



## **AGENDA**

### **KERN COUNTY HOSPITAL AUTHORITY BOARD OF GOVERNORS**

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

Regular Meeting  
Wednesday, December 13, 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 Associate Hospital Administrator recognizing the Kern Medical Epilepsy Monitoring Unit –  
**MAKE PRESENTATION**

PUBLIC REQUEST

- 4) Request of Erica Easton, Executive Director, Kern Medical Foundation, to address the Board regarding Foundation programs and services and the Kern Medical Auxiliary –  
**MAKE PRESENTATION**

ITEMS FOR CONSIDERATION

CA

- 5) Minutes for Kern County Hospital Authority Board of Governors regular meeting on November 15, 2017 –  
**APPROVE**

CA

- 6) Proposed retroactive Agreement with Compass Group USA, Inc., by and through its subsidiary, Crothall Healthcare, Inc., an independent contractor, for management of the environmental services departments from December 1, 2017 through November 30, 2023, in an amount not to exceed \$3,263,690 –  
**APPROVE; AUTHORIZE CHAIRMAN TO SIGN**

CA

- 7) Proposed Amendment No. 1 to Agreement 390-2015 with Bao Quynh N. Huynh, M.D., a contract employee, for professional medical services in the Department of Medicine, for the period July 8, 2015 through July 7, 2018, extending the term from July 8, 2018 through December 13, 2020, revising the compensation methodology, and increasing the maximum payable by \$1,575,000, from \$1,228,000 to \$2,803,000, to cover the extended term –  
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 8) Proposed Agreement with Kern Vascular Call Group, Inc., an independent contractor, for professional medical services in the Department of Surgery from January 15, 2018 through January 14, 2019, in an amount not to exceed \$600,000 –  
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 9) Proposed Amendment No. 1 to Agreement 909-2015 with Eugene H. Roos, D.O., an independent contractor, for professional medical services in the Department of Radiology, for the period December 17, 2015 through December 16, 2017, extending the term for one year from December 17, 2017 through December 16, 2018, and increasing the maximum payable by \$385,000, from \$730,000 to \$1,115,000, to cover the extended term –  
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 10) Request to employ retired Kern County Hospital Authority employee Rosa Martinez, as Extra Help Physician Assistant, for the period ending June 30, 2018, or 960 hours, whichever occurs first, effective December 14, 2017 –  
APPROVE

CA

- 11) Proposed rescission of Agreements 088-2017, 089-2017, 090-2017 and 091-2017 with McKesson Technologies LLC, an independent contractor, and proposed approval of Agreements (IWS-249098, IWS-249089, IWS-248055, IWS-166248) with McKesson Technologies LLC, containing nonstandard terms and conditions, for purchase of the picture archiving and communication system (PACS) from December 13, 2017 through December 12, 2024, in an amount not to exceed \$4,544,192 –  
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

- 12) Request to employ retired Kern County Hospital Authority employee Scott Cote, as Extra Help Clinical Pharmacist, for the period ending June 30, 2018, or 960 hours, whichever occurs first, effective December 14, 2017 –  
APPROVE

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

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

CA

- 15) Claims and Lawsuits Filed as of November 30, 2017 –  
RECEIVE AND FILE

ADJOURN TO CLOSED SESSION

CLOSED SESSION

- 16) Request for Closed Session regarding peer review of health practitioners (Health and Safety Code Section 101855(j)(2)) –
- 17) CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION  
(Government Code Section 54956.9(d)(1)) Name of case: Faried Banimahd, M.D. v. County of Kern, et al., Kern County Superior Court, Case No. S-1500-CV-283225 LHB  
–
- 18) CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION  
(Government Code Section 54956.9(d)(1)) Name of case: Ms. Tammy Arroyo v. County of Kern, et al., Kern County Superior Court, Case No. BCV-17-101712 SDS –
- 19) CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION  
(Government Code Section 54956.9(d)(1)) Name of case: Farzin Tayefeh, M.D., et al. v. County of Kern, et al., Kern County Superior Court, Case No. BCV-15-100647 LHB  
–

RECONVENE FROM CLOSED SESSION

REPORT ON ACTIONS TAKEN IN CLOSED SESSION

ADJOURN TO WEDNESDAY, JANUARY 17, 2018, AT 11:30 A.M.

## **SUPPORTING DOCUMENTATION FOR AGENDA ITEMS**

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

### **AMERICANS WITH DISABILITIES ACT (Government Code Section 54953.2)**

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

15) CLAIMS AND LAWSUITS FILED AS OF NOVEMBER 30, 2017 –  
RECEIVE AND FILE

- A) Civil Complaint for Damages and Injunctive Relief in the matter of Ms. Tammy Arroyo v. County of Kern, et al., Kern County Superior Court, Case No. BCV-17-101712 SDS
- B) Second Amended Complaint in the matter of Johnnie H. Jackson and Edward E. Jackson, Sr. v. County of Kern, Kern County Superior Court, Case No. BCV-16-102723 SPC
- C) Claim in the matter of Mission Family Mortuary v. Kern County Hospital Authority
- D) Claim in the matter of Charles Ellis v. County of Kern
- E) Claim in the matter of Ronnie Emmett v. Kern County Hospital Authority
- F) Amended Claim in the matter of Ronnie Emmett v. Kern County Hospital Authority



## **Epilepsy Center Program Overview**

Board of Governors Meeting

December 13, 2017

# What an Epilepsy Center Contributes to Kern County

- In Kern County, 33,235 patients have epilepsy
- Approximately 11,000 of those patient are refractory ( 1/3<sup>rd</sup> of patient with epilepsy are refractory)
- The closest EMUs are in Southern California
- Long waiting time to get admitted to EMU
- Provider issues with some of the insurances
- Transportation
- Long term commitment for a service that is not provided locally.
- Epilepsy is the 4<sup>th</sup> most common neurological problem

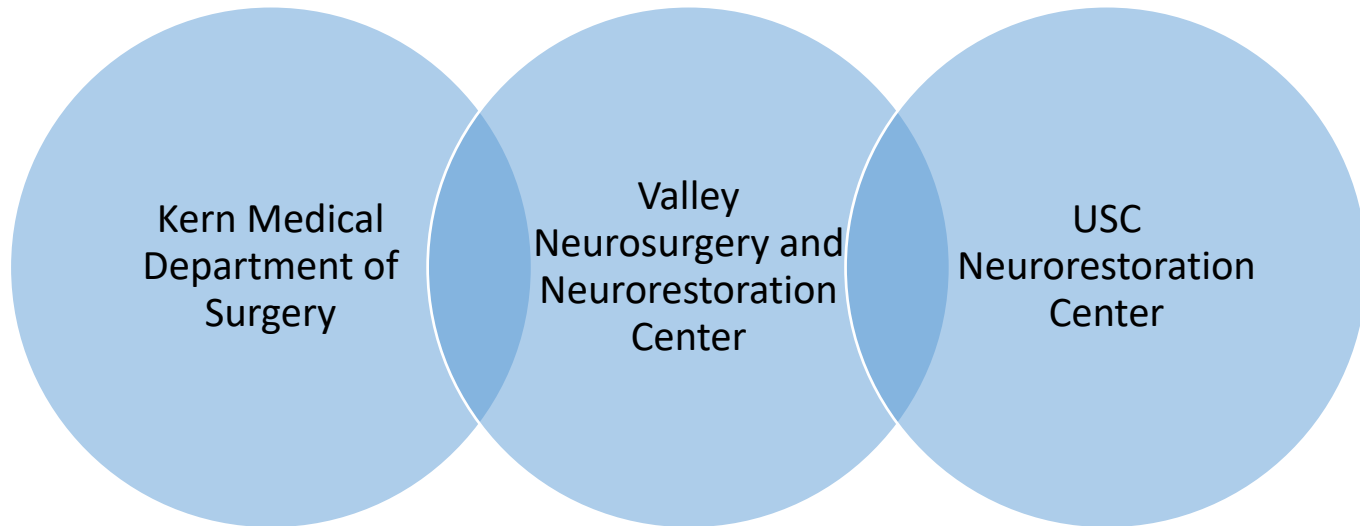
BETTER CARE FOR PATIENTS WITH EPILEPSY



# Kern Medical EEG Services

Routine (Spot) EEG	OP AMBULATORY EEG	INPATIENT CCEEG	ELECTIVE INPATIENT (EMU) Long Term EEG Monitoring for Epilepsy
20 minutes to 3 hours	24 HOURS TO 96 HOURS	24 HOURS TO 30 DAYS	3 DAYS TO 7 DAYS
<ul style="list-style-type: none"> <li>• Performed as inpatient or outpatient</li> <li>• Activation procedures are standard to increase the chance of capturing seizure like activity :ie Photic(flashing light), hyperventilation( very quick breathing ) and sleep</li> <li>• Video and audio recording to enhance and clarify events.</li> </ul>	<ul style="list-style-type: none"> <li>• To capture and classify events or seizures.</li> <li>• Electrodes are applied with collodion (non-flexible glue)</li> <li>• Only performed as OP without decrease AED (anti-epileptic drugs)</li> <li>• Video and audio recording to enhance and clarify events</li> <li>• Patient comes back daily for data download and battery changes.</li> </ul>	<ul style="list-style-type: none"> <li>• Order on inpatients that have been admitted for any reason that may have an increased risk for neurological decline.</li> <li>• A routine EEG may be performed prior to initiating</li> <li>• The goal is to recognize a decline in a patient's condition before physical signs and symptoms are present. Medication and sedations are continued.</li> <li>• Continuous live video-EEG monitoring by a Registered EEG technologist, preferably CLTM, of the raw EEG waveforms is considered the gold standard for seizure detection when real-time neurocritical care information is required to manage the patient.</li> </ul>	<ul style="list-style-type: none"> <li>• Order after an ambulatory and classification of events has not been confirmed.</li> <li>• Can be used to identify possible surgical candidates.</li> <li>• Elective admission</li> <li>• AEDs are titrated during the admission.</li> <li>• The patient must be very closely monitored with 24/7 eyes on continuous EEG monitoring by a Registered EEG Technologist.</li> <li>• The goal is to capture 5 seizures or events during the admission</li> <li>• Patients are placed at high risk for seizures and require specialized safety precautions.</li> </ul>

# Creating a Partnership for Comprehensive Neurological Care



# Team Members

- Hari Veedu M.D., Neurologist
- Joseph Chen, M.D., Neurosurgeon
- Charles Liu, M.D., Neurosurgeon
- Thomas Russin, M.D., Neurosurgeon
- Brian Lee, M.D., Neurosurgeon
- Gary Walters, Nurse Practitioner for Neurosurgery
- Adora Calistro, EEG Tech
- Jeannie Morales, EEG Tech
- Mayra Garcia, EEG Tech
- David Kalish, Cardiopulmonary Manager



Board of Governors Meeting  
December 13, 2017

# Board of Directors

- Mike Maggard - Chairman
- Zack Scrivner - Board Member
- Greg Bynum – Board Member
- Royce Johnson, MD – Board Member
- Drew Cassidenti, MD – Board Member
- Russell Judd – Secretary

# Infusion Clinic at Columbus



# JJ's Legacy Comfort Room





Safe Patient Handling & Patient  
Mobility Program

Made possible because of a  
\$578,000 grant from Kaiser  
Permanente

Program launches 12/19





# Stay Wonderful - Wasco

Stay Wonderful  
\$50,000 from The Wonderful  
Company

- Health & Wellness Activities
- Chronic Disease Mgmt
  - Safe Home, Safe Baby
  - High School Physicals
  - Concussion Prevention
  - ServSafe & Job Readiness



# Doc for a Day

- Phil McLaughlin
- Christina Sistruck  
& Berta McCarthy
- Greg Bynum  
& Angelo Mazzei
- Raji Brar
- Lori & Bob Malkin
- Steven Pelz  
& Doug Hayward
- Bob Hampton  
& David Couch
- Colleen McGauley  
& Cynthia Lake
- Russ Bigler & Nancy Lawson
- Rasmus Jenson  
& Mary Martinez
- Chuck Gray & Keith Brice
- John, Deanna & Joshua Pavletich

# Student Union





# Simulation Equipment

- Sonosim – OB/GYN (Fetal Monitoring Equipment)
- TraumaMan
- FemoraLine Man
- Lap Trainers
- Suturing Kits



# Kern Medical Alumni Society

## MAKING THE ROUNDS

NOVEMBER 2017

### WELCOME TO THE ALUMNI NEWSLETTER



By Dr. Amir Beggs

Welcome to the inaugural Kern Medical Alumni Society electronic newsletter. Kern Medical is celebrating its 150th anniversary. The hospital started as a one-room shelter but in 1867 and over the last century and half has transformed itself into the premier academic teaching hospital in Kern County. We recently celebrated the 60th class of graduating residents and fellows in June of this year at the Bakerfield Music Hall of Fame. We inducted new members into the Alumni Association Society and added our meet at our new Hall of Fame. Dr. Richard Black who had been with Kern Medical for over 30 years retired, joining the likes of Stadle, Eastman, Meier, Arqunt, Black, Purcell, Kowles, Amin, and Johnson. As the CEO and Director of Medical Education, I had the distinct honor of presenting the Class of 2017.

Before I review with you the great



progress and advances we have made just in the last few years at Kern Medical, I want to share with you who I am here. I am part of the 2014 graduating class in general surgery. After completing my fellowship in thoracic surgery, I returned to Bakerfield and started my own private practice.



Approximately 6 years ago, Dr. Jack Black contacted me to assist with medical resident education. Some of you may not have had the pleasure of working with Dr. Black. For those of you who did, he was a giant in our field. Dr. Black served as Chairman of the Department of Surgery for nearly 30 years, educating and training scores of residents who are now shining in both private and academic practice.



(Continued on next page)

KERN MEDICAL ALUMNI

# Research & Clinical Trials

- Fleet Study- Clinical Trial of Fluconazole (Valley Fever)
- Trial of XenMatrix AB Surgical Graft
- Psychiatry Community Engagement Study
- Positive Psychiatry in Comorbid ADHD with PTSD

# Resident Research Forum



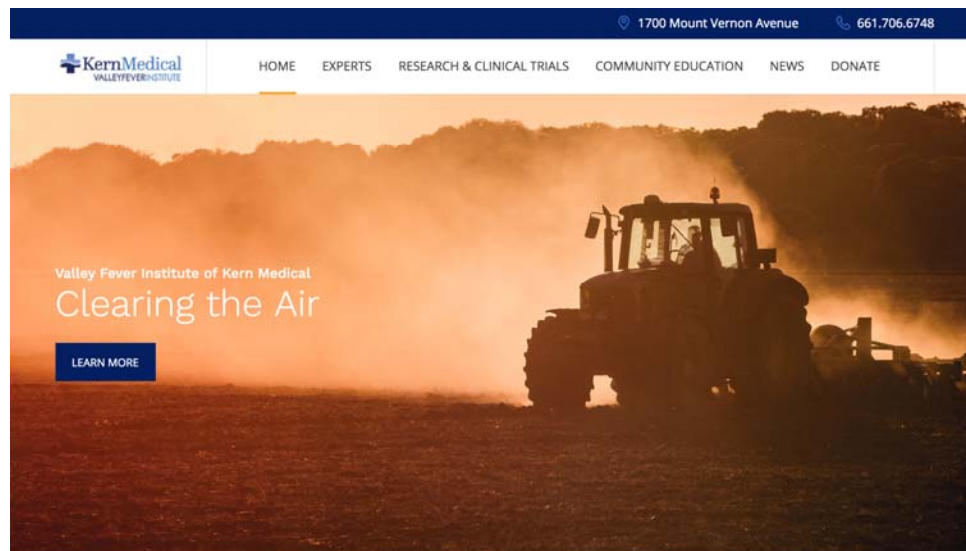


# Graduation





# Valley Fever Institute



# Christmas

NICU Santa Pictures - 12/7

NICU Reunion – 12/9

Pediatric Clinic Party – 12/15

OUTLAWZ CAR CLUBS'  
**10TH ANNUAL  
CHRISTMAS TOY DRIVE**

APPEARANCE BY  
DJ LEROY KELLY

RAIN OR SHINE!

THE CREST BAR AND GRILL | DECEMBER 3 8:00AM  
5025 WIBLE ROAD | 2016 3 3:00PM

ACCEPTING TOYS AT THE  
THE GOLDEN EMPIRE MUSTANGS  
3RD ANNUAL CAR, TRUCK, & MOTORCYCLE SHOW

All toys benefit the Pediatric patients at Kern Medical  
For more information contact: Bill at 661.912.4037 or Jeff at 661.477.2055

KernMedical Crest Bar & Grill Diablo's Hosue of Style

# History of the Auxiliary

- Started in 1970
- Dot Kustner (47 years)
- Transitioned to Foundation in January 2017



# Auxiliary Today



- Number of Volunteers  
80 to 150 (88% increase)
- Sips & Snacks
  - Revenue \$39,082 YTD
- Gift Shop
  - Revenue \$87,271 YTD



# Projects Funded - More than \$30,000



- Veinfinders: NICU & Pediatrics
- Cuddle Cot
- Hearing Machine: NICU
- Pediatrics: DVDs & Storage System
- Stroke Video: Fast, Fast Baby
- Emergency & Inpatient Psychiatric Unit (IPU) Closet
- New TVs and cases for IPU
- Butterfly Babies Program

# Volunteer Expansion

- Hospitality Team
  - Emergency Room (20 Volunteers)
  - Greeters at Hospital & Columbus
- Valley Fever
- Radiology
- Medical Records
- Epilepsy Program (EMU)
- Information Technology
- Lactation
- Administrative Asst. at Columbus







## HOSPITALITY — Menu —

Pet Therapy

Bookmobile

Patient Care

*Friendly Visits at the Bedside*

Amenities

*Clothing, Toys, Coloring Books & other  
Comfort Items*

Special Requests

*Birthdays & Holidays*



Please contact the Hospitality Hotline at  
661.489.5252 to request these services  
for a patient or family member.

# Butterfly Babies



Redesigned Bereavement Program

Memory Boxes

Bereavement Materials

Condolence Cards

Cuddle Cot





# Auxiliary Newsletter



# Area Council



# Octopi in the NICU



# How you can help!

- Make a gift
- Identify potential community members:
  - Donors
  - Board Members
  - Doc for a Day participants





## **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, November 15, 2017

11:30 A.M.

#### **BOARD RECONVENED**

Directors present: Berjis, Bigler, Lawson, McGauley (arrived at 11:35 a.m. after the vote on the consent agenda), McLaughlin, Pelz (arrived at 11:35 a.m. after the vote on the consent agenda), 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 AND DIRECTOR BERJIS REPORTED ON THEIR ATTENDANCE AT 'THE MAGIC OF KERN MEDICAL: AN EVENING TO CELEBRATE THE PHYSICIANS OF KERN MEDICAL,' THURSDAY, NOVEMBER 9, 2017, AND EXPRESSED THEIR APPRECIATION TO THE KERN MEDICAL FOUNDATION FOR ITS PARTICIPATION IN THE EVENT**

ITEMS FOR CONSIDERATION

CA

- 3) Minutes for Kern County Hospital Authority Board of Governors regular meeting on October 18, 2017 –  
APPROVED  
**Sistrunk-Lawson: 5 Ayes; 2 Absent - McGauley, Pelz**

CA

- 4) Proposed retroactive Agreement with CareFusion Solutions, LLC, an independent contractor, containing nonstandard terms and conditions, for purchase of Pyxis® medication dispensing units from November 7, 2017 through November 6, 2022, in an amount not to exceed \$2,575,260 –  
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 074-2017  
**Sistrunk-Lawson: 5 Ayes; 2 Absent - McGauley, Pelz**

CA

- 5) Proposed First Amendment to Operating Agreement of Kern Medical Surgery Center, LLC, by Kern County Hospital Authority, in its capacity as the sole member, revising Exhibit "A" to reflect all capital contributions, increasing the cash contribution by \$500,000, from \$1,500,000 to \$2,000,000, and adding in-kind contributions, including but not limited to, legal, financial, management, administrative, contracting, lease agreement, equipment, and insurance, effective November 15, 2017 –  
MADE FINDING AGREEMENT COMPLIES WITH INTERNAL REVENUE SERVICE PLR-138562-15, DATED MAY 25, 2016, AND CHAPTER 2.170 OF THE KERN COUNTY ORDINANCE CODE; APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 085-2017  
**Sistrunk-Lawson: 5 Ayes; 2 Absent - McGauley, Pelz**



CA

- 6) Proposed retroactive Amendment No. 1 to Agreement 2016-072 with Arman G. Froush, D.O., a contract employee, for professional medical services in the Department of Radiology, for the period January 21, 2017 through January 20, 2020, revising payment for excess call coverage, and increasing the maximum payable by \$395,000, from \$1,880,000 to \$2,275,000, to cover the term – 076-2017  
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT  
**Sistrunk-Lawson: 5 Ayes; 2 Absent - McGauley, Pelz**

CA

- 7) Proposed retroactive Agreement with James E. Thompson, Inc., doing business as JTS Construction, an independent contractor, for construction management services related to the NOC IT hub at Sagebrush Medical Plaza, effective October 17, 2017, in an amount not to exceed \$717,500 –  
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 077-2017  
**Sistrunk-Lawson: 5 Ayes; 2 Absent - McGauley, Pelz**

CA

- 8) Proposed retroactive Amendment No. 5 to Agreement 472-2009 with Morrison Management Specialists, Inc., an independent contractor, for management of the dietary and food and nutrition services departments, extending the term from June 27, 2018 through June 30, 2023, adding one clinical dietitian, revising the cost of services, and increasing the maximum payable by \$6,434,394, to cover the extended term –  
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 078-2017  
**Sistrunk-Lawson: 5 Ayes; 2 Absent - McGauley, Pelz**

CA

- 9) Proposed retroactive Amendment No. 1 to Agreement 26716 with Naheedy and Zarandy Medical Group, Inc., an independent contractor, for professional medical services in Department of Radiology, for the period November 1, 2016 through October 31, 2018, adding payment for excess coverage, and increasing the maximum payable by \$80,000, from \$570,000 to \$650,000, to cover the term –  
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 079-2017  
**Sistrunk-Lawson: 5 Ayes; 2 Absent - McGauley, Pelz**

CA

- 10) Proposed selection of Milliman, an independent contractor, to recommend an alternate retirement plan for Kern Medical employees hired on or after July 1, 2018 –  
APPROVED; AUTHORIZED CHIEF EXECUTIVE OFFICER TO DEVELOP AGREEMENT  
**Sistrunk-Lawson: 5 Ayes; 2 Absent - McGauley, Pelz**



CA

- 11) Proposed Resolution establishing meeting dates of the Kern County Hospital Authority Board of Governors for calendar year 2018 –  
APPROVED; ADOPTED RESOLUTION 2017-009  
**Sistrunk-Lawson: 5 Ayes; 2 Absent - McGauley, Pelz**

CA

- 12) Proposed retroactive Resolution authorizing the Chief Executive Officer, Chief Financial Officer, Chief Strategy Officer, and Director of Finance, to establish one or more zero balance accounts with banking and investment institutions and sign banking instruments, effective July 1, 2016 –  
APPROVED; ADOPTED RESOLUTION 2017-010  
**Sistrunk-Lawson: 5 Ayes; 2 Absent - McGauley, Pelz**

CA

- 13) Proposed Agreement with Bradley J. Phillips, M.D., a contract employee, for professional medical services in the Department of Surgery from November 15, 2017 through November 14, 2020, in an amount not to exceed \$2,400,000 –  
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 080-2017  
SUBJECT TO APPROVAL AS TO FORM BY COUNSEL  
**Sistrunk-Lawson: 5 Ayes; 2 Absent - McGauley, Pelz**

CA

- 14) Proposed retroactive rescission of Agreement 2017-42 with Aisha W. Shaheen, M.D., a contract employee, for professional medical services in the Department of Surgery, effective September 15, 2017 –  
APPROVED; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN AND ISSUE NOTICE OF RESCISSION  
**Sistrunk-Lawson: 5 Ayes; 2 Absent - McGauley, Pelz**

CA

- 15) Request to employ retired Kern County Hospital Authority employee Anna Rippy, as Extra Help Hospital Staff Nurse II, for the period ending June 30, 2018, or 960 hours, whichever occurs first, effective November 16, 2017 –  
APPROVED  
**Sistrunk-Lawson: 5 Ayes; 2 Absent - McGauley, Pelz**

- 16) Proposed Agreements (Schedule No. 3, Schedule No. 4, Sales Order 1-65FB0P5, Sales Order 1-63XGF18) with Cerner Corporation, an independent contractor, containing nonstandard terms and conditions, for purchase of the Cerner electronic health record from November 15, 2017 through November 14, 2024, in an amount not to exceed \$38,776,601 –  
APPROVED; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN AGREEMENTS 081-2017, 082-2017, 083-2017, AND 084-2017 SUBJECT TO APPROVAL AS TO FORM BY COUNSEL  
**Berjis-Pelz: All Ayes**

- 17) Proposed Agreement with IBM Credit LLC, an independent contractor, for financing of the Cerner electronic health record from November 15, 2017 through November 14, 2020, in an amount not to exceed \$5,565,720 –  
APPROVED; ADOPTED RESOLUTION 2017-011; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 083-2017  
**Pelz-Berjis: All Ayes**
- 18) Proposed Agreements (P201710019602, IWS-249098, IWS-249089, IWS-248055, IWS-166248) with McKesson Technologies LLC, an independent contractor, for purchase of the picture archiving and communication system (PACS) from November 15, 2017 through November 14, 2024, in an amount not to exceed \$4,541,460 –  
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENTS 087-2017, 088-2017, 089-2017, 090-2017 AND 091-2017  
**McGauley-Sistrunk: All Ayes**
- 19) Kern County Hospital Authority Chief Financial Officer report –  
RECEIVED AND FILED  
**Berjis-Pelz: All Ayes**
- 20) Kern County Hospital Authority Chief Executive Officer report –  
RECEIVED AND FILED  
**Sistrunk-Berjis: All Ayes**
- CA
- 21) Claims and Lawsuits Filed as of October 31, 2017 –  
RECEIVED AND FILED  
**Sistrunk-Lawson: 5 Ayes; 2 Absent - McGauley, Pelz**

ADJOURNED TO CLOSED SESSION  
**McGauley-Sistrunk**

CLOSED SESSION

- 22) Request for Closed Session regarding peer review of health facilities (Health and Safety Code Section 101855(j)(2)) – SEE RESULTS BELOW
- 23) Request for Closed Session regarding peer review of health practitioners (Health and Safety Code Section 101855(j)(2)) – SEE RESULTS BELOW
- 24) PUBLIC EMPLOYEE PERFORMANCE EVALUATION - Title: Chief Executive Officer (Government Code Section 54957) – SEE RESULTS BELOW

RECONVENED FROM CLOSED SESSION  
**Pelz-Lawson**

REPORT ON ACTIONS TAKEN IN CLOSED SESSION

Item No. 22 concerning a 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. 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, SECOND BY DIRECTOR MCGAULEY), THE BOARD APPROVED ALL PROVIDERS RECOMMENDED FOR INITIAL APPOINTMENT, REAPPOINTMENT, REVIEW AND RELEASE OF PROCTORING, CHANGE IN STAFF STATUS, VOLUNTARY RESIGNATION OF PRIVILEGES, AND AUTOMATIC TERMINATION OF PRIVILEGES; NO OTHER REPORTABLE ACTION TAKEN

Item No. 24 concerning PUBLIC EMPLOYEE PERFORMANCE EVALUATION – Title: Chief Executive Officer (Government Code Section 54957) – HEARD; NO REPORTABLE ACTION TAKEN

ADJOURNED TO WEDNESDAY, DECEMBER 13, 2017, AT 11:30 A.M.

**Sistrunk**

/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**

December 13, 2017

**Subject:** Proposed Retroactive Agreement with Compass Group USA, Inc., by and through its subsidiary, Crothall Healthcare, Inc., for management of Environmental Support Services

**Recommended Action:** Approve; Authorize Chairman to sign

**Summary:**

Kern Medical proposes a new agreement with Compass Group USA, Inc., by and through its subsidiary, Crothall Healthcare, Inc., for management of Environmental Services Departments (EVS), including: housekeeping, laundry and linen, patient transport, and communications. This agreement is for a term of six years from December 1, 2017 through November 30, 2023, provides a \$250,000 multi-service discount on the management cost, and provides \$50,000 in new investment dollars and \$41,461 carryover investment dollars from the previous agreement with Crothall Healthcare, Inc., that Kern Medical can use on upgrading EVS facilities and equipment. The total not-to exceed cost of the six-year agreement is \$3,263,690, not including the multi-service discount and new and carryover capital investments. The overall costs include a Crothall management fee and salaries, wages, and benefits of on-site Crothall employees, which include the director and managers charged with managing all EVS activity in the hospital.

**Service Agreement**  
**Between**  
**KERN COUNTY HOSPITAL AUTHORITY**  
**and**  
**CROTHALL HEALTHCARE, INC.**

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This AGREEMENT (“Agreement”) is entered into on this December 13, 2017 (the “Effective Date”), by and between KERN COUNTY HOSPITAL AUTHORITY, a local unit of government which owns and operates Kern Medical Center, located at 1700 Mount Vernon Avenue, Bakersfield, CA 93306 (“Client”), and CROTHALL HEALTHCARE, INC. by and through its subsidiary Crothall Healthcare, Inc., a Delaware corporation with its principal office located at 1500 Liberty Ridge Drive, Suite 210, Wayne, Pennsylvania 19087 (“Crothall”). Crothall and Client may at times be individually referred to as a “Party” or collectively referred to as the “Parties”.

**WITNESSETH:**

WHEREAS, based upon its extensive experience, Crothall is prepared to and desires to render the services to Client identified in the Statement of Work attached to this Agreement as Exhibit A (the “Services”); and

WHEREAS, Client desires to contract with Crothall for the performance of the Services for Client at the location(s) identified in Exhibit A (“Location” or “Locations”); and

WHEREAS, the Parties previously entered into a Management Agreement (Kern County Agreement #519-2009) on June 23, 2009, as amended (“Management Agreement”), however, the parties have agreed that the QIP program attached as Exhibit A-4 shall continue until the close of business on June 26, 2018; and

WHEREAS, the Parties acknowledge and agree that the Management Agreement shall be terminated effective at midnight on November 14, 2017, and this Agreement shall take effect at 12:01a.m. on November 15, 2017; and

WHEREAS, Client is authorized to enter into this Agreement on behalf of each Location identified herein.

NOW, THEREFORE, the parties hereto hereby agree as follows:

1. **Facility Access.** Client shall provide Crothall access to the facilities and equipment where the Services are to be performed at each Location, as well as all utilities, including internet service, necessary to perform the Services. Client shall provide Crothall with adequate and appropriate office and storage space, as well as adequate and appropriate office furniture and equipment for such space in the primary area of each Location, and if applicable, dressing rooms, rest rooms and locker facilities, at no charge. Client shall be responsible for the cost of any improvements, repairs, or replacements that are necessary to bring each Location’s facilities into compliance with Applicable Laws. Client recognizes its obligation to identify the presence of any environmental hazards that pose an unreasonable health risk to employees working in the Locations, and to take steps as may be required by federal, state and local laws, to communicate the presence of such hazards and take appropriate remedial action. Client and Crothall shall cooperate with each other and work together to identify and train employees with respect to such environmental hazards.

2. **Personnel.**

a. **Client's Rules.** Those individuals who are on Crothall's payroll and assigned to perform Services on-site at a Location ("Crothall Personnel"), shall adhere to the Client's policies applicable to Crothall at all times while on-site at a Location. All applicable policies will be provided to Crothall prior to coming to an on-site Location. Crothall Personnel shall also perform their respective tasks in accordance with the requirements and standards set forth in this Agreement.

b. **Pre-Employment Screenings and Testing for Crothall Personnel.** Crothall Personnel will comply with Crothall's pre-employment policies, including its background check policy. Any additional Client pre-employment screening requirements for Crothall Personnel shall be identified in Exhibit A. Crothall Personnel will further comply with all immunization, health and disease testing required by the Client or otherwise required by Applicable Law (as defined in Section 12(a)). Client will conduct all employee physicals, immunizations, and health and disease testing for Crothall Personnel in accordance with Client policies and procedures. Each Party's responsibility for the costs of the foregoing items is set forth in Exhibit A.

c. **Personnel Responsibilities.** Each Party's responsibility for providing personnel for the Services shall be as set forth in Exhibit A. Crothall will be responsible for paying all Wages and Salaries (defined below) and associated payroll costs, including Crothall's applicable Management Fringe Rate and Hourly Fringe Rate, for Crothall Personnel. Client will be responsible for all costs associated with personnel who are on the Client's payroll at any Location, including, but not limited to, all Wages and Salaries, travel and education, recruitment, background checks, physicals, immunizations, and health and disease testing. Crothall shall not be a party to, or negotiate on behalf of Client, any of Client's collective bargaining agreements, nor shall Crothall be an employer or a joint employer of any personnel employed by Client. In addition, Client shall be solely responsible for all communications with its own employees, including the distribution of any written materials, relating to any collective bargaining negotiations that involve Client's personnel. "Wages and Salaries" means all wages and salaries including regular pay, incentive pay, vacation pay, sick pay, bereavement leave, applicable Fringe Rate (defined below) and legal holiday pay. Crothall's "Management Fringe Rate" and "Hourly Fringe Rate" refers to a percentage rate of Wages and Salaries for direct and indirect payroll taxes, workers' compensation insurance, employer's portion of state and federal unemployment compensation tax, social security tax, accident and health insurance, life insurance and retirement plan contributions, legal costs, fringe benefits, and related overhead and may be collectively referred to as the "Fringe Rates." As used in this Agreement, "Management Personnel" shall mean all supervisory employees performing the Services. "Non-Supervisory Personnel" shall mean all non-supervisory personnel performing the Services.

d. **Removal of Crothall Personnel.** The Client shall have the right to request the replacement of any Crothall Personnel whose continued presence, in the reasonable judgment of the Client, is not in the best interest of the Client, its patients, or its staff; provided that such request is in writing, does not contravene with Applicable Laws, and Crothall is first given an opportunity to respond and address such issues consistent with this Agreement. Crothall's obligation to comply with any such request shall also be subject to restrictions imposed upon Crothall by any collective bargaining agreement or other contract affecting such Crothall Personnel.

3. **Term of Agreement.** The term of this Agreement shall commence on December 1, 2017 (the "Effective Date") and shall continue until November 30, 2023 (the "Initial Term") unless earlier terminated pursuant to other provisions of this Agreement as herein stated. This Agreement may renew for additional one (1) year terms ("Renewal Terms") by written amendment of the Parties.

4. **Termination of Agreement.**

a. **Termination for Cause.** Subject to Crothall's right to terminate for nonpayment per paragraph b. below, either Party may terminate this Agreement upon a material breach by the other Party of the terms and conditions set forth herein on sixty (60) days written notice of its intention to cancel this Agreement if such breach has not been corrected within that time period (the "Cure Period"). At the end of the Cure Period, the non-breaching Party shall determine that either (i) the breach has been corrected, in which case this Agreement will continue in full force and effect subsequent to the Cure Period, or (ii) the breach has not been corrected, in which event the non-breaching Party may, by further written notice, cancel this Agreement sixty-five (65) days from the end of the Cure Period. In the event that the non-breaching Party does not act pursuant to either (i) or (ii) above, the breach shall be deemed corrected and the Agreement shall continue in full force and effect thereafter.

b. **Termination for Non-Payment.** Crothall may terminate this Agreement upon seven (7) days' prior written notice if the Client fails to timely pay any amounts due (subject to the Client's right to cure prior to the end of the seven (7) day notice period).

c. **Termination for Non-Appropriation.** Client, as a government entity, reserves the right to terminate this Agreement upon providing Crothall at least thirty (30) days' prior written notice in the event insufficient funds are appropriated for this Agreement in any fiscal year under the provisions of California Constitution Article 16 section 18a. Client's fiscal year is July 1 to June 30 of each calendar year. Upon such termination, Client will be released from any future financial obligation to pay Crothall's Fees, but will be obligated to pay Crothall's Fees for the Services performed prior to the date of termination as well as any amounts due to Crothall upon (i) this clause being exercised, such as Client's repayment obligations under Exhibit A, Sections 4(d) and 4(e), or (ii) a breach of any clause that survives the termination of this Agreement.

d. **Termination Cooperation.** Upon the termination of this Agreement, for any reason, Crothall and Client shall act in the spirit of reconcilable cooperation and good faith, to achieve an orderly transition of operations back to Client or Client's designee.

e. **Termination By Service or Termination By Location.** The termination rights set forth in this Agreement may be applied to one or more Services or Locations without terminating any other Service(s) or Location(s) covered under this Agreement.

5. **Insurance Coverage.**

a. **Types of Insurance.** Each Party shall procure and maintain during the term of this Agreement the following insurance:

i. **Workers' Compensation and Employers Liability Insurance** with workers' compensation in compliance with the laws of the State of California for the employees on a Party's payroll and employer's liability insurance in accordance with the provisions of section 3700 of the California Labor Code. The Parties shall require any subcontractors to provide workers' compensation for all of the subcontractors' employees, unless the subcontractors' employees are covered by the insurance afforded by the Party. If any class of employees engaged in work or services performed under this Agreement is not covered by California Labor Code section 3700, the Parties shall provide and/or require each subcontractor to provide adequate insurance for the coverage of employees not otherwise covered. The Parties shall maintain employer's liability insurance with limits of \$1,000,000 each accident/each employee/policy limit for bodily injury or disease.



ii. Property Insurance covering a Party's real and personal property now or hereafter located at the Client's Locations against "All Risk" of Loss in an amount at least equal to replacement value. "All Risk" shall mean at a minimum coverage for Special Causes of Loss perils.

iii. Commercial General Liability Insurance including, but not limited to, Contractual Liability Insurance (specifically concerning the indemnity provisions of this Agreement), Products-Completed Operations Hazard, Personal Injury (including bodily injury and death), and Property Damage for liability arising out of a Party's performance of work under this Agreement. The Commercial General Liability Insurance shall contain no exclusions or limitation for independent contractors working on the behalf of the named insured. The Parties shall maintain the Products-Completed Operations Hazard coverage for the longest period allowed by law following termination of this Agreement. The Commercial General Liability Insurance shall provide a minimum limit of liability of \$1,000,000 per occurrence and \$2,000,000 aggregate.

iv. Automobile Liability Insurance against claims of Personal Injury (including bodily injury and death) and Property Damage covering any vehicle and/or all owned, leased, and hired vehicles used in the performance of services pursuant to this Agreement, with coverage equal to the policy limits, which shall be at least \$1,000,000 each occurrence.

v. Excess Liability Insurance providing excess coverage over the underlying Commercial General Liability and Employers Liability Policies. The limit of liability shall be \$5,000,000 per occurrence/aggregate.

b. If any of the insurance coverages required under this Agreement is written on a claims-made basis, the Parties, at the Parties' option, shall either (i) maintain said coverage for at least three (3) years following the termination of this Agreement with coverage extending back to the Effective Date of this Agreement; (ii) purchase an extended reporting period of not less than three (3) years following the termination of this Agreement; or (iii) acquire a full prior acts provision on any renewal or replacement policy.

c. **Certificate of Insurance.** Each Party shall provide a Certificate of Insurance evidencing its insurance coverage upon request of the other Party.

d. The above stated insurance coverages required to be maintained by the Parties shall be maintained until the completion of all obligations under this Agreement except as otherwise indicated herein. Each required insurance policy supplied by a Party must be endorsed to provide that the coverage shall not be cancelled except after 10 days' prior written notice in the case of non-payment of premiums, or 30 days' prior written notice in all other cases. This notice requirement does not waive the insurance requirements stated herein. The Parties shall immediately obtain replacement coverage for any insurance policy that is terminated, canceled, non-renewed, or whose policy limits have been exhausted or upon insolvency of the insurer that issued the policy.

e. All insurance shall be issued by a company or companies admitted to do business in California and listed in the current "Best's Key Rating Guide" publication with a minimum rating of A-; VII. Any exception to these requirements must be approved by the other Party.

f. All insurance afforded by the Parties pursuant to this Agreement shall be primary to and not contributing to all insurance or self-insurance maintained by the other Party. An endorsement shall be provided on all required policies, except professional liability/errors and omissions, which shall waive any right of recovery (waiver of subrogation) against the other Party. Primary insurance coverage to and not contributing to all insurance or self-insurance maintained by the other Party, does not affect the

possible contributory negligence of the Parties in their requirement to indemnify the other Party.

g. Insurance coverages in the minimum amounts set forth herein shall not be construed to relieve a Party of any liability, whether within, outside, or in excess of such coverage, and regardless of solvency or insolvency of the insurer that issues the coverage; nor shall it preclude a Party from taking such other actions as are available to it under any other provision of this Agreement or otherwise in law.

h. Failure by a Party to maintain all such insurance in effect at all times required by this Agreement shall be a material breach of this Agreement, and the other Party, at its sole option, may terminate this Agreement immediately.

i. **Self-Insurance.** Client self-insures as a matter of normal business practice, and will continue to self-insure for the term of this Agreement in at least the minimum amounts necessary to meet reasonable risks. Client, upon request of Crothall, shall forward documentation to Crothall that Client self-insures as a matter of normal business practice. Crothall will accept reasonable proof of self-insurance comparable to the above requirements.

## 6. **Indemnity.**

a. **Mutual Indemnification.** Each Party (the “Indemnifying Party”) shall indemnify, defend, and hold harmless the other Party, its parent company, affiliates, subsidiaries and their respective directors, officers, agents, employees, volunteers and authorized representatives (collectively, the “Indemnified Party”), with respect to any and all liabilities, losses, claims, suits, damages, taxes, charges and demands of any kind and nature by any party which the Indemnified Party may incur or suffer to the extent arising out of the negligent acts or omissions of the Indemnifying Party, authorized representatives, or its employees. The Indemnifying Party shall not be required to indemnify, defend and hold harmless the Indemnified Party for any liabilities, losses, claims, suits, damages, taxes, charges or demands of any kind or nature to the extent arising out of any negligent acts or omissions of the Indemnified Party, its employees or a third party. Without limiting the generality of the foregoing, the same shall include bodily and personal injury or death to any person or persons; damage to any property, regardless of where located, including the property of Client; and any workers’ compensation claim or suit arising from or connected with any services performed pursuant to this Agreement on behalf of a Party by any person or entity.

b. **Release:** Each Party has the obligation and responsibility to adequately insure its real and/or personal property against loss or damage caused by fire and extended coverage perils. The Parties waive all rights of recovery against each other and their subsidiaries, officers, directors, trustees, volunteers and employees, including subrogation rights, for such loss or damage to the waiving Party unless loss or damage is caused by malicious actions of a Party.

c. **Limitation of Liability.** Crothall’s total liability for damages, or otherwise, resulting from its performance or nonperformance under this Agreement or with regards to any obligations/responsibilities herein shall not exceed the aggregate of Crothall’s charges to the Client during the first twelve (12) months from the Effective Date of this Agreement. Neither Party shall have any liability to the other Party or to anyone else for any special and/or consequential damages, whether foreseeable or not, including but not limited to lost revenues or profits, cost of capital or any other similar form of economic loss resulting from this Agreement, under any circumstances or under any theory of liability. Notwithstanding anything to the contrary, the limitations of liability shall not apply to, affect, or limit any of the Parties’ duties to indemnify the other Party for third-party claims in accordance with this Agreement. For purposes of this Section 6.c., “third parties” as used in “third-party claims” does not include the Parties’ personnel within their scope of employment.

7. **Dispute Resolution.**

a. **Initiation of Dispute Resolution.** If any dispute arises on matters concerning this Agreement, either Party may initiate the dispute resolution procedures of this Section by providing notice to the other Party of the existence and nature of the dispute. The dispute shall be referred to designated representatives of Client and Crothall, respectively, who shall attempt to resolve the dispute. If such representatives can resolve the dispute, such resolution shall be reported in writing to and shall be binding upon the parties. If this dispute involves an amount due under the terms of this Agreement, then the Client agrees to pay all item(s) not in dispute timely in accordance with the terms of this Agreement. Crothall agrees that it will not charge interest on any item(s) in dispute for a period of sixty (60) days after the receipt of the Client's written explanation of the dispute.

b. **Referral to Senior Executives.** In the event the dispute cannot be resolved by the designated representative of each Party within five (5) days (or such longer period as mutually agreed by the parties), either party may demand in writing that the dispute be submitted to senior executives for resolution. Upon receipt of such demand, each Party shall designate immediately a senior executive with authority to resolve the dispute. The designated senior executives shall begin discussions promptly in an effort to agree upon a resolution of the dispute. If the senior executives do not agree upon a resolution of the dispute within seven (7) days of the date that such demand was made (or such longer period as mutually agreed by the parties), then either Party may elect to abandon executive discussions and resort to any and all applicable legal remedies.

8. **Auditing.** Crothall shall maintain accurate books and records in connection with its provision of Services. Crothall shall retain such books and records for a period of four (4) years from the date of final payment under this Agreement, or until after the conclusion of any audit that commences within the prescribed period, whichever occurs last. Crothall will make such books and records available to the Client for auditing purposes to confirm that Crothall's charges to the Client and Services provided by Crothall are consistent with the terms of this Agreement. The Client may audit Crothall's relevant books and records any time during regular business hours upon two (2) business days' prior written notice at the location where Crothall maintains such records (or another location if mutually agreed upon by the Parties in writing); provided, however, that Crothall's records may not be audited more than once during any consecutive twelve (12) month period, unless required by the state of California or any federal agency having an interest in the subject of this Agreement who shall have the same rights conferred upon Client herein.

9. **Force Majeure Events.**

a. **Force Majeure Defined.** Neither Crothall nor Client shall have any liability for breach of this Agreement for failing to perform the Services when performance is prevented by force majeure. The term "force majeure" shall mean any government requirement or request; war; public disorders; acts of enemies; terrorism; sabotage; strikes; lockouts; picketing; protected, concerted labor activity or other labor or employment difficulties; fires; floods; earthquakes; pandemics or epidemics; acts of God; natural disasters; accidents or breakdowns (whether or not preventable); or any other cause beyond the reasonable control of either party.

b. **Operating During a Force Majeure Event.** The Client and Crothall understand and agree that force majeure events may, instead of preventing performance, interfere with the efficient performance of the Services, and will result in direct and indirect costs not reflected in Crothall's Rates (as defined in Exhibit A). The Parties agree that under such conditions, Crothall will work together with the Client in good faith to provide Services and develop appropriate responses and courses of action, as is practical and reasonable under the circumstances. If Client requests that Crothall provide the Services to

one or more Locations during a force majeure event, then any financial guarantees, performance guarantees, and Service penalties will not apply under these conditions. Crothall will continue to perform the Services and charge the Client the applicable Crothall Rate and any additional costs incurred by Crothall due to the force majeure event. The preceding sentence shall not apply to any food and nutrition Services Crothall is providing hereunder; instead, Crothall shall charge the Client for all costs and expenses associated with or incurred by Crothall to provide any such food and nutrition Services.

10. **Employment Commitment.**

a. The Parties agree that at no time during the term of this Agreement or for a period of two (2) years immediately following the expiration or termination of this Agreement for any reason (the “Period of Restriction”), shall they, or their respective agents or representatives attempt to recruit, employ, or use the services of, directly or indirectly, any salaried (exempt) employee of the other Party without the other Party’s prior written consent. The Client and each Location also agree that they will not allow any Crothall salaried (exempt) employee to perform services on or from a Location’s facility during the Period of Restriction (whether employment is by the Client, a Location, a subsequent third party contractor, or otherwise).

b. If a Party violates paragraph a. above, then the Party who has committed the violation agrees to reimburse the other Party an amount equal to two (2) years’ of each such employee’s then current salary (or, in the case of past employees, such employee’s salary immediately prior to termination) as liquidated damages, not as a penalty. Acceptance of such payment does not constitute a waiver of any other remedies or rights a Party seeking to enforce other provisions of this Agreement may have either at law or in equity, including temporary restraining orders or injunctive relief.

c. The restrictions set forth in this Section shall not apply to an employee of a Party who has ceased working for that Party for more than one (1) year at the time he or she is hired by the other Party.

11. **Compliance with Applicable Law.**

a. **Applicable Laws.** Crothall and the Client agree to comply with all Applicable Laws. “Applicable Laws” shall mean and refer to federal, state and/or local laws, statutes, regulations, ordinances or other legal requirements, to the extent applicable to the Services.

b. **Compliance with Laws and Regulatory Standards.** Crothall shall perform the Services in a manner that is consistent with (1) all Applicable Laws; (2) all standards applicable to the Services and the individuals performing such Services which are promulgated by the Joint Commission (the “JC”); and (3) policies and procedures which are applicable to Crothall’s performance of the Services, which specific policies and procedures shall be Crothall’s unless otherwise mutually agreed upon by the parties. Notwithstanding the foregoing, this provision shall not be construed to require Crothall to assume the cost associated with bringing Client into regulatory compliance or for developing or implementing policies and procedures for Client as it pertains to existing or new laws where the Client, its policies and procedures, its Location or any of the equipment supplied by the Client or a Location are not in compliance. With regard to any fees, discounts, commissions, charges, donations or investments that are provided to the Client, the Client is solely responsible for any cost reporting or other compliance with state or federal agencies under Medicare/Medicaid programs.

c. **Unlawful Discrimination.** Neither Party will discriminate in any unlawful manner. Any changes necessary to the physical facility to comply with the Americans with Disabilities Act will be the Client’s responsibility. The parties shall abide by the requirements of 41 CFR §§ 60-1.4(a), 60-

300.5(a) and 60-741.5(a). These regulations prohibit discrimination against qualified individuals based on their status as protected veterans or individuals with disabilities, and prohibit discrimination against all individuals based on their race, color, religion, sex, sexual orientation, gender identity, or national origin. Moreover, these regulations require that the parties take affirmative action to employ and advance in employment individuals without regard to race, color, religion, sex, national origin, sexual orientation, gender identity, protected veteran status or disability. Further, the Parties agree to comply with 29 CFR Part 471, Appendix A to Subpart A.

1. **Immigration Compliance.** Crothall shall comply with all provisions of immigration law with respect to hiring, recruiting, or referring for employment persons whose authorization for employment in the United States has been verified, and shall provide Client with an attestation of such verification, as required in 8 USC section 1324a, if requested by Client. Without limiting the generality of the indemnification in section 6, Crothall agrees to indemnify, defend, and hold harmless Client, its agents, officers, and employees, from any liability, damages, or causes of action arising out of Crothall's failure to comply with this section.

d. **Licenses.** Crothall shall obtain and maintain all federal, state and local licenses and permits required to perform the Services on behalf of the Client (other than licenses related to service of alcohol, the cost for and procurement of which will be the Client's responsibility).

## 12. **Confidential Information and Proprietary Materials.**

a. **Proprietary Information.** "Proprietary Information" shall mean and refer to all trade secrets and/or confidential or proprietary information related to the business of Crothall or the Client or their respective affiliates, in any physical, electronic, computerized or other form, including but not limited to: technical and nontechnical data related to operations; computer programs; software; manuals; videotapes; methods; techniques; processes; finances; pricing and pricing information; actual or potential customers and suppliers; existing and future products or services; recipes; menus; production sheets; policy, procedure and/or personnel manuals; employees of Crothall, the Client, and their respective affiliates; any information which has been disclosed to Crothall or the Client by a third party which Crothall or the Client is obligated to treat as confidential; and the terms and conditions of this Agreement.

b. **Precautions.** The Party receiving Proprietary Information (the "Receiving Party") from the other Party (the "Disclosing Party"), will take all reasonable precautions, including adequate procedures and disciplines, to safeguard the confidential nature of the Proprietary Information. The Receiving Party also agrees that it will not use any Proprietary Information of the Disclosing Party without the Disclosing Party's prior written consent.

c. **Protection of Proprietary Information.** The Disclosing Party may disclose Proprietary Information to the Receiving Party in connection with this Agreement. If the Receiving Party receives Proprietary Information from the Disclosing Party, the Receiving Party shall, during the term of this Agreement and for a period of five (5) years after the termination of this Agreement, maintain the Proprietary Information in strict confidence and not disclose the Disclosing Party's Proprietary Information to third parties, except to fulfill obligations under this Agreement. The Receiving Party agrees to use reasonable care to protect any Proprietary Information it receives from the Disclosing Party. Promptly upon notice by the Disclosing Party or after any termination or expiration of this Agreement, the Receiving Party shall return or destroy the Disclosing Party's Proprietary Information.

d. **Limitation on Confidentiality Obligation.** The Receiving Party shall not be required to keep confidential information that: (i) was known to the Receiving Party before receipt, directly or indirectly, from the Disclosing Party; (ii) is lawfully obtained, directly or indirectly, by the Receiving

Party, from anyone, under no obligation of confidentiality; (iii) is or becomes publicly available other than as a result of an act or failure to act by the Receiving Party; (iv) is approved for release in writing by the Disclosing Party; or (v) is required by law, court order, or judicial process to be disclosed. Nothing in this Agreement is intended in any way to prohibit the Disclosing Party from seeking injunctive relief or other equitable or legal remedy to protect against the release of its Proprietary Information even in the event such disclosure is required by court order or a ruling by a governmental agency or department or accreditation body.

e. **Use of Client Data.** As between Client and Crothall, any data provided to or learned by Crothall in connection with the provision of the Services shall be deemed to be the property of Client. However, Crothall shall be authorized to use or disclose to its vendors any data received from Client or learned by Crothall in connection with the provision of the Services for the purpose of statistical compilations and benchmarking, provided that any data Crothall provides to its vendors shall be de-identified to remove any identifying characters such as names, addresses, URL, e-mail addresses, or similar information which may be used to identify the Client.

13. **HIPAA.** Crothall will comply with the obligations of the Health Insurance Portability and Accountability Act (“HIPAA”), as amended, relating to “business associates” to the extent that Crothall is a “business associate” of Client as that term is defined by the HIPAA. Accordingly, the Parties shall enter into a Business Associate’s Agreement, attached as Exhibit B and incorporated herein by this reference. In the event of a conflict between Exhibit B and any other confidential provision of this Agreement, Exhibit B shall control.

#### 14. **Miscellaneous.**

a. **Conflict of Interest.** The Parties to this Agreement have read and are aware of the provisions of sections 1090 et seq. and sections 87100 et seq. of the Government Code relating to the conflict of interest of public officers and employees. Crothall agrees that Crothall is unaware of any financial or economic interest of any public officer or employee of KCHA relating to this Agreement. It is further understood and agreed that if such financial interest does exist at the inception of this Agreement, KCHA may immediately terminate this Agreement by giving written notice thereof. Crothall shall comply with the requirements of Government Code sections 87100 et seq. during the term of this Agreement.

b. **Independent Contractor.** Crothall represents and warrants that as of the Effective Date, Crothall is a corporation in good standing fully authorized to enter into this Agreement. Crothall agrees that in all aspects its relationship to Client will be that of an independent contractor, and that Crothall will not act or represent that it is acting as an agent of the Client or incur any obligation on the part of the Client without written authority of the Client.

c. **Assignment.** This Agreement shall be binding upon and inure to the benefit of the successors and permitted assigns of the Parties hereto. Either Party may assign this Agreement to a parent company, affiliate or subsidiary without notice to the other Party. In the event Client desires to assign this Agreement (whether in whole or in part) in connection with the divestiture of any Location(s), Client shall notify Crothall and the Parties shall negotiate in good faith and mutually agree upon any adjustments to Crothall’s Rates, Services, and financial and performance guarantees for the affected Location(s) prior to the effective date of such assignment. Any assignment to a party other than those stated in the foregoing sentence shall be void without the prior written consent of the other Party. Any assignment by the Parties requiring consent of the other Party herein, must: (1) be in writing; and (2) contain a written acknowledgement of the assignee that it is accepting all obligations of the assignor under this Agreement, and agrees to be bound by and discharge each of the Agreement’s terms, conditions, and obligations as if it were the original party hereto.

d. **Modification.** The terms of this Agreement may not be amended or modified except by a further written statement signed by the Parties specifically referencing this Agreement.

e. **Execution.** This Agreement and any amendments thereto may be executed in one or more counterparts. Each counterpart shall be deemed an original, but all counterparts together constitute one and the same instrument.

f. **Entire Agreement; Conflict in Terms.** This Agreement and the Exhibit(s) attached hereto constitute the entire and exclusive agreement between the parties pertaining to the subject matter hereof and supersede all prior practice, agreements, understandings, negotiations and discussions with respect to the subject matter hereof whether oral or written. In the event of any conflict between the terms of this main body of the Agreement and those of any Exhibit, the terms of the Exhibit will govern.

g. **Survival.** Upon termination, all rights and obligations under this Agreement will end (except for amounts due under the terms of this Agreement for Services rendered on and before the date of termination; amounts owed as a result of termination; and the provisions of Sections 6, 10, 12, and 14).

h. **Waiver.** The failure of either Party to exercise any right or remedy available under this Agreement upon the other party's breach of the terms, covenants or conditions of this Agreement or the failure to demand prompt performance of any obligation under this Agreement shall not be deemed a waiver of the right or remedy; of the requirement of punctual performance; or of any subsequent breach or default on the part of the other Party. No provision of this Agreement may be waived except specifically and in writing.

i. **Severability.** If any part of this Agreement shall be determined to be invalid, illegal or unenforceable by any valid act of any legislative body or by any regulation duly promulgated by the United States or a state acting in accordance with the law, or declared null and void by any court of competent jurisdiction, then such part shall be reformed, if possible, to conform to the law and, in any event, the remaining parts of this Agreement shall be fully effective and operative insofar as reasonably possible. Crothall and Client acknowledge that they have each contributed to the making of this Agreement and that, in the event of a dispute over the interpretation of this Agreement, the language of the Agreement will not be construed against one party in favor of the other. Crothall and Client acknowledge that they have each had an adequate opportunity to consult with counsel in the negotiation and preparation of this Agreement.

j. **Attorneys' Fees.** The substantially prevailing party in any action to enforce this Agreement or any judgment based hereon in any court, including bankruptcy court, courts of appeal or arbitration proceedings, shall be entitled to receive its reasonable attorneys' fees and costs, whether taxable or not.

k. **Written Notices.** All notices under this Agreement will be:

- i. in writing;
- ii given by United States certified or registered mail, postage prepaid and return receipt requested; given by overnight mail by a reputable carrier; or given via hand delivery;
- iii. and sent to the following address or such other address as may be designated in writing:



TO Client: Attention: Chief Executive Officer  
Kern County Hospital Authority  
1700 Mount Vernon Avenue  
Bakersfield, California 93306

TO Crothall: Attention: Legal Department  
Crothall Healthcare, Inc.  
1500 Liberty Ridge Drive, Suite 210  
Wayne, Pennsylvania 19087

The Client shall also deliver a copy of any notice to the Crothall's management team at the applicable Location(s).

l. **Governing Law.** This Agreement will be governed by and construed in accordance with the laws of the State of California.

m. **Third Party Patient Satisfaction Providers.** If Client utilizes the services of a third party to measure patient satisfaction with regard to any Services ("Third Party Patient Satisfaction Provider"), Client agrees to take all action necessary to ensure that Crothall is able to obtain any data related to the Services provided hereunder directly from such Third Party Patient Satisfaction Provider.

n. **Crothall Vendors.** Crothall shall have exclusive rights and discretion to purchase through its vendors any items it is responsible for providing under this Agreement including, but not limited to, food, beverages, small wares, equipment and other supplies ("Purchased Items"). Client acknowledges that Crothall may receive credits, trade or cash discounts, volume allowances, and/or rebates ("Allowances") for Purchased Items and those Allowances will accrue to and be retained by Crothall and will not be credited back to Client. Client acknowledges that financial terms offered to Client under this Agreement rely on Crothall' right to exclusively select vendors for the Purchased Items in all categories and any changes to Crothall' rights under this provision shall result in a change to the financial terms or operational guarantees of the Agreement to be reasonably determined by mutual agreement of the parties.

o. **No Third Party Beneficiaries.** It is expressly understood and agreed that the enforcement of this Agreement and all rights of action relating to such enforcement, shall be strictly reserved to Client and Crothall. Nothing contained in this Agreement shall give or allow any claim or right of action whatsoever by any other third person. It is the express intention of Client and Crothall that any such person or entity, other than Client or Crothall, receiving services or benefits under this Agreement shall be deemed an incidental beneficiary only.

p. **Information Technology Systems.** In connection with the services being provided hereunder, Crothall may need to operate certain information technology systems not owned by the Client ("Crothall Systems"), which may need to interface with or connect to Client's networks, internet access, or information technology systems ("Client Systems"). Crothall shall be responsible for all Crothall Systems, and the Client shall be solely responsible for all Client Systems, including taking the necessary security and privacy protections as are reasonable under the circumstances. If Crothall serves as the merchant-of-record for any credit or debit card transactions in connection with any of the services provided hereunder, then Crothall will be responsible for complying with all applicable laws, regulations and payment card industry data security standards related to the protection of cardholder data ("Data Protection Rules"). If Crothall Systems interface with or connect to Client Systems, then Client agrees to implement forthwith upon request from Crothall, at the Client's expense, the changes to the Client Systems that Crothall reasonably requests and believes are necessary or prudent to ensure Crothall' compliance with the

Data Protection Rules. Each Party shall indemnify, defend and hold harmless the other party from all claims, liabilities, damages and costs (including reasonable attorneys' fees) to the extent caused by the indemnifying party's failure to comply with its obligations in this Section.

q. **Representations.** Crothall represents that it is not excluded from participation in any federal or state Medicare, Medicaid or other third party payer program, nor is any such action pending. Crothall represents and warrants that it and Crothall's employees providing Services at the Location are not, to Crothall's knowledge, (i) currently excluded, debarred, or otherwise ineligible to participate in the federal health care programs as defined in 42 U.S.C. section 1320a-7b-(f) (the "Federal health care programs") and/or present on the exclusion database of the Office of the Inspector General ("OIG") or the Government Services Administration ("GSA"); (ii) convicted of a criminal offense related to the provision of health care items or services but have not yet been excluded, debarred, or otherwise declared ineligible to participate in the Federal health care programs; or (iii) debarred, suspended, excluded or disqualified by any federal governmental agency or department from receiving federal contracts or federally approved subcontracts. Crothall agrees to indemnify Client if the use of any of Crothall's employees and/or subcontractors (if applicable) providing Services at the Location is the sole cause for Client's loss of participation or payment from any federal or state Medicare, Medicaid, or other third party payer program. This shall be an ongoing representation and warranty during the term of this Agreement and Crothall shall immediately notify Client of any change in the status of any of the representations and/or warranties set forth in this section. Any breach of this section shall give Client the right to terminate this Agreement immediately.

r. **Title.** Crothall shall retain title to the items purchased by Crothall until Crothall has been fully reimbursed for those items. The Client shall retain title to all items purchased and paid for by the Client. Notwithstanding anything to the contrary, all computer hardware and software furnished by or through Crothall, as well as any of Crothall's Proprietary Information, shall remain the property of Crothall (even if fully depreciated).

s. **Counterparts.** This Agreement may be executed simultaneously in any number of counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

[Signatures to Follow]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement by their officers thereunto duly authorized, as of the day and year first above written.

**KERN COUNTY HOSPITAL AUTHORITY**

**CROTHALL HEALTHCARE, INC.**

By: \_\_\_\_\_  
Name: Russell Bigler  
Title: Chairman, Board of Governors

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

APPROVED AS TO CONTENT:  
Kern Medical Center

By: \_\_\_\_\_  
Name: Jared Leavitt  
Title: Chief Operating Officer

APPROVED AS TO FORM:  
Legal Services Department

By: \_\_\_\_\_  
Name: Shannon Hochstein  
Title: Hospital Counsel

**Exhibit A**  
**Statement of Work**

1. **Services.** The specific Services Crothall will provide are as follows (indicate by placing an “x” in the appropriate space):

Service	
Food and Nutrition Services (“FNS Services”)	<input type="checkbox"/>
Housekeeping Services (“EVS Services”)	<input checked="" type="checkbox"/>
Patient Transportation Services (“PT Services”)	<input checked="" type="checkbox"/>
Communication / Call Center Services (“Call Center Services”)	<input checked="" type="checkbox"/>
Plant, Operations and Maintenance Services (“POM Services”)	<input type="checkbox"/>
Laundry Services (“Laundry Services”)	<input type="checkbox"/>
Healthcare and Technology Solutions Services (“HTS Services”)	<input type="checkbox"/>

a. **Service Specifications.** Crothall will provide the Services in accordance with the sub-Exhibits set forth in the table below (individually a “Service Exhibit” and collectively, the “Service Exhibits”). This Exhibit A and the attached sub-Exhibits describe all Services to be performed by Crothall hereunder; any service not specifically identified herein is specifically excluded.

Sub-Exhibit	Service
Exhibit A-1	EVS Services
Exhibit A-2	PT Services
Exhibit A-3	Call Center Services

b. **Software.** Crothall shall furnish appropriate modules of Crothall’s proprietary software, TeamCoach and HRC © (the “Software”) for the services. The Software shall remain the property of Crothall at all times. Nothing herein shall be deemed to vest or have vested in Client any right, title or interest in the Software in Client, and Crothall is and shall remain the sole owner of said Software. Client will maintain the confidentiality of the Software and shall not reproduce, disseminate, modify or change the Software in any way and will not reverse engineer, reverse compile or disassemble the Software or any modification or enhancement thereto.

2. **Location(s).** Crothall will exclusively provide the Services at the following location(s):

Location	Address	Services Provided
Kern Medical	1700 Mt. Vernon Avenue, Bakersfield, CA 93306	EVS, PT, and Call Center

3. **Personnel.**

a. Crothall will furnish the Management Personnel to manage each Service at the Location(s) where Crothall is providing such Service. All expenses in connection with the Management Personnel shall be paid by Crothall. The costs incurred by Crothall in connection with the Management Personnel, including Crothall’s applicable Management Fringe Rate, will be included in Crothall’s Rates unless otherwise provided in a Service Exhibit.

b. Client will furnish the Non-Supervisory Personnel to perform each Service at the Location(s) where Crothall is providing such Service. All expenses in connection with the Non-Supervisory Personnel shall be paid by Client.

4. **Financial Terms.**

a. **Crothall's Rates.** Crothall's Rates for the Services at each Location are set forth in the table below ("Crothall's Rates). In any year which is a leap year, each Crothall Rate in February of such year shall be increased by an additional day (1/365 of the annualized Crothall Rate) to account for such additional day.

<b>Location</b>	<b>Services</b>
Kern Medical	\$ 45,058.33 per month

i. **Maximum Payable.** Without limiting the foregoing, the maximum payable amount to Crothall under this Agreement for the Services provided hereunder will not exceed \$540,708 during the first year of this Agreement, and subject to Section 4.c.iii (**Annual CPI Adjustment**), the estimated not to exceed amount is three million two hundred sixty-three thousand six hundred ninety dollars (\$3,263,690) over the six (6) year term of this Agreement.

ii. **Quality Incentive Program.** The Parties have agreed to continue their quality incentive program, whereby Crothall will be awarded an incentive of three percent (3%) of Crothall's Rates for meeting the established performance measures set forth in Exhibit A-4 to this Agreement, attached hereto and incorporated herein by this reference.

b. **Payment Terms.** Payment of Crothall's invoices shall be due by electronic transfer of funds on or before the day immediately preceding the first day of each month in which the Services are to be performed except where otherwise indicated in a Service Exhibit. Payments shall be transferred by electronic payment method directly into an account designated by Crothall for such purpose. Client shall have adequate controls in place to approve and reconcile statements/invoices presented for payment by Crothall.

c. **Adjustments to Crothall's Rates.** Crothall's Rates are subject to all price adjustments required by this Agreement, including, but not limited to, the ones set forth in this Section.

i. **Scope of Service Changes.** Should the scope of Crothall's Services at a Location change due to the opening of new units or buildings; permanent closings of units or buildings; changes to service tasks or frequencies to be performed and should such change in Service result in an increase or decrease in Crothall's costs, then Crothall's Rates for the Service(s) affected by such changes shall be adjusted to account for the amount of the projected increases or decreases in costs to Crothall. The adjustment to Crothall's Rates shall take effect from the date of the change in the scope of Crothall's Services.

ii. **Labor Changes.** Crothall's Rates will be subject to change in the event of (i) a change to existing or new federal, state or local payroll taxes (including changes to any payroll based taxes or withholdings such as FICA, SUI and FUI); (ii) a change related to unionization of employees performing Services (whether an initial collective bargaining agreement, amendments to an existing collective bargaining agreement, or the negotiation of a subsequent, successor collective bargaining agreement); (iii) an increase in the minimum wage rate or the enactment of any "living wage" laws by any governmental entity; and/or (iv) new or additional fees, taxes, assessments or other charges or costs incurred by Crothall arising out of changes to existing or new federal, state or local legislation or legal requirements

related to Crothall's employees. Crothall's Rates for the affected Service(s) will be increased to account for the change in such costs effective from the date such changes impose additional costs on Crothall.

iii. **Annual CPI Adjustment.** Crothall's Rates shall be increased by the percentage increase in the CPI Adjustment (defined below) on each anniversary of the Effective Date. Should the applicable inflation rate over the most recently published twelve (12) month period decrease, Crothall's Rates and charges that are subject to the CPI Adjustment shall not change from the previous year. The "CPI Adjustment" for the purpose of this Agreement shall mean and refer to the annual price escalator obtained from the Consumer Price Index for All Urban Consumers, U.S. City Average, "Hospital Services", Series Id: CUUR0000SEMD01 (Not Seasonally Adjusted) as measured against the most recently published twelve (12) month period.

iv. **Provision of FTEs.** If the Client is responsible for providing the Non-Supervisory Personnel and the number of Non-Supervisory Personnel available to carry out any Service at a Location falls below the FTEs required to perform such Service for four (4) or more consecutive weeks, Crothall will immediately meet with Client's administration to agree upon how to resolve the understaffing. If agreed upon, Crothall shall fill the vacancies with temporary staff at the Client's expense. The expense so incurred shall be reimbursed by the Client at a charge per hour equal to the cost incurred by Crothall to retain temporary staff from a third party based on the Invoice Price paid by Crothall (see Section 6.b below).

v. **Changes Impacting Operations.** Non-controllable, unavoidable or unbudgeted items and events, that are not otherwise specifically addressed in this Agreement, are not included in Crothall's Rates and will be paid by the Client or result in an adjustment to Crothall's Rates.

vi. **Discovery Period.** The "Discovery Period" for the purpose of this Agreement shall be the three (3) month period of time from the start of Crothall's Services at a Location. During the Discovery Period, Crothall will validate the financial and operational information provided by the client. If Crothall determines that the information provided by the Client or the assumptions made by Crothall are not accurate, then Crothall will determine what financial impact the inaccurate information or assumptions had on the calculation of the Crothall's Rates (i.e., whether costs would have been increased or decreased if the information or assumptions were correct). After making the determination, Crothall and the Client will meet and mutually agree on an adjustment to Crothall's Rates (as applicable) to account for the increase or decrease, as applicable, to such costs. The specific amount of the adjustment to Crothall's Rates will be mutually agreed upon by the parties; however, if the parties cannot mutually agree on such an adjustment for a Service(s), then either party may terminate such Service(s) without cause upon one hundred twenty (120) days prior written notice to the other party.

d. **Equipment Purchases.**

i. Crothall anticipates incurring on or about December 1, 2017, forty-one thousand four hundred sixty-one dollars (\$41,461.00) towards Crothall's equipment purchases and will have an additional fifty thousand dollars (\$50,000.00) available for expenditure on equipment purchases through the term of the Agreement. Crothall will not charge the Client for Crothall's equipment purchases separately from Crothall's Monthly Rates. Instead, Crothall will amortize/depreciate Crothall's equipment purchases monthly by straight-line method from the date of expenditure over the term of the Agreement. If Crothall's Services are terminated for any reason prior to full amortization of Crothall's equipment purchase, then the Client agrees to pay Crothall the unamortized/undepreciated balance of Crothall's equipment purchases as of the date of termination plus interest at the "Prime" rate plus 2%, compounded on the unamortized/undepreciated amount of the equipment purchases calculated from the Effective Date of this Agreement.

ii. Crothall previously funded an investment for Crothall’s equipment purchases to facilitate performance of the Services (the “Original Investment”). Crothall has been amortizing the Original Investment on a straight-line basis, and as of the Effective Date, the balance of the unamortized Original Investment is thirty-four thousand three hundred fifteen dollars and twenty-four cents (\$34,315.24). Crothall will continue amortizing the remaining balance on a straight-line basis over the term of this Agreement. If this Agreement expires or a Party terminates, for any reason, prior to full amortization of the Original Investment, Client shall be liable for and promises to pay Crothall the unamortized portion of the Original Investment immediately upon expiration or termination.

iii. Title to equipment purchased by Crothall pursuant to paragraphs a. and b. of Section 4 shall remain with Crothall until full amortization/depreciation of the equipment purchases (or, if this Agreement is terminated prior to full amortization of such equipment purchases, after the Client pays the amounts due to Crothall pursuant to paragraph a. below.

e. **Multi-Service Credit.** During the initial six (6) months after the Effective Date of this Agreement, Crothall will provide a multi-service credit to the Client in the amounts identified in the chart below for the Location, payable to the Client in equal monthly installments in the amounts identified in the chart below (“Multi-Service Credit”). This credit will appear as a monthly credit on Crothall’s invoice for the Services. The credit is being provided in recognition of the fact that Client has elected to retain Crothall to provide food and nutrition services (“FNS”) provided by its subsidiary Morrison Management Specialists, Inc. (“Morrison”) under a separate agreement. Crothall will amortize the Multi-Service Credit monthly over the Initial Term (as defined in Section 3 of this Agreement) on a straight-line depreciation basis. If Crothall’s Services provided hereunder or the FNS Services are terminated for any reason at a Location prior to six (6) months after the Effective Date of this Agreement, the Multi-Service Credit for that Location will cease to apply effective as of the date of the termination. If Crothall’s Services provided hereunder or FNS Services are terminated for any reason at a Location prior to full amortization of the Multi-Service Credit, then the Client agrees to pay Crothall the unamortized balance of the Multi-Service Credit at such Location as of the date of termination plus interest at the “Prime” rate plus 2%, compounded on the unamortized amount of the Multi-Service Credit calculated from the Effective Date of this Agreement. In accordance with Section 1128B(b)(3)(A) of the Social Security Act, the Client acknowledges and agrees that, depending upon how the Client receives payment for items and services furnished, it may have an obligation to report these Credits from Crothall as a discount or rebate in accordance with this provision of the Social Security Act, including any regulations adopted pursuant thereto

<b>Location</b>	<b>Total Multi-Service Credit</b>	<b>Monthly Installment</b>
<b>Kern Medical</b>	\$250,000	\$41,666.67

5. **Taxes.**

a. **Client Responsibility for Taxes.** The Client will be responsible and pay for all applicable taxes, fees and assessments, including, without limitation, any sales and use taxes (other than those sales taxes which Crothall is responsible for, as more specifically identified in a Service Exhibit) and taxes on the operation of the Location. Certain items, services, fees or charges provided by Crothall to the Client may be subject to taxes even if the Client is tax exempt. In such a case, the cost of such taxes will be charged to the Client, including any taxes that result from new taxes, legislation or enforcement positions.



b. **Crothall Responsibility for Taxes.** Crothall agrees to file federal and state tax returns and pay all applicable taxes on amounts paid pursuant to this Agreement and shall be solely liable and responsible to pay such taxes and other obligations, including, but not limited to, state and federal income and FICA taxes. Crothall agrees to indemnify and hold Client harmless from any liability which it may incur to the United States or to the state of California as a consequence of Crothall' failure to pay, when due, all such taxes and obligations. In case Client is audited for compliance regarding any withholding or other applicable taxes, Crothall agrees to furnish Client with proof of payment of taxes on these earnings

6. **Purchasing.**

a. Responsibilities for paying vendors directly for the following items are indicated below (indicate by placing an "x" in the appropriate space).

<b><u>Item</u></b>	<b><u>Crothall</u></b>	<b><u>Client</u></b>
Computer related charges for computers supplied by Crothall (database maintenance and support;; computer hardware; computer software; printer paper)		X
Computer related charges for computers supplied by Client		X
Uniforms for Non-Supervisory Personnel		X
Access to Location's Secure Wireless Network		X
Office supplies/forms		X
In-service training materials/CHAT (as defined below)*		X
Telephone equipment and service (access to local and long distance lines)		X
Copying		X
Client email accounts for Crothall Management Personnel		X
Crothall business licenses and permits	X	
All other licenses and permits		X
Utilities		X
Service Contracts		X
Crothall General Liability Insurance	X	
Postage		X
Parking		X
Background checks for Crothall Personnel performed in accordance with Crothall policy	X	
Any additional pre-employment physicals, screenings, tests, and/or immunizations required by Client of Crothall Personnel		X
Beepers/pagers for Non-Supervisory Personnel Only		X
Smartphones with monthly service plans for Crothall Management Personnel Only	X	
Janitorial supplies		X
EVS Equipment replacement and repair (\$149 or less)		X
EVS Equipment replacement and repair (\$150 or more)		X
Paper Towels and Toilet Paper		X
Hand Soaps		X
Waterless Hand Gels and dispensers		X

Dispensers for hand soap, paper towels, toilet tissue and all restroom/hand washing supplies		X
Plastic Liners for General Containers		X
Plastic Liners for Medical Waste Containers		X
Trash Containers		X
Laundering/treating wet and dust mops, cleaning cloths		X
Walk-Off Mats		X

\*Note: "CHAT" (which stands for Communication, Help, and Training) is Crothall's proprietary training program for its frontline service personnel.

b. Crothall's charges for the items listed above for which Crothall is responsible for paying the vendor directly will be paid for by Client in accordance with each Service Exhibit. If Crothall purchases any of the items listed above for which Client is responsible for paying the vendor directly, then Crothall shall bill Client for the cost of those items "At Invoice Price". "At Invoice Price" shall mean and refer to a charge by Crothall to Client for items or services that will include all applicable supply, labor (with applicable Fringe Rate), equipment and other related operational charges required for the item or service, but will not include any separate, additional fee by Crothall that is not otherwise provided for in this Agreement. The charge for items purchased through Crothall's purchasing programs will be based on the invoice price paid by Crothall and does not include any rebates, early payment discounts or other volume allowances Crothall receives from its vendors.

7. **Quarterly Business Reviews.** Quarterly business reviews shall be conducted by designated representatives from Client and Crothall. The first review shall be conducted not later than thirty (30) days from the commencement of this Agreement, and thereafter shall be conducted quarterly regarding the performance of the Services.

**Exhibit A-1**  
**EVS Specifications and Areas to be Serviced**

<b>EVS Specifications</b>	DAILY	WEEKLY	BI-WEEKLY	MONTHLY	QUARTERLY	SEMI-ANNUALLY	ANNUALLY	AS-NEEDED
	<b>A: Patient Areas</b>							
<b>Empty and Clean Trash Cans</b> - All waste containers. Replace fresh liners and deposited trash in holding area for pickup.	X							
<b>Dust Mop</b> - All hard surfaced floors with dust control tool. Dust mopping to include corners, baseboards and hard to reach areas.	X							
<b>Police Floors</b> - Dust mop all heavily trafficked areas with dust controlled tool.	X							
<b>Vacuum</b> - All carpeted floor areas.	X							
<b>Wet Mop</b> - All hard surfaced floors with infection control approved germicidal solution.	X							
<b>Spot Mop</b> - All areas as required.	X							X
<b>Mop Up Spills</b> - All major spills 16 hours per day.	X							X
<b>Baseboards</b> - Ensure all baseboards are free of dust, splash marks and old finish.	X							
<b>Floor Buff</b> - Burnish all unoccupied patient rooms, traffic areas including corridors and nursing stations.			X					
<b>Strip and Refinish</b> - Removal of old finish from hard surfaced floors and apply suitable finish product as required. The frequency of stripping and refinishing will be such as to maintain the hard surfaced floors in a clean state, free of buildup, dirt, or black markings and with a gloss that is acceptable to the facility.								X
<b>Apply Finish</b> - Wash or light scrub hard surfaced floors and apply floor finish.								X
<b>Carpet Spotting</b> - Check and remove spots and stains from carpeted areas.								X
<b>Spray Clean</b> - Utilizing floor machine and bonnet pads to clean carpeted floor areas as needed.								X
<b>Shampoo Carpets</b> - Shampoo or heavy deep extraction of carpets as needed.								X
<b>Bed – Nursing</b> shall strip bed of soiled linen; Housekeeping shall thoroughly wash bed, springs and mattress with Infection Control approved germicidal solution. Make bed with fresh linen.	X							X

<b>Damp Dust</b> - Damp dust with germicidal solutions the following: Head, foot, and side rails of beds, bedside tables, over bed tables, chairs, cabinets, desks, miscellaneous furniture and fittings, window sills and ledges, bedside lamps, television sets, telephones, and external surface of vents. Long term patients will need to be established via coordinated nursing schedules.	X						
<b>Fixed Equipment in Patient Rooms</b> - Damp dust with germicidal solutions items.	X						
<b>Clean Bathroom Fixtures</b> - Thoroughly clean and disinfect hand basins, baths, commodes, seat covers (both sides), towel and paper fittings, and sinks. Scrub shower cabinet floors and wipe clean shower walls and curtains, Cleaning will include inside and outside of basins, baths, and toilets and damp dusting of pipes.	X						
<b>Replenish Supplies</b> - All hand soap, paper towels, toilet tissue, and toilet seat covers.	X						
<b>Sharps Container</b> - Remove and replace sharps container when needed.							X
<b>Water Fountains</b> - Clean and polish.	X						
<b>Low-Level Glass Cleaning</b> - Clean and remove finger marks from low-level interior glass partitions, door panels, mirrors, etc.	X						
<b>Vertical Surface Cleaning</b> - Remove finger marks and smears from walls, doors, door jams etc.	X						
<b>Breast Pump</b> - Not Serviced by Housekeeping; Nursing responsible.							
<b>Fetal Monitors</b> - Not Serviced by Housekeeping; Nursing responsible.							
<b>High Chairs</b> - Not Serviced by Housekeeping; Nursing responsible.							
<b>Panda Warmers</b> - Not Serviced by Housekeeping; Nursing responsible.							
<b>Refrigerators/Freezers</b> - Remove finger marks and smears; wipe down exterior only with the approved solution.	X						
<b>Mobile Thermometers</b> - Not Serviced by Housekeeping; Nursing responsible.							
<b>Toys In Room</b> - Remove finger marks and smears; wipe down in room accordingly with the approved solution.	X						X
<b>High Dust</b> - Dust all high level ledges and fittings not listed for daily dusting. Examples: vents, light fixtures, blinds, wood ceilings, architectural reveals and tracks.		X					
<b>Isolation Cleaning</b> - Perform daily cleaning and terminal cleaning in isolation rooms as described in Infection Control and amended by the Infection Control Committee.	X						
<b>Stretchers via "Patient Transporters"</b> - Remove finger marks and smears; wipe down in room accordingly with the approved solution.	X						X
<b>Check-Out / Discharge Cleanings</b>	X						X
<b>A: Beds:</b> Nursing shall strip bed of soiled linen; Housekeeping shall thoroughly wash bed, springs and mattress with Infection Control approved germicidal solution. Make bed with fresh linen.	X						X
<b>B: Bathroom:</b> Thoroughly clean bathroom fixtures as outlined above; replenish paper and soap supplies.	X						

<b>C: Furniture:</b> Wipe thoroughly all furniture in the room. Scrub inside of clothes closet.	X						
<b>D: Waste:</b> empty, wash and place fresh liner in waste container...	X						
<b>E: Floors:</b> Dust mop with dust controlled tool, damp mop and spray buff hard surfaced floors. Vacuum, spot and spray clean as needed. Scrub shower floors and remove spots and stains.	X						X
<b>F: Cords: Other cords hanging from room walls.</b> - Remove finger marks and smears; wipe down in room accordingly with the approved solution.	X						
<b>G: Fetal Monitors</b> - . Not Serviced by Housekeeping; Nursing responsible.							
<b>H: Polish Furniture</b> - Apply appropriate furniture polish and rub to high shine on all wood furniture.		X					
<b>J: Breast Pump</b> - Not Serviced by Housekeeping; Nursing responsible.							
<b>K: Stretcher and Wheelchair Cleaning (Inside Rooms)</b> - Clean stretchers and wheelchairs that are kept in patient rooms for isolation cases only.	X						
<b>L: Glove Refills</b> -. Not Serviced by Housekeeping; Nursing responsible.							
<b>M: High Chairs</b> - Not Serviced by Housekeeping; Nursing responsible.							
<b>N: Fixed Equipment in Patient Rooms</b> - Remove finger marks and smears; wipe down in room accordingly with the approved solution.	X						
<b>O: Panda Warmers</b> - Not Serviced by Housekeeping; Nursing responsible.							
<b>P: Pumps - Alaris IV</b> - Housekeeping wipes down and cleans exterior of pumps, with approved solution.	X						
<b>Q: Refrigerators/Freezers</b> - Remove finger marks and smears; wipe down exterior only with the approved solution.		X					
<b>R: Sharps Container</b> - Remove and replace sharps container when needed.							X
<b>T: Mobile Thermometers</b> -. - Not Serviced by Housekeeping; Nursing responsible.							
<b>Dust Mop</b> - All hard surfaced floors with dust control tool. Dust mopping to include corners, baseboards and hard to reach areas.	X						
<b>Police Floors</b> - Dust mop all heavily trafficked areas with dust controlled tool.	X						
<b>Vacuum</b> - All carpeted floor areas.	X						
<b>Wet Mop</b> - All hard surfaced floors with infection control approved germicidal solution.	X						
<b>Spot Mop</b> - All areas as required.	X						X
<b>Mop Up Spills</b> - All major spills 24 hours per day.	X						
<b>Baseboards</b> - Ensure all baseboards are free of dust, splash marks and old finish.	X						
<b>Floor Buff</b> - Burnish all unoccupied patient rooms, traffic areas including corridors and nursing stations.			X				

<b>Strip and Refinish</b> - Removal of old finish from hard surfaced floors and apply suitable finish product as required. The frequency of stripping and refinishing will be such as to maintain the hard surfaced floors in a clean state, free of buildup, dirt, or black markings and with a gloss that is acceptable to the facility.								X
<b>Apply Finish</b> - Wash or light scrub hard surfaced floors and apply floor finish.								X
<b>Carpet Spotting</b> - Check and remove spots and stains from carpeted areas.								X
<b>Spray Clean</b> - Utilizing floor machine and bonnet pads to clean carpeted floor areas as needed.								X
<b>Shampoo Carpets</b> - Shampoo or heavy deep extraction of carpets as needed.			X					X
<b>Dust</b> - Dust all low-level ledges, furniture and fittings, excluding technical equipment, to a height of 6 feet from floor.	X							
<b>High Dust</b> - Dust all ledges and fittings above 6 feet from floor.	X							
<b>Trash Cans</b> - Empty and clean all waste containers.	X							
<b>Bathroom Cleaning</b> - Thoroughly clean and disinfect hand basins, commodes, seat covers, towel and paper fittings. Damp mop floors. Dust low-level ledges. Clean and polish bright metal and mirrors. Remove marks from walls, doors and partitions. Replenish soap, towels, toilet papers, etc.	X							
<b>Water Fountains</b> - Clean and polish.	X							
<b>Polish Furniture</b> - Apply appropriate furniture polish and rub to high shine on all wood furniture.		X						
<b>Clean Glass</b> - Wash and polish all glass entrance doors. Check and remove marks from other interior glass partitions and glass door panels.	X							
<b>Painted Surfaces</b> - Check and remove finger marks from painted surfaces.	X							
<b>Wash Walls</b> - Wash completely interior wall surfaces.								X
<b>Windows</b> - Spot clean insides of exterior windows reachable from the floor.			X					
<b>B: Non-Patient Areas</b>								
<b>Floors</b> - All hard surfaced floors with dust control tool.			X					
<b>Vacuum</b> - All carpeted floor areas.			X					
<b>Spot Mop</b> - All areas as required.			X					
<b>Damp Mop</b> - Remove spots and spillage from floors.			X					
<b>Baseboards</b> - Ensure all baseboards are free of dust, splash marks and old finish.			X					
<b>Floor Buff</b> - Burnish all unoccupied patient rooms, traffic areas including corridors and nursing stations.				X				
<b>Strip and Refinish</b> - Removal of old finish from hard surfaced floors and apply suitable finish product as required. The frequency of stripping and refinishing will be such as to maintain the hard surfaced floors in a clean state, free of buildup, dirt.								X

<b>Apply Finish</b> - Wash or light scrub hard surfaced floors and apply floor finish.							X
<b>Carpet Spotting</b> - Check and remove spots and stains from carpeted areas.							X
<b>Clean Carpets</b> - Top shampoo and heavy deep extraction shampooing of carpets.							X
<b>Dust</b> - Dust all low-level ledges, furniture and fittings, excluding technical equipment, to a height of 6 feet from floor.	X						
<b>High Dust</b> - Dust all high level ledges and fittings not listed for daily dusting. Examples: vents, light fixtures, blinds, wood ceilings, architectural reveals and tracks.	X						
<b>Empty and Clean Trash Cans</b> - All waste containers. Replace fresh liners and deposited trash in holding area for pickup.	X						
<b>Bathroom Cleaning</b> - Thoroughly clean and disinfect hand basins, commodes, seat covers, towel and paper fittings. Damp mop floors. Dust low-level ledges. Clean and polish bright metal and mirrors. Remove marks from walls, doors and partitions. Replenish	X						
<b>Port-a-Potty (Disinfect)</b> – Thoroughly clean after contents has been emptied by Nursing.	X						
<b>Pumps - Alaris IV</b> - Housekeeping wipes down and cleans exterior of pumps, with approved solution.	X						
<b>Water Fountains</b> - Clean and polish.	X						
<b>Microwaves in Nourishments Rooms</b> - Remove finger marks and smears from exterior only; wipe down exterior only, in room accordingly with the approved solution.	X						
<b>Polish Furniture</b> - Apply appropriate furniture polish and rub to high shine on all wood furniture.		X					
<b>Clean Glass</b> - Wash and polish all glass entrance doors. Check and remove marks from other interior glass partitions and glass door panels.	X						
<b>Stairs</b> - Dust mop all stair and landings. Dust rails and ledges. Damp mop stairs and landings. Check painted walls for marks and remove.	X						X
<b>Painted Surfaces</b> - Check and remove finger marks from painted surfaces.	X						
<b>Wash Walls</b> - Wash completely interior wall surfaces.							X
<b>Elevator Cleaning</b> - Wash and polish walls and doors. Dust mop and damp mop floors. Apply finish as needed. Vacuum and spray clean carpeted floors. Keep tracks clean and free of debris.	X						
<b>Policing Cleaning</b> - Perform the following tasks in the entrance lobbies, adjacent public bathrooms, elevators, emergency room department, waiting areas, and heavily used areas of the radiology department as necessary throughout the day to maintain areas in clean condition acceptable to the hospital.	X						X
<b>Wheelchairs via "Patient Transport"</b> - Remove finger marks and smears; wipe down in room accordingly with the approved solution.	X						
<b>Stretchers via "Patient Transport"</b> - Remove finger marks and smears; wipe down in room accordingly with the approved solution.	X						

<b>Windows</b> - Spot clean insides of exterior windows reachable from the floor.	X							
<b>C: Isolation Rooms</b>								
<b>Isolation Cleaning</b> - Perform daily cleaning and terminal cleaning in isolation rooms as described in Infection Control and amended by the Infection Control Committee.	X							X
<b>F: Nurseries (with Specification A; but to include)</b>								
Wash Walls, ceilings, doors and ledges	X							
Wash all internal glass.	X							
Wash all light fixtures.	X							
Wash all ventilator ducts thoroughly	X							
Machine scrub all floors with special attention to corners and difficult access areas.		X						
<b>G: Critical Care Unit (with Specification A; but to include)</b>								
Wash Walls, ceilings, doors and ledges	X							
Wash all internal glass.	X							
Wash all light fixtures.	X							
Wash all ventilator ducts thoroughly	X							
Machine scrub/or strip old finish from hard surfaced floors and reapply suitable non-slip floor finish.		X						
<b>H: Emergency Department (with Specification A; but to include)</b>								
<b>Backboards</b> - Remove finger marks and smears; wipe down in room accordingly with the approved solution.								X
Restrooms will be police cleaned every shift 7 days a week.	X							X
All examination tables to be cleaned daily.	X							
Ceramic walls will be spot washed daily and as necessary, using specified IC approved germicidal solution.	X							
Sinks, soap dishes, and paper towel dispensers will be cleaned daily and replenished.	X							
Toilets to be washed and cleaned at least twice daily using germicidal solutions, including both sides of the toilet seats.	X							
All stretchers and gurneys will be cleaned for isolation cases only.								X
Walls will be spot washed daily and as needed.	X							X
<b>I: Physician Sleeping Quarters (with Specification B; but to include)</b>								
Make beds once per day.	X							
Dust mop Floors.	X							
Empty and reline waste containers, wipe out container prior to adding new bag.	X							
Damp mop floors.	X							



Vacuum carpets; move beds if movable, weekly.	X						
Damp dust sills, ledges, all exterior surfaces of furniture, light fixtures, and doors.		X					
Change linen on beds daily.	X						
<b>K: Dining Rooms</b>							
Vacuum carpeted floors areas.	X						
Check for and remove spots and stains from carpeted areas.	X						
Top shampoo and heavy deep extraction shampooing of carpets.							X
Wash completely interior wall surfaces.						X	
Perform the following tasks at the end of the evening: spot vacuum, mop floors and clean of entrance doors. Pull waste from dining area throughout the day	X						
<b>L: Restrooms</b>							
<b>Floors</b> - All hard surfaced floors with dust control tool.	X						
<b>Damp Mop</b> - Remove spots and spillage from floors.	X						
<b>Spot Mop</b> - All areas as required.	X						
<b>Baseboards</b> - Ensure all baseboards are free of dust, splash marks and old finish.	X						
<b>Damp Dust</b> - damp dust with germicidal solution all sills, ledges, miscellaneous fittings, external surfaces of vents, doors, and pipes.	X						
<b>Trash Cans</b> - Empty and clean all waste containers.	X						
<b>Bathroom Cleaning</b> - Thoroughly clean and disinfect hand basins, commodes, seat covers, towel and paper fittings. Damp mop floors. Dust low-level ledges. Clean and polish bright metal and mirrors. Remove marks from walls, doors and partitions. Replenish	X						
<b>Replenish Supplies</b> - All hand soap, paper towels, toilet tissue, and toilet seat covers.	X						
<b>Low-Level Glass Cleaning</b> - Clean and remove finger marks from low-level interior glass partitions, door panels, mirrors, etc.	X						
<b>Vertical Surface Cleaning</b> - Remove finger marks and smears from walls, doors, door jams etc.	X						
<b>Stainless Steel Cleaning</b> - Damp wipe daily stainless steel, clean and polish stainless steel and other metal railings, wall coverings, door handles, door frames and footplates.	X						
<b>High Dust</b> - Dust all high level ledges and fittings not listed for daily dusting. Examples: vents, light fixtures, blinds, wood ceilings, architectural reveals and tracks.			X				
<b>Wash Walls</b> - Wash completely interior wall surfaces.				X			
<b>Scrub Floors</b> - Machine scrub and or strip hard surfaced floors. Apply non slip floor finish if appropriate.				X			
<b>N: Miscellaneous Services</b>							
<b>Floors</b> - Dust mop all hard surfaced floors with dust control tool.		X					
<b>Policing</b> – Police area for trash & debris.		X					
<b>O: Entrances</b>							

<b>Low-Level Glass</b> – Clean and remove finger marks from low-level interior glass partitions, door panels, signage, reception desks, etc.	X						
<b>Vertical Surfaces</b> - Disinfect and remove finger marks and smears from walls, doors, door jams, etc.	X						
<b>Stainless Steel</b> - Damp wipe, clean, and polish stainless steel and other metal kick plates, railings, wall corner coverings, door handles, doorframes, and footplates.	X						
<b>High Dust</b> - Dust all high-level ledges and fittings.	X						
<b>Scrub Floors</b> - Machine scrub and/or strip hard-surfaced. Apply suitable non-slip, finish if appropriate.							X
<b>Wash Walls</b> - Disinfect and wash completely interior wall surfaces.						X	
<b>Police Area</b> - Empty interior trash receptacles, picking up debris, paper, sweep entranceway and 10-foot radius outside entrance door, etc.	X						
<b>Spills</b> - Respond to calls for any spills or emergency clean-up activities	X						
<b>Q: Offices (Office Space Settings)</b>							
<b>Floors</b> - Dust mop all hard surfaced floors with dust control tool.			X				
<b>Vacuum</b> - All carpeted floor areas.			X				
<b>Spot Mop</b> - All areas as required.			X				
<b>Damp Mop</b> - Remove spots and spillage from floors.			X				
<b>Baseboards</b> - Ensure all baseboards are free of dust, splash marks and old finish.			X				
<b>Floor Buff</b> - Burnish all unoccupied patient rooms, traffic areas including corridors and nursing stations.			X				
<b>Strip and Refinish</b> - Removal of old finish from hard surfaced floors and apply suitable finish product as required. The frequency of stripping and refinishing will be such as to maintain the hard surfaced floors in a clean state, free of buildup, dirt, o							X
<b>Apply Finish</b> - Wash or light scrub hard surfaced floors and apply floor finish.							X
<b>Carpet Spotting</b> - Check and remove spots and stains from carpeted areas.							X
<b>Clean Carpets</b> - Top shampoo and heavy deep extraction shampooing of carpets.							X
<b>Dust</b> - Dust all low-level ledges, furniture and fittings, excluding technical equipment, to a height of 6 feet from floor.			X				
<b>High Dust</b> - Dust all high level ledges and fittings not listed for daily dusting. Examples: vents, light fixtures, blinds, wood ceilings, architectural reveals and tracks.			X				
<b>Empty and Clean Trash Cans</b> - All waste containers. Replace fresh liners and deposited trash in holding area for pickup.	X						
<b>Bathroom Cleaning</b> - Thoroughly clean and disinfect hand basins, commodes, seat covers, towel and paper fittings. Damp mop floors. Dust low-level ledges. Clean and polish bright metal and mirrors. Remove marks from walls, doors and partitions. Replenish	X						
<b>Water Fountains</b> - Clean and polish.	X						

<b>Polish Furniture</b> - Apply appropriate furniture polish and rub to high shine on all wood furniture.	X						
<b>Clean Glass</b> - Wash and polish all glass entrance doors. Check and remove marks from other interior glass partitions and glass door panels.	X						
<b>Stairs</b> - Dust mop all stair and landings. Dust rails and ledges. Damp mop stairs and landings. Check painted walls for marks and remove.	X						X
<b>Painted Surfaces</b> - Check and remove finger marks from painted surfaces.	X						
<b>Wash Walls</b> - Wash completely interior wall surfaces.							X
<b>Elevator Cleaning</b> - Wash and polish walls and doors. Dust mop and damp mop floors. Apply finish as needed. Vacuum and spray clean carpeted floors. Keep tracks clean and free of debris.	X						
<b>Policing Cleaning</b> - Perform the following tasks in the entrance lobbies, adjacent public bathrooms, elevators, emergency room department, waiting areas, and heavily used areas of the radiology department as necessary throughout the day to maintain areas in clean condition acceptable to the hospital.	X						X
<b>Windows</b> - Spot clean insides of exterior windows reachable from the floor.	X						
<b>T: Interior Stair Towers</b>							
<b>Wipe Down Handrails</b> - Wipe down handrails with the approved disinfectant.	X						
<b>Dust Mop</b> - Collect debris from all hard surfaced floors & steps with dust control tool (squeegee or micro fiber). Dust mop to include corners, baseboards, and hard to reach areas.	X						
<b>Wet Mop</b> - Wet mop all hard surfaced floors/steps with the approved disinfectant	X						
<b>Vertical Surfaces</b> - Remove finger marks and smears from doors, walls, door jambs, and railings.	X						
<b>High Dust</b> - Dust all ledges and surfaces	X						
<b>Stainless Steel</b> - Damp wipe, clean and polish stainless steel and other metal kick plates, railings, wall guards, door handles/hardware, and foot plates.	X						
<b>Glass</b> - Clean glass	X						
<b>Strip &amp; Refinish</b> - Strip old finish from hard surface flooring; apply sealer and non-slip finish							X
<b>No Storage</b> - No items may be stored in a stair tower. Remove all items found in stair towers and notify the Safety Officer problem continues.	X						
<b>V: Operating Rooms &amp; Suites (Same as Specification A; but to include)</b>							
<b>Preparation</b> - Wearing the proper PPE's for work in Surgical areas meeting hospital requirements.	X						
<b>Regular Nightly Cleaning</b>							

<b>A:</b> Spot wash and rinse with Infection Control approved germicidal solutions all scrub rooms and Operation Room walls.	X							
<b>B:</b> Clean bathroom and locker rooms and replenish paper and plastic supplies as necessary. Damp wipe hamper stands in scrub are with IC approved germicidal solution and set in fresh hamper bag.	X							
<b>C:</b> Wash thoroughly all scrub work sinks, including under surfaces and drain pipes.	X							
<b>D:</b> Clean floors of all corridors, storage areas, and instrument clean up rooms, sterile storage rooms, locker rooms, offices and lounges by applying IC approved germicidal solution rinse.	X							
<b>E:</b> Wash all exposed surfaces of OR lights.	X							
<b>Cycle Cleaning: Operating Rooms and Scrub Rooms</b>								
<b>A:</b> Remove all portable equipment from room.	X							
<b>B:</b> Wash with IC approved germicidal solution fixtures, tracks and other items attached to ceiling.	X							
<b>C:</b> Wash walls, doors, door frames, electrical outlets, rubber hoses, fixtures attached to walls, and outside surfaces of cabinets or shelves with IC approved germicidal detergent.	X							
<b>D:</b> Flood OR and scrub room floor with a solution of IC approved germicidal detergent. Let stand for 5 minutes and pick up using wet vacuum or two bucket system. Rinse floor with solution of IC approved germicidal detergent.	X							
<b>E:</b> Remove dirt and debris from wheels and metal joints and wash with IC approved germicidal solution all rolling stock in the OR suite and scrub room.	X							
<b>F:</b> Maintain conductive flooring as prescribed by manufacturer.	X							
<b>Cycle Cleaning: All Other Areas of the OR Suite</b>								
<b>A:</b> For all rolling stock, remove all dirt from wheels followed by cleansing with IC approved germicidal solution.	X							
<b>B:</b> Wash with IC approved germicidal solution fixtures, tracks and other items attached to ceiling.	X							
<b>W: Pharmacy Cleaning</b>								
<b>Dust Mop</b> - Collect debris from all hard surfaced floors with dust control tool. Dust mop to include corners, baseboards and hard to reach areas. (squeegee or micro fiber)	X							
<b>Wet Mop</b> - Wet mop all hard surfaced floors with approved germicidal solution.	X							
<b>Baseboards</b> - Keep free of dust, splash marks, and old finish and sealer.	X							
<b>Replenish Supplies</b> - Check and replenish paper towels and hand hygiene products as needed.	X							
<b>Vertical Surfaces</b> - Spot wash/disinfect and rinse with germicidal solution on walls, doors.	X							
<b>Waste Receptacles</b> - Check, empty and clean/disinfect waste containers. Replace with fresh liners.	X							
<b>Damp Wipe</b> - All exposed surfaces with germicidal solution.	X							

Pharmacy Clean Room: Monthly							
<b>Fixtures and Tracks</b> - Wash with germicidal solution.			X				
<b>Walls, Ceilings, Surfaces of Outer of Cabinets, Door Frames</b> - Wash with germicidal solution.			X				
<b>Portable Equipment</b> - Remove soil from wheels and wash with germicidal solution.			X				
<b>Floors</b> - Move portable equipment to one side of floor wash or light scrub hard surfaced floors and apply non-slip floor finish, repeat step on other side of floor.							X
<b>Floors</b> - Repeat step 3 except remove finish from hard surfaced floors, and apply non-slip floor finish.							X
Z: Elevator Cleaning							
<b>A:</b> Interior surfaces of elevator will be free of loose dirt & dust streaks.	X						
<b>B:</b> Handrails, controls, doors and other surfaces will be clean and polished.	X						
<b>C:</b> Elevator surfaces will be free of finger marks and other smudges.	X						
<b>D:</b> Disinfect floor level push pad	X						
<b>E:</b> Elevator walls will be free of splash marks. Floor will be clean and base plates and thresholds polished.	X						
<b>F:</b> The frequency of stripping and/or refinishing of elevator floors will be such as to maintain the hard-surfaced floors in a clean state, free of build-up, dirt, or black marking, and with a gloss acceptable to the Client.							X
<b>G:</b> The frequency of spray cleaning and shampooing of carpets will be such as to maintain the carpet in a clean state, free of soiled areas, acceptable to the Client.							X

## EVS Areas to be Service

<u>Area to be Serviced</u>	<u>Specification</u>	<u>Frequency per Week where Different than above – Exhibit A-1</u>
<b><u>Main Tower</u></b>		
<b><u>4<sup>th</sup> Floor</u></b>		
Patient Rooms	A	
Isolation Rooms	C	
Nurse's Station	B	
Utility Rooms	B	
Offices	Q	3
Conference Rooms	Q	3
Waiting Areas	B	
Exam/Treatment Room	A	
Public Restrooms	L	
Lounges	B	3
Corridors	B	
OR Rooms (L&D)	V	
<b><u>3<sup>rd</sup> Floor</u></b>		
Patient Rooms	A	
Isolation Rooms	C	
Nurse's Station	B	
Utility Rooms	B	
Offices	Q	3
Conference Rooms	Q	3
Waiting Areas	B	
Exam/Treatment Room	A	
Public Restrooms	L	
Lounges	B	3
Corridors	B	
<b><u>2<sup>nd</sup> Floor</u></b>		
Patient Rooms	A	
Isolation Rooms	C	
Nurse's Station	B	
Utility Rooms	B	
Offices	Q	3
Conference Rooms	Q	3
Waiting Areas	B	
Exam/Treatment Room	A	
Public Restrooms	L	
Lounges	B	3
Corridors	B	
<b><u>ICU / Direct Observation Unit</u></b>		
Patient Holding Rooms	A	

Isolation Rooms	C	
Nurse's Station	B	
Utility Rooms	B	
Offices	Q	5
Conference Rooms	Q	5
Work Stations and Areas	Q	

**OR/Sterile Processing**

Patient Holding Rooms	NA
Isolation Rooms	NA
Nurse's Station	NA
Utility Rooms	NA
Offices	NA
Conference Rooms	NA
Work Stations and Areas	NA
Waiting Areas	NA
Exam/Treatment Room	NA
OR Rooms	V
PACU / Pre-Op	NA
Public Restrooms	NA
Lounges	NA
Corridors	B
On Call Rooms	NA

Please Note: Due to departmental shift/changes within Hospital Organization, EVS only performs Terminal Cleaning of ORs 1-8, Cycle Cleaning of Floors and In Between case cleaning (IF needed during 3<sup>rd</sup> shift 11pm to 6am; 7X a week and /or when OR Staff is short due to callouts) within the OR Area (2E)

**1<sup>st</sup> Floor**

Patient Rooms	G	
Isolation Rooms	C	
Nurse's Station	B	
Utility Rooms	B	
Offices	Q	
Work Stations and Areas	Q	3
Conference Rooms	Q	
Waiting Areas	B	
Exam/Treatment Room	A	
Clinical Lab	B	
Public Restrooms	L	
Lounges	B	
Corridors	B	
Stairwells	T	
Elevators	Z	
Dock Areas and Rooms	N	3
Sharps Containers	O	As needed

**In-Patient Pharmacy**

Utility Rooms	B	
Offices	Q	5
Work Stations and Areas	Q	

Pharmacy Clean Room	W	
<b><u>ER / ICC</u></b>		
Patient Rooms	A	
Isolation Rooms	C	
Exam/Treatment Rooms	A	
Procedure Rooms	A	
Radiology	A	
OR Suite (CATH Lab / CT)	V	
Work Stations and Areas	Q	
Main Lobby	O	
Nurse's Station	B	
Utility Rooms	B	
Offices	Q	5
<b><u>Radiology</u></b>		
Patient Rooms	A	5
Isolation Rooms	C	5
Exam/Treatment Rooms	A	5
Procedure Rooms	A	5
Radiology	A	5
Work Stations and Areas	Q	5
Waiting Areas	O	5
Nurse's Station	B	5
Utility Rooms	B	5
Offices	Q	5
MRI	V	5
<b><u>Adjacent/Off Campus Sites</u></b>		
Out-patient Pharmacy	Q	5
Material Management	Q	5
Campus Trailers	Q	3
Human Resources	Q	5
<b><u>Columbus Clinics</u></b>		
Nurse's Station	B	6
Utility Rooms	B	6
Offices	Q	5
Work Stations and Areas	Q	6
Conference Rooms	Q	6
Waiting Areas	B	6
Exam / Treatment Room	A	6
Lab / Blood Draw	B	6
Chemotherapy Clinic	A	6
Public Restrooms	L	6
Lounges	B	6
Corridors	B	6
Sharps Containers	O	As needed
Chemotherapy Containers	O	As needed

**Areas Specifically Excluded From Scope of Services**



Kitchen, Except for Bi-Annual Project Cleaning of Floors and walls only  
Mechanical and Boiler Rooms  
Engineering (Excluding Offices and Bathrooms Done 3x Week)  
Roof tops  
Parking Structures and Surface lots  
Exterior Grounds (except where indicated in Schedule I)  
Refrigerator/Ice Machine interiors  
Staff microwaves or ovens  
Furniture /Office Moves  
Specialty Medical Equipment (i.e. Incubators, Neptune systems, Interior of pumps)  
Exterior Windows (Excluding front entrance ER and Main Lobby)  
Monitors/Screen surfaces  
Window A/C - Heater systems interiors; Exteriors wiped down  
Water Coolers  
Lost & Found  
Transportation of Equipment from Facility  
Operating Room Cleaning (Currently Backup when OR Staff Calls out)  
Pest Control; Housekeeping is the liaison for Pest Management Contract personnel.  
Bed Management  
Off-Campus Setups  
HazMat Program (Director is currently Hazmat Officer of Hospital)

**Exhibit A-2**  
**PT Scope of Services**

1. **Hours of Patient Transport:**
  - a. Monday through Friday: 6:00am – 6:30pm
  - b. Saturday, Sunday, and holidays: 6:30am – 3:00pm
2. **Scope of Services Provided:** Crothall will provide the following patient transport services:
  - a. Procedural Transports (to/from Imaging Departments only)
  - b. Assist with lifts from patient bed or chair to transport equipment; lifts from transport equipment to a patient bed or chair in preparation for procedural transports only.
  - c. Delivery and removal of empty, clean beds
  - d. Cleaning of mobile transport equipment including stretchers, wheelchairs, gurneys, etc.
3. **Areas that Patient Transport Services are Provided:** Crothall will provide patient transport services to the following areas:
  - a. Main Hospital
4. **Other Services not included in Trip Volume:**
  - a. **Dispatch Services:** dispatch services handled by Call Center
5. **Excluded Items:** Items Excluded from this Agreement:
  - a. Food or drinks of any sort
  - b. Larger equipment such as freezers
  - c. Narcotics Medications
  - d. Pharmaceuticals delivered directly to the patients
  - e. Any supplies from Central Supply.
  - f. Set-up of isolation rooms and equipment
  - g. Empty and replace glove and needle boxes
  - h. Assemble admission and/or chart packs
  - i. Assist with patient observations or one-to-one observations
  - j. Retrieve clean and dispose of soiled linen unless utilized for dressing wheelchairs and stretchers

- k. Empty trash receptacles
- l. Clean rolling IVs or portable equipment other than wheelchairs and stretchers
- m. Change linen on examination tables
- n. Assist patients with Activities of Daily Living (“ADL’s”) such as feeding, dressing, bathing, and turning patients
- o. Assist in preparing patients for procedures, including, but not limited to shaving, draping, removing body parasites, collecting urine specimens, etc.
- p. Transport of Unstable Patients without nursing assistance
- r. Connecting, disconnecting or adjusting a patient's oxygen flow from wall outlet or portable tank
- s. Stocking supplies
- t. Stocking/Maintaining of Code Carts (also known as “Crash Carts”)
- u. Verifying clinical information: “Ticket to ride O2” as an example
- v. Assisting team members in set up of suction apparatus, etc.

6. **Trip Volume Reporting:** Crothall will provide a Trip Volume report to Client Administrative Director of Support Services at each quarterly business review.

**Exhibit A-3**  
**Call Center Scope of Services**

Hours of Service for Hospitality Resource Center:

Monday through Sunday; twenty-four (24) hours per day.

Scope of Services Provided:

- Provide trained hospitality coordinators to answer phone call requests from patients, family members, visitors, or service users, document and enter into the HRC software application such requests, manage the workflow of such requests, track response and completion times, and notify caller if there are delays or cancellations.
- The hospitality coordinators will handle all support service requests, prioritize assignments, monitor transporter activities, follow through with concerns, provide status reports, and give estimated time of service delivery when appropriate.
- The hospitality coordinators will record all long distance calls, maintain the call lists for physicians, dispatch all pages via InfoRad, replace broken pagers, handle hospital codes, contact the Sherriff, Fire Department and TelTec when needed and notify Engineering Department when fire and gas safety panels alert.

Call Volume

The annual call volume is 307,470 calls. Annual call volume beyond 307,470 will be considered outside scope of this Agreement. In the event of sustained additional call activity greater than 3% of the annual call volume for a thirty (30) day period, Crothall reserves the right to renegotiate the Contract Price, labor, and/or other resources.

**Exhibit A-4  
Quality Incentive Plan**

In connection with the Services, the parties have agreed to enter into a quality incentive plan (“QIP”), which is a continuation of the parties’ quality program, pursuant to which Crothall may be eligible to earn an incentive up to three percent (3%) of Crothall’s Rates in relation to the mutually agreed upon benchmarks below.

This QIP will commence on June 27, 2017 (the “Commencement Date”) and will measure Crothall’s performance through June 26, 2018 (the “Expiration Date”) with regard to the following areas:

Customer Satisfaction	40%
Operations Metrics	40%
Employee Satisfaction	20%

The QIP scores for Crothall’s Services will be measured on an annual basis from the Commencement Date through the Expiration Date . Any incentive charges earned by Crothall under this QIP will be provided on a Crothall invoice after the conclusion of the annual period and will be subject to the annual maximum set forth above. With respect to any of the areas where a survey will be used to measure Crothall’s performance, if there is a change in survey tools or a material change in survey questions or how survey scores are calculated, then the Parties agree that the measurement area affected by this change will be temporarily suspended. The Parties will then use at least one quarter of survey data using the new or revised survey tool to obtain new data upon which the parties will use to identify new quality targets (which will be mutually agreed upon by the Parties in writing). If this Agreement is terminated or if Crothall’s Services at a Location are terminated (in whole or in part), then the measurement areas impacted by this termination will not apply for the quarterly/annual period in which the termination became effective (or thereafter).

<b>Metrics</b>	<b>Measure</b>	<b>Standard</b>	<b>Target</b>	<b>Actual Performance</b>	<b>Weight</b>	<b>Actual</b>
<b>Customer Satisfaction</b>					<b>40%</b>	
Routine Discharge Turn Over as measured through HRC	Time of Notification to room turnover	100 mins.	70 mins.		<b>5.7%</b>	
Terminal Clean Turn over as measured through HRC	Time of Notification to room turnover	120 mins.	90 mins.		<b>5.7%</b>	
Room Cleanliness - HCAHPS	Press Ganey - Mean Score-Annual Score	48%	68%		<b>5.7%</b>	

<b>Metrics</b>	<b>Measure</b>	<b>Standard</b>	<b>Target</b>	<b>Actual Performance</b>	<b>Weight</b>	<b>Actual</b>
Hospital Cleanliness	Executive Rounds - Monthly Internal Survey - Annual Score	50%	70%		<b>5.7%</b>	
Clinic Cleanliness	Press Ganey Mean Score - Annual Score	34%	72%		<b>5.7%</b>	
<b>Transport</b>						
Task Time	Call to Transport	25 mins.	18 mins.		<b>5.7%</b>	
Trips/hr	Average Number of trips per hr worked	2.5	2.7		<b>5.7%</b>	
<b>Operation Metrics</b>					<b>40%</b>	
Hours Worked Per 1000 sq. ft. (Environmental Services only)	Productive HR/1000 sq. ft. Cleaned	53 hrs/1000 sq. ft. Cleaned	51 hrs/1000 sq. ft. Cleaned		<b>13.3%</b>	
Labor Expense per 1000 sq. ft. (Environmental Services Only)	Total Labor Expense/1000 sq. ft. Cleaned	\$750/1000 sq. ft. Cleaned	\$725/1000 sq. ft. Cleaned		<b>13.3%</b>	
Productivity (Environmental Services Only)	Truvan Health Analytics	<=40%	<=38%		<b>13.3%</b>	
<b>Employee Satisfaction</b>					<b>20%</b>	
Lost Days Work	Worker Comp Reporting	650 days	<200days		<b>6.67%</b>	
Department Turn Over Rate	% of full/pt time staff departing employment (excluding retirement, extra help)	27%	Yr 4 <=23% ; Yr 5 <= 19% ; Yr 6 15%		<b>6.67%</b>	

<b>Metrics</b>	<b>Measure</b>	<b>Standard</b>	<b>Target</b>	<b>Actual Performance</b>	<b>Weight</b>	<b>Actual</b>
Employee Satisfaction Survey	Annual Survey given by KMC. The percentage of employees rating the management team overall > 3 on a 5 point scale	NA	70%		<b>6.70%</b>	
					<b>Total Weight</b>	<b>Total Actual</b>
					<b>100.0%</b>	

**EXHIBIT “B”  
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 CROTHALL HEALTHCARE, INC. (“**Business Associate**”) (each a “**Party**” and collectively the “**Parties**”), effective as of the underlying Agreement (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 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 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 (as defined by 45 CFR 164.304) 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 five (5) business 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 was caused by Business Associate, 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 and Business Associate will cooperate with one another to coordinate the timing and method of providing notification of such Breach to the affected individual(s), the Secretary and, if applicable, the media, but if there is a disagreement in the timing or method, the Covered Entity will make the final decision on providing notification. 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 caused by Business Associate. If the parties cannot agree that Business Associate is responsible for a Breach for purposes of reimbursing Covered Entity, or if the parties cannot agree on the reasonableness of expenses, the parties agree to resolve the dispute using the methods provided in the Underlying Agreement.

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, 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) cooperate with Covered Entity to determine 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 Sub-Contractors. Business Associate shall require each of its Sub-Contractors that creates, maintains, receives, or transmits PHI on behalf of Business Associate, to execute a Business Associate Agreement that imposes on such Sub-Contractors 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 Sub-Contractors) 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 Sub-Contractors) 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 Sub-Contractors 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 Sub-Contractors) 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. The term of this BAA shall be the term of any Underlying Agreement.

4.2 Immediate Termination of Underlying Agreement.

4.2.1 Either party may terminate the Underlying Agreement, effective immediately, if the other party: (i) is convicted in a criminal proceeding for a violation of HIPAA, the HITECH Act, the HIPAA Rules or other security or privacy laws; or (ii) is found or stipulated that it 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:

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 thirty (30) 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.

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 Business Associate determines that 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; provided, however, that Business Associate may terminate this BAA upon written notice to Covered Entity within thirty (30) days following such amendment.

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 may cause Covered Entity irreparable harm, the amount of which may be difficult to ascertain, and therefore agrees that Covered Entity may 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 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, covering any and all claims, liabilities, demands, damages, losses, costs and expenses to the extent arising from a breach of the security or privacy obligations of Business Associate, its officers, and employees under this BAA. Such insurance coverage will be maintained for the term of this BAA, and a copy of such certificate evidencing the policy shall be provided to Covered Entity at Covered Entity's request. Business Associate will require its agents, independent contractors, and sub-contractors, of any tier, who are providing Services to Covered Entity pursuant to the Underlying Agreement to obtain and maintain liability insurance covering a breach of the security or privacy obligations provided hereunder.

5.7 Assistance in Litigation or Administrative Proceedings. Business Associate agrees to reasonably cooperate and make itself and any Sub-Contractors 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. 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 Sub-Contractors) 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 to the extent of Business Associate's negligent acts or omissions.

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 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:

Crothall Healthcare, Inc.  
1500 Liberty Ridge Drive, Suite 210  
Wayne, Pennsylvania 19087  
Attn: Legal Department

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.

The Parties hereto have executed this BAA as of the Effective Date.

**COVERED ENTITY:**

The Kern County Hospital Authority on  
behalf of Kern Medical Center

**BUSINESS ASSOCIATE:**

CROTHALL HEALTHCARE, INC.

\_\_\_\_\_  
Title: Chief Executive Officer

Date: \_\_\_\_\_

\_\_\_\_\_  
Title:

Date: \_\_\_\_\_

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

December 13, 2017

**Subject:** Proposed Amendment No. 1 to Agreement 390-2015 with Bao Quynh N. Huynh, M.D.

**Recommended Action:** Approve; Authorize Chairman to sign

**Summary:**

Kern Medical requests your Board approve the proposed Amendment No. 1 with Bao Quynh N. Huynh, M.D., a contract employee, to provide professional medical services to patients in the Department of Medicine as well as teaching services to resident physicians.

Kern Medical will pay Dr. Huynh an annual salary for teaching and administrative services based on the actual number of documented hours for assigned teaching and administrative duties and a guarantee salary for care of KMC patients using the current Medical Group Management Association Physician Compensation and Production Survey.

The proposed amendment extends this agreement from July 8, 2018 through December 13, 2020 and increases the maximum payable by \$1,575,000, from \$1,228,000 to \$2,803,000, to cover the extended term

**AMENDMENT NO. 1  
TO  
AGREEMENT FOR PROFESSIONAL SERVICES  
CONTRACT EMPLOYEE  
(Kern County Hospital Authority – Bao Quynh N. Huynh, M.D.)**

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 county hospital authority (“Authority”), which owns and operates Kern Medical Center (“KMC”), and Bao Quynh N. Huynh, M.D. (“Physician”).

**RECITALS**

(a) Authority and Physician have heretofore entered into an Agreement for Professional Services (Kern County Agt. #390-2015, dated June 16, 2015) (“Agreement”), for the period July 8, 2015 through July 7, 2018, whereby Physician provides professional medical services in the Department of Medicine at KMC and teaching services to resident physicians employed by Authority; and

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

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

(d) The Agreement is amended effective December 14, 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 initial term of this Agreement shall commence July 8, 2015 (the “Commencement Date”), and shall end December 13, 2020 (“Initial Term”), unless earlier terminated pursuant to other provisions of this Agreement as herein stated. At the end of the Initial Term and each Renewal Term (as hereinafter defined), if any, this Agreement may be renewed for additional terms of two (2) years each (“Renewal Term”), but only upon mutual written agreement of the parties. As used herein, the “Term” of this Agreement shall mean the Initial Term and all Renewal Terms. As used herein, an “Employment Year” shall mean the annual period beginning on the Commencement Date and each annual period thereafter.”

2. Section 5, Compensation Package, paragraph 5.2, Annual Compensation – July 8, 2016 through July 7, 2018, shall be deleted in its entirety and replaced with the following:

“5.2 Annual Compensation – December 14, 2017 through December 13, 2020. For the period December 14, 2017 through and including December 13, 2020 (the “Guarantee Period”), Physician shall be paid an annual salary (“Annual Salary”) as described below.

5.2.1 Compensation Methodology. Authority shall pay Physician an Annual Salary comprised of the following: (a) a base salary (“Base Salary”) for teaching and administrative services based on the actual number of documented hours for assigned teaching and administrative duties at the hourly rate of \$72.87 per hour; and (b) a guarantee salary (“Guarantee Salary”) in the amount of the greater of (i) \$285,650 (the “Minimum Amount”) per year, or (ii) payment for care of KMC patients using the current Medical Group Management Association Physician Compensation and Production Survey (“MGMA Survey Data”). KMC has chosen to use the full time physician compensation with more than one year in the specialty for all physicians section. A conversion factor will be established by taking each category and dividing the physician compensation in that category by the worked relative value unit (“Worked RVU”). Physician will be compensated for each Worked RVU at the rate of \$55.27 (“RVU Effort”). No later than December 14, 2018, and annually thereafter, KMC will review the MGMA Survey Data to establish a new rate for the Worked RVU.

5.2.2 Reconciliation of Guarantee Salary. Within 30 days after the end of each quarter during the Guarantee Period, KMC will calculate the RVU Effort for such immediately preceding quarter, taking into account the RVU Effort from December 14, 2017, through the end of the subject quarter, and the RVU Effort generated from the Guarantee Period shall be determined (the “Actual Amount”). KMC will undertake a reconciliation of the RVU Effort, for services provided by Physician during the Guarantee Period, no later than the end of 120 days from the conclusion of the Guarantee Period. If the prorated Minimum Amount is lower than the Actual Amount, then such difference shall be paid to Physician as Guarantee Salary within 30 days after such calculation has been completed.

5.2.3 Time Logs. Physician shall, on a monthly basis on or before the fifth (5th) day of each calendar month during the Term of this Agreement, submit to KMC a written time log in the form attached hereto and incorporated herein as Exhibit “C,” detailing to KMC’s satisfaction the date, time, actual number of hours, and description of activities related to assigned teaching and administrative duties during the immediately preceding calendar month.

5.2.4 Biweekly Payment. Physician shall be paid biweekly on the same schedule as regular Authority employees. The exact date of said biweekly payments shall be at the sole discretion of Authority. All payments made by Authority to Physician shall be subject to all applicable federal and state taxes and withholding requirements.”

3. Section 5, Compensation Package, paragraph 5.9, Maximum Payable, shall be deleted in its entirety and replaced with the following:

“5.9 Maximum Payable. The maximum compensation payable under this Agreement shall not exceed \$2,803,000 over the Initial Term of this Agreement.”

4. Exhibit “C,” Time Log Form, attached hereto and incorporated herein by this reference, shall be made part of the 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 shall remain in full force and effect.

[Signatures follow on next page]

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

PHYSICIAN

By \_\_\_\_\_  
Bao Quynh N. Huynh, M.D.

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.Huynh.103117

**EXHIBIT "C"**  
**TIME LOG FORM**

## TIME LOG FORM

\_\_\_\_\_  
Physician Name

\_\_\_\_\_  
Signature / Date

\_\_\_\_\_  
Department

\_\_\_\_\_  
Month / Year of Service

\_\_\_\_\_  
Total Hours / Month

Services Provided (please list specific activity performed)

Date

Hours

1. Medical Staff CME Activities

\_\_\_\_\_  
\_\_\_\_\_

2. Hospital Staff Education and Training

\_\_\_\_\_  
\_\_\_\_\_

3. Clinical Supervision

\_\_\_\_\_  
\_\_\_\_\_

4. Quality Improvement Activities (committees, case review, etc.)

\_\_\_\_\_  
\_\_\_\_\_

5. Administration Activities

\_\_\_\_\_  
\_\_\_\_\_

6. Community Education

\_\_\_\_\_  
\_\_\_\_\_

7. Medical Management Activities

\_\_\_\_\_  
\_\_\_\_\_

8. Compliance Activities

\_\_\_\_\_  
\_\_\_\_\_

9. Other Services

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



\_\_\_\_\_

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

December 13, 2017

**Subject:** Proposed Agreement with Kern Vascular Call Group, Inc.

**Recommended Action:** Approve; Authorize Chairman to sign

**Summary:**

Kern Medical requests your Board approve the proposed agreement with Kern Vascular Call Group, an independent contractor, to provide 24/7 emergency and trauma coverage for the vascular surgery service.

The proposed agreement is from January 15, 2018 through January 14, 2019, in an amount not to exceed \$600,000.

**AGREEMENT FOR PROFESSIONAL SERVICES  
INDEPENDENT CONTRACTOR  
(Kern County Hospital Authority – Kern Vascular Call Group, Inc.)**

This Agreement 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 Kern Vascular Call Group, Inc., a California professional medical corporation (“Contractor”), with its principal place of business located at 4901 Centennial Plaza Way, Bakersfield, California 93312.

**I.  
RECITALS**

(a) Authority is authorized, pursuant to section 101852 of Part 4 of Division 101 of the Health and Safety Code, to contract for special services with individuals specially trained, experienced, expert, and competent to perform those services; and

(b) Authority owns and operates KMC, a general acute care hospital located at 1700 Mount Vernon Avenue, Bakersfield, California, and affiliated clinics (collectively, the “Premises”), in which is located the Department of Surgery (the “Department”); and

(c) Contractor is a California professional medical corporation with medical doctors (collectively, “Group Physicians” or individually, “Group Physician”) who provide services on behalf of Contractor; and

(d) Authority requires the assistance of Contractor 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 Contractor desires to provide such services on the terms and conditions set forth in this Agreement; and

(e) Contractor has special knowledge, training and experience, and is qualified to render such services;

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 as follows:

**II.  
TERMS AND CONDITIONS**

1. **Term.** This Agreement shall be effective and the term shall commence as of January 15, 2018 (the “Effective Date”), and shall end January 14, 2019, unless earlier terminated pursuant to other provisions of this Agreement as herein stated.

## 2. **Obligations of Contractor.**

2.1 **Specified Services.** Contractor agrees to provide vascular surgery services through Group Physicians at KMC, including but not limited to the services set forth below. Such services may be changed from time to time by agreement of the parties in accordance with the provisions of this Agreement.

2.1.1 **Clinical Responsibilities.** Contractor through Group Physicians shall: (i) provide 24/7 emergency and trauma coverage for the vascular surgery service; (ii) perform emergency and elective vascular surgery procedures at KMC; (iii) provide mutually agreed upon coverage for the vascular surgery clinic; (iv) supervise residents and medical students assigned to the vascular surgery service; (v) supervise procedures performed by residents and mid-level providers; (vi) perform therapeutic and diagnostic procedures within the scope of practice for a vascular surgeon.

2.1.2 **Teaching.** Contractor through Group Physicians shall provide didactic lectures as mutually agreed upon between Contractor and the Department chair or program director.

2.1.3 **Medical Education; Academic Responsibilities.** Contractor through Group Physicians shall: (i) provide clinical mentoring to and evaluation of residents and medical students; and (ii) maintain board certification or eligibility in vascular surgery.

2.2 **Representations.** Contractor makes the following representations which are agreed to be material to and form a part of the inducement for this Agreement: (i) Contractor has the expertise and support staff necessary to provide the services described in this Agreement; and (ii) Contractor does not have any actual or potential interests adverse to Authority nor does Contractor represent a person or firm with an interest adverse to Authority with reference to the subject of this Agreement; and (iii) Contractor shall diligently provide all required services in a timely and professional manner in accordance with the terms and conditions set forth in this Agreement.

2.3 **Standard of Care.** Authority has relied upon the professional ability and training of Contractor as a material inducement to enter into this Agreement. Contractor hereby agrees that all of its work will be performed and that its operations shall be conducted in accordance with generally accepted and applicable professional practices and standards as well as the requirements of applicable federal, state and local laws, it being understood that acceptance of Contractor's work by Authority shall not operate as a waiver or release.

2.4 **Performance Standard.** Contractor shall perform all services hereunder in a manner consistent with the level of competency and standard of care normally observed by a person practicing in Contractor's profession. If Authority determines that any of Contractor's work is not in accordance with such level of competency and standard of care, Authority, in its sole discretion, shall have the right to do any or all of the following: (a) require Contractor to meet with Authority to review the quality of the work and resolve matters of concern; (b) require Contractor to repeat the work at no additional charge until it is satisfactory; (c) terminate this

Agreement pursuant to the provisions of section 36; or (d) pursue any and all other remedies at law or in equity.

2.5 Assigned Personnel. Contractor shall assign only competent personnel to perform the Services hereunder. In the event that at any time Authority, in its sole discretion, desires the removal of any person or persons assigned by Contractor to perform the services hereunder, Contractor shall remove such person or persons immediately upon receiving written notice from Authority. Group Physicians providing services under this Agreement include, without limitation, Hao D. Bui, M.D., Tien H. Nguyen, M.D., and Sara Honari, M.D.

2.6 Qualifications of Group Physicians.

2.6.1 Licensure/Board Certification. Group Physicians shall at all times during the term of this Agreement be duly licensed physicians and surgeons in the state of California, practicing in the medical specialty of vascular surgery, and certified by or eligible for certification by the American Board of Surgery in vascular surgery-general, and maintain such certification at all times during the term of this Agreement.

2.6.2 Medical Staff Status. Each Group Physician shall at all times during the term of this Agreement be a member in good standing of the KMC medical staff with “active” or “courtesy” staff status and hold all clinical privileges on the active or courtesy medical staff appropriate to the discharge of his or her obligations under this Agreement.

2.6.3 TJC and ACGME Compliance. Each Group Physician shall observe and comply with all applicable standards and recommendations of The Joint Commission and Accreditation Council for Graduate Medical Education.

2.6.4 Training/Experience. Each Group Physician shall have (i) major trauma experience at a level I or II trauma center, (ii) general vascular surgery experience in trauma, (iii) experience with severe trauma cases, (iv) a background to include experience working with other clinical departments, teaching residents and medical students, participating in hospital committees, and working on pathways and evidence-based guidelines, and (v) ongoing acute care hospital experience.

2.7 Rights and Duties. Hao H. Bui, M.D. shall act as the authorized agent for Contractor in all matters relating to the performance of Group Physicians under this Agreement. Contractor shall, by contract, obligate Group Physicians to comply fully with all duties, obligations and restrictions imposed upon Contractor under this Agreement.

2.8 Loss or Limitation. Contractor shall notify KMC promptly of any loss, sanction, suspension or material limitations of any Group Physician’s license to practice in the state of California, Controlled Substance Registration Certificate issued by the Drug Enforcement Administration, right to participate in the Medicare or Medicaid programs, or specialty qualifications for medical staff membership or clinical privileges.

2.9 Standards of Medical Practice. The standards of medical practice and professional duties of all Group Physicians providing services under this Agreement shall be in accordance with the KMC medical staff bylaws, rules, regulations, and policies, the standards for practice established by the state Department of Public Health and all other state and federal laws and regulations relating to the licensure and practice of physicians, and The Joint Commission.

2.10 Medical Record Documentation. Contractor shall cause a complete medical record to be timely prepared and maintained for each patient seen by a Group Physician providing services under this Agreement. This record shall be prepared in compliance with all state and federal regulations, standards of The Joint Commission, and the KMC medical staff bylaws, rules, regulations, and policies. Documentation by Group Physicians will conform to the requirements for evaluation and management (E/M) services billed by teaching physicians set forth in the Medicare Carriers Manual, Part 3, sections 15016–15018, inclusive.

2.11 Quality Improvement and Risk Management. Contractor agrees that all Group Physicians shall participate in (i) the quality improvement and risk management programs of KMC and serve on such committees as may be required; (ii) ongoing quality improvement activities, such as audits, which will be conducted annually in the Department in order to evaluate and enhance the quality of patient care; and (iii) risk management activities designed to identify, evaluate and reduce the risk of patient injury associated with care. At a minimum, Contractor shall ensure that the quality improvement program consists of the following integrated components: (i) professional development that provides continuous performance feedback that is benchmarked, evaluated, and rated individually and collectively; (ii) clinical standards that are evidence-based and grounded in industry best practices; (iii) performance improvement that is outcomes-focused and based on quality indicators/metrics with quarterly reporting of same; and (iv) customer satisfaction that is feedback/survey-driven and objectively and comparatively measured, tracked/trended, and analyzed. The appropriate review mechanism will be applied in accordance with the provisions of the KMC medical staff bylaws, The Joint Commission, and applicable law.

2.12 Taxes. Contractor agrees to file federal and state tax returns and pay all applicable taxes on amounts paid pursuant to this Agreement and shall be solely liable and responsible to pay such taxes and other obligations, including, but not limited to, state and federal income and FICA taxes. Contractor agrees to indemnify and hold Authority harmless from any liability which it may incur to the United States or to the state of California as a consequence of Contractor's failure to pay, when due, all such taxes and obligations. In case Authority is audited for compliance regarding any withholding or other applicable taxes, Contractor agrees to furnish Authority with proof of payment of taxes on these earnings.

2.13 Nonexclusive Services. Contractor understands and agrees that Authority will utilize the services of Contractor pursuant to the terms of this Agreement on a non-exclusive basis. Contractor further agrees that Authority shall retain the option to enter into agreements with other organizations for purposes of securing the services, in its sole discretion.

3. **Obligations of Authority.**

3.1 **Authority Designee.** Authority shall designate a primary contact, who will arrange for KMC staff assistance as may be required.

3.2 **Space.** KMC shall furnish for the use of Contractor such space and facilities as may be deemed necessary by KMC for the proper operation and conduct of the Department. KMC shall, in its sole discretion, determine the amount and type of space and facilities to be provided herein. Contractor shall use the space and equipment solely for the performance of the services required under this Agreement. Neither Contractor nor Group Physicians shall use such space or equipment for other business or personal use.

3.3 **Use Limitations on Space.** The use of any part of the space occupied by the Department for the general or private practice of medicine is prohibited. Contractor shall use the items furnished under this Agreement only for the performance of services required by this Agreement. This Agreement shall not be construed to be a lease to Contractor or any Group Physician of any portion of the Premises, and insofar as Contractor or Group Physicians may use a portion of said Premises, Contractor and Group Physicians do so as licensees only, and Authority and KMC shall, at all times, have full and free access to the same.

3.4 **Equipment.** KMC shall furnish for the use of the Department such equipment as is deemed necessary by KMC for the proper operation and conduct of the Department consistent with community standards. KMC shall keep and maintain this equipment in good order and repair and replace such equipment, as is reasonably necessary and subject to the usual purchasing practices of Authority and KMC and budget constraints.

3.5 **Services and Supplies.** KMC shall provide or arrange for the provision of janitorial services, housekeeping services, laundry and utilities, together with such other hospital services, including medical records, administrative and engineering services, and expendable supplies as KMC deems necessary for the proper operation and conduct of the Department.

3.6 **Control Retained in KMC.** In compliance with title 22, California Code of Regulations, section 70713 KMC will retain professional and administrative responsibility for services rendered under this Agreement. Contractor shall apprise KMC of recommendations, plans for implementation and continuing assessment through dated and signed reports which shall be retained by KMC for follow-up action and evaluation of performance.

4. **Payment for Services.**

4.1 **Compensation.** As consideration for the services provided by Contractor hereunder, Authority will pay Contractor in accordance with the fee schedule set forth in this paragraph 4.1. All services are payable in arrears.

4.1.1 **Emergency/Trauma Coverage.** Authority will pay Contractor a per diem rate of \$1,000 per 24-hour day for emergency/trauma coverage.

4.1.2 Surgical Procedures/Consults. Authority will pay Contractor a fixed fee in the amount of \$59.52 per worked relative value unit for all surgical procedures and consults performed at KMC.

4.1.3 Outpatient Clinic Coverage. Authority will pay Contractor the greater of a fixed fee in the amount of \$500 per half-day clinic or \$59.52 per worked relative value unit for assigned outpatient clinic coverage.

4.14 Didactic Lectures. Authority will pay Contractor a fixed fee in the amount of \$500 per lecture, which includes preparation time and lecture presentation.

4.2 Compensation All-inclusive. The compensation paid to Contractor is inclusive of all expenses, including without limitation, lodging, mileage reimbursement, car rental, meals, and incidental expenses.

4.3 Limitations on Compensation. Except as expressly stated herein, neither Contractor nor Group Physicians shall receive any benefits from Authority, including without limitation, health benefits, sick leave, vacation, holidays, deferred compensation or retirement.

4.4 Invoices. Invoices for payment shall be submitted in a form approved by KMC and list each service performed. Invoices and receipts shall be sent to KMC for review and processing within 60 days of the date of service or payment will not be made. Payment shall be made to Contractor within 30 days of receipt and approval of each invoice by KMC.

4.5 Maximum Payable. The maximum payable under this Agreement will not exceed \$600,000 over the one-year term of this Agreement.

4.6 Taxpayer Identification. To ensure compensation is reported as paid to the proper party, Contractor will complete and execute IRS Form W-9 (Exhibit "A," attached hereto and incorporated herein by this reference), which identifies the taxpayer identification number for Contractor.

4.7 Professional Fee Billing. KMC shall have the exclusive right to set, bill, collect and retain all fees, including professional fees, for all direct patient care services provided by Contractor to KMC patients during the term of this Agreement. All professional fees generated by Contractor for services rendered to KMC patients at KMC or a KMC location during the term of this Agreement, including both cash collections and accounts receivable, will be the sole and exclusive property of KMC, whether received by KMC or by Contractor and whether received during the term of this Agreement or anytime thereafter. Contractor hereby assigns all rights to said fees and accounts to KMC and shall execute all documents required from time to time by KMC and otherwise fully cooperate with KMC to enable KMC to collect fees and accounts from patients and third-party payers.

4.8 Managed Care Organizations. For and on behalf of Contractor, including Group Physicians, Authority shall have the sole and exclusive right and authority to enter into contractual relationships with HMOs, IPAs, PPOs, PHOs, employer groups, provider networks



and other managed care organizations (collectively “Managed Care Organizations”). Contractor shall provide the same quality of care to patients from Managed Care Organizations as is provided to other KMC patients. Upon request from Authority or KMC, Contractor shall execute Managed Care Organization documents as “provider” if deemed necessary or advisable by Authority. Contractor shall not contract with any Managed Care Organization without Authority’s prior written consent in each instance.

5. **Access to Books and Records.** Until the expiration of four (4) years after the expiration or termination of this Agreement, KMC and Contractor shall make available, upon written request of the Secretary of the United States Secretary of Health and Human Services (“Secretary”) or the Comptroller General of the United States General Accounting Office (“Comptroller General”), or any of their duly authorized representatives, a copy of this Agreement and such books, documents and records of either party as are necessary to certify the nature and extent of costs of the services Contractor provided under this Agreement. Contractor further agrees that if it carries out any of its duties under this Agreement through a subcontract with a value or cost of \$10,000 or more over a 12-month period with a related organization, that such subcontract shall contain a clause to the effect that until the expiration of four (4) years after the furnishing of such services pursuant to such subcontract, the related organization shall make available, upon written request of the Secretary or the Comptroller General, or any of their duly authorized representatives, the subcontract, and books, documents and records of such organization that are necessary to verify the nature and extent of such costs.

6. **Anti-referral Laws.** Contractor acknowledges that it is subject to certain federal and state laws governing the referral of patients, which are in effect during the term of this Agreement. These laws include (i) prohibitions on payments for referral or to induce the referral of patients, and (ii) the referral of patients by a physician for certain designated health care services to an entity with which the physician (or his or her immediate family) has a financial relationship (Cal. Business and Professions Code sections 650 et seq.; Cal. Labor Code sections 139.3 and 139.31; section 1128B (b) of the Social Security Act; and section 1877 of the Social Security Act). The parties expressly agree that nothing contained in this Agreement shall require either the referral of any patients to, or order of any goods or services from Contractor or KMC. Notwithstanding any unanticipated effect of any provision of this Agreement, neither party shall knowingly or intentionally conduct itself in such a manner as to violate the prohibition against fraud and abuse in connection with the Medicare and Medicaid programs (42 U.S.C. section 1320a-7b).

7. **Assignment.** Contractor shall not assign, delegate, sublet, or transfer any interest in or duty under this Agreement. Contractor shall not assign any money due or which becomes due to Contractor under this Agreement without the prior written approval of Authority.

8. **Audits, Inspection and Retention of Records.** Contractor agrees to maintain and make available to Authority accurate books and records relative to all its activities under this Agreement. Contractor shall permit Authority to audit, examine and make excerpts and transcripts from such records, and to conduct audits or reviews of all invoices, materials, records or personnel or other data related to all other matters covered by this Agreement. Contractor shall maintain such data and records in an accessible location and condition for a period of not

less than four (4) years from the date of final payment under this Agreement, or until after the conclusion of any audit, whichever occurs last. The state of California or any federal agency having an interest in the subject of this Agreement shall have the same rights conferred upon Authority herein.

9. **Authority to Bind Authority.** It is understood that Contractor, in its performance of any and all duties under this Agreement, has no authority to bind Authority to any agreements or undertakings.

10. **Captions.** The captions in this Agreement are solely for convenience of reference. They are not a part of this Agreement and shall have no effect on its construction or interpretation.

11. **Change in Law.** In the event that a change in state or federal law or regulatory requirement (or the application thereof), any of which renders this Agreement illegal, impossible to perform, or commercially impracticable, the parties agree to negotiate immediately, in good faith, any necessary or appropriate amendments(s) to the terms of this Agreement. If the parties fail to reach a mutually agreeable amendment within 30 days of such negotiation period, this Agreement shall automatically terminate at the end of such 30-day period.

12. **Choice of Law/Venue.** The parties hereto agree that the provisions of this Agreement will be construed pursuant to the laws of the state of California. It is expressly acknowledged that this Agreement has been entered into and will be performed within the County of Kern. Should any suit or action be commenced to enforce or interpret the terms of this Agreement or any claim arising under it, it is expressly agreed that proper venue shall be in County of Kern, state of California.

13. **Compliance with Law.** Contractor shall observe and comply with all applicable Authority, local, state and federal laws, ordinances, rules and regulations now in effect or hereafter enacted, each of which is hereby made a part hereof and incorporated herein by reference.

14. **Compliance Program.** Contractor acknowledges that KMC has implemented a compliance program for the purpose of ensuring adherence to applicable federal and state laws, regulations and other standards. Contractor agrees that in the course of performance of its duties described herein that it shall act, and cause its employees to act, in conformance with the policies set forth therein. KMC shall make available such information relating to its compliance program as is appropriate to assist Contractor in adhering to the policies set forth in the compliance program. Contractor and its employees shall participate in compliance training and education as reasonably requested by KMC.

15. **Confidentiality.**

15.1 **Use and Disclosure Restrictions.** Neither party shall, without the written consent of the other, communicate confidential information of the other, designated in writing or identified in this Agreement as such, to any third party and shall protect such information from inadvertent disclosure to any third party in the same manner that the receiving party would

protect its own confidential information. The foregoing obligations will not restrict either party from disclosing confidential information of the other party: (i) pursuant to applicable law; (ii) pursuant to the order or requirement of a court, administrative agency, or other governmental body, on condition that the party required to make such a disclosure gives reasonable written notice to the other party to contest such order or requirement; and (iii) on a confidential basis to its legal or financial advisors.

15.2 Trade Secrets. The parties acknowledge that each party, in connection with its business, has developed certain operating manuals, symbols, trademarks, trade names, service marks, designs, patient lists, procedures, processes, and other copyrighted, patented, trademarked, or legally protectable information which is confidential and proprietary to the party that constitute its trade secrets. The parties shall not use any name, symbol, mark, or other proprietary information of the other party except as expressly permitted.

15.3 Medical Records. The parties agree to maintain the confidentiality of all medical records pertaining to the provision of services under this Agreement in accordance with applicable federal and state laws and regulations including, but not limited to, the California Confidentiality of Medical Records Information Act, codified at section 56.1 of the California Civil Code, California Evidence Code sections 1156 and 1157, and the Health Insurance Portability and Accountability Act of 1996 and its implementing regulations.

15.4 Medical Staff and Committee Records. All records, files, proceedings and related information of Group Physicians, KMC and the medical staff and its committees pertaining to the evaluation and improvements of the quality of patient care at KMC shall be kept strictly confidential by Contractor and Group Physicians. Neither Contractor nor Group Physicians shall voluntarily disclose such confidential information, either orally or in writing, except as expressly required by law or pursuant to written authorization by KMC, which may be given or withheld in the sole discretion of KMC.

15.5 Ownership of Records. All documents, papers, notes, memoranda, computer files and other written or electronic records of any kind ("Documents"), in whatever form or format, assembled, prepared or utilized by Contractor or Group Physicians during and in connection with this Agreement shall remain the property of Authority at all times. Upon the expiration or termination of this Agreement, Contractor shall promptly deliver to Authority all such Documents, which have not already been provided to Authority in such form or format as Authority deems appropriate. Such Documents shall be and will remain the property of Authority without restriction or limitation. Contractor may retain copies of the above described Documents but agrees not to disclose or discuss any information gathered, discovered, or generated in any way through this Agreement without the express written permission of Authority.

15.6 Non-disparagement. Each party agrees that it shall not make or cause to be made, any written (including, but not limited to, any emails, internet postings, remarks or statements) or verbal assertions, statements or other communications regarding the other party's business or each other which may be in any manner whatsoever defamatory, detrimental or unfavorable to

such other party. Each party agrees that these non-disparagement covenants shall survive the termination of this Agreement.

16. **Conflict of Interest.** Contractor covenants that it has no interest and that it will not acquire any interest, direct or indirect, that represents a financial conflict of interest under state law or that would otherwise conflict in any manner or degree with the performance of its services hereunder. Contractor further covenants that in the performance of this Agreement no person having any such interests shall be employed. It is understood and agreed that if such a financial interest does exist at the inception of this Agreement, Authority may immediately terminate this Agreement by giving written notice thereof.

17. **Consent.** Wherever in this Agreement the consent or approval of one party is required to an act of the other party, such consent or approval shall not be unreasonably withheld or delayed.

18. **Construction.** To the fullest extent allowed by law, the provisions of this Agreement shall be construed and given effect in a manner that avoids any violation of statute, ordinance, regulation, or law. The parties covenant and agree that in the event that any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired, or invalidated thereby. Contractor and Authority acknowledge that they have each contributed to the making of this Agreement and that, in the event of a dispute over the interpretation of this Agreement, the language of the Agreement will not be construed against one party in favor of the other. Contractor and Authority acknowledge that they have each had an adequate opportunity to consult with counsel in the negotiation and preparation of this Agreement.

19. **Counterparts.** This Agreement may be executed simultaneously in any number of counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

20. **Disqualified Persons.** The parties mutually represent and warrant to one another that they and their respective representatives are not: (i) currently excluded, debarred, or otherwise ineligible to participate in the federal health care programs as defined in 42 U.S.C. section 1320a-7b-(f) (the “Federal health care programs”) and/or present on the exclusion database of the Office of the Inspector General (“OIG”) or the Government Services Administration (“GSA”); (ii) convicted of a criminal offense related to the provision of health care items or services but have not yet been excluded, debarred, or otherwise declared ineligible to participate in the Federal health care programs; or (iii) debarred, suspended, excluded or disqualified by any federal governmental agency or department or otherwise declared ineligible from receiving federal contracts or federally approved subcontracts or from receiving federal financial and nonfinancial assistance and benefits. This shall be an ongoing representation and warranty during the term of this Agreement and a party shall immediately notify the other party of any change in the status of any of the representations and/or warranties set forth in this section. Any breach of this section shall give the non-breaching party the right to terminate this Agreement immediately upon written notice.

21. **Enforcement of Remedies.** No right or remedy herein conferred on or reserved to Authority is exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy given hereunder or now or hereafter existing by law or in equity or by statute or otherwise, and may be enforced concurrently or from time to time.

22. **Immigration Compliance.** Contractor shall comply with all provisions of immigration law with respect to hiring, recruiting or referring for employment persons whose authorization for employment in the United States has been verified, and shall provide KMC with a copy of such verification required in 8 USCA section 1324a. Contractor agrees to indemnify, defend, and hold harmless Authority, its agents, officers, and employees, from any liability, damages, or causes of action arising out of Contractor's failure to comply with this section 22.

23. **Indemnification and Hold Harmless.** Authority shall assume liability for and indemnify and hold Contractor and Group Physicians harmless from any and all claims, losses, expenses, costs, actions, settlements, attorneys' fees and judgments incurred by Contractor or Group Physicians or for which Contractor or Group Physicians becomes liable, arising out of or related to professional services rendered or which a third party alleges should have been rendered by Contractor or Group Physicians pursuant to this Agreement. Authority's obligation under this paragraph shall extend from the Effective Date and shall survive termination or expiration of this Agreement to include all claims that allegedly arise out of professional services Contractor or Group Physicians rendered on behalf of Authority; provided, however, that the provisions of this paragraph shall not apply to any services rendered at any location other than KMC without approval by the Kern County Hospital Authority Board of Governors and, provided further, that Authority shall have no duty or obligation to defend, indemnify or hold Contractor or Group Physicians harmless for any conduct or misconduct found to be intentional, willful, grossly negligent, or criminal.

24. **Independent Contractor.** In the performance of the services under this Agreement, Contractor shall be, and acknowledges that Contractor is in fact and law, an independent contractor and not an agent or employee of Authority. Contractor has and retains the right to exercise full supervision and control over the manner and methods of providing services to Authority under this Agreement. Contractor retains full supervision and control over the employment, direction, compensation and discharge of all persons assisting Contractor in the provision of services under this Agreement. With respect to Contractor's employees, if any, Contractor shall be solely responsible for payment of wages, benefits and other compensation, compliance with all occupational safety, welfare and civil rights laws, tax withholding and payment of employment taxes whether federal, state or local, and compliance with any and all other laws regulating employment.

25. **Informal Dispute Resolution.** Controversies between the parties with respect to this Agreement, or the rights of either party, or with respect to any transaction contemplated by this Agreement, shall be resolved, to the extent possible, by informal meetings and discussions among appropriate representatives of the parties.

26. **Insurance.** With respect to performance of work under this Agreement, Contractor shall maintain and shall require all of its subcontractors, consultants, and other agents to maintain, insurance as described in Exhibit “B,” attached hereto and incorporated herein by this reference.
27. **Modifications of Agreement.** This Agreement may be modified in writing only, signed by the parties in interest at the time of the modification.
28. **No Third Party Beneficiaries.** It is expressly understood and agreed that the enforcement of this Agreement and all rights of action relating to such enforcement, shall be strictly reserved to Authority and Contractor. Nothing contained in this Agreement shall give or allow any claim or right of action whatsoever by any other third person. It is the express intention of Authority and Contractor that any such person or entity, other than Authority or Contractor, receiving services or benefits under this Agreement shall be deemed an incidental beneficiary only.
29. **Non-appropriation.** Authority reserves the right to terminate this Agreement in the event insufficient funds are appropriated or budgeted for this Agreement in any fiscal year. Upon such termination, Authority will be released from any further financial obligation to Contractor, 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. Contractor will be given 30 days’ prior written notice in the event that Authority requires such an action.
30. **Non-collusion Covenant.** Contractor represents and agrees that it has in no way entered into any contingent fee arrangement with any firm or person concerning the obtaining of this Agreement with Authority. Contractor has received from Authority no incentive or special payments, nor considerations, not related to the provision of services under this Agreement.
31. **Nondiscrimination.** Neither Contractor, nor any officer, agent, employee, servant or subcontractor of Contractor shall discriminate in the treatment or employment of any individual or groups of individuals on the grounds of race, color, ancestry, national origin, religion, sex, actual or perceived sexual orientation, marital status, age, pregnancy, medical condition, handicap or other prohibited basis, either directly, indirectly or through contractual or other arrangements.
32. **Non-waiver.** No covenant or condition of this Agreement can be waived except by the written consent of Authority. Forbearance or indulgence by Authority in any regard whatsoever shall not constitute a waiver of the covenant or condition to be performed by Contractor. Authority shall be entitled to invoke any remedy available to Authority under this Agreement or by law or in equity despite said forbearance or indulgence.
33. **Notices.** Notices to be given by one party to the other under this Agreement shall be given in writing by personal delivery, by certified mail, return receipt requested, or express delivery service at the addresses specified below. Notices delivered personally shall be deemed received upon receipt; mailed or expressed notices shall be deemed received four (4) days after deposit. A party may change the address to which notice is to be given by giving notice as provided above.

Notice to Contractor:

Kern Vascular Call Group, Inc.  
4901 Centennial Plaza Way  
Bakersfield, California 93312  
Attn.: Its President

Notice to Authority:

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

34. **Signature Authority.** Each party represents that they have full power and authority to enter into and perform this Agreement, and the person(s) signing this Agreement on behalf of each party has been properly authorized and empowered to enter into this Agreement.

35. **Sole Agreement.** This Agreement, including all attachments hereto, contains the entire agreement between the parties relating to the services, rights, obligations and covenants contained herein and assumed by the parties respectively. No inducements, representations or promises have been made, other than those recited in this Agreement. No oral promise, modification, change or inducement shall be effective or given any force or effect.

36. **Termination.**

36.1 **Termination with Cause.** Either party may terminate this Agreement in the event of a material breach by the other; provided, however, the termination for the breach of this Agreement will not become effective unless and until the party not in default, has given the other party written notice of breach, which notice shall state the general nature of the breach, and the party allegedly in default will thereafter have a period of 30 days following the giving of said notice in which to remedy the default to the reasonable satisfaction of the other party. If the alleged default is of the kind that cannot be cured within 30 days, then the party allegedly in default will have an additional 30 days in which to remedy the breach as long as such party is acting in good faith and using diligent efforts to remedy such breach throughout the cure period.

36.2 **Termination without Cause.** Either party may terminate this Agreement, without cause, upon 120 days' prior written notice to the other party.

36.3 **Immediate Termination.** Notwithstanding the foregoing, Authority shall have the right to terminate this Agreement effective immediately after giving written notice to Contractor, for any of the following reasons: (i) Authority determines that Contractor does not have the proper credentials, experience or skill to perform the required services under this Agreement; (ii) continuation by Contractor in the providing of services may result in civil, criminal, or monetary penalties against Authority or KMC; (iii) the violation of any federal or state law or regulatory rule or regulation or condition of accreditation or certification to which Authority or KMC is subject; (iv) an unauthorized use or disclosure of confidential or proprietary information by Contractor which causes material harm to Authority or KMC; (v) commission of a material act involving moral turpitude, fraud, dishonesty, embezzlement, misappropriation or financial dishonesty by Contractor against Authority or KMC; (vi) the loss or threatened loss of KMC's ability to participate in any federal or state health care program, including Medicare or Medi-Cal, due to the actions of Contractor; or (vii) the failure of Contractor to cure a default within the time allowed in paragraph 36.1.

37. **Effect of Termination.**

37.1 **Payment Obligations.** In the event of termination of this Agreement for any reason, Authority shall have no further obligation to pay for any services rendered or expenses incurred by Contractor after the effective date of the termination, and Contractor shall be entitled to receive compensation for services satisfactorily rendered, calculated on a prorated basis up to the effective date of termination.

37.2 **Vacate Premises.** Upon expiration or earlier termination of this Agreement, Contractor shall immediately vacate KMC, removing at such time any and all personal property of Contractor. Authority may remove and store, at Contractor's expense, any personal property that Contractor has not so removed.

37.3 **No Interference.** Following the expiration or earlier termination of this Agreement, Contractor shall not do anything or cause any person to do anything that might interfere with any efforts by Authority to contract with any other individual or entity for the provision of services or to interfere in any way with any relationship between Authority and any provider that may replace Contractor.

37.4 **No Hearing Rights.** Termination of this Agreement by Authority or KMC for any reason shall not provide Contractor or Group Physicians the right to a fair hearing or the other rights more particularly set forth in the KMC medical staff bylaws.

38. **Time of Essence.** Time is hereby expressly declared to be of the essence of this Agreement and of each and every provision hereof, and each such provision is hereby made and declared to be a material, necessary and essential part of this Agreement.

39. **Liability of Authority.** The liabilities or obligations of Authority with respect to its activities pursuant to this Agreement shall be the liabilities or obligations solely of Authority and shall not be or become the liabilities or obligations of the County of Kern or any other entity, including the state of California.

[Signatures follow on next page]



IN WITNESS TO THE FOREGOING, the parties have executed this Agreement as of the day and year first written above.

KERN VASCULAR CALL GROUP, INC.

By \_\_\_\_\_  
Hao D. Bui, 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

Agreement.Bui.112117

**EXHIBIT "A"**  
**IRS FORM W-9**

## **EXHIBIT “B” INSURANCE**

With respect to performance of work under this Agreement, Contractor shall maintain and shall require all of its subcontractors, consultants, and other agents to maintain insurance as described below unless such insurance has been expressly waived in writing by Authority. Any requirement for insurance to be maintained after completion of the work shall survive the termination or expiration of this Agreement.

Authority reserves the right to review any and all of the required insurance policies and/or endorsements, but has no obligation to do so. Failure to demand evidence of full compliance with the insurance requirements set forth in this Agreement or failure to identify any insurance deficiency shall not relieve Contractor from, nor be construed or deemed a waiver of, its obligation to maintain the required insurance at all times during the performance of this Agreement.

### 1. Workers’ Compensation and Employers Liability Insurance:

- (a) Required if Contractor has employees. If Contractor currently has no employees, Contractor’s written confirmation of such will be required before execution of this Agreement. If Contractor engages any employees during the term of this Agreement or any extensions thereof, Contractor agrees to obtain the specified Workers’ Compensation and Employers Liability insurance.
- (b) Workers’ Compensation insurance with statutory limits as required by the California Labor Code.
- (c) Employers Liability with limits of \$1,000,000 per Accident; \$1,000,000 Disease per employee; \$1,000,000 Disease per policy.
- (d) Waiver of Subrogation: The Workers’ Compensation policy shall be endorsed with a waiver of subrogation in favor of Authority for all work performed by Contractor, its employees, agents and subcontractors.
- (e) Required Evidence of Insurance: Certificate of Insurance.

### 2. General Liability Insurance:

- (a) Commercial General Liability Insurance on a standard occurrence form, no less broad than Insurance Services Office (ISO) form CG 00 01.
- (b) Minimum Limits: \$1,000,000 per Occurrence; \$2,000,000 General Aggregate; \$2,000,000 Products/Completed Operations Aggregate. The required limits may be provided by a combination of General Liability Insurance and Commercial Umbrella Liability Insurance. If Contractor maintains higher limits than the specified minimum limits, Authority requires and shall be entitled to coverage for the higher limits maintained by Contractor.
- (c) If Contractor has no Owned automobiles, the General Liability policy shall include Non-Owned and Hired Automobile Liability in the amount of \$1,000,000 combined single limit per accident.

- (d) Any deductible or self-insured retention shall be shown on the Certificate of Insurance. If the deductible or self-insured retention exceeds \$25,000 it must be approved in advance by Authority. Contractor is responsible for any deductible or self-insured retention and shall fund it upon Authority's written request, regardless of whether Contractor has a claim against the insurance or is named as a party in any action involving Authority.
- (e) Authority shall be named as an additional insured for liability arising out of operations by or on behalf of Contractor in the performance of this Agreement. See section 5 below for full Additional Insured wording.
- (f) The insurance provided to Authority as an additional insured shall be primary to and non-contributory with any insurance or self-insurance program maintained by Authority.
- (g) The policy definition of "insured contract" shall include assumptions of liability arising out of both ongoing operations and the products-completed operations hazard (broad form contractual liability coverage including the "f" definition of insured contract in ISO form CG 00 01, or equivalent).
- (h) The policy shall cover inter-insured suits between Authority and Contractor and include a "separation of insureds" or "severability" clause which treats each insured separately.
- (i) Required Evidence of Insurance: (i) Copy of the additional insured endorsement or policy language granting additional insured status; and (ii) Certificate of Insurance.

3. Automobile Liability Insurance:

- (a) Minimum Limits: \$1,000,000 combined single limit per accident for bodily injury and property damage.
- (b) Insurance shall apply to all Owned autos. If Contractor currently owns no autos, Contractor agrees to obtain such insurance should any autos be acquired during the term of this Agreement or any extensions thereof.
- (c) Insurance shall include coverage for Non-Owned and Hired autos. (See requirements in section 1(c) above if there is no separate Automobile Liability coverage.)
- (d) Authority shall be named as an additional insured for liability arising out of operations by or on behalf of Contractor in the performance of this Agreement. See section 5 for full Additional Insured wording.
- (e) Required Evidence of Insurance: Certificate of Insurance.

4. Standards for Insurance Companies: Insurers shall have an A.M. Best's rating of at least A;VII.

5. Additional Insured Wording: "**Kern County Hospital Authority, its officers, officials, employees and volunteers**" are to be named as Additional Insureds as per each section where noted above.

6. Claims Made Policies: If any of the required policies provide coverage on a claims-made basis:

- (a) The Retroactive Date must be shown and must be before the Effective Date of the Agreement or the beginning of contract work.
- (b) Insurance must be maintained and evidence of insurance must be provided *for at least five (5) years after completion of the contract work.*
- (c) If coverage is canceled or non-renewed, and *not replaced with another claims-made policy form with a Retroactive Date* prior to the contract effective date, Contractor must purchase “extended reporting” coverage for a minimum of *five (5) years* after completion of the contract work.

7. Documentation:

- (a) The Certificate of Insurance must include the following reference: **“Agreement for Professional Services.”**
- (b) All required Evidence of Insurance shall be submitted prior to the execution of this Agreement. Contractor agrees to maintain current Evidence of Insurance on file with Authority for the entire term of this Agreement and any additional periods if specified in sections 1, 2 or 3 above.
- (c) The name and address for the Certificates of Insurance and Additional Insured endorsements is: Kern County Hospital Authority, c/o Kern Medical Center, 1700 Mount Vernon Avenue, Bakersfield, California 93306.
- (d) Required Evidence of Insurance shall be submitted for any renewal or replacement of a policy that already exists, at least 10 days before expiration or other termination of the existing policy.
- (e) Contractor shall provide immediate written notice if: (i) any of the required insurance policies is terminated; (ii) the limits of any of the required policies are reduced; or (iii) the deductible or self-insured retention is increased.
- (f) Upon written request, certified copies of required insurance policies must be provided to Authority within 30 days.

8. Policy Obligations: Contractor’s indemnity and other obligations shall not be limited by the foregoing insurance requirements.

9. Material Breach: If Contractor fails to maintain the insurance required by this Agreement, it shall be deemed a material breach of this Agreement. Authority, at its sole option, may terminate this Agreement and obtain damages from Contractor resulting from said breach. Alternatively, Authority may purchase the required insurance, and without further notice to Contractor, Authority may deduct from sums due to Contractor any premium costs advanced by Authority for such insurance. These remedies shall be in addition to any other remedies available to Authority.

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

December 13, 2017

**Subject:** Proposed retroactive Amendment No. 1 to Agreement with Eugene H. Roos, DO

**Recommended Action:** Approve; Authorize Chairman to sign

**Summary:**

Kern Medical requests your Board approve the proposed Amendment No. 1 with Eugene H. Roos, D.O., an independent contractor, for professional medical services in the Department of Radiology, extending the term for one year from December 17, 2017 through December 16, 2018, and increasing the maximum payable by \$385,000, from \$730,000 to \$1,115,000, to cover the extended term.

**AMENDMENT NO. 1  
TO  
AGREEMENT FOR PROFESSIONAL SERVICES  
INDEPENDENT CONTRACTOR  
(Kern County Hospital Authority – Eugene H. Roos, D.O.)**

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 Eugene H. Roos, D.O., a sole proprietor (“Contractor”), whose principal place of business is located at 31562 Wildwood Road, Laguna Beach, California 92651.

**RECITALS**

(a) Authority and Contractor have heretofore entered into an Agreement for Professional Services (Kern County Agt. #909-2015, dated December 15, 2015) and Assignment of Agreement (Kern County Agt. #252-2016, dated March 1, 2016) (collectively, the “Agreement”), for the period December 17, 2015 through December 16, 2017, to provide professional medical services in the Department of Radiology at KMC; and

(b) The Agreement expires December 16, 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 December 17, 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. This Agreement shall be effective and the term shall commence as of December 17, 2015 (the “Effective Date”), and shall end December 16, 2018, unless earlier terminated pursuant to other provisions of this Agreement as herein stated.”

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

“4.3 Maximum Payable. The maximum payable under this Agreement shall not exceed \$1,115,000 over the three-year term of this Agreement.”

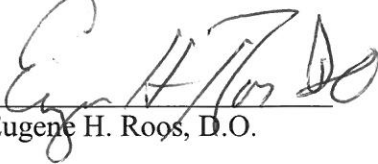
3. All capitalized terms used in this Amendment and not otherwise defined, shall have the meaning ascribed thereto in the Agreement.
4. This Amendment shall be governed by and construed in accordance with the laws of the state of California.
5. This Amendment may be executed in counterparts, each of 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.

CONTRACTOR

By   
Eugene H. Roos, D.O.

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.Roos.112117

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

December 13, 2017

**Subject:** Request to employ retired Kern County Hospital Authority employee Rosa Martinez

**Recommended Action:** Approve

**Summary:**

Kern Medical is requesting approval to employ retired Kern County Hospital Authority employee Rosa Martinez, as Extra Help Physician Assistant, for the period ending June 30, 2018, or 960 hours, whichever occurs first, effective December 14, 2017. Ms. Martinez has the requisite experience and skill set needed to perform the work for which she is being reemployed. Ms. Martinez will be reemployed for a limited duration to fill voids in staffing in the Department of Family Medicine.

The Public Employee Pension Reform Act (PEPRA) sets forth post-retirement employment requirements for all KCERA retirees returning to work for a KCERA employer. The authority is a designated KCERA employer. Under PEPRA, a retiree may be reemployed up to a maximum of 960 hours per fiscal year, subject to approval by your Board.

Therefore, it is recommended that your Board approve the reemployment of Rosa Martinez, as Extra Help Physician Assistant, effective December 14, 2017.



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

December 13, 2017

**Subject:** Proposed Agreements with McKesson Technologies LLC

**Recommended Action:** Approve; authorize Chairman to sign

**Summary:** On November 15, 2017, your Board approved the following agreements with McKesson for imaging and workflow solutions:

- IWS-249089 Enterprise Viewer, Vendor Neutral Archive, Test Server
- IWS-249098 Workflow Intelligence (Queue Management, Peer Review, Critical Results)
- IWS-248055 Cardiac PACS, EKG
- IWS-166248 PACS, Powerscribe Update

After the November Board meeting, we realized that we needed to adjust the payment terms for all IWS contracts to coincide more accurately with the Cerner implementation. The payment terms have been adjusted to the following:

- 25% Due 6 months after signing date
- 50% Due the earlier of:
  - System installation date but no earlier than 6 Months after signing date or
  - 12 Months after signing date
- 25% Due the earlier of:
  - Completion of Testing Period (typically 30 Days after system installation date) or
  - 12 Months after signing date

With these changes, we also request approval for the inclusion of Conversion Services for IWS-166248 from CareView Open Vista to Cerner Millennium in 2019.

The net change in cost is as follows over seven (7) years, effective December 13, 2017:

• Maintenance Agreement	No Change
• Enterprise Viewer, VNA	\$(40,788.25)
• Workflow Intelligence	No Change
• Cardiac PACS, EKG	No Change
• PACS, Powerscribe	\$37,520.73
• Net Change	\$(3,267.52)
<b>Total Cost</b>	<b>\$4,544,192</b>

Please note Counsel is unable to approve Agreement IWS-166248 as to form due to non-standard terms which include non-negotiable language from a third-party vendor, Nuance which includes an early termination fee in the amount of any unpaid value of the contract, no non-appropriation language, confidentiality language, and automatic agreement renewal.

Owned and Operated by the Kern County Hospital Authority  
A Designated Public Hospital

1700 Mount Vernon Avenue | Bakersfield, CA 93306 | (661) 326-2000 | KernMedical.com

The proposed agreement with McKesson is available to review in the  
Administrative Office at Kern Medical.

Kern Medical  
1700 Mt. Vernon Avenue  
Bakersfield, CA 93306  
661-326-2102

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

December 13, 2017

**Subject:** Request to employ retired Kern County Hospital Authority employee Scott Cote

**Recommended Action:** Approve

**Summary:**

Kern Medical is requesting approval to employ retired Kern County Hospital Authority employee Scott Cote, as Extra Help Clinical Pharmacist, for the period ending June 30, 2018, or 960 hours, whichever occurs first, effective December 14, 2017.

The Public Employee Pension Reform Act (PEPRA) sets forth post-retirement service and employment requirements for all KCERA retirees returning to work for a KCERA employer. The authority is a designated KCERA employer. Under PEPRA service requirements, a retiree may be reemployed up to a maximum of 960 hours per fiscal year, subject to approval by your Board.

In addition to the service requirements, Dr. Cote is also subject to the employment requirements under PEPRA, which provide that a retired public employee is not eligible for post-retirement employment for a period of 180 days following the date of retirement unless the appointment is necessary to fill a critically needed position before 180 days have passed and the appointment has been approved by your Board. The appointment may not be placed on the consent agenda.

Dr. Cote retired effective December 8, 2017. Dr. Cote has worked at Kern Medical for 26 years, most of that time as a clinical pharmacist in the ICU and outpatient clinics, and has the requisite experience and skill set needed to perform the work for which he is being reemployed. Kern Medical has a critical need to reemploy Dr. Cote immediately, to ensure there is sufficient coverage for the ICU and clinics. Kern Medical has seven clinical pharmacists who cover a very busy service. Currently there are three vacancies and one individual out on a leave of absence. There is a high demand for clinical pharmacists; they are in short supply, especially in Kern County, and in particular clinical pharmacists with Dr. Cote's experience. Due to these factors, recruitment of a clinical pharmacist to replace Dr. Cote is expected to take months. Given the current staffing levels, and in the absence of a clinical pharmacist with Dr. Cote's experience, patient care could be compromised. Dr. Cote will be reemployed for a limited duration to fill those voids in staffing, while Kern Medical continues to recruit for another full time clinical pharmacist.

Therefore, it is recommended that your Board approve the reemployment of Scott Cote, as Extra Help Clinical Pharmacist, effective December 14, 2017.

## BOARD OF GOVERNORS KERN COUNTY HOSPITAL AUTHORITY REGULAR MEETING

December 13, 2017

**Subject:** Budget Variances for Operating Expenses – October 2017

**Recommended Action:** Receive and File

### Summary:

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

#### Gross Operating Revenue:

- Gross operating revenue for the month of October 2017 has a \$4.5M favorable variance. Gross revenue has steadily increased over the past two years due to improved efficiency in all aspects of revenue cycle management. Gross revenue has increased 10% over October 2016 and 20% since October 2015.

#### 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 October 2017 and on a year to date basis due mainly due to compensated absences for physicians and residents being budgeted disproportionately higher during the first quarter of FY 2018, rather than being spread more proportionately throughout the year. Benefits expense should stabilize on a year to date basis as Kern Medical progresses through the year.

#### Registry Nurses:

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

Other Professional Fees:

- Other professional fees have large a favorable budget variance for the month of October mainly due to the receipt of \$1.9 million from Clinica Sierra Vista to true-up our contractual agreement with them. Kern Medical has also reduced its monthly accrual for legal expenses over the past two months and is no longer accruing for AMF Media advertising expenses.

Purchased Services:

- Purchased services has an unfavorable budget variance for the month of October 2017 due to a back log of out of network services expensed during the current month. Patients that need health care services that are not currently provided by Kern Medical are often referred to other health care providers to perform the services for the patients. These providers then bill Kern Medical for the services provided for our patients. Medical services performed for Kern Medical patients by providers outside of Kern Medical are classified as out of network services in the Kern Medical financial statements.

Other Expenses:

- Other expenses have an unfavorable budget variance for the month of October 2017 mainly due to repairs and maintenance expenses for miscellaneous maintenance projects throughout the hospital and clinics.



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

DECEMBER 2017





### 3-Month Trend Analysis: Revenue & Expense

October 31, 2017

	AUGUST	SEPTEMBER	OCTOBER	BUDGET OCTOBER	VARIANCE POS (NEG)	PY OCTOBER
<b>Gross Patient Revenue</b>	\$ 75,404,707	\$ 71,535,699	\$ 76,925,948	\$ 72,572,155	6.0%	\$ 67,536,401
Contractual Deductions	(57,664,945)	(52,572,690)	(59,625,036)	(55,038,022)	8.3%	(49,962,584)
<b>Net Revenue</b>	17,739,762	18,963,009	17,300,912	17,534,132	(1%)	17,573,817
Indigent Funding	8,967,443	8,678,171	10,002,778	9,650,779	4%	7,188,108
Correctional Medicine	1,976,127	1,976,127	1,976,127	2,002,051	(1%)	1,976,045
County Contribution	285,211	285,211	285,211	297,260	(4%)	285,211
<b>Net Patient Revenue</b>	28,968,543	29,902,518	29,565,028	29,484,223	0.3%	27,023,180
Other Operating Revenue	1,037,502	944,530	893,153	1,066,889	(16%)	955,288
Other Non-Operating Revenue	111,454	71,694	(4,567)	34,458	(113%)	61,131
<b>Total Operating Revenue</b>	30,117,498	30,918,742	30,453,614	30,585,570	(0.4%)	28,039,599
<b>Expenses</b>						
Salaries	12,214,731	12,456,249	12,233,362	12,402,155	(1%)	11,024,716
Employee Benefits	3,391,756	5,444,787	5,286,266	6,057,776	(13%)	5,374,917
Contract Labor	1,134,330	1,153,284	1,033,385	913,536	13%	946,227
Medical Fees	881,424	1,309,334	1,410,266	1,432,439	(2%)	1,365,361
Other Professional Fees	1,561,068	1,419,793	347,000	1,778,830	(80%)	1,653,636
Supplies	4,460,482	4,228,116	4,013,802	4,237,804	(5%)	3,733,494
Purchased Services	1,941,665	2,005,072	1,649,368	1,569,779	5%	1,094,882
Other Expenses	1,557,614	1,823,253	1,311,191	1,303,483	1%	1,261,430
Operating Expenses	27,143,069	29,839,888	27,284,640	29,695,802	(8%)	26,454,664
Earnings Before Interest, Depreciation, and Amortization (EBIDA)	2,974,429	1,078,854	3,168,973	889,768	256%	1,584,936
EBIDA Margin	10%	3%	10%	3%	258%	6%
Interest	19,290	19,344	21,924	43,132	(49%)	22,772
Depreciation	513,144	615,097	570,051	482,712	18%	480,902
Amortization	23,488	33,611	22,810	25,327	(10%)	28,952
Total Expenses	27,698,991	30,507,940	27,899,425	30,246,973	(8%)	26,987,290
<b>Operating Gain (Loss)</b>	2,418,507	410,802	2,554,188	338,597	654%	1,052,309
<b>Operating Margin</b>	8.0%	1.3%	8.4%	1.1%	658%	4%

**Year-to-Date: Revenue & Expense**

October 31, 2017

	<b>ACTUAL</b>	<b>BUDGET</b>	<b>VARIANCE</b>	<b>PY</b>	<b>PY VARIANCE</b>
	<b>FYTD</b>	<b>FYTD</b>	<b>POS (NEG)</b>	<b>FYTD</b>	<b>POS (NEG)</b>
<b>Gross Patient Revenue</b>	\$ 296,987,371	\$ 285,668,830	4.0%	\$ 265,694,164	12%
Contractual Deductions	(223,712,968)	(216,750,718)	3.2%	(196,438,194)	14%
<b>Net Revenue</b>	73,274,404	68,918,111	6%	69,255,970	
Indigent Funding	36,615,835	38,291,801	(4%)	30,311,296	21%
Correctional Medicine	7,904,508	7,943,622	(0.5%)	7,893,239	0.1%
County Contribution	1,140,844	1,179,452	(3%)	1,151,783	(1%)
<b>Net Patient Revenue</b>	118,935,591	116,332,987	2%	108,612,289	10%
Other Operating Revenue	4,102,286	4,233,189	(3%)	3,961,977	4%
Other Non-Operating Revenue	89,397	136,720	(35%)	97,804	(9%)
<b>Total Operating Revenue</b>	123,127,274	120,702,896	2%	112,672,071	9%
<b>Expenses</b>					
Salaries	49,558,300	48,944,144	1%	44,562,370	11%
Employee Benefits	20,850,164	24,344,739	(14%)	20,892,413	(0.2%)
Contract Labor	4,473,348	3,595,799	24%	3,452,429	30%
Medical Fees	5,056,721	5,637,675	(10%)	5,455,313	(7%)
Other Professional Fees	5,086,989	7,057,937	(28%)	6,887,842	(26%)
Supplies	16,549,462	16,692,204	(1%)	15,202,389	9%
Purchased Services	7,463,396	6,228,479	20%	5,159,778	45%
Other Expenses	6,158,500	5,173,158	19%	6,022,076	2%
Operating Expenses	115,196,881	117,674,135	(2%)	107,634,610	7%
Earnings Before Interest, Depreciation, and Amortization (EBIDA)	7,930,394	3,028,761	162%	5,037,460	57%
EBIDA Margin	6%	3%	157%	4%	44%
Interest	88,309	171,137	(48%)	89,330	(1.1%)
Depreciation	2,211,567	1,915,278	15%	1,806,779	22%
Amortization	103,397	100,491	3%	131,039	(21%)
Total Expenses	117,600,154	119,861,041	(2%)	109,661,757	7%
<b>Operating Gain (Loss)</b>	5,527,120	841,854	557%	3,010,313	84%
<b>Operating Margin</b>	4.5%	0.7%	544%	3%	68%

### 3-Month Trend Analysis: Cash Indicators

October 31, 2017

		AUGUST	SEPTEMBER	OCTOBER	BUDGET OCTOBER	VARIANCE POS (NEG)	PY OCTOBER
<b>CASH</b>							
	Total Cash	16,869,967	33,511,276	43,900,559	55,488,260	-21%	25,655,971
	Days Cash On Hand	19	35	50	58	(14%)	30
	Days In A/R - Gross	85.4	87.5	84.8	76.0	12%	103.80
	Patient Cash Collections	\$ 22,195,511	\$ 20,743,356	\$ 18,188,575	N/A	N/A	\$ 13,814,971
	Patient Cash Goal	\$ 17,634,025	\$ 16,847,034	\$ 19,271,035	N/A	N/A	\$ 17,022,814
	Projected Year End Cash Balance	59,085,203	59,085,203	59,085,203	N/A	N/A	N/A

### 3-Month Trend Analysis: Operating Metrics

October 31, 2017

		AUGUST	SEPTEMBER	OCTOBER	BUDGET OCTOBER	VARIANCE POS (NEG)	PY OCTOBER
<b>Operating Metrics</b>							
	Total Expense per Adjusted Admission	17,673	19,897	16,495	19,861	(17%)	17,004
	Total Expense per Adjusted Patient Day	3,383	4,067	3,484	3,840	(9.3%)	3,808
	Supply Expense per Adjusted Admission	2,846	2,758	2,373	2,783	(14.7%)	2,352
	Supply Expense per Surgery	1,329	1,518	1,033	1,820	(43%)	2,351
	Supplies as % of Net Patient Revenue	15%	14%	14%	14%	(6%)	14%
	Pharmaceutical Cost per Adjusted Admission	1,218	993	1,024	1,136	(10%)	759
	Net Revenue Per Adjusted Admission	\$ 11,318	\$ 12,368	\$ 10,229	\$ 11,513	-11%	\$ 11,073

## Year-to-Date: Operating Metrics

October 31, 2017

		ACTUAL	BUDGET	VARIANCE	PY	PY VARIANCE
		FYTD	FYTD	POS (NEG)	FYTD	POS (NEG)
<b>Operating Metrics</b>						
	Total Expense per Adjusted Admission	18,766	19,294	(3%)	17,676	6%
	Total Expense per Adjusted Patient Day	3,722	3,821	(3%)	3,609	3%
	Supply Expense per Adjusted Admission	2,641	2,687	(1.7%)	2,450	8%
	Supply Expense per Surgery	1,337	2,409	(44%)	1,745	(23%)
	Supplies as % of Net Patient Revenue	14%	14%	(3.0%)	14%	(0.6%)
	Pharmaceutical Cost per Adjusted Admission	1,111	1,097	1%	914	22%
	Net Revenue Per Adjusted Admission	\$ 11,693	\$ 11,094	5%	\$ 11,163	5%

## INDIGENT PATIENT CARE FUNDING - MTD &amp; YTD

FOR THE MONTH OCTOBER 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	480,205	505,479	(25,274)	-5.0%
2,084,500	2,194,210	(109,711)	-5.0%	MEDI-CAL EXPANSION REVENUE FROM HMO	8,270,758	8,706,061	(435,303)	-5.0%
0	196,257	(196,257)	-100.0%	COUNTY REALIGNMENT FUNDS	0	778,698	(778,698)	-100.0%
1,208,758	1,255,432	(46,674)	-3.7%	MEDI-CAL SUPPLEMENTAL FUNDING	4,748,268	4,981,232	(232,964)	-4.7%
2,178,493	2,293,151	(114,658)	-5.0%	PRIME - NEW WAIVER	8,643,699	9,098,630	(454,931)	-5.0%
2,121,207	2,232,849	(111,642)	-5.0%	GPP - NEW WAIVER	8,416,401	8,859,370	(442,969)	-5.0%
1,269,555	1,336,374	(66,819)	-5.0%	WHOLE PERSON CARE	5,037,267	5,302,387	(265,119)	-5.0%
1,019,237	15,108	1,004,129	6646.3%	MEANINGFUL USE	1,019,237	59,945	959,293	1600.3%
10,002,778	9,650,779	351,999	3.6%	SUB-TOTAL - GOVERNMENTAL REVENUE	36,615,835	38,291,801	(1,675,966)	-4.4%
1,976,127	2,002,051	(25,924)	-1.3%	CORRECTIONAL MEDICINE	7,904,508	7,943,622	(39,114)	-0.5%
285,211	297,260	(12,049)	-4.1%	COUNTY CONTRIBUTION	1,140,844	1,179,452	(38,608)	-3.3%
12,264,116	11,950,091	314,025	2.6%	TOTAL INDIGENT CARE & COUNTY FUNDING	45,661,187	47,414,875	(1,753,688)	-3.7%

**OTHER REVENUE**

FOR THE MONTH OCTOBER 31, 2017

## OTHER OPERATING REVENUE

	<u>MTD ACTUAL</u>	<u>MTD BUDGET</u>	<u>VARIANCE</u>	<u>YTD ACTUAL</u>	<u>YTD BUDGET</u>	<u>VARIANCE</u>
MEDICAL POSTGRAD EDUC TUITION	333,587	369,527	(35,940)	1,337,147	1,466,187	(129,040)
STAFF DEVELOPMENT EDUC FEES	1,425	724	701	6,370	2,874	3,496
TRAUMA EDUCATION REG FEES	0	91	(91)	350	361	(11)
CAFETERIA REVENUE	82,167	88,399	(6,232)	312,851	350,743	(37,892)
FINANCE CHARGES-PATIENT AR	13,500	21,231	(7,731)	51,670	84,285	(32,615)
SALE OF SCRAP AND WASTE	0	104	(104)	0	412	(412)
REBATES AND REFUNDS	9,623	78,381	(68,757)	461,496	310,995	150,502
DRUG CO. CASH BACK	549	0	549	3,486	0	3,486
PHOTOCOPY FEES	1,995	1,799	196	7,820	7,138	682
JURY WITNESS FEES	71	326	(255)	456	1,293	(837)
MEDICAL RECORDS FEES	1,805	2,984	(1,179)	9,034	11,841	(2,807)
PHYSICIAN PRO FEE-ER LOCKBOX	16,441	46,882	(30,441)	112,451	186,016	(73,565)
OTHER REVENUE	125	32,835	(32,710)	99,669	130,281	(30,612)
CANCELLED OUTLAWED WARRANTS	7,137	(62)	7,199	8,851	(247)	9,098
GRANTS - KHS	131,147	127,397	3,749	610,202	505,479	104,723
GRANT-SONG BROWN	0	82	(82)	0	326	(326)
MADDY FUNDS-EMERG MEDICAL SVCS	0	46,046	(46,046)	104,287	182,700	(78,413)
PRIMARY CARE INCENTIVE PAYMENT	950	0	950	950	0	950
VETERANS ADMIN REVENUE	11,942	7,901	4,040	21,567	31,350	(9,783)
JAMISON CENTER MOU	15,639	29,510	(13,871)	62,556	117,088	(54,532)
MENTAL HEALTH MOU	180,814	187,610	(6,796)	753,651	744,389	9,263
PATERNITY DECLARATION REV	0	1,212	(1,212)	5,040	4,808	232
PEDIATRIC FORENSIC EXAMS	32,600	10,261	22,339	53,000	40,714	12,286
FOUNDATION CONTRIBUTIONS	0	0	0	27,745	0	27,745
WORKERS COMPENSATION REFUNDS	51,636	13,649	37,988	51,636	54,155	(2,518)
<b>TOTAL OTHER OPERATING REVENUE</b>	<b>893,153</b>	<b>1,066,889</b>	<b>(173,736)</b>	<b>4,102,286</b>	<b>4,233,189</b>	<b>(130,903)</b>
OTHER NON-OPERATING REVENUE						
OTHER MISCELLANEOUS REVENUE	448	900	(452)	931	3,572	(2,641)
INTEREST ON FUND BALANCE	(5,015)	33,558	(38,573)	88,466	133,148	(44,681)
<b>TOTAL OTHER NON-OPER REVENUE</b>	<b>(4,567)</b>	<b>34,458</b>	<b>(39,025)</b>	<b>89,397</b>	<b>136,720</b>	<b>(47,323)</b>



<b>KERN MEDICAL BALANCE SHEET</b>		
	October 2017	October 2016
<b>CURRENT ASSETS:</b>		
CASH	\$43,900,559	\$16,439,692
CURRENT ACCOUNTS RECEIVABLE (incl. CLINIC CHARGES RECEIVABLE)	206,271,223	225,312,323
ALLOWANCE FOR UNCOLLECTIBLE RECEIVABLES - CURRENT	(168,295,268)	(182,323,233)
- NET OF CONT ALLOWANCES	37,975,955	42,989,091
CORRECTIONAL MEDICINE RECEIVABLE	0	0
MD SPA	4,043,978	2,269,763
HOSPITAL FEE RECEIVABLE	1,124,073	4,197,551
REALIGNMENT FUNDS RECEIVABLE	0	0
CPE - O/P DSH RECEIVABLE	5,587,990	6,216,780
MENTAL HEALTH MOU	850,164	21,458
MANAGED CARE IGT (RATE RANGE)	10,947,681	18,651,831
RECEIVABLE FROM LIHP	(6,547,536)	(5,722,111)
OTHER RECEIVABLES	2,841,297	844,927
PRIME RECEIVABLE	40,262,254	57,181,002
AB85/75% DEFAULT PCP RECEIVABLE	2,995,003	1,440,025
GPP (Global Payment Program)	1,085,569	1,481,167
WPC (Whole Person Care)	5,302,387	0
INTEREST ON FUND BALANCE RECEIVABLE	23,818	12,601
MANAGED CARE IGT (SPD)	(5,141,595)	0
OTHER NON PATIENT RECEIVABLE	0	(20,045,339)
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	3,811,390	2,682,365
PREPAID MORRISON DEPOSIT	799,706	751,926
INVENTORY AT COST	4,245,917	3,437,763
<b>TOTAL CURRENT ASSETS</b>	<b>121,531,760</b>	<b>73,209,122</b>
<b>PROPERTY, PLANT &amp; EQUIPMENT:</b>		
LAND	170,395	168,115
EQUIPMENT	47,725,687	44,333,272
BUILDINGS	82,462,922	82,462,622
CONSTRUCTION IN PROGRESS	7,261,493	1,469,638
LESS: ACCUMULATED DEPRECIATION	(85,823,506)	(79,851,721)
<b>NET PROPERTY, PLANT &amp; EQUIPMENT</b>	<b>51,796,991</b>	<b>48,581,927</b>
<b>NET INTANGIBLE ASSETS</b>		
INTANGIBLE ASSETS	12,331,179	10,753,091
ACCUMULATED AMORTIZATION INTANGIBLES	(10,653,766)	(10,359,796)
<b>NET INTANGIBLE ASSETS</b>	<b>1,677,413</b>	<b>393,295</b>
<b>LONG-TERM ASSETS:</b>		
LONG-TERM PATIENT ACCOUNTS RECEIVABLE		
DEFERRED OUTFLOWS - PENSIONS	71,752,645	51,103,054
CASH HELD BY COP IV TRUSTEE	912,973	906,469
<b>TOTAL LONG-TERM ASSETS</b>	<b>72,665,618</b>	<b>52,009,523</b>
<b>TOTAL ASSETS</b>	<b>\$247,671,782</b>	<b>\$174,193,866</b>



**KERN MEDICAL  
BALANCE SHEET**

	October 2017	October 2016
<b>CURRENT LIABILITIES:</b>		
ACCOUNTS PAYABLE	\$17,679,151	\$18,132,111
ACCRUED SALARIES & EMPLOYEE BENEFITS	33,583,231	9,936,916
OTHER ACCRUALS	2,913,130	4,186,937
ACCRUED CWCAP LIABILITY	105,599	1,131,958
CURRENT PORTION - CAPITALIZED LEASES	337,560	51,544
CURR LIAB - COP 2011 PAYABLE	1,085,718	1,032,670
CURR LIAB - P.O.B.	1,783,221	1,654,512
MEDICARE COST REPORT LIAB PAYABLE	3,794,129	1,038,921
ACCRUED PROFESSIONAL LIABILITY	5,890,983	5,432,551
HOSPITAL FEE-IGT PAYABLE	0	1,143,153
MEDI-CAL COST REPORT LIABILITY	1,430,435	853,483
INDIGENT FUNDING PAYABLE	14,373,568	21,303,204
DSH PAYABLE FY14	24,746,355	0
CREDIT BALANCES PAYABLES	4,011,403	3,872,954
DEFERRED REVENUE - COUNTY CONTRIBUTION	6,042,599	6,042,435
<b>TOTAL CURRENT LIABILITIES</b>	<b>117,777,084</b>	<b>75,813,348</b>
<b>LONG-TERM LIABILITIES:</b>		
LONG-TERM LIABILITY-COP 2011	1,131,693	2,217,410
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)	4,201,203	6,070,276
NET PENSION LIABILITY	329,935,445	345,262,534
L.T. LIAB. - P.O.B. INTEREST PAYABLE 08	14,722,232	17,201,707
L.T. LIAB. - P.O.B. INTEREST PAYABLE 03	3,917,722	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	22,238,926	17,822,384
PENSION OBLIGATION BOND PAYABLE	3,678,145	4,721,626
ACCRUED COMPENSATED ABSENCES	0	9,088,979
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>403,360,932</b>	<b>431,851,010</b>
<b>NET POSITION</b>		
RETAINED EARNINGS - CURRENT YEAR	39,814,215	3,010,313
RETAINED EARNINGS - PRIOR YEAR	(313,280,448)	(336,480,805)
<b>TOTAL NET POSITION</b>	<b>(273,466,233)</b>	<b>(333,470,492)</b>
<b>TOTAL LIABILITIES &amp; NET POSITION</b>	<b>\$247,671,782</b>	<b>\$174,193,866</b>

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

December 13, 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 – OCTOBER 2017**

DECEMBER 2017



### 3-Month Trend Analysis: Volume and Strategic Indicators

October 31, 2017

		AUGUST	SEPTEMBER	OCTOBER	BUDGET OCTOBER	VARIANCE POS (NEG)	PY OCTOBER
<b>VOLUME</b>							
	Adjusted Admissions (AA)	1,567	1,533	1,691	1,523	11%	1,587
	Adjusted Patient Days	8,187	7,501	8,007	7,876	2%	7,088
	Admissions	814	824	929	793	17%	852
	Average Daily Census	137	134	142	137	4%	123
	Patient Days	4,252	4,031	4,398	4,102	7%	3,805
	Available Occupancy %	64.1%	62.8%	66.3%	61.8%	7%	57.4%
	Average LOS	5.2	4.9	4.7	5.2	(8%)	4.5
	Surgeries						
	Inpatient Surgeries (Main Campus)	244	226	258	244	6%	254
	Outpatient Surgeries (Main Campus)	277	212	281	242	15.9%	267
	Total Surgeries	521	438	539	487	11%	521
	Births	202	207	259	223	16%	231
	ER Visits						
	Admissions	429	427	427	416	2.6%	381
	Treated & Released	3,750	3,655	3,655	3,733	(2.1%)	3,374
	Total ER Visits	4,179	4,082	4,082	4,149	(2%)	3,755
	Outpatient Clinic Visits						
	Total Clinic Visits	12,278	11,207	12,846	10,810	19%	10,495

## Year-to-Date: Volume and Strategic Indicators

October 31, 2017

		ACTUAL	BUDGET	VARIANCE	PY	PY VARIANCE
		FYTD	FYTD	POS (NEG)	FYTD	POS (NEG)
<b>VOLUME</b>						
	Adjusted Admissions (AA)	6,267	6,212	1%	6,204	1%
	Adjusted Patient Days	31,599	31,366	0.7%	30,384	4%
	Admissions	3,394	3,236	5%	3,247	4.5%
	Average Daily Census	139	133	5%	129	7%
	Patient Days	17,114	16,337	5%	15,917	7.5%
	Available Occupancy %	65.0%	62.1%	5%	60.5%	7.5%
	Average LOS	5.0	5.0	(0.1%)	4.9	3%
	<b>Surgeries</b>					
	Inpatient Surgeries (Main Campus)	976	678	44%	925	6%
	Outpatient Surgeries (Main Campus)	1,003	770	30%	1,029	(3%)
	<b>Total Surgeries</b>	<b>1,979</b>	<b>1,447</b>	<b>37%</b>	<b>1,954</b>	<b>1%</b>
	Births	896	911	(2%)	948	(5%)
	<b>ER Visits</b>					
	Admissions	1,728	1,698	2%	1,561	11%
	Treated & Released	14,767	15,226	(3%)	13,926	6%
	<b>Total ER Visits</b>	<b>16,495</b>	<b>16,924</b>	<b>(3%)</b>	<b>15,487</b>	<b>7%</b>
	<b>Outpatient Clinic Visits</b>					
	<b>Total Clinic Visits</b>	<b>46,503</b>	<b>44,097</b>	<b>5%</b>	<b>41,382</b>	<b>12%</b>

### 3-Month Trend Analysis: Payor Mix

October 31, 2017

	AUGUST	SEPTEMBER	OCTOBER	BUDGET OCTOBER	VARIANCE POS (NEG)	PY OCTOBER
<b>PAYOR MIX - Charges</b>						
Commercial FFS	4.8%	6.0%	6.6%	3.6%	84%	3.3%
Commercial HMO/PPO	5.8%	7.1%	7.7%	5.5%	39%	7.0%
Medi-Cal	30.1%	28.6%	28.8%	28.3%	2%	27.2%
Medi-Cal HMO - Kern Health Systems	29.1%	27.5%	29.9%	31.4%	(5%)	24.6%
Medi-Cal HMO - Health Net	11.0%	8.1%	8.7%	8.2%	6%	14.6%
Medi-Cal HMO - Other	1.0%	1.0%	1.0%	1.1%	(9%)	2.1%
Medicare	7.6%	9.8%	10.3%	11.1%	(7%)	9.4%
Medicare - HMO	2.1%	2.5%	2.7%	1.3%	104%	2.8%
County Programs	0.4%	1.3%	0.2%	2.1%	(89%)	1.5%
Workers' Compensation	1.8%	1.7%	0.4%	0.8%	(46%)	0.4%
Self Pay	6.3%	6.6%	3.7%	6.6%	(44%)	7.1%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>		<b>100.0%</b>

## Year-to-Date: Payor Mix

October 31, 2017

		ACTUAL	BUDGET	VARIANCE	PY	PY VARIANCE
		FYTD	FYTD	POS (NEG)	FYTD	POS (NEG)
<b>PAYOR MIX - Charges</b>						
	Commercial FFS	5.4%	5.1%	7%	3.9%	40%
	Commercial HMO/PPO	6.5%	5.8%	12%	6.4%	2%
	Medi-Cal	28.9%	23.7%	22%	27.3%	6%
	Medi-Cal HMO - Kern Health Systems	29.7%	31.5%	(6%)	27.0%	10%
	Medi-Cal HMO - Health Net	8.7%	9.4%	(7%)	12.2%	(28%)
	Medi-Cal HMO - Other	1.0%	1.1%	(7%)	1.0%	0%
	Medicare	9.7%	9.3%	4%	9.0%	8%
	Medicare - HMO	2.1%	2.1%	0%	2.1%	4%
	County Programs	0.6%	1.9%	(68%)	2.5%	(75%)
	Workers' Compensation	1.4%	0.7%	96%	0.6%	143%
	Self Pay	5.8%	9.3%	(38%)	8.1%	(29%)
	<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>		<b>100.0%</b>	

### 3-Month Trend Analysis: Labor and Productivity Metrics

October 31, 2017

					BUDGET	VARIANCE	PY
		AUGUST	SEPTEMBER	OCTOBER	OCTOBER	POS (NEG)	OCTOBER
<b>Labor Metrics</b>							
	Productive FTEs	1,365.78	1,355.25	1,404.23	1,340.82	5%	1,269.49
	Non-Productive FTEs	194.82	204.75	181.60	205.22	(11.5%)	157.68
	Contract Labor FTEs	81.72	86.60	96.72	64.61	50%	70.03
	Total FTEs	1,560.60	1,560.00	1,585.83	1,546.04	3%	1,427.17
	FTE's Per AOB Paid	5.91	6.24	6.14	6.01	2%	5.92
	FTE's Per AOB Worked	5.17	5.42	5.44	5.22	4%	5.26
	Labor Cost/FTE (Annualized)	115,063.75	131,111.46	125,653.23	132,876.24	(5%)	129,945.73
	Benefits Expense as a % of Benefitted Labor Expense	43%	65%	58%	65%	(11%)	66%
	Salaries & Benefits as % of Net Patient Revenue	58%	64%	63%	66%	(4%)	64%



## Year-to-Date: Labor and Productivity Metrics

October 31, 2017

		ACTUAL	BUDGET	VARIANCE	PY	PY VARIANCE
		FYTD	FYTD	POS (NEG)	FYTD	POS (NEG)
<b>Labor Metrics</b>						
	Productive FTEs	1,366.33	1,329.69	3%	1,230.68	11%
	Non-Productive FTEs	201.01	203.61	(1%)	188.93	6%
	Contract Labor FTEs	88.48	64.13	38%	65.24	36%
	Total FTEs	1,567.34	1,533.30	2%	1,419.61	10%
	FTE's Per AOB Paid	6.10	6.01	1%	5.75	6%
	FTE's Per AOB Worked	5.32	5.21	2%	4.98	7%
	Labor Cost/FTE (Annualized)	128,200.33	132,806.33	(3%)	129,561.36	(1.1%)
	Benefits Expense as a % of Benefitted Labor Expense	57%	66%	(14%)	63%	(9%)
	Salaries & Benefits as % of Net Patient Revenue	63%	66%	(5%)	63%	(0.8%)

**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 December 13, 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**

Government Code Section 54956.9

Based on the advice of Counsel, the Board of Governors is holding a closed session on December 13, 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: Faried Banimahd, M.D.  
v. County of Kern, et al., Kern County Superior Court, Case No. S-1500-CV-  
283225 LHB –

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

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  X   CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION  
(Government Code Section 54956.9(d)(1)) Name of case: Ms. Tammy Arroyo v.  
County of Kern, et al., Kern County Superior Court, Case No. BCV-17-101712 SDS –

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

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- X   CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION  
(Government Code Section 54956.9(d)(1)) Name of case: Farzin Tayefeh, M.D.,  
et al. v. County of Kern, et al., Kern County Superior Court, Case No. BCV-15-  
100647 LHB –