



AGENDA

KERN COUNTY HOSPITAL AUTHORITY BOARD OF GOVERNORS

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

Regular Meeting
Wednesday, July 18, 2018

11:30 A.M.

BOARD TO RECONVENE

Board Members: Berjis, Bigler, Brar, Lawson, 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. 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!**

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 new Kern Medical resident physicians beginning July 1, 2018 –
MAKE PRESENTATION

ITEMS FOR CONSIDERATION

CA

- 4) Minutes for Kern County Hospital Authority Board of Governors regular meeting on June 20, 2018 –
APPROVE

CA

- 5) Proposed Amendment No. 2 to Agreement 808-2015 with United Neuroscience, Inc., an independent contractor, for professional medical services in the Department of Medicine for the period October 1, 2015 through September 30, 2019, revising the compensation methodology for seizure and epilepsy monitoring coverage, and increasing the maximum payable by \$455,590, from \$2,758,000 to \$3,213,590, to cover the term –
APPROVE; AUTHORIZE THE CHAIRMAN TO SIGN

CA

- 6) Proposed retroactive Amendment No. 1 to Agreement 20117 with LocumTenens.com, an independent contractor, for temporary physician staffing services for the period May 22, 2017 through May 22, 2018, extending the term one year from May 23, 2018 to May 22, 2019, increasing the maximum payable by \$500,000, from \$250,000 to \$750,000, to cover the extended term, effective May 23, 2018 –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 7) Proposed Agreement with General Electric Company, by and through its GE Healthcare division, an independent contractor, for purchase of a digital fluoroscopy machine for the Department of Radiology, in an amount not to exceed \$462,590 –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 8) Proposed retroactive Lease/Purchase Supplement to Agreement 086-2017 with IBM Credit LLC, an independent contractor, for additional financing of the Cerner electronic health record in an amount not to exceed \$3,826,601 plus interest, effective July 1, 2018 –
APPROVE; ADOPT RESOLUTION; AUTHORIZE CHAIRMAN TO SIGN

CA

- 9) Proposed Amendment No. 1 to Agreement 2016-079 with Aslan Ghandforoush, D.O., a contract employee, for professional medical services in the Department of Medicine for the period November 26, 2016 through November 25, 2019, adding call coverage for interventional cardiology, and increasing the maximum payable by \$512,000, from \$3,000,000 to \$3,512,000, to cover the term, effective August 1, 2018 –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 10) Proposed retroactive Amendment No. 15 to Agreement 98-0670 with 3M Company, an independent contractor, for purchase of coding software, education and maintenance to support the electronic health record, for a term of five years from June 21, 2018 through June 20, 2023, in amount not to exceed \$1,961,692 –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 11) Proposed retroactive Amendment No. 5 to Agreement 1118-2009 with Health Care Interpretation Network (HCIN), an independent contractor, for language interpretation services from September 9, 2009 through June 30, 2018, extending the term for two years from July 1, 2018 through June 30, 2020, revising the compensation methodology, and increasing the maximum payable by \$250,000, from \$607,391 to \$857,391, to cover the extended term, effective July 1, 2018 –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 12) Proposed resolution in the matter of delegation of authority to the Chief Executive Officer of the Kern County Hospital Authority to sign group purchasing organization vendor contracts that contain nonstandard terms and conditions – APPROVE; ADOPT RESOLUTION
- 13) Kern County Hospital Authority Chief Financial Officer report – RECEIVE AND FILE
- 14) Kern County Hospital Authority Chief Executive Officer report – RECEIVE AND FILE

CA

- 15) Claims and Lawsuits Filed as of June 30, 2018 – RECEIVE AND FILE

ADJOURN TO CLOSED SESSION

CLOSED SESSION

- 16) Request for Closed Session regarding peer review of health practitioners (Health and Safety Code Section 101855(j)(2)) –
- 17) Request for Closed Session regarding peer review of health facilities (Health and Safety Code Section 101855(j)(2)) –
- 18) Request for Closed Session for the purpose of discussion or taking action on authority trade secrets (Health and Safety Code Section 101855(e)(1)) –
- 19) CONFERENCE WITH LABOR NEGOTIATORS - Agency designated representatives: Chief Executive Officer Russell V. Judd, and designated staff - Employee organizations: Service Employees International Union, Local 521; Unrepresented Employees (Government Code Section 54957.6) –

RECONVENE FROM CLOSED SESSION

REPORT ON ACTIONS TAKEN IN CLOSED SESSION

ADJOURN TO WEDNESDAY, AUGUST 15, 2018, 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.

22) CLAIMS AND LAWSUITS FILED AS OF JUNE 30, 2018 –
RECEIVE AND FILE

- A) Claim in the matter of Christina Ball
- B) Claim in the matter of Kimberly A. Shaw
- C) Application for leave to file a late claim in the matter of Jennifer Granados
- D) Amendment to Complaint for Damages in the matter of Isai Lopez v. Kern County Hospital Authority, et al., Kern County Superior Court Case No. BCV-18-100479
- E) Notice of Assignment, Lien & Security Interest in the matter of Brandy Hernandez aka Brandy Desrocher, an individual v. County of Kern, et al., Kern County Superior Court, Case No. BCV-17-102820
- F) Notices of Intent to File Legal Action (5) in the matter of Kathryn A. Kodner
- G) Notices of Intent to File Legal Action (5) in the matter of Laurie Kodner
- H) Notices of Intent to File Legal Action (5) in the matter of Michael Kodner



SUMMARY OF PROCEEDINGS

KERN COUNTY HOSPITAL AUTHORITY BOARD OF GOVERNORS

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

Regular Meeting
Wednesday, June 20, 2018

11:30 A.M.

BOARD RECONVENED

Directors present: Bigler, Lawson, McGauley, McLaughlin, Pelz, Sistrunk
Directors absent: Berjjs

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

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

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!**

ERICA EASTON, KERN MEDICAL FOUNDATION EXECUTIVE DIRECTOR, HEARD REGARDING 20 ARVIN HIGH SCHOOL BRIDGE CAMP STUDENTS FOCUSED ON HEALTH CAREER PATHWAYS AND THEIR MINI DOC FOR A DAY EXPERIENCE

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 MCGAULEY EXPRESSED HER APPRECIATION FOR THE OPPORTUNITY TO BE A MEMBER OF THE KERN COUNTY HOSPITAL AUTHORITY INAUGURAL BOARD OF GOVERNORS

DIRECTOR MCGAULEY PRESENTED CHIEF EXECUTIVE OFFICER RUSSELL V. JUDD WITH A MONETARY DONATION TO BE USED FOR PSYCHIATRIC SERVICES AT KERN MEDICAL

CHAIRMAN BIGLER CONGRATULATED DIRECTOR SISTRUNK ON HER RECENT REAPPOINTMENT TO THE KERN COUNTY HOSPITAL AUTHORITY BOARD OF GOVERNORS FOR A THREE-YEAR TERM, EFFECTIVE JULY 1, 2018

CHAIRMAN BIGLER ANNOUNCED RAJI BRAR WILL HAS BEEN APPOINTED BY THE KERN COUNTY BOARD OF SUPERVISORS TO THE KERN COUNTY HOSPITAL AUTHORITY BOARD OF GOVERNORS FOR A THREE-YEAR TERM, EFFECTIVE JULY 1, 2018

RECOGNITION

- 1) Presentation by the Chief Executive Officer recognizing Colleen McGauley for her service on the Kern County Hospital Authority Board of Governors –
MADE PRESENTATION
- 2) Presentation by the Chief Executive Officer recognizing the winner of the 2018 Kern Medical Research Forum –
MADE PRESENTATION

ITEMS FOR CONSIDERATION

CA

- 3) Minutes for Kern County Hospital Authority Board of Governors regular meeting on May 16, 2017 –
APPROVED
Lawson-Pelz: 6 Ayes; 1 Absent - Berjis

CA

- 6) Proposed retroactive Agreement with The College of American Pathologists (CAP), an independent contractor, containing nonstandard terms and conditions, for purchase of CAP eFRM software license and support for the CAP electronic Cancer Checklist from June 5, 2018 through June 4, 2021, in an amount not to exceed \$35,000 – APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 033-2018
Lawson-Pelz: 6 Ayes; 1 Absent - Berjis

CA

- 7) Proposed Agreement with Cardinal Health, Inc., an independent contractor, containing nonstandard terms and conditions, for LeaderNet pharmacy administration services, for a term of two years effective upon approval by Cardinal, in an amount not to exceed \$7,792 – APPROVED; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN AGREEMENT 034-2018 WITH CARDINAL HEALTH, INC. AND ANY OTHER DOCUMENT NEEDED TO PARTICIPATE IN LEADERNET SERVICES
Lawson-Pelz: 6 Ayes; 1 Absent - Berjis

CA

- 8) Proposed Agreement with Cerner Corporation, an independent contractor, containing nonstandard terms and conditions, for purchase of additional modules for the Millennium Project, effective June 30, 2018, in an amount not to exceed \$3,000,000 over seven (7) years – APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 035-2018
Lawson-Pelz: 6 Ayes; 1 Absent - Berjis

CA

- 9) Proposed Agreement with Corepoint Health, LLC, an independent contractor, containing nonstandard terms and conditions, for purchase of Corepoint Integration Engine software license and services for the Millennium Project, for a term of one year effective June 20, 2018, in an amount not to exceed \$307,150 – APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 036-2018
Lawson-Pelz: 6 Ayes; 1 Absent - Berjis

CA

- 10) Proposed Amendment No. 1 to Agreement 2016-041 with the County of Kern, as represented by the County Administrative Office, Kern County Sheriff's Office, and Kern County Probation Department, for the provision of correctional medicine services to in-custody inmates and juvenile wards for the period July 1, 2016 through June 30, 2018, extending the term for two years from July 1, 2018 through June 30, 2020, in the amount of \$21,767,469 for Fiscal Year 2018-2019 (revenue) – APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 037-2018 SUBJECT TO APPROVAL AS TO FORM BY COUNSEL
Lawson-Pelz: 6 Ayes; 1 Absent - Berjis

CA

- 11) Proposed retroactive Agreement with the County of Kern, as represented by the County Administrative Office and Kern County Sheriff's Office, for correctional medicine services at Kern County Justice Facility from May 12, 2018 through June 30, 2020, in the amount of \$8,557,346 for Fiscal Year 2018-2019 (revenue) –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 038-2018
SUBJECT TO APPROVAL AS TO FORM BY COUNSEL
Lawson-Pelz: 6 Ayes; 1 Absent - Berjis

CA

- 12) Proposed appointment of Moss-Adams LLC to audit the Kern County Hospital Authority Deferred Compensation Plan for Physician Employees –
APPROVED
Lawson-Pelz: 6 Ayes; 1 Absent - Berjis

CA

- 13) Proposed Amendment No. 4 to Agreement 1048-2010 with Total Renal Care, Inc., an independent contractor, containing nonstandard terms and conditions, for acute dialysis services for the period December 1, 2010 through November 30, 2019, extending the term for two years from December 1, 2019 through November 30, 2021, and increasing the maximum payable by \$1,600,000, from \$2,925,000 to \$4,525,000, to cover the extended term –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 039-2018
Lawson-Pelz: 6 Ayes; 1 Absent - Berjis

CA

- 14) Request to employ retired Kern County Hospital Authority employees Scott Cote, as Extra Help Clinical Pharmacist; Rosa Martinez, as Extra Help Physician Assistant; Debbie Pershadsingh, as Extra Help Special Projects Manager; and Wedad M. Rizkalla, M.D., as Associate-Pediatrics, for the period ending June 30, 2019, or 960 hours, whichever occurs first, effective July 1, 2018 –
APPROVED
Lawson-Pelz: 6 Ayes; 1 Absent - Berjis

CA

- 15) Proposed retroactive Agreement with Korchek Technologies, LLC, an independent contractor, containing nonstandard terms and conditions, for purchase of software and data migration services, for a term of one year effective upon installation, in an amount not to exceed \$300,000 –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 040-2018
Lawson-Pelz: 6 Ayes; 1 Absent - Berjis

CA

- 16) Proposed renewal and binding of insurance coverages for hospital professional liability, general liability and umbrella/excess liability, excess workers' compensation and employers liability, automobile liability, helipad liability, directors and officers liability, employment practices liability, crime, privacy and securing (cyber) liability, premises pollution liability, underground storage tank liability, property (building, equipment, business interruption, earthquake and flood), employed lawyers liability, and fiduciary liability from July 1, 2018 through June 30, 2019, with option to finance selected premiums through IPFS Corporation of California and CSAC-EIA in an amount not to exceed \$1,528,599 –
APPROVED; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN PREMIUM FINANCE AGREEMENT 042-2018 AND CERTIFICATE OF INCUMBENCY
Lawson-Pelz: 6 Ayes; 1 Absent - Berjis

CA

- 17) Proposed Amendment No. 1 to Agreement 2016-042 with Trans-West Security Services, Inc., an independent contractor, for the provision of security services for the period July 1, 2016 through June 30, 2018, extending the term for two years from July 1, 2018 through June 30, 2020, and increasing the maximum payable by \$3,200,000, from \$2,412,834 to \$5,612,834, to cover the extended term –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 041-2018
Lawson-Pelz: 6 Ayes; 1 Absent - Berjis

CA

- 18) Proposed approval of Medical Staff policy and procedure regarding Evaluation/Management (E/M) Service Documentation Provided by Students –
APPROVED
Lawson-Pelz: 6 Ayes; 1 Absent - Berjis

- 19) Request to employ retired Kern County Hospital Authority employee Rose Bauer, as Extra Help Clinical Pharmacist, for the period ending June 30, 2019, or 960 hours, whichever occurs first, effective July 1, 2018 –
APPROVED
Sistrunk-McLaughlin: 6 Ayes; 1 Absent - Berjis

- 20) Kern County Hospital Authority Chief Financial Officer report –
RECEIVED AND FILED
McLaughlin-McGauley: 6 Ayes; 1 Absent - Berjis

- 21) Kern County Hospital Authority Chief Executive Officer report –
RECEIVED AND FILED
Pelz- Sistrunk: 6 Ayes; 1 Absent - Berjis

CA

- 22) Claims and Lawsuits Filed as of May 31, 2018 –
RECEIVED AND FILED
Lawson-Pelz: 6 Ayes; 1 Absent - Berjis

ADJOURNED TO CLOSED SESSION
McLaughlin-McGauley

CLOSED SESSION

- 23) Request for Closed Session regarding peer review of health practitioners (Health and Safety Code Section 101855(j)(2)) – SEE RESULTS BELOW
- 24) 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
- 25) 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) – SEE RESULTS BELOW
- 26) CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION (Government Code Section 54956.9(d)(2), (e)(2).) Name of case: Arthur Gray v. County of Kern, et al., United States District Court Case No. 1:14-cv-00204-LJO-JLT – SEE RESULTS BELOW

RECONVENED FROM CLOSED SESSION
McLaughlin-McGauley

REPORT ON ACTIONS TAKEN IN CLOSED SESSION

Item No. 23 concerning Request for Closed Session regarding peer review of health practitioners (Health and Safety Code Section 101855(j)(2)) – HEARD; BY A UNANIMOUS VOTE OF THOSE DIRECTORS PRESENT (MOTION BY DIRECTOR LAWSON, SECOND BY DIRECTOR MCGAULEY; 1 ABSENT - DIRECTOR BERJIS), THE BOARD APPROVED ALL PRACTITIONERS RECOMMENDED FOR INITIAL APPOINTMENT, REAPPOINTMENT, REVIEW AND RELEASE OF PROCTORING, REQUEST FOR ADDITIONAL PRIVILEGES, CHANGE IN STAFF STATUS, AND VOLUNTARY RESIGNATION OF PRIVILEGES; NO OTHER REPORTABLE ACTION TAKEN

Item No. 24 concerning 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. 25 concerning 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) – HEARD; NO REPORTABLE ACTION TAKEN

Item No. 26 concerning CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION (Government Code Section 54956.9(d)(2), (e)(2)) Name of case: Arthur Gray v. County of Kern, et al., United States District Court Case No. 1:14-cv-00204-LJO-JLT – HEARD; NO REPORTABLE ACTION TAKEN

ADJOURNED TO WEDNESDAY, JULY 18, 2018, AT 11:30 A.M.

McGauley

/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**

July 18, 2018

Subject: Proposed Amendment No. 2 to Agreement 808-2015 with United Neurosciences, Inc.

Recommended Action: Approve, Authorize Chairman to sign

Summary:

Kern Medical requests your Board approve the proposed Amendment No. 2 to Agreement 808-2015 with United Neuroscience, Inc., an independent contractor, for professional medical services in the Department of Medicine for the period October 1, 2015 through September 30, 2019, revising the compensation methodology for seizure and epilepsy monitoring coverage, and increasing the maximum payable by \$455,590, from \$2,758,000 to \$3,213,590, to cover the term.

**AMENDMENT NO. 2
TO
AGREEMENT FOR PROFESSIONAL SERVICES
INDEPENDENT CONTRACTOR
(Kern County Hospital Authority – United Neuroscience, Inc.)**

This Amendment No. 2 to the Agreement for Professional Services is made and entered into this ____ day of _____, 2018, between the Kern County Hospital Authority, a local unit of government (“Authority”), which owns and operates Kern Medical Center (“KMC”), and United Neuroscience, Inc., a California professional medical corporation (“Contractor”), with its principal place of business located at 11117 Torbay Drive, Bakersfield, California 93311.

RECITALS

(a) Authority and Contractor have heretofore entered into an Agreement for Professional Services (Kern County Agt. #808-2015, dated October 27, 2015), Assignment of Agreement (Kern County Agt. #338-2016, dated March 1, 2016), and Amendment No. 1 (Agt. #2017-047, dated July 14, 2017) (collectively, the “Agreement”), for the period October 1, 2015 through September 30, 2019, whereby Physician provides professional medical services to patients of KMC in one or more clinical departments and teaching services to medical students and resident physicians; 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 Contractor; 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 July 18, 2018;

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, Payment for Services, paragraph 4.1, Compensation, subparagraph 4.1.7, Seizure and Epilepsy Monitoring Coverage, shall be deleted in its entirety and replaced with the following:

“4.1.7 Seizure and Epilepsy Monitoring Coverage. Authority shall pay Contractor a fixed fee in the amount of \$500,000 per year at the rate of \$41,667 per month for seizure and epilepsy monitoring coverage provided by Group Physicians in the outpatient clinic, ICU, and inpatient epilepsy monitoring unit.”

3. Section 4, Payment for Services, paragraph 4.3, Maximum Payable, shall be deleted in its entirety and replaced with the following:

“4.3 Maximum Payable. The maximum payable under this Agreement will not exceed \$3,213,590 over the four-year term of this Agreement.”

4. Amendment No. 1 to Exhibit “A,” Scope of Services, shall be deleted in its entirety and replaced with Amendment No. 2 to Exhibit “A,” Scope of Services, attached hereto and incorporated herein by this reference.
5. All capitalized terms used in this Amendment and not otherwise defined, shall have the meaning ascribed thereto in the Agreement.
6. This Amendment shall be governed by and construed in accordance with the laws of the state of California.
7. This Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which take together shall constitute one and the same instrument.
8. 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 TO THE FOREGOING, the parties have executed this Amendment No. 2 as of the day and year first written above.

UNITED NEUROSCIENCE, INC.

By _____
Kiron Thomas, M.D.
Its President

KERN COUNTY HOSPITAL AUTHORITY

By _____
Chairman
Board of Governors

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

Amend2.United Neuroscience.071018

**AMENDMENT NO. 2
TO
EXHIBIT "A"
SCOPE OF SERVICES
United Neuroscience, Inc.**

1. **Telemedicine Coverage:**

- a) Designated Group Physicians shall provide expertise related to various stroke and cerebrovascular diseases via telemedicine services.
- b) Designated Group Physicians shall provide emergency department and inpatient stroke coverage for 24 hours per day, 365 days per year.
- c) Designated Group Physicians agree to provide telemedicine services in one (1) week blocks.
- d) A monthly call schedule shall be prepared by Contractor and sent seven (7) days prior to the beginning of each month. Changes to the call schedule may be made from time-to-time. The call schedule shall be sent to KMC via e-mail.
- e) Contractor and Designated Group Physicians agree to evaluate all patients regardless of their ability to pay.

2. **PSC Certification:**

- a) Contractor shall support KMC in its efforts to maintain a primary stroke center ("PSC") accredited by The Joint Commission.
- b) PSC certification requires a physician champion for accreditation by The Joint Commission ("Certification"). KMC has a neurologist on its medical staff who serves as the medical director. Contractor agrees to assign a Designated Group Physician to serve as medical director if necessary.
- c) PSC Certification requires a nurse practitioner or registered nurse to serve as the stroke coordinator for data collection, quality improvement, and program coordination. KMC shall assign a registered nurse or nurse practitioner to serve as the stroke coordinator.

3. **Systems of Care:**

- a) An initial request for consultation via telemedicine will be made via cell phone or text page.
- b) Once a request is made, the Designated Group Physician on-call will evaluate the patient via telemedicine.
- c) A response time of 15 minutes is expected between the initial request for consultation and the telemedicine evaluation.
- d) Neuroimaging will be available via the KMC web-based PACS system to each Designated Group Physician, or the images will be made available via a high definition web-based camera.
- e) Once the patient has been evaluated, a recommendation for tissue plasminogen activator (tPA) or endovascular clot retrieval will be made.
- f) Designated Group Physicians may recommend the patient for transfer if tPA is given or endovascular clot retrieval is recommended. However, the decision to transfer a patient remains at the discretion of the KMC physician.
- g) If the patient is admitted to KMC, admission orders will be written by the KMC physician.

- h) Following consultation, the on-call Designated Group Physician will dictate a procedure note into the KMC EHR within 24 hours.
4. **Inpatient Stroke Consultations and Follow-up:**
- a) Designated Group Physicians shall provide inpatient consultative services for ward and ICU patients that display symptoms of acute stroke.
 - b) The Systems of Care outlined in section 3 above shall apply to ward and ICU consultations.
5. **Academic Standing:** To maintain the highest quality of stroke care, all designated Group Physicians shall obtain eight (8) CME credits related to stroke care each year (e.g., acute, sub-acute, rehabilitation, secondary prevention)
6. **Outpatient Neurology Clinic Coverage:** Contractor and Group Physicians shall provide clinic coverage no fewer than five (5) one-half days each week (except holidays), inclusive of the four (4) one-half day clinics required of the Medical Director as set forth in section 10 below. Outpatient neurology clinics may occur with each patient evaluated in the presence of a resident or medical student or as non-resident clinics as assigned by the Department chair and/or KMC administration. Outpatient neurology clinic services shall be a combination of general neurology, epilepsy, and other neurology services, which shall be mutually agreed upon by Contractor, the Department chair, and KMC administration.
7. **Inpatient Neurology Coverage:** Contractor and Group Physicians shall provide mutually agreed upon daily staff coverage when other neurology faculty at KMC is unavailable, for inpatient consultative rounds on medical/surgical and ICU patients, with on-service resident physicians and medical students when present.
8. **Other Neurology Clinical Responsibilities:** Contractor and Group Physicians shall provide interpretation of adult electroencephalograms, nerve conduction studies, and electromyograms as mutually agreed upon with the Department chair.
9. **Interventional Radiology Coverage:** Contractor shall provide call coverage 24 hours per day, 365 days per year, including without limitation, interventional radiology coverage for the neurology service. Contractor shall provide a monthly schedule of covering Group Physicians by the 20th day of each month. Group Physician(s) shall be available by telephone to answer questions and for on-site consultations when requested. Group Physicians shall perform neuro-interventional radiology procedures as indicated by the patient's condition. Group Physician(s) shall coordinate with the Department of Radiology to optimize the use and service of the interventional radiology suite.
10. **Seizure and Epilepsy Monitoring Coverage:**
- a) Contractor shall assign a Designated Group Physician to serve as the Medical Director of the Epilepsy Monitoring Unit (EMU) and Epilepsy Program. Designated Group Physician shall be Hari Prasad Kunhi Veedu, M.D.
 - b) The Medical Director or other Group Physicians shall provide clinical services in support of the EMU and Epilepsy Program as follows:

- Provide daily neurology coverage in the EMU, ICU/DOU, and inpatient wards for patients receiving continuous EEG monitoring and/or Epilepsy Program patients.
 - Provide clinic coverage no fewer than four (4) one-half days each week (except holidays) for the Epilepsy Program and general neurology outpatient clinic coverage. Outpatient clinics may occur with each patient evaluated in the presence of a resident or medical student or as non-resident clinics as assigned by the Department chair and/or KMC administration. Outpatient neurology clinic services shall include a combination of general neurology, epilepsy, and other neurology services, which shall be mutually agreed upon by Contractor, the Department chair, and KMC administration.
 - Provide professional interpretation of EEG for patients in the EMU, ICU/DOU and other inpatient units, as well as all other ambulatory and clinic settings.
 - Provide supervision of residents, medical students and mid-level practitioners.
 - Provide electronic or telephonic consultation on an as-needed basis.
- c) The Medical Director shall:
- Work collaboratively with KMC staff and physicians to achieve accreditation by the National Association of Epilepsy Centers (NAEC) as a Level 4 center by January 1, 2020, in accordance with the 2018 NAEC Accreditation Criteria for Level 4 Centers set forth in Exhibit “A-1,” attached hereto and incorporated herein by this reference.
 - Provide leadership and clinical oversight of the epilepsy center.
 - Provide leadership and support for the education and training of the medical and clinical staff involved in epilepsy care.
 - Provide leadership and support in the development of written care protocols and obtain approval of such protocols through appropriate KMC medical staff committees.
 - Provide oversight to coordinate performance improvement activities.
 - Participate in and support KMC academic programs that relate to epilepsy program teaching and research.
 - Participate in a leadership role at KMC and in the community.
 - Work to ensure excellent care through chart review, direction observation, and data analysis.

11. **Medical Education, Teaching, and Academic Responsibilities:** Contractor and Group Physicians shall:

- a) Provide clinical mentoring to and evaluation of residents and medical students.
- b) Supervise residents and medical students assigned to the neurology service.
- c) Obtain academic appointment at David Geffen School of Medicine at University of California, Los Angeles, or one or more California-based medical schools, and maintain such appointment throughout the term of this Agreement.
- d) Provide up to 12 didactic and Department lectures as assigned by the Department program director and based upon standard curriculum.
- e) Provide medical education to residents and medical students during inpatient rounds.
- f) Provide medical education in the clinic setting.
- g) Serve as attending faculty in the Department.

12. **Service Expectations:**
- a) Contractor and Group Physicians shall perform all services for KMC patients, including but not limited to neuro-interventional radiology procedures, electroencephalograms, nerve conduction studies, and electromyograms at KMC or a KMC location, as appropriate. Procedures and studies for KMC patients performed at non-KMC locations must be pre-approved by KMC in advance of the procedure. Contractor shall require that Group Physicians report on time for all scheduled procedures. Outpatient neurology clinic services may be performed at any KMC designated site.
 - b) Telemedicine services shall commence no later than October 1, 2105. Outpatient neurology clinic coverage shall commence no later than November 1, 2105. Neuro-interventional radiology coverage shall commence no later than January 1, 2016.
13. **Administrative Responsibilities:** Contractor shall require that Group Physicians:
- a) Attend Department staff meetings and the annual medical staff meeting.
 - b) Participate in medical staff committees as assigned by the president of the medical staff.

[Intentionally left blank]

EXHIBIT “A-1”
2018 NAEC ACCREDITATION CRITERIA FOR LEVEL 4 CENTERS

[Attached]

2018 NAEC Accreditation Criteria for Level 4 Centers

Epilepsy Center Criteria

Verification Method/Notes

EPILEPSY CENTER SERVICES

1) Electrodiagnostic Services

<p>a) 24-hour video-EEG with scalp electrodes</p> <p>b) 24-hour video-EEG recording with intracranial electrodes (subdural, epidural or depth electrodes)</p> <p>c) Access to Wada testing or functional neuroimaging</p> <p>d) Functional cortical mapping by stimulation of intracranial electrodes</p> <p>2) Imaging Services</p>	<p>Adequate volume of 100+ admissions reported on Center Annual Report</p> <p>Upload 5 EMU reports from patients admitted in a single month in 2017.</p> <p>Upload 1 report from 2017</p> <p>Center Annual Report Response "Yes"</p> <p>Center Annual Report Response "Yes"</p>
---	---

<p>a) Magnetic resonance imaging (at least 1.5T)</p> <p>b) Computerized axial tomography</p> <p>c) Cerebral angiography</p> <p>d) Access to interictal PET or ictal/interictal SPECT by established arrangement or on site</p> <p>3) Pharmacological Services: Quality-assured anticonvulsant serum drug levels</p> <p>4) Neuropsychological/psychosocial services: Comprehensive neuropsychological test batteries</p> <p>5) Surgical Services</p> <p>a) Any resective or ablative epilepsy surgery with goal of controlling seizures</p> <p>b) Placement of intracranial electrodes</p> <p>c) Implantation and management of the vagus nerve stimulator or other neuromodulatory devices</p> <p>6) Rehabilitation Services (inpatient and outpatient): Sufficient physical, occupational, and speech therapy</p>	<p>Upload 1 report reflecting expertise in epilepsy signed/approved by the neuroradiologist listed on Center Annual Report</p> <p>Center Annual Report Response "Yes"</p> <p>Center Annual Report Response "Yes"</p> <p>Upload 1 report from 2017</p> <p>Center Annual Report Response "Yes"</p> <p>Upload 1 report from 2017</p> <p>Upload 1 operative report from 2017</p> <p>Center Annual Report Response "Yes"</p> <p>Upload 1 operative report from 2017</p> <p>Center Annual Report Response "Yes"</p>
--	---

PERSONNEL (Full or part-time individual accessible to center patients)

<p>1) Physicians</p> <p>a) Medical Director with at least two years of experience post-fellowship</p> <p>b) Second epileptologist (for adult-only centers) or child neurologist (for centers that treat children) with at least two years of experience post-fellowship</p> <p>c) At least one board-certified neurosurgeon with special expertise in epilepsy</p> <p>2) Neuropsychologist</p> <p>3) Psychosocial: Access to a social worker</p> <p>4) Nursing/Nurse Practitioner/Physician Assistants</p> <p>a) Outpatient clinic nurse/nurse practitioner/physician assistant with expertise in epilepsy</p> <p>b) Inpatient EMU nurse/nurse practitioner/physician assistant with expertise in epilepsy</p>	<p>Upload CV</p> <p>Upload CV</p> <p>Upload CV</p> <p>Upload CV</p> <p>Name and info listed in Center Annual Report</p> <p>Name and info listed in Center Annual Report</p> <p>Name and info listed in Center Annual Report</p>
--	---



2018 NAEC Accreditation Criteria for Level 4 Centers

Epilepsy Center Criteria	Verification Method/Notes
5) EEG Technologist(s): At least one technologist board-certified by ABRET	Name and info listed in Center Annual Report
6) Neuroradiologist	Name and info listed in Center Annual Report
SAFETY AND TREATMENT PROTOCOLS	
1) Examination of speech, memory, level of consciousness, and motor function during and following a seizure	Upload
2) Measures to be taken if number, duration, or severity of seizures is excessive, including number or duration of seizures requiring physician notification*	Upload
3) Medication reduction to increase seizure yield	Upload
4) Care of head dressings and measures to prevent postoperative infections or other complications in patients studied with intracranial electrodes	Upload
5) Management of status epilepticus and seizures in hospitalized patients*	Upload
6) Admission orders or an admission order set for EMU patients	Upload
7) Layout and furnishings should allow easy access to and continuous observation of patients and minimize risk of injury due to falls and other safety concerns	Center Annual Report Response "Yes"
8) EMU Caring - one physician and one nurse or tech must complete	Enter name and emails in Center Annual Report Upload certificates (if received)

*Adult/Pediatric centers must provide a pediatric specific protocol in addition to an adult specific protocol.



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

July 18, 2018

Subject: Proposed Amendment No. 1 to Agreement 20117 with LocumTenens.Com

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical requests your Board approve the proposed retroactive Amendment No. 1 to Agreement 20117 with LocumTenens.com, an independent contractor, for temporary physician staffing services for the period May 22, 2017 through May 22, 2018, extending the term one year from May 23, 2018 to May 22, 2019, increasing the maximum payable by \$500,000, from \$250,000 to \$750,000, to cover the extended term, effective May 23, 2018.

**AMENDMENT NO. 1
TO
PERSONAL/PROFESSIONAL SERVICES AGREEMENT
(Kern County Hospital Authority – LocumTenens.Com)**

THIS AMENDMENT TO AGREEMENT, effective May 23, 2018, is between the Kern County Hospital Authority, a local unit of government ("KCHA"), which owns and operates Kern Medical Center ("Kern Medical"), and LocumTenens.Com. ("Consultant").

WITNESSETH:

WHEREAS, KCHA and Consultant entered into a Personal/Professional Services Agreement dated May 22, 2017 (#20177PA) ("Agreement"), for the period May 22, 2017 through May 22, 2018; and

WHEREAS, the parties to the Agreement desire to amend the Agreement as specified herein below;

NOW, THEREFORE, KCHA and Consultant do mutually agree as follows (check those applicable):

- Term.** The Agreement shall be extended from May 22, 2018 to May 21, 2019 unless sooner terminated as provided for in the Agreement.
- Fees** payable by KCHA under the Agreement shall increase by \$500,000 from \$250,000 to \$750,000 and will include approved reimbursable travel expenses.
- Travel Expenses** will be reimbursed by KCHA for all necessary and reasonable actual costs incurred on behalf of KCHA. If the reimbursable expenses include travel, the travel expenses must be reasonable and necessary, approved in advance by the Responsible KCHA Department, and shall not exceed the following KCHA per diems: Lodging, \$221.00 per night plus tax; breakfast, \$13.00; lunch, \$15.00; dinner, \$26.00; economy rental car; and mileage, if by private automobile, at \$.54 per mile; and by common carrier at actual fare charged for economy or coach class.
- Services.** See Amendment No. 1 to Exhibit A, attached hereto and incorporated herein by this reference, for revised Services.
- Other:**

Except as expressly amended herein, all provisions of the Agreement, as previously amended, shall remain in full force and effect.

IN WITNESS WHEREOF, this Amendment No.1 to the Agreement has been executed as of the date indicated above.

KERN COUNTY HOSPITAL AUTHORITY

By _____
Russell Bigler, Chairman
"KCHA"

Date: _____

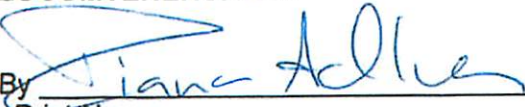
APPROVED AS TO CONTENT:

Kern Medical Center

By _____
Russell V. Judd,
Chief Executive Officer

Date: _____

LOCUMTENENS.COM

By  _____
Print Name:
"Consultant"

Date: 7/12/18

APPROVED AS TO FORM:

Legal Services Department

By  _____
Hospital Counsel

Date: 7/12/18



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

July 18, 2018

Subject: Proposed Agreement with General Electric Company for the purchase of a Precision 600FP Fluoroscopy.

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical requests your Board approve the proposed Agreement with General Electric Company for the purchase of the GE Precision 600FP. The GE Precision 600FP is a digital fluoroscopy machine designed to acquire digital images on a flat panel detector, with continuous fluoroscopy to record and archive live imaging. The 600FP reduces radiation to patients and staff, accommodates bariatric patients, has a larger viewing capacity, and will streamline workflow, increase throughput, and improve patient satisfaction.

Our current fluoroscopy machine is the only unit in the hospital and it is at end of life. We have been able to use third party parts for repairs, but the availability of these parts has declined significantly. If the current machine becomes inoperable, we will be required to transfer patients to other facilities for fluoroscopy imaging. Transferring patients is costly both for the expense of the exam and for transportation costs and creates a delay of care for the patient. For these reasons, Kern Medical has proposed purchasing the unit now, rather than waiting for the current unit to fail.

The unit cost will not exceed \$462,590 and the first year of service for the unit is included in this cost.



Addendum to Agreement

GE Healthcare

This Addendum ("Addendum") is made by Kern County Hospital Authority with an address at 1700 Mount Vernon Avenue, Bakersfield, CA 93306-4018 ("Customer") and General Electric Company, by and through its GE Healthcare division with an address at 9900 Innovation Drive, Wauwatosa, WI 53226 ("GE Healthcare"), parties to Quotation # PR4-C114843v3 dated June 19, 2018 ("Quotation", attached as Exhibit A) for the products and/or services listed on the Quotation in accordance with the terms and conditions identified in the Quotation ("Agreement").

The Agreement is amended as follows:

- 1. The Terms and Conditions of the applicable Group Purchasing Agreements referenced in the Quotation are further amended by adding the following one (1) new Section:

"GE Healthcare is aware that Customer is a government entity and is subject to the California Public Records Act, Cal.Govt.Code §6250 et seq., the Brown Act, Cal.Govt.Code §54950 et seq., and other laws pertaining to government entities. Information required by law to be disclosed will not be considered Proprietary and Confidential by the Parties and will be disclosed only to the extent required to comply with that legal obligation."

- 2. Except as set forth in this Addendum, the Agreement is unaffected and continues in full force in accordance with its terms. If there is a conflict between this Addendum and the Agreement or any other earlier amendment, the terms of this Addendum will prevail.

- 3. Customer's form of payment is:

Initial to indicate form of payment:
(If potential for a lease exists, GE HEF or otherwise, select lease)
___ Cash* ___ Lease ___ GE HEF Loan
If leasing please provide name of finance company below:
*Selecting cash declines option for GE HEF financing

The parties have caused this Addendum to be executed by their authorized representative as of the last signature date below.

Kern County Hospital Authority

GE Healthcare

Signature: _____

Signature: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

APPROVED AS TO FORM
Legal Services Department

By [Signature]
Kern County Hospital Authority

Exhibit A

Quotation # PR4-C114843v3 dated June 19, 2018
Please see attached



GE Healthcare

Date: 06-19-2018
Quote #: PR4-C114843
Version #: 3
Q-Exp-Date: 08-31-2018

Issued By:
GE Healthcare
FEIN: 14-0689340

Customer Address:
Kern County Hospital Authority
1700 Mount Vernon Ave
Bakersfield CA 93306-4018

Attention:
Suzanne Knight
1830 FLOWER STREET Bakersfield
CA 93305

The terms of the Master Purchasing Agreement, Strategic Alliance Agreement or GPO Agreement referenced below as the Governing Agreement shall govern this Quotation. No additional or different terms shall apply unless agreed to in writing by authorized representatives of both parties.

Governing Agreement:	HPG
Customer Number:	1-23R4ES
Terms of Delivery:	FOB Destination
Billing Terms:	80% delivery / 20% Installation
Payment Terms:	NET 30
Total Quote Net Selling Price:	\$462,589.68
Sales And Use Tax Status:	No Exemption Certificate on File

** The following ship to states do not impose a sales/use tax (AK, DE, MT, NH, OR). No exemption certificate required.

INDICATE FORM OF PAYMENT:

If "GE HEF Loan" or "GE HEF Lease" is NOT selected at the time of signature, then you may NOT elect to seek financing with GE Healthcare Equipment Finance (GE HEF) to fund this arrangement after shipment.

Cash/Third Party Loan/Check GE HEF Loan
 GE HEF Lease Third Party Lease(please identify financing company) _____

By signing below, each party certifies that it has not made any handwritten modifications. Manual changes or mark-ups on this Agreement (except signatures in the signature blocks and an indication in the form of payment section below) will be void.

Each party has caused this agreement to be executed by its duly authorized representative as of the date set forth below.

CUSTOMER _____

Authorized Customer Signature Date

Print Name Print Title

Purchase Order Number (if applicable)

GE HEALTHCARE
Chuck Guentz 06-25-2018

Signature Date

Account Manager-VASO- MFR Rep
Email: Chuck.Guentz@ge.com

APPROVED AS TO FORM
Legal Services Department

By 
Kern County Hospital Authority



GE Healthcare

Date: 06-19-2018
Quote #: PR4-C114843
Version #: 3
Q-Exp-Date: 08-31-2018

Total Quote Selling Price	\$462,589.68
Trade-In and Other Credits	\$0.00

Total Quote Net Selling Price	\$462,589.68

To Accept this Quotation
Please sign and return this Quotation together with your Purchase Order To:
Chuck Guentz
Email: Chuck.Guentz@ge.com

Payment Instructions
Please **Remit** Payment for invoices associated with this quotation to:
GE Healthcare
P.O. Box 96483
Chicago, IL 60693

To Accept This Quotation

- Please sign the quote and any included attachments (where requested).
- If requested, please indicate, your form of payment.
- If you include the purchase order, please make sure it references the following information
 - The correct Quote number and version number above
 - The correct Remit To information as indicated in "**Payment Instructions**" above
 - The correct SHIP TO site name and address
 - The correct BILL TO site name and address
 - The correct Total Quote Net Selling Price as indicated above

"Upon submission of a purchase order in response to this quotation, GE Healthcare requests the following to evidence agreement to contract terms. Signature page on quote filled out with signature and P.O. number.

*****OR*****

Verbiage on the purchase order must state one of the following: (i) Per the terms of Quotation #_____; (ii) Per the terms of GPO#_____; (iii) Per the terms of MPA #_____; or (iv) Per the terms of SAA #_____. Include the applicable quote/agreement number with the reference on the purchase order.

In addition, source of funds (choice of: Cash/Third Party Loan or GE HEF Lease or GE HEF Loan or Third Party Lease through _____), must be indicated, which may be done on the quote signature page (for signed quotes), on the purchase order (where quotes are not signed) or via a separate written source of funds statement (if provided by GE Healthcare)."



GE Healthcare

Date: 06-19-2018
Quote #: PR4-C114843
Version #: 3
Q-Exp-Date: 08-31-2018

06-19-2018

GPO Agreement Reference Information

Customer: Suzanne Knight
Contract Number: 500043, 500352, 500174, 500072, 500151, 500150, 500277, 1451, 1450, 000903
Start Date:
End Date: 05/31/2020
Billing Terms: 80% delivery / 20% Installation
Payment Terms: NET 30
Shipping Terms: FOB Destination

For a copy of the GPO contract or summary, please go to your GPO Membership login page scrubs.healthtrustpg.com. If a copy of the contract is not available on your membership page, please contact your GPO client manager.

Offer subject to the Terms and Conditions of the applicable Group Purchasing Agreements currently in effect between GE Healthcare and HealthTrust Purchasing Group includes 500043 (Imaging).



GE Healthcare

Date: 06-19-2018
 Quote #: PR4-C114843
 Version #: 3
 Q-Exp-Date: 08-31-2018

Item No.	Qty	Catalog No.	Description	Ext Sell Price
	1		Precision 600FP	
1	1	S0915RA	<p>P600FP BASE SYSTEM</p> <p>The Precision™ 600FP is a classical, flat panel detector (FPD) based fluoroscopic and radiographic system with a list of features highlighted below:</p> <ul style="list-style-type: none"> • High quality images acquired with a high resolution flat panel detector. • Small footprint that fits in various room sizes. • Intuitive user interface to optimize clinical workflow. • Supports a wide range of patient sizes and weights. • Comprehensive image visualization, post-processing, and database management. Super Noise Reduction Filter to minimize noise. • Comprehensive dose management, including adjustable framerate, dose settings, virtual collimation, grid controlled pulse, DoseWatch (optional) and more. <p>The universal table configuration and tableside control panel make it easy for patient positioning. High weight capability, large clearance between tabletop and flat panel detector, and easy patient access from the back of table allow large patients to be imaged with ease</p> <ul style="list-style-type: none"> • Dimension: 35.6" H x 82.7" L x 30.1" W (90.4 x 210.0 x 76.5 cm) • Movement: longitudinal ±31.5" (80 cm), lateral ±3.9" (10 cm) • Distance between focus and table top: 20.7" (52.6 cm) • Tilting: +90°/-45°. Speed is 1° to 5°/sec variable • Weight capacity: 600 lb (270 kg) at the tabletop center with table in horizontal position, 400 lb (180 kg) for dynamic positioning at the center. <p>Another important way of positioning an image is through FPD tower. A power-assisted positioning handle is available to easily move the tower in all three dimensions for best image positions, regardless of left- or right-handedness. An additional handle is also available for users who prefers to use both hands.</p> <ul style="list-style-type: none"> • Longitudinal movement: ±29.5" (75 cm) • Lateral movement: ±4.9" (12.5 cm) 	\$411,250.00



GE Healthcare

Date: 06-19-2018
 Quote #: PR4-C114843
 Version #: 3
 Q-Exp-Date: 08-31-2018

Item No.	Qty	Catalog No.	Description	Ext Sell Price
2	1	S0915RF	<p>P600FP WALLSTAND LH</p> <p>Wall Stand Features - Left hand load</p> <ul style="list-style-type: none"> • Vertical movement: 11.2" (28.4 cm). Distance to tabletop is adjustable between 9.3" (23.6 cm) and 20.5" (52 cm) The Precision 600FP imaging system is centered around a 17" x 17" cesium iodide (CSI) based flat panel detector (FPD) with flexible data acquisition schemes, advance image processing, visualization and versatile storage capabilities. Flat Panel Detector (FPD) <ul style="list-style-type: none"> • Easy switch between 4 field of view (FOV) levels: Normal/Mag1/Mag2/Mag3. These levels are pre-programmed and mapped to 4 control buttons on the FPD tower and the FOV can range from 17" (42 cm) to 5" (12 cm). • Effective number of pixels: 2840 x 2840 • Pixel size: 148 µm (non-binning) • DQE: # 60% • Sensitivity: 0.38 to 0.75 LSB/nGy (non-binning) • Dynamic range: # 80 dB • Spatial resolution: # 4.0 lp/mm Overhead tube support is used for radiography on the table or an additional wall stand. • Movement: longitudinal 175.2" (445 cm), lateral 90.6" (230 cm), vertical 59.1" (150 cm) • Ceiling to tube focus distance: 32.7" (83 cm) to 91.7" (233 cm) • X-ray tube rotation about vertical axis: ±180° and detents every 90° • X-ray tube rotation about horizontal axis: ±180° and detents every 15° The system features a high-frequency, 80 kW, inverter generator. System includes: Overhead Tube Suspension (OTS), in-room monitor, and table accessories (lead drape, side rail, hand grip, footboard, shoulder rest, compression band, head end rail) • Accepts 14" x 17" (35 x 43 cm) digital detector 	Incl.



GE Healthcare

Date: 06-19-2018
 Quote #: PR4-C114843
 Version #: 3
 Q-Exp-Date: 08-31-2018

Item No.	Qty	Catalog No.	Description	Ext Sell Price
			<ul style="list-style-type: none"> • Cassette can be switched to landscape or portrait position by simply rotating the Bucky. Cassette can stay inside Bucky while Bucky is rotated. • EZ-Glide hand control for easy and precise movement. • Low absorption front cover material with cassette and AEC indicators • Vertical movement: 152.4 cm (60.0") with a 35.6 cm (14.0") minimum Focal Spot-to-Floor distance • Fail safe electromagnetic braking system plus integral counterbalancing for safe and easy use Patient support bar	
3	1	S0915RH	P600FP MTR SUSP SINGLE Ceiling mount kit for the in-room single monitor. In-room monitor (1280x1024, 19" monochrome) already included as part of the Base System	\$9,870.00
4	1	S0915RJ	P600FP MONITOR LIVE CONTR Control room Live Monitor 1280x1024, 19" monochrome Live Monitor on the console which replicates the live images displayed on the in-room Live Monitor. This 2nd Live Monitor provides a convenient way to observe imaging results in real time at the console	\$3,760.00
5	1	S0915RD	MONITOR CABLE KIT Live Monitor cable kit cable connection kit to control room live monitor	\$470.00
6	1	S0915RB	P600FP PDU Power Distribution unit for subsystem power	Incl.
7	1	S0915RC	P600FP UPS In the event of a facility power failure the UPS manages the power-down of the system computer	Incl.
8	1	S0915RY	P600FP REMOTE SAFETY TRIP	\$940.00



GE Healthcare

Date: 06-19-2018
 Quote #: PR4-C114843
 Version #: 3
 Q-Exp-Date: 08-31-2018

Item No.	Qty	Catalog No.	Description	Ext Sell Price
			Power Off Switch for use in the Control Room to kill power to System UPS and to the Main Disconnect Panel/PDU. Room specific, consult with Installation PMI.	
9	1	S0915RX	TIMS READINESS KIT Kit that makes the system TIMS ready. This is to ensure easy installation of a TIMS solution. Mandatory even if S0910TU (TIMS 2000 with Cart) is not selected.	Incl.
10	1	S0915RR	LARGE STORAGE KIT This option enables large disk storage that allows user to record fluoroscopy loops at 30 fps instead of 15 fps. It also increases maximum image storage capacity from 70,000 frames to 140,000 frames at 1k resolution.	\$1,410.00
11	1	S0915RQ	LATERAL CASSETTE HOLDER Lateral Cassette holder This kit can be mounted to the side of the diagnostic table in order to perform lateral radiography.	\$1,410.00
12	1	S0915RS	P600FP KNEE CRUTCH The knee crutches can be mounted on both sides of the table to raise knees and legs for urological examinations.	\$3,948.00
13	1	S0915RP	LAST FLUORO HOLD PACKAGE Last Fluoroscopic hold package Up to 512 frames of the most recent fluoroscopic image can be temporarily stored in memory. These frames can be transferred to the hard disk during post-processing.	\$6,345.00
14	1	S0915RV	OTS Ceiling Adaptor 56 Adaptor for parallel unistrut w/ spacing 56" specifically	\$3,760.00
15	1	S3926KQ	AERODR 1417 XE P600FP KIT 8001130-AeroDR 14x17 XE Package includes: Ruggedized detector Ideal for Emergency/Trauma and other Extreme Environment use. This AeroDR	Incl.



GE Healthcare

Date: 06-19-2018
 Quote #: PR4-C114843
 Version #: 3
 Q-Exp-Date: 08-31-2018

Item No.	Qty	Catalog No.	Description	Ext Sell Price
			<p>configuration combines our AeroDR XE FPD with our CS-7 Software to deliver the maximum potential for providers to achieve dose and increase image quality through a robust enterprise caliber user interface which includes Modality Worklist, Hybrid Premium Processing Algorithms, and Procedure Code Mapping.</p> <p>Includes:</p> <ul style="list-style-type: none"> AeroDR XE 14x17 Cassette Sized Wireless Digital Flat Panel Detector <ul style="list-style-type: none"> o Lightweight only 5.7 lbs. o IPX6 liquid resistance o 300 images/ 8.2 hours o 4 - 6 second cycle time with SRM/S-SRM o Meets international specifications for true 14x17 cassette size o Wireless Connectivity Package 802.11 a/n (includes Access Point) AeroDR Docking Station II CS-7 Universal Control Station Hardware CS-7 Universal Control Station Software Image Quality Optimization DICOM Store (2 connections) DICOM Modality Worklist MPPS Software License Aero DR Gen I/F SSRM kit Procedure Code Mapping Installation and 2 days Applications Training for first system purchased, 1 day for each additional system purchased("Detector Only" does not qualify as additional system) <p>8001726 DR-CS7 Dept Data Analysis Lic DR</p>	



GE Healthcare

Date: 06-19-2018
 Quote #: PR4-C114843
 Version #: 3
 Q-Exp-Date: 08-31-2018

Item No.	Qty	Catalog No.	Description	Ext Sell Price
			<p>This license analyzes and gives statistical data images taken. As a result, it provides a clear overview of quantity and reasons of non-exploitable images : too low dose level, patient motion, etc</p> <p>8001762 AeroDR CS-7 Study Combine/Move Software License</p> <p>Ideal for use in trauma and ER settings. This advanced software feature allows patient study data from one study (i.e. study 'A') to be transferred to a different patient study (i.e. study 'B') on the CS-7 controller. The original study (i.e. study 'A') is removed from the local worklist native to the CS-7 after the information has been moved to the new study (study 'B').</p>	
16	1	W0113RA	<p>Precision 600 FP and Workstation Expert Package New to GE Fluoroscopy and Konica Minolta</p> <p>Precision 600 FP and Workstation Expert Package New to GE Fluoroscopy and Konica Minolta</p> <p>Precision 600 FP and Workstation Expert Package New to GE Fluoroscopy and Konica Minolta</p> <p>Eight full days (1 day =8 hours) of on-site training Precision 600FP and Workstation systems.. Includes one 4-day on-site visit to coincide with system go-live and two 2-day on-site follow-up visits to be scheduled Monday through Friday. Training cannot be scheduled as single day events. Training expires 12 months from the date of go-live of equipment or purchase, whichever is the latest.</p>	\$17,300.00
17	1	E4502ST	<p>25 KAIC X-Ray Main Disconnect Panel 80 Amp, 480 V / 208 V</p> <p>25 KAIC X-Ray Main Disconnect Panel 80 Amp, 480 V / 208 V</p> <p>FEATURES/BENEFITS</p>	\$2,126.68



GE Healthcare

Date: 06-19-2018
 Quote #: PR4-C114843
 Version #: 3
 Q-Exp-Date: 08-31-2018

Item No.	Qty	Catalog No.	Description	Ext Sell Price
----------	-----	-------------	-------------	----------------

- Serves as the main power disconnect between the X-Ray system and the facility 480V or 208V power source
- Provides emergency shut down, undervoltage protection and overcurrent protection for the X-Ray power distribution cabinet
- Standardized design provides a platform for future upgrades of the system
- Offers a number of advantages by combining a variety of individual components into a single pre-engineered and factory tested panel
- UL and cUL listed for compliance with NEC Article 100 and Article 110-3
- Remote emergency off pushbutton located by X-Ray control provides immediate shut down of the entire system to comply with NEC required disconnecting means
- Surface or semi-flush mounting

SPECIFICATIONS

- Dimensions (H x W x D): 48" x 20" x 6.68"
- Weight: 80 lbs.
- Mounting: via keyhole slots; Width is 16" on centers, Height is 45.5" on centers

COMPATIBILITY

- GE Three Phase X-Ray generators

NOTES:

- Customer is responsible for rigging and arranging for installation with a certified electrician
- ITEM IS NON-RETURNABLE AND NON-REFUNDABLE

Quote Summary:

Total List Price:	\$991,473.00
Total Discount: (51.96%)	(\$500,302.32)
Total Extended Selling Price:	\$462,589.68
Total Quote Net Selling Price	\$462,589.68



GE Healthcare

Date: 06-19-2018
Quote #: PR4-C114843
Version #: 3
Q-Exp-Date: 08-31-2018

Item No.	Qty	Catalog No.	Description	Ext Sell Price
----------	-----	-------------	-------------	----------------

(Quoted prices do not reflect state and local taxes if applicable. Total Net Selling Price Includes Trade In allowance, if applicable.)



GE Healthcare

Date: 06-19-2018
 Quote #: PR4-C114843
 Version #: 3
 Q-Exp-Date: 08-31-2018

Options

(These items are not included in the total quotation amount)

Item No.	Qty	Catalog No.	Description	Ext Sell Price	
18	1	S0910TU	TIMS 2000 WITH MONITOR AN TIMS can convert any medical modality to DICOM. The resulting study can be sent to PACS, recorded to CD/DVD/USB network, and printed to film or paper. TIMS also includes much more including labeling/annotation, extensive review & analysis, and study editing. One of the most effective points of TIMS is for customers performing extensive Barium Swallow Studies for speech pathology. Because these studies are high-resolution, require 30 fps, and require synced audio, even brand new DICOM-enabled fluoroscopy systems cannot transfer these studies to PACS.	\$18,360.00	X_____

(Quoted prices do not reflect state and local taxes if applicable. Total Net Selling Price Includes Trade In allowance, if applicable.)



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

July 18, 2018

Subject: Proposed Lease/Purchase Agreement and Supplements with IBM Credit, LLC

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical requests your Board to approve the proposed retroactive Lease/Purchase Supplement to Agreement 086-2017 with IBM Credit LLC, an independent contractor, for additional financing of the Cerner electronic health record in an amount not to exceed \$3,826,601 plus interest, effective July 1, 2018.

IBM Credit LLC
Lease/Purchase Supplement

Supplement No: 050989

Page 1 of 2

Lease/Purchase Master Agreement No.: 063811350G

Lessee Name and Address:
Kern County Hospital Authority
1700 MOUNT VERNON AVE
BAKERSFIELD CA 93306-4018

Lessor Name and Address:
IBM Credit LLC
7100 Highlands Parkway
Smyrna, GA 30082
igfnadoc@us.ibm.com

This Supplement to the above referenced Lease/Purchase Master Agreement ("Agreement") is executed between Kern County Hospital Authority ("Lessee") and IBM Credit LLC ("Lessor").

Payment Period means the period for which a Payment is due and payable (e.g., Month, Quarter). Payment Period is: Quarterly

Quote Validity Date is the date by which the executed Supplement must be returned to Lessor. Quote Validity Date is: June 30, 2018

Supplier: CERNER CORP

TAX-EXEMPT FINANCING TRANSACTION(S)						
Ref No.	Qty.	Property Description	Original Term (months)	Amount Financed (\$)	Interest Rate (%)	Planned Commencement Month
1	1	XSV2 OEM SERVICES	36	3,826,600.60	5.58	June 2018

SPECIAL TERMS AND CONDITIONS:

The following shall apply to this entire transaction.

- For equipment, software and services not supplied by IBM, Lessor may pay fees to the supplier and/or other third-party firms for administrative services provided in connection with the transaction contemplated under this Agreement. Details are available upon request.
- The parties agree that (i) any modifications to the terms and conditions contained herein are null and void unless specifically agreed in writing by both parties and (ii) this Supplement must be fully executed and received by Lessor by the Quote Validity Date listed above.

ADDITIONAL TERMS AND CONDITIONS:

"Planned Commencement Month" means for the Financing Transaction to commence, the acceptance date on the Certificate of Acceptance must be prior to the end of the month of "Planned Commencement Month" indicated above unless otherwise approved by Lessor.

The Lease Payment Schedule for this Supplement sets forth the scheduled Lease Payments under this Supplement. The Commencement Date for this Supplement is set forth in the Lease Payment Schedule.

With respect to Financed Items consisting of prepaid maintenance, Lessee accepts the terms of the prepaid maintenance and agrees to look solely to the maintenance provider for provision of such maintenance in accordance with the terms of the contracts with the maintenance provider for said maintenance. Acceptance for purposes of a Supplement shall be the date of acceptance by Lessee in the Certificate of Acceptance.

Lessee agrees that it will timely complete, execute and file the Internal Revenue Service Form 8038-G or Form 8038-GC with the appropriate office of the Internal Revenue Service. Property contained in a Transaction is either Tax-Exempt, whereas the Property qualifies for tax-exempt interest treatment under the Code, or Taxable, whereas the Property does not qualify for tax exempt interest treatment under the Code. The interest rates applicable to this Supplement that provide for Tax-Exempt Lease/Purchase are based on many factors including Lessee's underlying obligation qualifying to pay interest that is treated as exempt by the Internal Revenue Service (IRS) from federal income tax under Section 103(a) of the Internal Revenue Code (Code), as well as many proprietary factors including pricing assumptions made by Lessor as to whether Lessor anticipates being able to recognize any benefits of this tax exemption. Lessee shall pay Lessor, on demand, a sum to be determined by Lessor, that will return to Lessor the economic results Lessor would otherwise have received if: (i) Lessee does not file the above IRS form on a timely basis; or (ii) IRS rules Lessee does not qualify under Section 103(a) of the Code.

The interest rates applicable to a Supplement may reflect fees or other consideration Lessor receives from Lessee's Suppliers that is passed on to Lessee in the form of lower rates.

For a Taxable Financing Transactions, the following provisions of the Lease/Purchase Master Agreement shall not be applicable: (i) Part 3, paragraph (f), (ii) Section entitled Arbitrage Certifications.

IBM Credit LLC
Lease/Purchase Supplement

Supplement No: 050989

Page 2 of 2

Lessor reserves the right to reject any invoice that is: (i) not for information technology Equipment or related software or services, or (ii) dated more than 90 days prior to the date Lessor receives authorization from Lessee to finance.

Capitalized terms set forth in this Supplement or in the attachments, but not defined herein or therein, shall have the meaning set forth in the Lease/Purchase Master Agreement. The complete terms and conditions of the Lease/Purchase Master Agreement are incorporated by reference.

Section entitled "Waiver of Jury Trials" under this Agreement is deleted in its entirety.

In addition to a Supplement, and as a requirement to entering into of Lease/Purchase Supplement, Lessee shall provide in completed and executed form, acceptable to Lessor, the additional documents attached to this Supplement that may include:

(a) Payment Schedule for a Supplement, (b) Opinion of Counsel to the Lessee, (c) Lessee's Certificate, (d) Certificate of Acceptance, (e) State Addendum, if applicable and attached, (f) for Tax-Exempt Financed Items (i) Form 8038-G or 8038-GC (to be filed with Internal Revenue Service by Lessee), (ii) Prepaid Maintenance Certification of Maintenance Provider and (iii) Prepaid Maintenance Certification of Maintenance Vendor.

The Agreement referenced above shall be incorporated herein by reference. Lessee hereunder shall be bound to the terms and conditions of the Agreement as Lessee. The Agreement, this Supplement and any applicable attachments or addenda are the complete, exclusive statement of the parties with respect to the subject matter herein. These documents supersede any prior oral or written communications between the parties. By signing below, Lessee represents and warrants that Lessee's name as set forth in the signature block below is Lessee's exact legal name and the information identifying Lessee's state of organization is true, accurate and complete in all respects. By signing below, both parties agree to the terms represented by this Agreement as it may be amended or modified. Delivery of an executed copy of any of these documents by facsimile or other reliable means shall be deemed to be as effective for all purposes as delivery of a manually executed copy. Lessee acknowledges that we may maintain a copy of these documents in electronic form and agrees that copy reproduced from such electronic form or by any other reliable means (for example, photocopy, image or facsimile) shall in all respects be considered equivalent to an original.

Agreed to:
Kern County Hospital Authority

Agreed to:
IBM Credit LLC

By: _____
Authorized signature

Name (type or print): _____

Title (type or print): _____

Date: _____

By: Kevin Demosthene
Authorized signature

Name (type or print): Kevin Demosthene
Customer Relationship Representative

Title (type or print): _____

Date: 6/6/18

IBM Credit LLC Lease Payment Schedule

Lessee Name: Kern County Hospital Authority

Lease/Purchase Supplement No: 050989

Commencement Date

The Commencement Date shall be the date of acceptance of the Property as set forth in the Acceptance Certificate executed by the Lessee and filed with the Lessor. The Lease Payment Due Dates listed below are based on the date of acceptance being a date on or before the end of the Planned Commencement Month.

Lease Payment Schedule

Total Principal Amount: \$3,826,600.60

Interest Rate for Schedule: 5.58%

Payment No.	Lease Payment Due Dates	Lease Payments (\$)	Principal Component (\$)	Interest Component (\$)	Prepayment Price (After Making Payment for Said Due Date) (\$)
1	7/01/2018	343,757.31	343,757.31	0.00	3,482,843.29
	8/01/2018	0.00		16,133.38	3,498,976.67
	9/01/2018	0.00		16,208.11	3,515,184.78
2	10/01/2018	343,757.31	295,132.63	16,283.19	3,187,710.66
	11/01/2018	0.00		14,766.25	3,202,476.91
	12/01/2018	0.00		14,834.65	3,217,311.56
3	1/01/2019	343,757.31	299,253.04	14,903.37	2,888,457.62
	2/01/2019	0.00		13,380.04	2,901,837.66
	3/01/2019	0.00		13,442.02	2,915,279.68
4	4/01/2019	343,757.31	303,430.96	13,504.29	2,585,026.66
	5/01/2019	0.00		11,974.47	2,597,001.13
	6/01/2019	0.00		12,029.94	2,609,031.07
5	7/01/2019	343,757.31	307,667.23	12,085.67	2,277,359.43
	8/01/2019	0.00		10,549.28	2,287,908.71
	9/01/2019	0.00		10,598.15	2,298,506.86
6	10/01/2019	343,757.31	311,962.64	10,647.24	1,965,396.79
	11/01/2019	0.00		9,104.20	1,974,500.99
	12/01/2019	0.00		9,146.37	1,983,647.36
7	1/01/2020	343,757.31	316,318.00	9,188.74	1,649,078.79
	2/01/2020	0.00		7,638.93	1,656,717.72
	3/01/2020	0.00		7,674.32	1,664,392.04
8	4/01/2020	343,757.31	320,734.19	7,709.87	1,328,344.60
	5/01/2020	0.00		6,153.22	1,334,497.82
	6/01/2020	0.00		6,181.72	1,340,679.54
9	7/01/2020	343,757.31	325,212.02	6,210.35	1,003,132.58
	8/01/2020	0.00		4,646.75	1,007,779.33
	9/01/2020	0.00		4,668.28	1,012,447.61
10	10/01/2020	343,757.31	329,752.38	4,689.90	673,380.20
	11/01/2020	0.00		3,119.26	676,499.46
	12/01/2020	0.00		3,133.71	679,633.17
11	1/01/2021	343,757.31	334,356.11	3,148.23	339,024.09
	2/01/2021	0.00		1,570.44	340,594.53
	3/01/2021	0.00		1,577.72	342,172.25
12	4/01/2021	343,757.31	339,024.09	1,585.06	0.00
	5/01/2021	0.00		0.00	0.00

**IBM Credit LLC
Lease Payment Schedule**

Lessee Name: Kern County Hospital Authority

Lease/Purchase Supplement No: 050989

Payment No.	Lease Payment Due Dates	Lease Payments (\$)	Principal Component (\$)	Interest Component (\$)	Prepayment Price (After Making Payment for Said Due Date) (\$)
	6/01/2021	0.00		0.00	0.00
Totals:		4,125,087.72	3,826,600.60	298,487.12	

**IBM Credit LLC
Lease Payment Schedule**

Lessee Name: Kern County Hospital Authority

Lease/Purchase Supplement No: 050989

QTY	Product Description	Serial No. / Alteration Reference No.	Principal Amt (\$)
1	XSV2 OEM SERVICES		3,826,600.60
Totals:			3,826,600.60

Lessee: Kern County Hospital Authority

By: _____
Authorized signature

Name (type or print):

Title (type or print):

Date:

LESSEE'S CERTIFICATE

Re: Lease/Purchase Supplement No. 050989 to Lease/Purchase Master Agreement No. 063811350G between IBM Credit LLC and Kern County Hospital Authority ("Lessee").

The undersigned (person signing at the bottom of this document), being the duly qualified and acting representative of the Lessee with the title indicated at the bottom of this document does hereby certify, as of the date executed, as follows:

1. Lessee did, by resolution or ordinance duly enacted, in accordance with all requirements of law, approve and authorize the execution and delivery of the above-referenced Lease/Purchase Supplement and any related documents entered into pursuant to the Lease/Purchase Master Agreement (the "Lease/Purchase Supplement") by the following named representative of Lessee, to wit:

<p>NAME OF EXECUTING OFFICIAL(S) AUTHORIZED TO SIGN ANY LEASE/PURCHASE SUPPLEMENT DOCUMENTS (incl. CERT of ACCEPTANCE)</p> <p>NOTE: THE PERSON SIGNING AT THE BOTTOM OF THIS DOCUMENT SHOULD <u>NOT</u> BE LISTED IN THIS TABLE</p>	<p>TITLE OF EXECUTING OFFICIAL(S)</p>	<p>SIGNATURE OF EXECUTING OFFICIAL(S)</p>
And/Or		
And/Or		
And/Or		
And/Or		

2. The above-named representative(s) of the Lessee held at the time of such authorization and holds at the present time the office set forth above.

3. Any meeting(s) of the governing body of the Lessee which were required for the Lease/Purchase Supplement to be approved and authorized to be executed, were duly called, regularly convened and attended throughout by the requisite quorum of the members thereof, and the enactment approving the Lease/Purchase Supplement and authorizing the execution thereof has not been altered or rescinded. All meetings of the governing body of Lessee relating to the authorization and delivery of the Lease/Purchase Supplement have been: (a) held within the geographic boundaries of the Lessee; (b) open to the public, allowing all people to attend; (c) conducted in accordance with internal procedures of the governing body; and (d) conducted in accordance with the charter of the Lessee, if any, and the laws of the State. The meeting of the governing body of the Lessee at which the Lease/Purchase Supplement was approved and authorized to be executed was held on _____ [Lessee must enter the meeting date or "n/a"].

4. No event or condition that constitutes, or with the giving of notice or the lapse of time or both would constitute, an Event of Default or a Non-appropriation Event (as such terms are defined in the Lease/Purchase Master Agreement (the "Master Agreement")) exists at the date hereof with respect to this Lease/Purchase Supplement or any other Lease/Purchase Supplements under the Master Agreement.

5. The acquisition of all of the Property under the Lease/Purchase Supplement has been duly authorized by the governing body of Lessee.

6. Lessee has, in accordance with the requirements of law, fully budgeted and appropriated sufficient funds for the current budget year to make the Lease Payments scheduled to come due during the current budget year under the Lease/Purchase Supplement and to meet its other obligations for the current budget year and such funds have not been expended for other purposes.

7. Lessee represents and warrants that the Property is essential to the proper, efficient and economic functioning of Lessee or to the services that Lessee provides; and Lessee has immediate need for and expects to make immediate use of substantially all of the Property, which need is not temporary or expected to diminish in the foreseeable future.

8. Bank Qualified Tax-Exempt Obligation under Section 265 (Consult tax counsel for applicable provisions.).
[Lessee must select one option below.]

____ Lessee hereby designates this Lease/Purchase Supplement as a "qualified tax-exempt obligation" as defined in Section 265(b)(3)(B) of the Code. Lessee reasonably anticipates issuing tax-exempt obligations (excluding private activity bonds other than qualified 501(c)(3) bonds and including all tax-exempt obligations of subordinate entities of the Lessee) during the calendar year in which the Commencement Date of this Lease/Purchase Supplement falls, in an amount not exceeding \$10,000,000.

or

____ Not applicable

LESSEE'S CERTIFICATE

9. Has Lessee ever terminated a lease or financing contract prior to the expiration of its term (including all permitted renewal terms) due to nonappropriation or other provision permitting Lessee to terminate in Lessee's discretion?
[Lessee must select one option below.]

Yes ___ No ___. If yes, then please describe the circumstances of such termination:

10. As of the date hereof, no litigation is pending, (or, to my knowledge, threatened) against Lessee in any court (a) seeking to restrain or enjoin the delivery of the Master Agreement or the Lease/Purchase Supplement or of other agreements similar to the Master Agreement; (b) questioning the authority of Lessee to execute the Master Agreement or the Lease/Purchase Supplement, or the validity of the Master Agreement or the Lease/Purchase Supplement, or the payment of principal of or interest on, the Lease/Purchase Supplement; (c) questioning the constitutionality of any statute, or the validity of any proceedings, authorizing the execution of the Master Agreement and the Lease/Purchase Supplement; or (d) affecting the provisions made for the payment of or security for the Master Agreement and the Lease/Purchase Supplement.

Lessee: Kern County Hospital Authority

**By (Signature): _____

*PRINTED NAME: _____

*TITLE: _____

*DATE: _____

****SIGNER MUST NOT BE THE SAME AS THE EXECUTING OFFICIAL(S) SHOWN IN THE TABLE ABOVE. (I.E. SIGNER MUST NOT BE THE SAME PERSON WHO SIGNED THE LEASE/PURCHASE SUPPLEMENT DOCUMENTS)**

A SELECTION OR RESPONSE MUST BE MADE IN REGARDS TO STATEMENTS 3, 8 & 9.

***ALL FIELDS ARE REQUIRED TO BE COMPLETED.**

IBM Credit LLC
Certificate of Acceptance

Lessee/Borrower Name ("Client") and Address:

Kern County Hospital Authority
 1700 MOUNT VERNON AVE
 BAKERSFIELD CA 93306-4018

Lessor Name and Address:

IBM Credit LLC
 7100 Highlands Parkway
 Smyrna, GA 30082
 igfnadoc@us.ibm.com

The Client certifies and agrees that the information contained in the following table(s) is correct and relates to item(s) leased or financed under the terms and conditions of the above referenced Schedule/Agreement with IBM Credit LLC.

Client Reference:
 Payment Period: Quarterly
 Payment Type: Advance

TAX-EXEMPT FINANCING TRANSACTION(S)		
Qty.	Property Description	Original Term (months)
1	XSV2 OEM SERVICES	36

Client represents and certifies that the item(s) listed in the above table(s) are in compliance with Client's specifications ("Accepted Item(s)"). Client hereby accepts the Accepted Item(s) listed in the above table(s) on the Acceptance Date and authorizes IBM Credit LLC to make payments to the Supplier(s) for the Supplier's invoice(s) for the Accepted Item(s) and to commence the leasing or financing of these Accepted Item(s) under the Schedule/Agreement.

Since this Certificate of Acceptance ("COA") is being issued prior to Lessor's receipt of an invoice, Lessor, upon its receipt of this COA duly executed by Lessee and the Supplier's invoice, will either issue i) a confirmation document in order to confirm Lessor's acceptance of the COA or ii) an updated COA which requires Lessee's signature in order to confirm any changes. In order for IBM Credit LLC to make payment to your listed Suppliers, all Equipment must include serial number information. Accordingly, Client hereby authorizes IBM Credit LLC to complete or update any manufacturer serial number information for any Accepted Item(s) accepted, without Client's further action or consent.

Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Agreement referenced in the Schedule listed above.

This COA may be sent to Client by IBM Credit LLC in soft copy format, such as a PDF file. Client represents and warrants that no changes have been made to the text of this COA, except for IBM Credit LLC authorized alterations to the Product Description (including without limitation, changes to any other information listed on the product information tables herein). If there are any conflicts between the version delivered by IBM Credit LLC to Client and the version delivered by Client to IBM Credit LLC, or if the Supplier's invoice does not match the information listed on the COA, IBM Credit LLC reserves the right not to accept the transaction and to send a replacement COA to Client. Any copy of this COA made by reliable means (for example photocopy, image or facsimile) shall in all respects be considered equivalent to an original.

Schedule/Agreement No.: 050989

Certificate of Acceptance No.: 050989001

IBM Credit LLC
Certificate of Acceptance

Page 2 of 2

For the purposes of the transaction commencement provisions specified in the Agreement referenced in the Schedule listed above, Client hereby represents, warrants and certifies that as of the following date, Client has accepted the Accepted Item(s) listed in the product information tables herein:

_____ (MM/DD/YYYY) ("Acceptance Date" for Accepted Item(s))

Agreed to:
Kern County Hospital Authority

By: _____
Authorized signature

Name (type or print):

Title (type or print):

Client shall return this executed COA to IBM Credit LLC by mail, in an email, or by facsimile within ten (10) days of Acceptance Date.



July 13, 2018

KERN COUNTY HOSPITAL AUTHORITY
KERN MEDICAL CENTER
1700 MOUNT VERNON AVE
BAKERSFIELD, CA 93306-4018

IBM CREDIT LLC
7100 Highlands Parkway
Smyrna, GA 30082-4859

RE: Lease/Purchase Supplement to Lease/Purchase Master Agreement between IBM Credit LLC and
KERN COUNTY HOSPITAL AUTHORITY

Ladies and Gentlemen:

We have acted as special counsel to KERN COUNTY HOSPITAL AUTHORITY ("Lessee"), in connection with the Lease/Purchase Master Agreement No. 063811350G (the "Master Agreement"), between KERN COUNTY HOSPITAL AUTHORITY as lessee, and IBM Credit LLC, as lessor ("Lessor"), and the execution of Lease/Purchase Supplement No. 050989 (the "Lease/Purchase Supplement") pursuant to the Master Agreement. We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

All capitalized terms not otherwise defined herein shall have the meanings provided in the Master Agreement and Lease/Purchase Supplement.

As to questions of fact material to our opinion, we have relied upon the representations of Lessee in the Master Agreement and the Lease/Purchase Supplement and in the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion that, under existing law:

1. Lessee is a public body corporate and politic, duly organized and existing under the laws of the State, and has a substantial amount of one or more of the following sovereign powers: (a) the power to tax, (b) the power of eminent domain, and (c) the police power.
2. Lessee has all requisite power and authority to enter into the Master Agreement and the Lease/Purchase Supplement and to perform its obligations thereunder.
3. The execution, delivery and performance of the Master Agreement and the Lease/Purchase Supplement by Lessee has been duly authorized by all necessary action on the part of Lessee.
4. All proceedings of Lessee and its governing body relating to the authorization and approval of the Master Agreement and the Lease/Purchase Supplement, the execution thereof and the transactions contemplated thereby have been conducted in accordance with all applicable open meeting laws and all other applicable state and federal laws.

5. Lessee has acquired or has arranged for the acquisition of the Property subject to the Lease/Purchase Supplement, and has entered into the Master Agreement and the Lease/Purchase Supplement, in compliance with all applicable public bidding laws.
6. Lessee has obtained all consents and approvals of other governmental authorities or agencies which may be required for the execution, delivery and performance by Lessee of the Master Agreement and the Lease/Purchase Supplement.
7. The Master Agreement and the Lease/Purchase Supplement have been duly executed and delivered by Lessee and constitute legal, valid and binding obligations of Lessee, enforceable against Lessee in accordance with the terms thereof, except insofar as the enforcement thereof may be limited by any applicable bankruptcy, insolvency, moratorium, reorganization or other laws of equitable principles of general application, or of application to municipalities or political subdivisions such as the Lessee, affecting remedies or creditors' rights generally, and to the exercise of judicial discretion in appropriate cases.
8. As of the date hereof, based on such inquiry and investigation as we have deemed sufficient, no litigation is pending, (or, to our knowledge, threatened) against Lessee in any court (a) seeking to restrain or enjoin the delivery of the Master Agreement or the Lease/Purchase Supplement or of other agreements similar to the Master Agreement; (b) questioning the authority of Lessee to execute the Master Agreement or the Lease/Purchase Supplement, or the validity of the Master Agreement or the Lease/Purchase Supplement, or the payment of principal of or interest on, the Lease/Purchase Supplement; (c) questioning the constitutionality of any statute, or the validity of any proceedings, authorizing the execution of the Master Agreement and the Lease/Purchase Supplement; or (d) affecting the provisions made for the payment of or security for the Master Agreement and the Lease/Purchase Supplement.
9. The Lessee is a political subdivision within the meaning of Section 103 of the Internal Revenue Code of 1986, as amended, and the related regulations and rulings thereunder and the portion of payments identified as the interest component of the rents (as set forth in the payment schedule attached to the Lease/Purchase Supplement) will not be includable in Federal gross income of the recipient under the statutes, regulations, court decisions and rulings existing on the date hereof and consequently will be exempt from Federal income taxes.

This opinion may be relied upon by Lessor, its successors and assigns, and any other legal counsel who provides an opinion with respect to the Lease/Purchase Supplement.

Very truly yours,

By: 
Authorized Signature

Name: Shannon Hochstein
Type or Print

Title: Hospital Counsel
Type or Print

Dated: 7/13/18

**BEFORE THE BOARD OF GOVERNORS
OF THE KERN COUNTY HOSPITAL AUTHORITY**

In the matter of:

Resolution No. _____

**FINANCING THE PURCHASE OF SOFTWARE
AND EQUIPMENT FOR THE IMPLEMENTATION
OF THE CERNER MILLENIUM PROJECT FOR
THE KERN COUNTY HOSPITAL AUTHORITY**

I, MONA ALLEN, Authority Board Coordinator for the Kern County Hospital Authority, hereby certify that the following Resolution, on motion of Director _____, seconded by Director _____, was duly and regularly adopted by the Board of Governors the Kern County Hospital Authority at an official meeting thereof on the 18th day of July, 2018, by the following vote, and that a copy of the Resolution has been delivered to the Chairman of the Board of Governors.

AYES:

NOES:

ABSENT:

MONA ALLEN
Authority Board Coordinator
Kern County Hospital Authority

Mona Allen

RESOLUTION

Section 1. WHEREAS:

(a) The Kern County Hospital Authority (“Hospital Authority”) has the power to incur indebtedness and to borrow money and issue bonds, subject to the approval of the Board of Supervisors; and

(b) The Hospital Authority also has the power to purchase supplies, equipment, materials, property, and services, and the power to enter into contracts, pursuant to Chapter

5.5 (commencing with Section 101852) of Part 4 of Division 101 of the Health and Safety Code; and

(c) The Hospital Authority has entered into an agreement with Cerner Corporation to orchestrate the implementation of the Cerner Electronic Health Record which requires the purchase of software and equipment; and

(d) The Hospital Authority has advised the County Administrative Office (“CAO”) of its intent to borrow money for the lease/purchase of software and equipment and the CAO, after review, has opined that no Board of Supervisors approval is required;

(e) IBM Credit LLC desires to lend Hospital Authority monies in the lease/purchase of this software and equipment and requires a resolution by the Hospital Authority’s governing body to do so.

Section 2. NOW, THEREFORE, IT IS HEREBY RESOLVED by the Board of Governors of the Kern County Hospital Authority, as follows:

1. This Board finds the facts recited herein are true, and further finds that this Board has jurisdiction to consider, approve, and adopt the subject of this Resolution.

2. This Board finds the best interests of the Hospital Authority shall be served by entering into an agreement to borrow monies for the lease/purchase of equipment.

3. This Board previously authorized Kern Medical Center to borrow monies from IBM Credit LLC for the lease/purchase of this equipment on November 15, 2017 in the amount of \$5,565,720 and hereby authorizes the further borrowing of monies in the amount of \$3,826,601.

4. This Board foresees the necessity to borrow monies in the future from IBM Credit LLC in an amount not to exceed \$610,000 and hereby authorizes the Chief Executive Officer to enter into such Lease/Purchase Supplement.

5. The provisions of this Resolution shall be effective, in force and operative as of the 18th day of July 2018.

6. The Authority Board Coordinator shall provide copies of this Resolution to the following:

County Administrative Office
Kern Medical Center
IBM Credit LLC



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

July 18, 2018

Subject: Proposed Amendment No. 1 to Agreement 2016-079 with Aslan Ghandforoush, D.O.

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical requests your Board approve the proposed Amendment No. 1 to Agreement 2016-079 with Aslan Ghandforoush, D.O., a contract employee, for professional medical services in the Department of Medicine for the period November 26, 2016 through November 25, 2019, adding call coverage for interventional cardiology, and increasing the maximum payable by \$512,000, from \$3,000,000 to \$3,512,000, to cover the term, effective August 1, 2018.

**AMENDMENT NO. 1
TO
AGREEMENT FOR PROFESSIONAL SERVICES
CONTRACT EMPLOYEE
(Kern County Hospital Authority – Aslan Ghandforoush, D.O.)**

This Amendment No. 1 to the Agreement for Professional Services is made and entered into this ____ day of _____, 2018, between the Kern County Hospital Authority, a local unit of government (“Authority”), which owns and operates Kern Medical Center (“KMC”), and Aslan Ghandforoush, D.O. (“Physician”).

RECITALS

(a) Authority and Physician have heretofore entered into an Agreement for Professional Services (Agt. #2016-079, dated September 21, 2016) (the “Agreement”), for the period November 26, 2016 through November 25, 2019, for professional medical services in the Department of Medicine 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 August 1, 2018;

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 5.5, Maximum Payable, shall be deleted in its entirety and replaced with the following:

“5.5 Maximum Payable. The maximum compensation payable under this Agreement shall not exceed \$3,512,000 over the three-year Initial Term of this Agreement.”

2. Section 5, Compensation Package, paragraph 5.6, Call Coverage, shall be made part of the Agreement as follows:

“5.6 Call Coverage. Authority shall pay Physician for interventional cardiology call coverage as follows: (i) Physician shall be paid a fixed fee in the amount of \$1,600 per 24-hour day for every weekend and holiday of call coverage assigned (Saturday and Sunday; designated Authority holidays only); and (ii) Physician shall be paid a fixed fee in the amount of \$800 for every weekday night of call coverage assigned (Monday through Friday).”

3. Exhibit "A," Job Description, shall be deleted in its entirety and replaced with Amendment No. 1 to Exhibit "A," Job Description, attached hereto and incorporated herein by this reference.
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 shall remain in full force and effect.

[Signatures follow on next page]

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

PHYSICIAN

By _____
Aslan Ghandforoush, D.O.

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.Ghandforoush.071018

AMENDMENT NO. 1
TO
EXHIBIT “A”
Job Description
Aslan Ghandforoush, D.O.

Position Description. Reports to Chair, Department of Medicine; serves as Chief, Division of Cardiology; serves as full-time attending physician faculty in the Department, residency program, and Division of Cardiology; Physician work effort will be at a minimum 2,500 hours annually in teaching, administrative, and clinical activity; provides professional, comprehensive and safe clinical coverage for day-to-day operations, timely completion of therapeutic and diagnostic procedures, direct patient care, scholarly research and resident education; works collaboratively with clinic and Department staff and hospital administration to ensure efficient workflow, adequacy of support equipment, and superior patient experience.

Essential Functions.

1. **Clinical Responsibilities.** Physician shall: (i) supervise residents and medical students while on service; (ii) supervise and ensure competence of mid-level activity; (iii) perform therapeutic and diagnostic procedures within the scope of practice for cardiology specialist while on service; (iv) coordinate with faculty schedules and activities to provide service and improve efficiency for clinical activities; (v) conduct daily inpatient cardiology rounds; (vi) provide outpatient clinic coverage at designated Practice Sites; (vii) provide coverage for the echocardiology lab, interventional and invasive cardiology services for the cardiac catheterization lab, and services for KMC patients requiring interventional cardiology services at other local area hospitals; and (viii) provide weekend inpatient ward coverage and call coverage as assigned.
2. **Medical Education; Academic Responsibilities.** Physician shall: (i) provide clinical mentoring to and evaluation of residents and medical students; (ii) establish and maintain academic appointment at David Geffen School of Medicine at University of California, Los Angeles; (iii) serve as a mentor to internal medicine residents who desire to conduct research or other scholarly activity; (iv) demonstrate active involvement in continuing medical education; (v) demonstrate active involvement in presentations, publications, and other scholarly activity at local, regional and national scientific societies in accordance with RRC program requirements; (vi) participate in development of Department curriculum; (vii) attend and participate in the Department didactic sessions as assigned; (viii) deliver assigned lectures to the internal medicine residents; and (ix) prepare residents for the cardiology portion of the internal medicine boards.
3. **Administrative Responsibilities.**
 - A. **Core Faculty.** Physician shall: (i) assist in clinical and administrative integration efforts across KMC as appropriate for the department and the division, assisting with proper program planning, physician recruitment, faculty development, resource allocation, analysis, communication and assessment; (ii) gather data through best practices and collaborates with

other members of the Department to recommend services that will increase productivity, minimize duplication of services, increase workflow efficiency, and provide the highest quality of care to KMC patients; (iii) support the Department Chair to develop monitoring tools to measure financial, access, quality and satisfaction outcomes; (iv) participate in the preparation, monitoring, review, and performance of clinical activity in the Department; (v) participate in the quality improvement and risk management activities, including peer review and quality control functions as assigned to services in the Department; (vi) complete medical records in a timely fashion and work to improve the quality, accuracy, and completeness of documentation; (vii) work collaboratively with other clinical departments to further develop a cohesive and collaborative environment across departments with a focus of enhancing access to patient care for inpatient and outpatient services; (viii) follow and comply with the medical staff bylaws, rules, regulations, and policies as well as Authority and KMC policies and procedures; (ix) attend department staff meetings and the annual medical staff meeting; (x) attend and actively participate in medical staff and hospital committees, as assigned; and (xi) participate in other clinical, academic, and administrative activities, as assigned by the Department chair.

B. Chief, Division of Cardiology. Physician shall: (i) supervise the cardiology service, including the echocardiology lab, cardiac catheterization lab, outpatient clinics, and inpatient wards; (ii) manage the quality assurance work pertaining to the Division; (iii) ensure the cardiology service is monitored and evaluated for quality and appropriateness of care and that opportunities for continuous improvements are regularly reviewed and implemented; (iv) develop, monitor, review, and oversee performance of the Division budget; (v) provide support to the residency program director for didactic teaching and resident education; (vi) establish goals and expectations for resident and medical student rotations; (vii) prepare the call schedule and ensure coverage for the cardiology service; and (viii) collaborate with Department leadership, all other KMC physician leadership, and hospital administration in the development of a comprehensive cardiology clinical program.

Employment Standards:

Completion of an accredited residency program in internal medicine; completion of a fellowship in cardiology; two (2) years of post-residency experience in interventional and invasive cardiology

AND

Possession of a current valid Physician's and Surgeon's Certificate issued by the state of California

AND

Certification by the American Osteopathic Board of Internal Medicine in internal medicine-general with subspecialty certification by the American Osteopathic Board of Internal Medicine in interventional cardiology and cardiovascular disease

Knowledge of: The principles and practices of modern medicine; current techniques, procedures, and equipment applicable to the field of cardiology; principles of effective supervision and program development.

[Intentionally left blank]



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

July 18, 2018

Subject: Proposed Amendment No. 15 to Agreement #180-99 with 3M Health Information Systems for Software License & Service Agreement.

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical requests your Board approve the proposed Amendment No. 15 with 3M to provide for specialty coding and reimbursement software. The amendment extends the current term by five years and increases the maximum payable by \$1,961,692, which includes costs associated with the integration of the coding system with the Cerner Millennium Project.

Coding is required for submission of claims for payment. Encoders are software programs that help guide the coder through the various coding conventions and rules to arrive at a correct diagnosis, procedural, or service code. The encoder and APR/DRG grouping software is a vital piece of the revenue cycle, as it aids in accuracy, compliance, coding productivity, and reimbursement functions.

This amendment includes the addition of computer-assisted coding, which is our first opportunity to utilize computer assisted coding for facility coding, which will go into effect with the implementation of the Cerner Millennium Project.

The decision to utilize 3M's 360 Encompass program for coding and reimbursement functionality, in place of the Cerner module, was made after an extensive review of available programs, including attending a Cerner Event and speaking with other Cerner clients. 3M's 360 Encompass program was determined to be the most efficient and functional Encoder.



AMENDMENT 15
TO THE
SOFTWARE LICENSE AGREEMENT -(180-99)

THIS AMENDMENT to the Software License Agreement, dated **March 30, 1999**, as amended, modified, and supplemented (collectively referred to as the "Agreement") between 3M Company, together with its subsidiaries, (collectively referred to herein as "3M") having an office at 575 West Murray Boulevard, Murray, Utah 84123-4611 and **Kern County Hospital Authority** (hereinafter referred to as "Client") with offices at **1700 Mt. Vernon Ave., Bakersfield, CA 93306** is effective as of the date last signed ("**Effective Date**") and the terms of this Amendment shall be effective on this date unless stated otherwise.

1. Client and 3M agree that the above referenced Agreement is amended as follows:
 - a. **Except as provided in this Amendment, all terms and conditions of the above referenced Agreement will remain in full force and effect.**
 - b. **AMEND the Software Schedule with the actions contained on the Schedule attached below.**
 - c. **ADD Exhibit E, Network and/or Facility Access and Confidentiality Agreement, attached below.**

2. Client and 3M acknowledge that the proposed Amendment 13 was not signed nor implemented by the Parties. Amendments ~~13~~ and 14 was a "letter amendment" that was signed and issued by 3M, but not signed by the Client, nonetheless the terms and conditions set forth therein have been implemented by the Parties and are incorporated into the Software License Agreement, dated March 30, 1999.

Client has read this Amendment, and when applicable, each Exhibit, and Attachment hereto. To indicate the parties acceptance and agreement to be bound by the terms and conditions of this Amendment, 3M and Client have executed this Amendment on the date(s) indicated below, to be effective as of the date first indicated above.

KERN COUNTY HOSPITAL AUTHORITY

3M COMPANY

BY

BY *John C. Mathison*

NAME

NAME

John C. Mathison

TITLE

TITLE

VP of HIS Operations

DATE

DATE

July 13, 2018

FOR 3M INTERNAL USE ONLY

ISSUE DATE:	GPO:	BATCH NUMBER:	CLIENT SITE ID:	AGREEMENT NUMBER:
6/21/2018 JS	*****	JS0461	2930294	98-0670 SLA
REVISION DATE:	SLA TYPE :			
7/13/2018 JHS	SLA P 7/98	2875396r1 16-0300r5		

PLEASE FAX YOUR PURCHASE ORDER IN THE AMOUNT OF **\$738,035.53** AND THE SIGNED AMENDMENT TO: **(651) 732-8469**

APPROVED AS TO FORM
Legal Services Department

By *[Signature]*
Kern County Hospital Authority

SOFTWARE SCHEDULE

S/O ITEM	CPU ACTION	SKU	AUTHORIZED SITE(S) PRODUCT DESCRIPTION	SITE TYPE LIST FEE	YEAR ONE	YEAR TWO	YEAR THREE	YEAR FOUR	YEAR FIVE
245422	-----	--	GERNER CORP--2800 ROCKCREEK PKWY STE 601, KANSAS CITY, MO, HI2630003	Host Site					
1.	Add	360E CAC INPATIENT	360 Encompass System - Computer Assisted Coding Inpatient						
2.	Add	360E CAC OUTPATIENT	360 Encompass System - Computer Assisted Coding Outpatient						
3.	Add	360E CDI	360 Encompass System - Clinical Documentation Improvement System Software						
4.	Add	360E CODING EXCELLNC	360 Encompass System - Coding Excellence						
5.	Add	360E MD PC	360 Encompass MD - Provider Communicator						
6.	Add	CONINSFT BAS	Connections Software Basic						
7.	Add	RCS APR CAMED	Reimbursement Calculation Software APR Med-Call						
SITE SUBTOTAL:									
244457	-----	--	KERN MEDICAL CENTER--1700 MT. VERNON AVE, BAKERSFIELD, CA, HI6007598	Install/Access Site					
8.	Delete		CPU TYPE: Networking						
9.	Add		CPU TYPE: Web						
10.	Add	360E BPR	360 Encompass System - Business Process Redesign Services**						
11.	Add	360E BPR FOLLOW UP	360 Encompass System Business Process Redesign Follow Up**						
12.	Add	360E CAC INPATIENT	360 Encompass System - Computer Assisted Coding Inpatient						
13.	Add	360E CAC INPATNT I&T	360 Encompass System - Computer Assisted Coding Inpatient I&T*						
14.	Add	360E CAC OUTPATIENT	360 Encompass System - Computer Assisted Coding Outpatient						
15.	Add	360E CAC OUTPTNT I&T	360 Encompass System - Computer Assisted Coding Outpatient I&T*						
16.	Add	360E CDI	360 Encompass System - Clinical Documentation Improvement System Software						

17.	Add	360E I&T	CDI	360 Encompass System - Clinical Documentation Improvement System Software I&T*					
18.	Add	360E CODING EXCELLNC		360 Encompass System - Coding Excellence					
19.	Add	360E CODING EXCL I&T		360 Encompass System - Coding Excellence I&T*					
20.	Add	360E HOSTING I&T		360 Encompass System Hosting Implementation & Training*					
21.	Add	360E MD PC		360 Encompass MD - Provider Communicator ²					
22.	Add	360E MD PC I&T		360 Encompass MD - Provider Communicator I&T*					
23.	Add	360E PLATFORM2		360 Encompass (Platform 2)					
24.	Add	PSUS360-ENH		PREMIUM SUPPORT UPDATE SERVICES-NON BUSINESS HOURS 360e					
SITE SUBTOTAL:					\$738,035.53	\$276,728.28	\$297,834.58	\$319,971.71	\$329,120.86

FEE SUMMARY:

FIRST YEAR ANNUAL SOFTWARE LICENSE & SUPPORT FEES:

*TOTAL ONE TIME, IMPLEMENTATION & TRAINING FEES:

**TOTAL CONSULTING SERVICES FEES:

TOTAL THIS AMENDMENT:

\$241,611.53
\$384,529.00
\$111,895.00
\$738,035.53

THE FEES LISTED ABOVE ARE GUARANTEED FOR A PERIOD OF NINETY (90) DAYS FROM THE ISSUE DATE OF THIS AMENDMENT OR DECEMBER 31, 2018, WHICHEVER OCCURS FIRST, UNLESS THIS AMENDMENT IS FULLY EXECUTED PRIOR TO.

In the event Client delays implementation of any module of Software or scheduling of Services, at no fault of 3M, for more than one hundred fifty (150) days from the execution date of this Amendment, 3M may, at its option, increase the price of such Software or Service to the then-current list price or 3M may terminate any such module of the Software or Service from this Agreement.

Deletion = ♦ Underscored Text = Addition I&T = Implementation and Training PI = Phone Installed CI = Client Installed

- One-Time fee(s) are contingent on total number of trainees. The above CDI Software one-time implementation and training fee(s) is based on installation and training for 8 users. Additional CDI trainees will require additional fee(s).
- The 360E MD Provider Communicator is provided in accordance with the attached SOW, and includes manual queries only. Should Client elect to implement the automated features for 360E MD, then the Client shall notify 3M, and 3M shall issue an amendment licensing 360E MD Automated Features with the associated license fees.
- The Software and Services** for the 360 Encompass System are to be provided to Client by 3M in accordance with the terms and conditions of the Agreement, the attached Statement of Work, and the additional terms and conditions set forth below:

A. Payment Schedule. Notwithstanding any contrary provision of Section 8 (Fees, Invoicing and Payments) of the Agreement, the first year's license, implementation and training fees ("I&T") for the annual Software and Services set forth above shall be due as follows:

- 50% (non-refundable fee) of the one-time I&T fees and any Services fees listed above shall be invoiced shortly after complete execution of this Amendment, and
- 50% of the I&T fees and any Services fees listed above shall be invoiced upon the Go-Live Date, and
- 100% of the Software License fees shall be invoiced upon on the Go-Live Date.

B. 3M™ 360 Encompass™ System ("360 Encompass") Proration Notice. Notwithstanding anything else in the Agreement to the contrary, in the event that 360 Encompass license fees paid by Client (under the predetermined percentages set forth in the Payment Schedule above) in advance of the final Go Live Date exceed the annual license fees that should be due in the first year (determined by prorating the total fees from the Go Live Date to the next anniversary of the License Start Date), Client will be invoiced any unpaid balance of the total first year annual license fees upon Go Live Date, and the appropriate proration will take place in the second year of the license term.

C. Upgraded Software. Upon the Go-Live Date of 360 Encompass, the licenses for the Software products listed below which Client has previously licensed ("Previously Licensed Software") and which functionality is incorporated into 360 Encompass will be terminated and such Previously Licensed Software and the associated license fees shall be automatically deleted from this Agreement. Upon the 360 Encompass Go-Live Date, a prorated portion of any prepaid and unused Software license fees for the Previously Licensed Software will be deducted from the license fees for the 360 Encompass system.

SKU	PRODUCT DESCRIPTION
CODEF	Codefinder Software
DRGF	DRGfinder Software
CPTF	HCPCS/CPTfinder Software
RCS MEC	Reimbursement Calculation Software
APRDRGCAS	Advanced Analyzer Software
APC	APCfinder Software
CODREF	Coding Reference Software
CODREFPL	Coding Reference Plus Software
S-APR-DRG	S-All Patient Refined DRG Software
DOCMSFINAL	CDIS Final Coded Interface License
CDIS	CDIS Software License

2. Access to Client Systems. 3M will need access to Client systems to perform the Services set forth in this Amendment. As such, Client acknowledges that certain provisions of the Agreement, and this Amendment, including the attached EXHIBIT X - NETWORK and/or FACILITY ACCESS and CONFIDENTIALITY AGREEMENT, provide for the protection and confidentiality of Client's Operating Information and Protected Health Information (PHI), therefore Client acknowledges and agrees that no ancillary confidentiality and/or access agreement(s) will be required for 3M's performance of Services under this Agreement.

- 3. License Term Extension.** Subject to annual fee increases, if any, as set forth in Section 8 (Fees, Invoicing and Payments) of the Agreement, Client and 3M agree to extend the Term of this Agreement and the License(s) granted hereunder for **Five (5) Years** beginning on the next anniversary of the Agreement's Software Installation/Implementation Date (the "Extended Term"). After the Extended Term, this Agreement, and the License(s) granted hereunder shall continue as provided in Section 9 (Term and Termination) of the Agreement.

EXHIBIT E

NETWORK AND/OR FACILITY ACCESS AND CONFIDENTIALITY AGREEMENT

This ACCESS AND CONFIDENTIALITY AGREEMENT (the "Access Agreement") is made by and between 3M Health Information Systems, Inc. ("3M") and ("Customer"). The parties have contemporaneously entered into a Software License and/or Services Agreement, as amended (Agreement), pursuant to which, inter alia, Customer and 3M have agreed to terms and conditions setting forth the complete rights and obligations of the parties including, but not limited to, the use and confidentiality of the parties' systems and information, and provisions relating to the use of Protected Health Information (as set forth in the Exhibit to the Agreement entitled Business Associate Addendum or as an independent Business Associate Agreement ("BAA")). All of the terms and conditions of the Agreement shall continue in full force and effect and shall apply to this Access Agreement. In the event a conflict arises between the terms of this Access Agreement and the terms of the Agreement and BAA, the conflict shall be resolved in the following order of priority unless specifically stated otherwise (governing provision stated first): the Agreement, as amended (including all Attachments and Exhibits thereto, and the BAA), this Access Agreement.

As set forth in the Agreement, 3M understands that Customer must assure the confidentiality of its human resources, payroll, financials, research, internal reporting, strategic planning, communications, computer systems and management information (collectively, "Operational Information"). Therefore, in connection with this Agreement, including the BAA, 3M shall instruct its employees, agents and contractors ("3M Personnel") as follows:

1. Not to disclose or discuss any Operational Information with others who do not have a need to know such information.
2. Not to divulge, copy, release, sell, loan, alter, or destroy any Operational Information except as properly authorized.
3. Not to discuss Operational Information where others can overhear the conversation. It is not acceptable to discuss Operational Information even if the patient's name is not used.
4. Not to make any unauthorized transmissions, inquiries, modifications, or purging of Operational Information.
5. To immediately return to Customer any documents or media containing Operational Information upon termination of access.
6. That 3M and 3M Personnel have no rights to any ownership interest in any information accessed or created by the same during the relationship with Customer.
7. To abide by 3M's Compliance and Ethical Business Conduct Guidelines, found at http://solutions.3m.com/wps/portal/3M/en_US/businessconduct/bcmain/?WT.mc_id=www.3m.com/businessconduct.
8. That a violation of this Agreement may result in disciplinary action, up to and including termination of access or suspension/loss of privileges within Customer systems.
9. To only access or use systems or devices 3M Personnel are officially authorized to access and not to demonstrate the operation or function of systems or devices to unauthorized individuals.
10. That Customer may log, access, review, and otherwise utilize information stored on or passing through its systems, including e-mail, in order to manage systems and enforce security.
11. To practice good workstation security measures such as locking up diskettes when not in use, using screen savers with activated passwords appropriately, and positioning screens away from public view.
12. To practice secure electronic communications by transmitting Operational Information only to authorized entities, in accordance with approved security standards.
13. To use only 3M Personnel's officially assigned User-ID and password and use only approved licensed software.
14. To never share/disclose user-IDs, passwords or tokens, use tools or techniques to break/exploit security measures or connect to unauthorized networks through the systems or devices.
15. To notify the appropriate Information Services person, as directed by Customer, if any 3M personnel password has been seen, disclosed, or otherwise compromised, and will report activity that violates this agreement, privacy and security policies, or any other incident that could have any adverse impact on Operational Information.
16. This Agreement will terminate upon the expiration or termination of the Services Agreement; provided, however the confidentiality obligations hereunder will continue after termination or expiration of this Agreement, subject to the limitations on such obligations as defined in the Services Agreement, or if not defined, for four (4) years after the termination or expiration of the Services Agreement, unless such information becomes publicly available through no fault of 3M.

3M or 3M Personnel will not be required to enter into ancillary confidentiality and/or access agreement(s).

The Parties have agreed to this Access and Confidentiality Agreement, which has been signed by way of the Agreement. Please see Agreement Signature Page for the authorized signatures.

**SECTION BELOW TO BE FILLED OUT BY 3M PERSONNEL REQUIRING ACCESS TO CUSTOMER FACILITY (AS AND WHEN REQUIRED)
CUSTOMER WILL PROMPTLY PROVIDE ACCESS TO ALL REQUESTS BY 3M PERSONNEL**

NAME	3M EMPLOYEE ID #	EMAIL	PHONE NUMBER	NAME	3M EMPLOYEE ID #	EMAIL	PHONE NUMBER
NAME	3M EMPLOYEE ID #	EMAIL	PHONE NUMBER	NAME	3M EMPLOYEE ID #	EMAIL	PHONE NUMBER
NAME	3M EMPLOYEE ID #	EMAIL	PHONE NUMBER	NAME	3M EMPLOYEE ID #	EMAIL	PHONE NUMBER

3M Network Access & Confidentiality Agreement v2



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

July 18, 2018

Subject: Proposed retroactive Amendment No. 5 to Agreement 1118-2009 with Health Care Interpretation Network

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical requests your Board approve the proposed retroactive Amendment No. 5 to Agreement 1118-2009 with Health Care Interpretation Network (HCIN), an independent contractor, for language interpretation services from September 9, 2009 through June 30, 2018, extending the term for two years from July 1, 2018 through June 30, 2020, revising the compensation methodology, and increasing the maximum payable by \$250,000, from \$607,391 to \$857,391, to cover the extended term, effective July 1, 2018.

**AMENDMENT NO. 5
TO
AGREEMENT FOR PROFESSIONAL SERVICES
INDEPENDENT CONTRACTOR
(Kern County Hospital Authority – Health Care Interpretation Network)**

This Amendment No. 5 to the Agreement for Professional Services is made and entered into this ____ day of _____, 2018, between the Kern County Hospital Authority, a local unit of government (“KCHA”), which owns and operates Kern Medical Center (“KMC”), and Health Care Interpretation Network (HCIN) (“Contractor”),

RECITALS

(a) KCHA and Contractor have heretofore entered into an Agreement for Professional Services (Kern County Agt. #1118-2009, dated September 9, 2009); Amendment No. 1 (Kern County Agt. #552-2011, dated July 11, 2011); Amendment No. 2 (Kern County Agt. #878-2011, dated December 12, 2011), Amendment No. 3 (Kern County Agt. #472-2014, dated June 24, 2014), and Amendment No. 4 (Kern County Agt. #682-2016, dated June 14, 2016) (“Agreement”), for the period September 9, 2009 through June 30, 2016 for language interpretation services; and

(b) The Agreement expires June 30, 2018; and

(c) KCHA continues to require the assistance of Contractor to provide interpretation services and Contractor has agreed to provide such services; and

(d) 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 Contractor; and

(e) KCHA and Contractor agree to amend the Agreement to (i) extend the term for two (2) years through June 30, 2020 and (ii) increase the maximum payable under the Agreement by \$250,000, from \$607,391 to \$857,391, to cover the extended term; and

(f) The Agreement is amended effective July 1, 2018;

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 1, Term, shall be deleted in its entirety and replaced with the following:

“1. Term. Performance by Contractor and KCHA shall commence on September 9, 2009 (the “Effective Date”), and shall end June 30, 2020, unless earlier terminated pursuant to other provisions of this Agreement as herein stated.”

2. Section 2, Payment, shall be deleted in its entirety and replaced with the following:

“2. Payment.

a. KCHA agrees to pay HCIN a membership fee in an amount not to exceed \$72,391 for the period of September 9, 2009 through June 30, 2011 and \$40,000 per year for the period of July 1, 2011 through June 30, 2020 in amount not to exceed \$432,391 for the term of this Agreement.

b. Additionally, KCHA agrees to pay \$15,000 for equipment and licensing fees per year for the period of July 1, 2014 through June 30, 2020. Equipment and licensing fees will not exceed \$90,000 for the term of this Agreement.

c. Additionally, KCHA agrees to sell/purchase spoken languages to/from the network as follows:

- \$.75 per minute for Spoken Language within HCIN
- \$.85 per minute for Spoken Language on the Affiliated HCIN Network – Sharing
- \$1.55 per minute for Spoken Language on the Affiliated HCIN Network – Non-Sharing
- \$2.90 - \$3.35 for American Sign Language

d. Contractor agrees to pay KCHA for medical interpretation provided by their interpreters as follows:

- \$.75 per minute for Spoken Language provided within HCIN including scheduled appointments
- \$.80 per minute for Spoken Language provided to the Affiliated HCIN Network – Sharing
- \$1.45 per minute for Spoken Language provided to the Affiliated HCIN Network – Non-Sharing
- \$2.90 for American Sign Language

e. Scheduled appointments: one hour minimum \$51 per hour, all usage is billed hourly and usage over the number of hours scheduled will be billed at the next full hour rate. Appointments may be cancelled at least 24 business hours before the scheduled time of the appointment with only a \$1 scheduling fee charged. If requesters of scheduled appointments do not call during the first 30 minutes of the scheduled appointment, the interpreter will be released for other calls and may no longer be available.

f. Credit/debit minutes will be invoiced on a quarterly basis, in arrears. In the event the credit minutes exceed the fourth quarter membership/connection fee in any fiscal year, the excess will be deducted from the first three quarters membership/connection fee for the following fiscal year. Should KCHA decide not to renew the contract with the Contractor for fiscal year 2020-2021 Contractor will pay KCHA any excess credit minutes within 30 days of the expiration of this agreement and KCHA agrees to pay contractor for all debit minutes with 30 days of the expiration of this agreement.

g. The total amount paid to HCIN shall not exceed \$447,391 for the period of September 9, 2009 through June 30, 2016; \$160,000 for the period of July 1, 2016 through June 30, 2018; and \$250,000 for the period of July 1, 2018 through June 30, 2020. The total maximum payable under this Agreement shall not exceed \$857,391 over the 11 year term of this Agreement.”

3. Except as otherwise defined herein, all capitalized terms used in this Amendment have the meaning set forth in the Agreement.

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

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

6. 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.

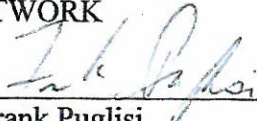
[Signatures follow on next page]

IN WITNESS TO THE FOREGOING, the parties have executed this Amendment No. 5 as of the day and year first written above.

KERN COUNTY HOSPITAL AUTHORITY

HEALTH CARE INTERPRETATION NETWORK

By _____
Chairman
Board of Governors

By 
Frank Puglisi
Executive Director

APPROVED AS TO CONTENT:
Kern Medical Center

By _____
Russell V. Judd
Chief Executive Officer

APPROVED AS TO FORM:
Legal Services Department

By 
Hospital Counsel



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

July 18, 2018

SUBJECT: Proposed Resolution delegating authority to the Chief Executive Officer of the Kern County Hospital Authority to sign Group Purchasing Organization vendor contracts that contain nonstandard terms and conditions.

Requested Action: Approve; Adopt Resolution

Summary:

Throughout the course of business, the Kern County Hospital Authority executes a number of agreements through its Group Purchasing Organization (“GPO”). Contracting issues have occurred due to GPO contracted vendors refusing to adhere to the standard terms and conditions offered by the GPO. In order to capitalize on the significant cost savings that occur through participation in the GPO, Kern Medical recommends that your Board adopt the attached proposed resolution authorizing the Chief Executive Officer to sign vendor agreements that utilize GPO contracts, services and programs that contain non-standard terms and conditions, except as otherwise determined by Counsel.

**BEFORE THE BOARD OF GOVERNORS
OF THE KERN COUNTY HOSPITAL AUTHORITY**

In the matter of:

Resolution No. _____

**DELEGATING AUTHORITY TO THE CHIEF
EXECUTIVE OFFICER OF THE KERN COUNTY
HOSPITAL AUTHORITY TO SIGN GROUP
PURCHASING ORGANIZATION VENDOR
CONTRACTS THAT CONTAIN NONSTANDARD
TERMS AND CONDITIONS**

I, MONA ALLEN, Authority Board Coordinator for the Kern County Hospital Authority, hereby certify that the following Resolution, on motion of Director _____, seconded by Director _____, was duly and regularly adopted by the Board of Governors of the Kern County Hospital Authority at an official meeting thereof on the 18th day of July, 2018, by the following vote, and that a copy of the Resolution has been delivered to the Chairman of the Board of Governors.

AYES:

NOES:

ABSENT:

MONA A. ALLEN
Authority Board Coordinator
Kern County Hospital Authority

Mona A. Allen

RESOLUTION

Section 1. WHEREAS:

(a) The Kern County Hospital Authority Act (Health & Saf. Code, § 101852 et seq.) (the "Act") states the Kern County Hospital Authority ("Hospital Authority") shall have the power "*to enter into one or more contracts or agreements, including, but not limited to, contracting with any public or private entity or person for management or other*

services and personnel, and to authorize the chief executive officer to enter into contracts, execute all instruments, and do all things necessary or convenient in the exercise of the powers granted in the [Act].” (Health & Saf. Code, § 101855(a)(9).); and

(b) On September 20, 2017, the Board of Governors adopted Resolution No. 2017-007, which delegated authority to the Chief Executive Officer of the Hospital Authority to enter into specified contracts subject to approval as to legal form by Counsel. Approval by the Board of Governors is required if Counsel is unable to approve a contract as to form; and

(c) On February 15, 2017, the Board of Governors approved the transfer its group purchasing affiliation from Vizient, Inc. to Quorum Purchasing Advantage, LLC (“QPA”) to increase its purchasing power through the availability of aggregate pricing and to secure significant cost savings through participation in HealthTrust Purchasing Group (“HPG”) distribution agreements; and

(d) The group purchasing of supplies, materials, and equipment is a fundamental activity of the alliance operated by QPA. QPA contracts for high quality supplies and services with reputable vendors. Benefits of group purchasing through QPA include controlling and reducing supply costs, with a primary objective to help ensure that patients receive safe and efficacious care and allows for efficiency of contracting due to approved standard terms and conditions; and

(e) The Board of Governors entered into an agreement with QPA for access to the HPG portfolio of contracts, effective February 1, 2017 (the “Agreement”); and

(f) The Agreement is for a term of 60 months; and

(g) Contracting issues have occurred due to QPA-participating vendors refusing to adhere to the standard terms and conditions offered by HPG; and

(h) The Board of Governors desires to delegate authority to the Chief Executive Officer to enter into such agreements with non-standard terms and conditions, subject to continued review by Counsel.

Section 2. NOW, THEREFORE, IT IS HEREBY RESOLVED by the Board of Governors of the Kern County Hospital Authority, as follows:

1. This Board finds the facts recited herein are true, and further finds that this Board has jurisdiction to consider, approve, and adopt the subject of this Resolution.

2. This Board hereby authorizes the Chief Executive Officer to sign vendor agreements that utilize HPG contracts, services and programs made available through QPA that contain non-standard terms and conditions, except as otherwise determined by Counsel.

3. The provisions of this Resolution shall be effective, in force and operative as of the 18th day of July, 2018.

4. The Authority Board Coordinator shall provide copies of this Resolution to the following:

Kern Medical Center
Chief Executive Officer
Chief Financial Officer
Legal Services Department
Materials Management
County Administrative Office



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

July 18, 2018

Subject: Comments Regarding Budget Variances for Operating Expenses – May 2018

Recommended Action: Receive and File

Summary:

The following items have budget variances for the month of May 2018:

Indigent Funding:

Each month, Kern Medical only recognizes ninety-five percent of the total accrued amount receivable from indigent funding. This is a conservative approach to reserve five percent of the total indigent funding receivables to account for the possibility of future changes in calculations or changes in the method that the funds are allocated among California's public hospitals. The favorable budget variance for the month is due to AB 915 outpatient DSH funding that was received and recorded for the month of May 2018.

Other Revenue:

Other revenue has an unfavorable budget variance for May due to an adjustment for over accrued Medical Education Tuition in prior months.

Registry Nurses:

Registry nurses expense has an unfavorable budget variance on both a month to date and a year to date basis. Kern Medical continues to rely on contracted nurse staffing to supplement the nursing departments while aggressively trying to recruit full time employed nurses.

Medical Fees:

Medical fees have an unfavorable budget variance for the month of May in part because of the opening of Kern Medical's new orthopedic hand center and the corresponding fees paid to the orthopedic surgeons Dr. Bowen and Dr. Malerich. There was also an increase Locum Tenens fees for trauma coverage.

Other Professional Fees:

Other professional fees have a favorable budget variance for the month of May. The creation of a Kern Medical legal department has substantially decreased legal fees from outside law firms and there are no longer legal fees billed to Kern Medical from the County Counsel. Kern Medical also no longer accrues for AMF marketing expenses and no longer accrues for Mercer human resources consulting. Both of these vendors were included in the FY 2018 budget.

Supplies Expenses:

Supplies expense has an unfavorable budget variance for the month of May due in part to higher than average surgical and medical care supplies expenses for the month. Pharmaceutical expenses also continue to run higher than budget, but at the year-to-date trend.

Budget Variances for Operating Expenses

May 2018

Page 2 of 2

Purchased Services:

Purchased services has a favorable budget variance for the month due to an adjustment to reduce the Health Advocates expense accrual based on actual invoices received.

Other Expenses:

Other expenses are over budget for the month of May due to an increase in office rent for several new medical office building leases that were not included in the FY 2018 budget. There is also a corresponding increase in utilities expense each month due to the expansion.

Depreciation Expenses:

The increase in depreciation expense for the month of May is due to the following four Construction in Progress projects that were put in service during the month: E Power for B & C Wings, 3D Patient Remodel project, B Wing re-roofing project, and the Sagebrush phase II clinic remodel project.



**BOARD OF GOVERNORS' FINANCIAL REPORT
KERN MEDICAL – MAY 2018**

JULY 2018

3-Month Trend Analysis: Revenue & Expense

May 31, 2018

	MARCH	APRIL	MAY	BUDGET MAY	VARIANCE POS (NEG)	PY MAY
Gross Patient Revenue	\$ 71,374,336	\$ 66,725,939	\$ 76,324,544	\$ 72,159,045	6%	\$ 73,205,112
Contractual Deductions	(52,568,656)	(48,966,685)	(58,515,057)	(54,018,645)	8%	(52,905,297)
Net Revenue	18,805,681	17,759,254	17,809,486	18,140,400	(2%)	20,299,815
Indigent Funding	8,967,443	9,834,611	10,256,412	9,650,779	6%	8,870,564
Correctional Medicine	1,976,127	2,157,165	2,157,165	2,002,051	8%	1,976,045
County Contribution	285,211	285,211	285,211	297,260	(4%)	285,211
Incentive Funding	0	0	0	0	0%	(1,698,630)
Net Patient Revenue	30,034,462	30,036,241	30,508,274	30,090,490	1%	29,733,004
Other Operating Revenue	682,047	604,784	672,124	1,066,889	(37%)	1,586,660
Other Non-Operating Revenue	105,302	(92,828)	23,846	34,458	(31%)	48,093
Total Operating Revenue	30,821,811	30,548,197	31,204,244	31,191,838	0%	31,367,758
Expenses						
Salaries	12,746,803	11,702,564	12,487,250	13,008,856	(4%)	11,575,494
Employee Benefits	5,776,504	5,423,574	5,545,510	6,230,414	(11%)	5,555,445
Contract Labor	1,357,755	1,242,843	1,179,159	908,302	30%	1,102,404
Medical Fees	1,694,457	1,800,805	1,881,421	1,424,068	32%	1,118,976
Other Professional Fees	(94,873)	1,439,190	1,419,233	1,778,830	(20%)	2,103,401
Supplies	5,036,748	4,700,388	4,795,533	4,214,492	14%	4,962,190
Purchased Services	1,941,242	2,179,477	1,384,848	1,569,779	(12%)	1,839,749
Other Expenses	1,426,456	1,129,901	1,392,454	1,303,628	7%	1,831,115
Operating Expenses	29,885,093	29,618,742	30,085,408	30,438,369	(1%)	30,088,775
Earnings Before Interest, Depreciation, and Amortization (EBIDA)	936,719	929,455	1,118,836	753,468	48%	1,278,983
EBIDA Margin	3%	3%	4%	2%	48%	4%
Interest	33,539	61,358	79,754	43,132	85%	24,575
Depreciation	513,869	535,424	700,296	482,712	45%	468,380
Amortization	49,343	54,015	50,511	25,327	99%	69,761
Total Expenses	30,481,843	30,269,540	30,915,968	30,989,541	(0.2%)	30,651,492
Operating Gain (Loss)	339,968	278,658	288,276	202,297	43%	716,266
Operating Margin	1.1%	0.9%	0.9%	0.6%	42%	2%

Year-to-Date: Revenue & Expense

May 31, 2018

	ACTUAL FYTD	BUDGET FYTD	VARIANCE POS (NEG)	PY FYTD	PY VARIANCE POS (NEG)
Gross Patient Revenue	\$ 783,992,271	\$ 783,793,971	0.03%	\$ 737,061,254	6%
Contractual Deductions	(580,515,940)	(590,011,132)	(2%)	(549,556,120)	6%
Net Revenue	203,476,331	193,782,839	5%	187,505,134	
Indigent Funding	101,179,151	104,290,679	(3%)	110,153,722	(8%)
Correctional Medicine	21,737,187	21,635,068	0.5%	21,725,553	0%
County Contribution	3,137,321	3,212,328	(2%)	3,148,260	(0.3%)
Incentive Funding	0	0	0%	0	0%
Net Patient Revenue	329,529,990	322,920,914	2%	322,532,669	2%
Other Operating Revenue	10,159,698	11,529,571	(12%)	11,305,519	(10%)
Other Non-Operating Revenue	385,644	372,367	4%	474,786	(19%)
Total Operating Revenue	340,075,332	334,822,853	2%	334,312,973	2%
Expenses					
Salaries	134,954,194	137,024,623	(2%)	122,756,999	10%
Employee Benefits	60,152,134	67,082,235	(10%)	67,125,270	(10%)
Contract Labor	13,305,995	9,866,351	35%	9,853,815	35%
Medical Fees	16,270,596	15,472,216	5%	15,249,706	7%
Other Professional Fees	14,119,464	19,222,835	(27%)	19,308,257	(27%)
Supplies	49,541,279	45,806,889	8%	46,227,604	7%
Purchased Services	21,500,453	16,963,744	27%	16,798,978	28%
Other Expenses	15,274,746	14,088,916	8%	14,672,440	4%
Operating Expenses	325,118,862	325,527,809	(0.1%)	311,993,069	4%
Earnings Before Interest, Depreciation, and Amortization (EBIDA)	14,956,471	9,295,044	61%	22,319,904	(33%)
EBIDA Margin	4%	3%	58%	7%	-34%
Interest	338,583	466,104	(27%)	254,662	33%
Depreciation	5,896,138	5,216,409	13%	5,196,288	13%
Amortization	406,356	273,695	48%	289,332	40%
Total Expenses	331,759,939	331,484,017	0.1%	317,733,351	4%
Operating Gain (Loss)	8,315,393	3,338,836	149%	16,579,622	(50%)
Operating Margin	2%	1.0%	145%	5%	(51%)

3-Month Trend Analysis: Cash Indicators

May 31, 2018

		MARCH	APRIL	MAY	GOALS MAY	PY MAY
Cash						
	Total Cash	32,236,003	25,006,125	16,404,780	71,681,392	63,766,149
	Days Cash On Hand	30	24	15	66	59
	Days In A/R - Gross	82.49	83.10	74.06	76.00	91.32
	Patient Cash Collections	\$ 20,517,781	\$ 16,138,640	\$ 20,686,021	\$ 19,215,263	\$ 18,540,963
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	\$ (23,770,144)
	FY 2016 Waiver Payable (Kern Medical Responsibility)	\$ (2,819,361)	\$ (2,819,361)	\$ (2,819,361)	N/A	\$ (2,819,361)
	Managed Care SPD IGT (Kern Medical Responsibility)	\$ (1,438,996)	\$ 2,982,712	\$ (407,593)	N/A	\$ 68,546
	FY 2014 DSH Payable (Kern Medical Responsibility)	\$ (24,746,355)	\$ (24,746,355)	\$ (24,746,355)	N/A	\$ (24,746,355)
	Total Kern Medical Responsibility	\$ (40,228,504)	\$ (35,806,796)	\$ (39,197,101)		\$ (51,267,314)
	Total Indigent Funding Liabilites Due to the State	\$ (60,021,206)	\$ (55,599,498)	\$ (58,989,803)	N/A	

3-Month Trend Analysis: Operating Metrics

May 31, 2018

					BUDGET	VARIANCE	PY
		MARCH	APRIL	MAY	MAY	POS (NEG)	MAY
Operating Metrics							
Total Expense per Adjusted Admission		20,672	19,408	22,919	19,747	16%	19,549
Total Expense per Adjusted Patient Day		3,924	4,128	4,521	3,911	16%	3,819
Supply Expense per Adjusted Admission		3,416	3,014	3,555	2,686	32%	3,165
Supply Expense per Surgery		2,207	1,697	1,777	1,603	11%	1,823
Supplies as % of Net Patient Revenue		17%	16%	16%	14%	12%	17%
Pharmaceutical Cost per Adjusted Admission		1,469	1,175	1,398	1,097	27%	1,186
Net Revenue Per Adjusted Admission	\$	12,754	\$ 11,387	\$ 13,203	\$ 11,559	0.142181887	\$ 12,947

Year-to-Date: Operating Metrics

May 31, 2018

		ACTUAL	BUDGET	VARIANCE	PY	PY VARIANCE
		FYTD	FYTD	POS (NEG)	FYTD	POS (NEG)
Operating Metrics						
	Total Expense per Adjusted Admission	19,883	19,442	2%	19,291	3%
	Total Expense per Adjusted Patient Day	3,995	3,851	4%	3,822	5%
	Supply Expense per Adjusted Admission	2,969	2,687	11%	2,807	6%
	Supply Expense per Surgery	1,580	1,714	(8%)	1,744	(9%)
	Supplies as % of Net Patient Revenue	15%	14%	6%	14%	4.9%
	Pharmaceutical Cost per Adjusted Admission	1,258	1,097	15%	1,086	16%
	Net Revenue Per Adjusted Admission	\$ 12,194	\$ 11,366	7%	\$ 11,384	7%

INDIGENT PATIENT CARE FUNDING - MTD & YTD

FOR THE MONTH MAY 31, 2018

MTD ACTUAL	MTD BUDGET	VAR \$ FAV/(UNFAV)	VAR %	DESCRIPTION	YTD ACTUAL	YTD BUDGET	VAR \$ FAV/(UNFAV)	VAR %
121,027	127,397	(6,370)	-5.0%	MEDI-CAL HOSPITAL QUALITY ASSURANCE FEE	1,307,876	1,376,712	(68,836)	-5.0%
2,084,500	2,194,210	(109,711)	-5.0%	MEDI-CAL EXPANSION REVENUE FROM HMO	22,526,048	23,711,629	(1,185,581)	-5.0%
0	196,257	(196,257)	-100.0%	COUNTY REALIGNMENT FUNDS	0	2,120,845	(2,120,845)	-100.0%
2,481,630	1,255,432	1,226,197	97.7%	MEDI-CAL SUPPLEMENTAL FUNDING	14,177,400	13,566,769	610,631	4.5%
2,178,493	2,293,151	(114,658)	-5.0%	PRIME - NEW WAIVER	23,541,781	24,780,822	(1,239,041)	-5.0%
2,121,207	2,232,849	(111,642)	-5.0%	GPP - NEW WAIVER	24,079,160	24,129,178	(50,018)	-0.2%
1,269,555	1,336,374	(66,819)	-5.0%	WHOLE PERSON CARE	13,719,387	14,441,460	(722,073)	-5.0%
0	15,108	(15,108)	-100.0%	MEANINGFUL USE	1,827,500	163,264	1,664,236	1019.4%
10,256,412	9,650,779	605,633	6.3%	SUB-TOTAL - GOVERNMENTAL REVENUE	101,179,151	104,290,679	(3,111,528)	-3.0%
2,157,165	2,002,051	155,114	7.7%	CORRECTIONAL MEDICINE	21,737,187	21,635,068	102,119	0.5%
285,211	297,260	(12,049)	-4.1%	COUNTY CONTRIBUTION	3,137,321	3,212,328	(75,007)	-2.3%
12,698,788	11,950,091	748,697	6.3%	TOTAL INDIGENT CARE & COUNTY FUNDING	126,053,659	129,138,075	(3,084,416)	-2.4%

OTHER REVENUE

FOR THE MONTH MAY 31, 2018

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 EDUC TUITION	109,194	369,527	(260,333)	2,546,688	3,993,274	(1,446,585)
STAFF DEVELOPMENT EDUC FEES	225	724	(499)	9,977	7,829	2,148
TRAUMA EDUCATION REG FEES	0	91	(91)	350	983	(633)
CAFETERIA REVENUE	81,560	88,399	(6,839)	842,136	955,276	(113,140)
FINANCE CHARGES-PATIENT AR	6,098	21,231	(15,133)	210,093	229,711	(19,618)
SALE OF SCRAP AND WASTE	0	104	(104)	(23)	1,122	(1,145)
REBATES AND REFUNDS	14,615	78,381	(63,766)	785,210	847,018	(61,809)
DRUG CO. CASH BACK	6,110	0	6,110	25,168	0	25,168
PHOTOCOPY FEES	1,665	1,799	(134)	20,795	19,440	1,355
JURY WITNESS FEES	0	326	(326)	456	3,522	(3,066)
MEDICAL RECORDS FEES	3,510	2,984	526	43,269	32,250	11,019
PHYSICIAN PRO FEE-ER LOCKBOX	12,686	46,882	(34,196)	188,013	506,630	(318,617)
OTHER REVENUE	1,246	32,835	(31,589)	106,421	354,829	(248,408)
LASER CENTER REVENUE	6,312	0	6,312	6,312	0	6,312
CANCELLED OUTLAWED WARRANTS	2,400	(62)	2,462	48,770	(672)	49,443
GRANTS - KHS	119,614	127,397	(7,784)	2,239,419	1,376,712	862,707
GRANT-SONG BROWN	0	82	(82)	0	888	(888)
MADDY FUNDS-EMERG MEDICAL SVCS	0	46,046	(46,046)	296,719	497,598	(200,879)
VETERANS ADMIN REVENUE	5,114	7,901	(2,788)	33,483	85,384	(51,901)
JAMISON CENTER MOU	22,727	29,510	(6,783)	249,992	318,898	(68,907)
MENTAL HEALTH MOU	212,676	187,610	25,066	2,162,974	2,027,400	135,573
PATERNITY DECLARATION REV	3,710	1,212	2,498	12,200	13,094	(894)
PEDIATRIC FORENSIC EXAMS	0	10,261	(10,261)	65,000	110,888	(45,888)
FOUNDATION CONTRIBUTIONS	23,269	0	23,269	52,995	0	52,995
DONATED EQUIPMENT	0	0	0	71,519	0	71,519
PAY FOR PERFORMANCE	39,394	0	39,394	125,201	0	125,201
WORKERS COMPENSATION REFUNDS	0	13,649	(13,649)	111	147,495	(147,385)
TOTAL OTHER OPERATING REVENUE	672,124	1,066,889	(394,765)	10,159,698	11,529,571	(1,369,873)
OTHER NON-OPERATING REVENUE						
OTHER MISCELLANEOUS REVENUE	724	900	(176)	2,467	9,729	(7,262)
INTEREST ON FUND BALANCE	23,122	33,558	(10,436)	383,177	362,638	20,539
TOTAL OTHER NON-OPER REVENUE	23,846	34,458	(10,612)	385,644	372,367	13,277

**KERN MEDICAL
BALANCE SHEET**

	May 2018	May 2017
CURRENT ASSETS:		
CASH	\$16,404,780	\$96,210,148
CURRENT ACCOUNTS RECEIVABLE (incl. CLINIC CHARGES RECEIVABLE)	185,609,692	208,334,816
ALLOWANCE FOR UNCOLLECTIBLE RECEIVABLES - CURRENT	(146,383,766)	(166,278,336)
-NET OF CONT ALLOWANCES	39,225,926	42,056,480
CORRECTIONAL MEDICINE RECEIVABLE	0	3,952,090
MD SPA	4,877,805	2,631,212
HOSPITAL FEE RECEIVABLE	(2,117,000)	1,877,238
CPE - O/P DSH RECEIVABLE	7,206,808	4,214,524
BEHAVIORAL HEALTH MOU	651,806	564,398
MANAGED CARE IGT (RATE RANGE)	916,873	14,597,430
RECEIVABLE FROM LIHP	(6,547,536)	(5,722,111)
OTHER RECEIVABLES	2,469,778	1,812,233
PRIME RECEIVABLE	37,966,556	(2,342,721)
AB85/75% DEFAULT PCP RECEIVABLE	14,030,042	1,442,231
GPP (Global Payment Program)	1,674,061	3,898,922
WPC (Whole Person Care)	23,479,785	(2,622,417)
INTEREST ON FUND BALANCE RECEIVABLE	46,244	95,751
MANAGED CARE IGT (SPD)	(407,593)	68,546
OTHER NON PATIENT RECEIVABLE	0	1,290,408
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)	(23,770,144)
WAIVER RECEIVABLE FY16	(2,819,361)	(2,819,361)
PREPAID EXPENSES	3,220,721	2,924,669
PREPAID MORRISON DEPOSIT	813,320	799,706
INVENTORY AT COST	4,418,465	3,467,861
TOTAL CURRENT ASSETS	115,753,992	126,093,395
PROPERTY, PLANT & EQUIPMENT:		
LAND	185,401	170,615
EQUIPMENT	51,437,695	46,573,395
BUILDINGS	84,915,514	82,462,622
CONSTRUCTION IN PROGRESS	12,866,020	4,636,854
LESS: ACCUMULATED DEPRECIATION	(89,508,077)	(83,241,230)
NET PROPERTY, PLANT & EQUIPMENT	59,896,553	50,602,256
NET INTANGIBLE ASSETS		
INTANGIBLE ASSETS	13,973,190	12,302,618
ACCUMULATED AMORTIZATION INTANGIBLES	(10,956,725)	(10,518,089)
NET INTANGIBLE ASSETS	3,016,465	1,784,529
LONG-TERM ASSETS:		
LONG-TERM PATIENT ACCOUNTS RECEIVABLE		
DEFERRED OUTFLOWS - PENSIONS	71,752,645	49,355,076
INVESTMENT IN SURGERY CENTER	753,820	0
CASH HELD BY COP IV TRUSTEE	912,973	906,469
TOTAL LONG-TERM ASSETS	73,419,438	50,261,545
TOTAL ASSETS	\$252,086,447	\$228,741,725

**KERN MEDICAL
BALANCE SHEET**

	May 2018	May 2017
CURRENT LIABILITIES:		
ACCOUNTS PAYABLE	\$20,322,591	\$23,635,128
ACCRUED SALARIES & EMPLOYEE BENEFITS	26,019,951	14,539,261
INTEREST PAYABLE	(1,185,484)	74,716
OTHER ACCRUALS	3,368,182	4,172,923
ACCRUED CWCAP LIABILITY	0	71,855
CURRENT PORTION - CAPITALIZED LEASES	451,463	544
CURR LIAB - COP 2011 PAYABLE	1,085,718	1,032,670
CURR LIAB - P.O.B.	222,903	653,713
MEDICARE COST REPORT LIAB PAYABLE	243,153	3,466,994
MEDI-CAL COST REPORT LIABILITY	922,325	629,462
INDIGENT FUNDING PAYABLE	15,178,758	12,811,298
DSH PAYABLE FY14	24,746,355	24,746,355
CREDIT BALANCES PAYABLES	3,382,435	3,327,350
DEFERRED REVENUE - COUNTY CONTRIBUTION	3,278,992	2,090,345
TOTAL CURRENT LIABILITIES	98,037,342	91,252,614
LONG-TERM LIABILITIES:		
LONG-TERM LIABILITY-COP 2011	1,131,693	2,217,410
NET UNAMORTIZED DISCOUNT COP	59,978	79,971
LONG-TERM LIABILITY - CAPITAL LEASES	6,182,929	1,924,541
NET OPEB (OTHER POST EMPLOYMENT BENEFITS)	4,201,203	5,354,890
NET PENSION LIABILITY	329,935,445	345,262,534
L.T. LIAB. - P.O.B. INTEREST PAYABLE 08	14,722,232	17,201,707
L.T. LIAB. - P.O.B. INTEREST PAYABLE 03	3,917,723	3,528,303
L.T. P.O.B. PAYABLE 03	16,695,541	18,326,891
L.T. P.O.B. PAYABLE 08	5,392,893	5,392,893
ACCRUED PROFESSIONAL LIABILITY	5,465,597	3,149,059
ACCRUED WORKERS' COMPENSATION PAYABLE	6,773,000	0
DEFERRED INFLOWS - PENSIONS	22,238,926	15,299,688
PENSION OBLIGATION BOND PAYABLE	3,678,145	4,721,626
ACCRUED COMPENSATED ABSENCES	3,830,085	14,568,907
TOTAL LONG-TERM LIABILITIES	424,225,389	437,028,420
NET POSITION		
RETAINED EARNINGS - CURRENT YEAR	39,814,215	16,579,623
RETAINED EARNINGS - PRIOR YEAR	(309,990,499)	(316,118,932)
TOTAL NET POSITION	(270,176,284)	(299,539,309)
TOTAL LIABILITIES & NET POSITION	\$252,086,447	\$228,741,725



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

July 18, 2018

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 – MAY 2018**

JULY 2018

3-Month Trend Analysis: Volume and Strategic Indicators

May 31, 2018

					BUDGET	VARIANCE	PY
		MARCH	APRIL	MAY	MAY	POS (NEG)	MAY
VOLUME							
	Adjusted Admissions (AA)	1,475	1,560	1,349	1,569	(14%)	1,568
	Adjusted Patient Days	7,768	7,332	6,839	7,924	(14%)	8,027
	Admissions	757	783	775	817	(5%)	863
	Average Daily Census	129	123	127	133	(5%)	143
	Patient Days	3,988	3,681	3,929	4,127	(5%)	4,418
	Available Occupancy %	60.1%	57.3%	59.2%	62.2%	(5%)	67%
	Average LOS	5.3	4.7	5.1	5.0	0.4%	5.1
	Surgeries						
	Inpatient Surgeries (Main Campus)	243	218	241	297	(19%)	294
	Outpatient Surgeries (Main Campus)	252	275	263	253	4%	250
	Total Surgeries	495	493	504	549	(8%)	544
	Births	163	185	189	230	(17.9%)	213
	ER Visits						
	Admissions	417	431	435	429	1%	455
	Treated & Released	3,670	3,611	3,724	3,846	(3%)	3,441
	Total ER Visits	4,087	4,042	4,159	4,275	(3%)	3,896
	Trauma Activations	254	244	269	N/A	N/A	N/A
	Outpatient Clinic Visits						
	Total Clinic Visits	12,754	12,754	13,624	11,140	22%	11,887
	Total Unique Patient Clinic Visits	9,333	9,519	9,869	N/A	N/A	9,120
	New Unique Patient Clinic Visits	1,781	2,054	2,052	N/A	N/A	2,119

Year-to-Date: Volume and Strategic Indicators

May 31, 2018

		ACTUAL	BUDGET	VARIANCE	PY	PY VARIANCE
		FYTD	FYTD	POS (NEG)	FYTD	POS (NEG)
VOLUME						
	Adjusted Admissions (AA)	16,686	17,050	(2.1%)	16,471	1%
	Adjusted Patient Days	83,043	86,086	(3.5%)	83,139	(0.1%)
	Admissions	8,968	8,880	1%	8,841	1%
	Average Daily Census	133	134	(0%)	133	(0.1%)
	Patient Days	44,632	44,835	(0%)	44,671	(0.1%)
	Available Occupancy %	62.3%	62.5%	(0%)	62.3%	(0.1%)
	Average LOS	5.0	5.0	(1.4%)	5.1	(2%)
	Surgeries					
	Inpatient Surgeries (Main Campus)	2,573	2,727	(5.6%)	2,700	(5%)
	Outpatient Surgeries (Main Campus)	2,703	2,856	(5%)	2,828	(4%)
	Total Surgeries	5,276	5,583	(5.5%)	5,528	(5%)
	Births	2,275	2,501	(9%)	2,405	(5%)
	ER Visits					
	Admissions	4,722	4,661	1%	4,541	4%
	Treated & Released	40,727	41,786	(3%)	36,429	12%
	Total ER Visits	45,449	46,447	(2%)	40,970	11%
	Trauma Activations	2,724	N/A	N/A	N/A	N/A
	Outpatient Clinic Visits					
	Total Clinic Visits	131,712	121,021	9%	118,355	11%
	Total Unique Patient Clinic Visits	39,475	N/A	N/A	N/A	N/A
	New Unique Patient Clinic Visits	N/A	N/A	N/A	N/A	N/A

3-Month Trend Analysis: Payor Mix

May 31, 2018

					BUDGET	VARIANCE	PY
PAYOR MIX - Charges	MARCH	APRIL	MAY	MAY	POS (NEG)	MAY	
Commercial FFS	3.3%	1.0%	1.0%	5.2%	(80%)	5.8%	
Commercial HMO/PPO	7.8%	8.8%	10.9%	4.7%	132%	5.2%	
Medi-Cal	30.7%	30.2%	29.3%	30.7%	(5%)	23.3%	
Medi-Cal HMO - Kern Health Systems	31.5%	31.0%	30.1%	31.5%	(5%)	31.2%	
Medi-Cal HMO - Health Net	9.2%	9.1%	8.8%	9.3%	(5%)	9.5%	
Medi-Cal HMO - Other	1.1%	1.1%	1.0%	1.1%	(5%)	1.2%	
Medicare	9.6%	11.1%	9.4%	10.6%	(11%)	8.7%	
Medicare - HMO	1.7%	1.2%	2.6%	2.5%	3%	2.6%	
County Programs	1.5%	0.3%	0.3%	0.3%	3%	1.5%	
Workers' Compensation	0.02%	0.30%	0.98%	0.7%	45%	0.7%	
Self Pay	3.5%	5.9%	5.7%	3.5%	61%	10.3%	
Total	100.0%	100.0%	100.0%	100.0%		100.0%	

Year-to-Date: Payor Mix

May 31, 2018

		ACTUAL	BUDGET	VARIANCE	PY	PY VARIANCE
		FYTD	FYTD	POS (NEG)	FYTD	POS (NEG)
PAYOR MIX - Charges						
	Commercial FFS	4.2%	4.4%	(5%)	4.4%	(5%)
	Commercial HMO/PPO	6.7%	5.9%	13%	5.9%	13%
	Medi-Cal	29.9%	26.5%	13%	26.5%	13%
	Medi-Cal HMO - Kern Health Systems	30.8%	29.8%	3%	29.8%	3%
	Medi-Cal HMO - Health Net	9.0%	10.5%	(14%)	10.5%	(14%)
	Medi-Cal HMO - Other	1.1%	1.1%	(7%)	1.1%	(7%)
	Medicare	10.1%	8.8%	15%	8.8%	15%
	Medicare - HMO	2.1%	2.0%	5%	2.0%	5%
	County Programs	0.5%	2.3%	(78%)	2.3%	(78%)
	Workers' Compensation	0.8%	0.6%	29%	0.6%	29%
	Self Pay	4.8%	8.1%	(40%)	8.1%	(40%)
	Total	100.0%	100.0%		100.0%	

3-Month Trend Analysis: Labor and Productivity Metrics

May 31, 2018

					BUDGET	VARIANCE	PY
		MARCH	APRIL	MAY	MAY	POS (NEG)	MAY
Labor Metrics							
Productive FTEs		1,395.58	1,402.76	1,392.32	1,377.85	1%	1,323.33
Non-Productive FTEs		201.57	197.29	204.68	210.56	(3%)	177.73
Contract Labor FTEs		89.34	88.32	83.93	64.26	31%	83.75
Total FTEs		1,597.15	1,600.05	1,597.00	1,588.41	1%	1,501.06
FTE's Per AOB Paid		6.37	6.55	7.24	6.21	16%	5.80
FTE's Per AOB Worked		5.57	5.74	6.31	5.39	17%	5.11
Labor Cost/FTE (Annualized)		134,317.13	123,684.35	129,545.48	134,136.81	(3%)	130,936.49
Benefits Expense as a % of Benefitted Labor Expense		60%	58%	58%	66%	(11%)	64%
Salaries & Benefits as % of Net Patient Revenue		66%	61%	63%	67%	(6%)	61%

Year-to-Date: Labor and Productivity Metrics

May 31, 2018

		ACTUAL	BUDGET	VARIANCE	PY	PY VARIANCE
		FYTD	FYTD	POS (NEG)	FYTD	POS (NEG)
Labor Metrics						
	Productive FTEs	1,370.42	1,356.42	1%	1,250.44	10%
	Non-Productive FTEs	211.43	207.61	2%	213.09	(1%)
	Contract Labor FTEs	87.25	64.58	35%	67.47	29%
	Total FTEs	1,581.85	1,564.03	1%	1,463.53	8%
	FTE's Per AOB Paid	6.32	6.09	4%	5.87	8%
	FTE's Per AOB Worked	5.47	5.28	4%	5.01	9%
	Labor Cost/FTE (Annualized)	128,797.73	131,697.91	(2%)	132,905.09	(3%)
	Benefits Expense as a % of Benefitted Labor Expense	59%	66%	(10%)	73%	(19%)
	Salaries & Benefits as % of Net Patient Revenue	63%	66%	(5%)	62%	2%

**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 July 18, 2018, 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**

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 July 18, 2018, 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 facilities (Health and Safety Code Section 101855(j)(2)) –

**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 July 18, 2018, 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)) –

**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 July 18, 2018, 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 521; Unrepresented Employees (Government Code Section 54957.6)