



AGENDA

KERN COUNTY HOSPITAL AUTHORITY BOARD OF GOVERNORS

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

Regular Meeting
Wednesday, October 18, 2017

11:30 A.M.

BOARD TO RECONVENE

Board Members: Berjis, Bigler, Lawson, McGauley, 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 Vice President of Ambulatory Services recognizing the Chemotherapy Clinic remodel at Columbus Street –
MAKE PRESENTATION

ITEMS FOR CONSIDERATION

CA

- 4) Minutes for Kern County Hospital Authority Board of Governors regular meeting on September 20, 2017 –
APPROVE

CA

- 5) Proposed recommendation to reappoint Nancy Lawson (ex-officio) to the Kern County Hospital Authority Board of Governors, term to expire December 31, 2018 –
REFER TO KERN COUNTY BOARD OF SUPERVISORS TO MAKE APPOINTMENT

CA

- 6) Proposed retroactive Amendment No. 15 to Agreement 925-2002 with nThrive Solutions, Inc., an independent contractor, for oncology data management and abstracting services, for the period October 8, 2002 through June 30, 2017, extending the term for one year from July 1, 2017 through June 30, 2018, and increasing the maximum payable by \$289,545, from \$9,953,731 to \$10,243,276, to cover the extended term –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 7) Proposed retroactive Amendment No. 1 to Agreement 20716 with J. Chandrasekhar, Inc., an independent contractor, for professional medical services in the Department of Medicine, for the period October 15, 2016 through October 14, 2017, extending the term for one year from October 15, 2017 through October 14, 2018, and increasing the maximum payable by \$380,000, from \$380,000 to \$760,000, to cover the extended term –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 8) Proposed retroactive Change Order No. 6 to Agreement 2016-086 with Black/Hall Construction, Inc., an independent contractor, for construction services related to the G Wing decommission project, increasing the maximum payable by \$6,861, from \$513,850 to \$520,711, to cover the cost of additional services –
MAKE FINDING PROJECT IS EXEMPT FROM FURTHER CEQA REVIEW PER SECTIONS 15301 AND 15061(b)(3) OF STATE CEQA GUIDELINES; APPROVE; AUTHORIZE CHAIRMAN TO SIGN; AUTHORIZE CHIEF EXECUTIVE OFFICER TO APPROVE ANY FUTURE CHANGE ORDERS IN AN AMOUNT NOT TO EXCEED \$100,000, FOR A TOTAL CONTRACT PRICE NOT TO EXCEED \$620,711

CA

- 9) Proposed Amendment No. 2 to Agreement 07616 with KSA Group Architects, an independent contractor, for engineering and architectural services from July 1, 2016 through project completion, increasing the maximum payable by \$250,000, from \$450,000 to \$700,000, to cover to cost of various design projects –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 10) Proposed Amendment No. 9 to Agreement 1324502 with Vantage Technology Consulting Group, an independent contractor, for construction management services related to completion of the B wing emergency power project and IDF closet upgrades from December 19, 2012 through project completion, replacing an existing 1200-amp electrical breaker, and increasing the maximum payable by \$25,300, from \$419,109 to \$444,409, to cover the cost of the project –
MAKE FINDING PROJECT IS EXEMPT FROM FURTHER CEQA REVIEW PER SECTIONS 15301 AND 15061(b)(3) OF STATE CEQA GUIDELINES; APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 11) Proposed retroactive Agreement with OEC Medical Systems, Inc., an independent contractor, for radiology equipment service and support from October 11, 2017 through October 10, 2024, in an amount not to exceed \$51,282 –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 12) Proposed Amendment No. 2 to Agreement 2016-030 with Valley Neurosurgery and Neurorestoration Center, A Medical Corporation, an independent contractor, for professional medical services in the Department of Surgery, for the period July 1, 2016 through June 30, 2021, adding electroencephalogram monitoring coverage and technician support, and increasing the maximum payable by \$300,760, from \$10,668,032 to \$10,968,792, to cover the term –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 13) Proposed retroactive Amendment No. 7 to Agreement 947-2008 with Toyon Associates, Inc., an independent contractor, for third-party reimbursement services, for the period October 14, 2008 through October 13, 2017, extending the term for one year from October 14, 2017 through October 13, 2018, incorporating changes to the hourly rates, and increasing the maximum payable by \$400,000, from \$2,090,000 to \$2,490,000, to cover the extended term –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

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

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

CA

- 16) Claims and Lawsuits Filed as of September 30, 2017 –
RECEIVE AND FILE

CA

- 17) Proposed corrections to minutes for Kern County Hospital Authority Board of Governors regular meetings –
APPROVE

CA

- 18) Proposed acceptance of donation from CNA of travel and related expenses to cover all costs for one or more Kern Medical employees to attend the Health Care Compliance Association “Healthcare Enforcement Compliance Institute” in Washington, D.C., from October 29, 2017 through November 1, 2017 –
APPROVE; ADOPT RESOLUTION

ADJOURN TO CLOSED SESSION

CLOSED SESSION

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

- 20) PUBLIC EMPLOYEE PERFORMANCE EVALUATION - Title: Chief Executive Officer (Government Code Section 54957) –
- 21) CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION (Government Code Section 54956.9(d)(2), (e)(3)) Number of cases: One (1) Significant exposure to litigation in the opinion of the Board of Governors on the advice of legal counsel, based on: The receipt of a claim pursuant to the Government Claims Act or some other written communication from a potential plaintiff threatening litigation, which non-exempt claim or communication is available for public inspection –
- 22) CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION (Government Code Section 54956.9(d)(1)) Name of case: In the Matter of the Accusation Against: Kern Medical Center, dba Kern Medical Center Campus Pharmacy, et al., Case No. 5551

RECONVENE FROM CLOSED SESSION

REPORT ON ACTIONS TAKEN IN CLOSED SESSION

ADJOURN TO WEDNESDAY, NOVEMBER 15, 2017, 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.

16) CLAIMS AND LAWSUITS FILED AS OF SEPTEMBER 31, 2017 –
RECEIVE AND FILE

- A) Claim in the matter of Michael Cacopardo v. Kern County Hospital Authority
- B) Claim in the matter of Diane White v. Kern County Hospital Authority
- C) Complaint in the matter of Patrick J. Cavanaugh v. Donny Youngblood, et al

CA

17) PROPOSED CORRECTIONS TO MINUTES FOR KERN COUNTY HOSPITAL
AUTHORITY BOARD OF GOVERNORS REGULAR MEETINGS –
APPROVE

- A) Minutes for meeting on August 16, 2017

BOARD OF GOVERNORS
KERN COUNTY HOSPITAL AUTHORITY REGULAR MEETING

October 18, 2017

Subject: Presentation by the Vice President of Ambulatory Services recognizing the Chemotherapy Clinic remodel at Columbus Street

Recommended Action: Make presentation

Summary:

Presentation by the Vice President of Ambulatory Services recognizing the Kern Medical Chemotherapy Clinic remodel at Columbus Street.

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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, September 20, 2017

11:30 A.M.

BOARD RECONVENED

Directors present: Berjis, Bigler, Lawson, McGauley, McLaughlin, Pelz, Sistrunk
Directors absent: None

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!**

NO ONE HEARD

BOARD MEMBER ANNOUNCEMENTS OR REPORTS

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

CHAIRMAN BIGLER REPORTED THAT KERN MEDICAL WILL SPONSOR ‘MARVELOUS MONDAY’ AT THE KERN COUNTY FAIR ON MONDAY, SEPTEMBER 25, 2017, FROM 3:00 P.M. TO 8:00 P.M. THAT WILL INCLUDE LIVE DEMONSTRATIONS OF THE DA VINCI SURGICAL ROBOT, CAR SEAT SAFETY, AND ARTIFACTS FROM KERN MEDICAL’S 150-YEAR HISTORY

RECOGNITION

- 3) Presentation by the Chief Nursing Officer recognizing the Clairvia Implementation Team at Kern Medical –
MADE PRESENTATION

ITEMS FOR CONSIDERATION

CA

- 4) Minutes for Kern County Hospital Authority Board of Governors regular meeting on August 16, 2017 –
APPROVED
Sistrunk-McGauley: 7 Ayes

CA

- 5) Proposed Agreement with Williams Scotsman, Inc., an independent contractor, for lease of a modular trailer to be located at 1111 Columbus Street for a term of 72 months commencing upon delivery, in an amount not to exceed \$260,000 –
APPROVED; MADE FINDING THAT PROJECT IS EXEMPT FROM CEQA REVIEW PER SECTIONS 15301, 15302, AND 15061 (b)(3) OF STATE CEQA GUIDELINES;
AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 056-2017
Sistrunk-McGauley: All Ayes

CA

- 6) Proposed Agreement with Glooko, Inc., an independent contractor, containing nonstandard terms and conditions, for remote patient monitoring for diabetes, for a term of 12 months commencing on delivery of equipment, in amount not to exceed \$5,370 –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 057-2017
Sistrunk-McGauley: All Ayes

CA

- 7) Proposed Resolution authorizing the Kern County Hospital Authority Chief Executive Officer to sign Whole Person Care Pilot Program Certifications of Lead Entity Reports as necessary, for any of the reports, invoice- or budget-related documents required in the Special Terms and Conditions of the California section 1115 Medi-Cal 2020 Demonstration Waiver specific to the Whole Person Care Pilot program and any other reports, invoice- or budget related documents requested by the California Department of Health Care Services specific to the Whole Person Care Pilot program –
APPROVED; ADOPTED RESOLUTION 2017-006
Sistrunk-McGauley: All Ayes

CA

- 8) Request to employ retired Kern County Hospital Authority employee Anabel Moreno, as Extra Help Program Specialist II, for the period ending June 30, 2018, or 960 hours, whichever occurs first, effective September 21, 2017 –
APPROVED
Sistrunk-McGauley: All Ayes

CA

- 9) Proposed retroactive Amendment No. 1 to Agreement 06816 with Health Advocates, LLC, an independent contractor, for accounts receivable and financial services, extending the term for three years from July 1, 2017 through June 30, 2020, and increasing the maximum payable by \$3,000,000, from \$1,000,000 to \$4,000,000, to cover the extended term –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 058-2017
Sistrunk-McGauley: All Ayes

CA

- 10) Report on quarterly expenditures authorized by Kern County Hospital Authority Chief Executive Officer for Fiscal Year 2016-2017 –
RECEIVED AND FILED
Sistrunk-McGauley: All Ayes

CA

- 11) Proposed Resolution revising the delegation of authority of the Kern County Hospital Authority Chief Executive Officer to enter into contracts and to secure and pay for certain professional and special services –
APPROVED; ADOPTED RESOLUTION 2017-007
Sistrunk-McGauley: All Ayes

CA

- 12) Proposed retroactive Agreement 17-94322 with the California Department of Health Care Services, an independent contractor, for funding the nonfederal share of the Public Hospital Redesign and Incentives in the Medi-Cal Learning Collaboratives of the California Medi-Cal 2020 Demonstration Project from July 1, 2017 through June 30, 2020, in an amount not to exceed \$10,800 –
APPROVED; AUTHORIZED CHIEF FINANCIAL OFFICER AND PRIME MANAGER TO SIGN AGREEMENT 059-2017
Sistrunk-McGauley: All Ayes

CA

- 13) Proposed retroactive Agreement with Pacific Gynecologic Specialists, an independent contractor, for professional medical services in the Department of Obstetrics and Gynecology from September 1, 2017 through August 31, 2019, in an amount not to exceed \$780,000 –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 060-2017
Sistrunk-McGauley: All Ayes

CA

- 14) Proposed retroactive Amendment No. 3 to Agreement 392-2015 with Armanino LLP, doing business as AMF Media Group, an independent contractor, for communication consulting services, extending the term through December 31, 2017, and increasing the maximum payable by \$500,000, from \$3,021,000 to \$3,521,000, to cover the extended term –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 061-2017
Sistrunk-McGauley: All Ayes

CA

- 15) Proposed Amendment No. 9 to Agreement 042-2015 with Cantu Management Group, Inc., an independent contractor, for Chief Financial Officer and healthcare financial management services, extending the term for an additional two years from February 9, 2019, through February 8, 2021, deleting seven positions, adding three positions, decreasing the monthly management fee by \$56,122, from \$318,666 to \$262,544, decreasing the monthly staffing fee by 5%, from 49% to 44%, revising the methodology for payment of the performance fee from quarterly to annually, incorporating performance measures for FY 2017-2018, modifying certain terms to comply with applicable law and authority policy, and increasing the maximum payable by \$13,157,552, from \$16,880,688 to \$30,038,240, effective October 1, 2017 –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 062-2017
Sistrunk-McGauley: All Ayes

CA

- 16) Proposed retroactive Agreements with File Recoup, an independent contractor, containing nonstandard terms and conditions, for diagnostic and data recovery services, in an amount not to exceed \$5,000, effective September 11, 2017 – APPROVED; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN AGREEMENTS 063-2017 AND 064-2017
Sistrunk-McGauley: All Ayes

CA

- 17) Proposed Agreement with Jerry Cheriyan, M.D., a contract employee, for professional medical services in the Department of Surgery from November 11, 2017 through November 10, 2020, in an amount not to exceed \$1,850,400 – APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 065-2017 SUBJECT TO APPROVAL AS TO FORM BY COUNSEL
Sistrunk-McGauley: All Ayes

- 18) Proposed presentation by Moss-Adams LLP regarding the audit plan for the fiscal year ending June 30, 2017 – HEARD PRESENTATION; RECEIVED AND FILED
Pelz-McLaughlin: All Ayes

- 19) Kern County Hospital Authority Chief Financial Officer report – RECEIVED AND FILED
Berjis-McLaughlin: All Ayes

- 20) Kern County Hospital Authority Chief Executive Officer report – RECEIVED AND FILED
Pelz-Lawson: All Ayes

CA

- 21) Claims and Lawsuits Filed as of August 31, 2017 – RECEIVED AND FILED
Sistrunk-McGauley: All Ayes

CA

- 22) Proposed corrections to minutes for Kern County Hospital Authority Board of Governors regular meetings – APPROVED
Sistrunk-McGauley: All Ayes

ADJOURNED TO CLOSED SESSION
McGauley-Sistrunk

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 LEGAL COUNSEL - ANTICIPATED LITIGATION
(Government Code Section 54956.9(d)(2), (e)(3)) Number of cases: One (1) Significant exposure to litigation in the opinion of the Board of Governors on the advice of legal counsel, based on: The receipt of a claim pursuant to the Government Claims Act or some other written communication from a potential plaintiff threatening litigation, which non-exempt claim or communication is available for public inspection – SEE RESULTS BELOW
- 26) CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION
(Government Code Section 54956.9(d)(1)) Name of case: Service Employees International Union, Local 521 v. County of Kern, et al., Public Employment Relations Board Case No. LA-CE-1084-M – SEE RESULTS BELOW
- 27) CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION
(Government Code Section 54956.9(d)(1)) Name of case: Service Employees International Union, Local 521 v. County of Kern, et al., Public Employment Relations Board Case No. LA-CE-1096-M – SEE RESULTS BELOW
- 28) CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION
(Government Code Section 54956.9(d)(1)) Name of case: Service Employees International Union, Local 521 v. Kern County Hospital Authority, Public Employment Relations Board Case No. LA-CE-1121-M – SEE RESULTS BELOW

RECONVENED FROM CLOSED SESSION

Berjis-Pelz

REPORT ON ACTIONS TAKEN IN CLOSED SESSION

Item No. 23 concerning a Request for Closed Session regarding peer review of health practitioners (Health and Safety Code Section 101855(j)(2)) – HEARD; BY A UNANIMOUS VOTE (MOTION BY DIRECTOR LAWSON, SECONDED BY DIRECTOR SISTRUNK), THE BOARD APPROVED ALL PROVIDERS RECOMMENDED FOR REAPPOINTMENT, REVIEW AND RELEASE OF PROCTORING, AND VOLUNTARY RESIGNATION OF PRIVILEGES; NO OTHER REPORTABLE ACTION TAKEN

Item No. 24 concerning REQUEST FOR CLOSED SESSION regarding peer review of health facilities (Health and Safety Code Section 101855(j)(2)) – HEARD; NO REPORTABLE ACTION TAKEN

Item No. 25 concerning CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION (Government Code Section 54956.9(d)(2), (e)(3)) Number of cases: One (1) Significant exposure to litigation in the opinion of the Board of Governors on the advice of legal counsel, based on: The receipt of a claim pursuant to the Government Claims Act or some other written communication from a potential plaintiff threatening litigation, which non-exempt claim or communication is available for public inspection – HEARD; NO REPORTABLE ACTION TAKEN

Item No. 26 concerning CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION (Government Code Section 54956.9(d)(1)) Name of case: Service Employees International Union, Local 521 v. County of Kern, et al., Public Employment Relations Board Case No. LA-CE-1084-M – HEARD; NO REPORTABLE ACTION TAKEN

Item No. 27 concerning CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION (Government Code Section 54956.9(d)(1)) Name of case: Service Employees International Union, Local 521 v. County of Kern, et al., Public Employment Relations Board Case No. LA-CE-1096-M – HEARD; NO REPORTABLE ACTION TAKEN

Item No. 28 concerning CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION (Government Code Section 54956.9(d)(1)) Name of case: Service Employees International Union, Local 521 v. Kern County Hospital Authority, Public Employment Relations Board Case No. LA-CE-1121-M – HEARD; NO REPORTABLE ACTION TAKEN

ADJOURN TO WEDNESDAY, OCTOBER 18, 2017, AT 11:30 A.M.

Berjis

/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

October 18, 2017

Subject: Proposed recommendation to reappoint Nancy Lawson (ex-officio) to the Kern County Hospital Authority Board of Governors, term to expire December 31, 2018

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

Summary:

On December 6, 2016, the Kern County Board of Supervisors amended Kern County Ordinance Code section 2.170.060 to provide for a designee position for the County Administrative Officer on the Kern County Hospital Authority Board of Governors. Nancy Lawson was named as the appointee to fill this position. Ms. Lawson's term expires December 31, 2017. Kern Medical is recommending that Ms. Lawson be reappointed for an additional one-year term.

Therefore, it is recommended that your Board approve the proposed recommendation to reappoint Nancy Lawson (ex-officio) to the Kern County Hospital Authority Board of Governors, and refer the recommendation to the Kern County Board of Supervisors to make the appointment.

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

October 18, 2017

Subject: Proposed retroactive Amendment No. 15 to Agreement 925-2002 with nThrive Solutions, Inc.

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical requests your Board approve the proposed retroactive Amendment No. 15 with nThrive Solutions, Inc. for oncology data management and abstracting services which is a requirement to maintain certification with the American College of Surgeons. The purpose of the amendment is to extend the term for one year from July 1, 2017 through June 30, 2018, and increasing the maximum payable by \$289,545, from \$9,953,731 to \$10,243,276, to cover the extended term.

AMENDMENT NO. 15
TO AGREEMENT FOR PROFESSIONAL SERVICES
(KERN COUNTY HOSPITAL AUTHORITY - NTHRIVE SOLUTIONS, INC.)

This Amendment No. 15 to the Agreement for Professional services is made and entered into this ___ day of _____, 2017, by and between the Kern County Hospital Authority, a local unit of government (“KCHA”), which owns and operates Kern Medical Center (“Kern Medical”) and nThrive Solutions, Inc., a Delaware Corporation, with a business address at 200 North Point Center East, Suite 600, Alpharetta, GA 30022 (“Consultant”).

RECITALS

- a. The County of Kern, a political subdivision of the state of California, and Precyse Solutions, LLC entered into an Agreement for Professional Services (Kern County Agt. #925-2002, dated October 8, 2002) (hereinafter “Agreement”), Amendment No. 1 (Kern County Agt. #040-2003, dated January 21, 2003); Amendment No. 2 (Kern County Agt. #1062-2003, dated December 16, 2003); Amendment No. 3 (Kern County Agt. #933-2004, dated October 11, 2005); Amendment No. 4 (Kern County Agt. #921-2005, dated November 1, 2005); Amendment No. 5 (Kern County Agt. #591-2006, dated June 20, 2006); Amendment No. 6 (Kern County Agt. #664-2006, dated June 27, 2006); Amendment No. 7 (Kern County Agt. #979-2008, dated November 4, 2008); Amendment No. 8 (Kern County Agt. #681-2009, dated August 10, 2009); Amendment No. 9 (Kern County Agt. #788-2010, dated August 24, 2010); Amendment No. 10 (Kern County Agt. #496-2011, dated June 28, 2011); Amendment No. 11 (Kern County Agt. #813-2011, dated November 14, 2011); Amendment No. 12 (Kern County Agt. #664-2013, dated August 20, 2013), Amendment No. 13 (Kern County Agt. #377-2014, dated June 9, 2014), Amendment No. 14 (Kern County Agt. #448-2015, and Assignment of Agreement (Kern County Agt. #307-2016) that assigned the agreement and all of its amendments from the County of Kern to KCHA; and
- b. The Agreement expired on June 30, 2017; and
- c. Kern Medical continues to require the services of Consultant and Consultant agrees to continue providing services; and
- d. The Agreement is amended effective July 1, 2017.

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. KCHA consents to the assignment of the Agreement to nThrive Solutions, Inc. All references to “Precyse Solutions, LLC” shall be deleted and replaced with “nThrive Solutions, Inc.”. All references to “Precyse” shall be deleted and replaced with “nThrive”.
2. A second paragraph to the Preamble is added to the Agreement and incorporate herein by this reference:

“nThrive and its affiliates nThrive Revenue Systems, LLC, Equation Consulting, LLC and nThrive Reimbursement Management, LLC (collectively, each of the aforementioned entities which become a Party (as defined below) shall be deemed (“nThrive”) offer products and services which assist customers in improving business processes, operating margin, and

cash flow. nThrive and KCHA are deemed a "Party" and collectively, the "Parties". In the event nThrive Revenue Systems, LLC, Equation Consulting, LLC or nThrive Reimbursement Management, LLC enters into a binding SOW with KCHA pursuant to the terms hereof, it too shall be deemed a "Party" and "Participating Affiliate", and shall be bound by the terms of this Agreement and such SOW."

3. Section I Term shall be deleted in its entirety and replaced with the following:

"1. **TERM.** Performance by Consultant and KCHA shall commence October 8, 2002 and shall remain in effect through June 30, 2018, unless earlier terminated pursuant to other provisions of this Agreement as herein stated."

4. Section 4, Compensation 4.1 Oncology Data Management Services, shall be deleted in its entirety and replaced with the following:

"4.1 Oncology Data Management Services. As consideration for the oncology data management / oncology abstracting services provided by Consultant hereunder, KCHA will pay Consultant in accordance with the fee schedule set forth in Exhibit "A" to Amendment 14, in an amount not to exceed \$267,945 per year, with total compensation not to exceed \$803,835 over the period from July 1, 2015 through June 30, 2018. All services are payable in arrears."

5. Section 4, Compensation, 4.2 Travel Reimbursement, shall be deleted in its entirety and replaced with the following:

"4.2 Travel Reimbursement. Consultant will be reimbursed for all approved travel expenses, which approval will not be unreasonably withheld, incurred by Consultant on behalf of KCHA in an amount not to exceed \$21,600 per year. Reimbursement of travel expenses will include actual cost for lowest refundable coach round trip airfare, local transportation (rental cars are reimbursable at actual cost for compact or midsize vehicles only; per mile reimbursement for personal vehicle use at the current privately owned vehicle ("POV") mileage reimbursement rate established by the U.S. General Services Administration), meals and incidental expenses at current domestic per diem rates established by the U.S General Services Administration for Kern County, and reasonable hotel accommodations not to exceed the maximum allowable reimbursement rate including taxes established by County of Kern. Travel-related expenses will be billed monthly, as incurred, and are payable in arrears within 30 days of receipt and approval of each invoice by Kern Medical."

6. Section 4, Compensation, 4.4 Maximum Payable, shall be deleted in its entirety and replaced with the following:

"4.4 Maximum Payable. The maximum payable under this Agreement will not exceed \$10,243,276 over the term of this Agreement, unless otherwise mutually agreed in writing."

7. Section 11.3, Information Security Incidents shall be added to the Agreement as follows:

11.3 Information Security Incidents. KCHA shall promptly notify Consultant in the event it experiences an Information Security Incident. For the purposes of this paragraph, an “Information Security Incident” means any actions or omissions including but not limited to ransomware, malware, and data breach incidents that compromise the security, confidentiality, or integrity of any safeguards put in place by Kern Medical that relate to or impact data and systems that interact with Consultant. Upon receiving such notice, Consultant may immediately suspend Kern Medical’s access to Kern Medical’s systems, services and products until such time as Consultant reasonably determines there is no longer a security risk to Consultant.

8. Section 24 Notices, shall be modified to update the Consultant mailing address as follows:

Notice to Consultant: nThrive
200 North Point Center East, Suite 600
Alpharetta, GA 30022
Attn: Legal/Contracting nThrive Solutions, Inc.

9. Exhibit D The attached Exhibit D, Business Associates Agreement, to Amendment No. 15 is added to the Agreement and incorporated herein by this reference.

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

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

12. 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.

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

[Signatures follow on next page]

IN WITNESS WHEREOF, the Parties have caused Amendment No. 15 to be duly executed by their authorized representatives as of the date above.

NTHRIVE SOLUTIONS, INC.

KERN COUNTY HOSPITAL AUTHORITY

Signature

Printed Name

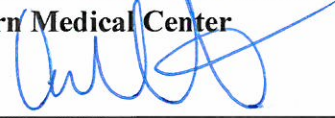
_____ Date

Signature

Printed Name

_____ Date

**APPROVED AS TO CONTENT:
Kern Medical Center**




Signature

Andrew Cantu

Printed Name

CFO _____ *10/11/17*
Title Date

**APPROVED AS TO FORM
Legal Services Department**



Signature

Shannon Hochstein

Printed Name

Hospital Counsel _____ *9/21/17*
Title Date

EXHIBIT "D"
BUSINESS ASSOCIATE AGREEMENT

This Business Associate Agreement ("**BAA**") is entered into by and between the Kern County Hospital Authority on behalf of Kern Medical Center ("**Covered Entity**") and nThrive Solutions, Inc. ("**Business Associate**") (each a "**Party**" and collectively the "**Parties**"), effective as of _____ (the "**Effective Date**").

RECITALS

WHEREAS, Covered Entity is a "Covered Entity" as that term is defined under the Health Insurance Portability and Accountability Act of 1996 (Public Law 104-91), as amended, ("**HIPAA**"), and the regulations promulgated thereunder by the Secretary of the U.S. Department of Health and Human Services ("**Secretary**"), including, without limitation, the regulations codified at 45 C.F.R. Parts 160, 162, and 164 ("**HIPAA Rules**");

WHEREAS, Business Associate performs Services for or on behalf of Covered Entity, and in performing said Services, Business Associate creates, receives, maintains, or transmits Protected Health Information ("**PHI**");

WHEREAS, the Parties intend to protect the privacy and provide for the security of PHI Disclosed by Covered Entity to Business Associate, or received or created by Business Associate, when providing Services in compliance with HIPAA, the Health Information Technology for Economic and Clinical Health Act (Public Law 111-005) (the "**HITECH Act**") and its implementing regulations and guidance issued by the Secretary; and

WHEREAS, the Privacy and Security Rules (defined below) require Covered Entity and Business Associate to enter into a BAA that meets certain requirements with respect to the Use and Disclosure of PHI, which are met by this BAA.

AGREEMENT

NOW THEREFORE, in consideration of the Recitals and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the Parties agree as follows:

ARTICLE I
DEFINITIONS

- 1.1 "**Breach**" shall have the meaning given under [45 C.F.R. § 164.402](#).
- 1.2 "**Breach Notification Rule**" shall mean the Breach Notification for Unsecured Protected Health Information interim final rule at 45 C.F.R. Parts 160 and 164, Subpart D, as may be amended from time to time.
- 1.3 "**Designated Record Set**" shall have the meaning given such term under [45 C.F.R. § 164.501](#).
- 1.4 "**Disclose**" and "**Disclosure**" mean, with respect to PHI, the release, transfer, provision of access to, or divulging in any other manner of PHI outside of Business Associate or to other than members of its Workforce, as set forth in [45 C.F.R. § 160.103](#).
- 1.5 "**Electronic PHI**" or "**e-PHI**" means PHI that is transmitted or maintained in electronic media, as set forth in [45 C.F.R. § 160.103](#).
- 1.6 "**Protected Health Information**" and "**PHI**" mean any information created, received or maintained by Business Associate on behalf of Covered Entity, whether oral or recorded in any form or

medium, that: (a) relates to the past, present or future physical or mental health or condition of an Individual; the provision of health care to an Individual, or the past, present or future payment for the provision of health care to an individual; (b) identifies the Individual (or for which there is a reasonable basis for believing that the information can be used to identify the Individual); and (c) shall have the meaning given to such term under the Privacy Rule at [45 C.F.R. § 160.103](#). Protected Health Information includes e-PHI.

1.7 “**Privacy Rule**” shall mean the Standards for Privacy of Individually Identifiable Health Information at 45 C.F.R. Parts 160 and 164, Subparts A and E, as may be amended from time to time.

1.8 “**Security Rule**” shall mean the Security Standards at 45 C.F.R. Parts 160 and 164, Subparts A and C, as may be amended from time to time.

1.9 “**Services**” shall mean the services for or functions on behalf of Covered Entity performed by Business Associate pursuant to any service agreement(s) between Covered Entity and Business Associate which may be in effect now or from time to time (the “**Underlying Agreement**”), or, if no such agreements are in effect, then the services or functions performed by Business Associate that constitute a Business Associate relationship, as set forth in [45 C.F.R. § 160.103](#).

1.10 “**SubContractor**” shall have the meaning given to such term under [45 C.F.R. § 160.103](#).

1.11 “**Unsecured PHI**” shall have the meaning given to such term under [42 U.S.C. § 17932\(h\)](#), [45 C.F.R. § 164.402](#), and guidance issued pursuant to the HITECH Act including, but not limited to the guidance issued on April 17, 2009 and published in 74 Federal Register 19006 (April 27, 2009) by the Secretary.

1.12 “**Use**” or “**Uses**” mean, with respect to PHI, the sharing, employment, application, utilization, examination or analysis of such PHI within Business Associate’s internal operations, as set forth in [45 C.F.R. § 160.103](#).

1.13 “**Workforce**” shall have the meaning given to such term under [45 C.F.R. § 160.103](#)

Capitalized terms not otherwise defined in this Agreement shall have the meanings given to them in HIPAA or the HITECH Act, as applicable.

ARTICLE II OBLIGATIONS OF BUSINESS ASSOCIATE

2.1 Permitted Uses and Disclosures of Protected Health Information. Business Associate shall not Use or Disclose PHI other than as permitted or required by any Underlying Agreement, this BAA, or as Required by Law. Business Associate shall not Use or Disclose PHI in any manner that would constitute a violation of the Privacy Rule if so Used or Disclosed by Covered Entity, except that Business Associate may Use or Disclose PHI (i) for the proper management and administration of Business Associate; (ii) to carry out the legal responsibilities of Business Associate, provided that with respect to any such Disclosure either: (a) the Disclosure is Required by Law; or (b) Business Associate obtains a written agreement from the person to whom the PHI is to be Disclosed that such person will hold the PHI in confidence and shall not Use and further Disclose such PHI except as Required by Law and for the purpose(s) for which it was Disclosed by Business Associate to such person, and that such person will notify Business Associate of any instances of which it is aware in which the confidentiality of the PHI has been breached. Business Associate may perform Services, including Data Aggregation for the Health Care Operations purposes of Covered Entity and de-identification of PHI in accordance with 45 C.F.R. § 164.514, if required by any Underlying Agreement or with the advance written permission of Covered Entity.

2.2 Adequate Safeguards of PHI. Business Associate shall implement and maintain appropriate safeguards to prevent Use or Disclosure of PHI other than as provided for by this BAA. Business Associate shall reasonably and appropriately protect the confidentiality, integrity, and availability of e-PHI that it

creates, receives, maintains or transmits on behalf of Covered Entity and shall comply with Subpart C of 45 C.F.R. Part 164 to prevent Use or Disclosure of PHI other than as provided for by this BAA.

2.3 Reporting Non-Permitted Use or Disclosure.

2.3.1 Reporting Security Incidents and Non-Permitted Use or Disclosure. Business Associate shall report to Covered Entity in writing each Security Incident or Use or Disclosure that is made by Business Associate, members of its Workforce, or SubContractors that is not specifically permitted by this BAA no later than twenty-four (24) hours days after becoming aware of such Security Incident or non-permitted Use or Disclosure, in accordance with the notice provisions set forth herein. Notwithstanding the foregoing, Business Associate and Covered Entity acknowledge the ongoing existence and occurrence of attempted but ineffective Security Incidents that are trivial in nature, such as pings and other broadcast service attacks, and Covered Entity acknowledges and agrees that no additional notification to Covered Entity of such ineffective Security Incidents is required, as long as no such incident results in unauthorized access, Use or Disclosure of PHI. Business Associate shall investigate each Security Incident or non-permitted Use or Disclosure of Covered Entity's PHI that it discovers to determine whether such Security Incident or non-permitted Use or Disclosure constitutes a reportable Breach of Unsecured PHI and shall provide a summary of its investigation and risk assessment to Covered Entity. Business Associate shall document and retain records of its investigation of any suspected Breach, including its reports to Covered Entity under this Section 2.3.1. Business Associate shall take prompt corrective action and any action required by applicable state or federal laws and regulations relating to such Security Incident or non-permitted disclosure. If Business Associate or Covered Entity, in its review of this initial report, determines that such Security Incident or non-permitted Use or Disclosure constitutes a reportable Breach of Unsecured PHI, then Business Associate shall comply with the additional requirements of Section 2.3.2 below.

2.3.2 Breach of Unsecured PHI. If Business Associate or Covered Entity determines that a reportable Breach of Unsecured PHI has occurred, Business Associate shall provide a written report to Covered Entity without unreasonable delay but no later than five (5) calendar days after discovery of the Breach. To the extent that information is available to Business Associate, Business Associate's written report to Covered Entity shall be in accordance with 45 C.F.R. §164.410(c). Business Associate shall cooperate with Covered Entity in meeting Covered Entity's obligations under the HIPAA Rules with respect to such Breach. Covered Entity shall have sole control over the timing and method of providing notification of such Breach to the affected individual(s), the Secretary and, if applicable, the media. Business Associate shall reimburse Covered Entity for its reasonable and actual costs and expenses in providing the notification, including, but not limited to, any administrative costs associated with providing notice, printing and mailing costs, public relations costs, and costs of mitigating the harm (which may include the costs of obtaining credit monitoring services and identity theft insurance) for affected individuals whose PHI has or may have been compromised as a result of the Breach.

2.3.3 Data Breach Notification and Mitigation Under Other Laws. In addition to the requirements of Sections 2.3.1 and 2.3.2, Business Associate agrees to implement reasonable systems for the discovery and prompt reporting of any breach of individually identifiable information (including but not limited to PHI, and referred to hereinafter as "Individually Identifiable Information") that, if misused, disclosed, lost or stolen, Covered Entity believes would trigger an obligation under applicable state security breach notification laws ("State Breach") to notify the individuals who are the subject of the information. Business Associate agrees to: (i) cooperate and assist Covered Entity with any investigation into any State Breach or alleged State Breach; (ii) cooperate and assist Covered Entity with any investigation into any State Breach or alleged State Breach conducted by a state agency or Attorney General; (iii) comply with Covered Entity's determinations regarding Covered Entity's and Business Associate's obligations to mitigate to the extent practicable any potential harm to the individuals impacted by the State Breach; and (iv) assist with the implementation of any decision by Covered Entity or any State agency to notify individuals impacted or potentially impacted by a State Breach.

2.4 Mitigation. Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a Use or Disclosure of PHI by Business Associate in violation of the requirements of this BAA.

2.5 Use of SubContractors. Business Associate shall require each of its SubContractors that creates, maintains, receives, or transmits PHI on behalf of Business Associate, to execute a Business Associate Agreement that imposes on such SubContractors substantially the same restrictions, conditions, and requirements that apply to Business Associate under this BAA with respect to PHI.

2.6 Access to Protected Health Information. To the extent that Business Associate maintains a Designated Record Set on behalf of Covered Entity and within fifteen (15) days of a request by Covered Entity, Business Associate shall make the PHI it maintains (or which is maintained by its SubContractors) in Designated Record Sets available to Covered Entity for inspection and copying, or to an Individual to enable Covered Entity to fulfill its obligations under 45 C.F.R. § 164.524. If Business Associate maintains PHI in a Designated Record Set electronically, Business Associate shall provide such information in the electronic form and format requested by the Covered Entity if it is readily reproducible in such form and format, and, if not, in such other form and format agreed to by Covered Entity to enable Covered Entity to fulfill its obligations under 45 C.F.R. § 164.524(c)(2). Business Associate shall notify Covered Entity within five (5) days of receipt of a request for access to PHI from an Individual.

2.7 Amendment of Protected Health Information. To the extent that Business Associate maintains a Designated Record Set on behalf of Covered Entity and within fifteen (15) days of a request by Covered Entity, Business Associate shall amend the PHI it maintains (or which is maintained by its SubContractors) in Designated Record Sets to enable the Covered Entity to fulfill its obligations under 45 C.F.R. § 164.526. Business Associate shall notify Covered Entity within five (5) days of receipt of a request for amendment of PHI from an Individual.

2.8 Accounting. Within thirty (30) days of receipt of a request from Covered Entity or an Individual for an accounting of disclosures of PHI, Business Associate and its SubContractors shall make available to Covered Entity the information required to provide an accounting of disclosures to enable Covered Entity to fulfill its obligations under 45 C.F.R. § 164.528 and 42 U.S.C. § 17935(c). Business Associate shall notify Covered Entity within five (5) days of receipt of a request by an Individual or other requesting party for an accounting of disclosures of PHI from an Individual.

2.9 Delegated Responsibilities. To the extent that Business Associate carries out one or more of Covered Entity's obligations under Subpart E of 45 C.F.R. Part 164, Business Associate must comply with the requirements of Subpart E that apply to the Covered Entity in the performance of such obligations.

2.10 Availability of Internal Practices, Books, and Records to Government. Business Associate agrees to make internal practices, books, and records, including policies and procedures and PHI, relating to the use and disclosure of PHI received from, created, maintained, or transmitted by Business Associate on behalf of Covered Entity promptly available for inspection and copying to the Secretary, in a time and manner designated by the Secretary, for purposes of the Secretary determining Covered Entity's or Business Associate's compliance with the HIPAA Rules. In addition, Business Associate agrees that Covered Entity shall have the right to audit and monitor all applicable activities and records of Business Associate to determine Business Associate's compliance with the HIPAA Rules and shall promptly make available to Covered Entity such books, records, or other information relating to the Use and Disclosure of PHI provided, created, received, maintained or transmitted by Business Associate on behalf of Covered Entity for such purpose.

2.11 Minimum Necessary. Business Associate (and its SubContractors) shall, to the extent practicable, limit its request, Use, or Disclosure of PHI to the minimum amount of PHI necessary to accomplish the purpose of the request, Use or Disclosure, in accordance with 42 U.S.C. § 17935(b) and 45 C.F.R. § 164.502(b)(1) or any other guidance issued thereunder.

2.12 Acknowledgement. Business Associate acknowledges that it is obligated by law to comply, and represents and warrants that it shall comply, with HIPAA, the HITECH Act, and the HIPAA Rules. Business Associate shall comply with all applicable state privacy and security laws, to the extent that such state laws are not preempted by HIPAA or the HITECH Act.

ARTICLE III OBLIGATIONS OF COVERED ENTITY

3.1 Covered Entity's Obligations.

3.1.1 Covered Entity shall notify Business Associate of any limitation(s) in the Notice of Privacy Practices of Covered Entity under 45 C.F.R. 164.520, to the extent that such limitation may affect Business Associate's Use or Disclosure of PHI.

3.1.2 Covered Entity shall notify Business Associate of any changes in, or revocation of, the permission by an individual to Use or Disclose his or her PHI, to the extent that such changes may affect Business Associate's Use or Disclosure of PHI.

3.1.3 In the event Covered Entity agrees with an Individual to any restrictions on Use or Disclosure of PHI pursuant to 45 C.F.R. § 164.522(a) or if Covered Entity determines that it is obligated to accommodate a reasonable request of an Individual to receive communications of PHI pursuant to 45 C.F.R. § 164.522(b), Covered Entity promptly shall notify Business Associate of the same, as well as any revocation or modification of the same, and Business Associate thereupon shall observe such restriction or accommodation (or revocation or modification, if any, thereof) to the extent applicable to its Use or Disclosure of PHI hereunder, notwithstanding any other provision hereof, except as otherwise required by law.

3.1.4 Covered Entity agrees to obtain any consent or authorization that may be required under HIPAA or any other applicable law and/or regulation prior to furnishing Business Associate with PHI.

3.1.5 Covered Entity shall not request Business Associate to make any Use or Disclosure of PHI that would not be permitted under HIPAA if made by Covered Entity. Covered Entity agrees to fulfill its obligations under this BAA in a timely manner.

ARTICLE IV TERM AND TERMINATION

4.1 Term. Subject to the provisions of Section 4.1, the term of this BAA shall be the term of any Underlying Agreement.

4.2 Termination of Underlying Agreement.

4.2.1 A breach by Business Associate of any provision of this BAA, as determined by Covered Entity, shall constitute a material breach of the Underlying Agreement and shall provide grounds for immediate termination of the Underlying Agreement, any provision in the Underlying Agreement to the contrary notwithstanding.

4.2.2 Covered Entity may terminate the Underlying Agreement, effective immediately, if: (i) Business Associate is named as a defendant in a criminal proceeding for a violation of HIPAA, the HITECH Act, the HIPAA Rules or other security or privacy laws or (ii) a finding or stipulation that the Business Associate has violated any standard or requirement of HIPAA, the HITECH Act, the HIPAA Rules or other security or privacy laws is made in any administrative or civil proceeding in which the party has been joined.

4.3 Termination for Cause. In addition to and notwithstanding the termination provisions set forth in any Underlying Agreement, upon Covered Entity's knowledge of a material breach or violation of this BAA by Business Associate, Covered Entity shall either:

4.3.1 Notify Business Associate of the breach in writing, and provide an opportunity for Business Associate to cure the breach or end the violation within ten (10) business days of such notification; provided that if Business Associate fails to cure the breach or end the violation within such time period to the satisfaction of Covered Entity, Covered Entity may terminate this BAA and any Underlying Agreement upon thirty (30) calendar days written notice to Business Associate; or

4.3.2 Upon thirty (30) calendar day written notice to Business Associate, immediately terminate this BAA and any Underlying Agreement if Covered Entity determines that such breach cannot be cured.

4.4 Disposition of Protected Health Information Upon Termination or Expiration.

4.4.1 Upon termination or expiration of this BAA, Business Associate shall return or destroy all PHI received from, or created or received by Business Associate on behalf of Covered Entity, that Business Associate still maintains in any form and retain no copies of such PHI. If Covered Entity requests that Business Associate return PHI, PHI shall be returned in a mutually agreed upon format and timeframe.

4.4.2 If return or destruction is not feasible, Business Associate shall: (a) retain only that PHI which is necessary for Business Associate to continue its proper management and administration or to carry out its legal responsibilities; (b) return to Covered Entity the remaining PHI that the Business Associate still maintains in any form; (c) continue to extend the protections of this BAA to the PHI for as long as Business Associate retains the PHI; (d) limit further Uses and Disclosures of such PHI to those purposes that make the return or destruction of the PHI not feasible and subject to the same conditions set out in Sections 2.1 and 2.2 above, which applied prior to termination; and (e) return to Covered Entity the PHI retained by Business Associate when it is no longer needed by Business Associate for its proper management and administration or to carry out its legal responsibilities.

**ARTICLE V
MISCELLANEOUS**

5.1 Regulatory References. A reference in this BAA to a section or other part of HIPAA, the HIPAA Rules, or the HITECH Act means, as of any point in time, the section or part as it may be amended or in effect at such time.

5.2 Amendment. The Parties agree to take such action as is necessary to amend this BAA from time to time as necessary for Covered Entity to implement its obligations pursuant to HIPAA, the HIPAA Rules, or the HITECH Act.

5.3 Relationship to Underlying Agreement Provisions. In the event that a provision of this BAA is contrary to a provision of an Underlying Agreement, the provision of this BAA shall control. Otherwise, this BAA shall be construed under, and in accordance with, the terms of such Underlying Agreement, and shall be considered an amendment of and supplement to such Underlying Agreement.

5.4 Headings. The headings of the paragraphs and sections of this BAA are inserted solely for convenience of reference and are not a part or intended to govern, limit or aid in the construction of any term or provision hereof.

5.5 Equitable Relief. Business Associate understands and acknowledges that any Disclosure or misappropriation of any PHI in violation of this BAA will cause Covered Entity irreparable harm, the amount of which may be difficult to ascertain, and therefore agrees that Covered Entity shall have the right to apply to a court of competent jurisdiction for specific performance and/or an order restraining and

enjoining any such further Disclosure or Breach and for such other relief as Covered Entity shall deem appropriate. Such right of Covered Entity is to be in addition to the remedies otherwise available to Covered Entity at law or in equity. Business Associate expressly waives the defense that a remedy in damages will be adequate and further waives any requirement in an action for specific performance or injunction for the posting of a bond by Covered Entity.

5.6 Insurance. In addition to any general and/or professional liability insurance required of Business Associate, Business Associate agrees to obtain and maintain, at its sole expense, liability insurance on an occurrence basis, covering any and all claims, liabilities, demands, damages, losses, costs and expenses arising from a breach of the security or privacy obligations of Business Associate, its officers, employees, agents and SubContractors under this BAA. Such insurance coverage will be maintained for the term of this BAA, and a copy of such policy or a certificate evidencing the policy shall be provided to Covered Entity at Covered Entity's request.

5.7 Assistance in Litigation or Administrative Proceedings. Business Associate shall make itself and any SubContractors or members of its Workforce assisting Business Associate in the performance of its obligations under this BAA available to Covered Entity, at no cost to Covered Entity, to testify as witnesses, or otherwise, in the event of litigation or administrative proceedings being commenced against Covered Entity, its directors, officers or employees based upon a claim of violation of the HIPAA or other applicable laws relating to privacy or security.

5.8 Indemnification. Notwithstanding anything to the contrary which may be contained in any Underlying Agreement, including but not limited to any limitations on liability contained therein, Business Associate hereby agrees to indemnify and hold harmless Covered Entity and its respective officers, directors, managers, members, employees and agents from and against any and all losses, damages, fines, penalties, claims or causes of action and associated expenses (including, without limitation, costs of judgments, settlements, court costs and attorney's fees) resulting from Business Associate's (including its employees, directors, officers, agents, or other members of its Workforce, and its SubContractors) breach of PHI or violation of the terms of this BAA, including but not limited to failure of Business Associate to perform its obligations under this BAA, or to comply with HIPAA or applicable state privacy or security law.

5.9 Legal Actions. Promptly, but no later than five (5) business days after notice thereof, Business Associate shall advise Covered Entity of any actual or potential action, proceeding, regulatory or governmental orders or actions, or any material threat thereof that becomes known to it that may affect the interests of Covered Entity or jeopardize this BAA, and of any facts and circumstances that may be pertinent to the prosecution or defense of any such actual or potential legal action or proceeding, except to the extent prohibited by law.

5.10 Notice of Request or Subpoena for Data. Business Associate agrees to notify Covered Entity promptly, but no later than five (5) business days after Business Associate's receipt of any request or subpoena for PHI or an accounting thereof. Business Associate shall promptly comply with Covered Entity's instructions for responding to any such request or subpoena, unless such Covered Entity instructions would prejudice Business Associate. To the extent that Covered Entity decides to assume responsibility for challenging the validity of such request, Business Associate agrees to reasonably cooperate with Covered Entity in such challenge. The provisions of this Section shall survive the termination of this BAA.

5.11 Requests from Secretary. Promptly, but no later than five (5) calendar days after notice thereof, Business Associate shall advise Covered Entity of any inquiry by the Secretary concerning any actual or alleged violation of the Privacy Rule or the Security Rule.

5.12 Notices. Any notices required or permitted to be given hereunder by either Party to the other shall be given in writing: (1) by personal delivery; (2) by electronic mail or facsimile with confirmation sent by United States first class registered or certified mail, postage prepaid, return receipt requested; (3) by bonded courier or by a nationally recognized overnight delivery service; or (4) by United States first class

registered or certified mail, postage prepaid, return receipt, in each case, addressed to a Party on the signature page(s) to this BAA, or to such other addresses as the Parties may request in writing by notice given pursuant to this Section 5.12. Notices shall be deemed received on the earliest of personal delivery; upon delivery by electronic facsimile with confirmation from the transmitting machine that the transmission was completed; twenty-four (24) hours following deposit with a bonded courier or overnight delivery service; or seventy-two (72) hours following deposit in the U.S. mail as required herein.

Covered Entity's Notice Address:

Kern Medical Center
1700 Mount Vernon Avenue
Bakersfield, CA 93306
Attn: Chief Executive Officer

Business Associate's Notice Address:

nThrive
200 North Point Center East, Suite 600
Alpharetta, GA 30022
Attn: Legal/Contracting
nThrive Solutions, Inc

5.13 Relationship of Parties. Notwithstanding anything to the contrary in any Underlying Agreement, Business Associate is an independent Consultant and not an agent of Covered Entity under this BAA. Business Associate has the sole right and obligation to supervise, manage, contract, direct, procure, perform or cause to be performed all Business Associate obligations under this BAA.

5.14 Survival. To the extent that Business Associate retains PHI, the respective rights and obligations of the Parties set forth in Sections 2.3, 4.4, 5.8, and 5.10 of this BAA shall survive the termination, expiration, cancellation, or other conclusion of the BAA or any Underlying Agreement.

5.15 Interpretation. Any ambiguity in this BAA shall be interpreted to permit the Parties to comply with HIPAA, the HITECH Act, and the HIPAA Rules.

5.16 Governing Law; Applicable Law and Venue. This BAA shall be construed in accordance with the laws of the State of California applicable to agreements made and to be performed in such state. Any dispute between the Parties shall be brought before the Superior Court of Kern County, California, which shall have jurisdiction over all such claims.

5.17 Waiver of Provisions. Any waiver of any terms and conditions hereof must be in writing and signed by the Parties hereto. A waiver of any of the terms and conditions hereof shall not be construed as a waiver of any other term or condition hereof.

5.18 Assignment and Delegation. Neither this BAA nor any of the rights or duties under this BAA may be assigned or delegated by either Party hereto.

5.19 Disclaimer. Neither Party represents or warrants that compliance by the other Party with this BAA, HIPAA, the HIPAA Rules, or the HITECH Act will be adequate or satisfactory for the other Party's own purposes. Each Party is solely responsible for its own decisions regarding the safeguarding of PHI.

5.20 Certification. To the extent that Covered Entity determines that such examination is necessary to comply with Covered Entity's legal obligations pursuant to HIPAA relating to certification of its security practices, Covered Entity or its authorized agents or Consultants may, at Covered Entity's expense, examine Business Associate's facilities, systems, procedures, and records, as may be necessary for such agents or Consultants to certify to Covered Entity the extent to which Business Associate's security safeguards comply with HIPAA, the HIPAA Rules, the HITECH Act, or this BAA.

5.21 Counterparts. This BAA may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement, binding on both Parties hereto.

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

October 18, 2017

Subject: Proposed retroactive Amendment No. 1 to Agreement 20716 with J. Chandrasekhar, Inc.

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical requests your Board approve the proposed retroactive Amendment No. 1 with J. Chandrasekhar, Inc. to provide professional medical services to patients needing pulmonary and critical care services as well as teaching services to resident physicians. Dr. Chandrasekhar has provided the contracted services indicated above at Kern Medical since 2010.

This agreement may be terminated without cause by either party with 30 days' written notice. The proposed amendment extends this agreement by one year and expires October 14, 2018. The maximum payable under this Agreement shall not exceed \$760,000 over the two years of the agreement that commenced October 15, 2016.

**AMENDMENT NO. 1
TO
AGREEMENT FOR PROFESSIONAL SERVICES
INDEPENDENT CONTRACTOR
(Kern County Hospital Authority – J. Chandrasekhar, Inc.)**

This Amendment No.1 to the Agreement for Professional Services is made and entered into this ____ day of _____, 2017, between the Kern County Hospital Authority, a local unit of government (“Authority”), which owns and operates Kern Medical Center (“KMC”), and J. Chandrasekhar, Inc., a California professional medical corporation (“Contractor”), with its principal place of business located at 12713 Crown Crest Drive, Bakersfield, California 93311.

RECITALS

(a) Authority and Contractor have heretofore entered into an Agreement for Professional Services (Agt. #20716, dated October 15, 2016) (the “Agreement”), for the period October 15, 2016 through October 14, 2017, to provide professional medical services to patients of KMC and teaching services to resident physicians employed by Authority, as such services are unavailable from Authority resources; and

(b) The Agreement expires October 14, 2017; and

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

(f) The Agreement is amended effective October 15, 2017;

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. The term of this Agreement shall commence October 15, 2016 (the “Effective Date”), and shall end October 14, 2018, unless earlier terminated pursuant to other provisions of this Agreement as herein stated.”

2. Section 4, Payment for Services, paragraph 4.4, Maximum Payable, shall be deleted in its entirety and replaced with the following:


“4.4 Maximum Payable. The maximum payable under this Agreement shall not exceed \$760,000 over the two-year term of this Agreement.”

3. All capitalized terms used in this Amendment and not otherwise defined, shall have the meaning ascribed thereto 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 taken together shall constitute one and the same instrument.
6. 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 WHEREOF, the parties have executed this Amendment No. 1 to the Agreement as of the day and year first written above.

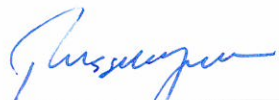

J. CHANDRASEKHAR, INC.

By 
Jayaraman Chandrasekhar, 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

Amend1.Chandrasekhar.092917

BOARD OF GOVERNORS
KERN COUNTY HOSPITAL AUTHORITY REGULAR MEETING

October 18, 2017

Subject: Proposed retroactive Change Order No. 6 to contract with Black Hall Construction, Inc., for the G Wing Decommission Project

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical entered in to an agreement with Black Hall Construction, Inc. to physically and seismically separate G-wing from C-wing, as required by California Seismic Compliance Code. The proposed change order no. six (6) totals \$6,861 for a new contract amount of \$520,711.

Item one of this change order will allow the contractor to install asphalt patching at the handicap ramp as required by OSHPD.

Item two of this change order will allow the contractor to install mechanical doors in place of power actuated doors.

To mitigate potential delays with future contract changes, we are requesting your Board's approval for Mr. Judd, the Hospital Chief Executive Officer, to approve all future change orders in an amount not to exceed an additional \$100,000, for a total potential contract amount of \$620,711.

.

CHANGE ORDER

PROJECT:

G Wing Decommission
1700 Mt. Vernon Avenue
Bakersfield, CA 93306

PROJECT NO.: 1250.10947
CONTRACT NO.: HA2016-086

CONTRACTOR:

Black Hall Construction, Inc.
P.O. Box 445
Taft, CA 93628

CHANGE ORDER NO.: Six (6)

DATE: October 9, 2017

DESCRIPTION OF CHANGE	ADD	DEDUCT
	\$5,360.40	
1. Provide all labor, materials, and equipment to complete asphalt patching at the handicap ramp. IB-31R		
2. Provide all labor, material, and equipment to install mechanical closure at 3rd floor doors.	\$1,500.00	
CHANGE ORDER NO. 6 TOTAL (ADD)	\$6,860.40	
CHANGE ORDER NO. 5 TOTAL (ADD)	\$18,483.63	
CHANGE ORDER NO. 4 TOTAL (ADD)	\$5,809.10	
CHANGE ORDER NO. 3 TOTAL (ADD)	\$71,832.53	
CHANGE ORDER NO. 2 TOTAL (ADD)	\$35,885.75	
CHANGE ORDER NO. 1 TOTAL (ADD)	\$70,800	
ORIGINAL CONTRACT PRICE	\$311,038.91	
NEW CONTRACT AMOUNT	\$520,710.32	

REASON FOR CHANGE

1. OSHPD required changes which resulted in additional A/C pavement.
2. The original construction documents required power actuated doors in lieu of mechanical.

Funds are available in the contract budget to cover this increase in cost.

CONFORMANCE WITH SPECIFICATIONS:

All work shall be done in conformance with the specifications as applied to work of a similar nature.

If the contractor refuses to sign this document, the work listed herein shall be performed on a force account basis.

SUBMITTED BY:

Black Hall Construction, Inc.

BY: _____

Glenn Black, President

APPROVED AS TO FORM:

Legal Services Department

BY: _____

Shannon Hochstein
Hospital Counsel

APPROVED AS TO CONTENT:

BY: _____

Jared Leavitt, Chief Operating Officer

BY: _____

Thad Bulkeley, Facility Director

BY: _____

Russell Judd, Chief Executive Officer

KERN COUNTY HOSPITAL AUTHORITY

BY: _____

Board of Governors, Chairman
"KCHA"

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

October 18, 2017

Subject: Proposed Amendment No. 2 with KSA Group Architects

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical requests your Board approve the Proposed Amendment No. Two (2) with KSA Group Architects in increasing the maximum payable amount of \$250,000, to provide project completion for various projects at facilities operated by Authority.

**AMENDMENT NO. 2
TO
ENGINEERING/ARCHITECTURAL SERVICES AGREEMENT
(Kern County Hospital Authority – KSA Group Architects)**

This Amendment No. 1 to the Agreement for Engineering Services is entered into this 16th day of November, 2016 ("Effective Date"), by and between, the KERN COUNTY HOSPITAL AUTHORITY, a local unit of government, which owns and operates Kern Medical Center, ("KCHA") with its principal location at 1700 Mount Vernon Avenue, Bakersfield, CA 93306, and KSA Group Architects ("Consultant"), with its principal place of business located at 4660 American Avenue, Suite 200, Bakersfield, CA 93309.

RECITALS

A. KCHA and Consultant have entered into an Agreement for Engineering/Architectural Services (KCHA Agt.# 07616PA, dated July 1, 2016) and Amendment No. 1 (KCHA Agt.# 2016-082, dated November 16, 2016) ("Agreement"), to provide engineering and architectural services for various projects; and

B. KCHA requires more services than initially contemplated and Consultant agrees to provide the additional services; and

C. The Parties agree to increase the not-to-exceed amount from \$450,000 to \$700,000; and

D. The Parties agree to amend certain terms and conditions of the Agreement; and

F. The Agreement is amended effective October 18, 2017.

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: (check those applicable):

 Term. The Agreement shall be extended from _____ until _____, unless sooner terminated as provided for in the Agreement.

 X **Fees** payable by KCHA under the Agreement shall increase from \$450,000 to \$700,000

 Travel Expenses payable by KCHA under the Agreement shall increase from \$ _____ to \$ _____.

 Services. See Exhibit A-2, which is attached hereto and incorporated herein, for additional Services.

 Other. _____.

Except as otherwise defined herein, all capitalized terms used in this Amendment No. 2 have the meaning set forth in the Agreement.


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

IN WITNESS WHEREOF, this Amendment No. 2 to the Agreement has been executed as of the Effective Date indicated above.

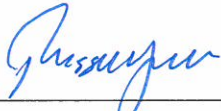
KERN COUNTY HOSPITAL AUTHORITY

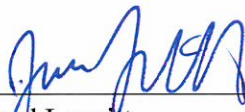
KSA GROUP ARCHITECTS

By _____
Chairman, Board of Governors
"KCHA"
Date: _____


By  _____
Name: Derek Holdsworth, AIA
Title/Position: President/CEO
Date: 9/26/17

APPROVED AS TO CONTENT:
Kern Medical Center

By  _____
Russell Judd
Chief Executive Officer
Date: 10/4/17

By  _____
Jared Leavitt
Chief Operating Officer
Date: 9/27/17

APPROVED AS TO FORM:
Legal Services Department

By  _____
Hospital Counsel
Date: 10/4/17

BOARD OF GOVERNORS
KERN COUNTY HOSPITAL AUTHORITY REGULAR MEETING

October 18, 2017

Subject: Proposed Retroactive Amendment No. 9 to Engineering Services Agreement with Vantage Technology Consulting Group

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Under the County contracting framework, Kern Medical had amended the agreement with Vantage for engineering design services on various projects, including: Information systems closet room upgrades, nurse call projects, Phillips wiring project, and the emergency power project. The emergency power project brings emergency power to B and C Wings to support critical needs in the event of an electrical outage. This proposed amendment number nine (9) with Vantage in the amount of \$25,300, for a new contract amount of \$444,408.19, provides additional design, consulting services, and construction administration to remove and replace an existing 1200 amp electrical breaker at the distribution board, as well as, design, engineering, OSHPD approval, and construction administration, to address the fire/smoke damper deficiencies in the new information systems closet room 3445.

**AMENDMENT NO. 9
TO
AGREEMENT FOR ENGINEERING SERVICES
(Kern County Hospital Authority – Vantage Technology Consulting Group)**

This Amendment No. 9 to the Agreement for Engineering Services is entered into this 18th day of October, 2017 ("Effective Date"), by and between, the Kern County Hospital Authority, a local unit of government, which owns and operates Kern Medical Center, ("KCHA") with its principal location at 1700 Mount Vernon Avenue, Bakersfield, CA 93306, and Vantage Technology Consulting Group ("Consultant"), with its principal place of business located at 201 Continental Blvd., Suite 120, El Segundo, CA 90245.

RECITALS

- A. KCHA and Consultant have entered into an Agreement for Engineering Services (Kern County Agt.# 1324502, dated December 19, 2012), subsequent amendments, and the Assignment of Agreement (Kern County Agt.#757-2016, dated June 21, 2016) ("Agreement"), to provide engineering services; and
- B. The Agreement is set to expire upon project completion; and
- C. KCHA requires additional services from the Consultant and Consultant has agreed to provide such additional services; and
- D. The Parties agree to amend certain terms and conditions of the Agreement; and
- F. The Agreement is amended effective October 18, 2017

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: (check those applicable):

- Term.** The Agreement shall be extended from _____ until _____, unless sooner terminated as provided for in the Agreement.
- Fees** payable by KCHA under the Agreement shall increase from \$419,108.19 to \$444,408.19
- Travel Expenses** payable by KCHA under the Agreement shall increase from \$_____ to \$_____.
- Services.** See Exhibit A-9, which is attached hereto and incorporated herein, for additional Services.
- Other.** _____

Except as otherwise defined herein, all capitalized terms used in this Amendment No. 9 have the meaning set forth in the Agreement.

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

Board Copy

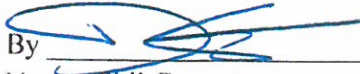
IN WITNESS WHEREOF, this Amendment No. 9 to the Agreement has been executed as of the Effective Date indicated above.

KERN COUNTY HOSPITAL AUTHORITY

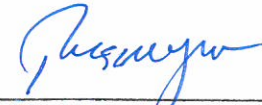
VANTAGE TECHNOLOGY CONSULTING
GROUP

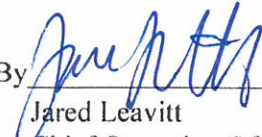
By _____
Chairman, Board of Governors
"KCHA"


Date: _____

By  _____
Name: Phil Crompton
Title/Position: Principal
Date: October 4, 2017


APPROVED AS TO CONTENT:
Kern Medical Center

By  _____
Russell Judd
Chief Executive Officer
Date: 10/2/17

By  _____
Jared Leavitt
Chief Operating Officer
Date: 10/11/17

By  _____
Thad Bulkeley
Facility Director

APPROVED AS TO FORM:
Legal Services Department

By  _____
Hospital Counsel
Date: _____

**EXHIBIT A - 9 TO AMENDMENT NO. 9
SERVICES**

Consultant shall provide services to coordinate the replacement of a 1200A breaker at the Main E-Power Distribution Board.

Consultant shall provide Electrical, Mechanical, and Structural design and construction administration to address the additional fire/smoke dampers to IDF 3445 duct work.

Payment Schedule:

Consultant shall invoice monthly, for services rendered, during the design and construction, in an amount not to exceed \$8,880.

Consultant shall invoice monthly, for design services rendered, in an amount not to exceed \$13,540.

Consultant shall invoice monthly, for Construction Administration, in an amount no to exceed \$2,880.

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

October 18, 2017

Subject: Proposed retroactive Agreement with OEC Medical Systems, Inc.

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical requests your Board approve the proposed retroactive agreement with OEC Medical Systems, Inc., for service and preventative maintenance for one mini C-arm radiological imaging unit, in an amount not to exceed \$51,282 from October 11, 2017 through October 10, 2024. The service agreement includes key parts, labor, and annual preventative maintenance on the unit.



GE Healthcare

This Addendum to Quotation ("Addendum") is entered into as of October 11, 2017, by and between Kern Medical with an address at 1700 Mount Vernon Avenue, Bakersfield, CA 93306 ("Customer") and OEC Medical Systems, Inc., a GE Healthcare business, with an address at 384 Wright Brothers Drive, Salt Lake City, UT 84116 ("GE Healthcare").

WHEREAS, GE Healthcare has provided Customer with that certain Quotation for System Serial # BB55S1700044HL with a Proposal Date of July 19, 2017 (the "Quotation", attached hereto as Exhibit A) concerning GE Healthcare's desire to sell to Customer, and Customer's agreement to purchase from GE Healthcare, certain GE Healthcare products and/or services listed on such Quotation in accordance with the terms and conditions set forth on the Quotation (the "Agreement"); and

WHEREAS, the parties now desire to amend and/or supplement the Agreement in accordance with the terms and conditions set forth herein,

NOW THEREFORE, in consideration of the premises and the representations and mutual undertakings hereinafter set forth, and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree to the foregoing and as follows:

1. The first paragraph of the first page of the Quotation is amended by modifying the fourth sentence of such paragraph to state as follows:

"All other contracts canceled prior to the expiration date, unless terminated under the terms of this Agreement, will be subject to an administrative fee of 15% of the remaining contract value."

2. Section 15.1 ("Late Payment") of the GE Healthcare Surgery / OEC Service Terms and Conditions ("GE Healthcare Service Terms and Conditions") is amended by modifying such Section to state as follows:

Customer must raise payment disputes before the payment due date. For any undisputed late payment, GE Healthcare may: (i) suspend performance under this Agreement until all past due amounts are paid; and (ii) use unapplied funds due to Customer to offset any of Customer's outstanding balance. If GE Healthcare suspends performance, any downtime will not be included in the calculation of any uptime commitment. If Customer fails to pay when due: (a) GE Healthcare may revoke its credit and designate Customer to be on credit hold; and (b) all subsequent shipments and Services must be paid in full on receipt."

3. Section 16.1 ("Confidentiality") of the GE Healthcare Service Terms and Conditions is amended by modifying such Section to state as follows:

"Each party will treat this Agreement and the other party's proprietary information as confidential, meaning it will not use or disclose the information to third parties unless permitted in this Agreement or required by law. Customers are not prohibited from discussing patient safety issues in appropriate venues. GE Healthcare understands that Customer may be subject to state open records laws. Customer shall not be prohibited from complying with such open records laws if required to do so; however, Customer shall (a) promptly notify GE Healthcare in writing of any such open records laws requests, (b) give GE Healthcare sufficient time to challenge the request or redact any necessary information to the extent permitted by law, and (c) only provide such information as is necessary to comply with such open records laws."

4. Section 18.4 ("IP Indemnification") of the GE Healthcare Service Terms is amended by modifying such Section to state as follows:

"GE Healthcare will indemnify, defend, and hold Customer harmless from third-party claims for infringement of United States intellectual property rights caused solely by Customer's use of the Equipment and Software in accordance with the Documentation and license. GE Healthcare will control the defense. Customer may retain counsel but at Customer's expense."

5. Section 18.5 ("General Indemnification") of the GE Healthcare Service Terms and Conditions is amended by modifying such Section to state as follows:

"GE Healthcare will indemnify, defend, and hold Customer harmless from third party damages that Customer becomes legally obligated to pay related to bodily injury or damage to real or tangible personal property to the extent the damages are caused by a manufacturing or design defect, negligent failure to warn, negligent installation, or negligent Service with respect to Products manufactured by GE Healthcare and supplied under this Agreement. GE Healthcare has no obligation to indemnify, defend, and hold Customer harmless for damages caused by: (i) Customer's fault or legal expenses incurred by Customer in defending itself against suits seeking damages caused by Customer's fault or (ii) any Product modification not authorized in writing by GE Healthcare. Customer will indemnify, defend, and hold GE Healthcare harmless from third party damages that GE Healthcare becomes legally obligated to pay related to bodily injury or damage to real or tangible personal property to the extent the damages are caused by Customer's: (a) medical diagnosis or treatment decisions; (b) misuse or negligent use of the Product; and/or (c) use of the Product in a manner or environment, or for any purpose, for which GE Healthcare did not design it, or in violation of GE Healthcare's recommendations or instructions. The above obligations are conditional on the indemnified party providing the indemnifying party prompt written notice of the claim after receiving notice of it, allowing the indemnifying party the option to control defense and disposition of the claim, and reasonably cooperating with the indemnifying party in the defense. The indemnifying party will not be responsible for any compromise made without its consent."

6. The GE Healthcare Service Terms and Conditions are further amended by adding the following one (1) new Section:

"Non-Appropriation of Funds. Notwithstanding the foregoing, Customer reserves the right to terminate this Agreement in the event insufficient funds are appropriated or budgeted for this Agreement in any fiscal year. In accordance with Article XVI, Section 18 of the California Constitution, this Agreement creates no immediate indebtedness for the aggregate monthly payments for the entire initial Term, but rather confines the liability of Customer to each fiscal year of twelve (12) monthly payments for which it receives budget funding. Upon such termination, Customer will be released from any further financial obligation to GE Healthcare, except for services performed prior to the date of termination or any liability due to any default existing at the time this clause is exercised. GE will be given thirty (30) days' prior written notice in the event that Customer requires such an action."

"Open Records Laws. All References to "GE Healthcare Proprietary and Confidential" stated in the Quotation shall be deleted in their entirety. Notwithstanding, neither Customer nor GE Healthcare shall disclose the Quotation, pricing, or the terms and conditions of this Agreement, to any third party, except as required by law, including without limitation the California Public Records Act (Gov. Code 6252 et seq.) and only to the extent required to comply with such legal obligation."

7. **Entire Agreement.** In the event of any conflict between the terms and conditions of this Addendum on the one hand, and the Agreement on the other hand, the terms and conditions of this Addendum shall govern and control. Except as otherwise expressly provided in this Addendum, the parties agree that all provisions of the Agreement are hereby ratified and agreed to be in full force and effect and are incorporated herein by reference. This Addendum and the Agreement contain the entire agreement among the parties relating to the subject matter herein and all prior proposals, discussions and writings by and among the parties and relating to the subject matter herein are superseded hereby and thereby.

IN WITNESS WHEREOF, Customer and GE Healthcare have caused this Addendum to be executed by their duly authorized representatives as of the day and year first above written.

Kern Medical Center

Signature: _____ 

Print Name: _____

Title: _____

Date: _____

PO #: _____
(Customer Use Only)

OEC Medical Systems, Inc., a GE Healthcare business

Signature: _____ 

Print Name: Mike LARSEN

Title: HSSAM

Date: 10/11/17

Exhibit A

Quotation for System Serial # BB55S1700044HL with a Proposal Date of July 19, 2017
Please see attached.

APPROVED AS TO FORM
Legal Services Department

By 
Kern County Hospital Authority



**Surgery Service and Support Contract
Comprehensive Protection Plan**

GE HealthCare

Mike Larsen
West HSSAM
801-517-6728

Please fax to: 801-459-4063

Bill To:
KERN MEDICAL CENTER
1700 MOUNT VERNON AVE
BAKERSFIELD, CA 93306

Equipment Location:
KERN MEDICAL CENTER
1700 MOUNT VERNON AVE
BAKERSFIELD, CA 93306

Attn:

Proposal Date	Service District	Serial Number	Product Covered	PO Number	
7/19/17		BB5SS1700044HL	Elite MiniView		
Bill To ID	Site ID	Contract #	State Registration	Effective Date	End Date
				After Warranty	

DeluxeCare with Glass Service Contract

Includes:

- Travel and Labor 8-5 M-F excluding holidays
- 95% uptime guarantee
- Priority parts delivery
- Includes glassware (x-ray tube and flat panel detector)
- Parts coverage excluding items listed in T&C provided with this agreement (includes batteries)
- Multi-point manufacturer PM, performed by OEM certified Field Engineer
- Preferred rates outside coverage hours
- 8-5 telephone support
- Operating System/ Hardware reliability updates
- Service Management Reports
- 10% discount on Consumables (Exc. NAV)

Please mark contract term below:

 7 year contract with POS discount.
Contract is payable at \$7,326 per year

Multi Year contract waives 5% quarterly premium
Fee Schedule
Terms are Net 30 days - Check One
Annual Payments ()
5% Quarterly Premium ()

Annual Onsite Clinical Applications Days (consecutive)
0 days per year

This agreement is by and between the customer and OEC Medical Systems, Inc. ("GE OEC"), each as identified in the applicable signature block below. Contract effective date is the latter of either Effective Date in the box above or the date of signature. The Contract cannot be backdated. If you sell, trade-in, or upgrade system there will be no cancellation fee with 60 days written notice prior to cancellation. All other contracts canceled prior to the expiration date will be subject to an administrative fee of 15% of the remaining contract value. Price described in this proposal is good for 20 days from Proposal Date identified above. GE OEC agrees to provide and customer agrees to pay for the products and/or services set forth in this agreement, all in accordance with the terms and conditions set forth herein. This agreement is comprised of:

- 1) This GE OEC Quotation (together with any applicable schedules referred to herein) that identifies the product and/or service offerings purchased or licensed by customer;
- 2) The attached GE Healthcare General Terms and Conditions and Service Terms and Conditions – Surgery Service.

In the event of conflict among the foregoing items, the order of precedence is as numbered above. This agreement constitutes the complete agreement of the parties relating to GE Healthcare's delivery of the products and/or services identified in the GE OEC Quotation and supersedes all prior oral or written proposals, statements, agreements, commitments, or understandings with respect to the matters provided for herein.

OEC Medical Systems, Inc.

CUSTOMER

Authorized Person

Authorized Person

Print Name and Title

Print Name and Title

Date

Date

PLEASE SIGN AND RETURN TO: GE-OEC MEDICAL SYSTEMS



Service Terms and Conditions

1. **Definitions.** As Identified in this Agreement, "Equipment" is hardware and embedded software that is licensed with the purchase of the hardware delivered to Customer in GE Healthcare's packaging and with its labeling; "Software" is software developed by GE Healthcare and/or delivered to Customer in GE Healthcare's packaging and with its labeling, and Documentation associated with the software; "Third Party Software" and "Third Party Equipment" are respectively software developed by a third party, and hardware and embedded software that is licensed with the purchase of the hardware, that is delivered to Customer in the third party's packaging and with its labeling (collectively, "Third Party Product"); "Product" is Equipment, Software and Third Party Product; and "Services" is Product support or professional services. "Healthcare IT Products" are: (i) Software identified in the Quotation as "Centricity"; (ii) Third Party Software licensed for use in connection with Centricity Software; (iii) hardware used to operate Centricity or Third Party Software; (iv) Services provided for implementation, installation or support and maintenance of Centricity or Third Party Software; and/or (v) any Product or Service that is identified in a Healthcare IT Quotation. "Documentation" is the online help functions, user instructions and manuals regarding the installation and operation of the Product as made available by GE Healthcare to Customer.
2. **Term and Termination.** Services and/or Software licenses will have individual term lengths identified in the Quotation. If there is a material breach of this Agreement that is not cured by the breaching party within 60 days from receipt of written notice, the non-breaching party can terminate it. Other than as set forth in this Agreement, neither party can unilaterally terminate this Agreement. Any remaining undisputed, unpaid fees become immediately due and payable on expiration or termination.
3. **Inventory.** GE Healthcare will complete an inventory of Products and provide an updated Product schedule ("Product Schedule"). Products must be in safe, normal operating condition and comply with original equipment manufacturer ("OEM") specifications in order to be added to the Product Schedule, and GE Healthcare is not liable or responsible for any preexisting defect, malfunction or necessary repairs.
4. **Product Removal.** Product sold (excluding an assignment of this Agreement) or scrapped by Customer may be removed from this Agreement with 60 days' prior written notice to GE Healthcare, and fees will be adjusted on the later of the end of the notice period or the date the Product is sold or scrapped. Customer has no right to remove a Product at its convenience.
5. **Warranty.** GE Healthcare warrants that its Service will be performed by trained individuals in a professional, workman-like manner. GE Healthcare will re-perform non-conforming Service as long as Customer provides prompt written notice to GE Healthcare. NO OTHER EXPRESS OR IMPLIED WARRANTIES, INCLUDING IMPLIED WARRANTIES OF NON-INFRINGEMENT, MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, WILL APPLY.
6. **Loaner Units.** GE Healthcare may provide a loaner unit during extended periods of Service. If a loaner unit is provided: (i) it is for Customer's temporary use at the location identified in the Quotation; (ii) it will be returned to GE Healthcare within 5 days after the Product is returned to Customer, and if it is not, GE Healthcare may repossess it or invoice Customer for its full list price; (iii) it, and all programs and information pertaining to it, remain GE Healthcare property; (iv) risk of loss is with Customer during its possession; (v) Customer will maintain and return it in proper condition, normal wear and tear excepted, in accordance with GE Healthcare's instructions; (vi) it will not be repaired except by GE Healthcare; (vii) GE Healthcare will be given reasonable access to it; (viii) Customer is not paying for its use, and Customer will ensure charges or claims submitted to a government healthcare program or patient are submitted accordingly; and (ix) prior to returning it to GE Healthcare, Customer will delete all information, including PHI, from it and its accessories, in compliance with industry standards and instructions provided by GE Healthcare.
7. **License Registration.** Online registration as a licensee may be required for receipt of Software and Documentation.
8. **Customer Responsibilities.** Customer must: (i) maintain power quality, grounding, temperature, humidity and repairs due to power anomalies, all as necessary for Products to operate within OEM specifications; (ii) ensure labeling complies with regulations; (iii) provide Third Party Product warranty and operating and maintenance manuals, maintenance and service requirements (e.g., software, tools, phantoms), or pay GE Healthcare for acquiring these materials; (iv) repair, replace and dispose of accessories and consumables, unless the item is identified on the Product Schedule or GE Healthcare is legally required to take the item back; (v) update Third Party Product; (vi) maintain licenses, permits and other approvals required to receive or use radioactive sources and provide the sources needed for calibration and performance checks; (vii) provide access to Products during Service coverage hours; and (viii) if required by GE Healthcare, sign an agency authorization letter to provide Services. Service for Products not maintained to OEM specifications may result in additional charges. Customer cannot stockpile replacement parts.
9. **End of Product Support.** GE Healthcare may remove any Third Party Product from this Agreement on or after the end of Third Party Product support/life date announced by the OEM, and fees will be adjusted accordingly. If GE Healthcare announces to customers that it will no longer support Equipment, Software or a component, then upon at least 12 months' prior notice, GE Healthcare may remove the item from this Agreement and adjust fees without otherwise affecting this Agreement.
10. **Return for Repair.** Prior to shipping Product to GE Healthcare for repair, Customer will back up and remove data stored on the Product. Customer is responsible for damage during shipment to GE Healthcare. GE Healthcare may remove data stored on the Product prior to sending it back to Customer and will provide standard shipping.
11. **Exclusions.** Unless identified on the Product Schedule, this Agreement does not cover: (i) tubes, detectors, probes, chillers, crystals, batteries, accessories, consumables, user-replaceable items, supplies, cosmetic upgrades or parts used to correct/enhance Product appearance; (ii)



GE Healthcare

GE Healthcare Surgery/OEC

a defect, deficiency or repairs due to improper storage or handling, failure to maintain Product according to OEM instructions/specifications, inadequate backup or virus protection, cyber-attacks, or any cause external to the Product or beyond GE Healthcare's control; (iii) payment/reimbursement of facility costs arising from repair/replacement of Product; (iv) adjustment, alignment, calibration, or planned maintenance; (v) Third Party Software or Third Party Equipment that was not commercially available from the OEM on the date the item was installed; (vi) OEM warranty service or recalls; (vii) Product upgrades, certification surveys and relocations; (viii) consultation, training or assistance with use, development, or modification of items/materials (e.g., software and protocols); (ix) installation and reusing existing facilities for testing, training and other purposes; (x) MR-related defect from failure of a Customer water chiller system or service to water chiller system; (xi) Healthcare IT Products; and (xii) non-GE Healthcare network/antenna installations/troubleshooting.

12. **Existing Service Arrangements.** This Agreement does not apply to Products covered by arrangements/warranties from other vendors until the end or termination of those arrangements/warranties. If Products covered by another arrangement/warranty are added to this Agreement, they will be added on the day following the end or termination of the other arrangement/warranty.

13. **Hourly Billed Services.** Services not covered by this Agreement are hourly-billed services and may have a 2-hour minimum charge.

14. **Inflation.** After the 1st year of a Service agreement, but no more than annually and with 60 days' prior notice, GE Healthcare may increase fees by an amount no more than the prior 12-month increase in the U.S. Bureau of Labor Statistics ("BLS") Employment Cost Index for "Installation, Maintenance and Repair (not seasonally adjusted, total compensation)" or any replacement index as determined by BLS, capped at 5% annually.

15. **Payment and Taxes.**

15.1. **Late Payment.** Customer must raise payment disputes before the payment due date. For any undisputed late payment, GE Healthcare may: (i) suspend performance under this Agreement until all past due amounts are paid; (ii) charge interest at a rate no more than the maximum rate permitted by applicable law; and (iii) use unapplied funds due to Customer to offset any of Customer's outstanding balance. If GE Healthcare suspends performance, any downtime will not be included in the calculation of any uptime commitment. If Customer fails to pay when due: (a) GE Healthcare may revoke its credit and designate Customer to be on credit hold; and (b) all subsequent shipments and Services must be paid in full on receipt.

15.2. **Taxes.** Prices do not include applicable taxes, which are Customer's responsibility.

16. **General Terms.**

16.1. **Confidentiality.** Each party will treat this Agreement and the other party's proprietary information as confidential, meaning it will not use or disclose the information to third parties unless permitted in this Agreement or required by law. Customers are not prohibited from discussing patient safety issues in appropriate venues.

16.2. **Governing Law.** The law of the State where the Product is installed or the Service is provided will govern this Agreement.

16.3. **Force Majeure.** For non-monetary obligations, performance time will be reasonably extended for delays beyond a party's control.

16.4. **Assignment; Use of Subcontractors.** Rights and obligations under this Agreement cannot be assigned without the other party's prior written consent, unless: (i) it is to an entity (except to a GE Healthcare competitor) that (a) is an affiliate or parent of the party or (b) acquires substantially all of the stock or assets of such party's applicable business, Product line or Service thereof; and (ii) the assignee agrees in writing to be bound by this Agreement, including payment of outstanding fees. GE Healthcare may hire subcontractors to perform work under this Agreement but will remain responsible for its obligations.

16.5. **Waiver; Survival.** If any provision of this Agreement is not enforced, it is not a waiver of that provision or of a party's right to later enforce it. Terms in this Agreement related to intellectual property, compliance, data rights and terms that by their nature are intended to survive its end will continue in full effect after its end.

17. **Compliance.**

17.1. **Generally.** Each party will comply with applicable laws and regulations. Customer is only purchasing or licensing Products for its own medical, billing and/or non-entertainment use in the United States. GE Healthcare will not deliver, install, service or train if it discovers Products have been or are intended to be used contrary to this Agreement. This Agreement is subject to GE Healthcare's ongoing credit review and approval. Customer is aware of its legal obligations for cost reporting, including 42 C.F.R. § 1001.952(g) and (h), and will request from GE Healthcare any information beyond the invoice needed to fulfill Customer's cost reporting obligations. GE Healthcare will provide safety-related Equipment and Software updates required by applicable laws and regulations at no additional charge.

17.2. **Security.** Customer must provide network and Product security, virus protection, backup, data integrity, and recovery of data, images, software or equipment; GE Healthcare is not responsible for recovery of lost or damaged data or images. NEITHER PARTY WILL BE LIABLE FOR DAMAGES CAUSED BY UNAUTHORIZED ACCESS TO THE NETWORK OR PRODUCT IN SPITE OF A PARTY'S COMPLIANT SECURITY MEASURES.

17.3. **Environmental Health and Safety.** GE Healthcare has no obligation to provide Products and/or Services until Customer: (i) provides and maintains a safe, hazard-free environment in material compliance with applicable Federal, State, and local requirements and written requirements provided by GE Healthcare; (ii) provides to GE Healthcare onsite personnel with a list of chemical/hazardous materials with which these personnel may come into contact, related safety data sheets and its written safety procedures; (iii) performs GE Healthcare recommended routine maintenance and operator adjustments; and (iv) ensures that service not provided by GE Healthcare is performed, and Products are used, in accordance with applicable documentation. Before Customer sends a Product to GE Healthcare (e.g., for repair, loaner return) or GE Healthcare services a Product, Customer will remove bodily fluids and remediate hazardous conditions that may cause injury or illness, and be responsible for



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managing, storing and disposing of all waste material, unless GE Healthcare is legally required to take back the materials. Customer is responsible, at its expense, for: (a) controlling access to, and all operations and protocols of, the Product and the site, as well as ensuring compliance with environmental and health and safety regulations; (b) obtaining required permits and licenses, including any required to handle or produce radioactive materials; (c) decommissioning and disposal requirements of its facilities; and (d) as applicable, complying with GMP and/or pharmaceutical regulations. Customer will provide radioactive materials for calibration and testing of the Product.

17.4. Parts and Tubes. GE Healthcare: (i) recommends the use of parts it has validated for use with the Product; (ii) is not responsible for the quality of parts supplied by third parties to Customer; and (iii) cannot assure Product functionality or performance when non-GE Healthcare parts are used. Certain Products are designed to recognize GE Healthcare-supplied tubes and report the presence of a non-GE Healthcare tube; GE Healthcare is not responsible for the use of, or effects from, non-GE Healthcare supplied tubes.

17.5. Training. GE Healthcare's training does not guarantee that: (i) Customer trainees are fully trained on Product use, maintenance or operation or (ii) training will satisfy any licensure or accreditation. Customer must ensure its trainees are fully qualified in the use and operation of the Product. Unless otherwise identified in the training catalog, Customer will complete training within 12 months after: (a) if with a Product purchase, the date of Product delivery; (b) if with a Services purchase, the start date for Services; or (c) if with a training-only purchase, the date training is ordered. If not done within this time period (other than because of GE Healthcare's fault), training expires without refund.

17.6. Medical Diagnosis and Treatment. All clinical and medical treatment, diagnostic and/or billing decisions are Customer's responsibility.

17.7. Connectivity. If a Product has remote access capability, Customer must provide GE Healthcare with, and maintain, remote access to the Product by a GE Healthcare-validated connection to permit GE Healthcare to perform Services. If remote access is not provided, GE Healthcare reserves the right to charge Customer for onsite support at GE Healthcare's then-current billing rate. The remote connection and collection of machine data (e.g., temperature, helium level) will continue after the end of this Agreement unless Customer requests in writing that GE Healthcare disable it.

17.8. Use of Data.

17.8.1. Protected Health Information. If GE Healthcare creates, receives, maintains, transmits or otherwise has access to Protected Health Information as such term is defined in 45 C.F.R. § 160.103 ("PHI") under this Agreement, it will only use and disclose the PHI as permitted by law and by the Business Associate Agreement between the parties.

17.8.2. Data Rights. GE Healthcare and its subcontractors may access, collect, maintain, analyze, prepare derivatives from and otherwise use information about Products and/or Services that is not PHI, including, but not limited to, machine, technical, systems, usage and related information ("Source Data") to facilitate the provision of Products and/or Services to Customer and for research, development and continuous improvement of GE Healthcare's products, software and services. GE Healthcare will own all discoveries, ideas, improvements, products, services, software, data, intellectual property and other rights arising from and/or related to GE Healthcare's and its subcontractors' use, analysis, research and/or development of the Source Data.

17.9. Customer Policies. GE Healthcare will use reasonable efforts to respect Customer-provided policies that apply to GE Healthcare, and do not materially contradict GE Healthcare policies. Failure to respect Customer policies is not a material breach unless it is willful and adversely affects GE Healthcare's ability to perform its obligations.

17.10. Insurance. GE Healthcare will maintain coverage in accordance with its standard certificate of insurance.

17.11. Excluded Provider. To its knowledge, neither GE Healthcare nor its employees performing Services under this Agreement have been excluded from participation in a Federal Healthcare Program. If an employee performing Services under this Agreement is excluded, GE Healthcare will replace that employee within a reasonable time; if GE Healthcare is excluded, Customer may terminate this Agreement upon written notice to GE Healthcare.

18. Disputes, Liability, and Indemnity.

18.1. Dispute Resolution. The parties will first attempt to resolve in good faith any disputes related to this Agreement. Violation of GE Healthcare's license, confidentiality or intellectual property rights will cause irreparable harm for which the award of money damages alone is inadequate. GE Healthcare may: (i) seek injunctive relief and any other available remedies; and/or (ii) immediately terminate the license grant and require Customer to cease use of and return the Software and Third Party Software. Other than these violations or collection matters, unresolved disputes will be submitted to mediation prior to initiation of other means of dispute resolution.

18.2. Limitation of Liability. GE HEALTHCARE'S ENTIRE LIABILITY, AND CUSTOMER'S EXCLUSIVE REMEDY, FOR DIRECT DAMAGES INCURRED BY CUSTOMER FROM ANY CAUSE, REGARDLESS OF THE FORM OF ACTION, ARISING UNDER THIS AGREEMENT OR RELATED HERETO, WILL NOT EXCEED: (I) FOR PRODUCTS, THE PRICE FOR THE PRODUCT THAT IS THE BASIS FOR THE CLAIM; OR (II) FOR SERVICE OR SUBSCRIPTIONS, THE AMOUNT OF THE SERVICE OR SUBSCRIPTION FEES FOR THE 12 MONTHS IMMEDIATELY PRECEDING THE ACTION THAT IS THE BASIS FOR THE CLAIM. THIS LIMITATION OF LIABILITY WILL NOT APPLY TO GE HEALTHCARE'S DUTIES TO INDEMNIFY CUSTOMER IN ACCORDANCE WITH THIS AGREEMENT. THE LIMITATION OF LIABILITY WILL APPLY EVEN IF THE LIMITED REMEDIES FAIL OF THEIR ESSENTIAL PURPOSE.

18.3. Exclusion of Damages. NEITHER PARTY WILL BE LIABLE FOR INDIRECT, SPECIAL, PUNITIVE, INCIDENTAL, CONSEQUENTIAL OR REPUTATIONAL DAMAGES, OR FOR LOSS OF PROFITS, REVENUE, TIME, OPPORTUNITY OR DATA, REGARDLESS OF THE FORM OF ACTION OR BASIS OF THE CLAIM. THE EXCLUSION OF DAMAGES WILL APPLY EVEN IF THE LIMITED REMEDIES FAIL OF THEIR ESSENTIAL PURPOSE.



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18.4. IP Indemnification. GE Healthcare will indemnify and hold Customer harmless from third-party claims for infringement of United States intellectual property rights caused solely by Customer's use of the Equipment and Software in accordance with the Documentation and license. GE Healthcare will control the defense. Customer may retain counsel but at Customer's expense.

18.5. General Indemnification. GE Healthcare will indemnify and hold Customer harmless for third party damages that Customer becomes legally obligated to pay related to bodily injury or damage to real or tangible personal property to the extent the damages are caused by a manufacturing or design defect, negligent failure to warn, negligent installation, or negligent Service with respect to Products manufactured by GE Healthcare and supplied under this Agreement. GE Healthcare has no obligation to indemnify and hold Customer harmless for damages caused by: (i) Customer's fault or legal expenses incurred by Customer in defending itself against suits seeking damages caused by Customer's fault or (ii) any Product modification not authorized in writing by GE Healthcare.

Customer will indemnify and hold GE Healthcare harmless from third party damages that GE Healthcare becomes legally obligated to pay related to bodily injury or damage to real or tangible personal property to the extent the damages are caused by Customer's: (a) medical diagnosis or treatment decisions; (b) misuse or negligent use of the Product; and/or (c) use of the Product in a manner or environment, or for any purpose, for which GE Healthcare did not design it, or in violation of GE Healthcare's recommendations or instructions.

The above obligations are conditional on the indemnified party providing the indemnifying party prompt written notice of the claim after receiving notice of it, allowing the indemnifying party the option to control defense and disposition of the claim, and reasonably cooperating with the indemnifying party in the defense. The indemnifying party will not be responsible for any compromise made without its consent.

19. Notices. Notices will be in writing and considered delivered when received if sent by certified mail, postage prepaid, return receipt requested, by overnight mail, or by fax. Notice to Customer will be directed to the address on this Agreement, and notice to GE Healthcare to General Counsel, 9900 Innovation Dr., Wauwatosa, WI 53226.

Offering Specific Schedules:

20. Deluxecare Schedule

20.1 Optional Equipment and Accessories. This service agreement excludes loaners, optional equipment, accessories, or consumables such as printers, MDR boxes, laser aimers, and wireless hand/foot switch.

20.2 Uptime Guarantee: We promise at least 95% uptime performance for the Equipment. Should the Equipment fail to meet the 95% uptime performance promise in any twelve (12) month period due to our design, manufacturing, or service defects we will provide an extension of the term of the agreement or warranty with respect to that Equipment at no additional charge as follows, uptime is calculated at the customer's request:

Percent in	Extension
95-100	0
94	2 weeks
90-93	4 weeks
<90	6weeks

Your Equipment will be considered inoperable and out of service under the uptime performance promise if, due to our design, manufacturing, material or service defects, the Equipment is unavailable for diagnosing images on the Equipment display console or operator's console. Peripheral equipment such as remote console, hard copy devices, multi-format or laser cameras are excluded from the terms of the uptime performance promise. Repair and adjustment required for anything other than Equipment failure, and damage or inoperability due to any cause other than our design, manufacturing, material or service defects will be excluded from the uptime performance promise calculation, including, but not limited to damage through misuse, operator error, inadequate environmental or air conditioning protection or failure, power failure, and acts of God. Planned maintenance time will not be included in the calculation of downtime. If our responding service representative agrees that the Equipment is inoperable due to our design, manufacturing, material or service defects, the Equipment will be considered out of service from the time the request for service was received at the designated facility until the Equipment is once again turned over to you for operation. Should you fail to give GE OEC Immediate and unencumbered access to the Equipment or continue to use the unit after notifying us of any Equipment failure, the Equipment will be considered in service.

BOARD OF GOVERNORS KERN COUNTY HOSPITAL AUTHORITY REGULAR MEETING

October 18, 2017

Subject: Proposed Amendment No. 2 with Valley Neurosurgery and Neurorestoration Center, A Medical Corporation

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical requests your Board approve the Proposed Amendment No. 2 with Valley Neurosurgery and Neurorestoration Center (“Valley Neurosurgery”) to provide neurophysiological monitoring in support of the development of an epilepsy center, continuous electroencephalogram (“EEG”) monitoring in the ICU, and routine EEG monitoring.

Kern Medical has contracted with Valley Neurosurgery to provide neurosurgical services in the Department of Surgery since June 22, 2016. With Valley Neurosurgery continuing to enhance neurosurgical services at the medical center, Kern Medical seeks to develop an epilepsy center and provide additional EEG monitoring services in the ICU. The epilepsy center requires having physicians and surgeons skilled in the diagnosis and treatment of epilepsy as well as equipment and non-physician staff to monitor seizures. This proposed amendment allows for Valley Neurosurgery to provide the non-physician staff, including EEG technicians, to perform all inpatient and outpatient monitoring for the epilepsy center, continuous EEG monitoring for ICU patients, and routine EEGs in the hospital.

Over the past year the hospital has contracted with an outside agency to provide EEG technicians for routine EEG monitoring due to difficulties to recruit qualified full-time staff. With Valley Neurosurgery now providing monitoring for both the epilepsy center-related services and continuous monitoring in the ICU, Valley Neurosurgery will also provide non-physician staff for routine EEG monitoring. While the maximum payable under the agreement increases for the additional services that will now be provided at the hospital, it affords the hospital significant savings for routine EEG monitoring technician services rather than contracting with another outside agency.

The Hospital Authority shall pay Valley Neurosurgery a per diem rate of \$206 for neurophysiological monitoring provided by non-physician personnel as described above. This amendment increases the maximum compensation payable under this Agreement by \$300,760

over the remaining four years of this five-year agreement. The maximum payable of this agreement shall not exceed \$10,968,792 over the five-year term.

AMENDMENT NO. 2
TO
AGREEMENT FOR PROFESSIONAL SERVICES
INDEPENDENT CONTRACTOR
(Kern County Hospital Authority – Valley Neurosurgery)

This Amendment No. 2 to the Agreement for Professional Services is made and entered into this ____ day of _____, 2017, between the Kern County Hospital Authority, a local unit of government (“Authority”), which owns and operates Kern Medical Center (“KMC”), and Valley Neurosurgery and Neurorestoration Center, A Medical Corporation, a California professional medical corporation (“Contractor”), with its principal place of business located at 309 Grand Avenue, South Pasadena, California 91030.

RECITALS

(a) Authority and Contractor have heretofore entered into an Agreement for Professional Services (Agt. #2016-030, dated June 22, 2016), and Amendment No. 1 (Agt. #2017-048, dated July 19, 2017) (the “Agreement”), for the period July 1, 2016 through June 30, 2021, whereby Physician provides professional medical services in the Department of Surgery at KMC and teaching services to resident physicians employed by Authority; and

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

(c) The Agreement is amended effective October 18, 2017;

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 2, Obligations of Contractor, paragraph 2.1, Specified Service, subparagraph 2.1.6, Neurophysiological Monitoring, shall be deleted in its entirety and replaced with the following:

“2.1.6 Neurophysiological Monitoring. Contractor shall: (i) support KMC in its efforts to establish and maintain a program for seizures, an epilepsy monitoring unit, and a neurological surgery epilepsy service with the goal to attain Level 3 Epilepsy Center accreditation by the National Association of Epilepsy Centers; (ii) furnish the necessary competent non-physician professional personnel, including patient care and EEG technicians, to perform inpatient and outpatient monitoring services, including routine EEG monitoring services, for continuous monitoring of patients in the ICU, ambulatory and outpatient clinic setting, and epilepsy monitoring unit; (iii) provide services 24/7 on an “on-call” basis; (iv) provide education, as appropriate, to KMC personnel; (v) communicate with KMC staff at time of arrival and departure from location where monitoring service is being performed; (vi) complete any and all documentation and reports required in accordance with KMC policy and the KMC medical staff bylaws,

rules, regulations, and policies; and (vii) support all quality improvement and research efforts for the program.”

2. Section 2, Obligations of Contractor, paragraph 2.1, Specified Service, subparagraph 2.1.8, EEG Technician Support, shall be made part of the Agreement as follows:

“2.1.8 EEG Technician Support. Contractor shall provide EEG Technician support as follows: one (1) full-time equivalent (FTE) EEG Technician. One “FTE” equates to 2080 hours per year.”

3. Section 4, Payment for Services, paragraph 4.1, Compensation, subparagraph 4.1.6, EEG Monitoring Coverage, shall be made part of the Agreement as follows:

“4.1.6 EEG Monitoring Coverage. Authority will pay Contractor a per diem rate of \$206 per day for EEG monitoring coverage provided by non-physician personnel in the outpatient clinic, ICU, and inpatient epilepsy monitoring unit.”

4. Section 4, Payment for Services, paragraph 4.5, Maximum Payable, shall be deleted in its entirety and replaced with the following:

“4.5 Maximum Payable. The maximum payable under this Agreement will not exceed \$10,968,792 over the five-year term of this Agreement.”

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.

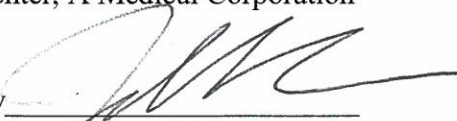
7. This Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which take together shall constitute one and the same instrument.

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.

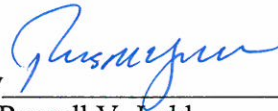

Valley Neurosurgery and Neurorestoration
Center, A Medical Corporation

By 
Joseph Chen, 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

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

October 18, 2017

Subject: Proposed retroactive Amendment No. 7 with Toyon Associates, Inc.

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical requests your Board approve the Proposed retroactive Amendment No. 7 with Toyon Associates, Inc., for the period October 14, 2008 through October 13, 2017, extending the term for one year from October 14, 2017 through October 13, 2018, incorporating changes to the hourly rates, and increasing the maximum payable by \$400,000, from \$2,090,000 to \$2,490,000, to cover the extended term.

**AMENDMENT NO. 7 TO
AGREEMENT FOR PROFESSIONAL SERVICES
INDEPENDENT CONTRACTOR
(Kern County Hospital Authority – Toyon Associates, Inc.)**

This Amendment No. 7 to the Agreement for Professional Services is made and entered into this _____ day of _____, 2017, by and between the Kern County Hospital Authority, a local unit of government (“KCHA”), which owns and operates Kern Medical Center (“Kern Medical”), and Toyon Associates, Inc., a California corporation (“Contractor”), with its principal place of business located at 1800 Sutter Street, Suite 600, Concord, California 94520.

RECITALS

(a) Kern County Hospital Authority and Contractor have heretofore entered into an Agreement for Professional Services (Kern County Agt. #947-2008, dated October 28, 2008), Amendment No. 1 (Kern County Agt. #789-2010, dated August 24, 2010), Amendment No. 2 (Kern County Agt. #159-2013, dated April 9, 2013), Amendment No. 3 (Kern County Agt. #748-2013, dated September 24, 2013), Amendment No. 4 (Kern County Agt. #777-2014, dated October 13, 2014), Amendment No. 5 (Kern County Agt. #007-2016, Assignment to Kern County Hospital Authority (Kern County Agt. No. #335-2016, dated March 1, 2016), and Amendment No. 6 (KCHA Agt.#2017-034 dated April 19, 2017) (“Agreement”), for third party reimbursement services to Kern Medical; and

(b) Section 21 of the Agreement provides that it may be amended; and

(c) The Agreement expired October 13, 2017; and

(d) KCHA continues to require the services of Contractor and Contractor desires to continue to provide such services; and

(e) 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

(f) The parties agree to amend the Agreement to (i) extend the term for one year from October 14, 2017 through October 13, 2018, (ii) increase the maximum payable by \$400,000, from \$2,090,000 to \$2,490,000, to cover payment of past invoices and the extended term, and (iii) incorporate new exhibit to reflect any changes to the standard hourly rates for services for the period October 14, 2017 through October 13, 2018; and

(g) The Agreement is amended effective October 14, 2017;

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

1. Section 1, Term, shall be amended as follows:

- “1. Term. Performance of Contractor and KCHA shall commence October 14, 2008, and shall end October 13, 2018, unless earlier terminated pursuant to other provisions of this Agreement as herein stated.”
2. Section 3, Compensation, paragraph 3.5, Maximum Payable, shall be amended as follows:
- “3.5 Maximum Payable. The maximum payable under this Agreement shall not exceed \$2,490,000 over the ten-year term of this Agreement.”
3. Exhibit “B-4,” Hourly Rates Effective July 1, 2017, attached hereto and incorporated herein by this reference, shall be made part of the Agreement.
5. All capitalized terms used in the Agreement 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 taken 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 WHEREOF, the parties hereto have executed this Amendment No. 7 as of the day and year first written above.

KERN COUNTY HOSPITAL AUTHORITY TOYON ASSOCIATES, INC.

By _____
Chairman
Board of Governors

By Ronald M. Knapp
Ronald G. Knapp
Executive Vice President

APPROVED AS TO CONTENT:
Kern Medical Center

By Russell V. Judd 
Russell V. Judd
Chief Executive Officer

APPROVED AS TO FORM:
Legal Services Department

By A. Hunt
Hospital Counsel

EXHIBIT "B-4"
HOURLY RATES
OCTOBER 14, 2017 – OCTOBER 13, 2018

[See attached]

Toyon Hourly Rates by Position
Eff. July 1, 2017

Title	Hrly Rate
President	\$ 440
Executive V.P.	\$ 440
Vice President	\$ 350
Executive Director	\$ 330
Senior Director	\$ 300
Senior Manager	\$ 275
Director	\$ 250
Asst. Director	\$ 250
Manager	\$ 250
Senior Consultant	\$ 220
Consultant	\$ 190
Senior Analyst	\$ 135
Analyst	\$ 120
Administrative	\$ 100

Programming Staff

Title	Hrly Rate
Manager Systems Development	\$ 220
Systems Programmer	\$ 190
Programmer Analyst	\$ 135

BOARD OF GOVERNORS
KERN COUNTY HOSPITAL AUTHORITY REGULAR MEETING

October 18, 2017

Subject: Comments Regarding Budget Variances for Operating Expenses – August 2017

Recommended Action: Receive and File

Summary:

For August 2017, most operating expenses and statistics remain fairly well in line with budgeted expectations. Total operating expenses have a favorable budget variance on both a month to date and a year to date basis. The following items have budget variances for the month of August 2017:

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 that reserves five percent of the total receivable indigent funding to account for the possibility that some funding could be taken back by the funding sources at a later time due to changes in calculations or in the method that funds are allocated among California's public hospitals.

Benefits:

- Benefits expense has a favorable budget variance for the month of August 2017 due to a calculation error in the prior month of July 2017. The error resulted in July 2017 benefits being overstated by about \$1.7M. A corresponding adjustment was made in August 2017 that causes benefits to be understated by \$1.7M for the month, but back in line with plan on a year-to-date basis. Kern Medical started a transition to new payroll software in April 2017. The Kern Medical Payroll staff also assumed many payroll related tasks, including employee benefits that had previously been performed by the County of Kern Payroll Department.

Medical Fees:

- Medical fees have a favorable budget variance for the month of August 2017 due to a reduction in the monthly accrual for this expense. The accrual was reduced because several of the physicians that were included in the calculation have recently been hired as Kern Medical employees and are no longer part of the medical fees monthly expense.

Supplies:

- Supply expenses has an unfavorable budget variance for the month of August 2017 mainly due to an increase in pharmaceutical costs for various reasons. Pharmaceutical shortages have forced Kern Medical to purchase drugs from sources at three to ten times the cost that we normally would pay to Cardinal Health, our main provider. The effects of our participation in our new Global Purchasing Organization (GPO), HPG International, should be realized in the next few months as credits are received for prior months' drug purchases rebilled at more favorable prices. In addition to the above, there have recently been some relatively expensive drugs purchased for a few patients with rare medical conditions.

Purchased Services:

- Purchased services has an unfavorable budget variance for the month of August 2017 due in part to higher than average out of network expenses. Kern Medical was also under accrued for a few vendors in the prior month. There were also a few new vendors engaged and their services were charged to this line item.

Other Expenses:

- Other expenses have an unfavorable budget variance for the month of August 2017 mainly because of dues and subscriptions and license fees for new decision support resources and other services. Repairs and maintenance expenses were also higher than average for the month because of miscellaneous projects throughout the hospital and clinics.



**BOARD OF GOVERNORS' FINANCIAL REPORT
KERN MEDICAL – AUGUST 2017**

OCTOBER 2017



3-Month Trend Analysis: Revenue & Expense

August 31, 2017

	JUNE	JULY	AUGUST	BUDGET AUGUST	VARIANCE POS (NEG)	PY AUGUST
Gross Patient Revenue	\$ 72,937,524	\$ 73,121,331	\$ 75,404,707	\$ 71,745,898	5.1%	\$ 67,350,655
Contractual Deductions	(56,090,490)	(53,850,296)	(57,664,945)	(54,608,782)	5.6%	\$ (49,608,498)
Net Revenue	16,847,034	19,271,035	17,739,762	17,137,116	4%	17,742,157
Indigent Funding	8,765,956	8,967,443	8,967,443	9,650,779	(7%)	6,539,938
Correctional Medicine	1,976,045	1,976,127	1,976,127	2,002,051	(1%)	2,085,414
County Contribution	285,211	285,211	285,211	297,260	(4%)	284,101
Net Patient Revenue	27,874,246	30,499,816	28,968,543	29,087,207	(0.4%)	27,500,925
Other Operating Revenue	470,101	1,078,715	1,037,502	1,011,006	3%	818,462
Other Non-Operating Revenue	212,819	59,203	111,454	88,883	25%	90,438
Total Operating Revenue	28,557,166	31,637,734	30,117,498	30,187,096	(0%)	28,409,826
Expenses						
Salaries	10,926,597	12,653,598	12,214,731	12,307,406	(1%)	11,050,401
Employee Benefits	1,335,127	6,727,715	3,391,756	5,995,184	(43%)	4,946,937
Contract Labor	1,075,607	1,152,349	1,134,330	903,069	26%	847,847
Medical Fees	1,393,156	1,455,698	881,424	1,415,697	(38%)	1,492,090
Other Professional Fees	1,942,998	1,759,127	1,561,068	1,778,830	(12%)	1,779,175
Supplies	4,471,915	4,036,138	4,460,482	4,166,217	7%	4,477,433
Purchased Services	1,687,099	1,867,291	1,941,665	1,569,779	24%	1,125,044
Other Expenses	1,506,629	1,303,715	1,557,614	1,332,172	17%	1,361,033
Operating Expenses	24,339,128	30,955,631	27,143,069	29,468,353	(8%)	27,079,960
Earnings Before Interest, Depreciation, and Amortization (EBIDA)	4,218,038	682,103	2,974,429	718,744	314%	1,329,866
EBIDA Margin	15%	2%	10%	2%	315%	5%
Interest	3,131,765	19,168	19,290	39,744	(51%)	19,529
Depreciation	477,071	513,275	513,144	482,712	6%	464,060
Amortization	32,280	23,488	23,488	25,327	(7%)	18,418
Total Expenses	27,980,244	31,511,563	27,698,991	30,016,136	(8%)	27,581,967
Operating Gain (Loss)	576,922	126,171	2,418,507	170,961	1,315%	827,858
Operating Margin	2%	0.4%	8.0%	0.6%	1,318%	3%

Year-to-Date: Revenue & Expense

August 31, 2017

	ACTUAL FYTD	BUDGET FYTD	VARIANCE POS (NEG)	PY FYTD	PY VARIANCE POS (NEG)
Gross Patient Revenue	\$ 148,526,038	\$ 143,078,753	3.8%	\$ 133,336,928	11%
Contractual Deductions	(111,515,241)	(108,604,561)	2.7%	\$ (99,024,413)	13%
Net Revenue	37,010,797	34,474,193	7%	34,312,515	
Indigent Funding	17,934,886	19,301,558	(7%)	12,900,802	39%
Correctional Medicine	3,952,254	4,004,102	(1%)	4,027,883	(2%)
County Contribution	570,422	594,520	(4%)	581,361	(2%)
Incentive Funding	0	0	0%	1,698,630	(100%)
Net Patient Revenue	59,468,359	58,374,374	2%	53,521,191	11%
Other Operating Revenue	2,116,217	2,022,013	5%	1,933,716	9%
Other Non-Operating Revenue	170,657	177,767	(4%)	196,028	(13%)
Total Operating Revenue	61,755,233	60,574,153	2%	55,650,936	11%
Expenses					
Salaries	24,868,329	24,576,278	1%	22,737,873	9%
Employee Benefits	10,119,471	12,391,597	(18%)	9,995,370	1%
Contract Labor	2,286,678	1,800,898	27%	1,630,261	40%
Medical Fees	2,337,122	2,823,022	(17%)	2,690,596	(13%)
Other Professional Fees	3,320,195	3,557,659	(7%)	3,369,012	(1%)
Supplies	8,496,620	8,309,270	2%	7,926,080	7%
Purchased Services	3,808,956	3,139,559	21%	2,235,998	70%
Other Expenses	2,861,329	2,664,343	7%	3,038,679	(6%)
Operating Expenses	58,098,700	59,262,626	(2%)	53,623,867	8%
Earnings Before Interest, Depreciation, and Amortization (EBIDA)	3,656,532	1,311,527	179%	2,027,068	80%
EBIDA Margin	6%	2%	173%	4%	63%
Interest	38,459	79,487	(52%)	38,337	0.3%
Depreciation	1,026,419	965,425	6%	914,436	12%
Amortization	46,976	50,654	(7%)	39,544	19%
Total Expenses	59,210,554	60,358,192	(2%)	54,616,184	8%
Operating Gain (Loss)	2,544,678	215,961	1,078%	1,034,752	146%
Operating Margin	4.1%	0.4%	1,056%	2%	122%

3-Month Trend Analysis: Cash Indicators

August 31, 2017

		JUNE	JULY	AUGUST	BUDGET AUGUST	VARIANCE POS (NEG)	PY AUGUST
CASH							
	Total Cash	41,406,224	49,391,658	16,869,967	23,251,786	-27%	21,520,665
	Days Cash On Hand	51	49	19	24	(21%)	25
	Days In A/R - Gross	86.2	89.4	85.4	76.0	12%	87.69
	Patient Cash Collections	\$ 18,963,104	\$ 14,305,965	\$ 22,195,511	N/A	N/A	\$ 15,456,457
	Patient Cash Goal	\$ 17,643,533	\$ 17,943,467	\$ 17,634,025	N/A	N/A	\$ 16,317,872
	Projected Year End Cash Balance	44,855,082	59,085,203	59,085,203	N/A	N/A	N/A

3-Month Trend Analysis: Operating Metrics

August 31, 2017

					BUDGET	VARIANCE	PY
		JUNE	JULY	AUGUST	AUGUST	POS (NEG)	AUGUST
Operating Metrics							
Total Expense per Adjusted Admission		17,693	21,336	17,673	19,254	(8%)	16,395
Total Expense per Adjusted Patient Day		3,471	4,178	3,383	3,811	(11%)	3,671
Supply Expense per Adjusted Admission		2,828	2,733	2,846	2,672	6.5%	2,661
Supply Expense per Surgery		1,549	1,526	1,329	1,776	(25%)	1,626
Supplies as % of Net Patient Revenue		16%	13%	15%	14%	8%	16%
Pharmaceutical Cost per Adjusted Admission		1,022	1,219	1,218	1,098	11%	884
Net Revenue Per Adjusted Admission	\$	10,653	\$ 13,048	\$ 11,318	\$ 10,992	3%	\$ 10,546

Year-to-Date: Operating Metrics

August 31, 2017

	ACTUAL	BUDGET	VARIANCE	PY	PY VARIANCE
	FYTD	FYTD	POS (NEG)	FYTD	POS (NEG)
Operating Metrics					
Total Expense per Adjusted Admission	19,450	18,969	3%	17,164	13%
Total Expense per Adjusted Patient Day	3,765	3,843	(2%)	3,533	7%
Supply Expense per Adjusted Admission	2,791	2,611	6.9%	2,491	12%
Supply Expense per Surgery	1,424	1,819	(22%)	1,563	(9%)
Supplies as % of Net Patient Revenue	14%	14%	0.4%	15%	(3.5%)
Pharmaceutical Cost per Adjusted Admission	1,219	1,073	14%	915	33%
Net Revenue Per Adjusted Admission	\$ 12,158	\$ 10,834	12%	\$ 10,783	13%

INDIGENT PATIENT CARE FUNDING - MTD & YTD

FOR THE MONTH AUGUST 31, 2017

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	242,055	254,794	(12,740)	-5.0%
2,084,500	2,194,210	(109,711)	-5.0%	MEDI-CAL EXPANSION REVENUE FROM HMO	4,169,000	4,388,421	(219,421)	-5.0%
0	196,257	(196,257)	-100.0%	COUNTY REALIGNMENT FUNDS	0	392,515	(392,515)	-100.0%
1,192,661	1,255,432	(62,772)	-5.0%	MEDI-CAL SUPPLEMENTAL FUNDING	2,385,321	2,510,865	(125,543)	-5.0%
2,178,493	2,293,151	(114,658)	-5.0%	PRIME - NEW WAIVER	4,356,986	4,586,301	(229,315)	-5.0%
2,121,207	2,232,849	(111,642)	-5.0%	GPP - NEW WAIVER	4,242,414	4,465,699	(223,285)	-5.0%
1,269,555	1,336,374	(66,819)	-5.0%	WHOLE PERSON CARE	2,539,110	2,672,748	(133,637)	-5.0%
0	15,108	(15,108)	-100.0%	MEANINGFUL USE	0	30,216	(30,216)	-100.0%
8,967,443	9,650,779	(683,336)	-7.1%	SUB-TOTAL - GOVERNMENTAL REVENUE	17,934,886	19,301,558	(1,366,672)	-7.1%
1,976,127	2,002,051	(25,924)	-1.3%	CORRECTIONAL MEDICINE	3,952,254	4,004,102	(51,848)	-1.3%
285,211	297,260	(12,049)	-4.1%	COUNTY CONTRIBUTION	570,422	594,520	(24,098)	-4.1%
11,228,781	11,950,091	(721,309)	-6.0%	TOTAL INDIGENT CARE & COUNTY FUNDING	22,457,562	23,900,181	(1,442,619)	-6.0%

OTHER REVENUE

FOR THE MONTH AUGUST 31, 2017

OTHER OPERATING REVENUE

	MTD ACTUAL	MTD BUDGET	VARIANCE	YTD ACTUAL	YTD BUDGET	VARIANCE
CAFETERIA SALES	83,953	88,399	(4,446)	156,509	176,797	(20,288)
CAFETERIA SALES TAX	12,593	0	12,593	12,593	0	12,593
PARKING LOT and Mt. VERNON LEASE	448	896	(448)	448	1,792	(1,344)
FOUNDATION CONTRIBUTIONS	4,016	0	4,016	22,618	0	22,618
SERVICE CREDIT TRANSFER - JAMISON	15,639	29,510	(13,871)	31,278	59,020	(27,742)
SERVICE CREDIT TRANSFER - PATERNITY	0	1,212	(1,212)	3,120	2,423	697
SERVICE CREDIT TRANSFER OF EXP	20,400	10,261	10,139	20,400	20,523	(123)
OTHER REVENUE SB612 (MADDY EMS FUND)	104,287	46,046	58,241	104,287	92,093	12,194
MENTAL HEALTH MOU (Psych/Fellows/Residents)	200,615	187,610	13,005	384,448	375,220	9,228
FP-SONG BROWN GRANT	0	82	(82)	0	164	(164)
FEDERAL-OTHER AID (Veterans)	3,850	7,901	(4,051)	7,700	15,802	(8,103)
MEDICAL RECORDS FEES	4,551	2,984	1,567	5,666	5,969	(303)
REBATES AND REFUNDS	102,931	78,381	24,550	212,583	156,762	55,821
REBATES PHARMACY	88	0	88	88	0	88
MEDICAL SCHOOL STUDENT	333,587	369,527	(35,940)	667,173	739,054	(71,880)
CANCELLED OUTLAWED WARRANT	1,246	(57)	1,303	1,714	(114)	1,828
PROFESSIONAL FEES (ER Lockbox)	22,972	46,882	(23,910)	76,582	93,764	(17,183)
WORKER'S COMP REFUNDS	0	13,649	(13,649)	0	27,298	(27,298)
JURY/WITNESS FEES	237	326	(89)	385	652	(267)
KHS GRANT PCMH	126,088	127,397	(1,309)	408,624	254,795	153,830
TOTAL OTHER OPERATING REVENUE	1,037,502	1,011,006	26,495	2,116,217	2,022,013	94,204
OTHER NON-OPERATING REVENUE						
INTEREST ON COLLECTIONS	8,567	19,773	(11,206)	18,037	39,546	(21,509)
OTHER MISCELLANEOUS REVENUE	102,887	35,552	67,335	105,879	71,106	34,773
INTEREST ON FUND BALANCE	0	33,558	(33,558)	46,741	67,115	(20,374)
TOTAL OTHER NON-OPER REVENUE	111,454	88,883	22,570	170,657	177,767	(7,110)

**KERN MEDICAL
BALANCE SHEET**

	August 2017	August 2016
CURRENT ASSETS:		
CASH	\$16,869,967	\$21,520,665
CURRENT ACCOUNTS RECEIVABLE (incl. CLINIC CHARGES RECEIVABLE)	205,599,108	188,367,906
ALLOWANCE FOR UNCOLLECTIBLE RECEIVABLES - CURRENT	(166,546,703)	(155,640,246)
-NET OF CONT ALLOWANCES	39,052,406	32,727,660
CORRECTIONAL MEDICINE RECEIVABLE	2,063,651	4,609,244
MD SPA	3,468,137	1,751,506
HOSPITAL FEE RECEIVABLE	3,610,002	3,516,757
REALIGNMENT FUNDS RECEIVABLE	-	559,394
CPE - O/P DSH RECEIVABLE	5,029,447	5,714,092
MENTAL HEALTH MOU	746,734	209,064
MANAGED CARE IGT (RATE RANGE)	27,128,655	9,216,268
RECEIVABLE FROM LIHP	(6,547,536)	(5,722,111)
OTHER RECEIVABLES	992,173	903,513
PRIME RECEIVABLE	19,224,196	28,630,996
AB85/75% DEFAULT PCP RECEIVABLE	8,144,257	2,790,395
GPP (Global Payment Program)	10,532,177	11,046,129
WPC (Whole Person Care)	2,672,748	0
INTEREST ON FUND BALANCE RECEIVABLE	53,548	21,033
MANAGED CARE IGT (SPD)	68,546	0
OTHER NON PATIENT RECEIVABLE	1,635,768	2,274,561
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 FY14	0	(22,576,506)
WAIVER RECEIVABLE FY15	(11,223,792)	(18,531,165)
WAIVER RECEIVABLE FY16	(2,819,361)	0
KHS GRANT RECEIVABLE	0	0
PREPAID EXPENSES	4,210,987	2,352,817
PREPAID MORRISON DEPOSIT	799,706	297,090
INVENTORY AT COST	4,207,516	725,140
TOTAL CURRENT ASSETS	111,386,233	63,502,845
PROPERTY, PLANT & EQUIPMENT:		
LAND	170,395	168,115
EQUIPMENT	47,568,947	43,465,101
BUILDINGS	82,462,622	82,462,622
CONSTRUCTION IN PROGRESS	6,319,129	1,135,682
LESS: ACCUMULATED DEPRECIATION	(84,638,358)	(78,959,378)
NET PROPERTY, PLANT & EQUIPMENT	51,882,736	48,272,142
NET INTANGIBLE ASSETS		
INTANGIBLE ASSETS	12,302,618	10,753,091
ACCUMULATED AMORTIZATION INTANGIBLES	(10,597,345)	(10,268,300)
NET INTANGIBLE ASSETS	1,705,273	484,790
LONG-TERM ASSETS:		
LONG-TERM PATIENT ACCOUNTS RECEIVABLE		
DEFERRED OUTFLOWS - PENSIONS	49,355,076	51,103,054
CASH HELD BY COP IV TRUSTEE	912,973	906,469
TOTAL LONG-TERM ASSETS	50,268,049	52,009,523
TOTAL ASSETS	\$215,242,291	\$164,269,300

KERN MEDICAL BALANCE SHEET		
	August 2017	August 2016
CURRENT LIABILITIES:		
ACCOUNTS PAYABLE	\$16,624,204	\$17,087,597
ACCRUED SALARIES & EMPLOYEE BENEFITS	12,824,825	6,843,514
OTHER ACCRUALS	3,362,991	4,234,699
ACCRUED CWCAP LIABILITY	52,799	606,713
CURRENT PORTION - CAPITALIZED LEASES	337,560	118,093
CURR LIAB - COP 2011 PAYABLE	1,032,670	986,694
CURR LIAB - P.O.B.	2,564,115	2,068,140
MEDICARE COST REPORT LIAB PAYABLE	3,794,129	944,166
ACCRUED PROFESSIONAL LIABILITY	3,119,059	5,432,551
HOSPITAL FEE-IGT PAYABLE	0	1,143,153
MEDI-CAL COST REPORT LIABILITY	1,430,435	853,483
INDIGENT FUNDING PAYABLE	13,444,852	22,904,820
DSH PAYABLE FY14	24,746,355	0
CREDIT BALANCES PAYABLES	2,809,847	3,523,637
DEFERRED REVENUE - COUNTY CONTRIBUTION	4,066,472	0
TOTAL CURRENT LIABILITIES	90,210,313	66,747,259
LONG-TERM LIABILITIES:		
LONG-TERM LIABILITY-COP 2011	2,217,410	3,250,080
NET UNAMORTIZED DISCOUNT COP	59,978	79,971
LONG-TERM LIABILITY - CAPITAL LEASES	1,387,154	2,138,036
NET OPEB (OTHER POST EMPLOYMENT BENEFITS)	5,354,890	6,070,276
NET PENSION LIABILITY	345,262,534	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	3,917,722	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
DEFERRED INFLOWS - PENSIONS	15,299,688	17,822,384
PENSION OBLIGATION BOND PAYABLE	3,678,145	4,721,626
ACCRUED COMPENSATED ABSENCES	14,640,131	9,173,393
TOTAL LONG-TERM LIABILITIES	428,628,318	432,968,094
NET POSITION		
RETAINED EARNINGS - CURRENT YEAR	2,544,678	1,034,752
RETAINED EARNINGS - PRIOR YEAR	(306,141,019)	(336,480,805)
TOTAL NET POSITION	(303,596,341)	(335,446,053)
TOTAL LIABILITIES & NET POSITION	\$215,242,291	\$164,269,300

BOARD OF GOVERNORS
KERN COUNTY HOSPITAL AUTHORITY REGULAR MEETING

October 18, 2017

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.



150 YEARS
Health for Life.

**BOARD OF GOVERNORS' VOLUMES REPORT
KERN MEDICAL – AUGUST 2017**

OCTOBER 2017



3-Month Trend Analysis: Volume and Strategic Indicators

August 31, 2017

		JUNE	JULY	AUGUST	BUDGET AUGUST	VARIANCE POS (NEG)	PY AUGUST
VOLUME							
	Adjusted Admissions (AA)	1,581	1,477	1,567	1,559	1%	1,682
	Adjusted Patient Days	8,062	7,542	8,187	7,876	4%	7,513
	Admissions	818	827	814	812	0.2%	852
	Average Daily Census	139	143	137	132	3.9%	123
	Patient Days	4,170	4,433	4,252	4,102	3.7%	3,805
	Available Occupancy %	65.0%	63.5%	64.1%	61.8%	3.7%	57.4%
	Average LOS	5.1	5.1	5.2	5.1	3%	4.5
	Surgeries						
	Inpatient Surgeries (Main Campus)	235	248	244	217	12%	215
	Outpatient Surgeries (Main Campus)	255	233	277	276	0.4%	273
	Total Surgeries	490	481	521	493	6%	488
	Births	199	228	202	227	(11%)	231
	ER Visits						
	Admissions	417	445	429	427	0.5%	409
	Treated & Released	3,737	3,707	3,750	3,824	(1.9%)	3,945
	Total ER Visits	4,154	4,152	4,179	4,251	(2%)	4,354
	Outpatient Clinic Visits						
	Total Clinic Visits	11,341	10,172	12,278	11,074	11%	11,576

Year-to-Date: Volume and Strategic Indicators

August 31, 2017

		ACTUAL	BUDGET	VARIANCE	PY	PY VARIANCE
		FYTD	FYTD	POS (NEG)	FYTD	POS (NEG)
VOLUME						
	Adjusted Admissions (AA)	3,044	3,182	(4%)	3,182	(4%)
	Adjusted Patient Days	15,729	15,706	0.1%	15,457	2%
	Admissions	1,641	1,620	1%	1,639	0.1%
	Average Daily Census	140	141	(1%)	129	9%
	Patient Days	8,685	8,180	6%	7,973	8.9%
	Available Occupancy %	65.5%	61.7%	6%	57.9%	13.0%
	Average LOS	5.3	5.0	5%	4.9	9%
	Surgeries					
	Inpatient Surgeries (Main Campus)	492	433	14%	429	15%
	Outpatient Surgeries (Main Campus)	510	527	(3%)	522	(2%)
	Total Surgeries	1,002	960	4%	951	5%
	Births	430	456	(6%)	447	(4%)
	ER Visits					
	Admissions	874	850	3%	799	9%
	Treated & Released	7,457	7,624	(2%)	7,909	(6%)
	Total ER Visits	8,331	8,474	(2%)	8,708	(4%)
	Outpatient Clinic Visits					
	Total Clinic Visits	22,450	22,082	2%	20,632	9%

3-Month Trend Analysis: Payor Mix

August 31, 2017

					BUDGET	VARIANCE	PY
		JUNE	JULY	AUGUST	AUGUST	POS (NEG)	AUGUST
PAYOR MIX - Charges							
	Commercial FFS	4.9%	3.6%	4.8%	6.5%	(27%)	5.1%
	Commercial HMO/PPO	5.5%	5.5%	5.8%	5.2%	11%	5.3%
	Medi-Cal	25.7%	28.3%	30.1%	23.3%	29%	29.9%
	Medi-Cal HMO - Kern Health Systems	31.6%	31.4%	29.1%	31.9%	(9%)	28.6%
	Medi-Cal HMO - Health Net	9.3%	8.3%	11.0%	8.7%	26%	11.6%
	Medi-Cal HMO - Other	1.1%	1.0%	1.0%	1.3%	(23%)	0.7%
	Medicare	9.5%	11.1%	7.6%	8.7%	(12%)	5.9%
	Medicare - HMO	2.4%	1.3%	2.1%	2.6%	(20%)	1.3%
	County Programs	1.8%	2.1%	0.4%	0.3%	54%	2.4%
	Workers' Compensation	0.8%	0.8%	1.8%	1.2%	46%	0.3%
	Self Pay	7.4%	6.6%	6.3%	10.3%	(39%)	8.9%
	Total	100.0%	100.0%	100.0%	100.0%		100.0%

Year-to-Date: Payor Mix

August 31, 2017

		ACTUAL	BUDGET	VARIANCE	PY	PY VARIANCE
		FYTD	FYTD	POS (NEG)	FYTD	POS (NEG)
PAYOR MIX - Charges						
	Commercial FFS	3.6%	6.5%	(44%)	4.4%	(18%)
	Commercial HMO/PPO	5.5%	5.2%	5%	5.9%	(6%)
	Medi-Cal	28.3%	23.3%	21%	27.0%	5%
	Medi-Cal HMO - Kern Health Systems	31.4%	29.6%	6%	28.2%	11%
	Medi-Cal HMO - Health Net	8.3%	11.2%	(26%)	11.5%	(28%)
	Medi-Cal HMO - Other	1.0%	1.1%	(9%)	0.7%	43%
	Medicare	11.1%	8.7%	28%	8.4%	32%
	Medicare - HMO	1.3%	2.6%	(49%)	2.1%	(39%)
	County Programs	2.1%	0.3%	688%	2.8%	(25%)
	Workers' Compensation	0.8%	1.2%	(36%)	0.4%	122%
	Self Pay	6.6%	10.3%	(36%)	8.7%	(24%)
	Total	100.0%	100.0%		100.0%	

3-Month Trend Analysis: Labor and Productivity Metrics

August 31, 2017

					BUDGET	VARIANCE	PY
		JUNE	JULY	AUGUST	AUGUST	POS (NEG)	AUGUST
Labor Metrics							
	Productive FTEs	1,314.75	1,331.62	1,365.78	1,324.92	3%	1,223.82
	Non-Productive FTEs	226.01	225.92	194.82	202.92	(4%)	176.00
	Contract Labor FTEs	85.23	84.18	81.72	63.91	28%	64.24
	Total FTEs	1,540.76	1,557.54	1,560.60	1,527.84	2%	1,399.82
	FTE's Per AOB Paid	5.94	6.11	5.91	6.01	(2%)	5.78
	FTE's Per AOB Worked	5.07	5.23	5.17	5.22	(1%)	5.05
	Labor Cost/FTE (Annualized)	93,418.30	141,248.60	115,063.75	133,123.79	(14%)	128,829.31
	Benefits Expense as a % of Benefitted Labor Expense	66%	79%	43%	65%	(34%)	68%
	Salaries & Benefits as % of Net Patient Revenue	62%	67%	58%	66%	(12%)	61%

Year-to-Date: Labor and Productivity Metrics

August 31, 2017

		ACTUAL	BUDGET	VARIANCE	PY	PY VARIANCE
		FYTD	FYTD	POS (NEG)	FYTD	POS (NEG)
Labor Metrics						
	Productive FTEs	1,348.70	1,322.71	2%	1,212.12	11%
	Non-Productive FTEs	210.37	202.52	4%	190.29	11%
	Contract Labor FTEs	82.95	63.74	30%	62.94	32%
	Total FTEs	1,559.07	1,525.23	2%	1,402.41	11%
	FTE's Per AOB Paid	5.90	6.00	(2%)	5.62	5%
	FTE's Per AOB Worked	5.11	5.21	(2%)	4.86	5%
	Labor Cost/FTE (Annualized)	128,150.45	134,564.73	(5%)	130,579.44	(2%)
	Benefits Expense as a % of Benefitted Labor Expense	62%	67%	(9%)	60%	3%
	Salaries & Benefits as % of Net Patient Revenue	63%	66%	(6%)	64%	(2%)



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, August 16, 2017

11:30 A.M.

BOARD RECONVENED

Directors present: Berjis, Bigler, Lawson, McGauley, McLaughlin, Pelz, Sistrunk
Directors absent: None

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!**

NO ONE HEARD

BOARD MEMBER ANNOUNCEMENTS OR REPORTS

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

NO ONE HEARD

RECOGNITION

- 3) Presentation by the Chief Medical Officer recognizing the Antimicrobial Stewardship program at Kern Medical –
MADE PRESENTATION

ITEMS FOR CONSIDERATION

CA

- 4) Minutes for Kern County Hospital Authority Board of Governors regular meeting on July 19, 2017 –
APPROVED
Pelz-Lawson: All Ayes

- 5) Public hearing regarding the meet and confer impasse between representatives of the Kern County Hospital Authority and Service Employees International Union, Local 521, and Resolution implementing the Kern Medical Center Disciplinary Policy –
OPENED HEARING; CARMEN MORALES, NP, MICHAEL CARTER, SERVICE EMPLOYEES INTERNATIONAL UNION, LOCAL 521, DANIEL BOWEN, AIRCONDITIONING MECHANIC, CONNIE EIDSON, RN, AND JERRI GUEVARA, OFFICE SERVICES SPECIALIST, HEARD; CLOSED HEARING; APPROVED; ADOPTED RESOLUTION 2017-005; DIRECTED STAFF TO IMPLEMENT POLICY
McLaughlin-Sistrunk: All Ayes

CA

- 6) Proposed retroactive Amendment No. 6 to Agreement 194-2012 with Ravi Patel, M.D. Inc., doing business as Comprehensive Blood and Cancer Center, an independent contractor, for medical practice management services at Kern Medical leased clinics, extending the term for one year from August 1, 2017 through July 31, 2018, and increasing the maximum payable by \$1,200,000, from \$2,146,000 to \$3,346,000, to cover the extended term –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 2017-051
Pelz-Lawson: All Ayes

CA

- 7) Proposed retroactive Amendment No. 3 to Agreement 453-2015 with Comprehensive Cardiovascular Medical Group, Inc., an independent contractor, for professional medical services in the Department of Medicine, extending the term for one year from August 1, 2017 through July 31, 2018, and increasing the maximum payable by \$430,000, from \$1,055,000 to \$1,485,000, to cover the extended term – APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 2017-052
Pelz-Lawson: All Ayes

CA

- 8) Proposed Change Order No. 2 to Agreement 2016-052 Best Electric, an independent contractor, for construction management services related to the emergency power distribution upgrades, increasing the maximum payable by \$34,736 to \$698,957, to cover the cost of additional services – MADE FINDING PROJECT IS EXEMPT FROM FURTHER CEQA REVIEW PER SECTIONS 15301 AND 15061(b)(3) OF STATE CEQA GUIDELINES; APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 2017-053; AUTHORIZED CHIEF EXECUTIVE OFFICER TO APPROVE ANY FUTURE CHANGE ORDERS IN AN AMOUNT NOT TO EXCEED 10% OF THE TOTAL CONTRACT PRICE
Pelz-Lawson: All Ayes

CA

- 9) Proposed Change Order No. 5 to Agreement 2016-074 with Anderson Group International, an independent contractor, for construction management services related to the infusion clinic project, increasing the maximum payable by \$50,322 to \$510,649, to cover the cost of additional services – MADE FINDING PROJECT IS EXEMPT FROM FURTHER CEQA REVIEW PER SECTIONS 15301 AND 15061(b)(3) OF STATE CEQA GUIDELINES; APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 2017-054; AUTHORIZED CHIEF EXECUTIVE OFFICER TO APPROVE ANY FUTURE CHANGE ORDERS IN AN AMOUNT NOT TO EXCEED 5% OF THE TOTAL CONTRACT PRICE
Pelz-Lawson: All Ayes

CA

- 10) Proposed retroactive Amendment No. 1 to Agreement 16016 with Experian Health, Inc., an independent contractor, for patient demographic verification products and services, effective July 1, 2017, in an amount not to exceed \$300,000 – APPROVED; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN AGREEMENT 2017-055
Pelz-Lawson: All Ayes

CA

- 11) Request to employ retired Kern County Hospital Authority employee Linda Markham, as ~~Per Diem~~ **Extra Help** Medical Social Worker, for the period ending June 30, 2018, or 960 hours, whichever occurs first, effective August 17, 2017 – APPROVED
Pelz-Lawson: All Ayes

CORRECTION PER SUMMARY OF OCTOBER 18, 2017, ITEM 17

CA

- 12) Request approval of Medical Staff policies concerning Telemedicine, Guidelines for Addressing Impaired Medical Staff Members, and the Late Career Practitioner – APPROVED POLICIES
Pelz-Lawson: All Ayes

- 13) Request to employ retired Kern County Hospital Authority employee Wedad M. Rizkalla, M.D., as Associate-Pediatrics, for the period ending June 30, 2018, or 960 hours, whichever occurs first, effective September 4, 2017 – APPROVED
Berjis-McGauley: All Ayes

- 14) Kern County Hospital Authority Chief Financial Officer report – RECEIVED AND FILED
Berjis-McGauley: All Ayes

- 15) Kern County Hospital Authority Chief Executive Officer report – RECEIVED AND FILED
Berjis-Sistrunk: All Ayes

CA

- 16) Claims and Lawsuits Filed as of July 31, 2017 – RECEIVED AND FILED
Pelz-Lawson: All Ayes

ADJOURNED TO CLOSED SESSION
McGauley-McLaughlin

CLOSED SESSION

- 17) Request for Closed Session regarding peer review of health practitioners (Health and Safety Code Section 101855(j)(2)) – SEE RESULTS BELOW
- 18) CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION (Government Code Section 54956.9(d)(2), (e)(3)) Number of cases: Two (2) Significant exposure to litigation in the opinion of the Board of Governors on the advice of legal counsel, based on: The receipt of a claim pursuant to the Government Claims Act or some other written communication from a potential plaintiff threatening litigation, which non-exempt claim or communication is available for public inspection – SEE RESULTS BELOW

- 19) PUBLIC EMPLOYEE PERFORMANCE EVALUATION - Title: Chief Executive Officer (Government Code Section 54957) – SEE RESULTS BELOW

RECONVENED FROM CLOSED SESSION

McGauley-Lawson

REPORT ON ACTIONS TAKEN IN CLOSED SESSION

Item No. 17 concerning a Request for Closed Session regarding peer review of health practitioners (Health and Safety Code Section 101855(j)(2)) – HEARD; BY A UNANIMOUS VOTE (MOTION BY DIRECTOR LAWSON, SECOND BY DIRECTOR PELZ), THE BOARD APPROVED ALL PROVIDERS RECOMMENDED FOR INITIAL APPOINTMENT, REAPPOINTMENT, REVIEW AND RELEASE OF PROCTORING, ADVANCE IN STAFF STATUS, AND AUTOMATIC TERMINATION OF PRIVILEGES; NO OTHER REPORTABLE ACTION TAKEN

Item No. 18 concerning CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION (Government Code Section 54956.9(d)(2), (e)(3)) Number of cases: Two (2) Significant exposure to litigation in the opinion of the Board of Governors on the advice of legal counsel, based on: The receipt of a claim pursuant to the Government Claims Act or some other written communication from a potential plaintiff threatening litigation, which non-exempt claim or communication is available for public inspection – HEARD; NO REPORTABLE ACTION TAKEN

Item No. 19 concerning PUBLIC EMPLOYEE PERFORMANCE EVALUATION – Title: Chief Executive Officer (Government Code Section 54957) – HEARD; NO REPORTABLE ACTION TAKEN

ADJOURNED TO WEDNESDAY, SEPTEMBER 20, 2017 AT 11:30 A.M.

Sistrunk

/s/ ~~Raquel D. Fore~~ **Mona A. Allen**
Authority Board Coordinator

CORRECTION PER SUMMARY OF OCTOBER 18, 2017, ITEM 17

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

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

October 18, 2017

Subject: Proposed acceptance of donation of travel and related expenses from CNA

Recommended Action: Approve; Adopt Resolution

Summary:

The Authority's conflict of interest policy prohibits employees from receiving or accepting money or any other consideration from anyone other than the Authority for the performance of an act which the employee would be required or expected to render in the regular course of his or her employment.

CNA is the provider of Health Facilities Excess Coverage insurance to the Authority. CNA, through its Health Pro Risk Control Fellowship Program, has offered to donate to the Authority all travel and related expenses not to exceed \$5,000 for one or more Kern Medical employees to attend the Health Care Compliance Association "Healthcare Enforcement Compliance Institute" in Washington, D.C., from October 29, 2017 through November 1, 2017.

Kern Medical recommends your Board adopt the resolution to accept the travel donation from CNA in an amount not to exceed \$5,000 for registration, travel and related expenses and authorize the Chief Executive Officer to designate two employees to attend this important conference.

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

In the matter of:

Resolution No. _____

**ACCEPTANCE OF DONATION OF
TRAVEL AND RELATED EXPENSES
FROM CNA**

I, MONA A. 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 October, 2017, 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 conflict of interest policy for Kern County Hospital Authority (“Authority”) prohibits Authority employees from receiving or accepting money or any other consideration from anyone other than the Authority for the performance of an act which the employee would be required or expected to render in the regular course of his or her employment; and

(b) CNA provides Health Facilities Excess Coverage insurance to the Kern County Hospital Authority; and

(c) CNA, through its Health Pro Risk Control Fellowship Program, has offered to donate to the Authority all travel and related expenses for one or more Authority employees to attend the Health Care Compliance Association “Healthcare Enforcement Compliance Institute” in Washington, D.C., from October 29, 2017 through November 1, 2017; and

(d) The training session is necessary in connection with official Authority business; and

(e) The Authority desires to obtain the donation of travel and related expenses to the Authority and will retain full control over the use of the donation; and

(f) CNA has not made any restrictions as to how the donation may be used.

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 accepts from CNA the donation of travel and related expenses to cover all costs for one or more Authority employees to travel to Washington, D.C., to attend the Health Care Compliance Association “Healthcare Enforcement Compliance Institute” from October 29, 2017 through November 1, 2017.

3. This Board authorizes the Chief Executive Officer to designate one or more Authority employees to attend the Health Care Compliance Association “Healthcare Enforcement Compliance Institute” from October 29, 2017 through November 1, 2017.

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

Chief Financial Officer
Legal Services Department
Risk Management Department

**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 October 18, 2017, 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**

On the recommendation of the Chief Executive Officer, the Board of Governors will hold a closed session on October 18, 2017, to consider:

 X PUBLIC EMPLOYEE PERFORMANCE EVALUATION – Title: Chief Executive Officer (Government Code Section 54957)

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

Government Code Section 54956.9

Based on the advice of Counsel, the Board of Governors is holding a closed session on October 18, 2017, to confer with, or receive advice from Counsel regarding pending litigation, because discussion in open session concerning this matter would prejudice the position of the authority in the litigation. The closed session involves:

- X CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION
(Government Code Section 54956.9(d)(2), (e)(3).) Number of cases: One (1)
Significant exposure to litigation in the opinion of the Board of Governors on the advice of legal counsel, based on: The receipt of a claim pursuant to the Government Claims Act or some other written communication from a potential plaintiff threatening litigation, which non-exempt claim or communication is available for public inspection –

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

Government Code Section 54956.9

Based on the advice of Counsel, the Board of Governors is holding a closed session on October 18, 2017, to confer with, or receive advice from Counsel regarding pending litigation, because discussion in open session concerning this matter would prejudice the position of the authority in the litigation. The closed session involves:

 X CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION
(Government Code Section 54956.9(d)(1)) Name of case: In the Matter of the Accusation Against: Kern Medical Center, dba Kern Medical Center Campus Pharmacy, et al., Case No. 5551 –