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EPHC CEO Contract Does Not Expire In Near Future

Portola, CA July 18, 2006 – The employment contract of the CEO of Eastern Plumas Health Care did not expire June 30 as attendees to the June 29, 2006 regular Board of Trustees meeting claimed.

According to David Heaslett, chairman of the board and a practicing attorney, the three-year employment contract is automatically extended each year if the annual performance evaluation of the CEO is judged to be “Satisfactory” or better.

“That process of evaluation of the CEO’s efforts and accomplishments is a confidential matter, as it is with all employees of EPHC,” said Heaslett. “It is inappropriate for me to discuss the performance evaluation of any employee with the public.”

Several members of the public, including a former board member, brought the issue of the contract expiration date to the board meeting on June 29. That former board member claimed that an attorney consulted by her about the contract in 2004 gave the opinion that the contract was to expire on June 30, 2006. In retrospect, that same law firm now reports that it did not have all of the information necessary to render an accurate opinion in 2004. Upon further review, the law firm has concluded that the CEO’s contract obviously does *not* expire in 2006. However, lawyers at McDonough, Holland and Allen in Sacramento also concluded that there are some ambiguities in the contract which if put to the test may well be interpreted in a manner that was not intended. Accordingly, they are recommending a number of changes to update and improve the clarity of the agreement.

“Charles Guenther has led our hospital for 11 years, bringing it out of bankruptcy at a time when we thought we would lose our health care services altogether. He guided the design and building of our skilled nursing facility where many members of our community have been able to recover or spend their last days comfortably and close to family. And he championed the purchase and reorganization of the hospital in Loyalton, keeping health care available locally in that community as well,” said Heaslett. “We need to be looking to the future, to the new doctors arriving this summer, to expanding emergency services, and

maintaining quality healthcare services, which are definitely threat from many different directions.”

Long-time board member Carole Folchi, who was involved with hospital when Guenther was hired said, “Mr. Guenther stepped up to help this hospital and this community at a time when the out-of-town management company could have easily closed the doors and gone home. He’s here for the same reason the board members, the medical staff and the employees are: To provide the best possible health care for our community. He deserves our appreciation and our support. He certainly has mine.”

About Eastern Plumas Health Care:

EPHC operates hospitals and skilled nursing facilities in both Portola and Loyalton, medical clinics in Portola, Graeagle and Loyalton, and offers home health care, oxygen and medical equipment throughout most of Plumas and Sierra counties. The medical staff includes several family practice physicians as well as physicians practicing cardiology, internal medicine, surgery, and orthopedics. Charles Guenther has been CEO since 1995 after moving to eastern Plumas County following a long career with large health care systems and related entities.