



AGENDA

KERN COUNTY HOSPITAL AUTHORITY BOARD OF GOVERNORS

**Kern Medical Center
1700 Mount Vernon Avenue
Conference Room 1058
Bakersfield, California 93306**

Regular Meeting
Wednesday, April 10, 2019

11:30 A.M.

BOARD TO RECONVENE

Board Members: Alsop, Berjis, Bigler, Brar, McLaughlin, Pelz, Sistrunk
Roll Call:

CONSENT AGENDA/OPPORTUNITY FOR PUBLIC COMMENT: ALL ITEMS LISTED WITH A "CA" ARE CONSIDERED TO BE ROUTINE AND NON-CONTROVERSIAL BY KERN COUNTY HOSPITAL AUTHORITY STAFF. THE "CA" REPRESENTS THE CONSENT AGENDA. CONSENT ITEMS WILL BE CONSIDERED FIRST AND MAY BE APPROVED BY ONE MOTION IF NO MEMBER OF THE BOARD OR AUDIENCE WISHES TO COMMENT OR ASK QUESTIONS. IF COMMENT OR DISCUSSION IS DESIRED BY ANYONE, THE ITEM WILL BE REMOVED FROM THE CONSENT AGENDA AND WILL BE CONSIDERED IN LISTED SEQUENCE WITH AN OPPORTUNITY FOR ANY MEMBER OF THE PUBLIC TO ADDRESS THE BOARD CONCERNING THE ITEM BEFORE ACTION IS TAKEN.

STAFF RECOMMENDATION SHOWN IN CAPS



PUBLIC PRESENTATIONS

- 1) This portion of the meeting is reserved for persons to address the Board on any matter not on this agenda but under the jurisdiction of the Board. Board members may respond briefly to statements made or questions posed. They may ask a question for clarification, make a referral to staff for factual information or request staff to report back to the Board at a later meeting. In addition, the Board may take action to direct the staff to place a matter of business on a future agenda. **SPEAKERS ARE LIMITED TO TWO MINUTES. PLEASE STATE AND SPELL YOUR NAME BEFORE MAKING YOUR PRESENTATION. THANK YOU!**

BOARD MEMBER ANNOUNCEMENTS OR REPORTS

- 2) On their own initiative, Board members may make an announcement or a report on their own activities. They may ask a question for clarification, make a referral to staff or take action to have staff place a matter of business on a future agenda (Government Code section 54954.2(a)(2))

RECOGNITION

- 3) Presentation by the Chief Executive Officer recognizing the Kern Medical Auxiliary – **MAKE PRESENTATION**

ITEMS FOR CONSIDERATION

CA

- 4) Minutes for Kern County Hospital Authority Board of Governors regular meeting on March 20, 2019 – **APPROVE**

CA

- 5) Proposed Amendment No. 1 to Agreement 004-2019 with Patrick G. Pieper, M.D., a contract employee, for professional medical services in the Department of Surgery for the period February 1, 2019 through January 31, 2022, changing the methodology for payment of call coverage, and increasing the maximum payable by \$100,000, from \$1,791,000 to \$1,891,000, to cover the term – **APPROVE; ADOPT RESOLUTION**

CA

- 6) Proposed retroactive Amendment No. 10 to Agreement 185-2011 with Weatherby Locums, Inc., an independent contractor, for temporary physician staffing services for the period March 29, 2011 through March 27, 2019, extending the term for 90 days from March 28, 2019 through June 25, 2019, and increasing the maximum payable by \$100,000, from \$4,600,000 to \$4,700,000, to cover the extended term – **APPROVE; AUTHORIZE CHAIRMAN TO SIGN**

CA

- 7) Proposed amendment to the Kern County Hospital Authority Bylaws for Governance, reflecting recent changes to the enabling ordinance –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN; REFER TO KERN COUNTY BOARD OF SUPERVISORS FOR APPROVAL

CA

- 8) Proposed reappointment of Director Russell Bigler to the Kern County Hospital Authority Board of Governors, term to expire June 30, 2022 –
REFER TO KERN COUNTY BOARD OF SUPERVISORS TO MAKE APPOINTMENT

CA

- 9) Proposed reappointment of Director Philip McLaughlin to the Kern County Hospital Authority Board of Governors, term to expire June 30, 2022 –
REFER TO KERN COUNTY BOARD OF SUPERVISORS TO MAKE APPOINTMENT

- 10) Kern County Hospital Authority Chief Financial Officer report –
RECEIVE AND FILE

- 11) Kern County Hospital Authority Chief Executive Officer report –
RECEIVE AND FILE

ADJOURN TO CLOSED SESSION

CLOSED SESSION

- 12) Request for Closed Session regarding peer review of health practitioners (Health and Safety Code Section 101855(j)(2)) –
- 13) Request for Closed Session regarding peer review of health facilities (Health and Safety Code Section 101855(j)(2)) –
- 14) CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION
(Government Code Section 54956.9(d)(2), (e)(2).) Number of cases: Two (2)
Significant exposure to litigation in the opinion of the Board of Governors on the advice of legal counsel, based on: Facts and circumstances, including, but not limited to, an accident, disaster, incident, or transactional occurrence that might result in litigation against the Authority and that are known to a potential plaintiff or plaintiffs –
- 15) CONFERENCE WITH LABOR NEGOTIATORS - Agency designated representatives: Chief Executive Officer Russell V. Judd, and designated staff - Employee organizations: Service Employees International Union, Local 521 (Government Code Section 54957.6) –

- 16) Request for Closed Session for the purpose of discussion or taking action on authority trade secrets (Health and Safety Code Section 101855(e)(1)) –

RECONVENE FROM CLOSED SESSION

REPORT ON ACTIONS TAKEN IN CLOSED SESSION

ADJOURN TO WEDNESDAY, May 15, 2019, AT 11:30 A.M.

SUPPORTING DOCUMENTATION FOR AGENDA ITEMS

All agenda item supporting documentation is available for public review at Kern Medical Center in the Administration Department, 1700 Mount Vernon Avenue, Bakersfield, 93306 during regular business hours, 8:00 a.m. – 5:00 p.m., Monday through Friday, following the posting of the agenda. Any supporting documentation that relates to an agenda item for an open session of any regular meeting that is distributed after the agenda is posted and prior to the meeting will also be available for review at the same location.

AMERICANS WITH DISABILITIES ACT (Government Code Section 54953.2)

The Kern Medical Center Conference Room is accessible to persons with disabilities. Disabled individuals who need special assistance to attend or participate in a meeting of the Kern County Hospital Authority Board of Governors may request assistance at Kern Medical Center in the Administration Department, 1700 Mount Vernon Avenue, Bakersfield, California, or by calling (661) 326-2102. Every effort will be made to reasonably accommodate individuals with disabilities by making meeting material available in alternative formats. Requests for assistance should be made five (5) working days in advance of a meeting whenever possible.



SUMMARY OF PROCEEDINGS

KERN COUNTY HOSPITAL AUTHORITY BOARD OF GOVERNORS

**Kern Medical Center
1700 Mount Vernon Avenue
Conference Room 1058
Bakersfield, California 93306**

Regular Meeting
Wednesday, March 20, 2019

11:30 A.M.

BOARD RECONVENED

Board Members: Alsop, Berjis, Bigler, Brar, McLaughlin, Pelz, Sistrunk
ROLL CALL: 6 Present; 1 Absent - Brar

NOTE: The vote is displayed in bold below each item. For example, Sistrunk-McLaughlin denotes Director Sistrunk made the motion and Vice Chair McLaughlin seconded the motion.

NON-AGENDA ITEM

MOTION TO CONSIDER NON-AGENDA ITEM NO. 18: MADE FINDING THAT THE NEED TO TAKE ACTION ON A NON-AGENDA MATTER OCCURRED AFTER THE AGENDA WAS POSTED ON MARCH 15, 2019. THE KERN COUNTY HOSPITAL AUTHORITY RECEIVED INFORMATION FROM THE CALIFORNIA DEPARTMENT OF PUBLIC HEALTH THAT REQUIRES THE IMMEDIATE ATTENTION OF THE BOARD OF GOVERNORS PRIOR TO MARCH 21, 2019

Pelz-Berjis: 6 Ayes; 1 Absent - Brar

CONSENT AGENDA/OPPORTUNITY FOR PUBLIC COMMENT: ALL ITEMS LISTED WITH A "CA" WERE CONSIDERED TO BE ROUTINE AND APPROVED BY ONE MOTION.

BOARD ACTION SHOWN IN CAPS

NOTE: Director Brar arrived after the vote on the non-agenda item and consent agenda

PUBLIC PRESENTATIONS

- 1) This portion of the meeting is reserved for persons to address the Board on any matter not on this agenda but under the jurisdiction of the Board. Board members may respond briefly to statements made or questions posed. They may ask a question for clarification, make a referral to staff for factual information or request staff to report back to the Board at a later meeting. Also, the Board may take action to direct the staff to place a matter of business on a future agenda. **SPEAKERS ARE LIMITED TO TWO MINUTES. PLEASE STATE AND SPELL YOUR NAME BEFORE MAKING YOUR PRESENTATION. THANK YOU!**
NO ONE HEARD

BOARD MEMBER ANNOUNCEMENTS OR REPORTS

- 2) On their own initiative, Board members may make an announcement or a report on their own activities. They may ask a question for clarification, make a referral to staff or take action to have staff place a matter of business on a future agenda (Government Code section 54954.2(a)(2))

DIRECTOR BERJIS INVITED THE BOARD MEMBERS TO ATTEND THE RESIDENT GRADUATION AT THE WOMEN'S CLUB ON FRIDAY, MAY 31, 2019

RECOGNITION

- 3) Presentation by the Chief Executive Officer recognizing the third floor Inpatient Psychiatry Unit remodel –
MADE PRESENTATION

ITEMS FOR CONSIDERATION

CA

- 4) Minutes for Kern County Hospital Authority Board of Governors regular meeting on February 20, 2019 –
APPROVED
Berjis-Sistrunk: 6 Ayes; 1 Absent - Brar

CA

- 5) Proposed Corrective Deed of Trust to correct initial documents filed by the County of Kern conveying a first priority lien on all the real property constituting Kern Medical Center that secures all direct and indirect obligations of the Kern County Hospital Authority to the County of Kern –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN CORRECTIVE DEED OF TRUST
Berjis-Sistrunk: 6 Ayes; 1 Absent - Brar

CA

- 6) Proposed retroactive Amendment No. 1 to Agreement 716-2016 with the County of Kern for health care services, finance and support, to provide that the Kern County Hospital Authority will not participate in the County Treasury Pool, effective March 1, 2019 –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 015-2019
Berjis-Sistrunk: 6 Ayes; 1 Absent - Brar

CA

- 7) Proposed Agreement with Orestes A. Alvarez-Jacinto, M.D., a contract employee, for professional medical services in the Department of Obstetrics and Gynecology from March 20, 2019 through March 19, 2022, in an amount not to exceed \$1,575,000, plus applicable benefits –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 016-2019
Berjis-Sistrunk: 6 Ayes; 1 Absent - Brar

CA

- 8) Proposed Agreement with Antony Minasaghanian, M.D., a contract employee, for professional medical services in the Department of Radiology from June 8, 2019 through June 7, 2022, in an amount not to exceed \$1,750,000, plus applicable benefits
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 017-2019
Berjis-Sistrunk: 6 Ayes; 1 Absent - Brar

CA

- 9) Proposed Amendment No. 3 to Agreement 14818 with Healthcare Performance Group, Inc., an independent contractor, for consulting services related to the Cerner Millennium project, for the period June 11, 2018 through June 10, 2019, extending the term for five months through November 29, 2019, and increasing the maximum payable by \$203,896, from \$750,000 to \$953,896, to cover the extended term –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 018-2019
Berjis-Sistrunk: 6 Ayes; 1 Absent - Brar

CA

- 10) Proposed Agreement with Bracco Diagnostics Inc., an independent contractor, containing nonstandard terms and conditions, for use of two CT contrast injectors, software and training from March 20, 2019 through March 19, 2024, in an amount not to exceed \$32,000 –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 019-2019
Berjis-Sistrunk: 6 Ayes; 1 Absent - Brar

CA

- 11) Proposed Agreement with Zimmer US, Inc., an independent contractor, containing nonstandard terms and conditions, for purchase of compression therapy equipment from March 20, 2019 through March 19, 2024, in an amount not to exceed \$500,000 –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 020-2019
Berjis-Sistrunk: 6 Ayes; 1 Absent - Brar

- 12) Kern County Hospital Authority Chief Financial Officer report –
RECEIVED AND FILED
McLaughlin-Pelz: All Ayes
- 13) Kern County Hospital Authority Chief Executive Officer report –
RECEIVED AND FILED
Brar-Berjis: All Ayes

CA

- 14) Claims and Lawsuits Filed as of February 28, 2019 –
RECEIVED AND FILED
Berjis-Sistrunk: 6 Ayes; 1 Absent - Brar

ADJOURNED TO CLOSED SESSION
Pelz-Sistrunk

CLOSED SESSION

- 15) Request for Closed Session regarding peer review of health practitioners (Health and Safety Code Section 101855(j)(2)) – SEE RESULTS BELOW
- 16) CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION
(Government Code Section 54956.9(d)(1)) Name of case: Susan Villarreal v. Kern Medical Center, Workers' Compensation Appeals Board Case No. ADJ9865005 – SEE RESULTS BELOW
- 17) Request for Closed Session for the purpose of discussion or taking action on authority trade secrets (Health and Safety Code Section 101855(e)(1)) – SEE RESULTS BELOW
- 18) Request for Closed Session regarding peer review of health facilities (Health and Safety Code Section 101855(j)(2)) – SEE RESULTS BELOW

RECONVENED FROM CLOSED SESSION
Alsop-Brar

REPORT ON ACTIONS TAKEN IN CLOSED SESSION

Item No. 15 Request for Closed Session regarding peer review of health practitioners (Health and Safety Code Section 101855(j)(2)) – HEARD; BY A UNANIMOUS VOTE (MOTION BY DIRECTOR PELZ, SECOND BY DIRECTOR MCLAUGHLIN;), THE BOARD APPROVED ALL PROVIDERS RECOMMENDED FOR INITIAL APPOINTMENT, REAPPOINTMENT, RELEASE OF PROCTORING, VOLUNTARY RESIGNATION OF PRIVILEGES, AND AUTOMATIC TERMINATION OF PRIVILEGES; NO OTHER REPORTABLE ACTION TAKEN

Item No. 16 CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION
(Government Code Section 54956.9(d)(1)) Name of case: Susan Villarreal v. Kern
Medical Center, Workers' Compensation Appeals Board Case No. ADJ9865005 –
HEARD; NO REPORTABLE ACTION TAKEN

Item No. 17 Request for Closed Session for the purpose of discussion or taking action
on authority trade secrets (Health and Safety Code Section 101855(e)(1)) – HEARD;
NO REPORTABLE ACTION TAKEN

Item No. 18 Request for Closed Session regarding peer review of health facilities
(Health and Safety Code Section 101855(j)(2)) – HEARD; NO REPORTABLE ACTION
TAKEN

ADJOURNED TO WEDNESDAY, APRIL 10, 2019, AT 11:30 A.M.

Brar

/s/ Mona A. Allen
Authority Board Coordinator

/s/ Russell E. Bigler
Chairman, Board of Governors
Kern County Hospital Authority



**BOARD OF GOVERNORS
KERN COUNTY HOSPITAL AUTHORITY REGULAR MEETING**

April 10, 2019

Subject: Proposed Amendment No. 1 with Patrick G. Pieper, M.D., for professional medical services in the Department of Surgery

Recommended Action: Approve; Authorize Chairman to sign

Summary: Kern Medical requests your Board approve Amendment No. 1 with Patrick G. Pieper, M.D., for professional medical services in the Department of Surgery. Dr. Pieper serves as a full-time otolaryngology, head and neck surgeon in the Department as well as Medical Director of the Laser and Aesthetics Center.

The proposed amendment is changing the methodology for payment of call coverage as Dr. Peiper will be taking additional call.

Therefore, it is recommended that your Board approve the Agreement with Patrick G. Pieper, M.D., for professional medical services in the Department of Surgery from February 1, 2019 through January 31, 2022, increasing the maximum payable by \$100,000, from \$1,791,000 to \$1,891,000 to cover the term.

**AMENDMENT NO. 1
TO
AGREEMENT FOR PROFESSIONAL SERVICES
CONTRACT EMPLOYEE
(Kern County Hospital Authority – Patrick G. Pieper, M.D.)**

This Amendment No. 1 to the Agreement for Professional Services is made and entered into this ____ day of _____, 2019, between the Kern County Hospital Authority, a local unit of government (“Authority”), which owns and operates Kern Medical Center (“KMC”), and Patrick G. Pieper, M.D. (“Physician”).

RECITALS

(a) Authority and Physician have heretofore entered into an Agreement for Professional Services (Agt. #004-2019, dated January 16, 2019) (the “Agreement”), for the period February 1, 2019 through January 31, 2022, for professional medical services in the Department of Surgery at KMC; and

(b) It is the intent of the parties to have the terms of the Agreement provide for the payment of all reasonably projected costs and expenses related to the services provided by Physician; and

(c) The parties agree to amend certain terms and conditions of the Agreement as hereinafter set forth; and

(d) The Agreement is amended effective April 10, 2019;

NOW, THEREFORE, in consideration of the mutual covenants and conditions hereinafter set forth and incorporating by this reference the foregoing recitals, the parties hereto agree to amend the Agreement as follows:

1. Section 5, Compensation Package, paragraph 5.2, Excess Call Coverage, shall be deleted in its entirety and replaced with the following:

“5.2 Call Coverage. Authority shall pay Physician for call coverage as follows: (i) Physician shall be paid a fixed fee in the amount of \$1,200 per 24-hour day for weekend¹ call coverage that exceeds one (1) weekend per month; and (ii) Physician shall be paid a fixed fee in the amount of \$500 per day for weekday² call coverage that exceeds one (1) in four (4) weekdays. All payments made by Authority to Physician shall be subject to applicable federal and state taxes and withholding requirements.”

¹ For purposes of weekend call coverage, a “weekend is defined as Saturday from 7:00 a.m. to Monday at 7:00 a.m. or, in the event of a holiday, from Friday at 7:00 a.m. to Monday at 7:00 a.m. or Saturday at 7:00 a.m. to Tuesday at 7:00 a.m.

² For purposes of weekday call coverage, a “weekday” is defined as Monday through Friday or, in the event of a holiday, Tuesday through Friday.

2. Section 5, Compensation Package, paragraph 5.6, Maximum Payable, shall be deleted in its entirety and replaced with the following:

“5.6 Maximum Payable. The maximum compensation payable under this Agreement shall not exceed \$1,891,000 over the three-year Term of this Agreement.”

3. Section 6, Benefits Package, paragraph 6.3, Holidays, shall be deleted in its entirety and replaced with the following:

“6.3 Holidays. Physician shall be entitled to paid holidays subject to Authority policy, as amended from time to time. Physician will not be paid for banked holidays upon termination of employment.”

4. Section 6, Benefits Package, paragraph 6.4, Vacation, shall be deleted in its entirety and replaced with the following:

“6.4 Vacation. Physician shall be entitled to vacation leave subject to Authority policy, as amended from time to time. Physician shall be paid for accrued and unused vacation leave, if any, upon termination or expiration of this Agreement calculated at Physician’s current hourly rate (i.e., current Annual Salary divided by 2080 hours = hourly rate). All payments made by Authority to Physician under this paragraph will be subject to all applicable federal and state taxes and withholding requirements.”

5. Section 6, Benefits Package, paragraph 6.5, Sick Leave, shall be deleted in its entirety and replaced with the following:

“6.5 Sick Leave. Physician shall be entitled to sick leave subject to Authority policy, as amended from time to time. Physician will not be paid for accrued and unused sick leave upon termination of employment.”

6. All capitalized terms used in this Amendment and not otherwise defined, shall have the meaning ascribed thereto in the Agreement.

7. This Amendment shall be governed by and construed in accordance with the laws of the state of California.

8. This Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

9. Except as provided herein, all other terms, conditions, and covenants of the Agreement shall remain in full force and effect.

[Intentionally left blank]

IN WITNESS TO THE FOREGOING, the parties have executed this Amendment No. 1 as of the day and year first written above.

PHYSICIAN

By _____
Patrick G. Pieper, M.D.

KERN COUNTY HOSPITAL AUTHORITY

By _____
Chairman
Board of Governors

APPROVED AS TO FORM:
LEGAL SERVICES DEPARTMENT

By _____
Russell V. Judd
Chief Executive Officer

APPROVED AS TO FORM:
LEGAL SERVICES DEPARTMENT

By _____
VP & General Counsel
Kern County Hospital Authority

Amend1.Pieper.040319



**BOARD OF GOVERNORS
KERN COUNTY HOSPITAL AUTHORITY REGULAR MEETING**

April 10, 2019

Subject: Proposed Retroactive Amendment No. 10 with Weatherby Locums, Inc.

Recommended Action: Approve; Authorize Chairman to Sign

Summary:

Kern Medical requests your Board approve proposed retroactive Amendment No. 10 to Agreement 185-2011 with Weatherby Locums, Inc., an independent contractor for temporary physician staffing services, extending the term for 90 days from March 28, 2019 through June 25, 2019, increasing the maximum payable by \$100,000, from \$4,600,000 to \$4,700,000 to cover scheduled shifts through June.

Kern Medical continues to require the services of Weatherby to fill voids in physician staffing.

Therefore, it is recommended that your Board approve Amendment No. 10 with Weatherby Locums, Inc.

**AMENDMENT NO. 10
TO
AGREEMENT FOR PROFESSIONAL SERVICES
INDEPENDENT CONTRACTOR
(Kern County Hospital Authority – Weatherby Locums, Inc.)**

This Amendment No. 10 to the Agreement for Professional Services is entered into this _____ day of _____, 2019, between the Kern County Hospital Authority (“Authority”), a local unit of government (“KMC” or “Client”), which owns and operates Kern Medical Center (“KMC”), and Weatherby Locums, Inc. (“Weatherby”), with its principal place of business located at 6451 North Federal Highway, Suite 800, Fort Lauderdale, Florida 33308.

RECITALS

(a) The Parties have heretofore entered into an Agreement for Professional Services (Kern County Agt. #185-2011, dated March 29, 2011), Amendment No. 1 (Kern County Agt. #816-2011, dated November 14, 2011), Amendment No. 2 (Kern County Agt. #133-2012, dated March 12, 2012), Amendment No. 3 (Kern County Agt. #259-2013, dated May 13, 2013), Amendment No. 4 (Kern County Agt. #743-2014, dated September 30, 2014), Amendment No. 5 (Kern County Agt. #094-2015, dated February 24, 2015), Amendment No. 6 (Kern County Agt. #842-2015, dated November 17, 2015), Amendment No. 7 (Kern County Agt. #132-2016, dated March 15, 2016); Assignment of Agreement (Kern County Agt. #342-2016, dated March 1, 2016), Amendment No. 8 (Agt. #2016-048, dated June 22, 2016), and Amendment No. 9 (Agt. #2017-032) (collectively “Agreement”), for the period March 29, 2011 through March 27, 2019, to provide temporary physicians to fill voids in staffing at KMC; and

(b) KMC continues to require the services of Weatherby to fill voids in staffing and Weatherby has agreed to provide such services; and

(c) It is the intent of the Parties to have the terms of the Agreement provide for the payment of all reasonably projected costs and expenses related to the services provided by Weatherby; and

(c) The Parties agree to amend the Agreement to (i) extend the term for an additional period of 90 days from March 28, 2019 through June 25, 2019, and (ii) increase the not to exceed amount by \$100,000, from \$4,600,000 to \$4,700,000, to cover the extended term; and

(d) The Agreement is amended effective March 28, 2019;

NOW, THEREFORE, in consideration of the mutual covenants and conditions hereinafter set forth and incorporating by this reference the foregoing recitals, the parties hereto agree to amend the Agreement as follows:

1. Section 4, Fees, paragraph 4.A, Fees, shall be deleted in its entirety and replaced with the following:

“4.A Fees. Client shall pay Weatherby fees (“Fee(s)” or “Fee Schedule”) for Physician Coverage for each Assignment, as specified in Exhibit “A,” attached hereto and incorporated herein by this reference, or as agreed upon by the Parties and outlined in the Confirmation for that Assignment, in an amount not to exceed \$4,700,000 over the term of this Agreement.”

2. Section 5, Term, Cancellation and Removal of Physician, paragraph 5.D, Term, shall be deleted in its entirety and replaced with the following:

“5.D Term. Performance by Weatherby and KCHA shall commence on March 29, 2011, and shall end June 25, 2019, unless earlier terminated pursuant to other provisions of this Agreement.”

3. Exhibit “A,” Not to Exceed Amount, shall be deleted in its entirety and replaced with the following:

“Not to Exceed Amount: Authority shall compensate Weatherby in an aggregate sum not to exceed \$4,700,000 over the term of the Agreement.”

4. All capitalized terms used in this Amendment and not otherwise defined, shall have the meaning ascribed thereto in the Agreement.

5. This Amendment shall be governed by and construed in accordance with the laws of the state of California.

6. This Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

7. Except as provided herein, all other terms, conditions and covenants of the Agreement and any and all amendments thereto shall remain in full force and effect.

[Signatures follow on next page]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment No. 10 as of the day and year first written above.

KERN COUNTY HOSPITAL AUTHORITY WEATHERBY LOCUMS, INC.

By _____
Chairman
Board of Governors

By _____
John Wagner
Senior Director

APPROVED AS TO CONTENT:
KERN MEDICAL CENTER

By _____
Russell V. Judd
Chief Executive Officer

APPROVED AS TO FORM:
LEGAL SERVICES DEPARTMENT

By _____
VP & General Counsel
Kern County Hospital Authority



**BOARD OF GOVERNORS
KERN COUNTY HOSPITAL AUTHORITY REGULAR MEETING**

April 10, 2019

Subject: Proposed Amendment to the Kern County Hospital Authority Bylaws for Governance

Requested Action: Approve; authorize Chairman to sign; refer to Kern County Board of Supervisors for approval

Summary: Attached are clean and redline versions of the Kern County Hospital Authority Bylaws for Governance (Bylaws). The Bylaws have been revised to reflect recent changes to the Authority's enabling ordinance, which take effect April 19, 2019. These changes include the following:

- 1) The current ordinance provides that the Board of Supervisors and your Board have the authority to remove the Chief Executive Officer of the Authority. Under the amended ordinance, the Board of Supervisors would no longer have removal rights but would retain its ability to approve the Chief Executive Officer prior to his or her appointment by your Board and to participate in the Chief Executive Officer's evaluation;
- 2) The current ordinance permits the Authority to establish or acquire a new health care program or facility or to enter into any joint venture or joint powers agreement that creates a new health care program or facility, without Board of Supervisors approval, if the program or facility's annual operating budget does not exceed 8% of the Authority's total annual operating budget. The proposed ordinance would allow the Authority to establish, acquire, or create such a program or facility with an annual operating budget up to 15% of the Authority's annual operating budget without Board of Supervisors approval, enabling the Authority to be more strategic. The Authority would continue to be limited in its ability and authority to enter into joint ventures with private nongovernmental entities or individuals regardless of the size of such joint ventures' operating budgets;
- 3) The amended ordinance also streamlines the process for appointments of members to your Board, which are made by the Board of Supervisors. Current members who wish to resign or seek reappointment would be required to notify your Board, rather than the Board of Supervisors; your Board would then notify the Chairman of the Board of Supervisors in writing of a member's intent to seek reappointment. Qualified applicants not chosen to fill vacancies caused by term expiration would no longer be considered for other vacancy appointments for the next three years; such applicants would be required to reapply. When forwarding to the Board of Supervisors the vacancy appointment applications, your Board would be able to include its recommendation of a qualified applicant to fill the vacancy; and
- 4) The amended ordinance makes minor revisions to the text to improve clarity and accuracy.

You will find the changes on pages 2-7, 9-13, 15-17, 20, 22, and 25 of the redline version of the Bylaws.

Members, Board of Governors

April 10, 2019

Page **2** of **2**

The enabling ordinance requires that the Board of Supervisors approve any changes or amendments to the Bylaws.

Therefore, it is recommended that your Board approve the amendment to the Bylaws, authorize the Chairman to sign, and refer the amended Bylaws to the Board of Supervisors for approval.

**KERN COUNTY HOSPITAL AUTHORITY
BYLAWS FOR GOVERNANCE**

Article I. Mission and Purpose

Section 1.01 Mission Statement

The Kern County Hospital Authority (“Hospital Authority”) was created by the Board of Supervisors of the county of Kern to provide access to affordable, high-quality health care services and to preserve and strengthen the viability of the health care safety net in the county in order to maintain and improve the health status of the people of the county of Kern through an organizational and operational structure that facilitates and improves the Kern Medical Center’s ability to function with flexibility, responsiveness, and innovation.

Section 1.02 Purpose

The purpose of the Hospital Authority is to provide maintenance, operation, management, and control of the Kern Medical Center and related health care resources, in a manner consistent with the county’s obligations under Section 17000 of the Welfare and Institutions Code, and to achieve these objectives in a manner that continues the viability of the Kern Medical Center and constitutes an ongoing material benefit to the county and its residents. In order to achieve these goals, the Kern Medical Center shall:

- (a) continue its status as a designated public hospital, and/or such other designation or status under which it would be eligible to participate in special funding programs as a safety net provider, with a mission of maintaining and improving the health of county residents;
- (b) provide comprehensive, high quality medical treatment, health promotion and health maintenance through an integrated system of hospital, clinic, and other health services staffed by individuals who are responsive to the diverse cultural needs of the community;
- (c) continue to function as a training institution committed to maintaining an environment that is supportive of a wide range of educational programs and activities; and
- (d) be managed, administered, and controlled by the Hospital Authority in a manner that assures accessible, cost effective, quality medical care to the residents of the county of Kern.

Article II. Governing Body

Section 2.01 Relationship to Enabling Ordinance

Ordinance No. A-356, which added Chapter 2.170 to Title 2 of the Ordinance Code of the county

of Kern (sometimes referred to in these Bylaws as “the Enabling Ordinance”), prescribes certain matters concerning the governing body of the Hospital Authority, which are set forth below in Sections 2.02 through 2.08. Any conflict or inconsistency between the provisions of these Bylaws and the Enabling Ordinance shall be resolved by applying the provisions of the Enabling Ordinance.

Section 2.02 Definition

The governing body of the Hospital Authority shall be known as the Kern County Hospital Authority Board of Governors (“Board of Governors”).

Section 2.03 Qualifications

(a) Desired Qualifications:

The Board of Governors shall be composed, to the extent feasible, of individuals with the expertise necessary to enable the Kern Medical Center to achieve the highest quality of care and appropriate scope of services in a manner ~~which-that~~ is both fiscally responsible and sensitive to the needs of the community. Desirable skills include, but are not limited to, business management, strategic planning, finance, public health policy, health care administration, personnel management, medical services, and consensus building.

(b) Specific Qualifications:

Members of the Board of Governors (“Members”) must be full-time residents of the county of Kern, at least 18 years of age, and should, to the extent feasible, collectively have the following types of knowledge, skills, and experience:

- (1) Knowledge of health care delivery systems;
- (2) Knowledge of health care policy and regulatory issues and with current and projected health care trends;
- (3) Knowledge of human resources in large organizations;
- (4) An understanding of budgeting process, revenue cycle, financial reports, and basic accounting principles;
- (5) Experience with managing hospital services and understanding of the health care needs of the Hospital Authority’s patient populations; and
- (6) Experience in advocating for safety net institutions including, but not limited to, the pursuit of public funding for the delivery of health care services.

(c) Disqualified Persons

The following types of persons may not serve as Members:

- (1) Persons who are or may be, in the view of the Board of Supervisors, in competition with, or otherwise have a conflict of interest with, the Hospital Authority.
- (2) Any person who has been excluded from participation in a federal or state medical care benefits program, or is currently suspended from participation in any such program.
- (3) Any person who has been excluded from participation in a federal or state medical care benefits program, or is currently suspended from participation in any such program.
- (4) Any person who has been convicted of a felony, or has been convicted or subject to discipline for any crime involving moral turpitude.
- (5) Any person who holds an incompatible office, other than employment or affiliation with the county of Kern.
- (6) Any person whose service as a Member would constitute having an interest in a contract as provided by Article 4 (commencing with Section 1090) of Chapter 1 of Division 4 of Title 1 of the Government ~~Code~~Code, except as otherwise provided by Health and Safety Code Section 101854(d).

Section 2.04 Composition

- (a) The Board of Governors shall consist of seven (7) voting Members, as follows:
 - (1) The County Administrative Officer (ex-officio) or his or her designee which shall be appointed by the Board of Supervisors (any designation shall be for no less than one year);
 - (2) A member of the Kern Medical Center Medical Staff appointed by the Board of Supervisors; and
 - (3) Five members of the community at large appointed by the Board of Supervisors, none of whom shall be a physician.

Section 2.05 Reappointment and End of Term of the Board of Governors

- (a) A Member whose term is expiring and who is eligible for reappointment shall not be required to submit a new application for reappointment if such Member notifies the ~~Chair~~Chairman of the Board of Governors in writing of his or her intent to seek reappointment.

- (b) The Board of Governors shall notify the Board of Supervisors of the Member's intent to continue to serve on the Board of Governors.
- (c) The Board of Supervisors may reappoint the Member or may deny the reappointment and create a vacancy.

Section 2.06 Manner of Appointment for Vacancies on the Board of Governors

(a) Recruitment

Announcement of Community Member at Large (CML) and the Kern Medical Center Medical Staff (Medical Staff) vacancies on the Board of Governors shall be posted on County and Hospital Authority websites, and at the Kern Medical Center; ~~and via press release~~. The announcement shall include the minimum qualifications; and submission deadline; ~~and the Board of Governors interview date~~.

(b) Applications

- (1) All applicants must complete the application process by submitting by the submission deadline (1) a complete Kern County Hospital Authority Board of Governors Application for Appointment (Application) ~~that has been approved by the county of Kern~~ and (2) a security clearance consent form. The Application and the security consent form may be modified by the Board of Governors from time to time.
- (2) The ~~Kern Medical Center~~Hospital Authority Chief Executive Officer shall post the required notice under Section 2.06(a) that applications are being accepted.
- (3) Applications shall be accepted from all eligible persons; ~~including (without limitation) members of the Board of Supervisors, Hospital Authority personnel, county of Kern personnel, and the general public~~.
- (4) Applications to serve on the Board of Governors may be made by submitting a completed Application to: ~~Kern Medical Center~~Kern County Hospital Authority Chief Executive Officer; 1700 Mount Vernon Avenue; Bakersfield, CA 93306; ~~or to the Chief Executive Officer of the Hospital Authority at the same address~~.
- (5) The completed applications of all qualified applicants for the Board of Governors for CML and Medical Staff positions shall be submitted to the Board of Supervisors at least 30 days prior to the scheduled meeting of the Board of Supervisors to consider appointment of an individual to fill any vacancy of the Hospital Authority Board of Governors.

(c) Selection

(1) Selection of Vacant Board of Governors Positions:

- a. The Board of Governors shall forward to the Board of Supervisors all applications received by all qualified applicants to fill any vacancy. The Board of Governors may make recommendations to the Board of Supervisors from the pool of qualified applicants. The Board of Supervisors may consider any such application to fill a vacancy created by the expiration of the term of a CML Member or Medical Staff Member.

~~A qualified applicant shall remain in the pool of qualified applicants to serve on the Board of Governors of the Hospital Authority for a period of three years, and may be considered by the Board of Supervisors for appointment to any vacancy occurring during that time period for which he or she is qualified. A qualified applicant may withdraw his or her name from consideration to serve on the Board of Governors at any time.~~

b. _____

e.b. The Board of Supervisors shall consider qualified applicants for appointment, but shall not be bound to appoint any such individual. The Board of Supervisors may only appoint qualified individuals who have formally applied for membership on the Board of Governors and have passed security clearance. The Board of Supervisors shall act ~~by~~ either by making an appointment from the pool of qualified applicants, or requesting the submission of additional candidates to fill the vacancy, within 30 days of receiving the list of qualified applicants. This process shall be consistent with Section 2.170.060(G) of the Enabling Ordinance.

(2) Selection of Members for Midterm Vacancies

- a. In the event of a vacancy occurring before the expiration of a Member's term, the Board of Governors shall forward all applications from qualified applicants to the Board of Supervisors. The list of qualified candidates and copies of their applications shall be submitted to the Board of Supervisors within 60 days after the vacancy occurs.
- b. Within 30 days of receiving the names of qualified candidates to fill a midterm vacancy, or at its next regularly scheduled meeting, if such meeting occurs later than 30 days after receiving candidates' names, the Board of Supervisors shall act to either: (a) appoint an individual to serve the remaining term of a Member; or (b) ask for additional qualified applicants from the Board of Governors.

Section 2.07 Term of Office

- (a) The Term of Office for appointed Members shall conform to the following:
- (1) Each Member, other than a Member holding office ex-officio, shall hold office for a term of three years, except the Members initially appointed shall have staggered terms of one, two, and three years. The Board of Supervisors shall determine which Members shall be appointed to terms of one, two, or three years by drawing lots. The lots shall be drawn on behalf of the Board of Supervisors by the Clerk of the Board of Supervisors.
 - (2) The first term for the initial appointed Members of the Board of Governors shall commence on the date of the initial Board of Governors meeting, and shall end at midnight on June 30 of the year in which the Member has served his or her initial term of office of one, two, or three years, as the case may be.
 - (3) Terms for Members other than the initial Members shall commence on July 1, or the date of the first scheduled Board of Governors meeting subsequent to his or her appointment if the Member is appointed to fill a vacancy.
 - (4) An individual who is appointed to fill a vacancy mid-term shall have the balance of that term as his or her initial term.
- (b) Reappointment
- (1) Members may serve an unlimited number of terms if reappointed by the Board of Supervisors.
 - (2) Each Member, whether serving an initial term or reappointed to a subsequent term, shall serve continuously until the expiration of his or her then-current term, or until a replacement is appointed, whichever occurs last.

Section 2.08 Vacancies; Removal

- (a) Attendance
- (1) A Member shall automatically be removed from office, and said office shall become vacant, if within a one year period of time, he or she fails to attend any combination of three (3) properly noticed regular and/or special meetings of the Board of Governors without having secured, either in advance of or promptly after the missed meeting, approval from a majority of the other Members of the Board of Governors, or from the **President Chairman** of the Board of Governors, to miss the meeting.
 - (2) The Board of Governors shall advise in writing both the Member and the

Board of Supervisors of the pending removal of the Member under this section and shall recite facts forming the basis for such removal. The removal shall become effective 45 days after the Board of Supervisors has been notified, without further action, unless the Board of Supervisors acts to reinstate the Member for the balance of his or her term within the 45-day period.

(b) Removal

A Member may be removed by the Board of Supervisors during his or her term with or without cause, on its own initiative, in accordance with the Enabling Ordinance.

(c) Resignation

A Member may resign by submitting a letter of resignation to the ~~President-Chairman~~ of the Board of Governors, ~~with a copy to the Board of Supervisors, or to the Board of Supervisors, with a copy to the President of the Board of Governors who will notify the Chairman of the Board of Supervisors in writing of the Member's resignation.~~

(d) Vacancies

Vacancies shall be filled by appointment by the Board of Supervisors, ~~per~~ pursuant to Section 2.06(c).

Section 2.09 Actions by the Board of Supervisors

All actions by the Board of Supervisors in connection with the Board of Governors of the Hospital Authority shall be conducted pursuant to procedures adopted by the Board of Supervisors, which are currently contained in Section 2.170.060(G) of the Enabling Ordinance, as it may be modified from time to time.

Section 2.10 Reimbursement and Compensation

Members may be reimbursed for actual and reasonable expenses incurred in the performance of official business of the Hospital Authority as assigned by the Board of Governors. Members shall not receive any other compensation for their service on the Board of Governors or committees.

Section 2.11 Conflict of Interest

(a) Conflict of Interest Code

The Board of Governors shall adopt, and from time to time may amend, a Conflict of Interest Code of the Hospital Authority pursuant to the provisions of the Political Reform Act of 1974 (commencing with Section 81000 of the Government Code). The Conflict of Interest Code shall be submitted to the Board of Supervisors, the code reviewing body for Kern County agencies, within six (6) months of the date

the Hospital Authority came into existence, which date is November 6, 2015. The Conflict of Interest Code shall identify all persons required to file an annual Statement of Economic Interests, which shall include, without limitation, all Members. The Board of Supervisors, or successor code reviewing body, shall approve the adoption and any subsequent amendments to the Conflict of Interest Code.

- (b) Code of Conduct and Business Ethics
 - (1) The Board of Governors shall develop and adopt a Kern County Hospital Authority Code of Conduct and Business Ethics.
 - (2) Members and officers of the Hospital Authority shall conduct their activities in conformity with the applicable laws and regulations related to impartiality in the conduct of its business.
 - (3) Members and officers of the Hospital Authority shall disclose any actual or potential conflict of interest and refrain from voting on approval, participating in discussion, taking any action, or attempting to influence decisions on any matters having a material effect on his/her personal or private interest. Neither Members nor officers of the Hospital Authority may act in a manner that creates the appearance of a conflict with the objective exercise of his or her official duties.

Section 2.12 Confidentiality: Public Statements

In the course of carrying out his or her duties or responsibilities, each Member shall receive or have access to confidential information, including, without limitation, patient information, confidential financial, operational, business and planning information, trade secrets, personal information about employees or staff, information and data related to or derived from Medical Staff credentialing, discipline, governance and appeals processes or quality assessment and performance improvement processes (collectively, "Proprietary Information"). Subject to the Brown Act, the Public Records Act, or other applicable laws regarding disclosure, each Member is required (a) to keep and maintain such Proprietary Information solely for the purpose of carrying out his or her responsibilities as a Member, (b) to use and disclose such Proprietary Information solely for the purpose of carrying out his or her responsibilities as a Member, and (c) not to directly or indirectly disclose such Proprietary Information to any third person without the prior written approval of the Board of Governors, following a vote of the Board of Governors approving such disclosure. No Member shall make a public statement on behalf of the Board of Governors, or in a manner that appears to be on behalf of the Board of Governors, unless a majority of the Board of Governors has given prior authorization for the public statement by a motion duly adopted.

Section 2.13 Role of the Board of Supervisors

The Board of Supervisors has all powers relative to the Hospital Authority to help ensure that the transfer of the Kern Medical Center constitutes an ongoing material benefit to the county of Kern

and its residents as set forth in Chapter 5.5 (commencing with Section 101852) of Part 4 of Division 101 of the Health and Safety Code, and the Enabling Ordinance adopted by the Board of Supervisors, including, without limitation:

- (1) The Board of Supervisors shall approve the Hospital Authority's annual budget after the budget is approved by the Hospital Authority's Board of Governors. The Board of Supervisors shall either approve or reject the Hospital Authority's annual budget in its entirety; the Board of Supervisors shall not approve or reject individual line items in the budget. The Hospital Authority shall provide its budget to the Board of Supervisors in accordance with the processes set forth in a formal written agreement between the Hospital Authority and the county of Kern. If the Hospital Authority does not provide its budget in accordance with such processes, the Board of Supervisors shall adopt an annual budget for the Hospital Authority.
- (2) The Hospital Authority shall conduct and fund an independent annual audit by an audit firm selected by the Board of Governors, approved by the Board of Supervisors and shall provide copies of all final audits of the Hospital Authority ~~or the Kern Medical Center~~ to the Board of Supervisors. The Hospital Authority shall provide the Board of Supervisors upon request with a plan to address audit findings requiring corrective action, and a report of corrective action taken.
- (3) The Board of Supervisors shall approve the ~~initial and any successive~~ chief executive officer of the Hospital Authority prior to his or her appointment by the Hospital Authority. The Board of Supervisors may participate in the evaluation of the chief executive officer of the Hospital Authority ~~and shall have the authority to remove the chief executive officer~~.
- (4) The Hospital Authority shall obtain the approval of the Board of Supervisors prior to entering into or incurring any debt other than the following: (1) debt ~~which that~~ has a repayment term of less than one year, and (2) debt secured only by personal property.
- (5) The Hospital Authority may request that the Board of Supervisors levy a tax on behalf of the Hospital Authority. If the Board of Supervisors approves the proposal to levy the tax, it shall call the election to seek voter approval and place the appropriate measure on the ballot for that election.
- (6) As provided by Section 101855 of the Health and Safety Code, the Board of Supervisors may contract with the Hospital Authority to provide services and/or personnel upon mutually agreeable terms, and/or the Board of Supervisors may contract for services or purchase items on behalf of the Hospital Authority.
- (7) The Board of Supervisors may, at the request and on behalf of the Hospital

Authority, contract for services or purchase items, as it deems necessary, appropriate, or convenient for the conduct of the Hospital Authority's activities consistent with its purposes.

- (8) The county of Kern shall continue to retain the ultimate responsibility for indigent medical care pursuant to Section 17000 of the Welfare and Institutions Code.
- (9) The Hospital Authority shall not offer its employees, whether new or legacy, who are members of Kern County Employees' Retirement Association retirement benefits that are greater than those available to the Kern Medical Center employees at the time of the transfer of the Kern Medical Center to the Hospital Authority and that increase the unfunded pension obligations of the county of Kern without the express prior approval of the Board of Supervisors.
- (10) The Board of Supervisors shall have the right to approve certain actions by the Hospital Authority, which shall include (without limiting any other rights of the Board of Supervisors set forth in the Enabling Ordinance or any agreement between the county of Kern and the Hospital Authority):
 - a. the use of any name or names by the Hospital Authority for "doing business as" in addition to the name "Kern Medical Center" with respect to the licensed acute care hospital;
 - b. transfer of substantially all of the assets, operations, or control of the Kern Medical Center from the Hospital Authority to any other person or entity;
 - c. relocation or replacement of the acute care hospital;
 - d. establishment or acquisition of any new acute care hospital;
 - e. establishment or acquisition of new health care programs or facilities that have an annual operating budget that exceeds 815% of the Hospital Authority's total annual operating budget;
 - f. any joint venture or joint powers agreement that creates new health programs or facilities that have an annual operating budget that exceeds 815% of the Hospital Authority's total annual operating budget;
 - g. complete elimination of graduate medical education, trauma services, obstetrical services, or inpatient psychiatric services;
 - h. establishment or operation of a health plan as defined by the Knox-

Keene Act of 1975; and operation or ownership of any health facility or clinic located outside of the county of Kern.

Section 2.14 Powers and Duties of the Board of Governors

Subject to the provisions in Chapter 5.5 (commencing with section 101852) of Part 4 of Division 101 of the Health and Safety Code, the Enabling Ordinance, and the provisions of these Bylaws requiring certain actions to be approved by the Board of Supervisors, the activities and affairs of this Hospital Authority shall be managed, and all of its legal powers shall be exercised by or under the direction of the Board of Governors of the Hospital Authority, and shall include authority and responsibility, without limitation, for the maintenance, operation, management, and control of the Kern Medical Center and related health care resources transferred to its ownership and control by the county of Kern.

Section 2.15 Regular Meetings

- (a) The Board of Governors shall, by resolution adopted on the first day it meets, and annually thereafter on the last day of each calendar year in which it meets, establish a schedule to conduct regular meetings. The schedule of regular meetings may be modified by resolution duly adopted by the Board of Governors from time to time. Regular meetings shall be held not less frequently than quarterly, in the administrative offices of the Hospital Authority located at 1700 Mount Vernon Avenue, Bakersfield, California 93306, or at such other location within the county of Kern designated by the Board of Governors.
- (b) At least 72 hours prior to a regular meeting, the Board of Governors shall post an agenda containing a brief description of each item of business to be transacted or discussed at the meeting, including items (if any) to be discussed in closed session. A description of an agenda item shall generally not exceed 20 words. The agenda shall specify the time and place of the meeting, and shall be posted in a location that is freely accessible to members of the public, and on the Hospital Authority's website. If requested, the agenda shall be made available in appropriate alternative formats to persons with a disability. The agenda shall include information on how, to whom, and when a request for disability-related modification or accommodation may be made by a person with a disability who requires a modification or accommodation in order to participate in the public meeting.
- (c) The Board of Governors may take actions on items of business not appearing on the posted agenda only under the following conditions: (1) upon a determination by a majority vote that an emergency exists; (2) upon a determination by a two-thirds vote (or, if less than two-thirds of the Members are present at the meeting, by a unanimous vote of those present), that there is a need to take immediate action and that the need for action came to the attention of the Board of Governors subsequent to the agenda being posted; or (3) the agenda item was posted for a prior meeting occurring not more than five (5) calendar days prior to the date action is taken on the item, and at the prior meeting the item was continued to the meeting at which

action is being taken.

Section 2.16 Special Meetings

- (a) Special meetings may be called at any time by the ~~Chair~~Chairman, or by a majority of Members of the Board of Governors, by delivering written notice to each Member of the Board of Governors and to each local newspaper of general circulation and radio or television station requesting notice in writing and posting a notice on the Hospital Authority's website. The notice shall be delivered personally, or by any other means, and shall be received at least 24 hours before the time of the meeting. The notice shall specify the time and place of the meeting, and the business to be transacted or discussed. No other business shall be considered at special meetings. The written notice may be dispensed with as to any Member who, at or prior to the time the meeting convenes, files with the officer functioning as the ~~Chair~~Chairman or Secretary of the meeting of the Hospital Authority a written waiver of notice. The written notice may also be dispensed with as to any Member who is actually present at the time the meeting convenes. The call and notice shall be posted at least 24 hours prior to the special meeting in a location that is freely accessible to members of the public.
- (b) A special meeting may not be called regarding the salaries, salary schedules, or compensation paid in the form of fringe benefits of an executive of the Hospital Authority. A special meeting may be called to discuss the budget of the Hospital Authority.
- (c) Every notice of a special meeting shall provide an opportunity for members of the public to address the Board of Governors directly concerning any item that has been described in the notice for the meeting, before or during the consideration of that agenda item.

Section 2.17 Emergency Meetings

- (a) An emergency meeting may be conducted when a majority of Members determines that an emergency situation exists. An "emergency situation" is defined as a crippling activity, work stoppage or other activity that severely impairs public health or safety, or both. A "dire emergency" is defined as a crippling disaster, mass destruction, terrorist act, or threatened terrorist activity that poses peril so immediate and significant that requiring one-hour notice before holding an emergency meeting may endanger the public health, safety, or both, as determined by a majority of the Members. Absent a dire emergency, telephonic notice must be provided at least one hour prior to the meeting to all media outlets that have requested receipt of notice of any special meetings. In the case of a dire emergency, notice need only be provided at or near the time that notice is provided to Members.
- (b) Telephonic notice requirements may be waived in the event that telephone services are not working, but a report must be given to media outlets as soon as possible

after the meeting. Except for the 24-hour notice requirements, the provisions relating to special meetings apply to the conduct of emergency meetings. At the conclusion of the meeting, the minutes of the meeting, a list of persons who the Board of Governors notified or attempted to notify, a copy of the roll call vote, and any actions taken at the meeting shall be posted for a minimum of ~~ten (10)~~10 days in a public place as soon after the meeting as possible.

- (c) An emergency meeting may not be held in closed session, except as follows: the Board of Governors may meet in closed session for purposes of consulting with law enforcement or security officials if agreed to by a two-thirds vote of the authorized number of members.

Section 2.18 Closed Meetings Notice and Procedure

At least 72 hours prior to a closed session of any meeting, each item to be transacted or discussed in closed session must be briefly described on an agenda for the meeting. Prior to convening in closed session, the ~~Chair~~Chairman of the meeting shall orally announce the items to be discussed in closed session. Upon completion of the closed session, the Board of Governors shall convene in open session. If any action was taken in closed session, the ~~Chair~~Chairman of the meeting or his or her designee shall make a report of the action taken and the vote thereon, or that no reportable action was taken.

Section 2.19 Adjournments and Continuances

- (a) Regular and special meetings may be adjourned to a future date. If the subsequent meeting is conducted within five (5) days of the original meeting, matters properly placed on the agenda for the original meeting may be considered at the subsequent meeting.
- (b) When a meeting is adjourned to a subsequent date, notice of the adjournment must be conspicuously posted on or near the door of the place where the meeting was held within 24 hours after the time of adjournment. If no Members appear at a noticed meeting, the Chief Executive Officer of the Hospital Authority may adjourn the meeting to a future date and provide notice to Members and to the media in accordance with the special meetings provisions.

Section 2.20 Location

All regular meetings shall be conducted in Bakersfield at the administrative offices of the Hospital Authority, or at such other location within the county of Kern designated by the Board of Governors, as provided in Section 2.15(a). The Board of Governors shall conduct all of its special meetings in Bakersfield, California, or at such other location within the county of Kern designated by the Board of Governors as permitted under the Brown Act.

Section 2.21 Hearing Procedures

The meetings of the Board of Governors shall be conducted in a manner consistent with applicable laws. All meetings duly called at which an action may be taken or is otherwise subject to the Brown Act shall have legal counsel to the Hospital Authority present. All meetings shall be open to the public except closed sessions determined by the Board of Governors and permitted by law. No Member may vote on or participate in any matter that materially affects his or her personal financial interest within the meaning of the Political Reform Act.

Section 2.22 Closed Session Meetings

The Board of Governors may order that a meeting be held in closed session solely for the purpose of discussion or taking action on Hospital Authority trade secrets, as defined in subdivision (d) of Section 3426.1 of the Civil Code, or to consider and take action on matters pertaining to contracts and contract negotiations concerning all matters related to rates of payment for health care services arranged or provided by the Hospital Authority, or for any other purpose under which a closed meeting may be held under the Brown Act or under Section 101855 of the Health and Safety Code, or any other provision of law, as determined by legal counsel for the Hospital Authority.

Section 2.23 Quorum

For regular, closed session, special and emergency meetings of the Board of Governors, a quorum shall be a majority of the authorized number of Members. In the event a quorum is present and a meeting commences, but due to the subsequent absence of one or more Members, a quorum is no longer present at the meeting, the meeting may be continued as long as at least two Members are present. A motion to take an action may not be considered unless a quorum is present. Members may not participate in meetings of the Board of Governors via telephone or other electronic means, and shall not be counted toward establishing a quorum unless physically present. A meeting duly noticed at which a quorum is present may be adjourned to a later date and time within five (5) days without additional notice.

For each committee set forth in Article III herein, a quorum shall be a majority of the duly appointed members of the committee, and shall include at least one Member present who is a member of the committee.

Section 2.24 Official Action

Actions of the Board of Governors shall be by an affirmative vote of at least a majority of its seven authorized Members, who must be present when a roll-call vote is taken. Once the roll call has been taken and all of the Members given an opportunity to vote, the voting shall be closed and the votes tallied. A motion upon which an action has been taken may be reconsidered during the same meeting upon a motion duly adopted by a majority of all authorized Members.

Section 2.25 Minutes

A written record of proceedings of all meetings of the Board of Governors and of committees of the Board of Governors shall be kept on file.

Section 2.26 Agenda

Each meeting shall have an agenda, structured and posted as required by law.

Article III. Committees Section 3.01 Standing and Ad Hoc Committees

(a) Standing Committees

- (1) The Board of Governors may create standing committees, with such membership, and for such purpose(s), as specified in a resolution adopted by a majority vote of the Board of Governors.
- (2) All standing committees shall act in an advisory capacity only, and shall have no authority to act on behalf of the Hospital Authority. All items requiring action shall be referred by the standing committees to the Board of Governors. Meetings of standing committees shall be subject to the Brown Act.

(b) Ad Hoc Committees

Ad hoc committees may be created as deemed necessary by a resolution adopted by a majority vote of the Board of Governors. Ad hoc committees shall have a limited, specific purpose, shall have a duration of no more than one year, shall have no authority to act on behalf of the Hospital Authority, and shall not be subject to the Brown Act unless their membership includes a majority of Members of the Board of Governors, or as determined otherwise by the Board of Governors, or as otherwise required by law.

Article IV. Kern Hospital Authority Board of Governors Officers

Section 4.01 List of Officers

- (a) ~~Chair~~Chairman
- (b) Vice-~~Chair~~Chairman
- (c) Secretary/Treasurer
- (d) Chief Executive Officer (ex-officio)
- (e) Chief Financial Officer (ex-officio)
- (f) Other officers deemed necessary by the Board of Governors.

~~The term "Chair" as used in these Bylaws shall have the same meaning as the term "President" as used in the Enabling Ordinance.~~

Section 4.02 Appointment; Terms of Office

- (a) Officers, except for ex-officio officers, are elected by the Board of Governors at the first meeting of each odd-numbered fiscal year from among its own Members. Ex-officio officers shall serve during their term of employment in the office they hold.
- (b) Officers, except for ex-officio officers, are elected for a period of two (2) years and shall serve until a successor has been duly elected. A Member of the Board of Governors may hold an office for any number of terms, whether or not consecutive.
- (c) A Member shall not simultaneously hold more than one Board of Governors office.

Section 4.03 Duties of the Officers

- (a) The ~~Chair~~Chairman shall:
 - (1) Preside at all meetings of the Board of Governors;
 - (2) Be an ex-officio, non-voting member of all committees;
 - (3) Execute contracts, correspondence, conveyances, and other written instruments as properly authorized by the Board of Governors;
 - (4) Perform such other duties as authorized by the Board of Governors.
- (b) The Vice-~~Chair~~Chairman shall:
 - (1) In the absence of the ~~Chair~~Chairman assume the duties of the ~~Chair~~Chairman;
 - (2) Perform such reasonable duties as may be required by the Members of the Board of Governors, or by the ~~Chair~~Chairman of the Board of Governors acting within the scope of his or her authority.
- (c) The Secretary/Treasurer shall:
 - (1) Keep, or cause to be kept, accurate and complete minutes of all meetings, call meetings on order of the ~~Chair~~Chairman, attend to all correspondence of the Board of Governors, and perform such other duties as ordinarily pertain to his/her office.
 - (2) Perform all duties related to record keeping as assigned by the Board of Governors.
 - (3) Present the proposed annual budget to the Board of Governors and any other

committee designated by the Board of Governors.

(d) Chief Financial Officer

The Chief Financial Officer shall be appointed by the Chief Executive Officer, and employed, contracted with, or otherwise engaged by the Hospital Authority, and shall not be a Member of the Board of Governors. Prior to appointing the Chief Financial Officer, the Chief Executive Officer shall consult with and receive direction from the Board of Governors. The Chief Financial Officer shall keep and maintain or cause to be kept and maintained adequate and correct accounts of the properties and business transactions of the Hospital Authority, including (without limitation) accounts of its assets, liabilities, receipts, disbursements, gains, and losses. The books of account shall at all times be open to inspection by any Member of the Board of Governors or any member of the Board of Supervisors or their designees. The Chief Financial Officer shall have such other powers and perform such other duties as may be prescribed by the Board of Governors from time to time.

Section 4.04 Vacancies and Removal of Officers

- (a) A vacancy in any office (other than an ex-officio office) shall be filled by nomination and election by the Board of Governors as soon as is reasonably possible. The Chief Executive Officer shall be appointed as provided by Article V.
- (b) Officers, except for ex-officio officers, may resign at any time by providing written notice to the ~~Chair~~ Chairman with a copy to the Chief Executive Officer of the Hospital Authority, or be removed by a majority vote of Board of Governors at a scheduled meeting where a quorum is present. Ex-officio officers may resign or be removed according to the terms of their employment.

Article V. Chief Executive Officer of the Hospital Authority

Section 5.01 Selection; Authority to Act; Relationship to Board of Governors and Board of Supervisors

- (a) The Board of Governors shall appoint a competent and experienced Chief Executive Officer, subject to the prior approval by the Board of Supervisors, to have responsibility for the general management of the Hospital Authority. ~~As provided in the Enabling Ordinance, the Board of Supervisors shall have the authority to terminate the Chief Executive Officer.~~ Subject to the rights of the Board of Supervisors, the Chief Executive Officer shall be employed, contracted with, or otherwise engaged by the Hospital Authority.
- (b) The Chief Executive Officer shall be given necessary authority to operate the Hospital Authority in all its activities and departments and shall be held responsible for the administration of the Hospital Authority, subject to these Bylaws, and to the direction, policies, or orders of the Board of Governors or by any of the committees to which the Board of Governors has lawfully delegated authority for such action.

The Chief Executive Officer of the Hospital Authority shall be the Chief Executive Officer of the Kern Medical Center and all other facilities and operations of the Hospital Authority.

- (c) Subject to the control of the Board of Governors and the scope of his or her lawful authority, as it may be defined from time to time by the Board of Governors, the Chief Executive Officer shall act as the duly authorized representative of the Hospital Authority in all matters in which the Board of Governors has not formally designated some other person to so act.
- (d) Subject to the approval of the Board of Governors, the Chief Executive Officer shall designate a member of the Kern Medical Center executive staff to serve as an interim Chief Executive Officer during periods of absence of more than three (3) working days where the Chief Executive Officer is unable to substantially perform his or her duties. In the event of the absence of both the Chief Executive Officer and the interim Chief Executive Officer, the duties of the Chief Executive Officer shall be assumed by a standby Chief Executive Officer designated by the Chief Executive Officer, subject to approval by the Board of Governors.

Section 5.02 Powers and Duties

The Chief Executive Officer shall be the general manager of the Hospital Authority, and shall have the authority to exercise executive supervision over the general business and affairs of the Hospital Authority in accordance with the statement of duties and responsibilities adopted by the Board of Governors, including, but not limited, to the following:

- (a) Organize, appoint, discipline, and terminate employees;
- (b) Establish and implement rules, regulations, policies and procedures necessary to carry out the objectives and goals of the Hospital Authority;
- (c) Plan for hospital inpatient and outpatient services and facilities, and other ambulatory medical services and facilities, to promote population health in the county of Kern;
- (d) Prepare and recommend budgets;
- (e) Coordinate with County departments in promoting community health efforts;
- (f) Ensure compliance with all laws, policies and requirements of governmental and legal bodies relevant to the operation of the Kern Medical Center;
- (g) Establish rates and charges for services provided by the Hospital Authority;
- (h) Perform such duties assigned by the Board of Governors and required by these

Bylaws or applicable law.

Section 5.03 Performance Monitoring

The Board of Governors shall conduct a formal performance evaluation of the Chief Executive Officer at least annually. The Board of Supervisors may, upon 30 days' prior notice to the Board of Governors, assign two members of the Board of Supervisors to participate in such performance evaluation.

Article VI. Medical Staff Section 6.01 Organization of Medical Staff

(a) Organization

The Board of Governors shall cause the organization of the physicians, dentists, podiatrists, and other health professionals expressly granted clinical privileges in the Kern Medical Center into a Medical Staff under the Medical Staff Bylaws approved by the Board of Governors. The Medical Staff shall be self-governing with respect to the professional work performed in the hospital, shall conduct periodic meetings to review clinical performance of members of the Medical Staff based upon medical records, and shall facilitate the hospital's obligation to prepare and maintain a complete and accurate medical record for each patient. The Medical Staff shall have the initial responsibility to formulate and recommend to the Board of Governors for its approval, such approval not to be unreasonably withheld, a set of Medical Staff Bylaws, revisions, and amendments to those Medical Staff Bylaws, together with appended rules and regulations, as well as Medical Staff policies, such documents to be consistent with applicable law, policies and procedures of this Hospital Authority, the Enabling Ordinance, these Bylaws and, to the extent practicable, with accreditation standards.

(b) Purpose and Function

The Medical Staff Bylaws and rules and regulations shall state the purposes, functions, and organization assigned to the Medical Staff by the Board of Governors and other items required by law. The Medical Staff Bylaws and rules and regulations, as well as the Medical Staff policies, shall be reviewed by the Medical Executive Committee not less than every two (2) years and revised as appropriate, and as otherwise necessary to comply with applicable law and/or accreditation standards. The Medical Staff Bylaws shall include, but not be limited to, the following contents:

- (1) Procedures for appointment, the granting of clinical privileges, and reappointment to the Medical Staff for all Medical Staff members (see Section 6.05 of this Article VI);
- (2) Provisions specifying qualifications for Medical Staff membership;

- (3) Provisions specifying categories for Medical Staff members;
- (4) Procedures for reviewing the quality of care by members of the Medical Staff (see Section 6.04 of this Article VI);
- (5) Procedures for disciplinary action when appropriate;
- (6) Procedures for a hearing, together with an appeal to the Board of Governors, in those instances specified in the Medical Staff Bylaws (see Section 6.05 of this Article VI);
- (7) Procedures regarding the organization into departments and services;
- (8) Procedures specifying the manner of selection of officers, including provisions relating to the removal of elected officers. Such provisions may provide for the selection of officers by election from the Medical Staff.

Section 6.02 Medical Staff Committees

The Medical Staff shall be organized into such committees as are specified in the Medical Staff Bylaws, under the leadership of the Medical Executive Committee. The selection of physicians on the Medical Executive Committee and on other committees of the Medical Staff shall be specified or referenced in the Medical Staff Bylaws; provided that the Chief Executive Officer or his or her designee shall at all times be permitted to attend all committee meetings of the Medical Staff, including departmental meetings, as an ex-officio member without vote, in order to assure continued communication between the Medical Staff, administration, and the Board of Governors. The ~~Chair~~ Chairman of the Board of Governors shall appoint Members of the Board of Governors to serve on Medical Staff committees as appropriate.

Section 6.03 Rules and Regulations

Under procedures specified in the Medical Staff Bylaws, the Medical Staff shall recommend to the Board of Governors rules, regulations, and policies relating to the care of patients in the Kern Medical Center. Amendments to those rules, regulations, and policies shall be according to procedures specified in the Medical Staff Bylaws. Such rules, regulations, and policies, and all amendments thereto, shall be deemed effective when approved by the Board of Governors.

Section 6.04 Quality of Care

The Board of Governors, in the exercise of its overall responsibility and authority, shall delegate to the Medical Staff initial responsibility for assuring appropriate professional care by members of the Medical Staff to the Kern Medical Center's patients, subject to the Board of Governors' ultimate authority. The Medical Staff shall discharge this responsibility through procedures designed to ensure an ongoing review of the quality of care provided to patients by members of the Medical Staff, and an appropriate response to findings related to the audit or review of the quality of care. Such procedures may include regular and special audits of members of the Medical

Staff by the appropriate committees and departments. The Medical Staff's quality assurance review shall include mechanisms designed to achieve the objective of all patients with the same health problem receiving the same level of care. A summary of the quality assurance activities of the Medical Staff shall be reported to the Board of Governors at least two (2) times per year or more frequently as required by any applicable law, regulation, or accreditation requirement. These quality assurance review activities and reports shall be subject to the confidentiality protections and closed session provisions set forth in Section 101855(j) of the Health and Safety Code and all other applicable laws.

Section 6.05 Appointments to the Medical Staff

- (a) Ultimate responsibility and authority regarding the appointment, reappointment, and the granting of clinical privileges to members of the Medical Staff reside with the Board of Governors. In exercising this authority, the Board of Governors shall delegate to the Medical Staff the primary responsibility to evaluate applications for appointment or reappointment for Medical Staff membership and clinical privileges. The procedures for making such recommendations shall be specified in the Medical Staff Bylaws; provided that in the extraordinary instances in which the Medical Staff fails to act upon an application or reapplication within the time limits specified in the Medical Staff Bylaws, the Board of Governors may, on its own motion, grant or deny an application for appointment or reappointment for Medical Staff membership or clinical privileges. In the event such action results in a denial that would trigger a hearing under the Medical Staff Bylaws, the Board of Governors shall provide for such a hearing under rules of procedure adopted by the Board of Governors. A formal report shall be made by the Medical Executive Committee to the Board of Governors at least as often as required by applicable law or regulation.
- (b) Whenever the Board of Governors acts to review an application for appointment or reappointment to the Medical Staff, or a medical disciplinary matter, or conducts any other peer review activity, it shall be acting as a peer review body, and its deliberations and records shall be afforded the maximum degree of confidentiality permitted by law. The Medical Staff shall make recommendations to the Board of Governors concerning appointments, reappointments, and other changes in Medical Staff status, granting of clinical privileges, disciplinary actions, all matters relating to professional competency, and specific matters as may be referred to the Medical Executive Committee as specified in the Medical Staff Bylaws.
- (c) No person applying for Medical Staff membership or clinical privileges shall be discriminated against on the basis of sex, race, color, religion, ancestry, or national origin, on the basis of whether the person holds an M.D., D.O., or D.P.M. degree, or on the basis of any criterion unrelated to good patient care at the hospital.
- (d) For reasons related to its concern and responsibilities for quality patient care and efficient operations, the Board of Governors may place limitations on the number of employed or contracted physicians, including those in traditional hospital-

based practices, such as, but not limited to, pathology, radiology, and anesthesiology, who are granted Medical Staff membership and/or clinical privileges at the Kern Medical Center. The Board of Governors may consider, without limitation, such factors as the Kern Medical Center's need to provide regular continuous professional coverage, the availability of adequate facilities or support services for patients and members of the Medical Staff and any person applying for Medical Staff membership and/or clinical privileges, any limitations on patient load that could adversely impact the proficiency of those employed or contracted physicians exercising clinical privileges, and the conditions of any hospital agreement for the provision of professional services. Applications for Medical Staff membership and/or clinical privileges in such practice areas shall be processed according to procedures adopted by the Board of Governors.

- (e) The Medical Staff Bylaws shall provide that at least the following actions, if based upon a medical disciplinary cause or reason, shall grant to the affected practitioner the right to a hearing which shall be consistent with the fair procedure laws of this State: an action failing to appoint or reappoint to the Medical Staff; failure to grant requested clinical privileges; or an action to reduce clinical privileges based on a medical disciplinary cause or reason. Such hearing process shall provide for an appeal before the Board of Governors or a designated committee thereof.

Section 6.06 ~~Medico~~-administrative Officer

~~Medico~~-administrative Officer means either of the following:

- (a) A practitioner engaged by, or otherwise contracting with the Kern Medical Center, on a full- or part-time basis, whose duties include certain responsibilities ~~which that~~ may be both administrative and clinical in nature. Clinical responsibilities are defined as those involving professional capability as a practitioner, such as those requiring the exercise of clinical judgment with respect to patient care, and include the supervision of professional activities of practitioners under his or her direction. His or her clinical privileges shall be delineated in accordance with the Medical Staff Bylaws. His or her Medical Staff membership and clinical privilege shall not be dependent on his or her continued occupation of that position, unless otherwise provided in an employment agreement, contract, or other arrangement. A practitioner engaged by the Kern Medical Center in a purely administrative capacity with no clinical duties or privileges. He or she is subject to the regular personnel policies of the hospital and to the terms of his or her contract, or other conditions of engagement.

Section 6.07 Allied Health Professionals

The Board of Governors shall refer to the Medical Staff, subject to the Board of Governors' ultimate authority, the primary responsibility and authority to investigate and evaluate each application by an allied health professional for practice within the Kern Medical Center. Allied health professionals shall consist of those categories of health professionals who are not members

of the Medical Staff, but who have been designated by the Board of Governors as eligible to apply for practice privileges at the Kern Medical Center. The manner of their selection and the review of their performance shall be as specified in the Interdisciplinary Practice Manual, the Medical Staff Bylaws, or any policy statement reviewed by the Medical Staff, and approved by the Board of Governors. In general, such Interdisciplinary Practice Manual, Medical Staff Bylaws, or policy statement concerning allied health professionals shall provide that the application of such allied health professional shall be submitted and processed in a manner analogous to that applicable to members of the Medical Staff provided that decisions regarding approval, rejection, or corrective action shall not grant to the affected allied health professional fair hearing rights as specified in the Medical Staff Bylaws, except as otherwise may be expressly provided in the applicable Interdisciplinary Practice Manual, Medical Staff Bylaws, or policy statements.

Article VII. Quality Assessment and Performance Improvement

The Board of Governors shall ensure that the Kern Medical Center has an ongoing, hospital- wide, data-driven program for quality assessment and performance improvement (the “QAPI Program”), which reflects the complexity of the Kern Medical Center’s organization and services as required by Centers for Medicare and Medicaid Services (“CMS”). The QAPI Program shall involve all the Kern Medical Center departments and services (including those services furnished under contract or arrangement) and focus on indicators related to improved health outcomes and the prevention and reduction of medical errors. The Board of Governors shall ensure that the QAPI Program is defined, implemented, and maintained and that the Kern Medical Center maintain and be able to demonstrate evidence of its QAPI Program for review by CMS. The Kern Medical Center shall use the data collected to (a) monitor the effectiveness and safety of services and quality of care and (b) identify opportunities for improvement and changes that will lead to improvement. The Board of Governors shall ensure that the QAPI Program operates in accordance with applicable law, regulation, and accreditation requirements.

Article VIII. Fiscal Year

The fiscal year of the Hospital Authority shall commence on July 1 and end on June 30.

Article IX. Indemnification and Insurance

As required by Section 101853(f) of the Health and Safety Code, any contract executed by and between the county of Kern and the Hospital Authority shall provide for the indemnification of the county by the Hospital Authority for liabilities as specifically set forth in the contract, except that the contract shall include a provision that the county shall remain liable for its own negligent acts.

The indemnification rights and obligations of the county of Kern and the Hospital Authority contemplated by this Article IX shall be set forth in an agreement providing for the transfer of the ownership and operation of the Kern Medical Center to the Hospital Authority.

Directors, officers, employees, and contractors of the Hospital Authority shall have such immunity from liability as provided by law for individuals serving in such capacity, and shall be indemnified

for any loss, cost, or expense related to any claim for liability in connection with the Hospital Authority including, without limitation, the cost of a legal defense, to the extent provided by law.

The Board of Governors shall cause the Hospital Authority to arrange for and maintain appropriate insurance coverage for the Hospital Authority, its officers, directors, agents, and employees. All officers, directors, agents, and employees shall be properly bonded.

Article X. Adoption of and Amendments to Bylaws

Section 10.01 Amendment of Bylaws

These Bylaws may be amended by majority vote of the Board of Supervisors.

[Signatures follow on next page]

APPROVED by the Kern County Board of Supervisors on this _____ day of _____,
2017~~2019~~.

By _____
Chairman, Board of Supervisors

APPROVED AS TO CONTENT:
KERN COUNTY HOSPITAL AUTHORITY

By _____
Chairman, Board of Governors

APPROVED AS TO CONTENT:
COUNTY ADMINISTRATIVE OFFICE

By _____
Ryan Alsop, County Administrative Officer

APPROVED AS TO FORM:
OFFICE OF COUNTY COUNSEL

By _____
~~Mark L. Nations, Interim~~ Margo A. Raison, County Counsel

APPROVED AS TO CONTENT:
KERN COUNTY HOSPITAL AUTHORITY

By _____
Russell V. Judd
Chief Executive Officer

APPROVED AS TO FORM:
LEGAL SERVICES DEPARTMENT

By _____
Karen S. Barnes, VP & General Counsel
Kern County Hospital Authority

**KERN COUNTY HOSPITAL AUTHORITY
BYLAWS FOR GOVERNANCE**

Article I. Mission and Purpose

Section 1.01 Mission Statement

The Kern County Hospital Authority (“Hospital Authority”) was created by the Board of Supervisors of the county of Kern to provide access to affordable, high-quality health care services and to preserve and strengthen the viability of the health care safety net in the county in order to maintain and improve the health status of the people of the county of Kern through an organizational and operational structure that facilitates and improves the Kern Medical Center’s ability to function with flexibility, responsiveness, and innovation.

Section 1.02 Purpose

The purpose of the Hospital Authority is to provide maintenance, operation, management, and control of the Kern Medical Center and related health care resources, in a manner consistent with the county’s obligations under Section 17000 of the Welfare and Institutions Code, and to achieve these objectives in a manner that continues the viability of the Kern Medical Center and constitutes an ongoing material benefit to the county and its residents. In order to achieve these goals, the Kern Medical Center shall:

- (a) continue its status as a designated public hospital, and/or such other designation or status under which it would be eligible to participate in special funding programs as a safety net provider, with a mission of maintaining and improving the health of county residents;
- (b) provide comprehensive, high quality medical treatment, health promotion and health maintenance through an integrated system of hospital, clinic, and other health services staffed by individuals who are responsive to the diverse cultural needs of the community;
- (c) continue to function as a training institution committed to maintaining an environment that is supportive of a wide range of educational programs and activities; and
- (d) be managed, administered, and controlled by the Hospital Authority in a manner that assures accessible, cost effective, quality medical care to the residents of the county of Kern.

Article II. Governing Body

Section 2.01 Relationship to Enabling Ordinance

Ordinance No. A-356, which added Chapter 2.170 to Title 2 of the Ordinance Code of the county of Kern (sometimes referred to in these Bylaws as “the Enabling Ordinance”), prescribes certain

matters concerning the governing body of the Hospital Authority, which are set forth below in Sections 2.02 through 2.08. Any conflict or inconsistency between the provisions of these Bylaws and the Enabling Ordinance shall be resolved by applying the provisions of the Enabling Ordinance.

Section 2.02 Definition

The governing body of the Hospital Authority shall be known as the Kern County Hospital Authority Board of Governors (“Board of Governors”).

Section 2.03 Qualifications

(a) Desired Qualifications:

The Board of Governors shall be composed, to the extent feasible, of individuals with the expertise necessary to enable the Kern Medical Center to achieve the highest quality of care and appropriate scope of services in a manner that is both fiscally responsible and sensitive to the needs of the community. Desirable skills include, but are not limited to, business management, strategic planning, finance, public health policy, health care administration, personnel management, medical services, and consensus building.

(b) Specific Qualifications:

Members of the Board of Governors (“Members”) must be full-time residents of the county of Kern, at least 18 years of age, and should, to the extent feasible, collectively have the following types of knowledge, skills, and experience:

- (1) Knowledge of health care delivery systems;
- (2) Knowledge of health care policy and regulatory issues and with current and projected health care trends;
- (3) Knowledge of human resources in large organizations;
- (4) An understanding of budgeting process, revenue cycle, financial reports, and basic accounting principles;
- (5) Experience with managing hospital services and understanding of the health care needs of the Hospital Authority’s patient populations; and
- (6) Experience in advocating for safety net institutions including, but not limited to, the pursuit of public funding for the delivery of health care services.

(c) Disqualified Persons

The following types of persons may not serve as Members:

- (1) Persons who are or may be, in the view of the Board of Supervisors, in competition with, or otherwise have a conflict of interest with, the Hospital Authority.
- (2) Any person who has been excluded from participation in a federal or state medical care benefits program, or is currently suspended from participation in any such program.
- (3) Any person who has been excluded from participation in a federal or state medical care benefits program, or is currently suspended from participation in any such program.
- (4) Any person who has been convicted of a felony, or has been convicted or subject to discipline for any crime involving moral turpitude.
- (5) Any person who holds an incompatible office, other than employment or affiliation with the county of Kern.
- (6) Any person whose service as a Member would constitute having an interest in a contract as provided by Article 4 (commencing with Section 1090) of Chapter 1 of Division 4 of Title 1 of the Government Code, except as otherwise provided by Health and Safety Code Section 101854(d).

Section 2.04 Composition

- (a) The Board of Governors shall consist of seven (7) voting Members, as follows:
 - (1) The County Administrative Officer (ex-officio) or his or her designee which shall be appointed by the Board of Supervisors (any designation shall be for no less than one year);
 - (2) A member of the Kern Medical Center Medical Staff appointed by the Board of Supervisors; and
 - (3) Five members of the community at large appointed by the Board of Supervisors, none of whom shall be a physician.

Section 2.05 Reappointment and End of Term of the Board of Governors

- (a) A Member whose term is expiring and who is eligible for reappointment shall not be required to submit a new application for reappointment if such Member notifies the Chairman of the Board of Governors in writing of his or her intent to seek reappointment.

- (b) The Board of Governors shall notify the Board of Supervisors of the Member's intent to continue to serve on the Board of Governors.
- (c) The Board of Supervisors may reappoint the Member or may deny the reappointment and create a vacancy.

Section 2.06 Manner of Appointment for Vacancies on the Board of Governors

(a) Recruitment

Announcement of Community Member at Large (CML) and the Kern Medical Center Medical Staff (Medical Staff) vacancies on the Board of Governors shall be posted on County and Hospital Authority websites, and at the Kern Medical Center. The announcement shall include the minimum qualifications and submission deadline.

(b) Applications

- (1) All applicants must complete the application process by submitting by the submission deadline (1) a complete Kern County Hospital Authority Board of Governors Application for Appointment (Application) and (2) a security clearance consent form. The Application and the security consent form may be modified by the Board of Governors from time to time.
- (2) The Hospital Authority Chief Executive Officer shall post the required notice under Section 2.06(a) that applications are being accepted.
- (3) Applications shall be accepted from all eligible persons.
- (4) Applications to serve on the Board of Governors may be made by submitting a completed Application to: Kern County Hospital Authority Chief Executive Officer; 1700 Mount Vernon Avenue; Bakersfield, CA 93306.
- (5) The completed applications of all qualified applicants for the Board of Governors for CML and Medical Staff positions shall be submitted to the Board of Supervisors at least 30 days prior to the scheduled meeting of the Board of Supervisors to consider appointment of an individual to fill any vacancy of the Hospital Authority Board of Governors.

(c) Selection

- (1) Selection of Vacant Board of Governors Positions:
 - a. The Board of Governors shall forward to the Board of Supervisors all applications received by all qualified applicants to fill any

vacancy. The Board of Governors may make recommendations to the Board of Supervisors from the pool of qualified applicants. The Board of Supervisors may consider any such application to fill a vacancy created by the expiration of the term of a CML Member or Medical Staff Member.

- b. The Board of Supervisors shall consider qualified applicants for appointment, but shall not be bound to appoint any such individual. The Board of Supervisors may only appoint qualified individuals who have formally applied for membership on the Board of Governors and have passed security clearance. The Board of Supervisors shall act either by making an appointment from the pool of qualified applicants, or requesting the submission of additional candidates to fill the vacancy, within 30 days of receiving the list of qualified applicants. This process shall be consistent with Section 2.170.060(G) of the Enabling Ordinance.

(2) Selection of Members for Midterm Vacancies

- a. In the event of a vacancy occurring before the expiration of a Member's term, the Board of Governors shall forward all applications from qualified applicants to the Board of Supervisors. The list of qualified candidates and copies of their applications shall be submitted to the Board of Supervisors within 60 days after the vacancy occurs.
- b. Within 30 days of receiving the names of qualified candidates to fill a midterm vacancy, or at its next regularly scheduled meeting, if such meeting occurs later than 30 days after receiving candidates' names, the Board of Supervisors shall act to either: (a) appoint an individual to serve the remaining term of a Member; or (b) ask for additional qualified applicants from the Board of Governors.

Section 2.07 Term of Office

- (a) The Term of Office for appointed Members shall conform to the following:
 - (1) Each Member, other than a Member holding office ex-officio, shall hold office for a term of three years, except the Members initially appointed shall have staggered terms of one, two, and three years. The Board of Supervisors shall determine which Members shall be appointed to terms of one, two, or three years by drawing lots. The lots shall be drawn on behalf of the Board of Supervisors by the Clerk of the Board of Supervisors.
 - (2) The first term for the initial appointed Members of the Board of Governors shall commence on the date of the initial Board of Governors meeting, and

shall end at midnight on June 30 of the year in which the Member has served his or her initial term of office of one, two, or three years, as the case may be.

- (3) Terms for Members other than the initial Members shall commence on July 1, or the date of the first scheduled Board of Governors meeting subsequent to his or her appointment if the Member is appointed to fill a vacancy.
- (4) An individual who is appointed to fill a vacancy mid-term shall have the balance of that term as his or her initial term.

(b) Reappointment

- (1) Members may serve an unlimited number of terms if reappointed by the Board of Supervisors.
- (2) Each Member, whether serving an initial term or reappointed to a subsequent term, shall serve continuously until the expiration of his or her then-current term, or until a replacement is appointed, whichever occurs last.

Section 2.08 Vacancies; Removal

(a) Attendance

- (1) A Member shall automatically be removed from office, and said office shall become vacant, if within a one year period of time, he or she fails to attend any combination of three (3) properly noticed regular and/or special meetings of the Board of Governors without having secured, either in advance of or promptly after the missed meeting, approval from a majority of the other Members of the Board of Governors, or from the Chairman of the Board of Governors, to miss the meeting.
- (2) The Board of Governors shall advise in writing both the Member and the Board of Supervisors of the pending removal of the Member under this section and shall recite facts forming the basis for such removal. The removal shall become effective 45 days after the Board of Supervisors has been notified, without further action, unless the Board of Supervisors acts to reinstate the Member for the balance of his or her term within the 45-day period.

(b) Removal

A Member may be removed by the Board of Supervisors during his or her term with or without cause, on its own initiative, in accordance with the Enabling Ordinance.

(c) Resignation

A Member may resign by submitting a letter of resignation to the Chairman of the Board of Governors, who will notify the Chairman of the Board of Supervisors in writing of the Member's resignation.

(d) Vacancies

Vacancies shall be filled by appointment by the Board of Supervisors pursuant to Section 2.06(c).

Section 2.09 Actions by the Board of Supervisors

All actions by the Board of Supervisors in connection with the Board of Governors of the Hospital Authority shall be conducted pursuant to procedures adopted by the Board of Supervisors, which are currently contained in Section 2.170.060(G) of the Enabling Ordinance, as it may be modified from time to time.

Section 2.10 Reimbursement and Compensation

Members may be reimbursed for actual and reasonable expenses incurred in the performance of official business of the Hospital Authority as assigned by the Board of Governors. Members shall not receive any other compensation for their service on the Board of Governors or committees.

Section 2.11 Conflict of Interest

(a) Conflict of Interest Code

The Board of Governors shall adopt, and from time to time may amend, a Conflict of Interest Code of the Hospital Authority pursuant to the provisions of the Political Reform Act of 1974 (commencing with Section 81000 of the Government Code). The Conflict of Interest Code shall be submitted to the Board of Supervisors, the code reviewing body for Kern County agencies, within six (6) months of the date the Hospital Authority came into existence, which date is November 6, 2015. The Conflict of Interest Code shall identify all persons required to file an annual Statement of Economic Interests, which shall include, without limitation, all Members. The Board of Supervisors, or successor code reviewing body, shall approve the adoption and any subsequent amendments to the Conflict of Interest Code.

(b) Code of Conduct and Business Ethics

(1) The Board of Governors shall develop and adopt a Kern County Hospital Authority Code of Conduct and Business Ethics.

- (2) Members and officers of the Hospital Authority shall conduct their activities in conformity with the applicable laws and regulations related to impartiality in the conduct of its business.
- (3) Members and officers of the Hospital Authority shall disclose any actual or potential conflict of interest and refrain from voting on approval, participating in discussion, taking any action, or attempting to influence decisions on any matters having a material effect on his/her personal or private interest. Neither Members nor officers of the Hospital Authority may act in a manner that creates the appearance of a conflict with the objective exercise of his or her official duties.

Section 2.12 Confidentiality: Public Statements

In the course of carrying out his or her duties or responsibilities, each Member shall receive or have access to confidential information, including, without limitation, patient information, confidential financial, operational, business and planning information, trade secrets, personal information about employees or staff, information and data related to or derived from Medical Staff credentialing, discipline, governance and appeals processes or quality assessment and performance improvement processes (collectively, "Proprietary Information"). Subject to the Brown Act, the Public Records Act, or other applicable laws regarding disclosure, each Member is required (a) to keep and maintain such Proprietary Information solely for the purpose of carrying out his or her responsibilities as a Member, (b) to use and disclose such Proprietary Information solely for the purpose of carrying out his or her responsibilities as a Member, and (c) not to directly or indirectly disclose such Proprietary Information to any third person without the prior written approval of the Board of Governors, following a vote of the Board of Governors approving such disclosure. No Member shall make a public statement on behalf of the Board of Governors, or in a manner that appears to be on behalf of the Board of Governors, unless a majority of the Board of Governors has given prior authorization for the public statement by a motion duly adopted.

Section 2.13 Role of the Board of Supervisors

The Board of Supervisors has all powers relative to the Hospital Authority to help ensure that the transfer of the Kern Medical Center constitutes an ongoing material benefit to the county of Kern and its residents as set forth in Chapter 5.5 (commencing with Section 101852) of Part 4 of Division 101 of the Health and Safety Code, and the Enabling Ordinance adopted by the Board of Supervisors, including, without limitation:

- (1) The Board of Supervisors shall approve the Hospital Authority's annual budget after the budget is approved by the Hospital Authority's Board of Governors. The Board of Supervisors shall either approve or reject the Hospital Authority's annual budget in its entirety; the Board of Supervisors shall not approve or reject individual line items in the budget. The Hospital Authority shall provide its budget to the Board of Supervisors in accordance with the processes set forth in a formal written agreement between the Hospital Authority and the county of Kern. If the Hospital Authority does

not provide its budget in accordance with such processes, the Board of Supervisors shall adopt an annual budget for the Hospital Authority.

- (2) The Hospital Authority shall conduct and fund an independent annual audit by an audit firm selected by the Board of Governors, approved by the Board of Supervisors and shall provide copies of all final audits of the Hospital Authority to the Board of Supervisors. The Hospital Authority shall provide the Board of Supervisors upon request with a plan to address audit findings requiring corrective action, and a report of corrective action taken.
- (3) The Board of Supervisors shall approve the chief executive officer of the Hospital Authority prior to his or her appointment by the Hospital Authority. The Board of Supervisors may participate in the evaluation of the chief executive officer of the Hospital Authority.
- (4) The Hospital Authority shall obtain the approval of the Board of Supervisors prior to entering into or incurring any debt other than the following: (1) debt that has a repayment term of less than one year, and (2) debt secured only by personal property.
- (5) The Hospital Authority may request that the Board of Supervisors levy a tax on behalf of the Hospital Authority. If the Board of Supervisors approves the proposal to levy the tax, it shall call the election to seek voter approval and place the appropriate measure on the ballot for that election.
- (6) As provided by Section 101855 of the Health and Safety Code, the Board of Supervisors may contract with the Hospital Authority to provide services and/or personnel upon mutually agreeable terms, and/or the Board of Supervisors may contract for services or purchase items on behalf of the Hospital Authority.
- (7) The Board of Supervisors may, at the request and on behalf of the Hospital Authority, contract for services or purchase items, as it deems necessary, appropriate, or convenient for the conduct of the Hospital Authority's activities consistent with its purposes.
- (8) The county of Kern shall continue to retain the ultimate responsibility for indigent medical care pursuant to Section 17000 of the Welfare and Institutions Code.
- (9) The Hospital Authority shall not offer its employees, whether new or legacy, who are members of Kern County Employees' Retirement Association retirement benefits that are greater than those available to the Kern Medical Center employees at the time of the transfer of the Kern Medical Center to the Hospital Authority and that increase the unfunded pension obligations of the county of Kern without the express prior approval of the Board of Supervisors.

- (10) The Board of Supervisors shall have the right to approve certain actions by the Hospital Authority, which shall include (without limiting any other rights of the Board of Supervisors set forth in the Enabling Ordinance or any agreement between the county of Kern and the Hospital Authority):
- a. the use of any name or names by the Hospital Authority for “doing business as” in addition to the name “Kern Medical Center” with respect to the licensed acute care hospital;
 - b. transfer of substantially all of the assets, operations, or control of the Kern Medical Center from the Hospital Authority to any other person or entity;
 - c. relocation or replacement of the acute care hospital;
 - d. establishment or acquisition of any new acute care hospital;
 - e. establishment or acquisition of new health care programs or facilities that have an annual operating budget that exceeds 15% of the Hospital Authority’s total annual operating budget;
 - f. any joint venture or joint powers agreement that creates new health programs or facilities that have an annual operating budget that exceeds 15% of the Hospital Authority’s total annual operating budget;
 - g. complete elimination of graduate medical education, trauma services, obstetrical services, or inpatient psychiatric services;
 - h. establishment or operation of a health plan as defined by the Knox-Keene Act of 1975; and operation or ownership of any health facility or clinic located outside of the county of Kern.

Section 2.14 Powers and Duties of the Board of Governors

Subject to the provisions in Chapter 5.5 (commencing with section 101852) of Part 4 of Division 101 of the Health and Safety Code, the Enabling Ordinance, and the provisions of these Bylaws requiring certain actions to be approved by the Board of Supervisors, the activities and affairs of this Hospital Authority shall be managed, and all of its legal powers shall be exercised by or under the direction of the Board of Governors of the Hospital Authority, and shall include authority and responsibility, without limitation, for the maintenance, operation, management, and control of the Kern Medical Center and related health care resources transferred to its ownership and control by the county of Kern.

Section 2.15 Regular Meetings

- (a) The Board of Governors shall, by resolution adopted on the first day it meets, and annually thereafter on the last day of each calendar year in which it meets, establish a schedule to conduct regular meetings. The schedule of regular meetings may be modified by resolution duly adopted by the Board of Governors from time to time. Regular meetings shall be held not less frequently than quarterly, in the administrative offices of the Hospital Authority located at 1700 Mount Vernon Avenue, Bakersfield, California 93306, or at such other location within the county of Kern designated by the Board of Governors.
- (b) At least 72 hours prior to a regular meeting, the Board of Governors shall post an agenda containing a brief description of each item of business to be transacted or discussed at the meeting, including items (if any) to be discussed in closed session. A description of an agenda item shall generally not exceed 20 words. The agenda shall specify the time and place of the meeting, and shall be posted in a location that is freely accessible to members of the public, and on the Hospital Authority's website. If requested, the agenda shall be made available in appropriate alternative formats to persons with a disability. The agenda shall include information on how, to whom, and when a request for disability-related modification or accommodation may be made by a person with a disability who requires a modification or accommodation in order to participate in the public meeting.
- (c) The Board of Governors may take actions on items of business not appearing on the posted agenda only under the following conditions: (1) upon a determination by a majority vote that an emergency exists; (2) upon a determination by a two-thirds vote (or, if less than two-thirds of the Members are present at the meeting, by a unanimous vote of those present), that there is a need to take immediate action and that the need for action came to the attention of the Board of Governors subsequent to the agenda being posted; or (3) the agenda item was posted for a prior meeting occurring not more than five (5) calendar days prior to the date action is taken on the item, and at the prior meeting the item was continued to the meeting at which action is being taken.

Section 2.16 Special Meetings

- (a) Special meetings may be called at any time by the Chairman, or by a majority of Members of the Board of Governors, by delivering written notice to each Member of the Board of Governors and to each local newspaper of general circulation and radio or television station requesting notice in writing and posting a notice on the Hospital Authority's website. The notice shall be delivered personally, or by any other means, and shall be received at least 24 hours before the time of the meeting. The notice shall specify the time and place of the meeting, and the business to be transacted or discussed. No other business shall be considered at special meetings. The written notice may be dispensed with as to any Member who, at or prior to the time the meeting convenes, files with the officer functioning as the Chairman or Secretary of the meeting of the Hospital Authority a written waiver of notice. The written notice may also be dispensed with as to any Member who is actually present

at the time the meeting convenes. The call and notice shall be posted at least 24 hours prior to the special meeting in a location that is freely accessible to members of the public.

- (b) A special meeting may not be called regarding the salaries, salary schedules, or compensation paid in the form of fringe benefits of an executive of the Hospital Authority. A special meeting may be called to discuss the budget of the Hospital Authority.
- (c) Every notice of a special meeting shall provide an opportunity for members of the public to address the Board of Governors directly concerning any item that has been described in the notice for the meeting, before or during the consideration of that agenda item.

Section 2.17 Emergency Meetings

- (a) An emergency meeting may be conducted when a majority of Members determines that an emergency situation exists. An “emergency situation” is defined as a crippling activity, work stoppage or other activity that severely impairs public health or safety, or both. A “dire emergency” is defined as a crippling disaster, mass destruction, terrorist act, or threatened terrorist activity that poses peril so immediate and significant that requiring one-hour notice before holding an emergency meeting may endanger the public health, safety, or both, as determined by a majority of the Members. Absent a dire emergency, telephonic notice must be provided at least one hour prior to the meeting to all media outlets that have requested receipt of notice of any special meetings. In the case of a dire emergency, notice need only be provided at or near the time that notice is provided to Members.
- (b) Telephonic notice requirements may be waived in the event that telephone services are not working, but a report must be given to media outlets as soon as possible after the meeting. Except for the 24-hour notice requirements, the provisions relating to special meetings apply to the conduct of emergency meetings. At the conclusion of the meeting, the minutes of the meeting, a list of persons who the Board of Governors notified or attempted to notify, a copy of the roll call vote, and any actions taken at the meeting shall be posted for a minimum of 10 days in a public place as soon after the meeting as possible.
- (c) An emergency meeting may not be held in closed session, except as follows: the Board of Governors may meet in closed session for purposes of consulting with law enforcement or security officials if agreed to by a two-thirds vote of the authorized number of members.

Section 2.18 Closed Meetings Notice and Procedure

At least 72 hours prior to a closed session of any meeting, each item to be transacted or discussed in closed session must be briefly described on an agenda for the meeting. Prior to convening in

closed session, the Chairman of the meeting shall orally announce the items to be discussed in closed session. Upon completion of the closed session, the Board of Governors shall convene in open session. If any action was taken in closed session, the Chairman of the meeting or his or her designee shall make a report of the action taken and the vote thereon, or that no reportable action was taken.

Section 2.19 Adjournments and Continuances

- (a) Regular and special meetings may be adjourned to a future date. If the subsequent meeting is conducted within five (5) days of the original meeting, matters properly placed on the agenda for the original meeting may be considered at the subsequent meeting.
- (b) When a meeting is adjourned to a subsequent date, notice of the adjournment must be conspicuously posted on or near the door of the place where the meeting was held within 24 hours after the time of adjournment. If no Members appear at a noticed meeting, the Chief Executive Officer of the Hospital Authority may adjourn the meeting to a future date and provide notice to Members and to the media in accordance with the special meetings provisions.

Section 2.20 Location

All regular meetings shall be conducted in Bakersfield at the administrative offices of the Hospital Authority, or at such other location within the county of Kern designated by the Board of Governors, as provided in Section 2.15(a). The Board of Governors shall conduct all of its special meetings in Bakersfield, California, or at such other location within the county of Kern designated by the Board of Governors as permitted under the Brown Act.

Section 2.21 Hearing Procedures

The meetings of the Board of Governors shall be conducted in a manner consistent with applicable laws. All meetings duly called at which an action may be taken or is otherwise subject to the Brown Act shall have legal counsel to the Hospital Authority present. All meetings shall be open to the public except closed sessions determined by the Board of Governors and permitted by law. No Member may vote on or participate in any matter that materially affects his or her personal financial interest within the meaning of the Political Reform Act.

Section 2.22 Closed Session Meetings

The Board of Governors may order that a meeting be held in closed session solely for the purpose of discussion or taking action on Hospital Authority trade secrets, as defined in subdivision (d) of Section 3426.1 of the Civil Code, or to consider and take action on matters pertaining to contracts and contract negotiations concerning all matters related to rates of payment for health care services arranged or provided by the Hospital Authority, or for any other purpose under which a closed meeting may be held under the Brown Act or under Section 101855 of the Health and Safety Code, or any other provision of law, as determined by legal counsel for the Hospital Authority.

Section 2.23 Quorum

For regular, closed session, special and emergency meetings of the Board of Governors, a quorum shall be a majority of the authorized number of Members. In the event a quorum is present and a meeting commences, but due to the subsequent absence of one or more Members, a quorum is no longer present at the meeting, the meeting may be continued as long as at least two Members are present. A motion to take an action may not be considered unless a quorum is present. Members may not participate in meetings of the Board of Governors via telephone or other electronic means, and shall not be counted toward establishing a quorum unless physically present. A meeting duly noticed at which a quorum is present may be adjourned to a later date and time within five (5) days without additional notice.

For each committee set forth in Article III herein, a quorum shall be a majority of the duly appointed members of the committee, and shall include at least one Member present who is a member of the committee.

Section 2.24 Official Action

Actions of the Board of Governors shall be by an affirmative vote of at least a majority of its seven authorized Members, who must be present when a roll-call vote is taken. Once the roll call has been taken and all of the Members given an opportunity to vote, the voting shall be closed and the votes tallied. A motion upon which an action has been taken may be reconsidered during the same meeting upon a motion duly adopted by a majority of all authorized Members.

Section 2.25 Minutes

A written record of proceedings of all meetings of the Board of Governors and of committees of the Board of Governors shall be kept on file.

Section 2.26 Agenda

Each meeting shall have an agenda, structured and posted as required by law.

Article III. Committees Section 3.01 Standing and Ad Hoc Committees

(a) Standing Committees

- (1) The Board of Governors may create standing committees, with such membership, and for such purpose(s), as specified in a resolution adopted by a majority vote of the Board of Governors.
- (2) All standing committees shall act in an advisory capacity only, and shall have no authority to act on behalf of the Hospital Authority. All items requiring action shall be referred by the standing committees to the Board of Governors. Meetings of standing committees shall be subject to the Brown Act.

(b) Ad Hoc Committees

Ad hoc committees may be created as deemed necessary by a resolution adopted by a majority vote of the Board of Governors. Ad hoc committees shall have a limited, specific purpose, shall have a duration of no more than one year, shall have no authority to act on behalf of the Hospital Authority, and shall not be subject to the Brown Act unless their membership includes a majority of Members of the Board of Governors, or as determined otherwise by the Board of Governors, or as otherwise required by law.

Article IV. Kern Hospital Authority Board of Governors Officers

Section 4.01 List of Officers

- (a) Chairman
- (b) Vice-Chairman
- (c) Secretary/Treasurer
- (d) Chief Executive Officer (ex-officio)
- (e) Chief Financial Officer (ex-officio)
- (f) Other officers deemed necessary by the Board of Governors.

Section 4.02 Appointment; Terms of Office

- (a) Officers, except for ex-officio officers, are elected by the Board of Governors at the first meeting of each odd-numbered fiscal year from among its own Members. Ex-officio officers shall serve during their term of employment in the office they hold.
- (b) Officers, except for ex-officio officers, are elected for a period of two (2) years and shall serve until a successor has been duly elected. A Member of the Board of Governors may hold an office for any number of terms, whether or not consecutive.
- (c) A Member shall not simultaneously hold more than one Board of Governors office.

Section 4.03 Duties of the Officers

- (a) The Chairman shall:
 - (1) Preside at all meetings of the Board of Governors;
 - (2) Be an ex-officio, non-voting member of all committees;

- (3) Execute contracts, correspondence, conveyances, and other written instruments as properly authorized by the Board of Governors;
 - (4) Perform such other duties as authorized by the Board of Governors.
- (b) The Vice-Chairman shall:
- (1) In the absence of the Chairman assume the duties of the Chairman;
 - (2) Perform such reasonable duties as may be required by the Members of the Board of Governors, or by the Chairman of the Board of Governors acting within the scope of his or her authority.
- (c) The Secretary/Treasurer shall:
- (1) Keep, or cause to be kept, accurate and complete minutes of all meetings, call meetings on order of the Chairman, attend to all correspondence of the Board of Governors, and perform such other duties as ordinarily pertain to his/her office.
 - (2) Perform all duties related to record keeping as assigned by the Board of Governors.
 - (3) Present the proposed annual budget to the Board of Governors and any other committee designated by the Board of Governors.
- (d) Chief Financial Officer

The Chief Financial Officer shall be appointed by the Chief Executive Officer, and employed, contracted with, or otherwise engaged by the Hospital Authority, and shall not be a Member of the Board of Governors. Prior to appointing the Chief Financial Officer, the Chief Executive Officer shall consult with and receive direction from the Board of Governors. The Chief Financial Officer shall keep and maintain or cause to be kept and maintained adequate and correct accounts of the properties and business transactions of the Hospital Authority, including (without limitation) accounts of its assets, liabilities, receipts, disbursements, gains, and losses. The books of account shall at all times be open to inspection by any Member of the Board of Governors or any member of the Board of Supervisors or their designees. The Chief Financial Officer shall have such other powers and perform such other duties as may be prescribed by the Board of Governors from time to time.

Section 4.04 Vacancies and Removal of Officers

- (a) A vacancy in any office (other than an ex-officio office) shall be filled by nomination and election by the Board of Governors as soon as is reasonably possible. The Chief Executive Officer shall be appointed as provided by Article V.

- (b) Officers, except for ex-officio officers, may resign at any time by providing written notice to the Chairman with a copy to the Chief Executive Officer of the Hospital Authority, or be removed by a majority vote of Board of Governors at a scheduled meeting where a quorum is present. Ex-officio officers may resign or be removed according to the terms of their employment.

Article V. Chief Executive Officer of the Hospital Authority

Section 5.01 Selection; Authority to Act; Relationship to Board of Governors and Board of Supervisors

- (a) The Board of Governors shall appoint a competent and experienced Chief Executive Officer, subject to the prior approval by the Board of Supervisors, to have responsibility for the general management of the Hospital Authority. Subject to the rights of the Board of Supervisors, the Chief Executive Officer shall be employed, contracted with, or otherwise engaged by the Hospital Authority.
- (b) The Chief Executive Officer shall be given necessary authority to operate the Hospital Authority in all its activities and departments and shall be held responsible for the administration of the Hospital Authority, subject to these Bylaws, and to the direction, policies, or orders of the Board of Governors or by any of the committees to which the Board of Governors has lawfully delegated authority for such action. The Chief Executive Officer of the Hospital Authority shall be the Chief Executive Officer of the Kern Medical Center and all other facilities and operations of the Hospital Authority.
- (c) Subject to the control of the Board of Governors and the scope of his or her lawful authority, as it may be defined from time to time by the Board of Governors, the Chief Executive Officer shall act as the duly authorized representative of the Hospital Authority in all matters in which the Board of Governors has not formally designated some other person to so act.
- (d) Subject to the approval of the Board of Governors, the Chief Executive Officer shall designate a member of the Kern Medical Center executive staff to serve as an interim Chief Executive Officer during periods of absence of more than three (3) working days where the Chief Executive Officer is unable to substantially perform his or her duties. In the event of the absence of both the Chief Executive Officer and the interim Chief Executive Officer, the duties of the Chief Executive Officer shall be assumed by a standby Chief Executive Officer designated by the Chief Executive Officer, subject to approval by the Board of Governors.

Section 5.02 Powers and Duties

The Chief Executive Officer shall be the general manager of the Hospital Authority, and shall have the authority to exercise executive supervision over the general business and affairs of the Hospital Authority in accordance with the statement of duties and

responsibilities adopted by the Board of Governors, including, but not limited, to the following:

- (a) Organize, appoint, discipline, and terminate employees;
- (b) Establish and implement rules, regulations, policies and procedures necessary to carry out the objectives and goals of the Hospital Authority;
- (c) Plan for hospital inpatient and outpatient services and facilities, and other ambulatory medical services and facilities, to promote population health in the county of Kern;
- (d) Prepare and recommend budgets;
- (e) Coordinate with County departments in promoting community health efforts;
- (f) Ensure compliance with all laws, policies and requirements of governmental and legal bodies relevant to the operation of the Kern Medical Center;
- (g) Establish rates and charges for services provided by the Hospital Authority;
- (h) Perform such duties assigned by the Board of Governors and required by these Bylaws or applicable law.

Section 5.03 Performance Monitoring

The Board of Governors shall conduct a formal performance evaluation of the Chief Executive Officer at least annually. The Board of Supervisors may, upon 30 days' prior notice to the Board of Governors, assign two members of the Board of Supervisors to participate in such performance evaluation.

Article VI. Medical Staff Section 6.01 Organization of Medical Staff

- (a) Organization

The Board of Governors shall cause the organization of the physicians, dentists, podiatrists, and other health professionals expressly granted clinical privileges in the Kern Medical Center into a Medical Staff under the Medical Staff Bylaws approved by the Board of Governors. The Medical Staff shall be self-governing with respect to the professional work performed in the hospital, shall conduct periodic meetings to review clinical performance of members of the Medical Staff based upon medical records, and shall facilitate the hospital's obligation to prepare and maintain a complete and accurate medical record for each patient. The Medical Staff shall have the initial responsibility to formulate and recommend to the Board of Governors for its approval, such approval not to be unreasonably withheld, a set of Medical Staff Bylaws, revisions, and amendments to those Medical Staff

Bylaws, together with appended rules and regulations, as well as Medical Staff policies, such documents to be consistent with applicable law, policies and procedures of this Hospital Authority, the Enabling Ordinance, these Bylaws and, to the extent practicable, with accreditation standards.

(b) Purpose and Function

The Medical Staff Bylaws and rules and regulations shall state the purposes, functions, and organization assigned to the Medical Staff by the Board of Governors and other items required by law. The Medical Staff Bylaws and rules and regulations, as well as the Medical Staff policies, shall be reviewed by the Medical Executive Committee not less than every two (2) years and revised as appropriate, and as otherwise necessary to comply with applicable law and/or accreditation standards. The Medical Staff Bylaws shall include, but not be limited to, the following contents:

- (1) Procedures for appointment, the granting of clinical privileges, and reappointment to the Medical Staff for all Medical Staff members (see Section 6.05 of this Article VI);
- (2) Provisions specifying qualifications for Medical Staff membership;
- (3) Provisions specifying categories for Medical Staff members;
- (4) Procedures for reviewing the quality of care by members of the Medical Staff (see Section 6.04 of this Article VI);
- (5) Procedures for disciplinary action when appropriate;
- (6) Procedures for a hearing, together with an appeal to the Board of Governors, in those instances specified in the Medical Staff Bylaws (see Section 6.05 of this Article VI);
- (7) Procedures regarding the organization into departments and services;
- (8) Procedures specifying the manner of selection of officers, including provisions relating to the removal of elected officers. Such provisions may provide for the selection of officers by election from the Medical Staff.

Section 6.02 Medical Staff Committees

The Medical Staff shall be organized into such committees as are specified in the Medical Staff Bylaws, under the leadership of the Medical Executive Committee. The selection of physicians on the Medical Executive Committee and on other committees of the Medical Staff shall be specified or referenced in the Medical Staff Bylaws; provided that the Chief Executive Officer or his or her designee shall at all times be permitted to attend all committee meetings of the Medical Staff,

including departmental meetings, as an ex-officio member without vote, in order to assure continued communication between the Medical Staff, administration, and the Board of Governors. The Chairman of the Board of Governors shall appoint Members of the Board of Governors to serve on Medical Staff committees as appropriate.

Section 6.03 Rules and Regulations

Under procedures specified in the Medical Staff Bylaws, the Medical Staff shall recommend to the Board of Governors rules, regulations, and policies relating to the care of patients in the Kern Medical Center. Amendments to those rules, regulations, and policies shall be according to procedures specified in the Medical Staff Bylaws. Such rules, regulations, and policies, and all amendments thereto, shall be deemed effective when approved by the Board of Governors.

Section 6.04 Quality of Care

The Board of Governors, in the exercise of its overall responsibility and authority, shall delegate to the Medical Staff initial responsibility for assuring appropriate professional care by members of the Medical Staff to the Kern Medical Center's patients, subject to the Board of Governors' ultimate authority. The Medical Staff shall discharge this responsibility through procedures designed to ensure an ongoing review of the quality of care provided to patients by members of the Medical Staff, and an appropriate response to findings related to the audit or review of the quality of care. Such procedures may include regular and special audits of members of the Medical Staff by the appropriate committees and departments. The Medical Staff's quality assurance review shall include mechanisms designed to achieve the objective of all patients with the same health problem receiving the same level of care. A summary of the quality assurance activities of the Medical Staff shall be reported to the Board of Governors at least two (2) times per year or more frequently as required by any applicable law, regulation, or accreditation requirement. These quality assurance review activities and reports shall be subject to the confidentiality protections and closed session provisions set forth in Section 101855(j) of the Health and Safety Code and all other applicable laws.

Section 6.05 Appointments to the Medical Staff

- (a) Ultimate responsibility and authority regarding the appointment, reappointment, and the granting of clinical privileges to members of the Medical Staff reside with the Board of Governors. In exercising this authority, the Board of Governors shall delegate to the Medical Staff the primary responsibility to evaluate applications for appointment or reappointment for Medical Staff membership and clinical privileges. The procedures for making such recommendations shall be specified in the Medical Staff Bylaws; provided that in the extraordinary instances in which the Medical Staff fails to act upon an application or reapplication within the time limits specified in the Medical Staff Bylaws, the Board of Governors may, on its own motion, grant or deny an application for appointment or reappointment for Medical Staff membership or clinical privileges. In the event such action results in a denial that would trigger a hearing under the Medical Staff Bylaws, the Board of Governors shall provide for such a hearing under rules of procedure adopted by the

Board of Governors. A formal report shall be made by the Medical Executive Committee to the Board of Governors at least as often as required by applicable law or regulation.

- (b) Whenever the Board of Governors acts to review an application for appointment or reappointment to the Medical Staff, or a medical disciplinary matter, or conducts any other peer review activity, it shall be acting as a peer review body, and its deliberations and records shall be afforded the maximum degree of confidentiality permitted by law. The Medical Staff shall make recommendations to the Board of Governors concerning appointments, reappointments, and other changes in Medical Staff status, granting of clinical privileges, disciplinary actions, all matters relating to professional competency, and specific matters as may be referred to the Medical Executive Committee as specified in the Medical Staff Bylaws.
- (c) No person applying for Medical Staff membership or clinical privileges shall be discriminated against on the basis of sex, race, color, religion, ancestry, or national origin, on the basis of whether the person holds an M.D., D.O., or D.P.M. degree, or on the basis of any criterion unrelated to good patient care at the hospital.
- (d) For reasons related to its concern and responsibilities for quality patient care and efficient operations, the Board of Governors may place limitations on the number of employed or contracted physicians, including those in traditional hospital-based practices, such as, but not limited to, pathology, radiology, and anesthesiology, who are granted Medical Staff membership and/or clinical privileges at the Kern Medical Center. The Board of Governors may consider, without limitation, such factors as the Kern Medical Center's need to provide regular continuous professional coverage, the availability of adequate facilities or support services for patients and members of the Medical Staff and any person applying for Medical Staff membership and/or clinical privileges, any limitations on patient load that could adversely impact the proficiency of those employed or contracted physicians exercising clinical privileges, and the conditions of any hospital agreement for the provision of professional services. Applications for Medical Staff membership and/or clinical privileges in such practice areas shall be processed according to procedures adopted by the Board of Governors.
- (e) The Medical Staff Bylaws shall provide that at least the following actions, if based upon a medical disciplinary cause or reason, shall grant to the affected practitioner the right to a hearing which shall be consistent with the fair procedure laws of this State: an action failing to appoint or reappoint to the Medical Staff; failure to grant requested clinical privileges; or an action to reduce clinical privileges based on a medical disciplinary cause or reason. Such hearing process shall provide for an appeal before the Board of Governors or a designated committee thereof.

Section 6.06 Medico-administrative Officer

Medico-administrative Officer means either of the following:

- (a) A practitioner engaged by, or otherwise contracting with the Kern Medical Center, on a full- or part-time basis, whose duties include certain responsibilities that may be both administrative and clinical in nature. Clinical responsibilities are defined as those involving professional capability as a practitioner, such as those requiring the exercise of clinical judgment with respect to patient care, and include the supervision of professional activities of practitioners under his or her direction. His or her clinical privileges shall be delineated in accordance with the Medical Staff Bylaws. His or her Medical Staff membership and clinical privilege shall not be dependent on his or her continued occupation of that position, unless otherwise provided in an employment agreement, contract, or other arrangement. A practitioner engaged by the Kern Medical Center in a purely administrative capacity with no clinical duties or privileges. He or she is subject to the regular personnel policies of the hospital and to the terms of his or her contract, or other conditions of engagement.

Section 6.07 Allied Health Professionals

The Board of Governors shall refer to the Medical Staff, subject to the Board of Governors' ultimate authority, the primary responsibility and authority to investigate and evaluate each application by an allied health professional for practice within the Kern Medical Center. Allied health professionals shall consist of those categories of health professionals who are not members of the Medical Staff, but who have been designated by the Board of Governors as eligible to apply for practice privileges at the Kern Medical Center. The manner of their selection and the review of their performance shall be as specified in the Interdisciplinary Practice Manual, the Medical Staff Bylaws, or any policy statement reviewed by the Medical Staff, and approved by the Board of Governors. In general, such Interdisciplinary Practice Manual, Medical Staff Bylaws, or policy statement concerning allied health professionals shall provide that the application of such allied health professional shall be submitted and processed in a manner analogous to that applicable to members of the Medical Staff provided that decisions regarding approval, rejection, or corrective action shall not grant to the affected allied health professional fair hearing rights as specified in the Medical Staff Bylaws, except as otherwise may be expressly provided in the applicable Interdisciplinary Practice Manual, Medical Staff Bylaws, or policy statements.

Article VII. Quality Assessment and Performance Improvement

The Board of Governors shall ensure that the Kern Medical Center has an ongoing, hospital- wide, data-driven program for quality assessment and performance improvement (the "QAPI Program"), which reflects the complexity of the Kern Medical Center's organization and services as required by Centers for Medicare and Medicaid Services ("CMS"). The QAPI Program shall involve all the Kern Medical Center departments and services (including those services furnished under contract or arrangement) and focus on indicators related to improved health outcomes and the prevention and reduction of medical errors. The Board of Governors shall ensure that the QAPI Program is defined, implemented, and maintained and that the Kern Medical Center maintain and be able to demonstrate evidence of its QAPI Program for review by CMS. The Kern Medical Center shall use the data collected to (a) monitor the effectiveness and safety of services and quality of care and (b) identify opportunities for improvement and changes that will lead to improvement. The

Board of Governors shall ensure that the QAPI Program operates in accordance with applicable law, regulation, and accreditation requirements.

Article VIII. Fiscal Year

The fiscal year of the Hospital Authority shall commence on July 1 and end on June 30.

Article IX. Indemnification and Insurance

As required by Section 101853(f) of the Health and Safety Code, any contract executed by and between the county of Kern and the Hospital Authority shall provide for the indemnification of the county by the Hospital Authority for liabilities as specifically set forth in the contract, except that the contract shall include a provision that the county shall remain liable for its own negligent acts.

The indemnification rights and obligations of the county of Kern and the Hospital Authority contemplated by this Article IX shall be set forth in an agreement providing for the transfer of the ownership and operation of the Kern Medical Center to the Hospital Authority.

Directors, officers, employees, and contractors of the Hospital Authority shall have such immunity from liability as provided by law for individuals serving in such capacity, and shall be indemnified for any loss, cost, or expense related to any claim for liability in connection with the Hospital Authority including, without limitation, the cost of a legal defense, to the extent provided by law.

The Board of Governors shall cause the Hospital Authority to arrange for and maintain appropriate insurance coverage for the Hospital Authority, its officers, directors, agents, and employees. All officers, directors, agents, and employees shall be properly bonded.

Article X. Adoption of and Amendments to Bylaws

Section 10.01 Amendment of Bylaws

These Bylaws may be amended by majority vote of the Board of Supervisors.

[Signatures follow on next page]

APPROVED by the Kern County Board of Supervisors on this _____ day of _____, 2019.

By _____
Chairman, Board of Supervisors

APPROVED AS TO CONTENT:
KERN COUNTY HOSPITAL AUTHORITY

By _____
Chairman, Board of Governors

APPROVED AS TO CONTENT:
COUNTY ADMINISTRATIVE OFFICE

By _____
Ryan Alsop, County Administrative Officer

APPROVED AS TO FORM:
OFFICE OF COUNTY COUNSEL

By _____
Margo A. Raison, County Counsel

APPROVED AS TO CONTENT:
KERN COUNTY HOSPITAL AUTHORITY

By _____
Russell V. Judd
Chief Executive Officer

APPROVED AS TO FORM:
LEGAL SERVICES DEPARTMENT

By _____
Karen S. Barnes, VP & General Counsel
Kern County Hospital Authority



**BOARD OF GOVERNORS
KERN COUNTY HOSPITAL AUTHORITY REGULAR MEETING**

April 10, 2019

Subject: Proposed reappointment of Director Russell Bigler to the Kern County Hospital Authority Board of Governors, term to expire June 30, 2022

Recommended Action: Refer to Kern County Board of Supervisors to make appointment

Summary:

Director Russell Bigler was appointed to the Board of Governors for an initial term of three years. His term expires June 30, 2019. Members may serve an unlimited number of terms if reappointed by the Kern County Board of Supervisors.

Director Bigler, as required by the authority's Bylaws for Governance, has notified your Board in writing of his intent to seek reappointment to the Board of Governors. He is not required to submit a new application for reappointment. The Bylaws requires your Board to notify the Board of Supervisors of a member's intent to continue to serve on the Board of Governors.

Therefore, it is recommended that your Board refer this item to the Kern County Board of Supervisors to make the appointment of Director Bigler for a three-year term expiring June 30, 2022.



March 22, 2019

HAND DELIVERED

Members, Board of Governors
Kern County Hospital Authority
1700 Mount Vernon Avenue
Bakersfield, CA 93306

Re: Reappointment to Kern County Hospital Authority Board of Governors

Dear Honorable Board Members:

As you may know, my term of office on the Kern County Hospital Authority Board of Governors expires June 30, 2019. Please accept this letter as notice of my intent to seek reappointment to the Board of Governors, term to expire June 30, 2022. Such notice is provided pursuant to Section 2.05 of the Kern County Hospital Authority Bylaws for Governance. Please take appropriate measures to ensure the Kern County Board of Supervisors is notified timely of my intent to continue to serve on the Board of Governors, as required by the Bylaws for Governance.

Very truly yours,

A handwritten signature in blue ink that reads "Russell E. Bigler".

Russell E. Bigler



**BOARD OF GOVERNORS
KERN COUNTY HOSPITAL AUTHORITY REGULAR MEETING**

April 10, 2019

Subject: Proposed reappointment of Director Philip McLaughlin to the Kern County Hospital Authority Board of Governors, term to expire June 30, 2022

Recommended Action: Refer to Kern County Board of Supervisors to make appointment

Summary:

Director Philip McLaughlin was appointed to the Board of Governors for an initial term of three years. His term expires June 30, 2019. Members may serve an unlimited number of terms if reappointed by the Kern County Board of Supervisors.

Director McLaughlin, as required by the authority's Bylaws for Governance, has notified Chairman Bigler in writing of his intent to seek reappointment to the Board of Governors. He is not required to submit a new application for reappointment. The Bylaws requires your Board to notify the Board of Supervisors of a member's intent to continue to serve on the Board of Governors.

Therefore, it is recommended that your Board refer this item to the Kern County Board of Supervisors to make the appointment of Director McLaughlin for a three-year term expiring June 30, 2022.



March 22, 2019

HAND DELIVERED

Russell E. Bigler, Chairman
Board of Governors
Kern County Hospital Authority
1700 Mount Vernon Avenue
Bakersfield, CA 93306

Re: Reappointment to Kern County Hospital Authority Board of Governors

Dear Mr. Bigler:

As you may know, my term of office on the Kern County Hospital Authority Board of Governors expires June 30, 2019. Please accept this letter as notice of my intent to seek reappointment to the Board of Governors, term to expire June 30, 2022. Such notice is provided pursuant to Section 2.05 of the Kern County Hospital Authority Bylaws for Governance. Please take appropriate measures to ensure the Kern County Board of Supervisors is notified timely of my intent to continue to serve on the Board of Governors, as required by the Bylaws for Governance.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Philip McLaughlin", with a long horizontal flourish extending to the right.

Philip McLaughlin



**BOARD OF GOVERNORS
KERN COUNTY HOSPITAL AUTHORITY REGULAR MEETING**

April 10, 2019

Subject: Comments Regarding Budget Variances – February 2019

Recommended Action: Receive and File

Summary:

The following items have budget variances for the month of February 2019:

Indigent Funding:

Indigent funding revenue has a favorable budget variance for the month and year-to-date due to a decision to reserve less revenue from the indigent programs in FY 2019 than was planned when the budget was prepared. Additional information received about these programs after the budget was prepared supports a high likelihood that these funds will be received. This will also more properly match revenue with the periods earned.

Other Operating Revenue:

Other operating revenue has a favorable budget variance for the month of February due to the receipt of grant funding provided by Kern Health Systems to the Kern Medical GROW Clinic.

Registry Nurses:

Registry nurses expense has an unfavorable budget variance for the month and year-to-date. Kern Medical continues to rely on contracted nurse staffing to supplement the nursing departments while maintaining nurse recruiting efforts.

Medical Fees:

Medical fees have a favorable budget variance for the month of February due to reimbursement received from Kern Behavioral Health and Recovery Services (BHRS) for physician services that were provided to BHRS by Kern Medical in prior months. Medical fees are over budget on a year-to-date basis due to higher than expected costs for Locum Tenens contracted physician services.

Other Professional Fees:

Other professional fees have an unfavorable budget variance for February primarily due to an expense accrual for the reclassification of contracted labor expense from the investment in the Kern Medical Surgery Center to operating expenses for Kern Medical clinics. On a year-to-date basis, other professional fees are over budget mainly due to higher than anticipated contracted labor expenses throughout the hospital and clinics.

Supplies Expense:

Supplies expenses have an unfavorable budget variance for the month of February, mainly due to above average expenses for pharmaceuticals. On a year-to-date basis, pharmaceutical expenses, prostheses expenses, and general surgical supplies expenses are the primary drivers of the unfavorable budget variance.

Purchased Services:

Purchased services have an unfavorable budget variance for the month primarily because of an under accrual for Signature Performance expenses in prior months. Signature Performance provides support for the Health Information Services (HIS) department. Purchased services expenses are in line with the budget on a year-to-date basis.

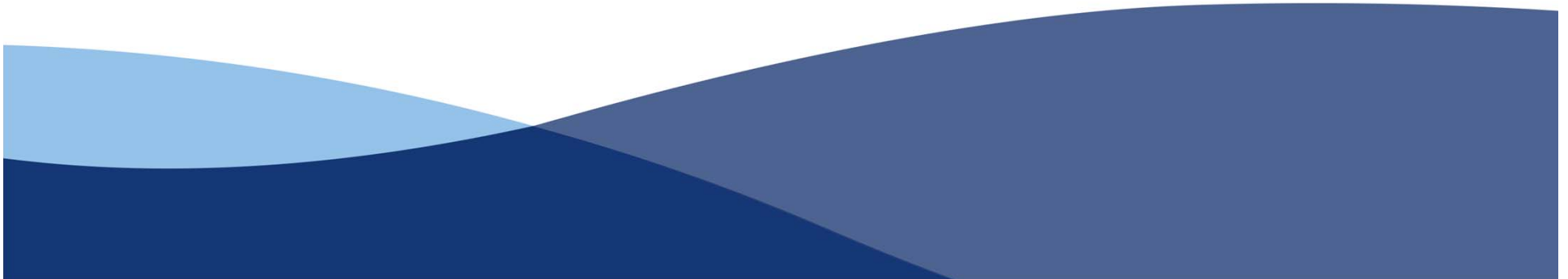
Other Expenses:

Other expenses have an unfavorable budget variance for the month due to higher than average gas and utilities expenses. Winter weather conditions and the expansion of outpatient clinic services drive the increase in utilities expenses. On a year-to-date basis repairs and maintenance expenses and new IT equipment rental expenses contribute to the unfavorable budget variance.



**BOARD OF GOVERNORS' FINANCIAL REPORT
KERN MEDICAL – FEBRUARY 2019**

APRIL 2019



3-Month Trend Analysis: Revenue & Expense

February 28, 2019

	DECEMBER	JANUARY	FEBRUARY	BUDGET FEBRUARY	VARIANCE POS (NEG)	PY FEBRUARY
Gross Patient Revenue	\$ 66,966,564	\$ 71,720,473	\$ 68,113,426	\$ 69,813,440	(2%)	\$ 66,665,924
Contractual Deductions	(49,428,900)	(53,460,661)	(52,093,544)	(53,067,574)	(1.8%)	(47,450,661)
Net Revenue	17,537,664	18,259,812	16,019,882	16,745,867	(4%)	19,215,263
Indigent Funding	13,118,737	13,103,493	13,118,738	9,577,936	37%	8,099,626
Correctional Medicine	1,672,397	2,552,068	2,552,068	2,419,175	5%	1,976,127
County Contribution	285,211	285,211	285,211	285,602	(0.1%)	285,211
Incentive Funding	250,000	250,000	250,000	250,000	0%	0
Net Patient Revenue	32,864,009	34,450,584	32,225,899	29,278,580	10%	29,576,227
Other Operating Revenue	977,498	1,859,567	1,727,476	1,005,753	72%	678,646
Other Non-Operating Revenue	20,287	12,166	8,229	40,196	(80%)	76,352
Total Operating Revenue	33,861,794	36,322,317	33,961,604	30,324,529	12%	30,331,226
Expenses						
Salaries	13,852,811	13,956,940	13,122,109	12,470,188	5.2%	11,419,506
Employee Benefits	5,497,435	7,620,527	6,110,200	5,710,605	7%	5,673,757
Contract Labor	1,594,380	1,555,430	1,421,214	1,035,955	37%	1,214,313
Medical Fees	1,877,669	2,202,076	1,413,379	1,506,953	(6.2%)	1,649,990
Other Professional Fees	1,824,378	1,762,976	2,049,298	1,624,521	26%	1,576,529
Supplies	5,092,496	5,583,195	4,942,447	4,300,956	15%	4,225,180
Purchased Services	1,773,716	1,498,561	1,889,691	1,738,308	9%	2,445,408
Other Expenses	1,517,100	1,191,513	1,323,894	1,259,535	5%	1,183,164
Operating Expenses	33,029,984	35,371,217	32,272,233	29,647,021	8.85%	29,387,847
Earnings Before Interest, Depreciation, and Amortization (EBIDA)	831,810	951,100	1,689,371	677,508	149%	943,379
EBIDA Margin	2%	3%	5%	2%	123%	3%
Interest	45,185	33,080	56,772	50,504	12%	52,869
Depreciation	516,504	513,469	503,894	462,479	9%	459,696
Amortization	58,691	59,455	59,455	41,352	44%	39,450
Total Expenses	33,650,364	35,977,221	32,892,354	30,201,356	9%	29,939,863
Operating Gain (Loss)	211,430	345,097	1,069,250	123,173	768%	391,363
Operating Margin	1%	1%	3%	0.4%	675%	1%

Year-to-Date: Revenue & Expense

February 28, 2019

	ACTUAL FYTD	BUDGET FYTD	VARIANCE POS (NEG)	PY FYTD	PY VARIANCE POS (NEG)
Gross Patient Revenue	\$ 565,655,282	592,363,738	(5%)	\$ 569,567,451	(0.7%)
Contractual Deductions	(427,578,102)	(443,041,236)	(3.5%)	(420,465,541)	1.7%
Net Revenue	138,077,181	149,322,502	-8%	149,101,910	
Indigent Funding	103,787,027	76,623,492	35%	72,120,684	44%
Correctional Medicine	19,536,874	19,353,397	1%	15,446,731	26%
County Contribution	2,281,688	2,284,818	(0.1%)	2,281,688	0%
Incentive Funding	5,064,060	2,000,000	153%	0	0%
Net Patient Revenue	268,746,830	249,584,209	8%	238,951,013	12%
Other Operating Revenue	9,805,392	8,728,498	12%	8,200,743	20%
Other Non-Operating Revenue	319,653	348,845	(8%)	349,324	(8%)
Total Operating Revenue	278,871,875	258,661,552	8%	247,501,079	13%
Expenses					
Salaries	106,516,558	108,404,575	(2%)	98,017,578	9%
Employee Benefits	49,130,665	47,774,183	3%	43,406,545	13%
Contract Labor	12,212,567	8,723,446	40%	9,526,238	28%
Medical Fees	14,656,217	12,676,146	16%	10,893,914	35%
Other Professional Fees	14,300,503	12,870,697	11%	11,355,914	26%
Supplies	40,985,133	36,216,605	13%	35,008,610	17%
Purchased Services	15,139,577	15,086,029	0.4%	15,994,886	(5%)
Other Expenses	12,146,635	10,949,422	11%	11,325,934	7%
Operating Expenses	265,087,854	252,701,102	5%	235,529,619	13%
Earnings Before Interest, Depreciation, and Amortization (EBIDA)	13,784,020	5,960,450	131%	11,971,460	15%
EBIDA Margin	5%	2%	114%	5%	2%
Interest	2,505,011	404,031	520%	163,933	1,428%
Depreciation	4,115,341	4,154,338	(1%)	4,146,549	(1%)
Amortization	457,830	330,815	38%	252,487	81%
Total Expenses	272,166,036	257,590,286	6%	240,092,588	13%
Operating Gain (Loss)	6,705,838	1,071,266	526%	7,408,492	(9%)
Operating Margin	2%	0.4%	481%	3%	(20%)

3-Month Trend Analysis: Cash Indicators

February 28, 2019

		DECEMBER	JANUARY	FEBRUARY	GOALS FEBRUARY	PY FEBRUARY
Cash						
	Total Cash	24,373,434	19,376,420	16,762,129		44,899,756
	Days Cash On Hand	22	16	16	0	43
	Days In A/R - Gross	86.81	87.40	84.12	70.00	91.08
	Patient Cash Collections	\$ 15,241,673	\$ 17,771,247	\$ 15,788,618	\$ 17,251,468	\$ 15,579,288
Indigent Funding Liabilites Due to the State						
	FY 2007 Waiver Payable (County Responsibility)	\$ (745,824)	\$ (745,824)	\$ (745,824)	N/A	\$ (745,824)
	FY 2008 Waiver Payable (County Responsibility)	\$ (6,169,000)	\$ (6,169,000)	\$ (6,169,000)	N/A	\$ (6,169,000)
	FY 2009 Waiver Payable (County Responsibility)	\$ (2,384,000)	\$ (2,384,000)	\$ (2,384,000)	N/A	\$ (2,384,000)
	FY 2011 Waiver Payable (County Responsibility)	\$ (10,493,878)	\$ (10,493,878)	\$ (10,493,878)	N/A	\$ (10,493,878)
	Total County Responsibility	\$ (19,792,702)	\$ (19,792,702)	\$ (19,792,702)		\$ (19,792,702)
	FY 2015 Waiver Payable (Kern Medical Responsibility)	\$ (11,223,792)	\$ (11,223,792)	\$ (11,223,792)	N/A	\$ (11,223,792)
	FY 2016 Waiver Payable (Kern Medical Responsibility)	\$ (2,819,361)	\$ (2,819,361)	\$ (2,819,361)	N/A	\$ (2,819,361)
	DSH Payable (Kern Medical Responsibility)	\$ (42,388,763)	\$ (42,388,763)	\$ (42,388,763)	N/A	\$ (24,746,355)
	Total Kern Medical Responsibility	\$ (56,431,916)	\$ (56,431,916)	\$ (56,431,916)		\$ (38,789,508)
	Total Indigent Funding Liabilites Due to the State	\$ (76,224,618)	\$ (76,224,618)	\$ (76,224,618)	N/A	\$ (58,582,210)

3-Month Trend Analysis: Operating Metrics

February 28, 2019

					BUDGET	VARIANCE	PY
		DECEMBER	JANUARY	FEBRUARY	FEBRUARY	POS (NEG)	FEBRUARY
Operating Metrics							
Total Expense per Adjusted Admission		23,196	24,859	22,721	20,239	12%	21,042
Total Expense per Adjusted Patient Day		4,618	4,518	4,684	4,027	16%	4,033
Supply Expense per Adjusted Admission		3,510	3,858	3,414	2,882	18%	2,969
Supply Expense per Surgery		2,314	2,562	1,668	1,543	8%	1,359
Supplies as % of Net Patient Revenue		15%	16%	15%	15%	4%	14%
Pharmaceutical Cost per Adjusted Admission		1,610	1,735	1,798	1,279	41%	1,436
Net Revenue Per Adjusted Admission		\$ 12,089	\$ 12,617	\$ 11,066	\$ 11,222	(1%)	\$ 13,505

Year-to-Date: Operating Metrics

February 28, 2019

		ACTUAL	BUDGET	VARIANCE	PY	PY VARIANCE
		FYTD	FYTD	POS (NEG)	FYTD	POS (NEG)
Operating Metrics						
	Total Expense per Adjusted Admission	21,726	20,559	6%	19,458	12%
	Total Expense per Adjusted Patient Day	4,307	4,091	5%	3,944	9%
	Supply Expense per Adjusted Admission	3,272	2,891	13%	2,837	15%
	Supply Expense per Surgery	2,019	1,508	34%	1,457	39%
	Supplies as % of Net Patient Revenue	15%	15%	5%	15%	4.1%
	Pharmaceutical Cost per Adjusted Admission	1,502	1,284.60	17%	1,225	23%
	Net Revenue Per Adjusted Admission	\$ 11,022	11,918	(8%)	\$ 12,084	(9%)

INDIGENT PATIENT CARE FUNDING - MTD & YTD

FOR THE MONTH FEBRUARY 28, 2019

MTD ACTUAL	MTD BUDGET	VAR \$ FAV/(UNFAV)	VAR %	DESCRIPTION	YTD ACTUAL	YTD BUDGET	VAR \$ FAV/(UNFAV)	VAR %
300,833	316,667	(15,833)	-5%	MEDI-CAL HOSPITAL QUALITY ASSURANCE FEE	3,430,730	2,533,333	897,397	35%
2,375,592	1,250,311	1,125,280	90%	MEDI-CAL RATE-RANGE REVENUE	19,330,819	10,002,492	9,328,327	93%
150,417	158,333	(7,917)	-5%	PHYSICIAN SPA REVENUE	1,203,333	1,266,667	(63,333)	-5%
278,271	292,917	(14,646)	-5%	AB 915 OUTPATIENT SUPPLEMENTAL PROGRAM	3,475,507	2,343,333	1,132,174	48%
2,259,417	2,259,417	0	0.0%	PRIME - NEW WAIVER	18,075,333	18,075,333	0	0.0%
2,369,458	2,369,458	0	0.0%	GPP - NEW WAIVER	19,023,305	18,955,667	67,638	0.4%
1,242,917	1,242,917	0	0.0%	WHOLE PERSON CARE	9,943,333	9,943,333	0	0.0%
1,399,167	1,064,583	334,583	31%	EPP REVENUE	14,843,333	8,516,667	6,326,666	74%
2,742,667	623,333	2,119,333	340%	QIP REVENUE	14,461,333	4,986,667	9,474,666	190%
13,118,738	9,577,936	3,540,801	37%	SUB-TOTAL - GOVERNMENTAL REVENUE	103,787,027	76,623,492	27,163,536	35%
2,552,068	2,419,175	132,894	5.5%	CORRECTIONAL MEDICINE	19,536,874	19,353,397	183,476	0.9%
285,211	285,602	(391)	-0.1%	COUNTY CONTRIBUTION	2,281,688	2,284,818	(3,130)	-0.1%
15,956,017	12,282,713	3,673,303	30%	TOTAL INDIGENT CARE & COUNTY FUNDING	125,605,589	98,261,707	27,343,882	28%

OTHER REVENUE

FOR THE MONTH FEBRUARY 28, 2019

OTHER OPERATING REVENUE

	<u>MTD ACTUAL</u>	<u>MTD BUDGET</u>	<u>VARIANCE</u>	<u>YTD ACTUAL</u>	<u>YTD BUDGET</u>	<u>VARIANCE</u>
MEDICAL POSTGRAD EDUCATION TUITION	255,340	255,441	(101)	2,045,520	2,216,866	(171,346)
STAFF DEVELOPMENT EDUCATION FEES	350	1,116	(766)	3,865	9,683	(5,818)
CAFETERIA REVENUE	79,163	73,451	5,712	644,104	637,450	6,654
FINANCE CHARGES-PATIENT AR	10,521	17,978	(7,457)	100,648	156,026	(55,378)
REBATES AND REFUNDS	32,299	75,741	(43,442)	558,520	657,320	(98,800)
DRUG CO. CASH BACK	0	1,254	(1,254)	22,964	10,881	12,082
PHOTOCOPY FEES	2,429	1,808	620	16,454	15,694	759
ADMINISTRATIVE FEES-PAYROLL	133	0	133	623	0	623
PHYSICIAN PRO FEE-ER LOCKBOX	4,301	2,401	1,900	49,578	20,834	28,745
OTHER REVENUE	27,702	34,608	(6,905)	763,776	300,345	463,432
LASER CENTER REVENUE	12,871	46,027	(33,157)	142,145	399,452	(257,307)
CANCELLED OUTLAWED WARRANTS	0	4,975	(4,975)	(15,112)	43,174	(58,286)
GRANTS - KHS	858,108	198,251	659,856	1,609,753	1,720,539	(110,787)
MADDY FUNDS-EMERGENCY MEDICAL SERVICES	0	31,136	(31,136)	108,977	270,213	(161,235)
PRIMARY CARE & OTHER INCENTIVE	0	1,856	(1,856)	90,545	16,107	74,438
VETERANS ADMIN REVENUE	5,679	2,765	2,914	27,756	23,998	3,758
JAMISON CENTER MOU	21,637	20,921	716	213,319	181,563	31,756
BEHAVIORAL HEALTH MOU	295,704	202,236	93,468	2,378,312	1,755,116	623,196
PATERNITY DECLARATION REVENUE	1,240	977	263	9,510	8,478	1,032
PEDIATRIC FORENSIC EXAMS	0	7,479	(7,479)	47,300	64,911	(17,611)
FOUNDATION CONTRIBUTIONS	0	3,193	(3,193)	29,342	27,707	1,635
DONATED EQUIPMENT	0	8,215	(8,215)	168,019	71,297	96,722
PAY FOR PERFORMANCE	0	9,808	(9,808)	218,990	85,120	133,870
PROPOSITION 56 DIRECTED PAYMENTS	120,000	0	120,000	552,745	0	552,745
WORKERS COMPENSATION REFUNDS	0	13	(13)	0	110	(110)
TOTAL OTHER OPERATING REVENUE	1,727,476	1,005,753	721,723	9,805,392	8,728,498	1,076,894

OTHER NON-OPERATING REVENUE

OTHER MISCELLANEOUS REVENUE	788	206	582	(27,163)	1,785	(28,948)
INTEREST ON FUND BALANCE	7,441	39,991	(32,550)	346,816	347,061	(245)
TOTAL OTHER NON-OPERATING REVENUE	8,229	40,196	(31,968)	319,653	348,845	(29,192)

**KERN MEDICAL
BALANCE SHEET**

	February 2019	February 2018
CURRENT ASSETS:		
CASH	\$16,762,129	\$44,899,756
CURRENT ACCOUNTS RECEIVABLE (incl. CLINIC CHARGES RECEIVABLE)	193,300,459	206,940,644
ALLOWANCE FOR UNCOLLECTIBLE RECEIVABLES - CURRENT	(146,632,886)	(162,699,411)
-NET OF CONTRACTUAL ALLOWANCES	46,667,574	44,241,233
CORRECTIONAL MEDICINE RECEIVABLE	0	0
MD SPA	6,427,673	5,160,683
HOSPITAL FEE RECEIVABLE	188,156	989,764
CPE - O/P DSH RECEIVABLE	3,980,055	6,686,764
BEHAVIORAL HEALTH MOU	1,795,644	481,293
MANAGED CARE IGT (RATE RANGE)	27,998,976	11,031,446
RECEIVABLE FROM LIHP	(6,547,536)	(6,547,536)
OTHER RECEIVABLES	4,218,218	3,561,338
PRIME RECEIVABLE	17,276,837	15,595,724
AB85/75% DEFAULT PCP RECEIVABLE	-	7,518,192
GPP (Global Payment Program)	3,862,746	2,952,205
WPC (Whole Person Care)	10,726,834	9,792,536
EPP (Enhanced Payment Program)	33,843,333	0
QIP (Quality Incentive Program)	14,461,333	0
INTEREST ON FUND BALANCE RECEIVABLE	131,943	123,342
MANAGED CARE IGT (SPD)	0	(1,438,996)
WAIVER RECEIVABLE FY07	(745,824)	(745,824)
WAIVER RECEIVABLE FY08	(6,169,000)	(6,169,000)
WAIVER RECEIVABLE FY09	(2,384,000)	(2,384,000)
WAIVER RECEIVABLE FY10	579,696	579,696
WAIVER RECEIVABLE FY11	(10,493,878)	(10,493,878)
WAIVER RECEIVABLE FY12	679,308	679,308
WAIVER RECEIVABLE FY15	(11,223,792)	(11,223,792)
WAIVER RECEIVABLE FY16	(2,819,361)	(2,819,361)
PREPAID EXPENSES	3,858,312	5,333,961
PREPAID MORRISON DEPOSIT	813,320	805,491
INVENTORY AT COST	5,632,075	4,339,587
TOTAL CURRENT ASSETS	159,520,773	122,949,932
PROPERTY, PLANT & EQUIPMENT:		
LAND	1,683,786	170,401
EQUIPMENT	52,348,306	49,202,633
BUILDINGS	89,144,495	82,462,625
CONSTRUCTION IN PROGRESS	29,273,804	14,078,432
LESS: ACCUMULATED DEPRECIATION	(93,430,077)	(87,758,488)
NET PROPERTY, PLANT & EQUIPMENT	79,020,314	58,155,604
NET INTANGIBLE ASSETS		
INTANGIBLE ASSETS	14,715,666	12,953,983
ACCUMULATED AMORTIZATION INTANGIBLES	(11,465,065)	(10,802,856)
NET INTANGIBLE ASSETS	3,250,600	2,151,127
LONG-TERM ASSETS:		
LONG-TERM PATIENT ACCOUNTS RECEIVABLE		
DEFERRED OUTFLOWS - PENSIONS	70,895,681	72,002,645
INVESTMENT IN SURGERY CENTER	3,643,659	0
CASH HELD BY COP IV TRUSTEE	922,330	912,973
TOTAL LONG-TERM ASSETS	75,461,670	72,915,618
TOTAL ASSETS	\$317,253,358	\$256,172,280

**KERN MEDICAL
BALANCE SHEET**

	February 2019	February 2018
CURRENT LIABILITIES:		
ACCOUNTS PAYABLE	\$26,588,743	\$22,205,518
ACCRUED SALARIES & EMPLOYEE BENEFITS	25,392,864	22,237,680
INTEREST PAYABLE	3,663,599	63,803
OTHER ACCRUALS	3,783,719	5,676,214
ACCRUED CWCAP LIABILITY	0	0
CURRENT PORTION - CAPITALIZED LEASES	931,579	1,418,221
CURR LIAB - COP 2011 PAYABLE	1,131,693	1,085,718
CURR LIAB - P.O.B.	962,825	1,263,064
MEDICARE COST REPORT LIABILITY PAYABLE	0	699,619
MEDI-CAL COST REPORT LIABILITY	845,580	922,325
INDIGENT FUNDING PAYABLE	11,978,089	16,124,533
DSH PAYABLE	42,388,763	24,746,355
CREDIT BALANCES PAYABLES	2,829,249	4,723,140
DEFERRED REVENUE - COUNTY CONTRIBUTION	10,061,056	4,715,828
TOTAL CURRENT LIABILITIES	130,557,759	105,882,018
LONG-TERM LIABILITIES:		
LONG-TERM LIABILITY-COP 2011	0	1,131,693
NET UNAMORTIZED DISCOUNT COP	39,985	59,978
LONG-TERM LIABILITY - CAPITAL LEASES	6,267,636	5,321,944
NET OPEB (OTHER POST EMPLOYMENT BENEFITS)	4,306,044	4,201,203
NET PENSION LIABILITY	293,255,458	329,935,445
L.T. LIAB. - P.O.B. INTEREST PAYABLE 08	14,842,004	14,722,232
L.T. LIAB. - P.O.B. INTEREST PAYABLE 03	4,329,041	3,917,723
L.T. P.O.B. PAYABLE 95	11,590,866	16,695,541
L.T. P.O.B. PAYABLE 08	5,392,893	5,392,893
ACCRUED PROFESSIONAL LIABILITY	6,683,444	3,474,640
ACCRUED WORKERS' COMPENSATION PAYABLE	8,511,000	6,773,000
DEFERRED INFLOWS - PENSIONS	69,247,058	22,238,926
PENSION OBLIGATION BOND PAYABLE	2,643,205	3,678,145
ACCRUED COMPENSATED ABSENCES	3,830,085	3,830,085
TOTAL LONG-TERM LIABILITIES	430,938,719	421,373,447
NET POSITION		
RETAINED EARNINGS - CURRENT YEAR	36,714,021	39,814,215
RETAINED EARNINGS - PRIOR YEAR	(280,957,141)	(310,897,400)
TOTAL NET POSITION	(244,243,120)	(271,083,185)
TOTAL LIABILITIES & NET POSITION	\$317,253,358	\$256,172,280



**BOARD OF GOVERNORS
KERN COUNTY HOSPITAL AUTHORITY REGULAR MEETING**

April 10, 2019

Subject: Kern County Hospital Authority, Chief Executive Officer Report

Recommended Action: Receive and File

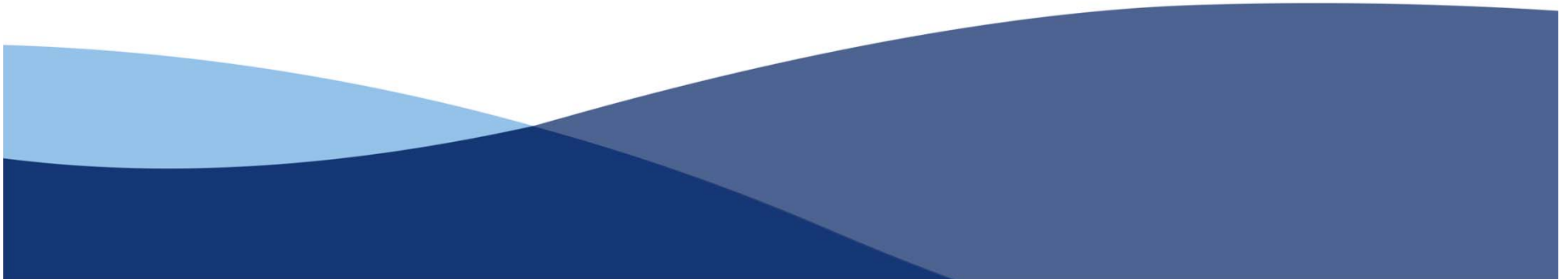
Summary:

The Chief Executive Officer has provided the attached 3-month trend Analysis: Volume and Strategic Indicators for Kern Medical



**BOARD OF GOVERNORS' VOLUMES REPORT
KERN MEDICAL – FEBRUARY 2019**

APRIL 2019



3-Month Trend Analysis: Volume and Strategic Indicators

February 28, 2019

		DECEMBER	JANUARY	FEBRUARY	BUDGET FEBRUARY	VARIANCE POS (NEG)	PY FEBRUARY
VOLUME							
Adjusted Admissions (AA)		1,451	1,447	1,448	1,492	(3%)	1,423
Adjusted Patient Days		7,287	7,963	7,022	7,500	(6.4%)	7,423
Admissions		785	785	797	822	(3%)	761
Average Daily Census		127	139	138	147	(6%)	142
Patient Days		3,943	4,319	3,866	4,129	(6%)	3,970
Available Occupancy %		59.4%	65.1%	64.5%	68.9%	(6%)	66.3%
Average LOS		5.0	5.5	4.9	5.0	(3.5%)	5.2
Surgeries							
Inpatient Surgeries (Main Campus)		179	182	129	220	(41%)	220
Outpatient Surgeries (Main Campus)		225	253	246	218	13%	218
Total Surgeries		404	435	375	438	(14%)	438
Births		242	211	214	212	1%	188
ER Visits							
Admissions		401	416	415	390	6%	395
Treated & Released		3,555	3,723	3,716	3,719	(0.1%)	3,447
Total ER Visits		3,956	4,139	4,131	4,110	1%	3,842
Trauma Activations		200	193	220	216	2%	182
Outpatient Clinic Visits							
Total Clinic Visits		12,064	13,814	13,721	11,396	20%	11,079
Total Unique Patient Clinic Visits		9,244	10,108	10,180	9,100	12%	8,847
New Unique Patient Clinic Visits		1,499	1,718	1,838	1,725	7%	1,723

Year-to-Date: Volume and Strategic Indicators

February 28, 2019

		ACTUAL	BUDGET	VARIANCE	PY	PY VARIANCE
		FYTD	FYTD	POS (NEG)	FYTD	POS (NEG)
VOLUME						
	Adjusted Admissions (AA)	12,527	12,529	(0%)	12,339	1.5%
	Adjusted Patient Days	63,192	62,969	0.4%	60,881	4%
	Admissions	6,359	6,861	(7%)	6,653	(4%)
	Average Daily Census	132	142	(7%)	136	(3%)
	Patient Days	32,077	34,482	(7%)	33,034	(3%)
	Available Occupancy %	61.7%	66%	(7%)	63.5%	(3%)
	Average LOS	5.0	5.0	0.4%	5.0	1.6%
	Surgeries					
	Inpatient Surgeries (Main Campus)	1,564	1,878	(17%)	1,871	(16%)
	Outpatient Surgeries (Main Campus)	1,984	1,920	3%	1,913	4%
	Total Surgeries	3,548	3,798	(7%)	3,784	(6%)
	Births	1,845	1,767	4%	1,738	6%
	ER Visits					
	Admissions	3,238	3,351	(3.4%)	3,477	(7%)
	Treated & Released	29,868	31,914	(6%)	29,279	2%
	Total ER Visits	33,106	35,265	(6%)	32,756	1.1%
	Trauma Activations	1,783	1,855	(4%)	1,941	(8%)
	Outpatient Clinic Visits					
	Total Clinic Visits	104,194	97,758	7%	92,508	13%
	Total Unique Patient Clinic Visits	77,684	76,190	2%	72,065	8%
	New Unique Patient Clinic Visits	14,596	15,764	(7%)	15,064	(3%)

3-Month Trend Analysis: Payor Mix

February 28, 2019

	DECEMBER	JANUARY	FEBRUARY	BUDGET FEBRUARY	VARIANCE POS (NEG)	PY FEBRUARY
PAYOR MIX - Charges						
Commercial FFS/HMO/PPO	9.2%	7.6%	8.1%	10.3%	(22%)	9.3%
Medi-Cal	28.7%	30.7%	30.8%	29.9%	3%	30.4%
Medi-Cal HMO - Kern Health Systems	29.5%	31.5%	31.7%	30.8%	3%	31.2%
Medi-Cal HMO - Health Net	8.6%	9.2%	9.3%	9.0%	3%	9.2%
Medi-Cal HMO - Other	1.0%	1.1%	1.1%	0.4%	163%	1.1%
Medicare	11.8%	11.4%	8.7%	9.8%	(11%)	10.8%
Medicare - HMO	4.4%	2.9%	4.0%	2.1%	91%	2.7%
County Programs	0.3%	0.3%	0.3%	0.3%	17%	0.4%
Workers' Compensation	0.30%	0.25%	0.26%	0.5%	(45%)	0.3%
Self Pay	6.2%	5.0%	5.7%	6.9%	(17%)	4.7%
Total	100.0%	100.0%	100.0%	100.0%		100.0%

Year-to-Date: Payor Mix

February 28, 2019

		ACTUAL	BUDGET	VARIANCE	PY	PY VARIANCE
		FYTD	FYTD	POS (NEG)	FYTD	POS (NEG)
PAYOR MIX - Charges						
	Commercial FFS/HMO/PPO	8.4%	10.4%	(19%)	10.9%	(23%)
	Medi-Cal	30.0%	30%	0.2%	29.9%	0.3%
	Medi-Cal HMO - Kern Health Systems	30.8%	31%	0.2%	30.7%	0.3%
	Medi-Cal HMO - Health Net	9.0%	9%	0.2%	9.0%	0.3%
	Medi-Cal HMO - Other	1.1%	0.4%	159%	1.1%	0.3%
	Medicare	10.3%	10%	(1%)	10.1%	1%
	Medicare - HMO	3.1%	2%	48%	2.1%	44%
	County Programs	0.3%	0.3%	18%	0.5%	(33%)
	Workers' Compensation	0.3%	0.5%	(29%)	0.9%	(64%)
	Self Pay	6.7%	6%	7%	4.8%	41%
	Total	100.0%	100%		100.0%	

3-Month Trend Analysis: Labor and Productivity Metrics

February 28, 2019

					BUDGET	VARIANCE	PY
		DECEMBER	JANUARY	FEBRUARY	FEBRUARY	POS (NEG)	FEBRUARY
Labor Metrics							
	Productive FTEs	1,358.95	1,413.60	1,476.59	1,523.47	(3%)	1,395.63
	Non-Productive FTEs	282.95	229.93	177.48	220.46	(19%)	202.61
	Contract Labor FTEs	90.38	84.26	86.31	79.82	8%	90.03
	Total FTEs	1,641.90	1,643.53	1,654.07	1,743.93	(5%)	1,598.24
	FTE's Per AOB Paid	6.99	5.97	5.88	6.51	(10%)	6.03
	FTE's Per AOB Worked	5.78	5.14	5.24	5.69	(8%)	5.26
	Labor Cost/FTE (Annualized)	137,928.20	152,319.55	134,938.90	125,343.65	8%	123,528.74
	Benefits Expense as a % of Benefitted Labor Expense	52%	70%	65%	61%	5%	68%
	Salaries & Benefits as % of Net Patient Revenue	64%	67%	64%	66%	(2%)	62%

Year-to-Date: Labor and Productivity Metrics

February 28, 2019

		ACTUAL	BUDGET	VARIANCE	PY	PY VARIANCE
		FYTD	FYTD	POS (NEG)	FYTD	POS (NEG)
Labor Metrics						
	Productive FTEs	1,422.49	1,484	(4%)	1,359.97	5%
	Non-Productive FTEs	227.84	215	6%	215.24	6%
	Contract Labor FTEs	93.67	77	21%	86.94	8%
	Total FTEs	1,650.33	1,699	(3%)	1,575.21	5%
	FTE's Per AOB Paid	6.30	7	(4%)	6.25	1%
	FTE's Per AOB Worked	5.43	6	(5%)	5.40	1%
	Labor Cost/FTE (Annualized)	137,415.03	132,284	4%	128,694.75	7%
	Benefits Expense as a % of Benefitted Labor Expense	62%	59%	6%	59%	5%
	Salaries & Benefits as % of Net Patient Revenue	62%	66%	(5%)	63%	(1%)

UP Sooner
Safer

 KernMedical

Category – Minimal Assistance Sara Steady



Category – Moderate & Extensive Assistance

Sara Plus



Category – Total/Maximum Assistance

MaxiMove 500#



Category – Total/Maximum Assistance



MaxiMove



**MaxiMove
w/2pt bar**



**MaxiMove
w/repositioning
sheet**

Category – Total/Maximum Assistance



Maxi Sky

Category – Lateral Transfer and Repositioning



Maxi tube



Maxi Once

Maxi Air

Early Mobilization-ICU Sara Combilizer

ARJOHUNTLEIGH
GETINGE GROUP



Dane Wheelchair Mover



Easy-Slide

EASY-SLIDE
APPLICATION AND REMOVAL AIDS
FOR COMPRESSION STOCKINGS

GETINGE GROUP



SEBA



ARJOHUNTLEIGH
GETINGE GROUP



TMCs





Training



ARJOHUNTLEIGH

GETINGE GROUP



UP Sooner Safer
KernMedical
Kick Off Celebration 12/19/2017



Program Impact....

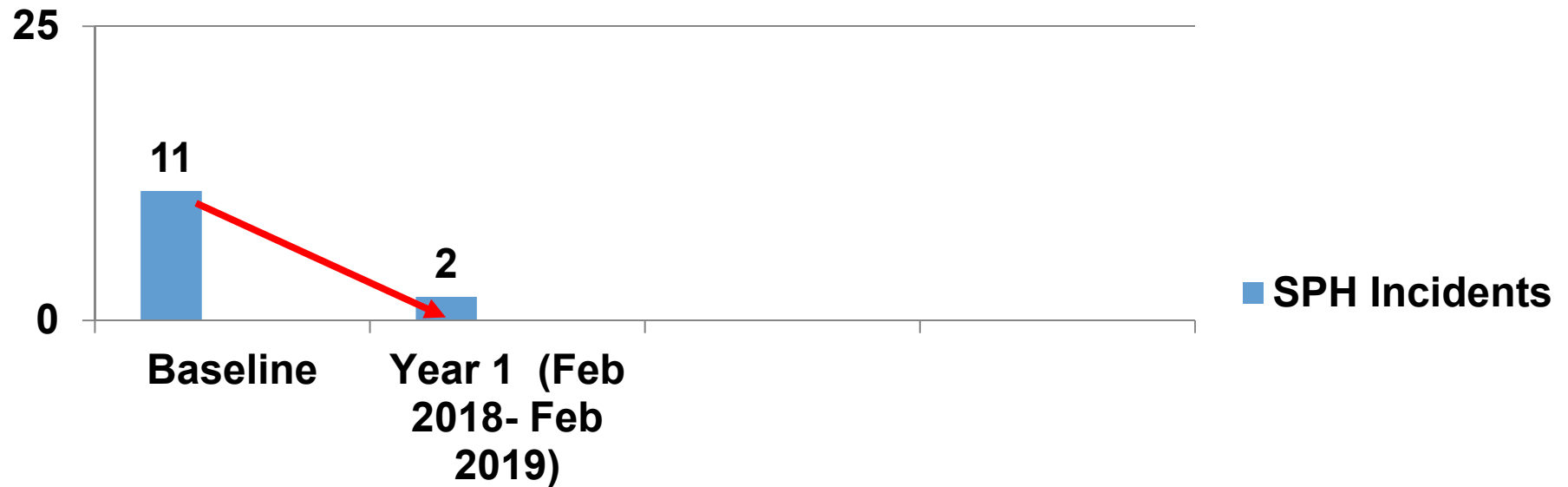


Kern Medical Patient Mobilization OSHA Staff Safe Patient Handling Injury log-Data

Year 1

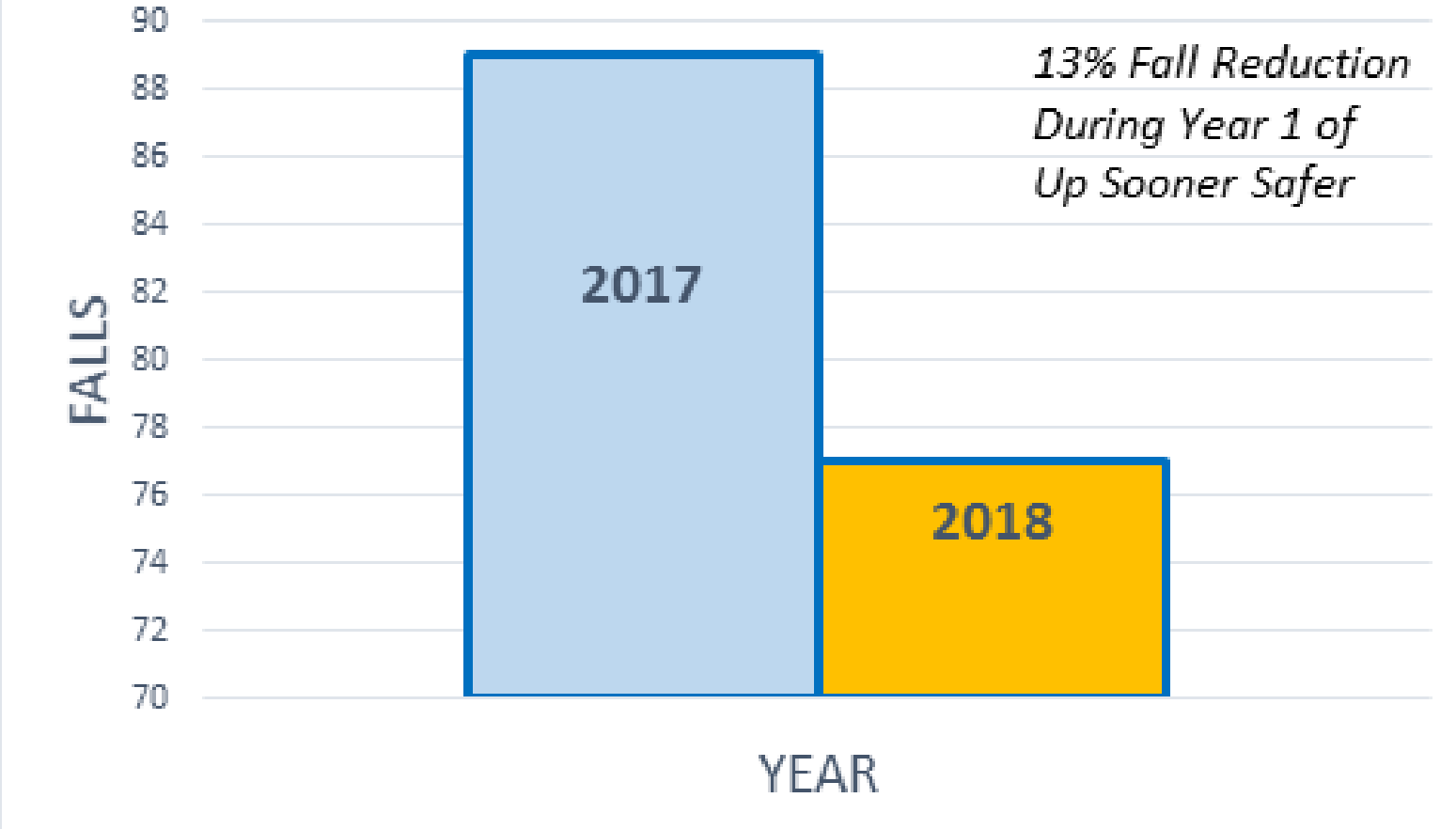
81% reduction overall (Feb 2018-Feb 2019)

100% potential had equipment been utilized/ utilized correctly/assessment completed

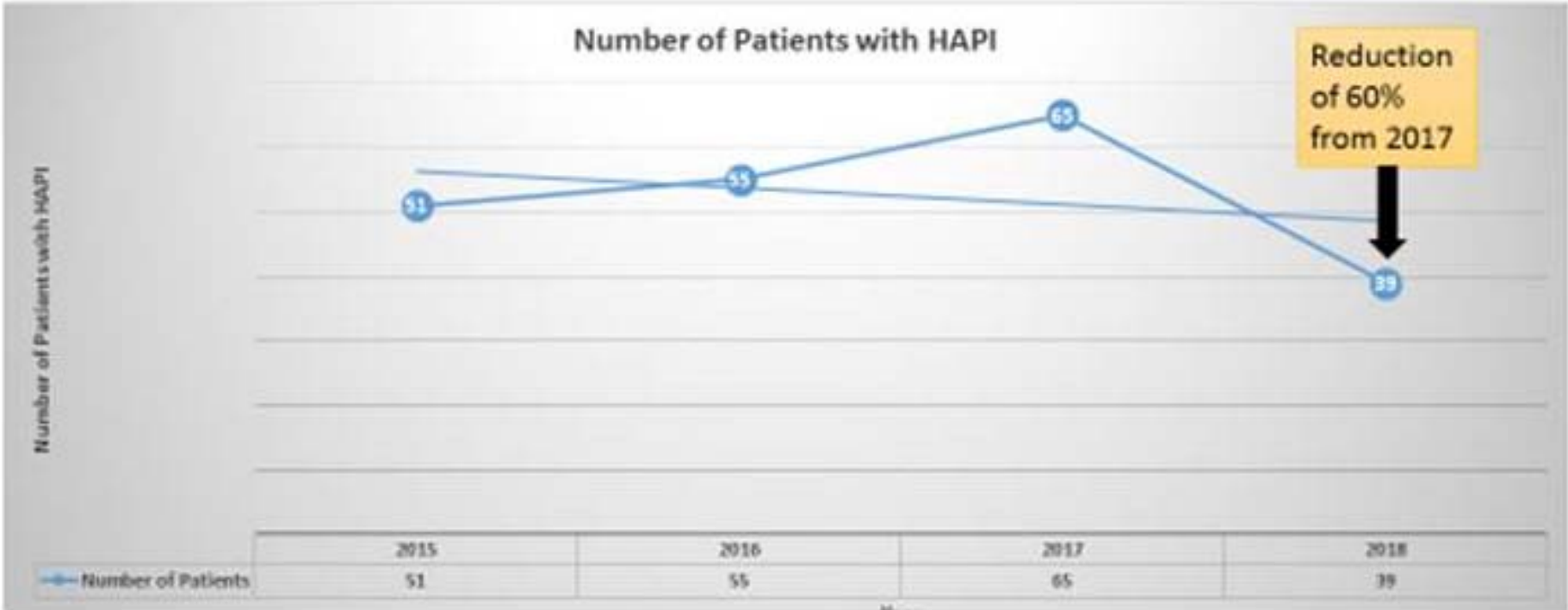


Baseline calculated as the average of SPM injuries from the 3 years prior to the program

INPATIENT FALLS - KERN MEDICAL



Raw Number of HAPI per Past 4 years



**KERN COUNTY HOSPITAL AUTHORITY
BOARD OF GOVERNORS
PUBLIC STATEMENT REGARDING CLOSED SESSION**

Health and Safety Code Section 101855(j)(2)

On the recommendation of the Chief Executive Officer, the Board of Governors will hold a closed session on April 10, 2019, to discharge its responsibility to evaluate and improve the quality of care rendered by health facilities and health practitioners. The closed session involves:

 X Request for Closed Session regarding peer review of health practitioners (Health and Safety Code Section 101855(j)(2)) –

**KERN COUNTY HOSPITAL AUTHORITY
BOARD OF GOVERNORS
PUBLIC STATEMENT REGARDING CLOSED SESSION**

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**KERN COUNTY HOSPITAL AUTHORITY
BOARD OF GOVERNORS
PUBLIC STATEMENT REGARDING CLOSED SESSION**

Government Code Section 54956.9

Based on the advice of Counsel, the Board of Governors is holding a closed session on April 10, 2019, to confer with, or receive advice from Counsel regarding pending litigation, because discussion in open session concerning this matter would prejudice the position of the authority in the litigation. The closed session involves:

- X CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION
(Government Code Section 54956.9(d)(2), (e)(2).) Number of cases: Two (2)
Significant exposure to litigation in the opinion of the Board of Governors on the advice of legal counsel, based on: Facts and circumstances, including, but not limited to, an accident, disaster, incident, or transactional occurrence that might result in litigation against the Authority and that are known to a potential plaintiff or plaintiffs –

**KERN COUNTY HOSPITAL AUTHORITY
BOARD OF GOVERNORS
PUBLIC STATEMENT REGARDING CLOSED SESSION**

On the recommendation of the Chief Executive Officer, the Board of Governors will hold a closed session on April 10, 2019, to consider:

- X CONFERENCE WITH LABOR NEGOTIATORS - Agency designated representatives: Chief Executive Officer Russell V. Judd, and designated staff - Employee organizations: Service Employees International Union, Local 1957 (Government Code Section 54957.6)

**KERN COUNTY HOSPITAL AUTHORITY
BOARD OF GOVERNORS
PUBLIC STATEMENT REGARDING CLOSED SESSION**

Health and Safety Code Section 101855(e)(1)

On the recommendation of the Chief Executive Officer, the Board of Governors will hold a closed session on April 10, 2019, the premature disclosure of which would create a substantial probability of depriving the authority of a substantial economic benefit or opportunity. The closed session involves:

 X Request for Closed Session for the purpose of discussion or taking action on authority trade secrets (Health and Safety Code Section 101855(e)(1)) –