyer.

1.6 Software. The Assets do not include any computer software or licenses for computer software. Seller agrees to cooperate with Buyer, at no cost to Buyer, to acquire such rights or to assume such license agreements, in applicable computer software as are reasonably required to maximize the benefit to Buyer of the acquisition of the Assets.

1.7 Liabilities. Notwithstanding any other provision hereof, and regardless of any disclosure to Buyer, Buyer shall not assume any liabilities of Seller. The liabilities of Seller retained by Seller (the "Liabilities") shall include, without limitation:

(a) Seller's obligations pursuant to its line of credit agreement with Bank of the West;

(b) Seller's liabilities for the maintenance and safekeeping of the patient medical records; provided, however, that Seller may maintain its patient medical records at the Clinic;

(c) Seller's Liabilities for any claims (whenever made) arising out of, relating to, resulting from or caused by any transaction, status, event, condition, occurrence or situation existing, arising or occurring (i) in connection with the ownership or operation of the Seller's business or the Seller's assets on or prior to the date hereof or (ii) in connection with Seller's businesses or activities at any time prior to or on the Date hereof, including, without limitation, any liabilities or claims arising from or related to Seller's submission of claims for services to Medicare, Medi-Cal or any other third party payor;

(d) Liabilities with respect to all Taxes of Seller relating to the ownership or operation of Seller's business or the purchased Assets on or prior to the date hereof (including, without limitation, any payroll taxes and any other operating business taxes) and all Taxes of Seller arising out of or relating to any of the transactions contemplated hereby; as used herein, "Taxes" means all taxes (whether United States federal, state, local or other non-United States) based upon or measured by income and any other tax whatsoever, including, without limitation, gross receipts, profits, sales, levies, imposts, deductions, charges, rates, duties, use, occupation, value added, ad valorem, transfer, franchise, withholding, payroll and social security, employment, excise, stamp duty or property taxes, together with any interest, penalties, charges or fees imposed with respect thereto;

(e) any and all Liabilities with respect to any current or former employee, independent contractor, or consultant employed or engaged in the operation of Seller's business (collectively, "Employees"), including, without limitation, any and all Liabilities relating to or arising in connection with or as a result of (i) the employment or the actual or constructive termination of employment of any Employee by Seller (including, without limitation, any termination of employment in connection with the consummation of the transactions contemplated by this Contract), (ii) the participation in or accrual of benefits or compensation under, or the failure to participate in or to accrue compensation or benefits under, any employee plan or other arrangement of Seller, (iii) accrued but unpaid salaries, wages, bonuses, incentive compensation, vacation or sick pay or other compensation or payroll items (including, without limitation, deferred compensation), (iv) any and all retention, change in control or other similar compensation or benefits which are or may become payable in connection with the consummation of the transactions contemplated by this Contract, or (v) contributions, premiums, duties and Liabilities relating to any Employee Plan;

(f) Liabilities of Seller for costs and expenses incurred in connection with this Contract and the consummation of the transactions contemplated hereby;

(g) any liability of Seller to indemnify any person by reason of the fact that such person was a director, officer, employee or agent of Seller or an affiliate of Seller or was serving at the request of a Seller as a partner, trustee, director, officer, employee or agent of another person (whether such indemnification is for judgments, damages, penalties, fines, costs, amounts paid in settlement, losses, expenses or otherwise and whether such indemnification is pursuant to statute, charter document, bylaw, agreement or otherwise); and

(h) any claim for payment of fees and/or expenses as a broker or finder in connection with the origin, negotiation or execution of this Contract or the consummation of the transactions contemplated hereby based upon any alleged agreement, arrangement or understanding between the claimant and Seller or any of its agents or representatives.

ARTICLE 2 WARRANTIES BY SELLER

2.1 Due Organization. Seller warrants to Buyer that it, Seller, is a general partnership, duly organized and existing under the General Corporation Law of the State of California and that its powers as a general partnership have never been and are not now suspended or limited in any way.

2.2 Title of Assets. Seller warrants that as of the Closing Date, it shall have good and marketable title to all of the Assets covered by this Contract. Seller further

warrants that, as of the Closing Date, it shall have title to all the Assets is free and clear of any liens, encumbrances, or other defects, including the lien of Bank of the West described in Section 1.4(b).

2.3 Authority to Sell. Seller warrants and represents it has complied with all the requirements of the General Corporation Law of the State of California relative to the sale of assets described in this Contract and that the principal terms of the sale as set forth in this Contract were duly and legally approved by all of Seller's general partners on April 18, 2016.

2.4 Compliance. Seller warrants and represents that, as of the Closing Date, all the conditions of this Contract to be performed by Seller have been fully performed and that all the warranties and representations of Seller contained in this Contract are true and correct. Seller warrants and represents that, as of the Closing Date Seller is not in violation of any state, federal county, city, or other governmental law or regulation.

2.5 Change to Assets. Seller warrants and represents that, from the Effective Date until the Closing Date, there has been no material change in the condition of the Assets, or any of them, requiring more than \$ 500.00 to repair in the reasonable judgment of the Buyer.

2.6 Survival of Warranties. Seller agrees that all warranties made by it in this Contract shall survive the consummation of the sale described in this Contract. Further, the partners of Seller agree to be personally bound and personally liable, jointly and severally, on those warranties if Seller is dissolved within four years from and after the date of this Contract.

ARTICLE 3 WARRANTIES BY BUYER

3.1 Due Organization. Buyer warrants to Seller that Buyer is a health care district, duly organized and existing under the Health and Safety Code of the State of California and that its power as a district has never been and is not now suspended.

3.2 Authority to Buy. Buyer further warrants to Seller that this Contract has been approved by its Board of Directors and that Buyer has full power and authority to both execute and perform this Contract.

ARTICLE 4 OPERATION OF BUSINESS

4.1 Seller to Continue Business. Any and all risk of loss or damages to the Assets during the period from the Closing Date until the delivery of the Assets to Buyer, except damages arising because of the fault or negligence of Buyer, shall be assumed and borne by Seller. Should any of the Assets be damaged during that period by any

cause the fault of Seller the purchase price specified in this Contract shall be reduced accordingly.

4.2 Access to Patient Medical Records. As noted above, Seller shall be responsible for the maintenance and safekeeping of its patient medical records. After the Closing Date, Seller shall allow Buyer access to the patient medical records on an as-needed basis and in accordance with all applicable laws and regulations.

ARTICLE 5 CONDITIONS OF SALE

5.1 Conditions to Buyer's Performance. Buyer shall be under no obligation to perform any provision of this Contract to be performed by it and may cancel the sale and purchase described in this Contract if, at the Closing Date, any of the following conditions exist:

(a) All the conditions of this Contract to be performed by Seller have not been fully performed.

(b) All the warranties and representations of Seller contained in this Contract are not true and correct.

(c) Seller is in violation of any state, federal county, city, or other governmental law or regulation.

(d) There has been any material change in the condition of the Assets, or any of them, requiring more than \$~~500,000~~ to repair in the reasonable judgment of the Buyer.

5.2 Proration of Taxes and Rents. All taxes, if any, levied on or assessed against any of the Assets described in this Contract shall be prorated between Buyer and Seller as of 12:01 A.M. Pacific Standard Time on the Closing Date; provided, however, any and all California sales tax becoming due because of the purchase and sale described in this Contract shall be paid by Seller.

5.3 Costs and Expenses of Sale. Buyer and Seller will bear their own costs and expenses incurred in connection with the sale described in this Contract.

ARTICLE 6 MISCELLANEOUS PROVISIONS

6.1 Indemnity Agreement. Except as otherwise expressly provided in this Contract or any attachment to this Contract, Seller shall indemnify and hold Buyer and the property of Buyer, including the Assets, free and harmless from any and all claims, liability, loss, damage, or expense resulting from Seller's ownership of the Assets or Seller's operation of the Assets, including any claim, liability, loss, or damage arising by

reason of the injury to or death of any person or persons, or the damage of any property, caused by Seller's use of the Assets, the condition of the Assets when owned by Seller, or the defective design or manufacture by Seller of any product or products, and any and all claims, liability, loss, damage, or expense arising from Seller's Liabilities. In addition, Seller shall indemnify and hold Buyer free and harmless from any and all claims and costs incurred in connection with the Bank of the West line of credit or the termination thereof, and any other loans or extensions of credit for which Seller may be obligated.

6.2 Entire Agreement. This instrument with its attachments constitutes the entire agreement between Buyer and Seller respecting the Assets or the sale of the Assets to Buyer by Seller, and any agreements or representation respecting the Assets or their sale by Seller to Buyer not expressly set forth in this instrument is null and void.

6.3 Notices. Any and all notices or other communications required or permitted by this Contract or by law to be served on or given to either party, Buyer or Seller, by the other party, shall be, unless otherwise required by law, in writing and deemed duly served and given when personally delivered to the party to whom directed or any of its officers or, in lieu of personal service, when deposited in the United States mail, first-class postage prepaid, addressed to Buyer at Tahoe Forest Hospital District, Attn: CEO, 10121 Pine Ave, Truckee, CA 96161, or Seller at North Tahoe Orthopedics, Attn: Jeff Dodd, M.D., 10051 Lake Ave., Truckee, California 96161.

6.4 Attorneys' Fees. If any litigation is commenced between the parties, Buyer and Seller, concerning this Contract, the sale and purchase described in this Contract, or the rights and duties of either in relation to this Contract, the party prevailing in that litigation shall be entitled, in addition to any other relief that may be granted, to a reasonable sum as and for its attorneys' fees in that litigation which shall be determined by the court in that litigation or in a separate action brought for that purpose.

6.5 Assignment. Neither this Contract nor any right or interest in it may be assigned by Seller to any other person or corporation without the express written consent of the Buyer.


6.6 Governing Law. This Contract shall be governed and all rights and Liabilities under it determined in accordance with the laws of the State of California in effect on this date.

(signature page follows)

In witness whereof, each of the undersigned parties to this Contract has caused this Contract to be executed by its duly authorized officers, as of the Effective Date.

BUYER

Tahoe Forest Hospital District, a California health care district

By: 
Name: Harry Weiss
Its: CEO

SELLER

North Tahoe Orthopedics, a California Professional Partnership

By: 
Name: Jeffrey Dodd
Its: General Partner

By: _____
Name: _____
Its: _____

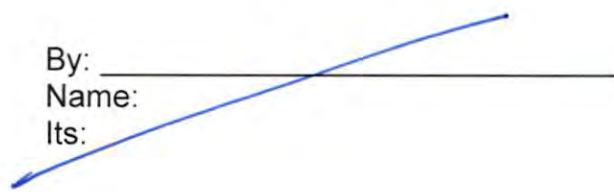


EXHIBIT "A"
SCHEDULE OF ASSETS PURCHASED

1204538.4

EXHIBIT "A"

Tahoe Forest – North Tahoe Asset Pur Agt 040116
162538.2

EXHIBIT "B"

Form of Bill of Sale

BILL OF SALE

North Tahoe Orthopedics, a Professional Partnership ("**Seller**"), for good and valuable consideration paid by Tahoe Forest Hospital District, a California health care district ("**Buyer**"), the receipt and sufficiency of which is hereby acknowledged, hereby sells, transfers, grants, bargains, conveys, assigns, and delivers to Buyer, its successors and assigns: all assets more particularly described on Attachment No. 1 attached hereto (collectively, the "**Assets**").

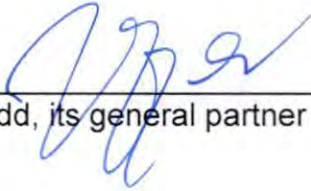
Seller warrants and defends title to the Assets against the claims and demands of any and all persons, firms and entities.

Seller and Buyer agree to execute such other documents and take such actions as may reasonably be required for the purpose of further evidencing, confirming and effectuating the transfer which is the subject of this instrument.

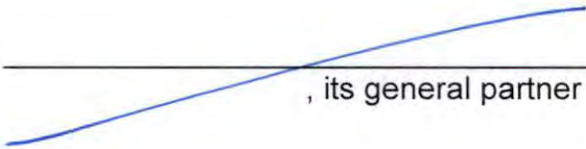
The provisions of this instrument shall be binding upon and inure to the benefit of Seller and Buyer and their respective successors and assigns.

IN WITNESS WHEREOF, Seller has executed this Bill of Sale this 18 day of April, 2016.

NORTH TAHOE ORTHOPEDICS, a general partnership



Jeffrey Dodd, its general partner



, its general partner

ATTACHMENT NO. 1
TO
BILL OF SALE

LIST OF ASSETS

1204538.4

ATTACHMENT NO. 1
TO
BILL OF SALE

Tahoe Forest – North Tahoe Asset Pur Agt 040116
162538.2

Equipment List: North Tahoe Orthopedics
10051 Lake Avenue, Suite 3, Truckee, CA 96161

Unit	Quantity	Equipment Description	Condition	Price Per Unit	Fair Market Value
Waiting Room:					
1	4	End Tables	Good	\$30.00	\$120.00
2	2	5-Seat Patient Waiting Benches	Good	\$100.00	\$200.00
3	1	4-Seat Patient Waiting Bench	Good		\$80.00
4	1	2-Seat Patient Waiting Bench	Good		\$40.00
5	1	Trash Can	Good		\$2.00
Front Office Administrative Area:					
6*	1	Ricoh Aficio MP400i Copier. Field Note: Leased unit as per Ms. Laura Small.	Good		Leased
7	1	TAB Filing Storage Unit. Field Note: Three in one Filing Storage Unit.	Good		\$750.00
8	1	Fujitsu ScanSnap ix500 Color Duplex Desktop Document Scanner	Good		\$325.00
9	2	Panasonic KX-DT343 Telephones	Good	\$75.00	\$150.00
10	1	Dell 523N Desktop Printer	Good		\$120.00
11	2	Dell OptiPlex 320 Computers	Good	\$150.00	\$300.00
12	2	Dell 19" Flat Screen Monitors	Good	\$45.00	\$90.00
13	1	Brother IntelliFax 4100e All-In-One	Good		\$70.00
14	1	Ingenico iCT 220 Credit Card Terminal	Good		\$85.00
15	1	Step Stool	Good		\$15.00
16	2	Swivel Office Chairs	Good	\$20.00	\$40.00
17	2	Trashcans	Good	\$4.00	\$8.00
Hallway (immediately outside of Examination Room Eight):					
18	1	XMA 2-Panel X-Ray Viewbox	Good		\$160.00
19	1	Panasonic KX-DT343 Telephone	Good		\$75.00
20	1	Cloth Physician's Stool with Back	Good		\$50.00
21	1	Trashean	Good		\$2.00
Rad Room:					
22	1	2008 Quantum Medical Quest HF Series Rad Room Year of Manufacture: 2008. Complete Rad Room Including:	Good		

		1.) 2008 Quantum QS-550 Tube Stand. Serial Number: QS550-OBL-1103.			
		1.) 2008 Quantum QT-750 Quiet Lift Elevating/Float-Top Radiographic Table. Serial Number: QT750-08L-1104.			
		1.) 2008 Quantum, Toshiba Rotanode E7242FX. Serial Number: 08F239.			
		1.) 2008 Quantum Verti-Q QW420 Vertical Wall Stand. Serial Number: QW420-08L-1103.			
		1.) 2008 Huestis Medical 150MC Collimator CM15292.			
		1.) 2008 Quantum Imaging Generator.			
		Field Note: As per Ms. Laura Small, Financial Manager, there is no service contract for the 2008 Quantum Medical Quest HF Series Rad Room.			\$15,500.00
23	1	2014 Dell PowerEdge T320 Server	Good		\$1,100.00
24	3	X-Ray Vests	Good	\$90.00	\$270.00
25	1	Synology Diskstation DS411 Network Attached Storage	Good		\$295.00
26	1	Fujifilm D-Evo Handswitch and Cassette	Good		\$475.00
27	1	Catalyst 2960G Series Catalyst Switch	Good		\$185.00
28	2	Dell OptiPlex 780 Computers	Good	\$100.00	\$200.00
29	1	Viewsonic VA520 15" Flat Screen Monitor	Good		\$25.00
30	1	FujiFilm Elo 19" Flat Screen Monitor	Good		\$80.00
31	1	Cat5e 24-Port Patch Panel Unit	Good		\$40.00
32	1	Cisco ASA 5500 Series Firewall	Good		\$95.00
33	1	APC BackUps 1500	Good		\$65.00
34	1	Arris CM820 Cable Modem	Good		\$40.00
35	1	2-Level Wooden Storage Unit	Good		\$35.00
36	1	Examination Stool	Good		\$55.00
37	1	APC BackUps Pro 1000	Good		\$60.00
38	1	Fan	Good		\$5.00
Examination Room One:					
39	1	Clinton Industries Alpha Series Examination Table with H-Brace	Good		\$250.00
40	1	Seca 769 Scale and Height Measurer. Product Number: 769-1321994.	Good		\$165.00
41	1	Dell Latitude E6540 Laptop	Good		\$375.00
42	1	Norstar Examination Stool	Good		\$45.00
43	1	Safco 3453BU Cava Collection Straight Leg Patient Waiting Chair	Good		\$50.00
44	1	Step Stool	Good		\$15.00
45	1	San Jamar Paper Towel Dispenser	Good		\$12.00

46	1	BD Sharps Container. Wall Mounted.	Good		\$10.00
47	1	CVS Pharmacy Blood Pressure Testing Unit	Good		\$25.00
48	1	Gojo Soap Dispenser	Good		\$5.00
49	1	Rite Aid RC210 Wrist Monitor, Automatic Touch	Good		\$8.00
50	1	Trashcan	Good		\$4.00
Examination Room Two:					
51	1	Clinton Industries Alpha Series Examination Table with H-Brace	Good		\$250.00
52	1	Norstar Examination Stool	Good		\$45.00
53	1	Safco 3453BU Cava Collection Straight Leg Patient Waiting Chair	Good		\$50.00
54	1	Step Stool	Good		\$15.00
55	1	San Jamar Paper Towel Dispenser	Good		\$12.00
56	1	BD Sharps Container. Wall Mounted.	Good		\$10.00
57	1	Gojo Soap Dispenser	Good		\$5.00
58	1	Trashcan	Good		\$4.00
Examination Room Three:					
59	1	Clinton Industries Alpha Series Examination Table with H-Brace	Good		\$250.00
60	1	Human Skeletal Model with Rolling Display Stand. Field Note: Missing Limb.	Good		\$85.00
61	1	Norstar Examination Stool	Good		\$45.00
62	2	Cloth Patient Waiting Chairs	Good	\$30.00	\$60.00
63	1	Step Stool	Good		\$15.00
64	1	San Jamar Paper Towel Dispenser	Good		\$12.00
65	1	BD Sharps Container. Wall Mounted.	Good		\$10.00
66	1	Gojo Soap Dispenser	Good		\$5.00
67	1	Trashcan	Good		\$4.00
Intake Room:					
68	1	Seca 769 Scale and Height Measurer. Product Number: 769-1321994.	Good		\$165.00
69	2	Safco 3453BU Cava Collection Straight Leg Patient Waiting Chairs	Good	\$50.00	\$100.00
70	1	Dell Latitude E6540 Laptop	Good		\$375.00
71	1	Adjustable Computer Stand. Rolling.	Good		\$55.00
72	1	Swivel Task Chair	Good		\$35.00
73	1	San Jamar Paper Towel Dispenser	Good		\$12.00
74	1	Health O Meter Scale and Hight Measurer. Field Note: Located in the closet.	Good		\$50.00
75	2	NT 24-Port Patch Panel Units. Field Note: Located in the closet.	Good	\$35.00	\$70.00
76	1	Rite Aid RC210 Wrist Monitor, Automatic Touch	Good		\$8.00

77	1	Gojo Soap Dispenser	Good		\$5.00
Examination Room Three:					
78	1	Examination Table	Good		\$150.00
79	1	Step Stool	Good		\$15.00
80	1	Examination Stool	Good		\$40.00
81	1	BD Sharps Container. Wall Mounted.	Good		\$10.00
82	1	Patient Waiting Chair	Good		\$30.00
83	1	Trashcan	Good		\$4.00
Examination Room Four:					
84	1	Examination Table	Good		\$150.00
85	1	Step Stool	Good		\$15.00
86	1	Examination Stool	Good		\$40.00
87	1	BD Sharps Container. Wall Mounted.	Good		\$10.00
88	1	Patient Waiting Chair	Good		\$30.00
89	1	Trashcan	Good		\$4.00
Examination Room Five:					
90	1	Examination Table	Good		\$150.00
91	1	Step Stool	Good		\$15.00
92	1	Examination Stool	Good		\$40.00
93	1	BD Sharps Container. Wall Mounted.	Good		\$10.00
94	1	Patient Waiting Chair	Good		\$30.00
95	1	Trashcan	Good		\$4.00
Restroom:					
96	2	Wicker Trashcans	Good	\$12.00	\$24.00
97	1	3-Level Wicker Storage Unit	Good		\$20.00
Hallway (immediately outside of Examination Rooms Four and Five):					
98	1	X-Ray Viewbox	Good		\$160.00
99	1	Panasonic KX-DT343 Telephone	Good		\$75.00
100	1	Cloth Physician's Stool with Back	Good		\$50.00
Examination Room Eight:					
101	1	Waldworth Wood Workers, Inc. Examination Table	Good		\$150.00
102	1	Examination Stool	Good		\$40.00
103	1	Step Stool	Good		\$15.00
104	1	BD Sharps Container. Wall Mounted.	Good		\$10.00

105	1	Safco 3453BU Cava Collection Straight Leg Patient Waiting Chair	Good		\$50.00
106	1	Trashcan	Good		\$4.00
Examination Room Nine:					
107	1	Examination Table	Good		\$150.00
108	1	Examination Stool	Good		\$40.00
109	1	Step Stool	Good		\$15.00
110	1	BD Sharps Container. Wall Mounted.	Good		\$10.00
111	1	Patient Waiting Chair	Good		\$30.00
112	1	Trashcan	Good		\$4.00
Examination Room Ten:					
113	1	Waldworth Wood Workers, Inc. Examination Table	Good		\$150.00
114	1	Examination Stool	Good		\$40.00
115	1	Step Stool	Good		\$15.00
116	1	BD Sharps Container. Wall Mounted.	Good		\$10.00
117	2	Patient Waiting Chairs	Good	\$30.00	\$60.00
118	1	Trashcan	Good		\$4.00
Cast Room One:					
119	1	Ritter M9 Autoclave Ultraclave	Good		\$1,975.00
120	4	Apple iPad Air 2 Tablets	Good	\$315.00	\$1,260.00
121	2	Apple iPad 2 Tablets	Good	\$200.00	\$400.00
122	1	Cobalt Examination Table	Good		\$650.00
123	2	2-Panel X-Ray Viewboxes	Good	\$160.00	\$320.00
124	1	American Orthopedic 0295-200 Cast Cutter	Good		\$495.00
125	1	Midmark Refrigerator Freezer	Good		\$275.00
126	2	Panasonic KX-DT343 Telephones	Good	\$75.00	\$150.00
127	1	HP LaserJet Pro 400 Laser Printer	Good		\$185.00
128	3	Philips LFH9500 Handheld Digital Pocket Memos	Good	\$125.00	\$375.00
129	1	Philips Digital Pocket Memo	Good		\$100.00
130	1	Desk Workstation with Overhead Storage	Good		\$150.00
131	1	Dell OptiPlex 790 Computer	Good		\$225.00
132	2	Dell OptiPlex 320 Computers	Good	\$150.00	\$300.00
133	2	Dell 19" Flat Screen Monitors	Good	\$45.00	\$90.00
134	1	Dell 24" Flat Screen Monitor	Good		\$65.00
135	1	Brother IntelliFax 2840 All-In-One	Good		\$60.00

136	1	Privacy Divider	Good		\$90.00
137	1	3-Drawer Filing Unit	Good		\$55.00
138	2	Examination Stools	Good	\$40.00	\$80.00
139	1	Step Stool	Good		\$15.00
140	1	Mayo Stand	Good		\$75.00
141	1	Trashcan	Good		\$15.00
142	1	Sharps Container. Wall Mounted.	Good		\$10.00
143	1	Task Chair with Medicine Ball	Good		\$50.00
Cast Room Two:					
144	1	Midmark K520 Stretcher. Serial Number: TAV003164.	Good		\$575.00
145	1	American Orthopedic 0295-200 Cast Cutter	Good		\$495.00
146	1	American Medical Sales, Inc. 2-Panel X-Ray Viewbox	Good		\$160.00
147	1	Desk Workstation	Good		\$150.00
148	1	Desk Workstation. L-Shaped.	Good		\$125.00
149	1	Ritter 152 Gooseneck Examination Light	Good		\$115.00
150	2	Panasonic KX-DT343 Telephones	Good	\$75.00	\$150.00
151	1	Dell OptiPlex 790 Computer	Good		\$225.00
152	2	Dell OptiPlex 320 Computers	Good	\$150.00	\$300.00
153	2	Dell 19" Flat Screen Monitors	Good	\$45.00	\$90.00
154	1	Dell 24" Flat Screen Monitor	Good		\$65.00
155	1	Examination Stool	Good		\$40.00
156	1	Step Stool	Good		\$15.00
157	1	Swivel Cloth Task Chair	Good		\$20.00
158	1	Mayo Stand	Good		\$75.00
159	1	Lakewood QTV-22 Quartz Fan-Forced Heater	Good		\$20.00
160	3	Stethoscopes	Good	\$30.00	\$90.00
161	1	Trashcan. Large.	Good		\$15.00
162	1	Trashcan. Medium.	Good		\$8.00
163	3	Trashcans. Small.	Good	\$2.00	\$6.00
164	1	APC Back-Ups 600	Good		\$35.00
165	1	Donegan Optical Optivisor	Good		\$50.00
166	1	Sharps Container	Good		\$10.00
167	1	Dust Buster	Good		\$10.00

Billing Office:

168*	1	Pitney Bowes DM125 Mailing Station. Field Note: Leased as per Ms. Small.	Good		Leased
169	3	Dell OptiPlex 320 Computers	Good	\$150.00	\$450.00
170	3	Dell 19" Flat Screen Monitors	Good	\$45.00	\$135.00
171	1	Fujitsu ScanSnap ix500 Color Duplex Desktop Document Scanner	Good		\$325.00
172	4	Panasonic KX-DT343 Telephones	Good	\$75.00	\$300.00
173	1	Sentry Safe	Good		\$100.00
174	1	Dell 523N Desktop Printer	Good		\$120.00
175	1	Wooden Coat Rack	Good		\$30.00
176	1	Wooden Storage Unit	Good		\$50.00
177	1	2-Level Wooden Storage Unit	Good		\$50.00
178	3	Swivel Cloth Chairs	Good	\$30.00	\$90.00
179	1	Swivel Cloth Chair	Good		\$20.00
180	1	Sharp EL-1801V Business Printing Calculator	Good		\$12.00
181	1	Sharp EL-170V Business Printing Calculator	Good		\$12.00
182	1	Canon P23-DH II Business Printing Calculator	Good		\$10.00
183	4	Trashcans	Good	\$4.00	\$16.00
184	1	Comfort Zone Fan	Good		\$8.00
185	1	Lorell Fan	Good		\$5.00
Chart Room:					
186	1	7-Level Filing Unit. Field Note: Three in one Filing Storage Unit.	Good		\$750.00
187	1	7-Level Filing Unit. Field Note: Two in one Filing Storage Unit.	Good		\$375.00
188	1	7-Level Filing Unit	Good		\$175.00
189	1	Rolling Cart	Good		\$45.00
190	1	2-Level Step Stool	Good		\$25.00
Hallway (immediately outside of Cast Room Two):					
191	1	Wooden Stand. Rolling.	Good		\$40.00
192	1	Fire Extinguisher	Good		\$24.00
193	1	Omron Intellisense BP629 Automatic Blood Pressure Monitor	Good		\$20.00
194	1	Stethoscope	Good		\$30.00
Hallway (immediately outside of Chart Room):					
195	6	Cloth Patient Waiting Chairs	Good	\$30.00	\$180.00
Restroom:					
196	1	Patient Walker	Good		\$35.00
Storage Closet (immediately outside of the Front Office Administrative Area):					

197	1	Brother P-Touch PT-D200 Thermal Label Printer	Good		\$15.00
Physician's Office:					
198	1	Desk	Good		\$100.00
199	1	6-Level Storage Unit	Good		\$105.00
200	1	6-Level Storage Unit. Field Note: Two in one Filing Storage Unit.	Good		\$95.00
201	1	Panasonic KX-DT343 Telephone	Good		\$75.00
202	2	Cloth Chairs	Good	\$20.00	\$40.00
203	1	Cloth Task Chair	Good		\$35.00
Hallway (immediately outside of Physician's Office):					
204	1	Brother MFC-7460DN All-In-One Unit	Good		\$95.00
205	1	Bretford 2-Level Storage Cart	Good		\$45.00
Administrative Office:					
206	1	HP LaserJet Pro 400 Laser Printer	Good		\$185.00
207	1	Dell OptiPlex 3010 Computer	Good		\$250.00
208	1	Dell 24" Flat Screen Monitor	Good		\$65.00
209	2	Task Chair with Medicine Balls	Good	\$50.00	\$100.00
210	1	Panasonic KX-DT343 Telephone	Good		\$75.00
211	1	Cloth Chair	Good		\$15.00
Kitchen and Dining Area:					
212*	1	Water Dispenser. Field Note: Leased unit as per Ms. Laura Small.	Good		Leased
213	1	Anviz Employee Time Clock	Good		\$225.00
214	1	HON 6-Level Filing Unit	Good		\$110.00
215	1	Acroprint Time Recorder	Good		\$85.00
216	1	Haier 2' Refrigerator	Good		\$40.00
217	1	Onkyo Stereo System	Good		\$60.00
218	2	Cloth Chairs	Good	\$10.00	\$20.00
219	1	Fire Extinguisher	Good		\$24.00
220	1	Gevalla Coffee Maker	Good		\$15.00
221	1	Trashcan	Good		\$4.00
Surgery Scheduling:					
222	1	L-Shaped Desk with Overhead Storage	Good		\$300.00
223	1	HP LaserJet Pro 400 Laser Printer	Good		\$185.00
224	1	Fujitsu ScanSnap ix500 Color Duplex Desktop Document Scanner	Good		\$325.00
225	1	Invacare 9000 XDT Wheelchair	Good		\$370.00

226	2	Drive Wheelchairs	Good	\$180.00	\$360.00
227	1	Dell OptiPlex 320 Computer	Good		\$150.00
228	1	Dell 19" Flat Screen Monitor	Good		\$45.00
229	1	Panasonic KX-DT343 Telephone	Good		\$75.00
230	1	VeriFone VDC510 Credit Card Terminal	Good		\$80.00
231	1	Brother IntelliFax 4100e All-In-One	Good		\$70.00
232	1	Swivel Cloth Office Chair. Blue.	Good		\$15.00
233	2	Herman Miller Cloth Patient Waiting Chairs	Good	\$20.00	\$40.00
234	1	Rolling Chair Base. Field Note: Missing medicine ball.	Good		\$10.00
235	1	Swivel Task Chair	Good		\$35.00
236	2	Patient Consultation Chairs	Good	\$20.00	\$40.00
237	1	2-Level Wooden Storage Unit	Good		\$50.00
238	1	Trashcan	Good		\$4.00
IT / Telephone Storage Closet:					
239	1	Panasonic KX-TDE100 Telephone System. Note: Comparable Sale for same unit can be found in work file.	Good		\$1,300.00
240	1	Panasonic KX-TVA200 Voice Processing System	Good		\$875.00
241	1	APC BackUps Pro 1000	Good		\$60.00
242	1	NetGear ProSafe 5-Port Gigabit Switch	Good		\$25.00
Physician's Office:					
243	1	2-Panel X-Ray Viewbox	Good		\$160.00
244	1	Epson Styles C86 Standard InkJet Printer	Good		\$50.00
245	1	Panasonic KX-DT343 Telephone	Good		\$75.00
246	1	Trashcan	Good		\$4.00
Physician's Office:					
247	1	2-Panel X-Ray Viewbox	Good		\$160.00
248	1	Wooden Desk	Good		\$150.00
249	1	Swivel Task Chair	Good		\$35.00
250	1	Panasonic KX-DT343 Telephone	Good		\$75.00
251	1	2-Level Storage Cabinet	Good		\$40.00
252	1	Trashcan	Good		\$2.00
Physician's Office:					
253	1	Wooden Desk	Good		\$150.00
254	1	Swivel Task Chair	Good		\$20.00

255	1	Panasonic KX-DT343 Telephone	Good		\$75.00
256	1	Patient Consultation Chair	Good		\$20.00
257	1	Trashcan	Good		\$2.00
Administrative Office Area / Screening:					
258	1	Fujitsu ScanSnap ix500 Color Duplex Desktop Document Scanner	Good		\$325.00
259	2	Panasonic KX-DT343 Telephones	Good	\$75.00	\$150.00
260	1	Maxant 2-Panel X-Ray Viewbox	Good		\$160.00
261	1	Dell OptiPlex 7010 Computer	Good		\$300.00
262	1	Dell OptiPlex 3020 Computer	Good		\$250.00
263	1	Dell 19" Flat Screen Monitors	Good		\$45.00
264	1	Dell 24" Flat Screen Monitor	Good		\$65.00
265	1	Brother IntelliFax 4100e All-In-One	Good		\$70.00
266	2	Swivel Task Chairs	Good	\$25.00	\$50.00
267	1	BD Sharps Container. Wall Mounted.	Good		\$10.00
268	1	San Jamar Paper Towel Dispenser	Good		\$10.00
269	1	Fire Extinguisher	Good		\$24.00
270	1	Rolling Table	Good		\$45.00
271	1	Gojo Soap Dispenser	Good		\$5.00
Staff Lounge:					
272	1	Kenmore Refrigerator	Good		\$285.00
273	2	7-Level Filing Units	Good	\$90.00	\$180.00
274	2	6' Staff Dining Tables	Good	\$50.00	\$100.00
275	4	Chairs	Good	\$5.00	\$20.00
276	2	Stools	Good	\$20.00	\$40.00
277	1	San Jamar Paper Towel Dispenser	Good		\$10.00
278	1	Panasonic Microwave	Good		\$40.00
279	1	Black & Decker Toaster Oven	Good		\$15.00
280	1	Cloth Chair	Good		\$15.00
281	1	Toaster	Good		\$10.00
282	1	Folding Chair	Good		\$4.00
283	1	Trashcan	Good		\$4.00
284	1	Soap Dispenser	Good		\$5.00
Ms. Laura Small, Financial Manager, Office:					
285	1	L-Shaped Desk	Good		\$250.00

286	4	4-Level Filing Units	Good	\$65.00	\$260.00
287	1	Dell OptiPlex 990 Computer	Good		\$200.00
288	1	Dell 19" Flat Screen Monitor	Good		\$45.00
289	1	Panasonic KX-DT343 Telephone	Good		\$75.00
290	2	Swivel Task Chairs	Good	\$35.00	\$70.00
291	1	2-Level Step Stool	Good		\$25.00
292	1	Canon MP49D Business Printing Calculator	Good		\$12.00
293	1	APC BackUps Pro 1000	Good		\$60.00
294	1	Back-Ups Unit	Good		\$55.00
295	3	Chairs	Good	\$10.00	\$30.00
296	1	6' Table	Good		\$50.00
297	1	Trashcan	Good		\$4.00
Miscellaneous Grouping:					
298	1	Miscellaneous Grouping of Office Furniture, Office Equipment, Medical Equipment, Medical Instruments, Computer Equipment, Server Equipment, Networking Equipment, Telephone Equipment, Small Office Equipment, Blood Pressure Cuffs, Stethoscopes, Sharps Containers, Dispensers, Carts, Clocks, Waste Containers, Decorative Plants, Kitchen Equipment, Fire Extinguishers and Miscellaneous Office & Medical Equipment located throughout the practice.	Good		\$1,200.00

Total Fair Market Value of the Equipment Listed in this Report:

\$51,300.00

CONDUCTED BY:

Certified Equipment Appraisal Associates, Inc.

127 Hanover Ave., North Wales, PA 19454

Phone (215) 260-2680

www.ceaahealthcare.com

Description	Quantity	Unit Cost	Total
Chloraprep 3ml	25	\$2.57	\$64.25
Hapad Neuroma Pad	14	\$4.75	\$66.50
Hapad Metatarsal Pad Small	10	\$5.75	\$57.50
Hapad Metatarsal Pad Medium	22	\$5.75	\$126.50
Hapad Metatarsal Pad Long Medium	25	\$5.75	\$143.75
Hapad Metatarsal Pad Large	11	\$5.75	\$63.25
Hapad Bar Medium	15	\$13.75	\$206.25
Hapad Slanted	3	\$6.00	\$18.00
Hapad Heal Pad 9/16	12	\$6.00	\$72.00
Hapad Heal Pad 3/16	34	\$6.00	\$204.00
Hapad Scaphoid Small	2	\$5.75	\$11.50
Hapad Scaphoid Large	7	\$5.75	\$40.25
VAC Bridge Dressing Small	2	\$20.00	\$40.00
VAC Bridge Dressing Medium	1	\$20.00	\$20.00
VAC VIA Dressing Medium	1	\$25.00	\$25.00
VAC Drape	10	\$30.60	\$306.00
Vac 300ml Canister	9	\$26.00	\$234.00
Tongue Depressor	250	\$0.02	\$5.00
Dermal Curette	30	\$1.66	\$49.80
ABD Pad #9190	9	\$0.64	\$5.76
ABD Pad #9190A	25	\$0.64	\$16.00
Tegaderm #1628	9	\$2.14	\$19.26
Tegaderm #1626	40	\$0.67	\$26.80
Tegaderm #1624	50	\$0.25	\$12.50
Conforming Gauze 2"	132	\$0.58	\$76.56
Conforming Gauze 3"	107	\$0.58	\$62.06
Conforming Gauze 4"	144	\$0.71	\$102.24
Conforming Gauze 6"	104	\$0.71	\$73.84
Gauze Pad 2X2 Sterile	2347	\$0.03	\$70.41
Gauze Pad 4x4 Sterile	935	\$0.04	\$37.40
Gauze Pad 4x4 Sterile 10pp	38	\$4.25	\$161.50
Gauze Pad 4x4 Non-Sterile	1600	\$0.02	\$32.00
Elastic Bandages 2"	106	\$3.63	\$384.78
Elastic Bandages 3"	144	\$3.63	\$522.72
Elastic Bandages 4"	40	\$4.46	\$178.40
Elastic Bandages 6"	90	\$5.36	\$482.40
Elastic Bandages 6" Double	13	\$7.64	\$99.32
Delta-lite Plus Stockinet 2.0	4	\$25.02	\$100.08
Delta-lite Plus Stockinet 2.5	2	\$25.02	\$50.04
Delta-lite Plus Stockinet 3.0	2	\$25.02	\$50.04
Delta-lite Plus Stockinet 4.0	3	\$25.02	\$75.06
Delta Dry 2.0	2	\$72.31	\$144.62
Delta Dry 3.0	1	\$77.87	\$77.87
Delta Dry 4.0	1	\$88.99	\$88.99
Delta Dry Plus Wrap 1.0	1	\$25.02	\$25.02

North Tahoe Orthopedics
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Performed by
Matt Rouse

Delta Dry Plus Wrap 2.0	12	\$25.02	\$300.24
Delta Dry Plus Wrap 3.0	8	\$25.02	\$200.16
Delta Dry Plus Wrap 4.0	1	\$25.02	\$25.02
Scotch cast 4"	35	\$8.78	\$307.30
Stockinet 1"	3	\$9.12	\$27.36
Stockinet 2"	6	\$9.12	\$54.72
Stockinet 3"	4	\$9.12	\$36.48
Stockinet 4"	2	\$9.12	\$18.24
Specialist Plaster Bandage 2"	14	\$2.58	\$36.12
Specialist Plaster Bandage 5"	24	\$5.98	\$143.52
Specialist Plaster Bandage 6"	12	\$5.98	\$71.75
Specialist Plaster Splint 3"	100	\$0.46	\$46.00
Specialist Plaster Splint 4"	100	\$0.48	\$48.00
Specialist Plaster Splint 5"	50	\$0.86	\$43.00
Cast Protector Full Leg	8	\$7.00	\$56.00
Cast Protector Half Leg	12	\$4.21	\$50.52
Cast Protector Full Arm	12	\$3.85	\$46.20
Protouch Synthetic 4"	14	\$10.86	\$152.04
Protouch Synthetic 6"	15	\$16.86	\$252.90
Orthoglass 2"	1	\$62.35	\$62.35
Orthoglass 3"	1	\$62.35	\$62.35
Orthoglass 4"	1	\$74.82	\$74.82
Orthoglass 5"	1	\$74.82	\$74.82
Coban 2"	9	\$3.07	\$27.63
Coban 3"	6	\$3.07	\$18.42
Coban 6"	1	\$3.07	\$3.07
Dressing Oil Emulsion 3 X 3	12	\$0.48	\$5.75
Dressing Oil Emulsion 3 X 8	7	\$0.58	\$4.06
B/D Needle 18 X 1.5	660	\$0.10	\$65.67
B/D Needle 22 X 1.5	455	\$0.10	\$45.27
B/D Needle 25 X 1.5	460	\$0.10	\$45.77
B/D Needle 22 X 3.5	35	\$0.10	\$3.48
B/D Needle 25 X 3.5	75	\$0.10	\$7.46
B/D Syringe 1cc LL	140	\$0.07	\$9.80
B/D Syringe 3cc LL	50	\$0.12	\$6.03
B/D Syringe 5cc LL	175	\$0.20	\$35.00
B/D Syringe 10cc LL	80	\$0.45	\$36.00
B/D Syringe 20cc LL	10	\$0.60	\$6.00
B/D Syringe 30cc LL	30	\$0.80	\$24.00
B/D Syringe 60cc LL	42	\$1.10	\$46.20
Sharps Wall Container	5	\$9.15	\$45.75
Finger Splint (plastic)	131	\$2.01	\$263.31
Finger Splint (metal)	31	\$3.91	\$121.21
Tourni-cot Small	20	\$3.99	\$79.80
Tourni-cot Medium	7	\$3.99	\$27.93
Tourni-cot Large	14	\$3.99	\$55.86
Tourni-cot X-Large	19	\$3.99	\$75.81

North Tahoe Orthopedics
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Performed by
Matt Rouse

Suture Prolene #8683G	22	\$8.41	\$185.02
Peroxide	4	\$0.90	\$3.60
Alcohol	3	\$0.90	\$2.70
Sodium Chloride 2F7122	22	\$3.79	\$83.38
Scalpel #11	1	\$1.19	\$1.19
Scalpel #15	10	\$1.19	\$11.90
Tegaderm 6 x 8	3	\$2.13	\$6.39
Steristrips #R1541	200	\$0.90	\$179.00
Steristrips #R1547	100	\$0.90	\$89.50
Applicator Cotton 6"	80	\$0.10	\$8.00
Bandage Large 2 X 4	200	\$0.37	\$74.00
Coverlet 1 x 3	300	\$0.06	\$19.11
Coverlet 1 x 1 1/4	300	\$0.06	\$19.11
Alcohol Prep Pad	1000	\$0.01	\$14.75
Iodine Prep Pad	80	\$0.11	\$8.80
Swab Benzoin	125	\$0.27	\$33.75
Mastisol (single use)	52	\$2.46	\$127.92
Adhesive Remover Pad	140	\$0.07	\$9.80
Tape Micropore 1/2"	13	\$0.70	\$9.10
Tape Micropore 1"	12	\$0.81	\$9.72
Tape Adhesive 1/2"	9	\$0.50	\$4.50
Exam Table Paper	25	\$2.20	\$55.00
Under Pads	185	\$0.34	\$62.90
Patient Gown	245	\$0.64	\$156.80
Pillow Case disp	130	\$0.43	\$55.90
Exam Gloves Small	4	\$8.85	\$35.40
Exam Gloves Medium	3	\$8.85	\$26.55
Exam Gloves Large	4	\$8.85	\$35.40
Gloves Sterile 6.5	50	\$0.67	\$33.50
Gloves Sterile 7.0	40	\$0.67	\$26.80
Gloves Sterile 7.5	8	\$0.67	\$5.36
Gloves Sterile 8.5	100	\$0.67	\$67.00
Toner Brother TN460	2	\$65.04	\$130.08
Toner Brother DR400	1	\$83.99	\$83.99
Toner Brother DR420	1	\$66.09	\$66.09
Toner Brother DR450	4	\$66.09	\$264.36
Toner Brother DR350	1	\$91.65	\$91.65
Toner Brother DR360	1	\$75.03	\$75.03
Toner Dell B126X	1	\$82.99	\$82.99
Toner HP 80A	1	\$103.99	\$103.99
Copy Paper	10	\$2.85	\$28.50
Reusable Instruments	15	\$15.00	\$225.00
			\$10,591.94

SERVICES AGREEMENT

This SERVICES AGREEMENT ("**Agreement**") is entered into by and between Tahoe Forest Hospital District, a hospital district organized and existing under the California Local Health Care District Law ("**TFHD**") and North Tahoe Orthopedics, a California Professional Partnership ("**NTO**"), individually, "**Party**," and collectively, the "**Parties**."

RECITALS

WHEREAS, TFHD is a California health care district organized and operating under the California Local Health Care District Law;

WHEREAS, NTO is a California Professional Partnership that provides health care services in the Truckee-North Lake Tahoe community;

WHEREAS, TFHD desires to provide Medical Services (as defined in Section 1.3) to and for the residents and visitors of its service area through a clinic TFHD directly operates or a clinic exempt from licensure under Section 1206(b) of the California Health & Safety Code, and which may in the future become affiliated with an institution of learning authorized to provide medical education, at a facility located at 10051 Lake Avenue, Truckee, CA 96161 (the "**Premises**" or the "**Clinic**");

WHEREAS, TFHD desires to contract with NTO for the provision of certain management and administrative support services as described in this Agreement for the Clinic and at such other locations as may be agreed upon between the Parties from time to time, on a temporary basis, as are reasonably necessary to facilitate the efficient provision of Medical Services at the Clinic (collectively, the "**Administrative Services**");

WHEREAS, concurrent with this Agreement, NTO will sublease the Premises to TFHD;

WHEREAS, concurrent with this Agreement, TFHD will enter into a Professional Services Agreement with NTO, dated as of the date hereof, under which NTO will render physician services at the Clinic and will receive fair market and commercially reasonable compensation from TFHD for such services (the "**PSA**");

WHEREAS, concurrent with this Agreement, TFHD will lease NTO's non-physician employees to facilitate the provision and continuity of Medical Services for TFHD's residents and visitors at the Clinic;

WHEREAS, concurrent with this Agreement, TFHD will purchase certain assets of NTO for use at the Clinic under a separate asset purchase agreement, dated as of the date hereof (the "**Purchase Agreement**") to further facilitate the provision and continuity of Medical Services for TFHD's residents and visitors at the Clinic;

WHEREAS, TFHD wishes to reimburse NTO for NTO's reasonable expenses incurred in providing the Administrative Services memorialized in this Agreement; and

WHEREAS, the Parties desire a written expression of their rights and obligations relative to the provision of the Administrative Services by NTO at the Premises.

NOW, THEREFORE, for and in consideration of the agreements contained herein and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties hereto agree as follows:

AGREEMENT

1. DEFINITIONS

For the purposes of this Agreement, the following terms shall have the following meanings ascribed thereto, unless otherwise clearly required by the section in which such term is used.

1.1 "Clinic Expenses" shall mean the necessary and appropriate expenses incurred by NTO in support of Clinic operations, including:

1.1.1 Medical, pharmaceutical and non-medical supplies;

1.1.2 Medical and non-medical equipment;

1.1.3 Maintenance of electronic health records;

1.1.4 Computer software;

1.1.5 Telephone and broadband expenses;

1.1.6 Certain outside services and professional/consulting fees including bookkeeping; and

1.1.7 All other necessary and appropriate Clinic Expenses approved by TFHD under the terms of this Agreement.

"Clinic Expenses" shall not include expenses incurred by NTO related to its medical partnership or management of its private medical practice, including, without limitation:

1.1.8 Legal expenses;

1.1.9 Accounting expenses (other than bookkeeping costs related to the Clinic provided for above);

1.1.10 Automobile and other personal expenses of NTO and/or its partners or employees;

1.1.11 Marketing expenses; and

1.1.12 Other expenses TFHD determines in its sole discretion are not necessary or appropriate.

1.1.13 Clinic Expenses shall not include any expenses which are paid for or the costs of which are reimbursed by TFHD under any other Agreement between NTO and TFHD.

1.2 "Commencement Date": April 18, 2016.

1.3 "Medical Services" shall mean medical care and other medically related services to patients at the Clinic.

2. OBLIGATIONS OF NTO

2.1 Equipment and Software. NTO shall arrange for medical and non-medical equipment, computers and computer related equipment and software not purchased by TFHD under the Purchase Agreement that the Parties agree is reasonably necessary and appropriate for the provision of the Medical Services at the Premises. NTO shall be responsible for arranging for the repair and maintenance of such equipment and software but TFHD shall be responsible for all costs associated with such repair and maintenance that TFHD determines are reasonably necessary and appropriate for the conduct of the Clinic.

2.2 Utilities and Related Premises Service. NTO shall arrange for all necessary electricity, gas, water, telephone, sewage, waste collection, cleaning and decorating (interior and exterior), pest extermination, heating and air conditioning maintenance, and similar occupancy services for the Premises reasonably necessary and

appropriate for the Premises considering the nature of the Clinic. TFHD shall only be responsible for costs and expenses associated therewith that TFHD determines are reasonably necessary and appropriate for the conduct of the Clinic.

2.3 Supplies. NTO shall arrange for the purchase and/or supply of those medical and pharmaceutical supplies that TFHD determines are reasonably necessary and appropriate for the conduct of the Clinic. NTO shall order non-medical office or other supplies from sources approved by TFHD, as NTO determines are reasonably necessary for the provision of Medical Services by TFHD in conjunction with the Clinic. TFHD shall be responsible for all costs of such supplies.

2.4 Waste Disposal. NTO shall arrange for the proper disposal of all wastes generated at the Premises including, without limitation, disposal of any sharps, bio-hazardous waste and any other waste products requiring disposal. NTO shall assist TFHD in establishing policies relative to the Clinic operations to ensure that all Clinic personnel comply with all guidelines for waste disposal, the operation and maintenance of any equipment as well as any other item that has environmental law implications. TFHD shall only be responsible for costs associated with waste disposal that TFHD determines are reasonably necessary and appropriate for the conduct of the Clinic. NTO shall only use the services of vendor(s) which have been approved by TFHD.

2.5 Support Services. NTO shall arrange for the provision of all laundry, linen, printing, postage, duplication or photocopying services, patient record maintenance services and other similar support services as are reasonably necessary and appropriate for the Clinic operations. TFHD shall only be responsible for costs and expenses associated therewith that TFHD determines are reasonably necessary and appropriate for the conduct of the Clinic, and using vendor(s) approved by TFHD.

2.6 Licenses and Permits. NTO shall assist TFHD in obtaining and maintaining any federal, state and local licenses and regulatory permits required for or in connection with Clinic operations.

2.7 No Marketing. NTO shall have no duties associated with advertising, marketing, or other activities related to generating patients for the Clinic or TFHD.

2.8 Licenses or Trademarks of TFHD. Any use by NTO of any trademark, trade name, service mark, insignia, slogan, emblem, symbol, design or other identifying characteristics owned by or associated with TFHD, or any of its subsidiaries or affiliates (collectively, "TFHD Marks") shall be subject to the prior written approval

of TFHD. NTO acknowledges that the use of such TFHD Marks by NTO is granted at the absolute discretion of TFHD, and such use shall terminate immediately upon written notice from TFHD.

2.9 Patient Records. NTO shall assist TFHD in developing and maintaining procedures and policies for the timely filing and maintenance of all patient records generated at the Clinic in accordance with all applicable law, including those relating to the confidentiality of patient records (HIPAA). All patient records shall be the property of TFHD and shall at all times remain in the custody of TFHD. TFHD agrees that NTO shall have access to such patient records as necessary for the performance of the Administrative Services provided by NTO under this Agreement and after termination of the Term for any valid reason so long as patient confidentiality relative thereto is maintained.

2.10 Monthly Budget. At or before the beginning of each calendar month during the term of this Agreement and prior to any renewal term, NTO shall prepare a written budget itemizing all Clinic Expenses and the actual cost for each, for which NTO seeks reimbursement from TFHD and in such detail as the Parties shall agree (the "**Budget**"). NTO shall submit the Budget to TFHD's chief financial officer monthly. NTO acknowledges that inclusion of any Clinic Expense in the Budget does not obligate TFHD to compensate NTO for such Clinic Expense if TFHD does not approve such Clinic Expenses as being necessary and appropriate under this Agreement.

3. OBLIGATIONS OF TFHD

3.1 At or near the beginning of each calendar month during the term of this Agreement, TFHD agrees to review the Budget. Upon this review, and after any reasonable inquiry to NTO, TFHD shall approve or deny in writing each Clinic Expense for which NTO seeks reimbursement in the coming calendar month. TFHD shall not unreasonably withhold, delay or deny its approval of any Clinic Expense. In the event of disagreement or dispute regarding approval of Clinic Expenses, the Parties shall designate representatives to meet and confer in person to resolve the disagreement or dispute.

3.2 TFHD agrees to compensate NTO for Clinic Expenses provided under this Agreement, and NTO agrees to accept in full satisfaction for the Administrative Services payment in accordance with the approved monthly budget under Section 3.1. The Parties agree that TFHD shall not compensate NTO for any expenses incurred under this Agreement that TFHD has not approved in writing.

3.3 NTO shall submit to TFHD an invoice, on a monthly basis, for the Clinic Expenses approved by TFHD under Section 3.1. Each invoice shall itemize the Clinic Expenses rendered during the billing period and the amount due. TFHD shall not withhold applicable taxes or other authorized deductions from payments made to NTO.

4. INDEMNIFICATION AND INSURANCE

4.1 The Parties agree that TFHD, its officers, agents, employees and volunteers shall, to the fullest extent permitted by law, be protected from any and all loss, injury, damage, claim, lawsuit, cost, expense, attorneys' fees, litigation costs, taxes, or any other cost arising out of or in any way related to the performance of this Agreement. Accordingly, the provisions of this indemnity provision are intended by the Parties to be interpreted and construed to provide TFHD with the fullest protection possible under the law. NTO acknowledges that TFHD would not enter into this Agreement in the absence of NTO's commitment to indemnify and protect TFHD as set forth herein.

4.2 To the fullest extent permitted by law, NTO shall indemnify, hold harmless, and when TFHD requests with respect to a claim, provide a deposit for the defense of, and defend TFHD, its officers, agents, employees and volunteers from and against any and all claims and losses, costs or expenses for any damage due to death or injury to any person, whether physical, emotional, consequential or otherwise, and injury to any property arising out of or in connection with NTO's alleged negligence,

recklessness or willful misconduct or other wrongful acts, errors or omissions of NTO or any of its officers, employees, servants, agents, or subcontractors, or anyone directly or indirectly employed by either NTO or its subcontractors, in the performance of this Agreement or its failure to comply with any of its obligations contained in this Agreement, except such loss or damage as is caused by the sole active negligence or willful misconduct of TFHD. Such costs and expenses shall include reasonable attorneys' fees due to counsel of TFHD's choice, expert fees and all other costs and fees of litigation.

4.3 TFHD shall have the right to offset against any compensation due NTO under this Agreement any amount due TFHD from NTO as a result of NTO's failure to pay TFHD promptly any indemnification arising under this Section and any amount due TFHD from NTO arising from NTO's failure either to (i) pay taxes on amounts received pursuant to this Agreement or (ii) comply with applicable workers' compensation laws.

4.4 The obligations of NTO under this Section 4 are not limited by the provisions of any workers' compensation act or similar act. NTO expressly waives its statutory immunity under such statutes or laws as to TFHD, its officers, agents, employees and volunteers.

4.5 NTO agrees to obtain executed indemnity agreements with provisions identical to those set forth here in this Section from each and every subcontractor or any other person or entity involved by, for, with or on behalf of NTO in the performance of this Agreement. If NTO fails to obtain such indemnity obligations from others as required herein, NTO agrees to be fully responsible and indemnify, hold harmless and defend TFHD, its officers, agents, employees and volunteers from and against any and all claims and losses, costs or expenses for any damage due to death or injury to any person and injury to any property resulting from any alleged intentional, reckless, negligent, or otherwise wrongful acts, errors or omissions of NTO's subcontractors or any other person or entity involved by, for, with or on behalf of NTO in the performance of this Agreement. Such costs and expenses shall include reasonable attorneys' fees incurred by counsel of TFHD's choice.

4.6 TFHD does not, and shall not, waive any rights that it may possess against NTO because of the acceptance by TFHD, or the deposit with TFHD, of any insurance policy or certificate required pursuant to this Agreement. This hold harmless and indemnification provision shall apply regardless of whether or not any insurance

policies are determined to be applicable to the claim, demand, damage, liability, loss, cost or expense.

4.7 During the term of this Agreement, NTO shall carry, maintain, and keep in full force and effect insurance against claims for death or injuries to persons or damages to property that may arise from or in connection with NTO's performance of this Agreement with coverage amounts of at least One Million Dollars (\$1,000,000) per occurrence and Three Million Dollars (\$3,000,000) in aggregate.

4.8 Any available insurance proceeds broader than or in excess of the specified minimum insurance coverage requirements or limits shall be available to the additional insured. Furthermore, the requirements for coverage and limits shall be the greater of (1) the minimum coverage and limits specified in this Agreement, or (2) the broader coverage and maximum limits of coverage of any insurance policy or proceeds available to the named insured.

4.9 Insurance required under this Agreement shall be of the types set forth below, with minimum coverage as described:

4.9.1 Comprehensive General Liability Insurance with coverage limits of not less than One Million Dollars (\$1,000,000) per occurrence and Three Million Dollars (\$3,000,000) in aggregate, including products and operations hazard, contractual insurance, broad form property damage, independent contractors, personal injury, underground hazard, and explosion and collapse hazard where applicable.

4.9.2 Automobile Liability Insurance for vehicles used in connection with the performance of this Agreement with minimum limits of One Million Dollars (\$1,000,000) per claimant and One Million dollars (\$1,000,000) per incident.

4.9.3 Worker's Compensation insurance as required by the laws of the State of California.

4.9.4 Professional Errors and Omissions Insurance with coverage limits of not less than One Million Dollars (\$1,000,000) per occurrence and Three Million Dollars (\$3,000,000) in aggregate.

4.10 NTO shall require each of its subcontractors to maintain insurance coverage that meets all of the requirements of this Agreement.

4.11 The policy or policies required by this Agreement shall be issued by an insurer admitted in the State of California and with a rating of at least A:VII in the latest edition of Best's Insurance Guide.

4.12 NTO agrees that if it does not keep the aforesaid insurance in full force and effect, TFHD may either (i) immediately terminate this Agreement; or (ii) take out the necessary insurance and pay the premium thereon at NTO's expense.

4.13 At all times during the term of this Agreement, NTO shall maintain on file with TFHD's Risk Manager a certificate or certificates of insurance showing that the aforesaid policies are in effect in the required amounts and naming TFHD and its officers, employees, agents and volunteers as additional insureds. NTO shall, prior to commencement of work under this Agreement, file with TFHD's Risk Manager such certificate(s).

4.14 NTO shall provide proof that policies of insurance required herein expiring during the term of this Agreement have been renewed or replaced with other policies providing at least the same coverage. Such proof will be furnished at least two weeks prior to the expiration of the coverages.

4.15 The general liability and automobile policies of insurance required by this Agreement shall contain an endorsement naming TFHD and its officers, employees, agents and volunteers as additional insureds. All of the policies required under this Agreement shall contain an endorsement providing that the policies cannot be canceled or reduced except on thirty days' prior written notice to TFHD. NTO agrees to require its insurer to modify the certificates of insurance to delete any exculpatory wording stating that failure of the insurer to mail written notice of cancellation imposes no obligation, and to delete the word "endeavor" with regard to any notice provisions.

4.16 The insurance provided by NTO shall be primary to any coverage available to TFHD. Any insurance or self-insurance maintained by TFHD and/or its officers, employees, agents or volunteers, shall be in excess of NTO's insurance and shall not contribute with it.

4.17 All insurance coverage provided pursuant to this Agreement shall not prohibit NTO, and NTO's employees, agents or subcontractors, from waiving the

right of subrogation prior to a loss. NTO hereby waives all rights of subrogation against TFHD.

4.18 Any deductibles or self-insured retentions must be declared to and approved by TFHD. At the option of TFHD, NTO shall either reduce or eliminate the deductibles or self-insured retentions with respect to TFHD, or NTO shall procure a bond in the amount of the deductible or self-insured retention to guarantee payment of losses and expenses.

4.19 Procurement of insurance by NTO shall not be construed as a limitation of NTO's liability or as full performance of NTO's duties to indemnify, hold harmless and defend under this Section of this Agreement.

4.20 NTO shall report to TFHD, in addition to NTO's insurer, any and all insurance claims submitted to NTO's insurer in connection with the Services under the Agreement.

4.21 TFHD reserves the right to obtain a full certified copy of any insurance policy and endorsements. Failure to exercise this right shall not constitute a waiver of the right to exercise later.

5. TERM AND TERMINATION

5.1 Initial and Renewal Terms. This Agreement shall be effective at 12:00 a.m. on the Commencement Date and shall remain in effect for a period of thirty (30) days plus the portion of the calendar month remaining after the thirtieth day (e.g., if the 30th day is May 15, the initial term shall end on May 31) and shall thereafter as of each month during the term, automatically continue for additional one (1) month periods unless terminated pursuant to Section 5.2.

5.2 Termination. This Agreement may be terminated upon the first to occur of any of the following events:

5.2.1 Termination by Agreement. At any time the Parties may mutually agree in writing to terminate this Agreement on the date specified in such written agreement.

5.2.2 Termination Without Cause. Either Party hereto may, without cause, terminate this Agreement, by providing at least thirty (30) days written notice prior to the end of the term then in effect.

5.2.3 Termination in the Event of Damage or Condemnation of Premises. In the event the Premises are totally or substantially destroyed by fire, explosion, flood, windstorm, by earthquake, or other casualty or act of God and the owner/landlord of the Premises decides not to repair or rebuild the Premises, or in the event all or a substantial portion of the Premises is taken or is to be taken by condemnation or eminent domain proceeding, then either Party may by written notice (sent within thirty (30) days of such event) to the other Party to this Agreement, if suitable alternative cannot be secured within ninety (90) days, terminate.

5.2.4 Termination in the Event of Bankruptcy. In the event that either Party becomes insolvent, or if any petition under Federal or State law pertaining to bankruptcy or insolvency or for reorganization or arrangement or other relief from creditors shall be filed by or against either Party, or if any assignment, trust, mortgage, or other transfer shall be made of all or a substantial part of the property of either Party, or if either Party shall make or offer a composition in its debts with its creditors, or if a receiver, trustee, or similar officer or creditor's committee shall be appointed to take charge of any property of or to operate or wind up the affairs of either Party, then the other Party may by written notice immediately terminate this Agreement.

5.2.5 Termination by District. Upon termination of the PSA for any reason or termination of the leased premises for any reason, TFHD shall have the right, in TFHD's sole and absolute discretion, to immediately terminate this Agreement.

5.3 Effects of Termination. Upon termination of this Agreement, as herein above provided, neither Party shall have any further obligations hereunder except for (i) obligations accruing prior to the date of termination, and (ii) obligations, promises, or covenants set forth herein or in those collateral agreements of even date herewith that are expressly made to extend beyond the term, including, without limitation, indemnities, non-compete and fees which provisions shall survive the expiration or termination of this Agreement.

5.4 Dispute Resolutions. In any dispute between the Parties arising out of the within Agreement which would otherwise be resolvable in a court of competent jurisdiction, the Parties shall first try to resolve the dispute through direct discussion and negotiation. If such are unsuccessful, the aggrieved Party involved may commence litigation in the Superior Court of the State of California, in and for the County of Nevada (the "**Court**") for the purpose of resolving the dispute. The Parties hereby agree and consent that the resolution of the dispute by the Court shall be by way of a reference procedure as specified under California Code of Civil Procedure § 638 (or any

successor statute or statutes) and all rules of court relating thereto, and if such aggrieved Party does not file the required motion, the other Party may do so, and if neither Party files such motion, then the Court shall appoint a referee on its own motion as allowed under California Code of Civil Procedure § 639 (or any successor statute or statutes). At the hearing on the motion, the Court shall appoint a referee (the "Referee") to hear all aspects of the matter in dispute, including, without limitation, substantive issues and discovery disputes, and such reference procedure (regardless of how a Referee may be appointed) shall be deemed "consensual" in nature and all Parties hereto agree thereto. If the Parties are unable to resolve their differences through this process, either Party may commence litigation in the Court.

6. GENERAL PROVISIONS

6.1 This Agreement constitutes the whole and entire agreement of the Parties with respect to the subject matter of this Agreement, and it shall not be modified or amended in any respect except by a written instrument executed by the Parties. This Agreement replaces and supersedes all prior written and oral agreements by and among the Parties.

6.2 This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. The facsimile, copied, or other electronically produced signature of any Party hereto, or representative of that Party, shall be as good as an original signature thereof.

6.3 This Agreement shall be construed and enforced in accordance with the laws of the State of California. If any provision of this Agreement is determined by any court of competent jurisdiction or arbitrator to be invalid, illegal, or unenforceable to any extent, that provision shall, if possible, be construed as though more narrowly drawn, if a narrower construction would avoid such invalidity, illegality, or unenforceability or, if that is not possible, such provision shall, to the extent of such invalidity, illegality, or unenforceability, be severed, and the remaining provisions of this Agreement shall remain in effect.

6.4 This Agreement shall be binding on and inure to the benefit of the Parties and their heirs, personal representatives, and permitted successors and assigns.

6.5 Whenever used in this Agreement, the singular shall include the plural, the plural shall include the singular, and the neuter gender shall include the

male and female as well as a trust, firm, or corporation, all as the context and meaning of this Agreement may require.

6.6 The Parties to this Agreement shall promptly execute and deliver any and all additional documents, instruments, notices, and other assurances, and shall do any and all other acts and things, reasonably necessary in connection with the performance of their respective obligations under this Agreement and to carry out the intent of the Parties.

6.7 Except as provided in this Agreement, no provision of this Agreement shall be construed to limit in any manner the Parties in the carrying on of their own respective businesses or activities.

6.8 Each Party represents and warrants to the other Party that each has the capacity and authority to enter into this Agreement.

6.9 The article, section, and paragraph titles and headings contained in this Agreement are inserted as a matter of convenience and for ease of reference only and shall be disregarded for all other purposes, including the construction or enforcement of this Agreement or any of its provisions.

6.10 This Agreement may be altered, amended, or repealed only by a writing signed by the Parties.

6.11 If any legal action or any arbitration or other proceeding is brought for the enforcement of this Agreement, or because of an alleged dispute, breach, default, or misrepresentation in connection with any of the provisions of this Agreement, the successful or prevailing Party or Parties shall be entitled to recover reasonable attorneys' fees and other costs incurred in that action or proceeding, in addition to any other relief to which it or they may be entitled.

6.12 It is mutually understood and agreed that the Parties in performing their respective duties and obligations under this Agreement, are at all times acting and performing as independent contractors with respect to each other, and nothing in this Agreement is intended nor shall be construed to create an employer/employee relationship or a joint venture relationship, or to allow TFHD to exercise control or direction over the manner or method by which NTO performs Medical Services.

6.13 All notices, requests, demands, and other communications under this Agreement shall be in writing and shall be deemed to have been duly given: (i) when sent by facsimile to the person who is to receive notice provided that the sender

postage prepaid, return receipt requested; or (iv) by personal service. In the giving of notices, all of the following shall be entitled to receive same at the addresses indicated:

TFHD: Tahoe Forest Hospital District
Attn: Crystal Betts, Chief Financial Officer
10121 Pine Ave.
Truckee, CA 96161

NTO: North Tahoe Orthopedics
Attn: Jeff Dodd
10051 Lake Ave.
Truckee, California 96161

Any of the above identified persons, firms or entities may change any portion of his, her or its contact information for purposes of this section by giving the other Parties written notice of the new address in the manner set forth above.

6.14 Time is of the essence of every provision of this Agreement that specifies a time for performance.

6.15 The waiver by NTO or TFHD of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition or of any subsequent breach of the same or any other term, covenant or condition herein contained. No term, covenant or condition of this Agreement shall be deemed to have been waived by NTO or TFHD unless in writing signed by one authorized to bind the Party asserted to have consented to the waiver.

6.16 TFHD shall not be liable for any failure to perform if TFHD presents acceptable evidence, in NTO's reasonable judgment, that such failure was due to causes beyond the control and without the fault or negligence of TFHD.

6.17 All documents referenced as exhibits in this Agreement are hereby incorporated into this Agreement. In the event of any material discrepancy between the express provisions of this Agreement and the provisions of any document incorporated herein by reference, the provisions of this Agreement shall prevail. This instrument contains the entire Agreement between NTO and TFHD with respect to the transactions contemplated herein. No other prior oral or written agreements are binding upon the Parties. Amendments hereto or deviations herefrom shall be effective and binding only if made in writing and executed by NTO and TFHD.


contains the entire Agreement between NTO and TFHD with respect to the transactions contemplated herein. No other prior oral or written agreements are binding upon the Parties. Amendments hereto or deviations herefrom shall be effective and binding only if made in writing and executed by NTO and TFHD.

6.18 NTO shall maintain any and all ledgers, books of account, invoices, vouchers, canceled checks, and other records or documents evidencing or relating to charges for services or expenditures and disbursements charged to TFHD under this Agreement for a minimum of three (3) years, or for any longer period required by law, from the date of final payment to NTO under this Agreement. All such documents shall be made available for inspection, audit, and/or copying at any time during regular business hours, upon oral or written request of TFHD.

6.19 Neither this Agreement nor any right or interest in it may be assigned by either Party to any other person or entity without the express written consent of other Party.

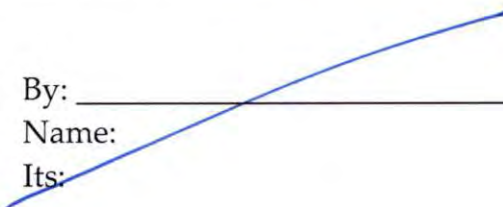
IN WITNESS WHEREOF, the Parties have executed or caused to be executed this Agreement on the day and year first written above:



TAHOE FOREST HOSPITAL DISTRICT, a
California health care district

By: 
Name: Henry Weis
Its: CEO

NORTH TAHOE ORTHOPEDICS, a California
Professional Partnership

By: 
Name: Jeffrey Dodd
Its: General Partner

By: 
Name:
Its:

		TahoeForest Health System			
		Title: Physician and Professional Service Agreements		Policy/Procedure #: ABD-21	
		Responsible Department: Board of Directors			
Type of policy		Original Date:	Reviewed Dates:	Revision Dates:	
<input checked="" type="checkbox"/>	Board	1/90	5/00; 01/12; 1/14	01/10; 02/14; 07/15, <u>4/16</u>	
<input type="checkbox"/>	Medical Staff				
<input type="checkbox"/>	Departmental				
Applies to: <input checked="" type="checkbox"/> System <input type="checkbox"/> TahoeForestHospital <input type="checkbox"/> InclineVillageCommunityHospital					

PURPOSE:

This policy is intended to provide the District's Chief Executive Officer a general framework for professional services contracting and recognizes that flexibility may be required due to the broad scope of professional services that may be covered. Further, to insure that the professional service provider is meeting the needs of Tahoe Forest Hospital District and the community that it serves, as well as allowing the provider to update the actual services performed, a formal service review process will be utilized.

POLICY:

Written professional service agreements will be prepared for all physicians and health professionals who qualify as independent contractors and who provide diagnostic or therapeutic services to Tahoe Forest Hospital District's patients, or who provide certain medico-administrative duties within a hospital department or service.

The following list exemplifies physicians and health professionals who will be covered by this policy including but not limited to:

- Anesthesiologists
- Medical Directors of specific departments/services, and Medical Staff Officers
- Physicians providing services in the District's Medical Services Clinics and Cancer Center
- Physicians serving in medical-administrative roles or on hospital committees
- Nuclear Medicine Specialists
- Emergency Services physicians
- Occupational therapists
- Pathologists
- Physical therapists
- Radiologists
- Speech pathologists
- Emergency and urgent care providers
- Mid-level practitioners not employed by the District
- Hospitalists
- Other contracted physicians

Procedures

1.0 All professional service agreements will be developed between the District's Chief Executive Officer, or designee, and health professionals.

~~1.0~~ Health professionals are not permitted to provide professional services under any professional services agreement until the agreement has been fully signed and executed prior to the effective date by the parties. Agreements containing amendments to the terms and conditions of the agreement must also be executed prior to the effective date and prior to the provision of professional services under the amended agreement.

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1.1 New agreements shall utilize the model agreement for the type of service required from the contracting professional (See Exhibit A, attached, for a list of available model agreements); and

1.1.1 New agreements not utilizing the model agreement for the type of service required shall be reviewed by the Compliance Department and legal counsel prior to submission to the District's Board of Directors.

1.1.2 Agreements committing \$25,000.00 or more in any given twelve-month period:

1.1.2.1 Once agreement is reached between the District's Chief Executive Officer and health professional, CEO will present the Contract Routing Form (or equivalent data summary report) with the principal terms and conditions listed, to the Board of Directors for their consideration. Principal terms and conditions include, but are not limited to, ~~purpose/need for the of~~ agreement, agreement term, compensation, scope of duties, other similar agreements and differences with this agreement, total cost of contract, and other pertinent information, as applicable, in 6.2-6.4 below-

1.1.2.2 Upon their review and consideration, the Board of Directors may request specific changes be made to the proposed terms and conditions, and revised terms and conditions be submitted to the Board at its next scheduled or special meeting.

1.1.2.3 After approval by the Board of Directors, the CEO will present the agreement to the health professional for review and signature, indicating his or her acceptance of the included terms

1.1.2.4 In the event the health professional requests changes in the principal terms and conditions of the agreement, the CEO will present a modified Contract Routing Form (or equivalent) to the Board of Directors

1.1.2.5 The District's Chief Executive Officer will place the agreement on the agenda of the District Board of Directors for their consideration.

1.1.2.6 The professional service agreement will become effective following the Board of Directors' approvalratification, subject to the contract term identified in the agreement.

~~1.1.2.6~~ 1.1.2.7 The CEO will execute the agreement after approval by the Board of Directors.

1.1.3 New agreements committing less than \$25,000 per twelve-month period can be authorized by the District's Chief Executive Officer without Board approval so long as funds have been authorized in the District's operating budget for that fiscal year.

1.2 Renewal agreements:

1.2.1 All renewing agreements shall utilize the model agreement for the type of service required from the contracting professional.

1.2.1.1 Agreements committing \$25,000.00 or more in any given twelve-month period:

1.2.1.1.1 Once agreement is reached between the District's Chief Executive Officer and health professional, CEO will present the Contract Routing Form (or equivalent) with the principal terms and conditions listed, to the Board of Directors for their consideration. Principal terms and conditions include, but are not limited to, purpose/~~need for the-of~~ agreement, agreement term, compensation, scope of duties, other similar agreements and differences with this agreement, total cost of contract, and other pertinent information.

1.2.1.1.2 Upon their review and consideration, the Board of Directors may request specific changes be made to the proposed terms and conditions, and revised terms and conditions be submitted to the Board at its next scheduled or special meeting.

1.2.1.1.3 After approval by the Board of Directors, the CEO will present the agreement to the ~~contracting~~health professional for review and signature, indicating his or her acceptance of the included terms

1.2.1.1.4 In the event the ~~contracting~~health professional requests changes in the principal terms and conditions of the agreement, the CEO will present a modified Contract Routing Form (or equivalent) to the Board of Directors

1.2.1.1.5 The District's Chief Executive Officer will place the agreement on the agenda of the District Board of Directors for their consideration.

1.2.1.1.6 The professional service agreement will become effective following the Board of Directors' ratification, subject to the contract term identified in the agreement.

1.2.2 Renewal agreements committing less than \$25,000 per twelve-month period can be authorized by the District's Chief Executive Officer without Board approval so long as funds have been authorized in the District's operating budget for that fiscal year.

1.3 Physician and other professional service agreements due for renewal may be held over for up to sixtwelve months with no change in compensation terms at the discretion of the CEO, and in accordance with Stark Law and OIG regulations. Note: the Stark regulations currently permit unlimited holdover of physician professional service agreements.

1.4 Urgent Services:

1.4.1 At the discretion of the CEO, an agreement required for urgent services may be presented directly to the Board of Directors.

1.4.1.1 All terms and condition must be included at the time of presentation.

1.4.1.2 The signature of the health professional will be required on such agreements at the time of presentation to the Board.

1.5 All physician and professional service agreements will be processed by the Chief Executive Officer's administrative staff. The following guidelines will be utilized:

1.5.1 Material for agreements will be presented to the Chief Executive Officer's administrative staff in a timely manner to ensure that adequate time is available for preparation of the agreement within the required timeframes for timely execution and implementation.

1.5.2 Content and negotiations with health service professionals will remain the the responsibility of the Admin Council members.

2.0 Compensation under Professional Service Agreements With Physicians Only.

In all cases, agreement will specify the financial arrangements related to the provision of physician professional services. In no case shall compensation to physicians vary with the physician's referrals to TFHD. TFHD shall endeavour to maintain a consistent approach with physicians within a specialty and among various specialties, irrespective of referrals to TFHD generated by an individual physician or the type of specialty. The following methodologies may be utilized:

2.1 Hourly rates. Hourly rates are the preferred compensation method for administrative duties such as medical directorships, medical staff leadership positions, or committee attendance. Hourly rates or "per shift" rates with hours of coverage and response time specified are the preferred compensation method for on-call and hospitalist coverage.

2.1.1 Physicians shall be required to document the date, hours spent, and a description of work completed for all administrative duties.

2.1.2 On call calendars maintained by the medical staff office may be utilized as documentation for on-call and hospitalist agreements.

~~2.1.3 MSC physicians may receive RVU credit for administrative duties in lieu of cash compensation.~~

2.2 Base compensation plus bonus. Payment of a fixed base compensation plus bonus is the preferred compensation method for multi-specialty clinic (MSC) physicians who are working more than half time. A consistent model for the compensation of MSC physicians shall be utilized, which may be subject to modification annually.

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- 2.2.1 Management shall endeavor to create a model that is aligned with the following organizational goals, recognizing that simultaneous achievement of all goals may not be possible in all cases; however the first of these goals (paying within fair market value) cannot be compromised in any circumstance.
- 2.2.1.1 Pay within constraints of fair market value
 - 2.2.1.2 Maintain internal equity within and between specialties
 - 2.2.1.3 Provide sufficient compensation to recruit and retain physicians
 - 2.2.1.4 Encourage quality and productivity
 - 2.2.1.5 Be Clear and understandable to all parties
- 2.2.2 Base compensation shall be established based on an agreed upon percentage of the median compensation from one or more published compensation surveys, adjusted for the physician's FTE status.
- 2.2.2.1 FTE status shall be based on agreed number of days of work and/or hours of clinical availability, which may vary by specialty but which shall be consistent within each specialty.
 - 2.2.2.2 The survey to be utilized shall be the annual MGMA Physician Compensation and Production Survey.
 - 2.2.2.3 The Western Region median shall be utilized.
 - 2.2.2.4 Data shall be smoothed by utilizing a 3-year average of the median from the three most recently published surveys.
 - 2.2.2.5 In the event that, in management's professional opinion, the data from the MGMA survey in the Western Region is unreliable due to the low number of respondents or other factors, management may utilize the national median and/or data from other published surveys.
 - 2.2.2.6 Survey data shall be adjusted for inflation that has occurred since the data was collected.
 - 2.2.2.7 The percentage of median may be adjusted based on the physician's historic productivity, years of experience, special expertise, or the difficulty of recruiting a particular specialty to the area. However:
 - 2.2.2.7.1 In no case shall the percentage of median compensation paid as base compensation (before FTE adjustment) ~~fall below 70% nor shall it exceed 130%~~ of the median.
 - ~~2.2.2.7.2 In no case shall a physician's base compensation be decreased relative to the prior year unless either: Physician's base compensation may be adjusted once per year if:~~
 - ~~2.2.2.7.3~~ 2.2.2.7.2 Physician's FTE status has changed.
 - ~~2.2.2.7.4~~ 2.2.2.7.3 Physician's prior year productivity has fallen below 90% of the prior year's target, and physician

failed to reach this productivity level due to factors that are under the physician's control, such as leaving early or taking excessive time off. Determination of the reasons for any such failure shall be reviewed by a panel that includes the Executive Director (or designee), the Medical Director and at least one other physician.

- 2.2.3 The costs of malpractice insurance and benefits that are borne by the physicians shall be considered based on such reasonable methodology as may be developed by management, which may include but is not limited to:
 - 2.2.3.1 Adding the estimated costs of malpractice insurance, health insurance, retirement benefits, employer-paid payroll taxes, and other benefits that are customarily paid by organizations with the ability to employ physicians.
 - 2.2.3.2 Reducing the WRVU target by an amount that would enable physicians to earn all or a portion of those costs by reaching a production level that is commensurate with their compensation.
- 2.2.4 Physician contracts may include a production and/or quality incentive, to encourage physicians to work to their full capacity, provided:
 - 2.2.4.1 Productivity is measured in Work Relative Value Units (WRVUs), unless physician works in a specialty for which WRVU benchmark data is either unavailable or insufficient, in which case an alternate measure such as visits may be utilized.
 - 2.2.4.2 The production incentive is in no way tied to referrals or to use of Tahoe Forest Hospital facilities.
 - 2.2.4.3 The production target is set based on the same survey benchmarks utilized for compensation, and is set at a level that is proportionate to base salary.
 - 2.2.4.4 Quality incentives, if any, are measurable and linked to factors that are within the physician's control.
 - 2.2.4.5 The total projected compensation, including incentives, does not exceed fair market value.
- 2.3 Rate per Work Relative Value Unit (WRVU). Payment at a set rate per Work Relative Value Unit (WRVU) is the preferred compensation method for multi-specialty clinic (MSC) physicians who are working less than half time, and may also be utilized for other physicians when mutually agreed upon by the parties.
 - 2.3.1 The rate per RVU shall be based on the same compensation and production survey data that is utilized for physicians working half time or more, and may include an allowance for malpractice and benefits.
- 2.4 Percentage of professional fee collections. Payment based on a percentage of professional fees collected may be utilized for physicians who are not part of the MSC in those instances where the District accepts responsibility for billing and collecting from the patient or any third party payer for professional services and is able to separately bill for professional service fees.

- 2.4.1 Remuneration based upon a percentage of combined facility and professional gross charges or collections is prohibited.
- 2.4.2 The District will remit the amounts collected, depending upon the agreement, to the physician, deducting a percentage to account for the estimated expenses of the District's billing and collection services and other administrative and support services, if provided.
- 2.4.3 If the payment to the healthcare provider is based upon billings rather than collections, a further percentage will be deducted so to account for the estimated incidents of bad debts and contractual allowances. Furthermore, if the payment to the healthcare provider is based upon billings rather than collections, a revenue collection analysis will be performed at least annually to ensure compliance to the above compensation provision.
- 2.4.4 All professional fee schedules shall be made a part of the agreement and appropriately referenced. Professional fee schedules may be revised annually. Any changes to the professional fee schedule must be discussed between the District Chief Executive Officer and requesting physician prior to becoming effective. Requests shall conform to the following criteria:
 - 2.4.4.1 Should provide sufficient detail to fully describe the professional services, relevant code numbers and professional fees;
 - 2.4.4.2 All professional fees shall be reasonable and customary and comparable to professional fees charged by their peers within our region. The mechanism for determining compliance to this criteria will be determined on a case by case basis between the professional provider and District Chief Executive Officer.
 - 2.4.4.3 Other relevant information should also be provided, e.g., changes required as a result of regulatory mandates; requests from individual physicians and Medical Staff; new service charges or extraordinary changes in provider costs not previously anticipated.
 - 2.4.4.4 Written agreement reflecting mutual acceptance of the proposed revisions as meeting the above criteria shall be required prior to the changes becoming effective.
- 2.5 Payment per service. Payment at a specified rate per service is the preferred method for limited scope agreements in which the physician is providing clearly delineated clinical services. Examples include EKG interpretations, audiology reviews, and other services that are billed on a global basis by the hospital.
- 2.6 Specialty call activation fee. In specialties where a regular on-call panel is either infeasible due to the number of physicians on the medical staff within that specialty or the low incidence of emergency need for that specialty, a specialty activation fee may be offered in the event that physician is called in to respond to an emergency.
- 2.7 Fair Market Value. In all cases, physician's compensation must be within fair market value and must be determined to be commercially reasonable.
 - 2.7.1 Fair market value for any individual contract shall generally be defined as an amount equal to or less than the 75th percentile of fair market value compensation, considering the physician's FTE status and production levels.

2.7.2 However management shall endeavor to design a compensation model that maintains the average physician's compensation within +/- 10% of the median (or between the 40th and 60th percentiles?) based on the survey referenced in 2.2.2.2 above.

3.0 Multiple agreements

3.1 Nothing in this policy shall prohibit the hospital from entering into multiple agreements with physicians; provided however that the designated hours of service are clearly segregated.

3.1.1 Physicians whose MSC duties are typically during regular Monday through Friday daytime hours may be paid for on-call coverage during evenings, weekends, and scheduled days off and/or for administrative duties performed during lunch or after regular clinic hours.

3.1.2 MSC physicians who provide hospitalist, on-call, or administrative services during normal scheduled clinic time shall receive WRVU credit in lieu of cash payment.

3.1.3 The physician may perform administrative duties while on call, as long as clinical duties are not needed. If the physician is need for clinical duties, they may not bill administrative time when performing clinical duties.

3.1.4 Fair market valuations shall take into account the existence of multiple agreements with one contracting professional.

3.1.3.1.5 The multiple agreements of a contracting professional shall be referenced in each of the agreements with that contracting professional.

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4.0 Physician Qualifications:

4.1 Professional service agreements with physicians shall require:

4.1.1 A valid and unrestricted license to practice medicine in the state issued by the applicable state Medical Board;

4.1.14.1.2 The contracting professional is not suspended or excluded from participating in any federal health program;

4.1.24.1.3 All appropriate certifications, registrations and approvals from the Federal Drug Enforcement Administration and any other applicable federal or state agency necessary to prescribe and dispense drugs under applicable federal and state laws and regulations, in each case without restriction;

4.1.34.1.4 Prompt disclosure of the commencement or pendency of any action, proceeding, investigation or disciplinary proceeding against or involving Physician, including, without limitation, any medical staff investigation or disciplinary action;

4.1.44.1.5 Prompt written notice of any threat, claim or legal proceeding against TFHD that Physician becomes aware of, and cooperate with TFHD in the defense of any such threat, claim or proceeding and enforcing the rights (including rights of contribution or indemnity) that TFHD may have against other parties or through its insurance policies;

4.1.54.1.6 No discrimination against a patient based on race, creed, national origin, gender, sexual orientation, disability (including, without limitation,

the condition(s) for which the patient seeks professional services from Physician), ability to pay or payment source.

4.2 Physician Qualifications In Coordination With Medical Staff Bylaws:

4.2.1 Professional service agreements with physicians shall require their membership on the District's Medical Staff with appropriate privileges pertinent to the duties and responsibilities described by the professional service agreement.

4.2.2 Termination of the agreement will cause the physician to lose the "right" to provide the services which are described in the agreement. However, this would not mean that the physician would lose his Medical Staff membership and privileges; he/she would simply lose the right to gain access to the service or department which is the subject of the exclusive agreement.

4.3 Contract Termination Clause

4.3.1 In all cases, professional service agreements shall provide for a termination clause which allows for termination by either party without cause upon prior written notice.

4.3.2 The following language will be utilized:

4.3.2.1 "For cause" termination of a physician contract at any time during the ~~during the first year of its~~ term;

~~4.3.2.1~~ 4.3.2.2 "No cause" termination ~~following~~ during the first year of its the initial or subsequent term. In the event a "no cause" termination occurs during the first year of the agreement, the parties may not enter into a new agreement for substantially the same services until after the expiration of the initial one-year term of the agreement.

~~4.3.2.1~~ 4.3.2.3 The timeframe for prior written notice may range from 60-180 days. Further, termination of the agreement does not afford the physician the right to request a medical staff hearing or any other review pursuant to the Medical Staff By-Laws.

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5.0 Provisions For Health Professional Service Agreements

5.1 Compensation:

In all cases, the contract will specify the financial arrangements related to the provision of professional services. It is desirable that remuneration be based upon a set professional fee schedule rather than a percentage of gross or net patient charges. However, it is recognized that a wide variety of other mechanisms may be utilized and such other mechanisms are left to the discretion of the District Chief Executive Officer and Board of Directors.

5.2 Compensation for health professional service agreements shall not exceed fair market value of the services.

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~~5.2.3~~ Professional Fee Schedule:

5-2-15.3.1 When reimbursement is based upon professional fee schedules, said fee schedule shall be made a part of the agreement with the health professional. When provided for by agreement, professional fee schedule revisions will be considered once annually in a timeframe that coincides with the District's operating budget.

5-2-1-15.3.1.1 Requests for revisions must be submitted to the District Chief Executive Officer by April of each year for implementation by July. The request should provide sufficient detail to fully describe the professional services, relevant code numbers and professional fees requested. The District Chief Executive Officer will determine the acceptability of the proposed changes.

5-35.4 Health Professional Qualifications in Coordination with Medical Staff By-Laws:

5-3-15.4.1 Professional service agreements may require certain health professionals to be members of the District's allied health professional staff with appropriate privileges pertinent to the duties and responsibilities described by the professional service agreement.

5-3-25.4.2 Should a health services agreement be cancelled involving an allied health professional, termination of the agreement will cause the health professional to lose the "right" to provide the services which are described in the agreement. However, this would not mean that the health professional would lose his allied health professional appointment or related privileges.

5-45.5 Contract Termination Clause

5-4-15.5.1 In all cases, professional service agreements shall provide for a termination clause which allows for termination by either party without cause upon written notice.

5-4-25.5.2 The timeframe for prior written notice may range from 60-180 days. When the health professional is required to be an allied health professional, termination of the agreement will not afford the allied health professional the right to request the due process hearing described by the Medical Staff rules and regulations for allied health professionals.

6.0 Physician and Health Professional Service Agreement Contract and Service Review

6.1 Contract Review

6.1.1 Prior to the end of a contract period, the Chief Executive Officer, or designee, may choose to conduct a contract review or at any time during the contract period.

6.1.2 The Board of Directors can recommend that a contract review be done prior to most contract renewals but allows the CEO discretion to forego the review if the contract renewal is on an annual basis or if other factors indicate that the review is not necessary prior to that particular contract renewal.

At a minimum of every five years, the Chief Executive Officer will conduct a service review of the contract service provided by the physician, physician group and/or other professional service. The Chief Executive

Officer will undertake the service review and a report based upon this service review will be made to the Board of Directors.

6.2 Contract Review Elements

~~6.2.1~~ 6.2.1 Analyze the continuing need for the services covered by the contract.

~~6.2.16.2.2~~ 6.2.2 Ensure that the terms of the contract are being met as outlined in the service agreement.

~~6.2.26.2.3~~ 6.2.3 Review the service as it related to consistency with the District's compliance program.

~~6.2.36.2.4~~ 6.2.4 Assessment of patient, physician and staff opinions/input/complaints.

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6.3 Service Review Elements

6.3.1 As part of the service review, the Chief Executive Officer will request feedback from the medical and clinical staff regarding the following:

6.3.1.1 Quality of care being provided based on the specialty's identified standards of care.

6.3.1.2 Availability and responsiveness.

6.3.1.3 Consistency with the District's compliance program.

6.3.1.4 Patient, physician and staff opinions/inputs/complaints

6.4 Other Review Elements: In addition the Chief Executive Officer will:

6.4.1 Ensure that the terms of the contract are being met as outlined in the service agreement.

~~6.4.2~~ 6.4.2 Review market conditions with appropriate benchmarking and response to changes in the marketplace, and make recommendations as to the continuation of the current contract.

~~6.4.3~~ 6.4.3 Seek a fair market valuation via written opinion of an experienced professional valuation expert, for any agreement, for the same specialty/scope of services, where the previous valuation was completed more than two years prior to the anticipated renewal date.

~~6.4.4~~ 6.4.4 Document the community need for the physician or other healthcare professional services provided under the agreement.

~~6.4.5~~ 6.4.5 Document how the agreement furthers specific strategic, business or operational goals of the District, increases integration of services, avoids costs/reduces expenses that would otherwise be incurred by the District, or furthers needed research and development within the District.

~~6.4.26.4.6~~ 6.4.6 Evaluate the use of less expensive alternatives.

~~6.4.36.4.7~~ 6.4.7 Ensure that the fee schedule is appropriate for current market conditions.

~~6.4.46.4.8~~ 6.4.8 Take in to consideration elements of the contractor's relationships with service providers, the District and the community.

~~6.4.56.4.9~~ 6.4.9 Review standards and best practice recommendations set by professional and specialty organizations with appropriate consideration of our community and Hospital District.

- 6.5 The Chief Executive Officer will compile a report based upon the service review and present it to the Board of Directors with recommendations related to continuation of the contract or consideration of a Request For Proposal (RPF) process.

Contract Inclusion terms:

- 7.0 General Provisions: Physician and Health Professional Service Agreements
 - 7.1 Professional Service Duties and Responsibilities: Each agreement will include a detailed and specific delineation of the duties and responsibilities to be performed by the health professional as well as the District. For example, extensive detail will be provided regarding:
 - 7.1.1 Diagnostic and therapeutic services to be provided
 - 7.1.2 Medico-administrative services to be provided
 - 7.1.3 Coverage obligations to be assumed
 - 7.1.4 The rights and obligations of the District and the health professional with regard to providing space, equipment, supplies, personnel and technicians.
 - 7.2 Standards Of Practice: Each agreement shall specify that the health professional will provide the service in accordance with the Hospital Bylaws; Medical Staff Bylaws, Rules and Regulations, and standards established by the Executive Committee of the Medical Staff; with the ethical and professional standards of the American Medical Association and the California and/or Nevada Medical Association; the standards of the Healthcare Facilities Accreditation Program (HFAP) and in any applicable specialty college or society or governmental regulation.
 - 7.3 Medicare and Medicaid Enrollment: Each agreement shall specify that the health professional is duly enrolled in the federal Medicare program and the applicable State Medicaid program (unless excepted by the District) and eligible to seek reimbursement under such programs for covered services rendered by the provider to beneficiaries of such programs. Every agreement must contain a provision in which the health professional agrees to notify TFHS in the event participation terminates.
 - 7.4 Quality Assessment: Professional service agreements shall require the health professional to participate in the Health System, Quality Improvement Program to ensure that the quality, safety and appropriateness of healthcare services are monitored and evaluated and that appropriate actions based on findings are taken to promote quality patient care. Furthermore, each agreement shall specify a process designed to assure that all individuals who provide patient care services under service agreements, but who are not subject to the Medical Staff privilege delineation process, are competent to provide such services. Whenever possible, information from customer satisfaction surveys shall be incorporated into the Quality Improvement Program for said service. Agreements which provide for Directorship responsibilities over a department or service shall require the health professional "Director" to be responsible for implementing a monitoring and evaluation process designed to improve patient care outcomes and which is integrated with the Health System Quality Improvement Program.
 - 7.5 Assignability: It is desirable that all professional service agreements be non-assignable unless important to the successful negotiation of a contract where

higher priority objectives may be achieved. Where assignability becomes necessary, assignability shall be allowed only with the condition that prior written consent of the Board of Directors be obtained.

- 7.6 Contract Term: Professional service agreements shall specify a specific term and termination date (i.e., not automatically renewable for successive years). In considering the term of the agreement, the termination date of related agreements should be considered by the District Chief Executive Officer so as to minimize the likelihood of multiple agreements coming due on the same date or year. The length of the term shall be negotiable. Professional service contracts will typically range from one to four years in duration.
- 7.7 Professional Liability: In all cases, the health professional will be responsible for providing adequate professional liability insurance coverage at the health professional's expense. Limits of coverage for physicians will be a minimum of \$1,000,000 per occurrence, \$3,000,000 aggregate. For non-physicians, the minimum limits of coverage may vary depending on the standard established for that health profession. The agreement shall also specify that the contracting health professional will, in turn, either require or arrange for professional liability insurance coverage for all sub-contracting health professionals. Furthermore, the professional liability insurance policy must be obtained from a professional liability insurer which is authorized to transact the business of insurance in the State of California (or Nevada in the case of professional services provided at the District's Community Hospital in Incline Village, Nevada). Also, the professional services agreement must require that the selected insurer will be responsible for notifying the District of any cancellation or reduction in coverage within thirty days of said action.
- 7.8 Regulatory Compliance: The agreement should include provisions in which both the District and the health professional commit to full compliance with all federal, state, and local laws. The contracting party should agree to keep confidential any financial, operating, proprietary, or business information relating to the District and to keep confidential, and to take the usual precautions to prevent the unauthorized use and disclosure of any and all Protected Health Information. The agreement should include provisions for amendment to the agreement in furtherance of maintaining compliance in the event of the adoption of subsequent legislation and/or regulations.
- 7.9 Recitals: Exclusive professional service agreements should include a carefully developed description of the rationales for exclusivity in a particular clinical service or department. Furthermore, if the agreement does assign exclusive responsibility for a particular service, it should state so expressly not leaving this to inference or interpretation.
- 7.10 Professional Relationships: The agreement should specify that the health professional is an independent contractor and is not an employee of the District.
- 7.11 Government Audit: The agreement should include the standard provision recognizing that the agreement and certain other materials will be subject to audit and inspection by certain federal authorities with regard to payments made for Medicare services.
- 7.12 Standard Contractual Language: The agreement should include certain standard provisions to the effect that the provisions of the contract are severable and,

therefore, the ruling that any one of them is void does not invalidate the entire agreement, and that the waiver of breach of one provision does not constitute a continuing waiver, and that the written agreement constitutes the entire contract between the parties.

- 7.13 Managed Care: The physician or health professional agrees to participate as a preferred provider with all of the managed healthcare plans (PPOs and HMOs) that the District has agreements with including agreements with insurance companies, health maintenance organizations and direct contracting with self-funded employers. Any deviation of this policy must be approved by District Administration and the Board of Directors.

Related Policies/Forms: Contracts Routing Form, Model Agreements
References:
Policy Owner: Clerk of the Board
Approved by: Chief Executive Officer

DRAFT



GOVERNANCE COMMITTEE

AGENDA

Wednesday, April 20, 2016 at 8:00 a.m.
Tahoe Conference Room - Tahoe Forest Hospital
10054 Pine Avenue, Truckee, CA 96161

1. **CALL TO ORDER**

2. **ROLL CALL**

John Mohun, Chair; Greg Jellinek, M.D., Board Member

3. **CLEAR THE AGENDA/ITEMS NOT ON THE POSTED AGENDA**

4. **INPUT – AUDIENCE**

This is an opportunity for members of the public to address the Committee 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 Committee cannot take action on any item not on the agenda. The Committee 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.

5. **CLOSED SESSION**

5.1. **Approval of Closed Session Minutes: 03/17/2016**

6. **APPROVAL OF MINUTES OF: 03/17/2016**

7. **ITEMS FOR COMMITTEE DISCUSSION AND/OR RECOMMENDATION**

7.1. **Contracts**

New, amended, and auto renewed contracts are submitted to the Governance Committee for review and consideration for recommendation of approval by the Board of Directors.

7.1.1. Bretan – Professional Services Agreement MSC ATTACHMENT

7.1.2. Horteras – Hospitalist Services Agreement ATTACHMENT

7.2. **Policy Review**

Governance Committee will review and discuss board policies.

7.2.1. ABD-21 Physician and Professional Service Agreements

7.3. **Committee Education**

Governance Committee will receive education on the District’s ACHD Certification and upcoming legislation.

7.3.1. ACHD Best Practices in Governance Certification Update

7.3.2. Legislation Update

8. **REVIEW FOLLOW UP ITEMS / BOARD MEETING RECOMMENDATIONS**

9. NEXT MEETING DATE

The next Governance Committee meeting is scheduled for May 18, 2016 at 12:00 p.m.

10. ADJOURN

*Denotes material (or a portion thereof) may be distributed later.

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.

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.



FINANCE COMMITTEE AGENDA

Monday, April 25, 2016 at 1:00 p.m.
Tahoe Conference Room, Tahoe Forest Hospital
10054 Pine Avenue, Truckee, CA

1. CALL TO ORDER

2. ROLL CALL

Dale Chamblin, Chair; John Mohun, Board Member

3. CLEAR THE AGENDA/ITEMS NOT ON THE POSTED AGENDA

4. INPUT – AUDIENCE

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5. APPROVAL OF MINUTES OF: 03/22/2016 ATTACHMENT

6. ITEMS FOR COMMITTEE DISCUSSION AND/OR RECOMMENDATION

6.1. Financial Reports

- 6.1.1. Financial Report – March 2016 Quarterly Packet..... ATTACHMENT
- 6.1.2. Quarterly Review Financial Status of Separate Entities ATTACHMENT
- 6.1.3. Quarterly Review of Revenue Payor Mix..... ATTACHMENT
- 6.1.4. TIRHR Expenditure Report ATTACHMENT

6.2. Board Education and Updates

- 6.2.1. GO Bond Refinancing Update ATTACHMENT
- 6.2.2. Insurance: Companies, Coverage Types, Coverage Limits..... ATTACHMENT
- 6.2.3. ClearBalance Patient Payment Plan Program..... ATTACHMENT
- 6.2.4. 2017 Budget Update
- 6.2.5. Cash Investment Options
- 6.2.6. Outmigration Strategy

7. REVIEW FOLLOW UP ITEMS / BOARD MEETING RECOMMENDATIONS

8. AGENDA INPUT FOR NEXT FINANCE COMMITTEE MEETING..... ATTACHMENT

9. NEXT MEETING DATE ATTACHMENT

10. ADJOURN

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QUALITY COMMITTEE AGENDA

Tuesday, April 5, 2016 at 12:00 p.m.
Tahoe Conference Room - Tahoe Forest Hospital
10054 Pine Avenue, Truckee, CA

1. **CALL TO ORDER**

2. **ROLL CALL**

Greg Jellinek, M.D., Chair; Karen Sessler, M.D., Board Member

3. **CLEAR THE AGENDA/ITEMS NOT ON THE POSTED AGENDA**

4. **INPUT – AUDIENCE**

This is an opportunity for members of the public to address the Committee 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 Committee cannot take action on any item not on the agenda. The Committee 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.

5. **APPROVAL OF MINUTES OF: 2/9/2016 ATTACHMENT**

6. **ITEMS FOR COMMITTEE DISCUSSION AND/OR RECOMMENDATION**

6.1. **Quality Committee Charter and Goals 2016 ATTACHMENT**

The *Quality Committee Charter and Goals 2016* were approved by the Committee at the February 9, 2016 meeting. Informational for reference during the meeting if needed.

6.2. **Patient & Family Centered Care (PFCC)**

6.2.1. **Patient & Family Advisory Council Update ATTACHMENT**

An update will be provided related to the activities of the Patient and Family Advisory Council (PFAC) and next steps for PFCC.

6.3. **4th Quarter 2015 BOD Quality Dashboard ATTACHMENT**

Review the quality dashboard and plans of correction for any identified outliers.

6.4. **HCAHPS Star Rating Report ATTACHMENT**

The Centers for Medicare & Medicaid Services (CMS) has developed HCAHPS (Hospital Consumer Assessment of Healthcare Providers and Systems) star ratings to make it easier for consumers to use the information on the Hospital Compare website and to spotlight excellence in healthcare quality. A review of the 4/1/14 through 3/31/15 CMS Star Rating Report and plans for improvement.

- 6.5. **Credentialing & Peer Review Process**ATTACHMENT
 Review the Medical Staff credentialing, privileging, and peer review process to gain an understanding of this function.

- 6.6. **Accreditation Association for Hospitals and Health Systems**ATTACHMENT
 AAHHS was founded in February 2014 to help small hospitals, surgical specialty hospitals, and critical access hospitals and health systems better serve their community through accreditation, education, and research. AAHHS is in the process of obtaining deemed accreditation status from CMS and has offered to provide a free ‘mock’ survey at TFH and IVCH in June 2016. A review and discussion of the AAHHS survey as part of our HFAP preparation. The unannounced triennial HFAP survey will be in the spring of 2017.

- 6.7. **Patient Safety Report**ATTACHMENT
 A review of the National Quality Forum Endorsed Set of 34 Safe Practice and report on process improvement activities within each category.

- 6.8. **Community Education**
 The Committee will discuss forums to educate the community regarding the Quality and Service provided at TFHD.

- 6.9. **Board Quality Education**ATTACHMENT
 The committee will review and discuss topics for future Board quality education.

- 7. **REVIEW FOLLOW UP ITEMS / BOARD MEETING RECOMMENDATIONS**

- 8. **NEXT MEETING DATE**
 The date and time of the next committee meeting, Tuesday, June 14, 2016, will be proposed and/or confirmed.

- 9. **ADJOURN**

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Admit date: _____ Discharge date _____

Date: _____ Room# _____ Rounding completed by: _____

Daily Leadership Rounding Questions:

1. How is your overall experience? How would you rate our hospital on a scale of 1 to 5?

2. Are you "always" receiving help as soon as you wanted? _____
If no, details: _____

3. Are you "always" having your pain well controlled? _____ What is your goal/expectation? _____

4. Are staff "always" explaining about medicines before giving them to you? _____
If no, details _____

5. How is the cleanliness of your room? Is it "always" meeting your expectations? _____

6. How are we doing keeping the unit noise under control? Is it "always" quiet at night? _____

7. Explain they will be given information about what to do during their recovery at home. Explain that the staff will be available to answer any questions. Explain that follow-up numbers to call will be provided should they have question arise once they are home. Done

8. We would like to call you at home within a couple of days after your discharge. Is this alright with you? _____ if yes, best phone number to reach you at: _____

Revisit dates: _____

Follow-up calls will be made to every inpatient after discharge within 48 hours to check on condition and readdress any concerns related to the above questions.

Follow-up call: Date: _____ Call made by: _____ (please print name)

1. How are your feeling? _____

2. Did anyone from our leadership visit you during your stay? _____

3. Do you have any questions related to your discharge? _____ (If yes), Have you called your discharge doctor for follow up? _____ Do you want a nurse from the hospital to call you back? _____ (RN will enter name and date below when call is completed)

4. You will be receiving a survey in the mail related to your stay. We would greatly appreciate you filling it out so we can follow-up on any feedback you have and continue to improve our service to you.

5. Left message _____

RN Follow up to question # 3:

Discharge question(s) answered by: _____ (please print name) Date _____



Board Informational Report

By: Harry Weis
CEO

DATE: 4/19/16

The month of March is yet another strong volume month for TFHD. Again approximately 70% of TFHD activities come from outpatient medical care, when the average US hospital may only have 40 to 45% from outpatient medical care. As healthcare becomes more proactive versus reactive in keeping residents well, the outpatient percentage will grow across CA and the US.

Important Activities:

We are preparing for a variety of community discussions on healthcare that will be in multiple formats. We have a new program entitled Mountain Health Today which will be available soon, so we ask that you watch for this.

We are preparing for several important Town Hall days with all employees and physicians to share important past, present and future activities.

We have worked hard in the last 60 days to place our Orthopedics medical practice on a strong foundation for the future and these efforts have created a close alignment between North Tahoe Orthopedics and TFHD. We believe that working closely together we will be able to serve our resident and visitor needs much better.

We have also focused on creating a sustainable business model and foundation for our large outpatient Rehab program. Here we seek to be better able to serve all residents and visitors and to have a strong platform for growth as applicable. Here we are working with Agility Health to assist us in many clinical and operational improvements.

One of our six Critical Strategies is our hospital wide electronic health record strategy to have a single record across all outpatient and inpatient settings. This project remains ongoing and is critical to our proactive model of care where we believe it will improve quality outcomes and reduce the cost of care. How can this happen? For example, when completed we can know all tests or procedures and the medical history of each patient much better allowing us to avoid unnecessary duplication of expensive tests and to pin point the best treatment plan for each patient much quicker.

Additionally yet another of our six Critical Strategies is our Care Coordination and Patient Navigation strategy. This strategy also helps in a material way with the new proactive model for healthcare and is focused on helping patients get well and stay well, ever improving their health status. We hope to go live with this important strategy in the second half of this calendar year and we have already started our Care Coordination program. The goal of Care

Coordination program is to reduce ED visits for medical issues and to reduce inpatient hospital admissions for medical issues as well. All of these acts improve the quality of life for each resident and lower the cost of healthcare delivered here.

Other areas of critical follow up by me and my team are:

We are continuing to research outmigration from several angles and are planning to bring a fresh report on outmigration to the Board within the next 2 months. We do believe full implementation of our 6 critical strategies will greatly assist in lowering outmigration in future periods.

Important Objective – getting to know the TFHD team and the Community.

My team and I continue to meet with many individuals in our community in one on one and group settings as we work to listen to their views of our strengths and weaknesses and to share that we are committed to the highest ethics, quality and compassion in all we do, working to develop many new relationships in our community and region.

We are also meeting with other healthcare providers/healthcare systems throughout the region to become acquainted and to contemplate areas of collaboration as well as each of us focus on unmet needs in healthcare.

Legislative activities:

My team and I continue to be very active in monitoring all new state and federal legislation for positive or negative impacts.



Board CNO/COO Report

By: Judith Newland

DATE: April, 2016

Strategic Initiative 1. Patient Safety and Quality

- A Pyxis Drug Resupply Program was developed and implemented for the local fire services. This best practice assures the local fire services immediate access to their medication formulary through the use of a Pyxis machine in the Emergency Department. The Drug Resupply Program supports over 100 local paramedics. The fire service was extremely complementary of the support and leadership of Hilary Ward, Director of Pharmacy Services, for implementing this new system.
- Incline Village Community Hospital received a deficiency in the HFAP survey in 2014 for flammable siding. A new siding has been selected and the IVCH siding project will begin in spring/summer of 2016.
- The Laboratory Soft computer system had a successful upgrade on Tuesday, April 8th. The upgrade required an eight hour downtime that began at 8:00am. During this time all laboratory orders and results were completed through a manual process. The laboratory department provided extra staff to assure timely delivery of results and orders. A big thank you to the laboratory team who assured through detailed planning a successful upgrade.
- Tahoe Forest Hospital District submitted an application to participate in the California Medi-Cal 2020 five year PRIME (Public Hospital Redesign and Incentives in Medi-Cal) Program. The purpose of the program is to transform and align the Medi-Cal delivery system around improving health outcomes for the members. TFHD PRIME projects will include Chronic Pain Management and reduction in cardiac disease through the Million Hearts Initiative. On receiving approval of the application a presentation to the Board of Directors will be scheduled.
- Each clinical leader is involved in the current budget process for fiscal year 2016-2017. Each leader is reviewing their staffing plans to assure their units provide excellence in service through an efficient and effective manner. Leaders have submitted their equipment capital needs, IT capital needs, and construction capital needs for fiscal year 2016-2017.

Strategic Initiative 1.2. Conduct patient satisfaction, Achieve HCAHPS 90% top box

- The Clinical Leadership and Quality have been active in improving our HCAHPS scores. Focused areas include: Quietness of Hospital Environment, Communication about Medication, Responsiveness of Hospital Staff, Cleanliness of Environment and Discharge Information Understanding. Multiple process changes are being implemented to improve our HCAHPS scores in these areas as process improvements teams identify opportunities for improvement. Some of the process changes include calling all discharged patients within 72 hours to ask if there are any questions with their discharge instructions,

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INCLINE VILLAGE COMMUNITY HOSPITAL • 880 ALDER AVENUE • INCLINE VILLAGE, NEVADA 89451-8215 • 775/833-4100

use of “Yaker Tracker” to monitor noise levels, daily rounding of patients by Inpatient Leadership, and change in door closures to decrease “slamming” of doors. HCAHPS scores are being monitored monthly and reported to staff.

Strategic Initiative 7.3. Develop and expand philanthropic and volunteer service.

- Updating of the second floor medical office space continues at Incline Village Community Hospital. The updated is supported by the generosity of the Incline Village Community Hospital Foundation (IVCHF). The update is to increase access to healthcare, redesign office workflow and improve population health. Phase I of the project has been completed with the increase and redesign of exam room space along with facility improvements such as flooring and painting. The IVCH Foundation is also supporting the upgrading of the customer service area in the Laboratory. Changes will include an updated waiting room area, new lab draw area and an ADA bathroom. Thank you to the IVCHF and the community of Incline Village/Crystal Bay for their ongoing commitment and support towards the improvements of IVCH.

STRATEGIC INITIATIVE 4.0

Mercy Site Visit for Epic Hosting

- Scheduled for 4/26-28.

Soft Lab Go Live April 12th

- Completed with minimal issues.
- Job well done to the team and the hospital and patients for their tolerance during the downtime.

MD Staff Visit Importer

- SFTP ready. Test files to be sent by next Thursday. No L to L needed.
- They then need two weeks to work the data and upload. We then validate.
- Go live about 4 weeks out.

M Modal Fluency for Transcription (New Transcription Service)

- CER for Interfaces submitted.
- Templates started. Supplying much info regarding build and distribution info.
- Tech call done for database and Interface engine integration.
- Set go live dates after obtaining CPSI resource confirmation.

MIRTH

- Plan for Mirth Interface Engine backup training continues as expected.

AMION-Physician Scheduling Program

- Project to begin soon with Jen and Nat working on this. Will replace the much disliked Schedule Anywhere for physician scheduling.
- Note that Schedule Anywhere is well liked for the rest of the hospital just not the doctors.

Software Updates

- SQL server upgrade from 2005 to 2012
- Email archive is importing all email from our second mailbox server.
- Various VMware upgrades are in process.
- Ultipro Payroll is live with some issues that we are working through.

Security Updates

- Added email warning from outside mail.
- Performing physical security assessment of the physical plant

Tahoe Forest Hospital District

Board of Directors Meeting Evaluation Form

Date: _____

		Exceed Expectations		Meets Expectations		Below Expectations
1	Overall, the meeting agenda is clear and includes appropriate topics for Board consideration	5	4	3	2	1
2	The consent agenda includes appropriate topics and worked well	5	4	3	2	1
3	The Board packet & handout materials were sufficiently clear and at a 'governance level'	5	4	3	2	1
4	Discussions were on target	5	4	3	2	1
5	Board members were prepared and involved	5	4	3	2	1
6	The education was relevant and helpful	5	4	3	2	1
7	Board focused on issues of strategy and policy	5	4	3	2	1
8	Objectives for meeting were accomplished	5	4	3	2	1
9	Meeting ran on time	5	4	3	2	1

Please provide further feedback here:
